

**Terms of Reference**  
**Kunming Biodiversity Fund**  
*14<sup>th</sup> May, 2024*

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# 1 Context

The conservation and sustainable use of biodiversity, and the restoration of ecosystems, is essential if humanity is to continue to survive. Nature underpins all life on Earth: it provides food, medicine, energy, clean air and water, security from natural disasters as well as recreation and cultural inspiration. Recent studies on the state of nature, such as the Global Assessment Report of Biodiversity and Ecosystem Services<sup>1</sup> issued by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), indicate that the health and biodiversity of ecosystems is rapidly deteriorating, and system-wide transformations are needed now more than ever before.

The Convention on Biological Diversity (CBD) was adopted in 1992 and signed by 150 government leaders at the 1992 the UN Conference on Environment and Development (the Rio “Earth Summit”). It entered into force on 29 December 1993. It aims to promote the conservation of biodiversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising from the use of genetic resources. The CBD is governed by a Conference of Parties currently including 196 Parties.

The objective of the 15<sup>th</sup> Conference of the Parties to the CBD (COP 15) was to successfully negotiate and adopt a post-2020 strategic vision and global roadmap for the conservation, protection, restoration, and sustainable management of biodiversity and ecosystems for the next decade. Building on lessons learned from the Strategic Plan for Biodiversity (2011-2020) and its Aichi Targets, this new framework recognizes that urgent social and economic transformation is needed to recover and conserve our natural ecosystems.

As President of COP 15, the Government of the People’s Republic of China hosted Part One of the conference in Kunming, China in October 2021. Segments focused on the adoption of the Kunming Declaration<sup>2</sup> as well as preparations for the finalization of the most ambitious global agreement on biodiversity in the history of environmental governance.

During Part Two of COP 15, the Kunming-Montreal Global Biodiversity Framework (GBF)<sup>3</sup> was adopted. This historic Framework, which supports the achievement of the Sustainable Development Goals and builds on the CBD’s previous Strategic Plans, sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050. Among the Framework’s key elements are 4 goals for 2050 and 23 targets for 2030. The GBF’s 23 targets<sup>4</sup> are categorized as (a) Reducing Threats to Biodiversity; (b) Meeting People’s Needs Through Sustainable Use and Benefit-Sharing; and (c) Tools and Solutions for Implementation and Mainstreaming. The GBF sets a new course for a thriving future on a healthy planet that leaves

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<sup>1</sup> IPBES Global Assessment Report: <https://www.ipbes.net/global-assessment>

<sup>2</sup> Kunming Declaration: <https://www.cbd.int/doc/c/df35/4b94/5e86e1ee09bc8c7d4b35aaf0/kunmingdeclaration-en.pdf>

<sup>3</sup> Global Biodiversity Framework: <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf>

<sup>4</sup> 23 Targets of the GBF: <https://www.cbd.int/gbf/targets/>

no one behind. Alongside the nature targets and goals, Parties adopted other significant decisions on monitoring, resource mobilization, financing, including the establishment of a global biodiversity fund, and digital information sequencing.

The Kunming Biodiversity Fund (KBF) was announced by Chinese President Xi Jinping, as a fund to advance the targets of the GBF to support the protection of biodiversity in developing countries for future generations. The KBF was formally developed as a United Nations Multi-Partner Trust Fund (MPTF) by the Ministry of Ecology and Environment of the People's Republic of China and Participating United Nations Organizations, which are UNEP, CBD Secretariat and UNDP initially. To ensure no one is left behind, the KBF will have an emphasis on supporting developing countries and regions with rich biodiversity, fragile environment and urgent need for capacity building and technical support.

## 2 Rationale for the KBF

The Conference of the Parties (COP) to the CBD tasked an international panel of experts to provide an estimation of resources needed for implementing the GBF. The panel, in its second report, reiterated that finance and investments are important prerequisites for successful biodiversity conservation and sustainable use.<sup>5</sup> The panel also reported that investments in biodiversity conservation strengthen the provision of ecosystem services and provide insurance against uncertainty and future environmental change.

Target 19 of the GBF calls for substantially and progressively increasing financial resources from all sources to implement national biodiversity strategies and action plans, mobilizing at least \$200 billion per year by 2030.

The pledge of 1.5 billion Chinese Yuan by the Government of China to support developing countries to protect biodiversity is welcome and will boost the efforts towards achieving the GBF. It will add to existing sources of finance for biodiversity conservation and sustainable use and will act as an important accelerator and leverage for countries as they access other sources of environmental finance.

The focus of the KBF on supporting developing countries is important because while most of the world's biodiversity is in developing countries, only 22% of biodiversity-related investments are spent there.<sup>6</sup> Therefore, as the Global Environment Facility (GEF) notes, providing support to developing countries for the protection of biodiversity is foundational to sustainable development and preventing the erosion of development gains made to date.

KBF will support strategic actions to trigger accelerated and upscaled implementation of the GBF, aiming to cause a clear shift in trajectory of biodiversity loss by 2027 towards achieving the 2030

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<sup>5</sup> CBD/SBI/3/5/Add.2/Rev.1

<sup>6</sup> GEF Secretariat (2022) GEF Strategic Positioning Framework.

