



# UNA Finance Guide





# UNA Finance Guide



*This document should be cited as: ICLEI Africa. 2023. UNA Finance Guide.  
Cape Town. South Africa: ICLEI Africa*



# What is this guide about?

This guide serves as a valuable resource to aid local government officials in their efforts to attract and harness biodiversity finances from potential investors, donors, and funders. Its primary focus is on facilitating the development of effective concept notes as a step in the pursuit of financial support for biodiversity initiatives. Additional or increased financing for the implementation of biodiversity projects at the local level, will enable local governments to not only address the social and economic issues related to biodiversity loss and climate change, but will empower them to contribute to both national and global sustainability (Sustainable Development Goals) and biodiversity (Kunming-Montreal Global Biodiversity Framework) goals.

Developing a concept note for a biodiversity project is an essential step in the project development process and helps outline the project goals, objectives, and potential impacts, making it easier to secure funding and support from stakeholders. A well-crafted concept note can help secure funding to support biodiversity projects at different scales (local, national or regional). This guide serves as a step-by-step tool, which provides local government officials with the necessary guidance to develop a concept note for specific biodiversity project/s identified, whether at the local or regional level. In the proceeding sections the various aspects of an effective concept note are unpacked.





# Introduction

## What is biodiversity finance?

**“Biodiversity finance is the practice of raising and managing capital (i.e. financial resources) using financial and economic solutions and incentives to support the sustainable management of biodiversity and natural systems”.**<sup>1</sup>

Biodiversity finances come from both the public and private sectors, whereby the financial resources primarily support a range of investments including protected area management, ecosystem restoration and rehabilitation, species conservation and the sustainable use of natural resources.<sup>2</sup> Just like diversifying investments to manage financial risk, biodiversity finance enables us to maintain, manage and protect the diversity of our natural assets – therefore reducing the risks to humanity and increasing resilience to shocks from natural disasters.

The concept of biodiversity finance has been historically prevalent for several decades, having recently gained traction and recognition at a global level. The Biodiversity Finance Program (BIOFIN) has developed a comprehensive catalogue of biodiversity finance solutions<sup>3</sup>. These solutions have been used to support biodiversity through innovative mechanisms, such as Payment for Ecosystem Services (PES), biodiversity offsets, green bonds, and multilateral grants. Biodiversity finance is critical for delivering the transformative changes needed to achieve sustainability, and halt and reverse the loss of biodiversity; and ecosystem services. In doing so, this will help the long-term well-being of nature and our society as a whole.

To understand more on the topic of biodiversity finance, refer to the [UNA Biodiversity Finance Infographic](#) or to the [UNA Biodiversity Finance Handbook](#) for more in-depth insights.

## What is a concept note?

A concept note is a concise and preliminary document that outlines the basic ideas and key components of a proposed project<sup>4</sup>. It serves as an initial step in project planning and development. Concept notes are not financial instruments; but are rather documents used for an application process to access financial resources and flows. Local governments and non-governmental organizations can utilise concept notes as a formal request for financial support from funders, donors, or other agencies. This facilitates the organisations in accessing a range of funding opportunities, including grants, loans, or bonds, which are often provided by these entities. However, more commonly, concept notes are used to develop project ideas to pursue initial approval for funding opportunities, before a full project proposal is developed.

