

Handbook of the Financial Mechanism under the Convention on Biological Diversity

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User's Guide

This Handbook presents a compilation of reference materials that are related to the financial mechanism of the Convention on Biological Diversity and that are essential in considering the relationship between the Convention and the Global Environment Facility. It is intended as a convenient tool to be used in negotiations or other processes that have a bearing on the development of such relationship. Separate companions, Operations of the Global Environment Facility and Biodiversity Projects Financed by the Global Environment Facility, are also prepared to complement the information contained in this Handbook.

The Handbook is structured as follows:

- Timelines: Describes the evolution of major events that have exerted influence on the development of the relationship between the Convention on Biological Diversity and the Global Environment Facility
- Section I: Sets out the text of the Convention on Biological Diversity as related to the financial mechanism. The relevant Article of the Cartagena Protocol on Biosafety is also provided
- Section II: Contains the decisions on financial mechanism adopted by the Conference of the Parties up to its seventh meeting
- Section III: Sets out the full text of the Instrument for the Establishment of the Restructured Global Environment Facility adopted in March 1994
- Section IV: Contains the resolutions agreed at the GEF Assembly, including the rules of procedure
- Section V: Contains the decisions taken by the GEF Council as related to the evolution of the relationship with the Convention. The rules of procedure for the GEF Council are also included

Timelines

<i>Date</i>	<i>Major event</i>
1991	The Global Environment Facility was launched as a pilot program with about US\$1.3 billion
22 May 1992	The Conference for the Adoption of the Agreed text of the Convention on Biological Diversity adopted the Nairobi Final Act at UNEP Headquarters, Nairobi
5 June 1992	The Convention was opened for signature at the United Nations Conference on Environment and Development (the Rio “Earth Summit”) in Rio de Janeiro, Brazil
29 December 1993	The Convention on Biological Diversity entered into force
March 1994	The Instrument for the Establishment of the Restructured Global Environment Facility was adopted in Geneva, Switzerland with about US\$2 billion
12-13 July 1994	The 1 st meeting of the GEF Council
1-3 November 1994	The 2 nd meeting of the GEF Council
28 November -9 December 1994	The first session of the Conference of the Parties was held in Nassau, the Bahamas, which set in place the mechanisms provided for by the Convention
22-24 February 1995	The 3 rd meeting of the GEF Council
3-5 May 1995	The 4 th meeting of the GEF Council
18-20 July 1995	The 5 th meeting of the GEF Council
27 October 1995	The 6 th meeting of the GEF Council: adoption of the Operational Strategy
6 -19 November 1995	The second meeting of the Conference of the Parties held in Jakarta, Indonesia, of which the Ministerial Segment adopted the Jakarta Mandate on Marine and Coastal Biological Diversity

2-4 April 1996	The 7 th meeting of the GEF Council
8-10 October 1996	The 8 th meeting of the GEF Council
4 -15 November 1996	The third meeting of the Conference of the Parties convened in Buenos Aires, Argentina.
30 April/1 May 1997	The 9 th meeting of the GEF Council
4-6 November 1997	The 10 th meeting of the GEF Council
30-31 March 1998	The 11 th meeting of the GEF Council held in New Delhi, India
April 1998	The second GEF replenishment negotiation concluded with US\$2.75 billion
1-3 April 1998	The First GEF Assembly held in New Delhi, India
4 -15 May 1998	The fourth meeting of the Conference of the Parties held in Bratislava, Slovak Republic
14-16 October 1998	The 12 th meeting of the GEF Council
5-7 May 1999	The 13 th meeting of the GEF Council
8-10 December 1999	The 14 th meeting of the GEF Council
9-11 May 2000	The 15 th meeting of the GEF Council
15 -26 May 2000	The fifth meeting of the Conference of the Parties held in Nairobi, Kenya
1-3 November 2000	The 16 th meeting of the GEF Council
9-11 May 2001	The 17 th meeting of the GEF Council
5-7 December 2001	The 18 th meeting of the GEF Council
7 -19 April 2002	The sixth meeting of the Conference of the Parties held in The Hague, The Netherlands
15-17 May 2002	The 19 th meeting of the GEF Council

August 2002	The third GEF replenishment concluded with about US\$2.966 billion for 2002-2006
14-15 October 2002	The 20 th meeting of the GEF Council held in Beijing, China
16-18 October 2002	The Second GEF Assembly held in Beijing, China
14-16 May 2003	The 21 st meeting of the GEF Council
11 September 2003	The Cartagena Protocol on Biosafety entered into force
19-21 November 2003	The 22 nd meeting of the GEF Council
9 -20 February 2004	The seventh meeting of the Conference of the Parties held in Kuala Lumpur, Malaysia
23 -27 February 2004	The First meeting of the Conference of the Parties to the Convention serving as the meeting of the Parties to the Protocol was held from in Kuala Lumpur, Malaysia
19-21 May 2004	The 23 rd meeting of the GEF Council
17-19 November 2004	The 24 th meeting of the GEF Council

Section I. Legal text of the Convention on Biological Diversity as related to the financial mechanism

This section contains the Articles of the Convention on Biological Diversity and its Cartagena Protocol on Biosafety, namely:

Article 20 of the Convention: Financial resources

Article 21 of the Convention: Financial mechanism

Article 39 of the Convention: Financial interim arrangements

Article 28 of the Protocol: Financial mechanism and resources

Article 20: Financial Resources

1. Each Contracting Party undertakes to provide, in accordance with its capabilities, financial support and incentives in respect of those national activities which are intended to achieve the objectives of this Convention, in accordance with its national plans, priorities and programmes.
2. The developed country Parties shall provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of this Convention and to benefit from its provisions and which costs are agreed between a developing country Party and the institutional structure referred to in Article 21, in accordance with policy, strategy, programme priorities and eligibility criteria and an indicative list of incremental costs established by the Conference of the Parties. Other Parties, including countries undergoing the process of transition to a market economy, may voluntarily assume the obligations of the developed country Parties. For the purpose of this Article, the Conference of the Parties, shall at its first meeting establish a list of developed country Parties and other Parties which voluntarily assume the obligations of the developed country Parties. The Conference of the Parties shall periodically review and if necessary amend the list. Contributions from other countries and sources on a voluntary basis would also be encouraged. The implementation of these commitments shall take into account the need for adequacy, predictability and timely flow of funds and the importance of burden-sharing among the contributing Parties included in the list.
3. The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and other multilateral channels.
4. The extent to which developing country Parties will effectively implement their commitments under this Convention will depend on the effective implementation by developed country Parties of their commitments under this Convention related to financial resources and transfer of technology and will take fully into account the fact that economic and social development and eradication of poverty are the first and overriding priorities of the developing country Parties.
5. The Parties shall take full account of the specific needs and special situation of least developed countries in their actions with regard to funding and transfer of technology.
6. The Contracting Parties shall also take into consideration the special conditions resulting from the dependence on, distribution and location of, biological diversity within developing country Parties, in particular small island States.
7. Consideration shall also be given to the special situation of developing countries, including those that are most environmentally vulnerable, such as those with arid and semi- arid zones, coastal and mountainous areas.

Article 21: Financial Mechanism

1. There shall be a mechanism for the provision of financial resources to developing country Parties for purposes of this Convention on a grant or concessional basis the essential elements of which are described in this Article. The mechanism shall function under the authority and guidance of, and be accountable to, the Conference of the Parties for purposes of this Convention. The operations of the mechanism shall be carried out by such institutional structure as may be decided upon by the Conference of the Parties at its first meeting. For purposes of this Convention, the Conference of the Parties shall determine the policy, strategy, programme priorities and eligibility criteria relating to the access to and utilization of such resources. The contributions shall be such as to take into account the need for predictability, adequacy and timely flow of funds referred to in Article 20 in accordance with the amount of resources needed to be decided periodically by the Conference of the Parties and the importance of burden-sharing among the contributing Parties included in the list referred to in Article 20, paragraph 2. Voluntary contributions may also be made by the developed country Parties and by other countries and sources. The mechanism shall operate within a democratic and transparent system of governance.

2. Pursuant to the objectives of this Convention, the Conference of the Parties shall at its first meeting determine the policy, strategy and programme priorities, as well as detailed criteria and guidelines for eligibility for access to and utilization of the financial resources including monitoring and evaluation on a regular basis of such utilization. The Conference of the Parties shall decide on the arrangements to give effect to paragraph 1 above after consultation with the institutional structure entrusted with the operation of the financial mechanism.

3. The Conference of the Parties shall review the effectiveness of the mechanism established under this Article, including the criteria and guidelines referred to in paragraph 2 above, not less than two years after the entry into force of this Convention and thereafter on a regular basis. Based on such review, it shall take appropriate action to improve the effectiveness of the mechanism if necessary.

4. The Contracting Parties shall consider strengthening existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity.

Article 39: Financial Interim Arrangements

Provided that it has been fully restructured in accordance with the requirements of Article 21, the Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the institutional structure referred to in Article 21 on an interim basis, for the period between the entry into force of this Convention and the first meeting of the Conference of the Parties or until the Conference of the Parties decides which institutional structure will be designated in accordance with Article 21.

Article 28 (Cartagena Protocol on Biosafety): Financial mechanism and resources

1. In considering financial resources for the implementation of this Protocol, the Parties shall take into account the provisions of Article 20 of the Convention.
2. The financial mechanism established in Article 21 of the Convention shall, through the institutional structure entrusted with its operation, be the financial mechanism for this Protocol.
3. Regarding the capacity-building referred to in Article 22 of this Protocol, the Conference of the Parties serving as the meeting of the Parties to this Protocol, in providing guidance with respect to the financial mechanism referred to in paragraph 2 above, for consideration by the Conference of the Parties, shall take into account the need for financial resources by developing country Parties, in particular the least developed and the small island developing States among them.
4. In the context of paragraph 1 above, the Parties shall also take into account the needs of the developing country Parties, in particular the least developed and the small island developing States among them, and of the Parties with economies in transition, in their efforts to identify and implement their capacity-building requirements for the purposes of the implementation of this Protocol.
5. The guidance to the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply, *mutatis mutandis*, to the provisions of this Article.
6. The developed country Parties may also provide, and the developing country Parties and the Parties with economies in transition avail themselves of, financial and technological resources for the implementation of the provisions of this Protocol through bilateral, regional and multilateral channels.

Section II. Decisions from the Conference of the Parties in Respect of the Financial Mechanism

This section contains all decisions adopted by the Conference of the Parties in respect of the financial mechanism. It does not include the GEF-related provisions that are dispersed in various decisions on thematic areas or cross-cutting issues.

Decision I/2: Financial resources and mechanism

The Conference of the Parties,

1. *Decides* to adopt the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources contained in annex I to this decision, and the list of developed country Parties and other Parties which voluntarily assume the obligations of developed country Parties contained in annex II to this decision;
2. *Decides also* that the restructured Global Environment Facility (GEF) shall continue to serve as the institutional structure to operate the financial mechanism under the Convention on an interim basis, in accordance with Article 39 of the Convention;
3. *Decides* to instruct the restructured Global Environment Facility to take prompt measures to support programmes, projects and activities consistent with the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources contained in annex I to this decision;
4. *Authorizes* the Secretariat, on behalf of the Conference of the Parties (COP) and taking account of the views of participants in the first meeting of the Conference of the Parties, which should be provided in writing by 1 February 1995, to consult with the restructured Global Environment Facility on the content of a memorandum of understanding which should be formally considered at the second meeting of the Conference of the Parties;
5. *Decides*, pending the adoption of the memorandum of understanding, to adopt the interim guidelines for monitoring and evaluation of the utilization of financial resources by the restructured Global Environment Facility contained in annex III to this decision;
6. *Requests* the Secretariat to present to the Conference of the Parties at its second meeting, a report on the financial mechanism, in order that decisions can be adopted by the Conference of the Parties at its second meeting, on the timetable and nature of the review required in Article 21, paragraph 3 of the Convention;
7. *Requests also* the Secretariat to present to the Conference of the Parties at its second meeting, a study on the availability of financial resources additional to those provided through the restructured Global Environment Facility, and on the ways and means for mobilizing and channeling these resources in support of the objectives of the Convention, taking into account the views expressed by participants on the subject at the Conference of the Parties at its first meeting;
8. *Further requests* the Secretariat to include items on the agenda of the Conference of the Parties at its second meeting, which would enable the latter to review the financial resources and, bearing in mind

Article 39 of the Convention, to take a decision at that meeting on which institutional structure shall be designated in accordance with Article 21 of the Convention.

Annex I: Policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources

I. Policy and Strategy

Financial resources should be allocated to projects that fulfil the eligibility criteria and are endorsed and promoted by the Parties concerned. Projects should contribute to the extent possible to build cooperation at the sub-regional, regional and international levels in the implementation of the Convention. Projects should promote utilization of local and regional expertise. The institutional structure should over time assist all eligible countries to fulfil their obligations under the Convention. Policy and strategy may be revised, as necessary, by the Conference of the Parties.

II. Eligibility Criteria

Only developing countries that are Parties to the Convention are eligible to receive funding upon the entry into force of the Convention for them. In accordance with the provisions of the Convention, projects that seek to meet the objectives of conservation of biological diversity and sustainable use of its components are eligible for financial support from the institutional structure.

III. Programme Priorities

1. The conservation of biological diversity and sustainable use of its components is one of the key elements in achieving sustainable development and therefore contribute to combating poverty.
2. All the actions contemplated in the Convention will have to be carried out at the national and international level, as appropriate. However, for the purpose of giving direction to the interim structure operating the financial mechanism, a list of programme priorities is given in paragraph 4 below. The list may be revised by the Conference of the Parties, as necessary.
3. Programme priorities should promote utilization of regional and local expertise and be flexible to accommodate national priorities and regional needs within the aims of the Convention.
4. The programme priorities are as follows:
 - (a) Projects and programmes that have national priority status and that fulfil the obligations of the Convention;
 - (b) Development of integrated national strategies, plans or programmes for the conservation of biological diversity and sustainable use of its components in accordance with article 6 of the Convention;

- (c) Strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments in accordance with article 7 of the Convention;
- (d) Identification and monitoring of wild and domesticated biodiversity components, in particular those under threat, and implementation of measures for their conservation and sustainable use;
- (e) Capacity-building, including human resources development and institutional development and/or strengthening, to facilitate the preparation and/or implementation of national strategies, plans for priority programmes and activities for conservation of biological diversity and sustainable use of its components;
- (f) In accordance with Article 16 of the Convention, and to meet the objectives of conservation of biological diversity and sustainable use of its components, projects which promote access to, transfer of and cooperation for joint development of technology;
- (g) Projects that promote the sustainability of project benefits; that offer a potential contribution to experience in the conservation of biological diversity and sustainable use of its components which may have application elsewhere; and that encourage scientific excellence;
- (h) Activities that provide access to other international, national and/or private sector funds and scientific and technical cooperation;
- (i) Innovative measures, including in the field of economic incentives, aiming at conservation of biological diversity and/or sustainable use of its components, including those which assist developing countries to address situations where opportunity costs are incurred by local communities and to identify ways and means by which these can be compensated, in accordance with article 11 of the Convention;
- (j) Projects that strengthen the involvement of local and indigenous people in the conservation of biological diversity and sustainable use of its components;
- (k) Projects that promote the conservation and sustainable use of biological diversity of coastal and marine resources under threat. Also, projects which promote the conservation of biological diversity and sustainable use of its components in other environmentally vulnerable areas such as arid and semi-arid and mountainous areas;
- (l) Projects that promote the conservation and/or sustainable use of endemic species;
- (m) Projects aimed at the conservation of biological diversity and sustainable use of its components which integrate social dimensions including those related to poverty.

