



## GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS\* THE GEF/LDCF/SCCF/NPIF TRUST FUNDS

GEF ID:	5448		
Country/Region:	Bhutan		
Project Title:	Implementing the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing		
GEF Agency:	UNDP	GEF Agency Project ID:	5239 (UNDP)
Type of Trust Fund:	Nagoya Protocol Investment Fund	GEF Focal Area (s):	Biodiversity
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	BD-4;		
Anticipated Financing PPG:	\$0	Project Grant:	\$1,000,000
Co-financing:	\$3,003,668	Total Project Cost:	\$4,003,668
PIF Approval:	August 28, 2013	Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Yoko Watanabe	Agency Contact Person:	Midori Paxton

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating <b>country eligible</b> ?	6-14-13 Yes, Bhutan has ratified the CBD and eligible for GEF finance. The country is also signatory of the Nagoya Protocol and eligible for NPIF finance.	9-11-14 Cleared
	2. Has the <b>operational focal point</b> endorsed the project?	6-14-13 Yes, an endorsement letter signed by the OFP is attached.	9-11-14 Cleared
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the <b>resources available</b> from (mark all that apply):		
	• the STAR allocation?	n/a	NA
	• the focal area allocation?	n/a	NA
	• the LDCF under the principle of	n/a	NA

\*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

<sup>1</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated January 2013

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	equitable access		
	• the SCCF (Adaptation or Technology Transfer)?	n/a	NA
	• the Nagoya Protocol Investment Fund	6-14-13 Yes, MSP \$1 million plus the PPG \$45,000 and Agency Fee are requested for this project. Resource is available under NPIF.	9-11-14 Cleared
	• focal area set-aside?	n/a	NA
Strategic Alignment	4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF <b>results framework and strategic objectives</b> ? <i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i>	6-14-13 The proposal is in line with the NPIF objective and activities as it focus on: 1) national regulatory and institutional framework on ABS; capacity building and awareness raising on ABS; and piloting ABS agreements.	9-11-14 Cleared
	5. Is the project consistent with the recipient <b>country's national strategies and plans</b> or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?	6-14-13 Yes, the proposal is in line with NBSAP and other key national strategies and plans.	9-11-14 Cleared
	6. Is (are) the <b>baseline project(s)</b> , including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	6-14-13  Component 1. The baseline activities that have been conducted by the Government of Bhutan and the National Biodiversity Center to advance the ABS agenda are clearly described. Nevertheless, please clarify the following: What are the benefit sharing modalities that are considered under the project? There is only reference to the payments	9-11-14 Cleared

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Project Design		<p>made by Quantum Pharmaceuticals Limited (QLP) to the Bhutan Access and Benefit Sharing Fund (BABS). Has BPPL and NGS (and other potential private sector companies (like Yves Rocher) agreed on the terms and conditions of BABS (i.e. upfront payments, deposits and revenues)? What where the contributions of NGS to BABS in the agreement that will come to an end in 2013?</p> <p>Component 2. Please clarify the baseline for laboratory capacity for bio-prospecting in agrochemicals, cosmetics and pharmaceuticals. Please elaborate on each of the industries separately.</p> <p>Component 3. The baseline for this component needs to be clarified.</p> <p>i) Please further elaborate on the baseline activities conducted with national and international private sector companies working on ABS in Bhutan. Is Bhutan Pharmaceutical Private Limited (BPPL), Nimura Genetics Solutions (NGS), and Yves Rocher the only ongoing partners or has there been any other pilot and collaboration that this project could build on?</p> <p>ii) What is the status of Research and Development in the agrochemical, cosmetics and pharmaceutical industries using Bhutanese biodiversity to propose the very ambitious goal of identifying five leading compounds and two trial products in these three industries?</p>	