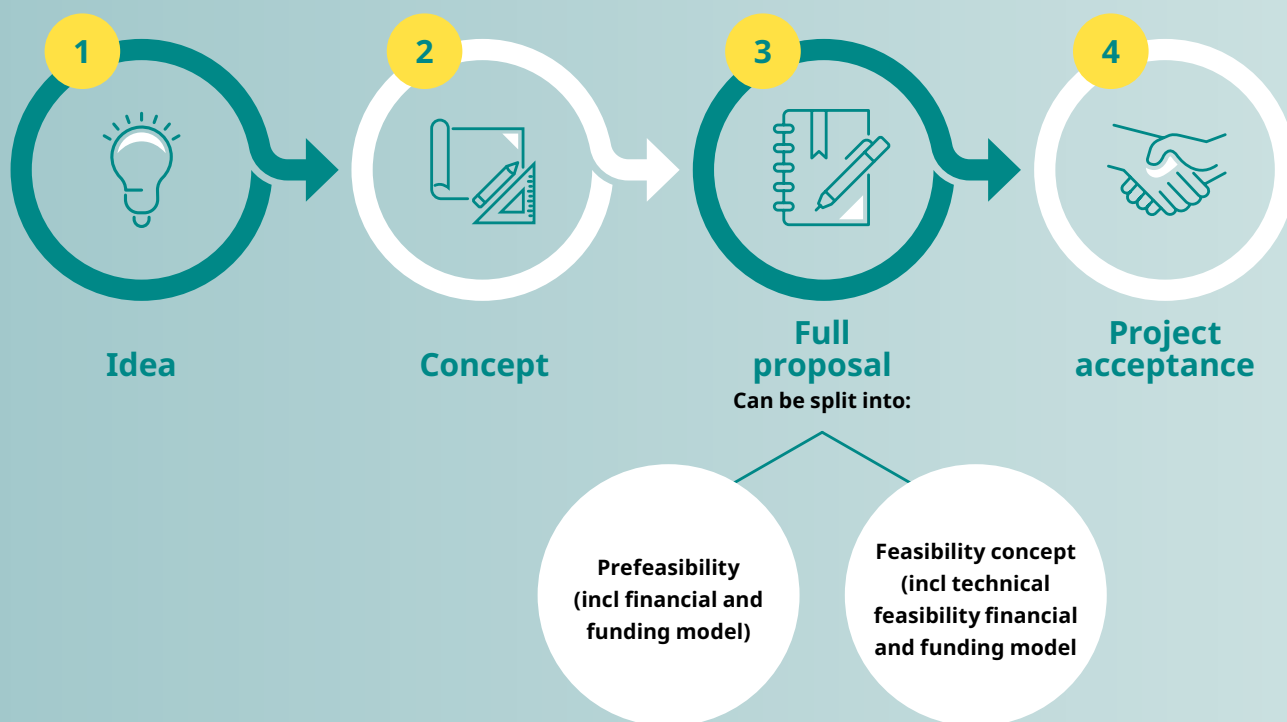
It should be noted that a concept note and project proposal are not the same thing. Concept notes and full proposals are typically part of a two-stage application process. More specifically, concept notes precede full proposals ([see Figure 1 below](#)) and allow for the funder to determine if a project or its activities align with their investment framework and envisioned impacts. In some cases funders may not have a concept note phase and could ask for a full project proposal.

<sup>1</sup> United Nations Development Programme (2018). *The 2018 BIOFIN Workbook: Finance for Nature*.

<sup>2</sup> Driver M. et. al. (2021) *Defining the biodiversity economy with a view to developing a Biodiversity Economy Satellite Account: progress from South Africa*

<sup>3</sup> <https://www.biofin.org/finance-solutions>




<sup>4</sup> <https://www2.fundsfornegos.org/featured/quick-guide-write-powerful-concept-notes/>












▲ **FIGURE 1.** Steps towards securing project funds from a donor or funder

In order for local governments to be able to secure available financial resources for biodiversity projects in their respective regions, it is critical to understand the different components of a concept note and how to develop these. There are several key elements that should be incorporated in a concept note. **These typically are:**

▼ **TABLE 1.** The key elements that should be included in a concept note

Key Element	Description
 <b>Project Title</b>	A clear and descriptive title that summarizes the project's focus
 <b>Project Rationale</b>	A brief explanation of why the project is necessary, including the problem or need it aims to address
 <b>Project Objectives</b>	Clearly defined goals or objectives that outline what the project aims to achieve and should be specific, measurable, achievable, relevant, and time-bound (SMART)



Key Element	Description
 <b>Project Scope</b>	Information about the geographical area where the project will be implemented, the target population or beneficiaries, and the expected duration of the project
 <b>Methodology/ Approach</b>	A brief description of the methods, strategies, or approaches that will be used to achieve the project objectives
 <b>Expected Outcomes</b>	An overview of the expected results or outcomes of the project, including the positive impacts it intends to create
 <b>Budget Estimate</b>	A preliminary budget or cost estimate for the project, which includes key expenses such as personnel, materials, equipment, and overhead costs
 <b>Stakeholders &amp; Partnerships</b>	Identification of key stakeholders involved in the project, including partners, collaborators, and beneficiaries
 <b>Monitoring &amp; Evaluation</b>	An outline of how the project's progress and impact will be monitored and evaluated, including key indicators and data collection methods
 <b>Sustainability</b>	A brief discussion of how the project will be sustained beyond its initial implementation phase, including considerations for long-term impact and community involvement
 <b>Timeline</b>	A basic project timeline that includes key milestones and deadlines
 <b>Contact Information</b>	Contact details of the project proponent or organization submitting the concept note

Concept notes are designed to be concise and focused, making them a valuable tool for efficiently communicating project ideas and attracting initial interest and support. If a concept is well-received and aligns with the priorities and criteria of the funder, the applicant may be invited to submit a full project proposal for further consideration, to secure funding. The remainder of this guide will therefore deep-dive into each of the components of a concept note, to help guide local government officials in this process.