GBF targets. This acceleration and upscaling is critical for the success of GBF, and will bring the necessary groundswell of action from countries, building directly on a large number of ongoing and emerging projects that are financed by the Global Environment Facility, the new Global Biodiversity Framework Fund and other initiatives financed by both domestic and international resources.

The purpose of the KBF is to support developing countries to accelerate and upscale their actions for the National Biodiversity Strategies and Action Plans (NBSAPs), with a particular emphasis on the implementation of the GBF. The KBF support will be in close alignment and complementarity with the CBD's existing financial instruments, including the Global Biodiversity Framework Fund. The KBF will adhere to multilateralism and work closely with the Secretariat of the Convention on Biological Diversity (SCBD) and other UN organizations. The KBF is open to all parties for contributions including financial organizations, public and private donors.

## 2.1 Theory of Change

### **Context**

Biodiversity conservation underpins the achievement of all Sustainable Development Goals, with a particular contribution towards: SDG 14 (life below water), SDG 15 (life on land), SDG 3 (human health), SDG 2 (food security), SDG 13 (climate adaptation) and SDG 16 (peace and security). Global biodiversity loss is driven by unprecedented threats from habitat destruction, climate change, pollution, invasive species and overexploitation of natural resources. Without immediate and accelerated action, the world risks irreversible damage to its ecosystems and the services that they provide to humanity. The Kunming-Montreal Global Biodiversity Framework, adopted in 2022, responds to this crisis. Achievement of the 2030 targets and 2050 goals presents significant challenges for developing countries.

### **Impact**

Accelerated progress to deliver 2030 targets and 2050 goals of the Kunming-Montreal Global Biodiversity Framework, particularly in developing countries, while contributing to achievement of the Sustainable Development Goals.

### **Goals**

By 2034, the KBF will have contributed to the following goals in targeted developing countries as a result of support provided:

1. Inclusive and effective whole-of-society approach.
2. Improved policies at international, national and subnational levels coherently enabling progress towards the biodiversity goals and targets.
3. Enhanced human, technical and financial capacities and cooperation to support the implementation and monitoring of the KMGBF.
4. Increased and diversified financial resources directly supporting implementation of the KMGBF.

To achieve these goals the Fund will support the following outcomes:

### **Outcomes**

1. Restored and protected ecosystems to improve biodiversity and ecosystem services
2. Biodiversity effectively mainstreamed into policies, regulations, planning and strategies
3. Sustainable use of biodiversity enhanced.
4. Biodiversity mainstreamed among businesses and consumers to drive positive behaviours.
5. Benefits shared from genetic resources and digital sequence information on genetic resources
6. Prevention and control of invasive alien species for enhanced biosecurity
7. Strengthened resource mobilization for biodiversity conservation.

### **Barriers and Challenges**

The work of the fund will seek to address the following barriers and challenges:

1. **Siloed sector approaches** to policy making.
2. **Inadequate capacities** needed to deliver, including to monitor progress.
3. **Insufficient financial resources** , including from the private sector, and finance flows not aligned with the goals and targets of the KMGBF.
4. **Insufficient incentives to drive behavior change**, including from limited understanding of the importance of biodiversity for sustainable development.
5. **Limited engagement of society**, including indigenous peoples, local communities, women, youth and business.

### **Assumptions**

1. This fund will complement and work in cooperation, as well as help catalyze, other funds and initiatives including the GEF and its GBFF, the NBSAP Accelerator, and funds from a range of other donors.
2. The activities selected will be informed by the mandates coming from the Conference of the Parties, particularly its decisions 15/4, 15/5, 15/6, 15/7, 15/8, 15/10, 15/11, 15/13, 15/14, 15/17.
3. The projects supported by the Fund will develop activities that specifically address the barriers that are mentioned above in a cross-cutting way.