Annex II: List of developed country parties and other parties which voluntarily assume the obligations of developed country parties

A. List of developed country Parties

Australia	Luxembourg
Austria	Monaco
Canada	Netherlands
Denmark	New Zealand
Finland	Norway
France	Portugal
Germany	Spain
Greece	Sweden
Iceland	Switzerland
Italy	United Kingdom of Great Britain and Northern Ireland
Japan	

B. List of Parties which voluntarily assume the obligations of developed country Parties

Annex III: Interim guidelines for monitoring and evaluation of utilization of financial resources by the restructured GEF

1. The Conference of the Parties (COP) to the Convention on Biological Diversity decides to instruct the restructured GEF to prepare and submit through the Convention Secretariat an annual report on its operations in support of the Convention.
2. The report should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of the restructured GEF in the areas covered by the Convention and an analysis of how the restructured GEF, in its operations, implemented the policy, strategy, programme priorities and eligibility criteria related to the Convention which have been adopted by the COP.
3. In particular, the report should provide information on the following:
 - (a) A synthesis of the different projects under implementation;
 - (b) A list of project proposals submitted by eligible Parties, for funding, reporting on their approval status;
 - (c) A review of the project activities approved by the restructured GEF and their outcomes, including information on funding and progress in implementation.

4. In order to meet the requirements of accountability to the COP, reports submitted by the restructured GEF should cover all its activities carried out in implementing the Convention, whether decisions on such activities are made by the GEF Council or by the implementing agencies. To this end, it shall make arrangements with such bodies as might be necessary regarding disclosure of information.

Decision II/6: Financial resources and mechanism

The Conference of the Parties,

Taking note of the information provided by the reports contained in documents UNEP/CBD/COP/2/9 and UNEP/CBD/COP/2/8 and the collaboration between the Secretariat of the Convention and the Secretariat of the restructured Global Environment Facility,

1. *Decides* that the restructured Global Environment Facility shall continue to serve as the institutional structure to operate the financial mechanism under the Convention on an interim basis, in accordance with Article 39 of the Convention, until a decision will be taken on which institutional structure is to be designated in accordance with Article 21 of the Convention. The Conference of the Parties shall endeavour to make such a decision at its third meeting;
2. *Decides* to undertake the first review of the effectiveness of the financial mechanism at its fourth meeting in 1997 and a review every three years. The first review will be carried out within the basic approach described in document UNEP/CBD/COP/2/9;
3. *Requests* the Executive Secretary to further develop guidelines of the review for consideration and decision by the Conference of the Parties at its third meeting, taking into account comments made by participants at its second meeting and/or provided by Parties in writing to the Secretariat not later than the end of February 1996;
4. *Takes note of* the draft “Memorandum of Understanding Between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility Regarding the Institutional Structure Operating the Financial Mechanism of the Convention”, jointly prepared by the Secretariats of the Convention and the restructured Global Environment Facility, and requests the Secretariat of the Convention to continue consultations on the draft Memorandum of Understanding, in order to ensure that comments by Parties are reflected, and to submit a revised draft Memorandum of Understanding for consideration and decision by the Conference of the Parties at its third meeting;
5. *Requests* the interim institutional structure operating the financial mechanism to facilitate urgent implementation of Article 6 of the Convention by availing to developing country Parties financial resources for projects in a flexible and expeditious manner;
6. *Requests* the interim institutional structure to incorporate fully, on an ongoing basis, guidance from the Conference of the Parties into the further development of the Operational Strategy and programmes to ensure that the objectives of the Convention are addressed. The Conference of the Parties requests the Global Environment Facility to take the following comments into account when preparing the report to be submitted to the third meeting of the Conference of the Parties:

- (a) Detailed information should be provided on the conformity of the approved work programmes with the guidance of the Conference of the Parties;
- (b) A list of projects submitted by eligible country Parties and information on their status should be included;

7. *Takes note of* the recently adopted revised project cycle and the Operational Strategy which are anticipated to contribute to more timely approval and implementation of projects, and further requests the Global Environment Facility to take any additional appropriate steps to expedite the project preparation and approval process with a view to implementing fully the guidance of the Conference of the Parties contained in Annex I to decision I/2 on financial resources and mechanism entitled “Policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources” (UNEP/CBD/COP/1/17);

8. *Requests* participation of a representative of the Subsidiary Body on Scientific, Technical and Technological Advice of the Convention and of the Scientific and Technical Advisory Panel of the Global Environment Facility in respective meetings of the Subsidiary Body on Scientific, Technical and Technological Advice and the Scientific and Technical Advisory Panel on a reciprocal basis, as provided for in the modus operandi of the Subsidiary Body on Scientific, Technical and Technological Advice and in the terms of reference of the Scientific and Technical Advisory Panel;

9. *Requests* the Executive Secretary to:

- (a) Further explore possibilities to identify additional financial resources to support the objectives of the Convention;
- (b) Continue to monitor the availability of additional financial resources and further identify where and how country Parties might gain access to these resources;
- (c) Study characteristics specific to biodiversity activities to allow the Conference of the Parties to make suggestions to funding institutions on how to make their activities in the area of biodiversity more supportive of the Convention;

10. *Recommends*, for more effective implementation of its policies, strategies and programme priorities, that the Global Environment Facility explore the possibility of promoting diverse forms of public involvement and more effective collaboration between all tiers of government and civil society, including the feasibility of a programme of grants for medium-sized projects. Such exploration should take into account the eligibility criteria set out by the Conference of the Parties in Annex I to decision I/2 on financial resources and mechanism, contained in document UNEP/CBD/COP/1/17;

11. *Requests* the interim institutional structure to implement the relevant provisions of the following decisions: II/3 on clearing-house mechanism, II/7 on consideration of Articles 6 and 8 of the Convention, II/8 on preliminary consideration of components of biological diversity particularly under threat and action which could be taken under the Convention, and II/17 on form and intervals of national reports by Parties;

12. *Requests* the Executive Secretary to present a report to the Conference of the Parties at its third meeting on the implementation of the present decision.

Decision III/5: Additional guidance to the financial mechanism

The Conference of the Parties,

Bearing in mind Articles 20 and 21 of the convention,

Underlining the importance of paragraphs 1 and 4 of Article 20 of the Convention,

Taking into account, in particular, paragraph 6 of decision II/6,

Recalling paragraph 6 of decision II/7, which emphasizes the importance of capacity/building and requests the interim financial mechanism under the convention to facilitate the urgent implementation of Articles 6 and 8 of the Convention by making available to developing country Parties financial resources for projects in a flexible and expeditious manner,

Recognizing that the Global Environment Facility, as stated in its Operational Principles for Development and Implementation of its Work Programme will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities,

Recognizing further that the Global Environment Facility, in its operational criteria for enabling activities for biodiversity, anticipates that these criteria will need to be reviewed and revised on the basis of early implementation experience, as necessary,

Recognizing progress made by the Global Environment Facility, in particular, concerning the Global Environment Facility decisions on medium-sized projects and enabling activities,

Recognizing also difficulties encountered with the application of the Operational Strategy of the Global Environment Facility, the project appraisal process, the application of the criteria for determining incremental costs and the procedures applied by the Implementing Agencies,

Recognizing further the need for a balanced implementation of the provisions of the Convention,

Taking note of the report of the Global Environment Facility to the third meeting of the Conference of the Parties, in which information was provided on the efforts to ensure that funding of its activities is in conformity with the policy, strategy, eligibility criteria and programme priorities of the Conference of the Parties, and in particular, the expedited procedures adopted for enabling activities in the biodiversity focal area,

1. *Urges* the Implementing Agencies of the Global Environment Facility to enhance cooperation to increase efforts to improve the processing and delivery systems of the Global Environment Facility;

2. *Decides* to provide the following additional guidance to the Global Environment Facility in the provision of financial resources in conformity with decisions I/2 and II/6 of the first and second meetings of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries:

- (a) For capacity-building in biosafety, including for the implementation by developing countries of the UNEP International Technical Guidelines on Safety in Biotechnology;
- (b) For capacity-building, including taxonomy, to enable developing countries to develop and carry out an initial assessment for designing, implementing and monitoring programmes in accordance with Article 7, taking into account the special need of small island States (Note: The Conference of the Parties endorsed recommendation II/2 of the Subsidiary Body on Scientific, Technical and Technological Advice, concerning capacity-building for taxonomy);
- (c) For supporting, as a priority, efforts for the conservation and sustainable use of biological diversity important to agriculture, in accordance with decision 3/11;
- (d) For supporting the following activities as critical components in the implementation of the clearing-house mechanism at the national, subregional and regional levels, including in the pilot phase, to which critical components the Global Environment Facility shall give effect by implementing its revised operational criteria for enabling activities in relation to the clearing-house mechanism as quickly as possible:
 - (i) capacity-building for the purpose of the clearing-house mechanism, including training in information systems technologies that will allow developing countries to take advantage of the recent developments in electronic communication, including the Internet;
 - (ii) country-driven pilot projects, focused on priority areas identified by the Conference of the Parties which would enable developing countries to begin to implement the main features of the pilot-phase of the clearing-house mechanism;

3. *Reconfirms* the importance of the Global Environment Facility's support for incentive measures, guidance for which was contained in Annex I to decision I/2, paragraph 4(i), taking note of decision III/18;

4. *Urges* the Global Environment Facility, along with Governments, regional economic integration organizations, and competent international, regional and national organizations, to support human and institutional capacity-building programmes for Governments, non-governmental organizations and local and indigenous communities, as appropriate, to promote the successful development and implementation

of legislative, administrative and policy measures and guidances on access to genetic resources, including scientific, technical, business, legal and management skills and capacities;

5. *Requests* the Global Environment Facility to examine the support of capacity-building projects for indigenous and local communities embodying traditional lifestyles related to the preservation and maintenance of their knowledge, innovations and practices relevant for the conservation and sustainable use of biological diversity with their prior informed consent and their participation;

6. *Requests* the Global Environment Facility, in preparing projects in conformity with the Conference of the Parties guidance on policy, strategy, programme priorities and eligibility criteria, to include in such projects, when relevant to the project's objectives and consistent with national priorities, project components addressing:

(a) Targeted research which contributes to conservation of biological diversity and the sustainable use of its components including research for reversing current trends of biodiversity loss and species extinction;

(b) Promotion of the understanding of the importance of, and measures required for, the conservation and sustainable use of biological diversity;

7. *Requests* the Secretariat of the Convention and the Global Environment Facility to collaborate in preparing, for consideration by the Conference of the Parties at its fourth meeting, a proposal on the means to address the fair and equitable sharing of the benefits arising out of genetic resources including assistance to developing country Parties.

Decision III/7: Guidelines for the review of the effectiveness of the financial mechanism

The Conference of the Parties,

Recalling paragraph 3 of Article 21 of the Convention on Biological Diversity, which provides for the Conference of Parties to review the effectiveness of the financial mechanism,

Recalling further decision II/6, paragraph 3, on the further development of the guidelines for the review of the effectiveness of the financial mechanism for consideration and decision by the Conference of the Parties at its third meeting,

1. *Decides* to adopt the attached Annex, containing the objectives and criteria for the first review of the effectiveness of the financial mechanism to be conducted in time for the fourth meeting of the Conference of the Parties;
2. *Decides also* that the review referred to in paragraph 3 of Article 21 of the Convention should be conducted under the authority of the Conference of the Parties;
3. *Decides further* that, based on the results of the review, the Conference of the Parties shall take appropriate action to improve the effectiveness of the mechanism if necessary.

Annex: Objectives and criteria for the first review of the effectiveness of the financial mechanism

A. Objectives

1. In accordance with Article 21, paragraph 3, of the Convention, the objectives shall be to review and take appropriate action, if necessary, to improve:
 - (a) The effectiveness of the financial mechanism in providing financial resources;
 - (b) The conformity of the activities of the restructured Global Environment Facility (GEF), as the institutional structure operating the financial mechanism on an interim basis, with the guidance of the Conference of the Parties; and
 - (c) The effectiveness of GEF-funded activities on the implementation of the Convention.

B. Methodology

2. The review shall draw upon, inter alia, the following sources of information:
 - (a) Information provided by the Parties on their experiences gained through activities funded by the financial mechanism;
 - (b) Annual reviews by the Conference of the Parties on the conformity of the activities of the financial mechanism with the guidance of the Conference of the Parties;

- (c) The GEF annual report to the Conference of the Parties on its activities as the institutional structure to operate the financial mechanism, the annual reports of GEF and other relevant GEF policy and information documents;
- (d) Reports from the GEF monitoring and evaluation programme;
- (e) Information available from the United Nations Commission on Sustainable Development and the Organisation for Economic Cooperation and Development, and relevant bilateral and multilateral funding institutions; and
- (f) Information provided by inter-governmental organizations and non-governmental organizations.

C. Criteria

3. The effectiveness of the financial mechanism shall be assessed against, inter alia, the following criteria:

- (a) The effectiveness of the financial mechanism in providing financial resources for the implementation of the Convention's objectives in respect of, inter alia:
 - (i) the adequacy, predictability and timely disbursement of funds for projects;
 - (ii) the responsiveness and efficiency of the GEF project cycle and operational strategy as it relates to biological diversity;
 - (iii) the ability of GEF to leverage additional finance; and
 - (iv) the sustainability of funded projects¹; and
- (b) Application of the criteria of agreed full incremental costs to enable developing country Parties to implement the Convention, keeping in mind the provision of new and additional financial resources, in accordance with Article 20.2;
- (c) The conformity of the activities of the financial mechanism with the guidance of the Conference of the Parties, as contained in decisions I/2, II/3, II/6, II/7, II/17 and III/5, which include:
 - (i) The eligibility criteria;
 - (ii) Programme priorities;
 - (iii) The provision of financial resources for projects in a flexible and expeditious manner to facilitate the Parties' urgent implementation of Articles 6 and 8 of the Convention;
 - (iv) The programme of grants for medium-sized projects; and
 - (v) Decision II/17 on national reporting by the Parties; and
 - (d) The effectiveness of GEF-funded activities on the implementation of the Convention²

D. Procedures

4. Under the authority and with the support of the Conference of the Parties, the Secretariat shall prepare background documentation for review by the Conference of the Parties and submit this

¹ The Conference of the Parties recognizes that sustainability is a shared responsibility of the financial mechanism and the Parties.

² The impact that the activities funded have on the realization of the Convention's objectives is of a long-term nature and thus information on impacts may not be available until further project experience has been gained.

documentation to the Parties at least three months before the fourth meeting of the Conference of the Parties, according to the above criteria, and shall, if necessary, appoint a consultant for this purpose.