# Completing Sections of a Concept Note

Before preparing the concept note it is suggested to have a deep understanding of the biodiversity issue that needs to be addressed. Where possible, research the specific ecosystem, species, or conservation challenge in your target area and be familiar with relevant laws, regulations, and existing conservation efforts. This upfront preparation will ultimately help the development of the concept note and the project. Concept note templates may be different, based on the funder or funding proponent. Therefore no two concepts notes will be exactly the same. In order to guide local governments, a few general components (seen in Figure 2 below) are unpacked to help the development of concept notes.



▲ **FIGURE 2.** Basic components/sections that need to be developed to produce a concept note (adapted from Pillay K, 2021)





It should be noted that different funders or funding proponents may use different terminology to describe similar aspects or components of a concept note and the application process. It is always advised to understand what is being asked for in each component of the concept note template that is provided. If no template is provided, it is suggested to use these components as a template.

### Component 1: Project Summary



A Project summary (which may also sometimes be referred to as an executive summary), is a concise and comprehensive overview of the proposed project. It provides key information, which highlights the most important aspects of the project to give funders, donors or stakeholders a quick understanding of its purpose, scope, and potential benefits. **A well-crafted project summary should typically entail the following components:**

- i. **Problem statement** – it outlines the biodiversity risk, which the project seeks to address
- ii. **Root causes and barriers** – this highlights the drivers or inhibitors that enable the specific biodiversity risk. These often include social, gender, fiscal, regulatory, technological, financial, ecological and institutional factors.
- iii. **Project objectives & alignment** – provides a basic outline of what will be done in the project and how these activities align with local and national priorities, policies and/or regulations and broader biodiversity objectives and goals (local, national and global).
- iv. **Theory of Change** – outlines the theory of change, including the project outcomes & impacts
- v. **MEL** – a description of how the project activities & impacts will be monitored and evaluated
- vi. **Risk Management** – a brief description of any envisioned risks associated with the implementation of the project and how they will be addressed

A well-crafted project summary should be concise, focused, and engaging, allowing readers to quickly grasp the essential elements of the project. It serves as a valuable means to capture the attention of stakeholders, potential funders, or decision-makers, persuading them to explore the project in more detail.





## Component 2: Theory of Change/Project Impacts



The Theory of Change (ToC) is a structured and visual framework that outlines the cause-and-effect relationships and the critical assumptions underlying the project's strategy<sup>5</sup>. It is a comprehensive and dynamic way to explain how and why a project is expected to lead to specific outcomes and ultimately contribute to specific impacts (in this case to conserve, restore, or sustainably manage biodiversity in urban areas). It is similar to a log frame<sup>6</sup>, as it also outlines the goals and objectives of the project and how these will be achieved. It is important that the project's main objectives are SMART (Specific, Measurable, Achievable, Relevant, and Time-bound). Setting out clear objectives will assist in developing the monitoring and evaluation framework (see Component 6), to demonstrate how the objectives intend to be achieved and how success will be measured.

A ToC is also an effective way to demonstrate how the project activities align to the strategic focus of the potential funder, stakeholder or investor. Furthermore it can “make the case” for how the project activities will deliver biodiversity impacts and outcomes. Below in **Table 2**, is a generic outline of the key components and characteristics of a ToC, which can also be used to develop the Monitoring & Evaluation Framework (see Component 6) of the project.

▼ **TABLE 2. Suggested structure for a project Theory of Change**

<b>Problem Statement</b>	Write the problem statement that resulted from your problem analysis.				
Inputs	Activities	Outputs	Short-Term Outcomes	Mid-Term Outcomes	Long-Term Outcomes
Resources needed to conduct the project activities efficiently.  <b>Examples:</b> • Human resources • Space/Facilities • Technology • Materials	Activities needed to reach your outcomes.  <b>Examples:</b> • Workshops • Trainings • Learning activities • Services • Policy advocacy	Tangible results you produce through your activities.  <b>Examples:</b> • # of targeted beneficiaries • # attendants • % of completion • % increase in learning outcomes	Outcomes expected of your intervention(s).  <b>Changes in:</b> • Learning • Awareness • Knowledge • Attitudes • Skills etc	Outcomes you want to see in your intervention timeframe.  <b>Changes in:</b> • Actions • Behaviours • Practices • Decisions • Policies • Social actions	Outcomes you hope to observe beyond your intervention timeframe.  <b>Changes in:</b> • Conditions • Social contexts • Environmental characteristics
<b>Impact</b>	Write the impact that you achieve through your intervention(s).				