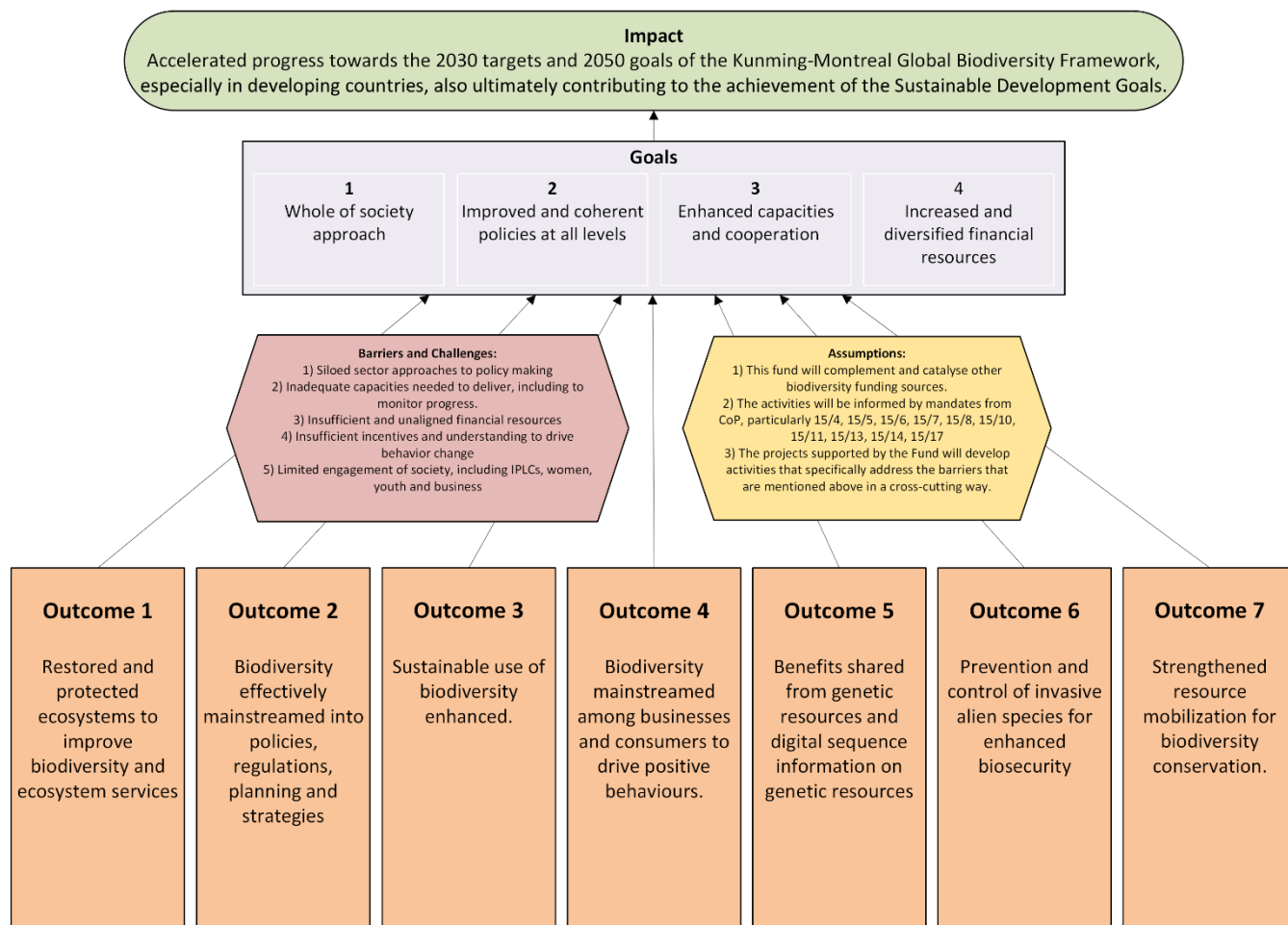


Figure 1: Theory of Change diagram

## 2.2 Purpose and Outcomes

### **KBF Purpose**

The Kunming Biodiversity Fund aims to facilitate the successful implementation of the Kunming-Montreal Global Biodiversity Framework at regional, national, subnational and local level, with the participation and involvement from whole of society. It will seek complementarity with existing biodiversity funds to ensure it adds value and contributes to comprehensive actions to reverse the trend of biodiversity loss and to achieve the outcomes set out in the 2050 vision, including the four long-term goals by 2050 and the 23 action targets of the GBF by 2030, and thereby contributing to the three objectives of the CBD and its Protocols, as well as other international processes such as the 2030 Agenda for Sustainable Development, among others.

It is anticipated that the Theory of Change and associated outcomes will be strengthened during the Inception Phase in order to ensure the most strategic approach to drive positive impact and address barriers in a systemic way. This will also inform a relevant monitoring and evaluation framework for the Fund to be developed during the Inception Phase.

## **KBF Outcomes**

The KBF aims to achieve outcomes in accordance with the 23 action targets of the GBF and other relevant resolutions of the Conference of the Parties to the CBD and may include:

### **Outcome I: Restored and protected ecosystems to improve biodiversity and ecosystem services**

The Outcome I will contribute to the GBF's action targets 2, 3, 7, 8, 11, 20, 21, 22 and 23. KBF primarily supports activities at regional, national, sub national and local level to increase the area of natural ecosystems, to restore, maintain and enhance ecosystem functions and services, ecological integrity, connectivity, and resilience, to reduce pollution risks and the negative impact of pollution from all sources, and to minimize the impact of climate change on biodiversity and increase its resilience through the implementation of nature-based solution (Nbs).

### **Outcome II: Biodiversity effectively mainstreamed into policies, regulations, planning and strategies**

The Outcome II will contribute to the GBF's action targets 1, 4, 12, 14, 20, 21, 22 and 23. With the support from KBF, to promote the integration of biodiversity into policies, regulations, planning (include spatial planning) and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments, national accounting, and etc., within and across all levels of government and across all relevant sectors, in particular those with significant impacts on biodiversity, to significantly reduce extinction risk, conserve biodiversity and sustainable use and consumption of biodiversity, while respecting the rights of indigenous peoples and local communities, ensuring gender equality participation in decision-making.

### **Outcome III: Sustainable use of biodiversity enhanced.**

The Outcome III will contribute to the GBF's action targets 5,9,10, 20, 21, 22 and 23.

The KBF will promote sustainable use of wild species, prevent overexploitation, reduce impacts on non-target species and ecosystems, and reduce the risk of pathogen spill-overs and other negative health effects, while respecting the customary sustainable use by local communities.

To support sustainable management of agriculture, aquaculture, fisheries and forestry, promote the resilience and long-term efficiency and productivity of these production systems, promote food security, protect and restore biodiversity and sustain nature's contribution to humanity.