5. In compiling the information for the review the Secretariat shall develop a questionnaire using the criteria adopted in this decision to be sent to the Parties for the provision of required information.

6. The Secretariat shall also ensure that field visits are effected in a selected number of country Parties in all geographical regions, in order to assess the process and to identify impediments, if any.

7. The Secretariat shall take the opportunity of relevant meetings to meet and interview stakeholders, including GEF and its Implementing Agencies.

8. On the basis of all information received, the Secretariat will prepare a synthesis to assess the progress in meeting the requirements of this annex. This synthesis will be sent for appraisal by five representatives of Parties nominated on a regional basis to ensure that the requirements of this annex will be met in a timely and comprehensive manner. Taking account of comments received, the Secretariat will distribute copies of the synthesis to all Parties and relevant bodies for their comments and any further contributions. On the basis of these, the Secretariat will prepare a draft report, which will be presented to the above regional representatives to ensure its compliance with the terms of this annex. The draft report will also be made available to GEF and the Implementing Agencies. The Secretariat will submit the synthesis report, with supporting documents as necessary, to Parties not later than three months prior to the fourth meeting of the Conference of the Parties. The supporting documents will include any comments and other information identified by source.

9. The Conference of the Parties shall, if necessary, take appropriate actions to improve the effectiveness of the financial mechanism and/or the effectiveness of this review procedure.

**Decision III/8: Memorandum of understanding between the
Conference of the Parties to the Convention on Biological Diversity
and the Council of the Global Environment Facility**

The Conference of the Parties,

Recalling Articles 20 and 21 of the Convention on Biological Diversity,

Recalling further decision 11/6 on financial resources and mechanism,

1. *Adopts* the Memorandum of Understanding contained in the annex to the present decision;
2. *Requests* the Executive Secretary to transmit this decision to the Council of the Global Environment Facility.

Annex: Memorandum of understanding between the conference of the parties to the convention on biological diversity and the council of the global environment facility

Preamble

The Conference of the Parties to the Convention on Biological Diversity (hereinafter the Conference of the Parties) and the Council of the Global Environment Facility (hereinafter the Council),

Recognizing the characteristics of the financial mechanism for the provision of financial resources for the purposes of the Convention on Biological Diversity (hereinafter the Convention) outlined in Article 21, paragraph 1, of the Convention, and the provisions of Article 21, paragraph 2, of the Convention, which call upon the Conference of the Parties to decide on the arrangements to give effect to Article 21, paragraph 1, after consultation with the institutional structure entrusted with the operation of the financial mechanism,

Recognizing further the willingness of the Global Environment Facility (hereinafter GEF) to serve for the purposes of the financial mechanism for the implementation of the Convention,

Recognizing that the financial mechanism shall function under the authority and guidance of and be accountable to the Conference of the Parties for the purposes of the Convention and that GEF as decided by the Conference of the Parties will operate the financial mechanism of the Convention on an interim basis in accordance with Article 39 of the Convention,

Having consulted with each other and taking into account the relevant aspects of their governance structures as reflected in their constituent instruments,

Have reached the following understanding:

1. Purpose

1.1 The purpose of the present Memorandum of Understanding is to make provision for the relationship between the Conference of the Parties and the Council in order to give effect to the provisions of Article 21, paragraph 1, of the Convention and paragraph 26 of the GEF Instrument and, on an interim basis, in accordance with Article 39 of the Convention.

2. Guidance from the Conference of the Parties

2.1 In accordance with Article 21 of the Convention the Conference of the Parties will determine the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources available through the financial mechanism, including monitoring and evaluation on a regular basis of such utilization. GEF, in operating the financial mechanism under the Convention, will finance activities that are in full conformity with the guidance provided to it by the Conference of the Parties. For this purpose, the Conference of the Parties will communicate its guidance, and any revisions to such guidance as it may adopt, on the following matters:

- (a) Policy and strategy;
- (b) Programme priorities;
- (c) Eligibility criteria;
- (d) An indicative list of incremental costs;
- (e) A list of developed country Parties and other Parties which voluntarily assume the obligations of developed country Parties;
- (f) Any other matter relating to Article 21, including periodic determination of the amount of resources needed as detailed in paragraph 5 of this Memorandum.

2.2 The Council will communicate to the Conference of the Parties all relevant information, including information on the projects in the area of biological diversity funded by GEF outside the framework of the financial mechanism of the Convention.

3. Reporting

3.1 The Council will prepare and submit a report for each ordinary meeting of the Conference of the Parties.

3.2 The reports will include specific information on how the GEF Council, its Secretariat and its Implementing and Executing Agencies have applied the guidance and implemented the policy, strategies, programme priorities and eligibility criteria determined by the Conference of the Parties, as well as any other decision of the Conference of the Parties communicated to GEF, under Article 21 of the Convention. The Council should also report on its monitoring and evaluation activities concerning projects in the biodiversity focal area.

3.3. In particular, the reports will provide detailed information on the GEF biodiversity focal area, including:

- (a) Information on how GEF has responded to the guidance provided by the Conference of the Parties as described by paragraph 2, including, where appropriate, through its incorporation in the GEF operational strategy and operational programmes;
- (b) The conformity of the approved work programmes with guidance of the Conference of the Parties;
- (c) A synthesis of the different projects under implementation and a listing of the projects approved by the Council in the biodiversity focal area, as well as a financial report with an indication of the financial resources allocated to these projects;
- (d) A list of project proposals submitted for approval to the Council, through the GEF Implementing Agencies, by eligible Parties, including reporting on their approval status and, in cases of projects not approved, the reasons therefore;
- (e) A review of the project activities approved by GEF and their outcomes, including information on funding and progress in implementation; and
- (f) Additional financial resources leveraged by GEF for the implementation of the Convention.

3.4 In order to meet the requirements of accountability to the Conference of the Parties, reports submitted by the Council will cover all GEF-financed activities carried out for the purpose of the Convention, whether decisions on such activities are made by the Council or by the GEF Implementing and/or Executing Agencies. To this end, the Council will make arrangements as might be necessary with the Implementing Agencies regarding disclosure of information.

3.5 The Council will also provide information on other matters concerning the discharge of its functions under Article 21, paragraph 1, as may be requested by the Conference of the Parties. If the Council has difficulties in responding to any such request, it will explain its concerns to the Conference of the Parties and the Conference of the Parties and the Council will find a mutually agreed solution.

4. Monitoring and evaluation

4.1 The Conference of the Parties may raise with the Council any matter arising from the reports received.

4.2 The funding decisions for specific projects should be agreed between the developing country Party concerned and GEF in accordance with policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties. The GEF Council is responsible for approving the GEF work programmes. If a Party considers that a decision of the Council regarding a specific project was not made in compliance with the policies, programme priorities and eligibility criteria established by the Conference of the Parties in the context of the Convention, the Conference of the Parties should analyse the observations presented to it by the Party and take decisions on the basis of compliance with such policy, strategy, programme priorities and eligibility criteria. In the event that the Conference of the Parties considers that this specific project decision does not comply with the policy, strategy, programme

priorities and eligibility criteria established by the Conference of the Parties, it may ask the GEF Council for further clarification on the specific project decision.

4.3 As provided for in Article 21, paragraph 3, of the Convention, the Conference of the Parties will periodically review the effectiveness of the financial mechanism in implementing the Convention and communicate to the Council relevant decisions taken by the Conference of the Parties as the result of such review, to improve the effectiveness of the financial mechanism in assisting developing country Parties to implement the Convention.

5. Determination of funding requirements

5.1 In anticipation of the replenishment of GEF, the Conference of the Parties will make an assessment of the amount of funds that are necessary to assist developing countries, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their commitments under the Convention over the next GEF replenishment cycle, taking into account:

- (a) Article 20, paragraph 2, and Article 21, paragraph 1, of the Convention;
- (b) Guidance to the financial mechanism from the Conference of the Parties which calls for future financial resources;
- (c) The information communicated to the Conference of the Parties in the national reports submitted in accordance with Article 26 of the Convention;
- (d) National strategies, plans or programs developed in accordance with Article 6 of the Convention;
- (e) Information communicated to the Conference of the Parties from GEF on the number of eligible programmes and projects that were submitted to GEF, the number that were approved for funding, and the number that were turned down owing to lack of resources;
- (f) Experience gained by those concerned in the implementation of projects.

5.2 On the occasion of each replenishment, GEF will, in its regular report to the Conference of the Parties as provided for in paragraph 3 of this Memorandum of Understanding, indicate how it has responded during the replenishment cycle to the previous assessment by the Conference of the Parties prepared in accordance with paragraph 5.1 and inform the Conference of the Parties of the conclusion of replenishment negotiations.

5.3 On the basis of the report referred to in paragraph 5.2 of this Memorandum of Understanding the Conference of the Parties will review the amount of funding necessary for the implementation of the Convention, on the occasion of each replenishment of the financial mechanism.

6. Reciprocal representation

On a reciprocal basis, representatives of GEF will be invited to attend meetings of the Conference of the Parties and representatives of the Convention will be invited to attend meetings of GEF.

7. Inter-secretariat cooperation

The Secretariat of the Convention and the Secretariat of GEF will communicate and cooperate with each other and consult on a regular basis to facilitate the effectiveness of the financial mechanism in assisting developing country Parties to implement the Convention. In particular, the two secretariats will consult on the project proposals under consideration for inclusion in a proposed work programme, especially with regard to the consistency of the project proposals with the guidance of the Conference of the Parties. Official documentation of GEF will be made available to the Secretariat of the Convention on Biological Diversity.

8. Amendments

Any amendments to the present Memorandum of Understanding will be decided upon by the Conference of the Parties and the Council in writing.

9. Interpretation

If differences arise in the interpretation of the present Memorandum of Understanding, the Conference of the Parties and the Council will reach a mutually acceptable solution.

10. Entry into effect

10.1 The present Memorandum of Understanding will come into effect upon approval by the Conference of the Parties and by the Council. Either participant may withdraw this Memorandum of Understanding at any time by written notification addressed to the other. The withdrawal will take effect six months after its notification.

10.2 The withdrawal of this Memorandum of Understanding by either Party to this Memorandum of Understanding shall not affect any projects considered and/or approved in accordance with the Memorandum of Understanding prior to the withdrawal.

Decision IV/11: Review of the effectiveness of the financial mechanism

The Conference of the Parties,

Recalling its decisions II/6 on financial resources and mechanism and III/7 on the review of the effectiveness of the financial mechanism,

Taking note of the synthesis report on the first review of the effectiveness of the financial mechanism, contained in document UNEP/CBD/COP/4/16,

Taking note also of the Statement of the First Assembly of the Global Environment Facility, held in New Delhi, India, from 1 to 3 April 1998, and the list of measures identified therein for the Global Environment Facility to improve its operational performance, and welcoming the second replenishment of the Global Environment Facility Trust Fund in the amount of US\$2.75 billion for its four focal areas,

Taking note of the report on the activities of the Global Environment Facility contained in document UNEP/CBD/COP/4/15,

Recalling the provisions of the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility, in particular paragraph 7 therein concerning the significance of inter-secretariat cooperation,

Welcoming the efforts made to date by the Global Environment Facility to address the concerns of Parties on the responsiveness of the financial mechanism to the policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties,

Taking into account the views and concerns expressed by Parties about the difficulties encountered in carrying out the first review, in particular the inadequacy of the procedures; and the insufficient information provided as compared with that requested in decision III/7,

Recalling decision II/6, paragraph 2, which calls for the effectiveness of the financial mechanism to be reviewed every three years,

Recognizing concerns expressed by several Parties about the need for implementing agencies to improve the processing and delivery systems of the Global Environment Facility, and reaffirming paragraph 1 of decision III/5 in this regard,

Recognizing also that further improvements are needed in the effectiveness of the financial mechanism,

1. *Determines* to further improve the effectiveness of the financial mechanism;

2. *Requests* the Council of the Global Environment Facility to take the action identified in the annex to the present decision with a view to improving the effectiveness of the financial mechanism, and further requests the Global Environment Facility to report thereon to the Conference of the Parties at its fifth meeting;
3. *Decides* that the Conference of the Parties at its fifth meeting will determine terms of reference for the second review of the effectiveness of the financial mechanism;
4. *Requests* the Executive Secretary to advise the Parties on matters relating to recommendations for further guidance to the financial mechanism with respect to:
 - (a) The relationship of any draft guidance to previous guidance; and
 - (b) Any possible effects of that draft guidance on the implementation of previous guidance from the Conference of the Parties.

Annex: Action to improve the effectiveness of the financial mechanism

1. The Council of the Global Environment Facility should improve the effectiveness of the financial mechanism by:
 - (a) Further streamlining its project cycle with a view to making project preparation simpler, more transparent and more country-driven;
 - (b) Further simplifying and expediting procedures for approval and implementation, including disbursement, for GEF-funded projects;
 - (c) Developing policies and procedures that fully comply with the guidance from the Conference of the Parties in a straightforward and timely manner;
 - (d) Increasing support to priority actions identified in national plans and strategies of developing countries;
 - (e) Applying in a more flexible, pragmatic and transparent manner the incremental cost principle;
 - (f) Promoting genuine country ownership through greater involvement of participant countries in GEF-funded activities;
 - (g) Increasing its flexibility to respond to the thematic longer-term programme of work of the Convention on Biological Diversity, in accordance with the guidance of the Conference of the Parties;
 - (h) Promoting the catalytic role of the Global Environment Facility in mobilizing funding from other sources for GEF-funded activities;
 - (i) Including in its monitoring and evaluation activities the assessment of the compliance under its operational programmes with the policy, strategy, program priorities and eligibility criteria established by the Conference of the Parties;
 - (j) Promoting efforts to ensure that the implementing agencies fully comply with the policy, strategy, programme priorities and eligibility criteria of the Conference of the Parties in their support for country-driven activities funded by the Global Environment Facility; and
 - (k) Undertaking efforts to improve the efficiency, effectiveness and transparency of the process of cooperation and coordination between the implementing agencies with a view to improving the

processing and delivery systems of the Global Environment Facility, and to avoid duplication and parallel processes.