Using a ToC in a concept note is a succinct way to provide a roadmap for project planning, implementation, and monitoring and evaluation. It is a planning and evaluation tool which helps project proponents, funders, and stakeholders- i) understand how the project will achieve its goal/s through a theoretical methodology; ii) anticipate potential challenges and uncertainties, and; iii) provides a basis for monitoring, evaluating, and adapting the project over time.

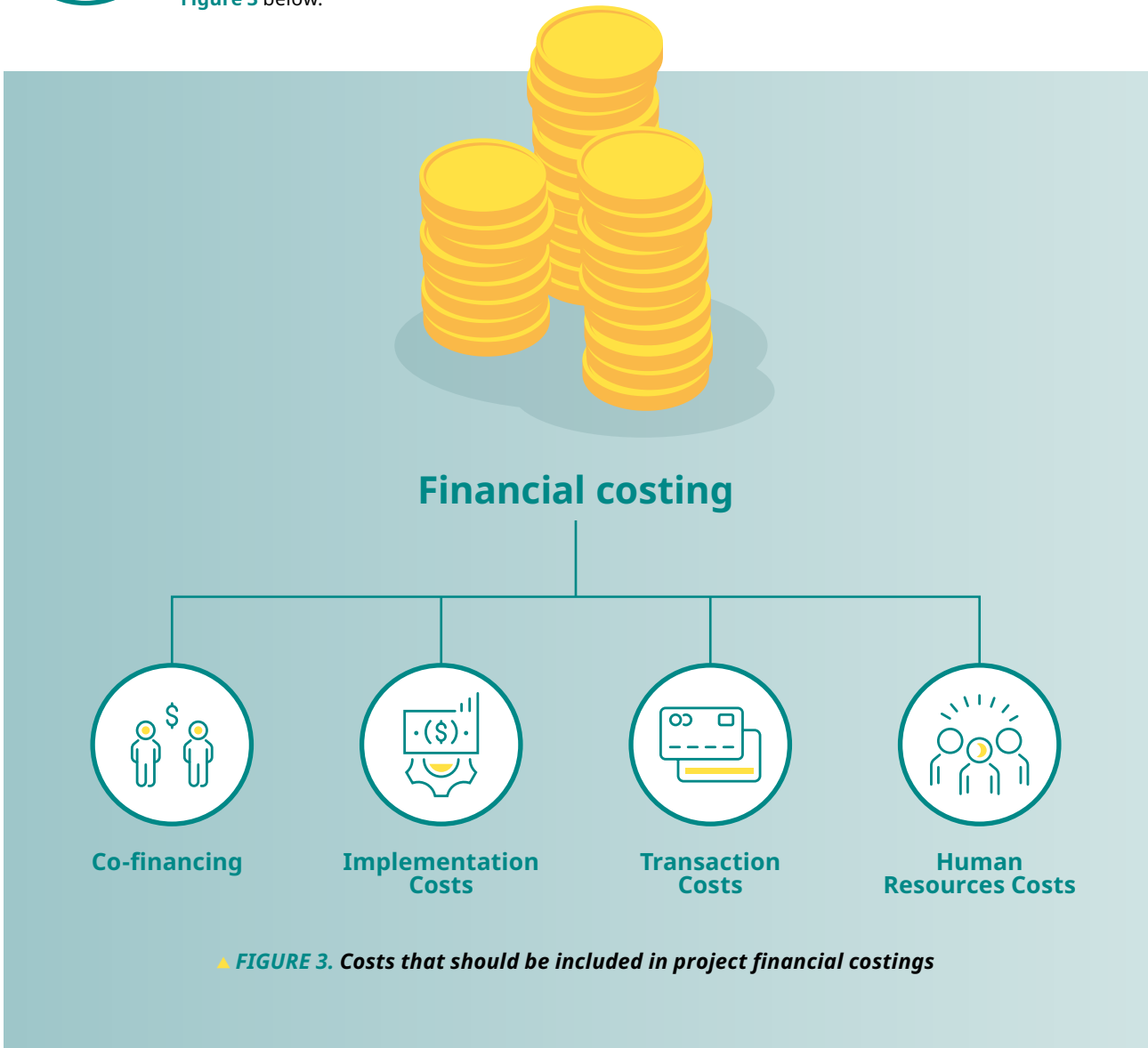
<sup>5</sup> <https://tools4dev.org/resources/theory-of-change-vs-logical-framework-whats-the-difference-in-practice/>  
<sup>6</sup> Log frame: a planning tool consisting of a matrix which provides an overview of a project's goal, activities and anticipated results