### **Outcome IV: Biodiversity mainstreamed among businesses and consumers to drive positive behaviors.**

This Outcome IV will contribute to the GBF's action targets 15,16, 20, 21, 22 and 23. The KBF will support legal, administrative or policy measures to encourage and facilitate regular monitoring,



assessment and transparent disclosure of enterprises' risks, dependencies and impacts to biodiversity, report their compliance with access and benefit-sharing regulations and practices, and appreciate the value of biodiversity and ecosystem services, in particular large transnational corporations and financial institutions.

Outcome V: Benefits shared from genetic resources and digital sequence information on genetic resources

The Outcome V will contribute to the GBF's action targets 13,17, 20, 21, 22 and 23. By supporting national, subnational and local governments in adopting effective legal, policy, administrative and capacity-building measures to ensure fair and equitable sharing of benefits arising from the use of genetic resources and genetic resource digital sequence information, as well as traditional knowledge related to genetic resources.

Outcome VI: Prevention and control of invasive alien species for enhanced biosecurity

The Outcome VI will support the achievement of the GBF's action targets 6, 17, 20, 21, 22 and 23. The KBF will support national, subnational and local governments, particularly in priority sites such as islands, to eliminate, minimize, reduce and/or mitigate the impact of invasive alien species on biodiversity and ecosystem services by identifying and managing the introduction pathways to prevent the introduction and establishment of priority invasive alien species. The KBF will fund projects to establish, strengthen capacity for, and implement biosafety measures in developing countries.

Outcome VII: Strengthened resource mobilization for biodiversity conservation.

The Outcome VII will contribute to the GBF's action targets 18, 19, 21, 22 and 23. Projects will be funded to support in identifying and eliminating, phasing out or reforming incentives, including subsidies that are harmful to biodiversity, and phasing down those incentives, mobilizing financial resources from all sources, including domestic, international, public and private resources, to implement national biodiversity strategies and action plans.

## 2.3 Contribution to SDGs

In 2015, the global community adopted the 2030 Agenda for Sustainable Development, a development platform agenda with an ambitious set of 17 Sustainable Development Goals (SDGs) focused on people, planet, prosperity, peace, and partnerships. The 2030 Agenda recognizes the interdependence of social inclusion, economic prosperity, and environmental sustainability – the three components of sustainable development. It recognizes that progress on one Goal will affect the achievement of all 16 other SDGs.

Protecting and investing in nature and biodiversity are critical to efforts to advance this integrated global agenda. While addressed most directly in SDG 14 (life below water) and SDG 15 (life on land), biodiversity conservation impacts every facet of development, from human health (SDG 3) to food security (SDG 2), to climate adaptation (SDG 13), as well as to peace and security (SDG 16) (see Figure 1). Indeed, at least 50% of the 169 SDG targets requires nature to achieve them. Conversely, biodiversity loss has the potential to limit progress on many of the other Goals. While

the connections between nature and SDG achievement are numerous and complex, they are inarguable. It is not possible to achieve economic prosperity, advance social progress or protect human rights at the expense of the environment.

Figure 2 Describes how economies and societies should be seen as embedded parts of the biosphere.



Source: Azote for Stockholm Resilience Centre, Stockholm University CC BY-ND 3.0.

### 3 Programmatic scope

The KBF will be operationalized through a combination of activities at different scales including capacity building and learning activities; awareness raising, communications and outreach; technical transfer and scientific cooperation; promoting projects and programmatic approaches, and; resource mobilization, among others.

It is envisaged that the KBF will support a country-driven approach to project and programme development and selection. This means that a mechanism will be developed to ensure that projects are in line with, and support country priorities.

The Fund may also consider supporting other activities in line with priorities established by the Conference of the Parties.

#### 3.1 Complementarity with other initiatives and value added

##### 3.1.1 Global Biodiversity Framework Fund

To support the implementation of the Kunming-Montreal Global Biodiversity Framework, a new Fund was recently launched with the Global Environmental Facility (GEF) known as the Global Biodiversity Framework Fund (GBFF). GBFF supports 8 key action areas: (i) Conservation, restoration, land/sea use and spatial planning; (ii) Indigenous peoples and local communities (IPLC) stewardship and governance of lands, territories and waters; (iii) Policy alignment, development and implementation including subsidy reform; (iv) Resource mobilisation; (v) Sustainable Use of Biodiversity; (vi) Biodiversity mainstreaming in production sectors; (vii)

Invasive alien species management and controls; (iix) Capacity building and implementation support for the Cartagena and Nagoya protocols

The KBF's thematic areas of support should complement directly the GBFF key action areas by providing focused support for triggering faster change and larger impact of individual initiatives financed by GBFF and other funds. KBF will directly complement GBFF by co-financing projects financed by GBFF, coordinating timing of calls for proposals, enabling coordinated planning by countries and UN Organizations between the GBFF and KBF, with clear strategy for synergy and coordination.

The KBF should also directly complement other related initiatives and funds, providing catalytic funding to countries to address root causes of biodiversity loss, triggering much needed acceleration and upscaling of country efforts. These complementary funds and initiatives include the Japan Biodiversity Fund, the Global Fund for Coral Reefs, Nature Facility, the NBSAP Accelerator Partnership and a range of projects financed by the Global Environment Facility Trust Fund and other bilateral and multilateral funds.