Decision IV/13: Additional guidance to the financial mechanism

The Conference of the Parties,

Bearing in mind Articles 20 and 21 of the Convention,

Taking into account the guidance provided by the Conference of the Parties at its first, second and third meetings to the Global Environment Facility,

Decides to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in conformity with decisions I/2, II/6 and III/5 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries:

The Global Environment Facility should:

1. Provide adequate and timely support for country-driven projects at national, regional and subregional levels addressing the issue of alien species in accordance with decision IV/1 C;
2. Provide financial resources for country-driven activities within the context of its operation programmes to participate in the Global Taxonomy Initiative which take into account as appropriate, elements of the Suggestions for Action contained in the annex to decision IV/1 D;
3. Within the context of implementing national biological diversity strategies and action plans, provide adequate and timely support to eligible projects which help Parties to develop and implement national, sectoral and cross-sectoral plans for the conservation and sustainable use of biological diversity of inland water ecosystems in accordance with decision IV/4;
4. In accordance with decision IV/7 and with Article 7 of the Convention and also within the context of implementing national biological diversity strategies and plans, provide adequate and timely financial support to Parties for projects and capacity-building activities for implementing the programme of work of forest biological diversity at the national, regional and subregional levels and the use of the clearing-house mechanism to include activities that contribute to halting and addressing deforestation, basic assessments and monitoring of forest biological diversity, including taxonomic studies and inventories, focusing on forest species, other important components of forest biological diversity and ecosystems under threat;
5. In accordance with decision IV/2:

- (a) Support capacity-building activities and country-driven pilot projects focused on priority areas, as critical components in the implementation of the clearinghouse mechanism at the national, subregional, biogeographic, and regional levels, both during and after the pilot phase;
 - (b) Provide, as appropriate, increased support, in the framework of country-driven projects to promote the objectives of the Convention, to establish and strengthen biodiversity information systems such as, inter alia, training, technology and processes related to the collection, organization, maintenance and updating of data and information and its communication to users through the clearinghouse mechanism;
 - (c) Evaluate at the end of the clearinghouse mechanism pilot phase the experience of the Global Environment Facility's support for developing countries' activities, to consider additional efforts to meet the increasing interest in taking part in and having access to the clearinghouse mechanism, including in regional networking, and to report to the Conference of the Parties prior to the next meeting of the Subsidiary Body on Scientific, Technical and Technological Advice;
6. Continue to provide financial assistance for the preparation of national reports, having regard to the constraints and needs identified by Parties in their first national reports, in accordance with decision IV/14;
7. Provide adequate and timely support for the design and approaches relevant to the implementation of incentive measures, including, where necessary, assessment of biological diversity of the relevant ecosystems, capacity-building necessary for the design and implementation of incentive measures and the development of appropriate legal and policy frameworks, and projects with components that provide for these incentives, in accordance with decision IV/10;
8. In accordance with decision IV/8, provide support for:
- (a) Stocktaking activities, such as, for example, assessments of current legislative, administrative and policy measures on access to genetic resources and benefit-sharing, evaluation of the strengths and weaknesses of a country's institutional and human capacity, and promotion of consensus-building among its different stakeholders;
 - (b) Formulation of access and benefit-sharing mechanisms at the national, subregional and regional levels, including monitoring, assessment, and incentive measures;
 - (c) Capacity-building on measures on access to genetic resources and sharing of benefits, including capacity-building on economic valuation of genetic resources;
 - (d) Within biodiversity projects, other specific benefit-sharing initiatives such as support for entrepreneurial developments by local and indigenous communities, facilitation of financial

sustainability of projects promoting the sustainable use of genetic resources, and appropriate targeted research components.

Decision V/12: Second review of the financial mechanism

The Conference of the Parties,

1. *Decides* to adopt the annex to the present decision, containing the objectives and criteria for the second review of the effectiveness of the financial mechanism to be conducted in time for the sixth meeting of the Conference of the Parties;
2. *Decides also* that this second review should be conducted under the authority of the Conference of the Parties;
3. *Decides further* that, based on the results of the review, the Conference of the Parties shall take appropriate action to improve the effectiveness of the mechanism if necessary.

Annex: Terms of reference for the second review of the effectiveness of the financial mechanism

A. Objectives

1. In accordance with Article 21, paragraph 3, the Conference of the Parties will review the effectiveness of the mechanism, including the criteria and guidelines referred to in Article 21, paragraph 2, with a view to taking appropriate action to improve the effectiveness of the mechanism if necessary. For this purpose, effectiveness will include:
 - (a) The effectiveness of the financial mechanism and its institutional structure in providing and delivering financial resources, as well as in overseeing, monitoring and evaluating the activities financed by its resources;
 - (b) The conformity of the activities of the Global Environment Facility (GEF), as the institutional structure operating the financial mechanism, with the guidance of the Conference of the Parties; and
 - (c) The efficiency, effectiveness and sustainability of the GEF-funded activities on the implementation of the Convention and in the achievement of its three objectives.

B. Methodology

2. The review will cover the activities of the financial mechanism for the period from November 1996 to June 2001, with special emphasis on those activities that have been concluded during the same period.
3. The review will cover all operational programmes of the financial mechanism relevant to the Convention on Biological Diversity.

4. The review should be carried out by an independent evaluator and shall draw upon, inter alia, the following sources of information:

- (a) Information provided by the Parties and countries on their experiences regarding the financial mechanism;
- (b) Reports prepared by the Global Environment Facility, including its reports to the Conference of the Parties, programme status reports, operational reports on GEF programmes and the GEF pipeline, reports of the GEF Monitoring and Evaluation Programme, in particular the second Overall Performance Study, operational reports on GEF programmes and the annual programme performance report;
- (c) Project reviews and evaluation reports prepared by the Implementing Agencies;
- (d) Information provided by other relevant stakeholders in GEF-financed biodiversity activities.

C. Criteria

5. The effectiveness of the financial mechanism shall be assessed taking into account, inter alia:

- (a) The steps and actions taken by the financial mechanism in response to the actions requested by the Conference of the Parties at its fourth meeting to improve the effectiveness of the financial mechanism, as set out in the annex to its decision IV/11;
- (b) The actions taken by the financial mechanism in response to the guidance of the Conference of the Parties, as contained in decisions I/2, II/6, III/5, IV/13 and V/13;
- (c) The findings and recommendations of the second Overall Performance Study of the GEF;
- (d) Any other significant issue raised by the Parties.

D. Procedures

6. Under the authority and with the support of the Conference of the Parties, the Executive Secretary shall contract an experienced independent evaluator to undertake the review, in accordance with the above objectives, methodology and criteria.

7. The Parties, countries and stakeholders, including relevant organizations, are invited to communicate to the Executive Secretary, by 30 September 2001, their detailed views on the effectiveness and efficiency of the financial mechanism on the basis of experience during the period under review.

8. The communications referred to above shall be structured along the lines of a questionnaire designed by the evaluator using the criteria adopted in the present terms of reference, to be sent to the Parties as soon as practicable after the fifth meeting of the Conference of the Parties. The evaluator shall prepare a compilation and synthesis of the information received.

9. The evaluator will undertake such desk studies, interviews, field visits and collaboration with the GEF secretariat as may be required for the preparation of the study, subject to the availability of resources

10. The compilation and synthesis of the information and recommendations for future improvements received in response to the questionnaire and the report of the evaluator shall be submitted to the Bureau for review and comments prior to their circulation.

11. The draft compilation and synthesis, and the report of the evaluator, will also be made available to GEF (the GEF secretariat and Implementing Agencies) for its review and comments. Such comments shall be included in the documentation and identified by source.

12. The Executive Secretary shall submit the documents to Parties at least three months prior to the sixth meeting of the Conference of the Parties

Decision V/13: Further guidance to the financial mechanism

The Conference of the Parties,

Having examined the report of the Global Environment Facility (UNEP/CBD/COP/5/7),

Taking note of the note by the Executive Secretary (UNEP/CBD/COP/5/13/Add.1) with respect to previous guidance in relation to agenda items of the fifth meeting, in response to paragraph 4 of decision IV/11,

Taking note with appreciation of the efforts of the Global Environment Facility to provide additional funding for biodiversity enabling activities under expedited procedures, and urging it to continue to improve access to funding by developing country Parties and increase flexibility in its operational criteria,

1. *Welcomes* the decision of the Council of the Global Environment Facility requesting its secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to develop an initial strategy for assisting countries to prepare for the entry into force of the Cartagena Protocol on Biosafety;
2. *Decides* to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in conformity with decisions I/1, II/6, III/5 and IV/13 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing country Parties for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries. The Global Environment Facility, as the institutional structure operating the financial mechanism, should provide support:
 - (a) For projects utilizing the ecosystem approach, without prejudice to differing national needs and priorities which may require the application of approaches such as single-species conservation programmes, in accordance with decision V/6;
 - (b) As a priority, for projects which:
 - (i) Implement the Convention's programme of work on agricultural biodiversity, in accordance with decision V/5, through the timely finalization and implementation of its operational programme on agricultural biodiversity, and through the development and implementation of other relevant operational programmes;
 - (ii) Implement the Convention's programme of work on biodiversity of dry and sub-humid lands, in accordance with decision V/23, through the development, review and implementation of its operational programmes, in particular, the operational programme on arid and semi-arid ecosystems;
 - (iii) Assist in the implementation of the programme of work on forest biodiversity at the national, subregional and regional levels, and consider the operational objectives of the

aforementioned programme of work as guidance for funding, in accordance with decision V/4;

(c) For projects which assist with the development and implementation of the International Initiative for the Conservation and Sustainable Use of Pollinators in Agriculture, in accordance with decision V/5;

(d) For capacity-building at the national, subregional and regional level to address the issue of coral bleaching within the context of implementation of the programme of work on marine and coastal biological diversity, in accordance with decision V/3;

(e) For the consultative processes referred to in paragraph 6 of decision V/19, which are aimed at assisting with the preparation of second national reports, taking into account the fact that the Conference of the Parties may develop guidelines for subsequent national reports;

(f) For participation in the clearing-house mechanism of the Convention, in accordance with decision V/14;

(g) For projects that will address the issue of access and benefit-sharing, in accordance with decision V/26;

(h) For projects that incorporate incentive measures that promote the development and implementation of social, economic and legal incentive measures for the conservation and sustainable use of biological diversity, in accordance with decision V/15;

(i) For the implementation of the priority activities identified in the programme of work on Article 8(j) and related provisions, in accordance with decision V/16;

(j) To strengthen capabilities to develop monitoring programmes and suitable indicators for biological diversity, in accordance with decision V/7;

(k) To continue promoting awareness of the Global Taxonomy Initiative in the relevant activities of the Global Environment Facility, such as the Country Dialogue Workshops, and to facilitate capacity-building in taxonomy, including in its Capacity Development Initiative;

(l) For capacity development for education, public awareness and communication in biological diversity at the national and regional levels, in accordance with decision V/17;

(m) For activities to implement the Global Invasive Species Programme, in accordance with decision V/8;

(n) For the implementation of capacity-building measures for developing and implementing national and sectoral plans for the conservation and sustainable use of inland water ecosystems, including comprehensive assessments of the biological diversity of inland waters, and capacity-building programmes for monitoring the implementation of the programme of work and the trends in inland water biological diversity and for information gathering and dissemination among riparian communities

Decision VI/17: Financial mechanism under the Convention

The Conference of the Parties,

Recalling the relevant provisions of the Convention on Biological Diversity its decisions I/2, II/6, III/5, III/8, IV/11, IV/13, V/12 and V/13,

Taking note of the report of the Global Environment Facility³, and the Second Overall Performance Study of the Global Environment Facility⁴,

Taking note also of the compilation of past guidance to the financial mechanism⁵, the executive summary⁶ and the final report of the independent evaluator commissioned for purposes of the second review of the effectiveness of the financial mechanism⁷,

Noting with satisfaction the strong and growing collaboration established between the secretariats of the Convention on Biological Diversity and the Global Environment Facility,

Welcoming the strong support for a substantial third replenishment of the Global Environment Facility, expressed by both developing and developed countries at the sixth meeting of the Conference of the Parties,

1. *Notes* the strong support expressed by developing countries, in particular the least developed and the small island developing States amongst them, and countries with economies in transition, as well as developed countries, for assistance from the Global Environment Facility in the implementation of the Convention;
2. *Noting* the importance of the Small Grants Programme of the Global Environment Facility, *welcomes* its continued expansion to other developing countries, in particular the least developed countries and the small island developing States;
3. *Noting* the efforts of the Global Environment Facility in providing financial resources to Parties with economies in transition for biodiversity-related projects, *welcomes* the continuation of these efforts;
4. *Reiterates* the call to the Global Environment Facility for improving and further streamlining its processes for increased flexibility and improving access to resources from the Global Environment Facility, taking into consideration the findings included in the Second Overall Performance Study of the Global Environment Facility and the second review of the effectiveness of the financial mechanism;

³ UNEP/CBD/COP/6/9 and UNEP/CBD/COP/6/9/Add.1

⁴ UNEP/CBD/COP/6/INF/29

⁵ UNEP/CBD/COP/6/INF/3

⁶ UNEP/CBD/COP/6/13/Add.1

⁷ UNEP/CBD/COP/6/INF/4

5. *Requests* the Global Environment Facility to consider the benefits to Parties, particularly Small Island developing States, of an appropriate balance between national and regional projects in the implementation of decisions of the Conference of the Parties;
6. *Requests* the Global Environment Facility, in consultation with the Executive Secretary and other multilateral and bilateral organizations, to explore funding modalities for facilitating the preparation of future national reports and thematic reports from Parties, taking into account the comments made by Parties on their experience in accessing relevant funds during the sixth meeting of the Conference of the Parties as well as the recommendations included in the second Overall Performance Study of the GEF and the second review of the effectiveness of the financial mechanism;
7. *Requests* the Global Environment Facility, in consultation with the Executive Secretary of the Convention, to initiate a dialogue to more effectively implement the guidance to the financial mechanism, drawing from the experiences and lessons learned from projects and programmes funded by the Global Environment Facility, and explore opportunities for streamlining the guidance;
8. *Requests* the Global Environment Facility, in its plan of action to respond to the Second Overall Performance Study, to take into consideration the recommendations of the second review of the effectiveness of the financial mechanism, and to report to the Conference of the Parties on how it has done so;
9. *Requests* the Executive Secretary and the Global Environment Facility to explore possible synergies between the review processes of the Convention and the Global Environment Facility, and make suggestions on the arrangements for the third review of the effectiveness of the financial mechanism;
10. *Decides* to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in accordance with Article 20 and Article 21, paragraph 1 of the Convention and in conformity with decisions I/2, II/6, III/5, IV/13 and V/13 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing countries Parties, taking into account the special needs of the least developed countries and the small island developing States amongst them, for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries, and taking fully into consideration all relevant decisions from the Conference of the Parties. The Global Environment Facility as the institutional structure operating the financial mechanism should provide financial resources:
 - (a) As a priority, for the elaboration, development, and revision as necessary, of national biodiversity strategies and action plans, and for activities which assist their implementation consistent with guidance to the Global Environment Facility from the Conference of the Parties;

- (b) For national capacity-building in biosafety, in particular for enabling effective participation in the Biosafety Clearing-House and in the implementation of the Action Plan for Building Capacities for the Effective Implementation of the Cartagena Protocol on Biosafety proposed by the Intergovernmental Committee on Cartagena Protocol at its second meeting, and for other needs identified in the recommendations of the Intergovernmental Committee at its second meeting for assisting developing countries to prepare for the entry into force of the Protocol;
- (c) For country-driven projects focusing on the identified national priorities, as well as regional and international actions that assist the implementation of the expanded work programme considering conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits from genetic resources in a balanced way, underscoring the importance of ensuring long-term conservation, sustainable use, and benefit-sharing of native forests;
- (d) For country-driven capacity-building activities by developing country Parties, in particular, least developed countries and small island developing States among them, for the implementation of the Global Strategy for Plant Conservation;
- (e) For country-driven activities aimed at enhancing capabilities to address the impacts of mortality related to coral bleaching and physical degradation and destruction of coral reefs, including developing rapid response capabilities to implement measures to address coral-reef degradation, mortality and subsequent recovery;
- (f) For national and regional taxonomic capacity-building, as a basis for implementing the programme of work for the Global Taxonomy Initiative, with particular attention to funding country-driven pilot projects identified under the Global Taxonomy Initiative, taking into consideration the special needs of least developed countries and small island developing States;
- (g) For projects that assist with the implementation of the Plan of Action for the International Initiative for the Conservation and Sustainable Use of Pollinators by developing country Parties, in particular, least developed countries and small island developing States;
- (h) To build capacity of developing country Parties, in particular least developed countries and small island developing States, to participate effectively in the preparatory process for the first Report on the State of World's Animal Genetic Resources;
- (i) For projects that assist with the implementation of the programme of work on biological diversity of inland water ecosystems;
- (j) For projects that assist with the implementation of the programme of work on incentive measures, taking into consideration the specific circumstances of countries, in particular, least developed countries and small island developing States;

(k) As a priority, for projects that assist with the development and implementation, at national and regional levels, of the invasive alien species strategies and action plans called for in paragraph 6 of decision V/8, in particular those strategies and actions related to geographically and evolutionarily isolated ecosystems, paying particular attention to the needs of least developed countries and small island developing States, including needs related to capacity-building;

(l) In a timely manner, to eligible Parties for the preparation of national reports;

(m) For projects that assist with the implementation of the Action Plan on Capacity-building for Access and Benefit-sharing in support of the implementation of the Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefit Arising out of their Utilization;

(n) For the enhancement of national capacities for the establishment and maintenance of mechanisms to protect traditional knowledge at national and subnational levels, and for building the capacity of indigenous and local communities to develop strategies and systems for the protection of traditional knowledge;

(o) For capacity development and country-driven projects prioritized in the Global Initiative on Communication, Education and Public Awareness;

11. Requests the Global Environment Facility to report on the implementation of the present decision to the Conference of the Parties at its seventh meeting.