### Component 3: High Level Budget/Costings



Project costing is a key element for the effective planning, management, and execution of a project. In a project concept note, the budget does not need to be exact, but rather indicative of the anticipated costs and resources associated with the project activities. A detailed costing is generally only required at proposal development stage. A basic budget should consist of the different costs captured in **Figure 3** below.





▼ **TABLE 3. Suggested structure to show the breakdown of project costs based on outputs or activities**

Output/ activity	Indicative cost (Currency)	Requested Financing		Co-financing*		
		Amount (Currency)	Financial Instrument	Amount (Currency)	Financial Instrument	Name of Institution
<b>Indicative total cost (Currency)</b>						

*\*This cost occurs only when it is a funder requirement.*

Project costs are usually inclusive of implementation costs, human resources requirements, legal fees, structuring fees, feasibility studies costs, or consulting fees (see Figure 3 above). Some funding sources do allow for overheads to be included within financial costs. In some instances, project funders, donors or proponents require some form of co-financing. Including co-financing in the high level budget (see Figure 3 and Table 2) is often advantageous as it demonstrates wider support for the project concept, whilst reducing the amount of financing required from a single source. Though not necessarily required at the concept note stage, letters of support from any co-financing entities helps validate the support and commitment to the project.

When determining the financial costs of a project, it is important to understand the associated financial terms of the funding being requested. For example, where support is requested in loans, it is important to demonstrate that the applicant has sufficient financial capacity to manage repayments.

Providing adequate financial information in the concept note helps promote financial transparency, accountability, and efficient resource allocation, which will enable the successful implementation of the project, if the funder, donor or investor decides to fund the project.



## Component 4: Stakeholder engagement



Stakeholder engagement is often critical to biodiversity projects because it fosters collaboration, knowledge sharing, community support, and sustainability. It allows projects to address complex challenges and benefit from the collective wisdom, resources, and commitment of various stakeholders, ultimately contributing to the effective conservation and restoration of biodiversity. Formal endorsements from stakeholders and/or partners may not necessarily be required at the concept note stage, but they can

strengthen an application. **It is important to outline the following in a concept note, regarding stakeholder engagement for biodiversity projects:**

- Which institutions are involved in the conceptualization of the project?
- Have any national, provincial, local institutions formally endorsed the concept note?
- Description of the stakeholder engagement process undertaken
- Have any potential project partners been identified and engaged with?
- Have local communities been identified or included in the stakeholder engagement processes?

Stakeholder engagement can be an important aspect of developing a project concept note, as it helps ensure that the proposed project aligns with the needs and expectations of relevant stakeholders. This includes stakeholders who are often most vulnerable to the biodiversity challenge being addressed through the proposed project. Stakeholder engagement also can increase the chances of the project's success. **Here are steps to incorporate stakeholder engagement into a project concept note:**

- I. Identify Key Stakeholders:** Begin by identifying and listing all potential stakeholders who have an interest in or could be affected by the project. This can include local communities, government agencies, NGOs, local businesses, academic institutions, and others.
- II. Stakeholder Analysis:** Conduct a stakeholder analysis to understand each stakeholder's interests, needs, concerns, and potential contributions to the project. This analysis should inform how you engage with each group. Prioritize the stakeholders based on their level of influence, interest, and relevance to the project
- III. Partnerships and Collaborations:** If appropriate, identify potential partners among the stakeholders who can contribute resources, expertise, or support to the project. Highlight these collaborations in the project concept note.
- IV. Stakeholder Consultation:** Seek stakeholder input and feedback on the project's objectives, activities, and expected outcomes. It is important to note that this may not be necessary to do for a development of the project concept note.
- V. Benefits and Shared Goals:** Emphasize the benefits that the project will bring to the stakeholders and the alignment of project goals with their interests. Show how the project contributes to the well-being of local communities, biodiversity conservation, or other relevant objectives.
- VI. Sustainability and Community Involvement:** Describe how the project intends to engage with stakeholders throughout the project's life cycle, fostering a sense of ownership and sustainability.
- VII. Stakeholder Support:** If applicable, indicate any formal endorsements or support received from key stakeholders for the project concept. Letters of support from relevant authorities or organizations can be attached to the concept note.