### 3.1.2. UN Initiatives

Participating UN organizations have considerable programmes of work to leverage to enhance country level implementation of biodiversity actions. In particular, UNEP and UNDP will leverage existing GEF-supported enabling activities to review, update and implement NBSAPs. Other key initiatives to be leveraged are the UN Decade on Restoration (co-led by UNEP and FAO), and the UN Common Approach to Biodiversity and Nature-based Solutions, whereby the heads of all UN agencies have committed to mainstream biodiversity within their programmes and mandates. In addition, UNEP as the host of numerous Multilateral Environment Agreements, including the CBD, the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES), the Convention on Migratory Species (CMS), the Regional Seas and many others will support synergistic activities across these instruments to ensure improved delivery of impacts for countries and the people dependent on biodiversity.

## 4 Governance Structure

The KBF will be governed by an Executive Council (the EC) which will serve as the decision-making body of the KBF. A Secretariat will also be set up and will be responsible for the implementation of the decisions of the EC and to undertake the daily operations and management of the KBF.

### 4.1 Executive Council

The Executive Council will be composed of up to eight decision-making members and additional ex-officio members as described below. All decisions of the Executive Council are made by consensus. In case of no consensus, the two Co-chairs will consult in view of reaching a consensus.

#### 4.1.1 Membership of the Executive Council

The Executive Council will consist of three permanent members: China, UNEP and SCBD. Up to three donor Member States to KBF and three Member States representing recipient countries will serve for two-year terms. The Multi-Partner Trust Fund Office, in its capacity as Administrative Agent of the fund will also permanently be on the Executive Council. The Multi-Partner Trust Fund Office does not participate in the decision-making process of the Executive Council. The criteria for donor and recipient membership will be developed and approved by the Executive Council. For the first Executive Council, recipient states will be invited by the Chairs from the current Bureau Members to the CBD reflecting diverse regional representation. It is anticipated that future rotations will also be pulled from the CBD Bureau.

#### 4.1.2 Chairs of the Executive Council

From the inception of the Fund, the Executive Council will be permanently co-chaired by China as the KBF founding partner and UNEP.

#### 4.1.3 Observers

From the inception of the Fund, the Executive Council will invite participation of two permanent observers: one representing GEF in its capacity of host of the GBFF and UNDP as a founding participating UN organization of the KBF. Additional observers may be considered in the future as needed to support effective governance of the fund. Prospective donors would also be allowed to attend the Executive Council as observers, at the invitation of the Chairs. The Executive Council may also invite ad-hoc observers as needed to meet the decision-making needs of the body.

#### 4.1.4 Responsibilities of the Executive Council

The responsibilities of the Executive Council will include:<sup>7</sup>

Fund Governance Support:

- Review and approve the Terms of Reference (TOR) and Operations Manual.
- Provide general oversight and exercising overall accountability of the Fund.
- Approve the KBF requirements concerning, inter alia: programme/project management, including consistent and common approaches to programme/project costing, cost recovery, implementation modalities, results-based reporting and impact assessment, information management including donor visibility.
- Approve Fund extensions and updates of the Fund TOR

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<sup>7</sup> Criteria for selection will look at CBD Bureau membership, regional representation and other considerations.

#### Fund Management and Implementation:

- Approve the Fund risk management strategy and review risk monitoring regularly.
- Allocate resources to specific projects/initiatives or as multi-sector initiatives
- Approve proposals for funding and due process managed by the Secretariat, ensuring their conformity with the requirements of the Fund TOR and the priorities of the fund
- Approve proposals submitted from Participating Organizations (by sectoral and/or geographical groups or otherwise as multi sector initiatives) for funding.
- Request fund transfers to the Administrative Agent.
- Approve direct costs related to Fund operations, including the Secretariat budget.
- Approve and implement the resource mobilization strategies to capitalize the Fund (developed by the Secretariat)

#### Fund Monitoring and Reporting

- Review and approve the periodic progress reports (programmatic) consolidated by the Secretariat as well as the Fund's annual narrative report.
- Review the Consolidated Annual Report submitted by the Administrative Agent.
- Review Fund status and oversee the overall progress against the results framework through monitoring, reporting and evaluation.
- Review findings of audit reports.

#### 4.1.5 Conflict of interest

Executive Council Members shall not have any direct personal interest (such as personal financial gains as employees, consultants, individual contractors whether individually or through corporate ownership, participation or benefit), or those of their family members or their direct supervisor/s, of private or professional nature, in any of the project proposals submitted for funding or under implementation. If a Member(s) is affiliated with any of the Participating Organizations submitting a specific project proposal for approval under the KBF, such member(s) must declare immediately the potential conflict of interest and must not participate in the decision making for such specific fund allocation or project approval. If the UN Co-Chair cannot participate on a specific agenda item due to a conflict of interest, an alternative UN agency signatory of the MoU will act as the Co-Chair for that specific agenda item. Before each meeting of the KBF, the Secretariat will circulate information to all participating members to clarify their potential conflict of interest, whether individually or organizational, in relation to specific sessions.