Decision VII/20: Further guidance to the financial mechanism

The Conference of the Parties

Recalling the relevant provisions of the Convention on Biological Diversity and its decisions I/2, II/6, III/5, III/8, IV/11, IV/13, V/12, V/13, VI/16 and VI/17,

Taking note of the report of the Global Environment Facility (UNEP/CBD/COP/7/9), as well as the compilation of past guidance to the financial mechanism (UNEP/CBD/COP/7/INF/1),

Urges the Council of the Global Environment Facility to ensure participation by all Council members in its meetings,

1. *Decides* that the report from the Council of the Global Environment Facility to the Conference of the Parties should be made available three months prior to an ordinary meeting of the Conference of the Parties as well as with updates as appropriate, and in accordance with rules 28 and 54 of the Rules of Procedure for meetings of the Conference of the Parties, the Executive Secretary should make it available in all six United Nations languages;

2. *Decides* to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in accordance with Article 20 and Article 21, paragraph 1 of the Convention and in conformity with decisions I/2, II/6, III/5, IV/13, V/13 and VI/17 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing country Parties, taking into account the special needs of the least developed countries and the small island developing States amongst them, for country-driven activities and programmes, consistent with national priorities and objectives and in accordance with the mandate of the Global Environment Facility, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries, and taking fully into consideration all relevant decisions from the Conference of the Parties;

Marine and coastal biological diversity

3. *Invites* the Global Environment Facility, other funding institutions, and development agencies to provide financial support for the implementation of the elaborated programme of work on marine and coastal biodiversity;

Monitoring and indicators

4. *Recognizes* that the development and use of indicators, particularly in the development phase, requires a financial and technical commitment from Parties, and therefore *requests* the financial mechanism and *encourages* bilateral and multilateral funding agencies to assist developing countries, in

particular the least developed and small island developing States among them, and countries with economies in transition through the provision of financial assistance and training, as required and as appropriate, to develop and implement effective biodiversity indicators;

Ecosystem approach

5. *Invites* the Global Environment Facility, in accordance with its mandate, and other funding institutions and development agencies to provide financial support for the implementation of the ecosystem approach, in accordance with decision VII/11;

Biological diversity and climate change

6. *Requests* the financial mechanism, in accordance with its mandate, and *invites* other sources to provide financial support to developing country Parties, in particular the least developed and small island developing States among them, and countries with economies in transition, where appropriate, for:

(a) Country-driven activities, including pilot projects, aimed at projects related to ecosystem conservation, restoration of degraded lands and marine environments and overall ecosystem integrity that take into account impacts of climate change;

(b) Assistance in capacity-building with the aim of increasing the effectiveness in addressing environmental issues through their commitments under the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, and the United Nations Convention to Combat Desertification, inter alia, by applying the ecosystem approach;

(c) Assistance in developing synergy-oriented programmes to conserve and sustainably manage all ecosystems, such as forests, wetlands and marine environments, that also contribute to poverty eradication;

Global Taxonomy Initiative

7. *Invites* Parties, other Governments, regional and international organizations to take full account of the importance of taxonomic capacities in achieving the goals of the Convention, to support taxonomic activities to attain the 2010 target, and to provide all necessary support to national, and where appropriate regional, taxonomic centres of research and expertise; and *urges* the Parties, other Governments and the Global Environment Facility, in accordance with its mandate, and other relevant funding organizations to provide adequate and timely support to developing countries to assist in the implementation of the Global Taxonomy Initiative, and for integrating taxonomic capacity-building activities into thematic and cross-cutting programmes, including supporting activities and projects, such as, where appropriate, stand-alone capacity-building projects;

Sustainable use

8. *Invites* Parties and Governments, in collaboration with the Global Environment Facility and other relevant organizations, including the private sector, to develop and transfer technologies and provide financial support to assist in the implementation of the Addis Ababa Principles and Guidelines at the national level to ensure that the use of biological diversity is sustainable;

Invasive alien species

9. *Invites* the Global Environment Facility, in accordance with its mandate, other funding institutions and development agencies to provide financial support to developing countries, in particular the least developed countries and small island developing States among them, and countries with economies in transition, to assist in the improved prevention, rapid response and management measures to address threats of alien invasive species;

Protected areas

10. *Requests* the Global Environment Facility, respecting national targets and priorities, to support the implementation of the programme of work, and in particular to:

(a) In collaboration with other donors, encourage increased support to address the long-term financial sustainability of protected areas, including through different mechanisms and instruments, to help achieve the target of securing, by 2008, sufficient resources to meet the costs to effectively implement and manage national and regional systems of protected areas;

(b) Further develop its portfolio on protected areas towards comprehensive, representative and effectively managed protected area systems addressing system wide needs; and

(c) Support country driven early action by continuing to streamline its procedures and the provision of fast disbursing resources through expedited means.

Strategic Plan

11. *Invites* the Global Environment Facility, in accordance with its mandate, to provide adequate and timely support to developing country Parties, in particular the least developed countries and small island developing States among them, and Parties with economies in transition, as appropriate for the implementation of activities to achieve and monitor progress towards the goals and targets identified in the framework for evaluation of progress towards implementation of the Strategic Plan of the Convention, in accordance with decision VII/30;

Technology transfer and cooperation

12. Decides that based on needs and priorities identified by developing country Parties and countries with economies in transition, the Global Environment Facility, in accordance with its mandate and in collaboration with other interested funding agencies, shall, as appropriate, provide adequate and timely financial support for the implementation of the programme of work on technology transfer and technological and scientific cooperation, consistent with Articles 16 to 20 of the Convention, and in particular for:

- (a) Building policy, legal, judicial and administrative capacity;
- (b) Facilitating access to relevant proprietary technologies;
- (c) Providing other financial and non-financial incentives for the diffusion of relevant technologies;
- (d) Building capacities of, and empowering, indigenous and local communities and all relevant stakeholders with respect to access to and use of relevant technologies;
- (e) Improving the capacity of national research institutions in developing countries and countries with economies in transition for the development of technologies, as well as for adaptation, diffusion and the further development of imported technologies consistent with their transfer agreement and international law including through fellowships and international exchange programmes;
- (f) Supporting the development and operation of regional or international initiatives to assist technology transfer and cooperation as well as scientific and technical cooperation, including those initiatives designed to facilitate South-South cooperation and South-South joint development of new technologies and also such cooperation among countries with economies in transition;

Millennium Development Goals

13. *Urges* Parties, Governments, international financial institutions, donors, and relevant inter-governmental organizations, as a contribution towards the Millennium Development Goals, to implement development activities in ways that are consistent with, and do not compromise, the achievement of the objectives of the Convention on Biological Diversity and the 2010 target, including by improving environmental policies in relevant development agencies and sectors such as through integrating concerns relating to biodiversity and the Millennium Development Goals more directly into environmental impact assessments, strategic environmental assessments and other such tools, including at the national level through the national strategies for sustainable development and the poverty reduction strategies and programmes, and *invites* the Global Environment Facility to support capacity-building activities in developing countries for this purpose;

National reporting

14. *Encourages* Parties, Governments, relevant bilateral, regional and multilateral organizations, and the Global Environment Facility to collaborate to strengthen the various capacities of Parties, particularly developing country Parties and countries with economies in transition, to prepare their future national and thematic reports;

15. *Further encourages* Parties, Governments, relevant bilateral, regional and multilateral organizations, and the Global Environment Facility, to analyse the progress of Parties, particularly developing country Parties and countries with economies in transition, in implementing the Convention, in relation to those areas identified as a priority by those countries, in order to *inter alia* assist them in the preparation of their future national reports;

16. *Requests* the Global Environment Facility to explore ways to expedite and simplify its procedures for allocating funds to the eligible countries to prepare their national reports to fulfil their reporting obligations under the Convention;

17. *Invites* the Global Environment Facility to provide the necessary financial support to facilitate the preparation of the third national reports by the Parties;

Education and public awareness

18. *Invites* the Global Environment Facility, in accordance with its mandate, and other donor organizations to provide funding to developing countries, particularly the least developed and small island developing States among them, and countries with economies in transition for the implementation of their national communication, education and public-awareness programmes and activities;

Access to genetic resources and fair and equitable sharing of benefits

19. *Reiterates* its guidance to the Global Environment Facility, as the institutional structure operating the financial mechanism of the Convention, to provide financial resources for country-driven projects based on national priorities that assist with the implementation of the Action Plan in support of the implementation of the Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of Benefits Arising out of their Utilization, and further requests the Global Environment Facility, in accordance with its mandate, to support capacity-building regarding the transfer of technologies which enables providers to fully appreciate and actively participate in benefit-sharing arrangements at the stage of granting access permits;

Biosafety

Welcoming the biosafety capacity-building initiatives of the Global Environment Facility and its implementing agencies,

Recognizing the need to ensure that guidance to the financial mechanism will support in a balanced manner the objectives of the Convention and its Protocol,

Stressing the need for mutual information, coordinated action and regular monitoring in order to avoid duplication and to identify gaps and possible synergies because of the multitude of different actors undertaking various capacity-building initiatives, and for an active role the Executive Secretary should play in promoting this process,

Confirming that the arrangements between the Conference of the Parties and the Council of the Global Environment Facility provided for in the Memorandum of Understanding adopted by the Conference of the Parties at its third meeting will apply, *mutatis mutandis*, for purposes of the Cartagena Protocol,

20. *Decides* to provide the following guidance to the Global Environment Facility to be implemented in a timely manner;

21. *Decides also* upon the following eligibility criteria for funding by the Global Environment Facility:

(a) All developing countries, in particular the least developed and small island developing States among them, and countries with economies in transition, including countries amongst these that are centres of origin and centres of genetic diversity, which are Parties to the Protocol, are eligible for funding by the Global Environment Facility in accordance with its mandate;

(b) All developing countries, in particular the least developed and small island developing States among them, and countries with economies in transition, including countries amongst these that are centres of origin and centres of genetic diversity, which are Parties to the Convention and provide a clear political commitment towards becoming Parties to the Protocol, shall also be eligible for funding by the Global Environment Facility for the development of national biosafety frameworks and the development of national biosafety clearing-houses and other necessary institutional capabilities to enable a non-Party to become a Party. Evidence of such political commitment shall take the form of a written assurance to the Executive Secretary that the country intends to become a Party to the Protocol on completion of the activities to be funded;

22. *Stresses* that the provision of financial resources by the Global Environment Facility shall be for country-driven activities and programmes consistent with their national priorities and objectives;

23. *Invites* developed country Parties, Governments, the Global Environment Facility, other donor agencies and relevant organizations to provide financial support and other assistance to developing country Parties, in particular the least developed and the small island developing States among them, and Parties with economies in transition, including countries amongst these that are centres of origin and centres of genetic diversity, to develop and implement capacity-building activities, including organization of national, regional and inter-regional capacity building workshops and preparatory meetings;

24. *Invites* the Global Environment Facility to extend support for demonstration projects on implementation of the national biosafety frameworks to other eligible countries;
25. *Urges* the Global Environment Facility to ensure a rapid implementation of its initial strategy for assisting countries to prepare for the ratification and implementation of the Protocol, and to support capacity-building for the establishment of national components of the Biosafety Clearing-House in a flexible manner, and to provide additional support for the development and/or strengthening of existing national and regional centres for training; regulatory institutions; risk assessment and risk management; infrastructure for the detection, testing, identification and long-term monitoring of living modified organisms; legal advice; decision-making; handling of socio-economic considerations; awareness-raising and technology transfer for biosafety;
26. *Notes* that the role of the Global Environment Facility, in accordance with its mandate, in the Action Plan for Building Capacities for the Effective Implementation of the Protocol, adopted by the Conference of the Parties serving as the meeting of the Parties to the Cartagena Protocol on Biosafety at its first meeting, includes:
- (a) Providing funding and other assistance to build necessary legislative and administrative frameworks, and for training in risk assessment and risk management;
 - (b) Deciding on further areas for financial support for capacity-building in accordance with the identified priority needs of developing countries and countries with economies in transition, responses to the questionnaires, the outcomes of inter-sessional workshops, and its previous pilot project on biosafety;
 - (c) Implementing the GEF Strategy to Assist Countries to Ratify and Implement the Protocol on Biosafety;
 - (d) Facilitating the provision of technical support; and
 - (e) Facilitating the use of existing and developing regional networks.

Decision VII/22: Arrangements for the third review of the effectiveness of the financial mechanism

The Conference of the Parties,

Recalling Article 21 of the Convention on Biological Diversity and decisions III/8 and VI/17,

Aware of the preparation of the third Overall Performance Study of the Global Environment Facility to be completed by June 2005, and the need to ensure synergies between the Study and the third review of the financial mechanism,

1. *Decides* to adopt the annex to the present decision, containing the objectives, methodology and criteria as well as procedures for the third review of the effectiveness of the financial mechanism to be conducted in time for the eighth meeting of the Conference of the Parties;
2. *Decides also* that this third review should be conducted by an independent evaluator and under the authority of the Conference of the Parties and take fully into account reports of the Global Environment Facility with respect to operations of the financial mechanism;
3. *Decides further* that, based on the results of the review, the Conference of the Parties shall take appropriate action to improve the effectiveness of the mechanism if necessary.