By incorporating stakeholder engagement into the project concept note, it demonstrates a commitment to inclusive and participatory project development. This approach not only enhances the quality and relevance of the project but also builds trust and buy-in from the very beginning, increasing the likelihood of securing support and funding for the project.



## Component 5: Funder requirements & alignment



When developing a concept note, it is important to determine who the funding party is or potentially could be. This will help to understand the requirements that need to be considered and followed when developing the concept note. Many funders and donors who advertise calls will stipulate specific requirements that need to be adhered to in order to be eligible for the funding. It is critical to understand what these requirements are and whether the identified project aligns with these. **There is greater chance of success**

**if there is alignment and all the necessary requirements are met. The following should be considered:**

- 1. Eligibility Criteria:** Funders typically have specific eligibility criteria that organisations and projects must meet to be considered for funding. Understanding these criteria ensures that there is alignment with the funder's priorities and objectives, increasing the likelihood of a successful application.
- 2. Impact focus & relevance:** Funder requirements often reflect their areas of interest or focus. In addition, funders may have preferences for certain types of projects, geographic areas, or target populations. Tailoring a concept note to align with these requirements demonstrates that you have carefully considered the funder's priorities and are proposing a project that meets their strategic priorities and goals.
- 3. Compliance & budget considerations:** Funder requirements often include specific guidelines on formats, templates, budgeting and financial reporting. Adhering to these requirements ensures that the application is complete, well-organized, and complies with the funder's submission standards. It also ensures that the budget aligns with the funder's expectations and is presented in a format that facilitates their review and decision-making.
- 4. Risk Mitigation & sustainability:** Some funders may have specific requirements related to risk management, sustainability, or scalability. Addressing these requirements in the concept note demonstrates a thoughtful approach to project planning and mitigates potential risks associated with project implementation.
- 5. Evaluation:** Funders often use specific criteria to evaluate and score applications. Understanding these criteria allows a concept note to be structured in a way that directly addresses the funder's evaluation framework, increasing the chances of a favourable application.

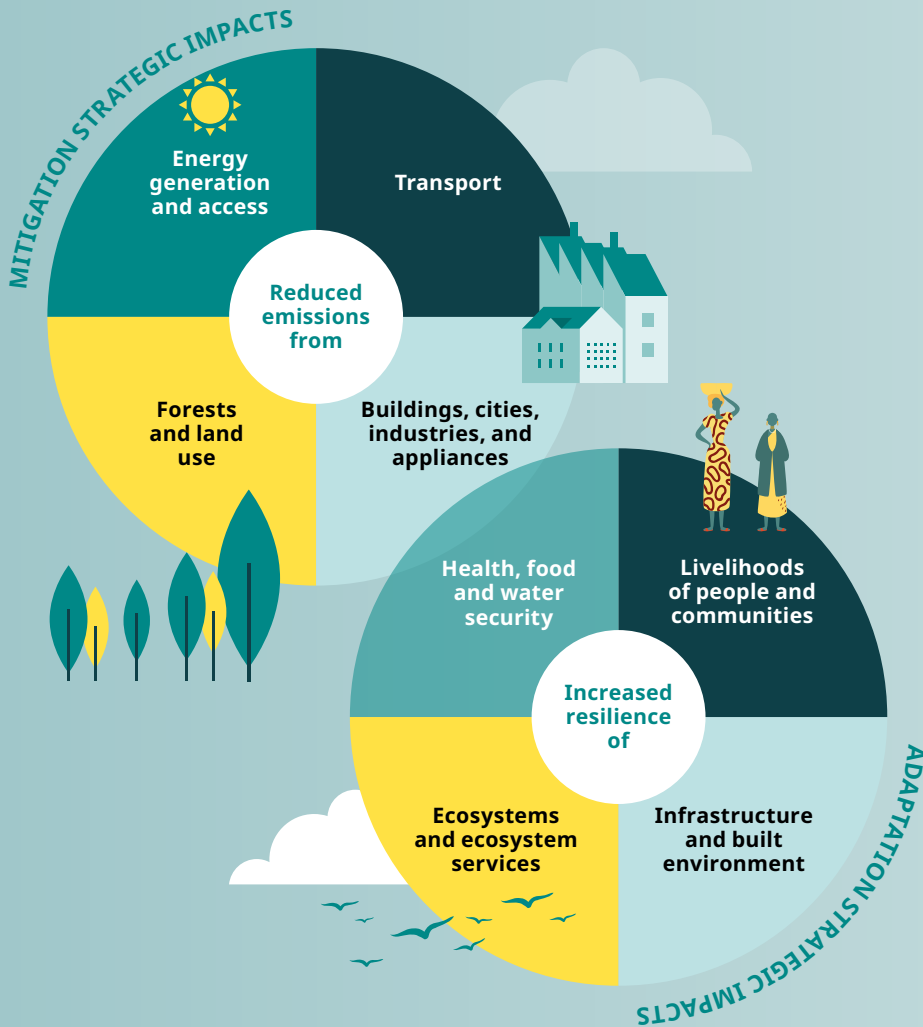
Different funders may use different terminology to describe similar aspects of the application processes. For example the Green Climate Fund uses an investment framework to provide clear guidelines on their funding objectives (see [Figure 4 opposite](#)).