#### 4.2 Secretariat

The Secretariat implements the decisions of the Executive Council and is responsible for the operational functioning of the Fund. It will be hosted by UNEP and located within the CBD Secretariat in Montreal. The Head of the Secretariat is internationally recruited administratively by UNEP and reports substantively to the Executive Council. The Head of the Secretariat is

recruited following the hosting UN Organization recruitment processes, rules and procedures. At a minimum the Secretariat is expected to include, in addition to the Head of the Secretariat, [at least five] additional positions including the following functions: project management and review; operations, administrative and financial support: monitoring, evaluation and learning; resource mobilization, and; communications and outreach. During the inception phase staffing needs, TORs and budgets will be fully developed for Executive Council approval.

The Cost of the Secretariat is charged as direct costs to the KBF through a project approved by the Executive Council. The Secretariat can include staff seconded by donors or other UN organizations. The Secretariat budget will be administratively underpinned by a Project Document approved on two-year cycles, with annual tranches re-submitted to the Executive Council for approval. This will ensure a balance between operational continuity and flexibility.

The Secretariat role will include:

Fund Governance Support:

- Provide logistical and operational support to the Executive Council, including recording minutes and ensuring they are made available to all stakeholders
- Develop the fund risk management strategy and submit it to the Executive Council for approval and regular review.

Fund Management and Implementation:

- Convene the Executive Council meetings, on behalf of the Co-Chairs.
- Record and circulate the recommendations of the Executive Council for approval.
- Ensure the monitoring of the operational risks and Fund performance.
- Facilitate collaboration and communication with/between Participating Organizations to ensure programmes are implemented effectively.
- Develop a Fund Operations Manual with the support of the Administrative Agent, which would include, for example, fund administration issues, including submitting the FTRs and issues related to project/Fund extensions and project/Fund closure.
- Ensure the Fund's projects have a gender and social inclusion marker.
- Share up to date information with the UN MPTFO for the fund's page on Gateway, and ensure proper visibility of all fund partners, including donors and participating organizations).
- Develop the Communication Strategy for the Fund. Ensure that requests for proposals are widely seen and outreach is also done to ensure inclusion of bidders from gender-based and minority groups/firms.

Fund Monitoring and Reporting

- Consolidate annual and final narrative reports provided by the Participating Organizations and share with the Administrative Agent for review and preparation of consolidated reports.
- Commission evaluation, reviews and "lessons learned" reports on the performance of the KBF.

- Submit final project reports to the Administrative Agent for operational closure.
- Monitor financial closure, ensuring that projects are operationally closed within 18 months from their operational closure.

#### Technical/programmatic functions

- Advise the Executive Council on priorities
- Prepare and draft the technical aspects of the calls for proposal including relevant criteria to assess the quality of proposals submitted.
- Review proposals (both technical and financial) submitted for funding, ensuring conformity with the programme priorities approved by the Executive Council.
- Collate and submit to the EC technical review recommendations on proposals from the Technical Advisory Panel.
- Review periodic progress reports (programmatic) submitted by the Participating Organizations.
- Advise coordination with existing external activities foreseen or ongoing within the sector.
- Guide consultation, partnerships, and engagements with stakeholders relevant to project activities.

### 4.3 Administrative Agent (AA)

The Fund is administered by the UN MPTF Office under the pass-through management modality. AA costs will be covered in line with the MOU provisions. The Fund's administration services include:

- The Fund's establishment: support to the Fund's design (Terms of Reference and Operation Manual), and development of legal instruments.
- The Fund's administration: receipt, administration, and release of funds to Participating Organizations in accordance with fund related decisions of the Executive Council and financial report consolidation.

The Administrative Agent (UN MPTFO) is responsible for the following functions:

- Provide support to the design of the Fund for maximizing operational efficiencies.
- Sign a Memorandum of Understanding (MOU) with Participating Organizations.
- Sign financing agreements with donors and receive contributions from donors that wish to provide financial support to the Fund/Programme.
- Administer such funds received in accordance with its regulations, policies and procedures, as well as the relevant MOU and Fund Terms of Reference (TOR) and SAA, including the provisions relating to winding up the Fund account and related matters.
- Subject to availability of funds, disburse such funds to each of the Participating Organizations in accordance with fund related decisions from the Executive Council, taking into account the budget set out in the approved programmatic documents.

- Ensure consolidation of statements and financial reports, based on submissions provided by each Participating Organization, as set forth in the TOR and provide these to each donor that has contributed to the Fund/Programme account and to the Executive Council.
- Carry out the financial closure of the Fund.
- Provide final reporting, including notification that the Fund has been operationally completed.
- Disburse funds to any Participating Organization for any additional costs of the task that the Executive Council may decide in accordance with the approved programmatic document.
- Provide annual and final certified financial reports of activities of the Administrative Agent (source and use of the funds) to the Executive Council
- Provide tools to ensure transparency of the Fund, including maintenance of the Fund page on the Gateway.

#### 4.4 Technical Advisory Panel

During the inception phase, a Technical Advisory Panel will be established to support scientific and evidence-based rigor to Executive Council decision-making. The Technical Advisory Panel may include senior scientists, experts and representatives from implementation partners and others as decided by the Executive Council. This panel may provide recommendations on thematic focus areas and calls for proposals, review of operational manual and projects to be approved, based on the criteria developed by the Secretariat and approved by the Executive Council. The Terms of Reference of the Technical Advisory Panel and criteria for selection will be developed and submitted to the Executive Council for approval before it is formally set-up.