Annex: Guidelines for the third review of the effectiveness of the financial mechanism

A. Objectives

1. In accordance with Article 21, paragraph 3, the Conference of the Parties will review the effectiveness of the mechanism, including the criteria and guidelines referred to in Article 21, paragraph 2, with a view to taking appropriate action to improve the effectiveness of the mechanism if necessary. For this purpose, effectiveness will include:
 - (a) The effectiveness of the financial mechanism in providing and delivering financial resources, as well as in overseeing, monitoring and evaluating the activities financed by its resources;
 - (b) The conformity of the activities of the Global Environment Facility (GEF), as the institutional structure operating the financial mechanism, with the guidance of the Conference of the Parties;
 - (c) The efficiency and effectiveness of the process of providing guidance to the financial mechanism to promote the implementation of the Convention and the achievement of its three objectives;

(d) The efficiency, effectiveness and sustainability of the GEF-funded activities on the implementation of the Convention and in the achievement of its three objectives, taking into account the guidance provided by the Conference of the Parties.

B. Methodology

2. The review will cover all the activities of the financial mechanism for the period from July 2001 to June 2005.

3. The review shall draw upon, *inter alia*, the following sources of information:

(a) Information provided by both developed and developing countries and Parties regarding the financial mechanism, including national reports with respect to the financial mechanism;

(b) Reports prepared by the Global Environment Facility, including its reports to the Conference of the Parties;

(c) Reports of the independent GEF Monitoring and Evaluation Unit that relate to GEF biodiversity activities within the framework of the financial mechanism;

(d) The Third Overall Performance Study of the Global Environment Facility;

(e) Information provided by other relevant stakeholders.

C. Criteria

4. The effectiveness of the financial mechanism shall be assessed taking into account, *inter alia*:

(a) The steps and actions taken by the financial mechanism in response to the actions requested by the Conference of the Parties at its fourth meeting to improve the effectiveness of the financial mechanism, as set out in the annex to its decision IV/11 as well as in decision VI/17;

(b) The actions taken by the financial mechanism in response to the guidance of the Conference of the Parties, as contained in decisions I/2, II/6, III/5, IV/13, V/13 and VI/17;

(c) Any other significant issue raised by the Parties.

D. Procedures

5. Under the authority and with the support of the Conference of the Parties, the Executive Secretary shall contract an experienced independent evaluator to undertake the review, in accordance with the above objectives, methodology and criteria.

6. The evaluator shall design a questionnaire using the criteria adopted in the present guidelines, to be sent to the Parties and other stakeholders as soon as practicable after the seventh meeting of the Conference of the Parties, and prepare a compilation and synthesis of the information received.

7. The evaluator will undertake such desk studies, interviews, field visits and collaboration with the GEF Monitoring and Evaluation Unit, as may be required, for the preparation of the review, subject to the availability of resources.

8. The draft compilation and synthesis, and the recommendations of the evaluator, will be made available to GEF for its review and comments. Such comments shall be included in the documentation and identified by source.

9. Based on the synthesis report and recommendations of the independent evaluator, the Executive Secretary shall prepare, in consultation with the GEF, a draft decision on the third review of the financial mechanism, including specific suggestions for action to improve the effectiveness of the mechanism if necessary, for consideration of the eighth meeting of the Conference of the Parties.

10. The Executive Secretary shall submit all the relevant documents to Parties at least three months prior to the eighth meeting of the Conference of the Parties.

Section III. Legal text of the GEF Instrument

The Instrument for the Establishment of the Restructured Global Environment Facility was agreed in a GEF Participants meeting in Geneva, Switzerland, in March 1994, which was attended by representatives of 73 States. At the Second GEF Assembly held in Beijing, China, in October 2002, Participants agreed to the recommendations of the Council to amend the Instrument. The text presented hereto the legal text of the Instrument for the Establishment of the Restructured Global Environment Facility, as amended by the Second GEF Assembly.

Instrument for the Establishment of the Restructured Global Environment Facility

Preamble

Whereas:

- (a) The Global Environment Facility (GEF or the Facility) was established in the International Bank for Reconstruction and Development (IBRD or World Bank) as a pilot program in order to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development, by resolution of the Executive Directors of the World Bank and related interagency arrangements between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank;
- (b) In April 1992, Participants in the GEF agreed that its structure and modalities should be modified. Agenda 21 (the action plan of the 1992 United Nations Conference on Environment and Development), the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity subsequently called for the restructuring of the Facility;
- (c) Representatives of the States participating at present in the Facility and of other States wishing to participate in it have requested that the Facility be restructured in order to take account of these developments, to establish the GEF as one of the principal mechanisms for global environment funding, to ensure a governance that is transparent and democratic in nature, to promote universality in its participation and to provide for full cooperation in its implementation among UNDP, UNEP and the World Bank (together referred to hereinafter as the Implementing Agencies), and to benefit from the evaluation of experience with the operation of the Facility since its establishment;
- (d) It is necessary to replenish the resources for these purposes under a restructured Facility which includes a new GEF Trust Fund on the basis of this Instrument;
- (e) It is desirable to terminate the existing Global Environment Trust Fund (GET) and to transfer any funds, receipts, assets and liabilities held in it upon termination to the new GEF Trust Fund;
- (f) The Implementing Agencies have reached a common understanding of principles for cooperation as set forth in the present Instrument, subject to approval of their participation by their respective governing bodies;

It is resolved as follows:

I. Basic Provisions

Restructuring and Purpose of GEF

1. The restructured GEF shall be established in accordance with the present Instrument. This Instrument, having been accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, shall be adopted by the Implementing Agencies in accordance with their respective rules and procedural requirements.
2. The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas:
 - (a) Climate change,
 - (b) Biological diversity,
 - (c) International waters,
 - (d) Ozone layer depletion,
 - (e) Land degradation, primarily desertification and deforestation, and
 - (f) Persistent organic pollutants
3. The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the focal areas.
4. The GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programs and projects which are country-driven and based on national priorities designed to support sustainable development and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes.
5. The GEF operational policies shall be determined by the Council in accordance with paragraph 20(f) and with respect to GEF-financed projects shall provide for full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle.
6. In partial fulfillment of its purposes, the GEF shall, on an interim basis, operate the financial mechanism for the implementation of the United Nations Framework Convention on Climate Change and shall be, on an interim basis, the institutional structure which carries out the operation of the financial mechanism for the implementation of the Convention on Biological Diversity, in accordance with such cooperative arrangements or agreements as may be made pursuant to paragraphs 27 and 31. The GEF shall be available to continue to serve for the purposes of the financial mechanisms for the implementation of those conventions if it is requested to do so by their Conferences of the Parties. The

GEF shall also be available to serve as an entity entrusted with the operation of the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants. In such respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, program priorities and eligibility criteria for the purposes of the conventions. The GEF shall also be available to meet the agreed full costs of activities under Article 12, paragraph 1, of the United Nations Framework Convention on Climate Change.

Participation

7. Any State member of the United Nations or of any of its specialized agencies may become a Participant in the GEF by depositing with the Secretariat an instrument of participation substantially in the form set out in Annex A. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment shall be deemed to serve as an instrument of participation. Any Participant may withdraw from the GEF by depositing with the Secretariat an instrument of termination of participation substantially in the form set out in Annex A.

Establishment of GEF Trust Fund

8. The new GEF Trust Fund shall be established, and the World Bank shall be invited to serve as the Trustee of the Fund. The GEF Trust Fund shall consist of the contributions received in accordance with the present Instrument, the balance of funds transferred from the GET pursuant to paragraph 32, and any other assets and receipts of the Fund. In serving as the Trustee of the Fund, the World Bank shall serve in a fiduciary and administrative capacity, and shall be bound by its Articles of Agreement, By-Laws, rules and decisions, as specified in Annex B.

Eligibility

9. GEF funding shall be made available for activities within the focal areas defined in paragraphs 2 and 3 of this Instrument in accordance with the following eligibility criteria:

(a) GEF grants that are made available within the framework of the financial mechanisms of the conventions referred to in paragraph 6 shall be in conformity with the eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27.

(b) All other GEF grants shall be made available to eligible recipient countries and, where appropriate, for other activities promoting the purposes of the Facility in accordance with this paragraph and any additional eligibility criteria determined by the Council. A country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF). GEF grants for activities within a focal area addressed by a convention referred to in paragraph 6 but outside the framework of the financial mechanism of the convention, shall only be made available to eligible recipient countries that are party to the convention concerned.

(c) GEF concessional financing in a form other than grants that is made available within the framework of the financial mechanism of the conventions referred to in paragraph 6 shall be in conformity with eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27. GEF concessional financing in a form other than grants may also be made available outside those frameworks on terms to be determined by the Council.

II. Contributions and Other Financial Provisions for Replenishment

10. Contributions to the GEF Trust Fund for the first replenishment period shall be made to the Trustee by Contributing Participants in accordance with the financial provisions for replenishment as specified in Annex C. The Trustee's responsibility for mobilization of resources pursuant to paragraph 20(e) of this Instrument and paragraph 4(a) of Annex B shall be initiated for subsequent replenishments at the request of the Council.

III. Governance and Structure

11. The GEF shall have an Assembly, a Council and a Secretariat. In accordance with paragraph 24, a Scientific and Technical Advisory Panel (STAP) shall provide appropriate advice.

12. The Implementing Agencies shall establish a process for their collaboration in accordance with an interagency agreement to be concluded on the basis of the principles set forth in Annex D.

Assembly

13. The Assembly shall consist of Representatives of all Participants. The Assembly shall meet once every three years. Each Participant may appoint one Representative and one Alternate to the Assembly in such manner as it may determine. Each Representative and each Alternate shall serve until replaced. The Assembly shall elect its Chairperson from among the Representatives.

14. The Assembly shall:

- (a) review the general policies of the Facility;
- (b) review and evaluate the operation of the Facility on the basis of reports submitted by the Council;
- (c) keep under review the membership of the Facility; and
- (d) consider, for approval by consensus, amendments to the present Instrument on the basis of recommendations by the Council.

Council

15. The Council shall be responsible for developing, adopting and evaluating the operational policies and programs for GEF-financed activities, in conformity with the present Instrument and fully taking into account reviews carried out by the Assembly. Where the GEF serves for the purposes of the financial

mechanisms of the conventions referred to in paragraph 6, the Council shall act in conformity with the policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned.

16. The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants and giving due weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 14 Members from developed countries and 2 Members from the countries of central and eastern Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be re-appointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for the absent Member.

17. The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities. Two-thirds of the Members of the Council shall constitute a quorum.

18. At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting. The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20(b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. The Chief Executive Officer of the Facility (CEO) shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20(c), (e), (f) and (h). The elected Chairperson and the CEO shall jointly conduct deliberations of the Council on issues related to paragraph 20(a).

19. Costs of Council meetings, including travel and subsistence of Council Members from developing countries, in particular the Least Developed Countries, shall be disbursed from the administrative budget of the Secretariat as necessary.

20. The Council shall:

- (a) keep under review the operation of the Facility with respect to its purposes, scope and objectives;
- (b) ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis;
- (c) review and approve the work program referred to in paragraph 29, monitor and evaluate progress in the implementation of the work program and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work program;

- (d) arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;
- (e) direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;
- (f) approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9(b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;
- (g) act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;
- (h) in accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned;
- (i) appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;
- (j) review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities undertaken for the Facility;
- (k) in accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and
- (l) exercise such other operational functions as may be appropriate to fulfill the purposes of the Facility.

Secretariat

21. The GEF Secretariat shall service and report to the Assembly and the Council. The Secretariat, which shall be headed by the CEO/Chairperson of the Facility, shall be supported administratively by the World Bank and shall operate in a functionally independent and effective manner. The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be re-appointed by the Council. The CEO may be removed by the Council only for cause. The staff of the Secretariat shall include staff members seconded from the Implementing Agencies as well as individuals hired competitively on an as needed basis by one of the Implementing Agencies. The CEO shall be responsible for the organization, appointment and dismissal of Secretariat staff. The CEO shall be accountable for the performance of the Secretariat functions to the Council. The Secretariat shall, on behalf of the Council, exercise the following functions:

- (a) implement effectively the decisions of the Assembly and the Council;

- (b) coordinate the formulation and oversee the implementation of program activities pursuant to the joint work program, ensuring liaison with other bodies as required, particularly in the context of the cooperative arrangements or agreements referred to in paragraph 27;
- (c) in consultation with the Implementing Agencies, ensure the implementation of the operational policies adopted by the Council through the preparation of common guidelines on the project cycle. Such guidelines shall address project identification and development, including the proper and adequate review of project and work program proposals, consultation with and participation of local communities and other interested parties, monitoring of project implementation and evaluation of project results;
- (d) review and report to the Council on the adequacy of arrangements made by the Implementing Agencies in accordance with the guidelines referred to in paragraph (c) above, and if warranted, recommend to the Council and the Implementing Agencies additional arrangements for project preparation and execution under paragraphs 20(f) and 28;
- (e) chair interagency group meetings to ensure the effective execution of the Council's decisions and to facilitate coordination and collaboration among the Implementing Agencies;
- (f) coordinate with the Secretariats of other relevant international bodies, in particular the Secretariats of the conventions referred to in paragraph 6, the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund and the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa;
- (g) report to the Assembly, the Council and other institutions as directed by the Council;
- (h) provide the Trustee with all relevant information to enable it to carry out its responsibilities; and
- (i) perform any other functions assigned to the Secretariat by the Council.

Implementing Agencies

22. The Implementing Agencies of the GEF shall be UNDP, UNEP, and the World Bank. The Implementing Agencies shall be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence and in accordance with an interagency agreement to be concluded on the basis of the principles of cooperation set forth in Annex D to the present Instrument. The Implementing Agencies shall cooperate with the Participants, the Secretariat, parties receiving assistance under the GEF, and other interested parties, including local communities and non-governmental organizations, to promote the purposes of the Facility.

23. The CEO shall periodically convene meetings with the heads of the Implementing Agencies to promote interagency collaboration and communication, and to review operational policy issues regarding the implementation of GEF-financed activities. The CEO shall transmit their conclusions and recommendations to the Council for its consideration.

Scientific and Technical Advisory Panel (STAP)

24. UNEP shall establish, in consultation with UNDP and the World Bank and on the basis of guidelines and criteria established by the Council, the Scientific and Technical Advisory Panel (STAP) as an advisory body to the Facility. UNEP shall provide the STAP's Secretariat and shall operate as the liaison between the Facility and the STAP.

IV. Principles of Decision-Making

25. (a) Procedure

The Assembly and the Council shall each adopt by consensus regulations as may be necessary or appropriate to perform their respective functions transparently; in particular, they shall determine any aspect of their respective procedures, including the admission of observers and, in the case of the Council, provision for executive sessions.

(b) Consensus

Decisions of the Assembly and the Council shall be taken by consensus. In the case of the Council if, in the consideration of any matter of substance, all practicable efforts by the Council and its Chairperson have been made and no consensus appears attainable, any member of the Council may require a formal vote.

(c) Formal Vote

(i) Unless otherwise provided in this Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions.