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	7. Are the components, outcomes and outputs in the <b>project framework</b> (Table B) clear, sound and appropriately detailed?	<p>6-14-13 The project framework is sufficiently clear, however, please further clarify the following points:</p> <p>Component 2:</p> <p>1) Please share a copy of the UNDP ABS Capacity Scorecard for our information.</p> <p>Component 3:</p> <p>1) Please further clarify the role and activities of the Bhutan Pharmaceutical Private Limited (BPPL) in project implementation. It is not fully clear whether they are a service provider to the project or a partner/co-financier in implementing the project. Is BPPL a private sector company or a Government-owned company? If the former, please clarify why the project wants to financially support BPPL as stated on p. 6 ("....NBC will work on strengthening capacities of NBC as well as BPPL".)</p> <p>2) There are no outputs associated with Outcome ii (lead compounds) or Outcome iii (trial products) except the facilitation of knowledge and technology transfer. While these are useful, they are far from sufficient to reach the related outcomes. NOTE: Please see reference to the need to elaborate on the baseline associated with these outcomes.</p> <p>3) Please clarify the role of GEF funding in technology transfer in relation to the</p>	<p>9-11-14 Cleared</p>

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		<p>contribution of the private sector.</p> <p>4) Are the 3 PICs associated with the 2 new ABS Agreements (Outcome 3i), or to the work on lead compounds and trial products (Outcomes 3ii and 3iii)?</p> <p>5) Please further clarify what kind of activities is involved to facilitate consultations and negotiations with national and international counterparts on ABS. What are the other "affiliated companies in Japan"?</p> <p>6) Being NGS a private sector pharmaceutical industry, what are the private sector companies that will team-up with NBC for the work on agro-chemicals and cosmetics (Yes-Rocher not included in this project yet). Why is Menjong Soring Pharmaceutical (MSP) not already part of the project?</p> <p>7-11-13</p> <p>The description of component 3 continues to be very opaque. It is simply not possible for the GEF to understand how NPIF funds will be used to pilot ABS agreements, particularly the Research and Development part. In order to facilitate communication with the GEF, and with donors, please elaborate a table with the following information.</p> <p>1. Industry Sector 2. Private sector companies 3. Baseline project.</p>	

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		<p>4. Organisms under study</p> <p>5. Target for Research and Development</p> <p>Notes for each of the 5 points above:</p> <p>1. Three sectors are mentioned in the PIF: Agrochemical, Cosmetics and Pharmaceuticals.</p> <p>2. Two Private Sector Companies are mentioned in the PIF when related to actual R&amp;D under this project: BPPL and NGS. Other companies are also mentioned but will not take part of the R&amp;D activities in this project including MSP, BioBhutan, SNBLL, Yves Rocher and Novozymes. Is this correct?</p> <p>3. Baseline project: The upcoming activities without GEF grant.</p> <p>4. Organism under study: Only Insect Fungi are mentioned. Is that the only group that will be used for the three sectors and two private sector companies?</p> <p>5. Targets for research and development: These basic extractions must be done with a purpose in mind. Nobody gets into the business of bio-prospecting without a clear hypothesis and target in sight. In the PIF it says, "Over 1250 extracts tested for the identification of biological activity relevant for developing agrochemical, cosmetic and pharmaceutical products". Activity on what, and for what type of products? The fact that the project</p>	

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		proposes "25 active compounds purified and their structure elucidated in facilities of project partners as candidates for developing two trial products" proves the point made above. It is doubtful that company is going to get into the purification and structure elucidation (a very expensive and time consuming business) if they do not know what they are looking for. Please further elaborate.	
	8. (a) Are global environmental/ adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	6-14-13 Yes, sufficiently clear with the development of the national ABS regulatory framework and ABS agreements.	9-11-14 Cleared
	9. Is there a clear description of: a) the <b>socio-economic benefits</b> , including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?		9-11-14 Cleared
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?	6-14-13 The involvement of the indigenous and local communities in PIC and benefit sharing provisions are noted, as well as involvement of the Bhutan Conservation Trust Fund and WWF.  Please further clarify the role of Bhutan Conservation Trust Fund (BCTF) towards this project other than providing the cofinance. Please clarify that this cofinance is not derived from the direct GEF grant contribution towards the BCTF, but the income generated from the endowment fund.	9-11-14 Cleared