## 5 Implementation arrangements

### 5.1 Inception phase

In the early stage of operation of the KBF, there will be an 8-month inception phase to complete the set-up of the permanent Secretariat, the development of the fund Operation manual, the theory of change and results framework as well as other foundational documents, policies and procedures for the functioning of the Fund.

During this period, the Executive Council will be responsible for setting-up a temporary working team as the Secretariat is onboarded to develop the relevant management procedures of the fund, including but not limited to:

- Formulating the Theory of Change and results framework for the fund, as well as its priorities and key areas;



- Developing the Secretariat project document, including the Secretariat structure, functions, and multi-year budget;
- Determining the fund's annual work plan and budget for the first year of operation;
- Developing the Operations Manual of the Secretariat, which mainly includes the project application procedures, project application templates, project implementation supervision and management policies, project monitoring and evaluation policies, risk matrix, etc.;
- Developing and implementing the first call for proposals, technical review and project approval process.
- Preparing the meetings of the Executive Council;
- Planning communication event during COP16;
- Developing a financial resource mobilization strategy for attracting more donors;
- Developing an initial external liaison strategy to establish synergies between the Fund and other relevant institutions and projects;

The first meeting of the Executive Council, tentatively to be held in June of 2024.

By the end of the inception phase, the Secretariat leadership team will be formally in place to conduct the operations of the fund.

## 5.2 Implementation Phase

Details of implementation modalities will be further developed and finalised during the inception phase and detailed in the Operations Manual. They will be based on the following:

- Countries will access funding through Participating UN Organizations, based on Calls for Proposals issued through the Fund, in alignment with the approved fund's strategy. Participating UN Organizations will assume full programmatic and financial responsibility for the funds allocated to them through a project. The project proposal will be jointly developed and submitted by a UN Organization and a Government, as evidenced by the Government's signature of the project document.
- Non-UN Organizations (International Organizations, Multilateral and bilateral cooperation agencies, and Non-Governmental organizations) may gain direct access to the KBF based on UNSDG clearance of the NUNO modality for the Fund. This modality can be developed in the initial years of operationalization of the fund and will require an addendum of the MoU establishing the Kunming Biodiversity Fund.
- At least 50% of the funding will be used for implementation activities with regional and national stakeholders through one of these modalities.

1. Project identification, design and submission  
This will be developed during the inception phase.

2. Project assessment:

There are 2 types of project modalities: direct fund allocations and call for proposals modalities, which details will be developed in the operations manual during the inception phase.

There is only one round of assessment for the direct fund allocation project. For the projects via call for proposal, the Secretariat will organize two rounds of assessment to review the project application documents. The Secretariat will conduct a review of the project concept note to ensure its quality and alignment with criteria approved by the Executive Council. The implementing agencies whose concept note passed the first round assessment will have to develop and submit a full project proposal for review. The Secretariat will invite experts from the Technical Advisory Panel to review and provide recommendations to the Executive Council.

3. Project approval:

After the assessment, project documents are submitted to the Executive Council, alongside recommendation of any technical committee in place, for the Council's decision. The decision will consist of the three following options: i) approval; ii) approval with recommendations; or iii) rejection.

Programmes or projects approved with recommendations do not require submitting a proposal again. The Secretariat shall ensure that the Participating Organization incorporates the recommendations before requesting the MPTFO to transfer funds to the Participating Organization. The Executive Council decisions related to the Fund are recorded in its minutes of meeting, which are consolidated by the Secretariat and shared electronically.

4. Fund transfer:

The Secretariat will prepare a fund transfer request (FTR) for each programme/project and budget allocation approved. The MPTFO will carry out transfers approved based on the project documents and the decisions of the Executive Council no later than five (5) working days after the receipt of the FTR. Upon completion of the transfer, the representative of the Participating Organization and the Secretariat will be notified through electronic mail.

## 6 Risk management

The final objective of a risk management strategy at the Fund level is to facilitate the achievement of programme-related objectives of its interventions in the context of the risk in which it operates. The risk management strategy of the fund will include

identification of risks at implementation level (by Participating Organizations), which will be carried out and consolidated in the fund level risk management dashboard.

The Secretariat will develop and maintain a risk management strategy whose main objectives are: accelerate Fund implementation and increase its impact, ensure that the Fund's interventions meet the "Do no harm" principles, verify that resources are used for foreseen purposes and improve risk management capacity of Participating Organizations. The risks may be grouped into several categories, including contextual risks, programmatic risks and institutional risks. The Secretariat will develop sub categories through the inception phase, together with the risk dashboard.

The Fund's risk management strategy will encompass the following tasks:

- Identify & develop shared understanding of risks faced by the Fund;
- Define risk appetite or tolerance of the Fund (Fund's risk profile);
- Establish the Fund's policies regarding identified risks (Fund's risk policies).
- Identify or clarify potential compensation from risk taking and seek consensus among stakeholders regarding its management;
- Determine risk treatment through measures of mitigation or adaptation;
- Identify risk holders, monitor and control its spreading and define follow-up measures;
- Establish information strategies and common messages about the identified risks.

Every programme or project approved by the Fund shall comply with the risk management strategy. The fulfilment of such a strategy will be one of the selection criteria during the process of project evaluation. The risk dashboard will be presented to the Executive Council on an annual basis.