(ii) Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents.

(iii) For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C (Attachment 1) and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of co-financing and parallel financing made under the GEF pilot program, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made under paragraph 7(c) of Annex C shall be deemed to be contributions to the GET.

V. Relationship and Cooperation with Conventions

26. The Council shall ensure the effective operation of the GEF as a source of funding activities under the conventions referred to in paragraph 6. The use of the GEF resources for purposes of such conventions shall be in conformity with the policies, program priorities and eligibility criteria decided by the Conference of the Parties of each of those conventions.

27. The Council shall consider and approve cooperative arrangements or agreements with the Conferences of the Parties to the conventions referred to in paragraph 6, including reciprocal arrangements for representation in meetings. Such arrangements or agreements shall be in conformity with the relevant provisions of the convention concerned regarding its financial mechanism and shall include procedures for determining jointly the aggregate GEF funding requirements for the purpose of the convention. With regard to each convention referred to in paragraph 6, until the first meeting of its Conference of the Parties, the Council shall consult the convention's interim body.

VI. Cooperation with Other Bodies

28. The Secretariat and the Implementing Agencies under the guidance of the Council shall cooperate with other international organizations to promote achievement of the purposes of the GEF. The Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions, taking into account their comparative advantages in efficient and cost-effective project execution. Such arrangements shall be made in accordance with national priorities. Pursuant to paragraph 20(f), the Council may request the Secretariat to make similar arrangements in accordance with national priorities. In the event of disagreements among the Implementing Agencies or between an Implementing Agency and any entity concerning project preparation or execution, an Implementing Agency or any entity referred to in this paragraph may request the Secretariat to seek to resolve such disagreements.

VII. Operational Modalities

29. The Secretariat shall coordinate the preparation of and determine the content of a joint work program for the GEF among the Implementing Agencies, including an indication of the financial resources required for the program, for approval by the Council. The work program shall be prepared in accordance with paragraph 4 and in cooperation with eligible recipients and any executing agency referred to in paragraph 28.

30. GEF projects shall be subject to endorsement by the CEO before final project approval. If at least four Council Members request that a project be reviewed at a Council meeting because in their view the project is not consistent with the Instrument or GEF policies and procedures, the CEO shall submit the project document to the next Council meeting, and shall only endorse the project for final approval by the Implementing Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

VIII. Reporting

31. The Council shall approve an annual report on the activities of the GEF. The report shall be prepared by the Secretariat and circulated to all Participants. It shall contain information on the activities carried out under the GEF, including a list of project ideas submitted for consideration and a review of the

project activities funded by the Facility and their outcomes. The report shall contain all the information necessary to meet the principles of accountability and transparency that shall characterize the Facility as well as the requirements arising from the reporting arrangements agreed with each Conference of the Parties to the conventions referred to in paragraph 6. The report shall be conveyed to each of these Conferences of the Parties, the United Nations Commission on Sustainable Development and any other international organization deemed appropriate by the Council.

IX. Transitional and Final Provisions

Termination of the GET

32. The World Bank shall be invited to terminate the existing Global Environment Trust Fund (GET) on the effective date of the establishment of the new GEF Trust Fund, and any funds, receipts, assets and liabilities held in the GET upon termination, including the administration of any cofinancing by the Trustee in accordance with the provisions of Resolution No. 91-5 of the Executive Directors of the World Bank, shall be transferred to the new GEF Trust Fund. Pending the termination of the GET under this provision, projects financed from the GET resources shall continue to be processed and approved subject to the rules and procedures applicable to the GET.

Interim Period

33. The Council may, pursuant to the provisions of this Instrument, be convened during the period from the adoption of this Instrument and its annexes by the Implementing Agencies until the effective date of the establishment of the new GEF Trust Fund (a) to appoint, by consensus, the CEO in order to enable him/her to assume the work of the Secretariat, and (b) to prepare the Council's rules of procedure and the operational modalities for the Facility. The first meeting of the Council shall be organized by the secretariat of the GEF pilot program. Administrative expenses during this interim period shall be covered by the existing GET.

Amendment and Termination

34. Amendment or termination of the present Instrument may be approved by consensus by the Assembly upon the recommendation of the Council, after taking into account the views of the Implementing Agencies and the Trustee, and shall become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural requirements. This paragraph shall apply to the amendment of any annex to this Instrument unless the annex concerned provides otherwise.

35. The Trustee may at any time terminate its role as trustee in accordance with paragraph 14 of Annex B, and an Implementing Agency may at any time terminate its role as implementing agency, after consultation with the other Implementing Agencies and after giving the Council six months notice in writing.

Annex A Notification of Participation/Termination of Participation

Notification of Participation/Termination of Participation

The Government of _____ hereby notifies the Chief Executive Officer of the Global Environment Facility (“the Facility”) that it will participate [terminate its participation] in the Facility.

(Date) (Name and Office)

NOTE: The notification is to be signed on behalf of the Government by a duly authorized representative thereof. Participation, and termination of participation, will take effect upon deposit of the notification with the CEO. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment (Attachment 2 of Annex C) shall be deemed to serve as a notification of participation.

Annex B Role and Fiduciary Responsibilities of the Trustee of the GEF Trust Fund

1. The World Bank shall be the Trustee of the GEF Trust Fund (the Fund) referred to in paragraph 8 of the Instrument and in this capacity shall, as legal owner, hold in trust the funds, assets and receipts which constitute the Fund, and manage and use them only for the purpose of, and in accordance with, the provisions of the Instrument keeping them separate and apart from all other accounts and assets of, or administered by, the Trustee.
2. The Trustee shall be accountable to the Council for the performance of its fiduciary responsibilities as set forth in this Annex.
3. The Trustee shall administer the Fund in accordance with the applicable provisions of the Instrument and such decisions as the Council may take under the Instrument and shall be bound in the performance of its duties by the applicable provisions of the Trustee’s Articles of Agreement, By-Laws, rules and decisions (hereinafter referred to as “the rules of the Trustee”).
4. The responsibilities of the Trustee shall include in particular:
 - (a) the mobilization of resources for the Fund and the preparation of such studies and arrangements as may be required for this purpose;
 - (b) the financial management of the Fund, including the investment of its liquid assets, the disbursement of funds to the Implementing and other executing Agencies as well as the preparation of the financial reports regarding the investment and use of the Fund’s resources;
 - (c) the maintenance of appropriate records and accounts of the Fund, and providing for their audit, in accordance with the rules of the Trustee; and

(d) the monitoring of the application of budgetary and project funds in accordance with paragraph 21(h) of the Instrument and paragraph 11 of this Annex so as to ensure that the resources of the Fund are being used in accordance with the Instrument and the decisions taken by the Council, including the regular reporting to the Council on the status of the Fund's resources.

5. The Trustee shall exercise the same care in the discharge of its functions under this Annex as it exercises with respect to its own affairs and shall have no further liability in respect thereof. To this end, the Trustee shall apply such considerations of economy and efficiency as may be required for the investment and disbursement of funds from the Fund, consistent with the rules of the Trustee and the decisions of the Council.

6. All amounts in respect of which the Trustee is authorized to make commitments or disbursements under the Instrument shall be used by the Trustee on the basis of the work program approved by the Council for the activities of the Facility, including the reasonable expenses incurred by the Implementing Agencies and any executing agency in the performance of their responsibilities, in accordance with the Instrument and the decisions taken by the Council. All amounts in respect of which the Trustee is authorized to make transfers to the Implementing Agencies and any executing agency shall be transferred as agreed between the Trustee and the transferee.

7. The Trustee may enter into arrangements and agreements with any national or international entity as may be needed in order to administer and manage financing for the purpose of, and on terms consistent with, the Instrument. Upon the request of the Council, the Trustee will, for the purposes of paragraph 27 of the Instrument, formalize the arrangements or agreements that have been considered and approved by the Council with the Conferences of the Parties of the conventions referred to in paragraph 6 of the Instrument.

8. Pending transfers to the Implementing Agencies or an executing agency, the Trustee may invest the funds held in the Fund in such form as it may decide, including pooled investments (in which separate accounts shall be held for the funds of the Fund) with other funds owned, or administered, by it. The income of such investments shall be credited to the Fund, and the Trustee shall be reimbursed annually from the resources of the Fund for the reasonable expenses incurred by it for the administration of the Fund and for expenses incurred in administratively supporting the Secretariat. The reimbursement shall be made on the basis of estimated cost, subject to end of year adjustment.

9. The Trustee shall make all necessary arrangements to avoid commitments on behalf of the Fund in excess of the resources available to such Fund.

10. In order to enable the Trustee to carry out its functions enumerated in this Annex, the Chief Executive Officer of the Facility (CEO) shall cooperate fully with the Trustee and shall observe the rules of the Trustee specified in paragraph 3 above, in the activities of the Secretariat relating to the administration of the Fund under the provisions of the Instrument and its Annexes.

11. To ensure that the resources of the Fund are being used in accordance with the Instrument and the decisions taken by the Council, the Trustee shall work with the Implementing Agencies and the CEO to address and resolve any concerns it may have about inconsistencies between the uses of Fund resources and such Instrument and decisions. The CEO shall inform the Council of any concerns that the Trustee or an Implementing Agency may have which are not satisfactorily resolved.

12. Should it appear to the Council or the Trustee that there is an inconsistency between the decisions of the Council and the rules of the Trustee, the Council and the Trustee shall consult each other with a view to avoiding the inconsistency.

13. The privileges and immunities accorded to the Trustee under its Articles of Agreement shall apply to the property, assets, archives, income, operations and transactions of the Fund.

14. The provisions of this Annex may be amended by the Executive Directors of the Trustee only with the agreement of the Council and the other Implementing Agencies. The provisions of this Annex may be terminated when the Executive Directors of the Trustee so decide after consultation with the Council and the other Implementing Agencies and after giving the Council six months notice in writing. In case of termination, the Trustee shall take all necessary action for winding up its activities in an expeditious manner, in accordance with such decision. The decision shall also provide for meeting the commitments of the Facility already made for grants and transfers, and for the disposition of any remaining funds, receipts, assets or liabilities of the Fund upon termination.

Annex C GEF Trust Fund: Financial Provisions for Replenishment

Contributions

1. The Bank, acting as Trustee for the GEF Trust Fund, is authorized to accept contributions to the Fund for the period from July 1, 1994 to June 30, 1997:
 - (a) by way of grant from each Participant in the amount specified for each participant in Attachment 1; and
 - (b) other contributions on terms consistent with the present Annex.

Instruments of Commitment

2. (a) Participants contributing to the GEF Trust Fund (Contributing Participants) shall be expected to deposit with the Trustee an instrument of commitment substantially in the form set out in Attachment 2 (Instrument of Commitment).
- (b) When a Contributing Participant agrees to pay a part of its contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it shall deposit a qualified instrument of commitment in a form acceptable to the Trustee (Qualified Instrument of

Commitment); such Participant undertakes to exercise its best efforts to obtain legislative approval for the full amount of its contribution by the payment dates set out in paragraph 3.

3. (a) Contributions to the GEF Trust Fund under paragraph 1 (a) shall be paid, at the option of each Contributing Participant, in cash by November 30, 1994 or in installments.

(b) Payment in cash under paragraph (a) above shall be made on terms agreed between the Contributing Participant and the Trustee that shall be no less favorable to the GEF Trust Fund than payment in installment.

(c) Payment in installments that a Contributing Participant agrees to make without qualification shall be paid to the Trustee in four equal installments by November 30, 1994, November 30, 1995, November 30, 1996 and November 30, 1997, provided that:

(i) the Trustee and each Contributing Participant may agree to earlier payment;

(ii) if the GEF Trust Fund shall not have become effective by October 31, 1994, payment of the first such installment may be postponed by the Contributing Participant for not more than 30 days after the date on which this Annex becomes effective;

(iii) the Trustee may agree to postpone the payment of any installment, or part thereof, if the amount paid, together with any unused balance of previous payments by the Contributing Participant, shall be at least equal to the amount estimated by the Trustee to be required from the Contributing Participant, up to the date of the next installment, for meeting commitments under the GEF Trust Fund; and

(iv) if any Contributing Participant shall deposit an Instrument of Commitment with the Trustee after the date on which the first installment of the contributions is due, payment of any installment, or part thereof, shall be made to the Trustee within 30 days after the date of such deposit.

(d) If a Contributing Participant has deposited a Qualified Instrument of Commitment and thereafter notifies the Trustee that an installment, or part thereof, is unqualified after the date when it was due, then payment of such installment, or part thereof, shall be made within 30 days of such notification.

Mode of Payment in Installments

4. (a) Payments shall be made, at the option of each Contributing Participant, in cash on terms agreed between the Contributing Participant and the Trustee that shall be no less favorable to the GEF Trust Fund than payment in installments or by the deposit of notes or similar obligations issued by the government of the Contributing Participant or the depository designated by the Contributing Participant, which shall be non-negotiable, non-interest bearing and payable at their par value on demand to the account of the Trustee.

(b) The Trustee shall encash the notes or similar obligations quarterly in equal proportions in terms of their unit of denomination, as needed for disbursement and transfers referred to in paragraph 8 and the operational and administrative requirements for liquidity of the Trustee and the Implementing Agencies, as determined by the Trustee. At the request of a Contributing Participant that is also an eligible recipient under the GEF Trust Fund the Trustee may permit postponement of encashment for up to two years in light of exceptionally difficult budgetary circumstances of the Contributing Participant.

(c) In respect of each contribution under paragraph 1 (b), payment shall be made in accordance with the terms on which such contributions are accepted by the Trustee.

Currency of Denomination and Payment

5. (a) Contributing Participants shall denominate their contributions in Special Drawing Rights (SDRs) or a currency that is freely convertible as determined by the Trustee, except that if a Contributing Participant's economy experienced a rate of inflation in excess of fifteen percent per annum on average in the period 1990 to 1992 as determined by the Trustee as of the date of adoption of this Annex, its contribution shall be denominated in SDRs.

(b) Contributing Participants shall make payments in SDRs, a currency used for the valuation of the SDR, or with the agreement of the Trustee in another freely convertible currency, and the Trustee may exchange the amounts received for such currencies as it may decide.

(c) Each Contributing Participant shall maintain, in respect of its currency paid to the Trustee and the currency of such Contributing Participant derived therefrom, the same convertibility as existed on the date of adoption of this Annex.

Effective Date

6. (a) The GEF Trust Fund shall become effective and the resources to be contributed pursuant to this Annex shall become payable to the Trustee on the date when Contributing Participants whose contributions aggregate not less than SDR 980.53 million shall have deposited with the Trustee Instruments of Commitment or Qualified Instruments of Commitment (the effective date), provided that this date shall not be later than October 31, 1994, or such later date as the Trustee may determine.

(b) If the Trustee determines that the effective date is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Participants to review the situation and to consider the steps to be taken to prevent an interruption of GEF financing.

Advance Contribution

7. (a) In order to avoid an interruption in the GEF's ability to make financing commitments pending the effectiveness of the GEF Trust Fund, and if the Trustee will have received Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 280.15 million the

Trustee may deem, prior to the effective date, one-quarter of the total amount of each contribution for which an Instrument of Commitment has been deposited with the Trustee as an advance contribution, unless the Contributing Participant specifies otherwise in its Instrument of Commitment. Advance contributions shall be paid to the GEF under Resolution 91-5 adopted by the Executive Directors of the World Bank and shall be governed by the provisions of that Resolution until the effective date.