# GCF Investment Framework



## 8 Strategic Impact Areas



## 6 Investment criteria

1. Impact potential (vs. GCF impact areas)
2. Paradigm shift potential (replicable/scalable)
3. Sustainable development potential (co-benefits)
4. Needs of the recipient (target population)
5. Country ownership (country climate targets/policies)
6. Efficiency and effectiveness (cost of emissions reduction, private sector mobilization/leverage)



## GCF policies

- ▶ Environmental and social safeguards
  - ▶ Gender policy
  - ▶ Non-objection letters
- ▶ Results management and reporting
- ▶ Legal/Risk – risk-sharing structures where relevant
- ▶ Implementation capacity of AE/ executing entity
- ▶ Private sector: minimum concessionality/minimizing market distortions

▲ FIGURE 4. The Green Climate Fund investment framework used to guide funding to projects proponents

Funders often receive numerous applications for limited funding opportunities. By thoroughly understanding and addressing their requirements, a concept note or application stands out and has a competitive advantage over those that may not align as closely with the funder's expectations. Failure to meet funder requirements may result in the rejection of your application. Therefore, a good understanding of requirements reduces the risk of disqualification and increases the chances of advancing to the next stage of review.



## Component 6: Monitoring and evaluation framework



Monitoring and evaluation (M&E) for biodiversity outcomes can be a challenging exercise and requires multidisciplinary expertise. It is a systematic and structured tool used in project management to plan, monitor, evaluate, and communicate the progress and impact of the project. It provides a set of indicators, methods, and tools for collecting, analyzing, and interpreting data. This allows for the project's effectiveness to be assessed so informed decisions can be made. The M&E framework is typically developed during the project planning phase and serves as a guide throughout the project's lifecycle.

Including a M&E framework into a concept note is essential for effective project management, learning, accountability, and impact assessment. It enhances the overall quality and credibility of the project, making it more attractive to funders and stakeholders who value evidence-based and well-monitored conservation efforts.

Using the intended impacts (or impact areas) identified in the Theory of Change (see Component 2), a M&E framework should be developed similar to that shown in [Figure 5](#) opposite.

The development and implementation of a robust M&E framework are essential for ensuring the effectiveness, sustainability, and impact of projects, including those focused on biodiversity conservation. It is important to note that biodiversity indicators may be linked to various outcomes such as: the protection of ecosystems; improved protection of genetic diversity in selected species; increased ranges of ecosystems; improved ecosystem functioning; and increased absolute number of species, amongst others.

A M&E framework is a dynamic tool that can be adapted and refined as the project progresses and therefore, should be responsive, allowing for adjustments based on changing circumstances. Once the project commences it will be important to regularly consult with stakeholders, incorporate feedback, and use monitoring and evaluation data to inform decision-making and project improvements. Doing this will facilitate evidence-based decision-making, learning, and continuous improvement throughout the project's lifecycle.