## 6.1 Resource mobilization

The KBF will be operationalised with an initial contribution of 1.5 billion Chinese Yuan by the Government of the People's Republic of China. During the inception phase, the Secretariat will develop a resource mobilization strategy which will define the overall capitalization of the KBF in line with the programmatic ambition of the fund.

In support of the overarching aim of the Fund, and to ensure maximum flexibility, a guiding principle for resource mobilization would be that donors are encouraged to contribute with multi-year pooled and unearmarked resources.

Funds should be provided in fully convertible currency and shall be deposited in the bank accounts designated by the MPTF Office as Administrative Agent. The value of a contribution-payment, if made in other than United States dollars, shall be determined by

applying the United Nations operational rate of exchange in effect on the date of payment.

Acceptance of funds from the private sector and philanthropies will be guided by criteria stipulated in the UN system-wide guidelines on cooperation between the UN and Business Community (the UN Secretary General's guidelines: (<https://www.un.org/en/ethics/assets/pdfs/Guidelines-on-Cooperation-with-the-Business-Sector.pdf>)). Funds from the private sector will be subject to the outcome of applicable due diligence processes.

## 6.2 Monitoring and evaluation

The monitoring and evaluation system for the Fund will serve two functions: first, periodic assessment of project implementation and performance of projects (M&E of Project Performance), and second, evaluation of their results in terms of relevance, effectiveness, and impact of the fund (M&E of fund Impact).

The Secretariat will be responsible for monitoring progress in the Fund delivering its objectives and how funds are being used by the Participating Organizations. The Secretariat will provide progress reports on a regular basis (minimum half-yearly) to the Executive Council.

A mid-term evaluation will be conducted to assess whether the programme is on track to deliver expected outputs and outcomes with respect to the timeframe and budget. It will enable the Executive Council to make any changes in approach and/or reorientation needed to improve results.

A final evaluation will be carried out for learning and impact assessment purposes.

## 6.3 Reporting

The responsibilities related to reporting are gathered and detailed in the Memorandum of Understanding and Standard Administrative Arrangements.

### Narrative reports

For each project, the Participating UN Organizations will submit the following reports to the Secretariat for consolidation and further transmission to the Administrative Agent:

- (a) Annual Financial report as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four (4) months (30 April) after the end of the calendar year; and

- (b) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document, including the final year of the activities in the approved programmatic document, to be provided no later than five (5) months (31 May) after the end of the calendar year in which the financial closure of the activities in the approved programmatic document occurs, or according to the time period specified in the financial regulations and rules of the Participating UN Organization, whichever is earlier.

Annual and final reports will exhibit results based on evidence. Annual and final narrative reports will compare actual results against estimated results in terms of outputs and outcomes and they will explain the reasons of higher or lower performance. The final narrative report will also include the analysis of how the outputs and outcomes have contributed to the Fund's overall impact.

Responsibilities related to reporting are described in detail in the Memorandum of Understanding. All Participating Organizations will submit annual and final reports on programme and financial activities to the Secretariat (in accordance with the modality of project administration) in accordance with the approved format.

#### Financial Reports

For each project, the Participating Organizations will submit the following financial statements and reports to the Administrative Agent:

- (a) Certified annual financial statements and reports to December 31st, regarding released resources by the Fund to them; these shall be provided no more than four months (April 30th) after the ending of the calendar year.
- (b) Final certified financial statements and financial reports after the completion of activities contained in the programme-related approved document, including the final year of such activities, to be submitted no more than six months (June 30th) in the following year after the financial closure of the project.
- (c) Based on these reports, the Administrative Agent will prepare consolidated annual narrative and financial reports which will be submitted to each of the Fund's donors and the Executive Council as per the schedule established in the Standard Administrative Arrangement.

#### 6.4 Audit

The Administrative Agent and the PUNOs will be audited according to their own financial rules and regulations, in line with Framework for Joint Internal Audits of UN Joint Activities which has been agreed to by the Internal Audit Services of POs and endorsed by the UNDG in 2014. The details are included in the Fund MOU.

## 6.5 Transparency

The MPTFO website, Gateway (<http://mptf.undp.org>), is a web-based service portal that provides real-time financial data issued directly on contributions in and out of the fund account, from the UNDP accounting system. The Fund will have a dedicated page on the Gateway which will allow partners and the public at large to follow-up the Fund contributions, transfers and expenses, and access key documents and reports. The Secretariat and the MPTFO will ensure that the Fund's operations are posted on the Gateway. Further, in accordance with the Funding Compact, the Fund should specifically mention individual donors in all results reporting.

A KBF website be initiated during the inception phase. The Secretariat will manage the operation of the website. The project operation manual, the call for proposals, projects report, the fund annual report and other documents will be posted and updated on the website.

The Executive Council will be able to modify any of the provisions of the Fund's Terms of Reference, including the duration of the Fund. The Fund will have an initial duration of 10 years (2024-2034).

All programmes will operationally complete by the end of the fund duration. Any remaining balance in the Fund's account and separate accounts of the implementing partners after the closure of the Fund will be used for a purpose established by the Executive Council and the Donor(s), or it will be reimbursed to the Donor(s) in proportion to their contribution to the Fund, as decided by the Donor(s) and the Executive Council.