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		7-11-13 Please further clarify what "contribution of BTFEC is not direct..." It is not a direct cofinancing? Please clarify.	
	11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)	6-14-13 Yes. Please further elaborate at the time of CEO approval.	9-11-14 Cleared
	12. Is the <b>project consistent and properly coordinated</b> with other related initiatives in the country or in the region?	6-14-13 Please refer to comment under item 6 above on baseline.	9-11-14 Cleared
	13. Comment on the project's <b>innovative aspects, sustainability, and potential for scaling up.</b> <ul style="list-style-type: none"> <li>Assess whether the project is innovative and if so, how, and if not, why not.</li> <li>Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience.</li> <li>Assess the potential for scaling up the project's intervention.</li> </ul>	6-14-13 Yes, sufficient information provided at this stage. Further information is expected at the CEO approval stage based on the PPG findings.	9-11-14 Cleared
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		9-11-14 Cleared

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	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		9-11-14 Cleared
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	<p>6-14-13 Co-financing ratio is 1 to 2, and considered appropriate.</p> <p>General: i) While co-financing from NGS is well recognized, what is the contribution of BBPL? Is it a co-financier or recipient of GEF funds? Please clarify and incorporate as appropriate. ii) Please clarify the BCTF's co-finance based on comments made under item 10.</p> <p>Component 2. The funding and co-financing for this component appears to be inadequate, especially considering that the project aims at ".....the full establishment of a bio-prospecting laboratory" (p.7 of PIF). Please clarify, as a single laboratory (as good as it may be) is unlikely to equally serve the three industries that this project aims at supporting (agrochemical, cosmetics and pharmaceuticals).</p> <p>Component 3. The baseline for this component needs to be clarified to better understand if the financing and co-financing of this component is adequate.</p>	9-11-14 Cleared
	17. <u>At PIF</u> : Is the indicated amount and composition of co-financing as indicated in Table C adequate?	<p>6-14-13 UNDP's cofinance is noted as \$100,000 and considered adequate though more</p>	9-11-14 Cleared

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	Is the amount that the Agency bringing to the project in line with its role? <u>At CEO endorsement</u> : Has co-financing been confirmed?	contribution could be explored during the PPG phase.	
	18. Is the funding level for <b>project management cost</b> appropriate?	6-14-13 PMC is estimated at 10% of the project budget and considered appropriate.	9-11-14 Cleared
	19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund?	6-14-13 Yes. The amount is within the norm and considered adequate.	9-11-14 Cleared
	20. If there is a <b>non-grant instrument</b> in the project, is there a reasonable calendar of reflows included?	n/a	NA
Project Monitoring and Evaluation	21. Have the appropriate <b>Tracking Tools</b> been included with information for all relevant indicators, as applicable?		NA
	22. Does the proposal include a <b>budgeted M&amp;E Plan</b> that monitors and measures results with indicators and targets?		9-11-14 Cleared
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			

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Recommendation at PIF Stage	<b>24. Is PIF clearance/approval being recommended?</b>	<p>6-14-13 (YW &amp; JC) No, please address the comments made above and resubmit the PIF.</p> <p>7-11-13 No. please refer to the need for further information under item 7. Please resubmit a revised PIF.</p> <p>8-23-13 Yes, the GEFSEC received a revised PIF and responses that adequately addresses the earlier comments. The PMs recommend the PIF for CEO approval under the NPIF.</p>	
	25. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/ Approval	<b>26. Is CEO endorsement/approval being recommended?</b>		
	First review*	June 13, 2013	September 11, 2014
Review Date (s)	Additional review (as necessary)	July 12, 2013	
	Additional review (as necessary)	August 23, 2013	

\* This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.