	Project Summary	Indicators	Means of Verification	Risks / Assumptions
<b>Goal</b>	<p>This is the overall programme goal – the broader issue (i.e. at the national or global level) that your project seeks to contribute to:</p> <p><b>Example Goal:</b> Children of all backgrounds have increased life opportunities.</p>			
<b>Outcomes</b>	<p>This is your project's main purpose or outcomes – what you seek to achieve in support of the above goal. This statement should clarify what will be changed, and who will benefit. Can have one or more outcomes.</p> <p><b>Example Outcome:</b> _____ children and youth gain new skills, access to sport/ education, and leadership opportunities.</p>	<p><b>Example:</b></p> <p>1000 children (50% girls, 60% low-income youth) are active participants in programs each year</p> <p>75% of participants report that they have learned a new skill in the program, besides skateboarding</p>	<p><b>Example:</b></p> <p>Individual student data records.</p> <p>Attendance records and trainings</p> <p>Annual student survey</p>	
<b>Outputs</b>	<p>Listed here are those observable, measurable changes, and tangible products/services to be delivered by the intervention, which serve to achieve the above goal and purpose.</p> <p><b>Example:</b></p> <p><b>Output 1:</b> Increase participation in sport for 500 youth, especially girls</p> <p><b>Outcome 2:</b> Youth have improved confidence</p>	<p><b>Example:</b></p> <p>1.1: # of total participants and % girls benefiting from sports activities</p> <p>2.1: % of youth who report having improved confidence</p>	<p><b>Example:</b></p> <p>Student Database</p> <p>Student survey</p> <p>Teacher observations</p> <p>Blog / social media posts</p>	<p><b>Example:</b></p> <p>Local stakeholders remain stable.</p> <p>Youth are interested to take part in skateboarding activities.</p>
<b>Activities</b>	<p>Supporting <b>activities</b> are the main tasks that need to be completed in order for the output to be achieved</p> <p><b>Example:</b></p> <p><b>Activity 1.1:</b> Skateboarding classes.</p>	<p><b>Example:</b></p> <p><b>Activity 2.1:</b> Skateboarding classes.</p> <p><b>Activity 2.2:</b> Arts classes</p>	<p><b>Activity 3.1:</b> ...</p>	

▲ FIGURE 5. An example of how to develop and M & E framework for a project



# Conclusion

A well-structured concept note is essential for several reasons, particularly in the context of project development and proposal submission. Using this guideline should effectively enable local governments or any stakeholder to produce strategic concept notes for any biodiversity project. A concept note is often the first point of contact between the project proponent and the funding organization. Developing a well-structured concept note can communicate the project's ideas clearly, professionally, and effectively, thereby increasing the likelihood of securing support, funding, or approval for the proposed initiative from any potential funders or project partners.





## **ICLEI & ICLEI CITIES BIODIVERSITY CENTER (CBC)**

ICLEI – Local Governments for Sustainability is a global network of more than 2,500 local and regional governments committed to sustainable urban development. Active in 125+ countries, ICLEI influences sustainability policy and drives local action for low emission, nature-based, equitable, resilient and circular development. ICLEI’s members and team of experts work together through peer exchange, partnerships and capacity building to create systematic change for urban sustainability. ICLEI Africa serves the organisation’s African members, working with cities and regions in more than 50 countries across the continent.

ICLEI’s Cities Biodiversity Center (CBC) – located in Cape Town, South Africa, recognises the crucial role that cities and subnational governments play in the pursuit of a sustainable future, through efficiently integrating urban development and biodiversity management at the local level. Through its programmes, ICLEI CBC seeks local solutions to the complex issues surrounding natural capital and the degradation of ecosystem services in a rapidly urbanising world. ICLEI CBC offers cities across the globe a broad portfolio of supportive services through a dedicated team of passionate, skilled and dynamic biodiversity and urban development experts.

## **THE URBAN NATURAL ASSETS (UNA) PROGRAMME**

The Urban Natural Assets for Africa programme is implemented by ICLEI’s Cities Biodiversity Center. This cutting-edge programme is designed to support the daily challenges that local governments in Africa experience around protecting and revitalising their urban natural assets, through transforming development trajectories in African cities towards those that improve sustainable development of, and interconnectedness with, their surrounding natural systems. This is achieved through three interlinked urban pillars (governance, planning and finance) and through building urban resilience, sufficient agency and momentum for an unfolding process of transformative change.

To date, the UNA programme supports four flagship projects; Urban Natural Assets for Africa (UNA Africa), Urban Natural Assets: Rivers for Life (UNA Rivers), Urban Natural Assets: Coasts for Life (UNA Coasts) and Urban Natural Assets: Resilience and Restoration for Life (UNA Resilience). The fourth project, UNA Resilience, is currently underway from 2021-2024.