(b) The Trustee shall specify when advance contributions pursuant to paragraph (a) above are to be paid to the Trustee.

(c) The terms and conditions applicable to contributions under this Annex shall apply also to advance contributions until the effective date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Participant for its contribution.

Commitment or Transfer Authority

8. (a) Contributions shall become available for commitment by the Trustee, for disbursement or transfer as needed pursuant to the work program approved by the Council under paragraph 20(c) of the Instrument, upon receipt of payment by the Trustee, except as provided in subparagraph (c) below.

(b) The Trustee shall promptly inform Contributing Participants if a Participant that has deposited a Qualified Instrument of Commitment and whose contribution represents more than 20 percent of the total amount of the resources to be contributed pursuant to this Annex has not unqualified at least 50 percent of the total amount of its contribution by November 30, 1995, or 30 days after the effective date, whichever is later, and at least 75 percent of the total amount of its contribution by November 30, 1996, or 30 days after the effective date, whichever is later, and the total amount thereof by November 30, 1997, or 30 days after the effective date, whichever is later.

(c) Within 30 days of the dispatch of notice by the Trustee under paragraph (b) above, each other Contributing Participant may notify the Trustee in writing that the commitment by the Trustee of the second, third or fourth tranche, whichever is applicable, of such Participant's contribution shall be deferred while, and to the extent that, any part of the contribution referred to in subparagraph (b) remains qualified; during such period, the Trustee shall make no commitments in respect of the resources to which the notice pertains unless the right of the Contributing Participant is waived pursuant to paragraph (d) below.

(d) The right of a Contributing Participant under paragraph (c) above may be waived in writing, and it shall be deemed waived if the Trustee receives no written notice pursuant to such subparagraph within the period specified therein.

(e) The Trustee shall consult with the Contributing Participants where, in its judgment: (i) there is a substantial likelihood that the total amount of the contribution referred to in paragraph (b) above could not be committed to the Trustee without qualification by June 30, 1998, or (ii) as a result of Contributing

Participants exercising their rights under paragraph (b), the Trustee is or may shortly be precluded from entering into new commitments for disbursement or transfer.

- (f) Commitment and transfer authority shall be increased by:
 - (i) the income of investment of resources held in the GEF Trust Fund pending disbursement or transfer by the Trustee;
 - (ii) uncommitted resources transferred to the Trustee upon termination of the GET;
 - (iii) the amount of undisbursed commitments that have been canceled; and
 - (iv) payments received by the Trustee as repayment, interest or charges on loans made by the GEF Trust Fund.
- (g) Commitment and transfer authority shall be reduced for the reimbursement of administrative costs charged against the resources of the GEF Trust Fund, as determined by the Trustee on the basis of the work program and budget approved by the Council.
- (h) The Trustee may enter into agreements to provide financing from the GEF Trust Fund, conditional on such financing becoming effective and binding on the GEF Trust Fund when resources become available for commitment by the Trustee.

Attachment I: Global Environment Facility Trust Fund (Contributions)

Omitted

Attachment II: Global Environment Facility Trust Fund (Instrument of Commitment)

Omitted

Annex D Principles of Cooperation among the Implementing Agencies

I. General Principles

1. At the United Nations Conference on Environment and Development, Governments recognized that new forms of cooperation are required to achieve better integration among national and local government, industry, science, environmental groups and the public in developing and implementing effective approaches to integrating environment and development. The responsibility for bringing about changes lies primarily with Governments in consultation with national major groups and local communities, and in collaboration with national, regional and international organizations, including in particular UNDP, UNEP and the World Bank.

2. In this context, the GEF has a special role to play in providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in accordance with paragraphs 2 and 3 of the Instrument.
3. By designating UNDP, UNEP and the World Bank as the Implementing Agencies of the GEF, the Participants have recognized that the three agencies have key roles to play in the implementation of GEF-financed activities within their respective spheres of competence, and in facilitating cooperation in GEF-financed activities by multilateral development banks, United Nations agencies and programs, other international institutions, national institutions and bilateral development agencies, local communities, non-governmental organizations, the private sector and the academic community in accordance with paragraph 28 of the Instrument.
4. For their part, the three agencies recognize the need for institutional arrangements in conformity with, and providing input to the fulfillment of, GEF objectives, based on a results-oriented approach and in a spirit of partnership, and consistent with the principles of universality, democracy, transparency, cost-effectiveness and accountability.
5. The Implementing Agencies will put these principles into practice by ensuring the development and implementation of programs and projects which are country-driven and based on national priorities designed to support sustainable development. Actions needed to attain global environmental benefits are strongly influenced by existing national policies and subregional and regional cooperative mechanisms. GEF financing will need to be coordinated with appropriate national policies and strategies as well as with development financing. To the extent that the GEF operates a funding mechanism for global environmental conventions, the Implementing Agencies will focus on joint programming and implementation with eligible countries, either directly or, where appropriate, at a subregional or regional level, of the program priorities and criteria adopted by the Conference of the Parties to each Convention.
6. In developing joint work programs and in project preparation, the Implementing Agencies will, through country-driven initiatives, collaborate with eligible countries in the identification of projects for GEF funding through a jointly operated Project Preparation Assistance Program. Priority will be given to integrating global environmental concerns with national ones in the framework of national sustainable development strategies.
7. The Implementing Agencies will assure the cost-effectiveness and sustainability of their activities in addressing the targeted global environmental issues. In this context, one important feature of adhering to these principles is that the least-cost sustainable means of meeting many global environmental objectives lie in a combination of investment, technical assistance, and policy actions at the national and regional level. The experience and mandate of each Implementing Agency will contribute to bringing to light, when assessing specific project interventions, the range of possible policy, technical assistance and investment options. In addition, each Implementing Agency will strive to promote measures to achieve global environmental benefits within the context of its regular work programs.

8. The Implementing Agencies are committed to facilitating continued effective participation, as appropriate, of major groups and local communities and to promoting opportunities for mobilizing outside resources in support of GEF activities.

9. Collaboration among the Implementing Agencies will be sufficiently flexible to promote introduction of modifications as the need arises. Within an overall cooperative framework, the Implementing Agencies will strive for innovative approaches to strengthening their collaboration and effectiveness, in particular at the country level, and an efficient division of labor that maximizes the synergy among them and recognizes their terms of reference and comparative advantages.

II. Emphasis of Each Implementing Agency

10. The Implementing Agencies recognize that in carrying out their responsibilities there will be areas of shared interest and work effort focusing primarily on the integration of GEF objectives and activities with national sustainable development strategies. In addition to collaboration in promoting an efficient and effective response to issues of shared interest, the agencies' partnership will recognize distinctive areas of emphasis.

11. Areas of particular emphasis for each of the Implementing Agencies will be as follows:

(a) UNDP will play the primary role in ensuring the development and management of capacity building programs and technical assistance projects. Through its global network of field offices, UNDP will draw upon its experience in human resources development, institutional strengthening, and non-governmental and community participation to assist countries in promoting, designing and implementing activities consistent with the purpose of the GEF and national sustainable development strategies. Also drawing on its intercountry programming experience, UNDP will contribute to the development of regional and global projects within the GEF work program in cooperation with the other Implementing Agencies.

(b) UNEP will play the primary role in catalyzing the development of scientific and technical analysis and in advancing environmental management in GEF-financed activities. UNEP will provide guidance on relating the GEF-financed activities to global, regional and national environmental assessments, policy frameworks and plans, and to international environmental agreements. UNEP will also be responsible for establishing and supporting the Scientific and Technical Advisory Panel (STAP) as an advisory body to the GEF.

(c) The World Bank will play the primary role in ensuring the development and management of investment projects. The World Bank will draw upon its investment experience in eligible countries to promote investment opportunities and to mobilize private sector resources that are consistent with GEF objectives and national sustainable development strategies.

III. Process of Collaboration

12. The Implementing Agencies will be accountable to the Council for their GEF-financed activities in accordance with paragraph 22 of the Instrument.

13. Responsibility for facilitating and coordinating GEF-financed activities will be vested in the Secretariat in accordance with paragraph 21 of the Instrument. The Secretariat, in addition to servicing the Assembly and the Council, will provide a focal point for coordinating the GEF-financed activities of the Implementing Agencies, including interaction of the Implementing Agencies with the Council, coordination of the preparation of the GEF joint work program, oversight of the implementation of program activities pursuant to the joint work program, preparation and monitoring of budgets, and ensuring liaison with other bodies as appropriate.

14. In order to facilitate the collaboration between the agencies and ensure the effective development and execution of the GEF joint work program, an ongoing interagency process is essential. Such a process will be embodied in an interagency committee, which will function on two distinct levels:

(a) As an institutionalized high-level forum focusing on strategic operational issues, common direction and broad guidance of the interagency collaborative process. This forum will consist of the heads of agency or their representatives and will be convened by the Chief Executive Officer of the Facility (CEO). It will meet regularly as needed, and no less than once a year.

(b) As a staff level interagency group which will collaborate with the Secretariat in the preparation of a joint work program, focus on all pertinent issues concerning the operations of the Facility, its projects, communication and outreach, and other initiatives. This interagency group will be chaired by the Secretariat in accordance with paragraph 21(e) of the Instrument.

Other ad hoc interagency groups may be established as deemed necessary.

Annex E Constituencies of the GEF Council

1. GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as “recipient constituencies”), and 14 constituencies composed principally of non-recipient countries (referred to as “non-recipient constituencies”).

2. The 18 recipient constituencies shall be distributed among the following geographic regions, bearing in mind the possibility of mixed constituencies:

Africa	6
Asia and Pacific	6
Latin America and Caribbean	4
Central, Eastern Europe and Former Soviet Union	2

3. For each geographic region referred to in paragraph 2, recipient constituencies shall be formed through a process of consultation among the GEF recipient country Participants in the region in

accordance with their own criteria. It is expected that in this consultation process a number of criteria will be taken into account, including:

- (a) Equitable and balanced representation from within the geographic region;
- (b) Commonality of global, regional and subregional environmental concerns;
- (c) Policies and efforts towards sustainable development;
- (d) Natural resource endowment and environmental vulnerability;
- (e) Contributions to the GEF as defined in paragraph 25(c)(iii) of the Instrument; and
- (f) All other relevant and environment-related factors.

4. The non-recipient constituencies shall be formed through a process of consultation among interested Participants. It is expected that grouping of non-recipient countries will be primarily guided by total contributions as defined in paragraph 25(c) (iii) of the Instrument.

5. Consultations to form the constituencies shall take place following the acceptance of the Instrument by representatives of the States participating in the GEF. The GEF Secretariat will provide assistance to facilitate these consultations at the regional level. The Secretariat shall be informed of the initial composition of each constituency no later than May 15, 1994.

6. The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of the establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

7. The Participant or Participants in each constituency shall appoint a Member and an Alternate to represent the constituency in the Council. The names and addresses of the Members and Alternates for each constituency shall be communicated to the Secretariat no later than two weeks prior to the first meeting of the Council pursuant to paragraph 33 of the Instrument, and shall be subject to confirmation by the Participant or Participants in each constituency upon the confirmation of the constituencies by the Council under paragraph 6 above.

8. Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting.

9. Each Council Member or Alternate shall represent the Participant or Participants in the constituency by which that Member or Alternate was appointed, subject to any adjustments pursuant to paragraph 8 above, and any termination of participation in accordance with paragraph 7 of the Instrument.

10. If the office of a Council Member or Alternate becomes vacant before the expiration of the term of office of the Member or Alternate, the Participant or Participants in the constituency concerned shall

appoint a new Member or Alternate, whose name and address shall be communicated to the Secretariat no later than two weeks prior to the next meeting of the Council.

11. In accordance with paragraph 25(a) of the Instrument, the Council may adopt procedures to give effect to the provisions of this Annex.

Section IV. The GEF Assembly

The Instrument for the Establishment of the Restructured Global Environment Facility provides for the convening of an Assembly of all Participants to review GEF's general policies, review and evaluate its operation, keep under review its membership, and consider for approval amendments to the present Instrument.

The GEF Assembly has met twice so far. The First GEF Assembly was held in New Delhi, India, on 1-3 April 1998, and adopted the New Delhi Statement. The Second GEF Assembly took place in Beijing, China, on 16-18 October 2002, and adopted the Beijing Declaration.

The rules of procedure for the GEF Assembly were adopted by the participants in the first Assembly of the Global Environment Facility.

Rules of Procedure for the GEF Assembly

I. Scope

1. These rules of procedure shall apply to the conduct of business of the Assembly of the Global Environment Facility (GEF).

II. Definitions

2. For the purposes of these rules:

a. “Instrument” means the *Instrument for the Establishment of the Restructured Global Environment Facility*, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies.

b. “GEF” means the restructured Global Environment Facility established in accordance with, and for the purposes set forth in, the Instrument.

c. “Chair” means the Representative elected Chairperson by the Assembly for the duration of a meeting in accordance with paragraph 13 of the Instrument.

d. “CEO” means the Chief Executive Officer/Chairperson of the Facility appointed by the GEF Council in accordance with paragraph 21 of the Instrument.

e. “Trustee” means the International Bank for Reconstruction and Development (IBRD or World Bank) acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 of the Instrument.

f. “Implementing Agencies” means the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank, in accordance with paragraph 22 of the Instrument.

g. “Secretariat” means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument.

h. “Participants” means States which have become Participants in the GEF in accordance with paragraph 7 of the Instrument.

i. “GEF Trust Fund” means the trust fund established in accordance with paragraph 8 of the Instrument.

j. “STAP” means the Scientific and Technical Advisory Panel established by UNEP in accordance with paragraph 24 of the Instrument.

k. “Attend” means that a representative shall be permitted to be present in the Assembly meeting room and, at the invitation of the Chair, may address the Assembly.

- l. “Observe” means that a representative shall be permitted to observe the Assembly proceedings from a viewing room. At the invitation of the Chair, an observer may address the Assembly.
- m. “Meeting” means any regular or special meeting of the Assembly.
- n. “Session” means a period of a meeting.
- o. “Major groups” means the nine major groups identified in Chapters 23-32 of Agenda 21.

III. Assembly

Attendance

Paragraph 13 of the Instrument provides:

The Assembly shall consist of Representatives of all Participants. ... Each Participant may appoint one Representative and one Alternate to the Assembly in such manner as it may determine. Each Representative and each Alternate shall serve until replaced.

- 3. Assembly meetings shall be open to accredited Representatives and Alternates of all Participants. Two advisors may accompany each Representative in the meeting room during any session. Other advisors may observe the sessions of the Assembly from a viewing room.
- 4. Assembly meetings shall be open to the CEO and his/her representatives.
- 5. Representatives of:
 - a. Implementing Agencies,
 - b. Trustee,
 - c. STAP,
 - d. Convention on Biological Diversity,
 - e. United Nations Framework Convention on Climate Change,
 - f. Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund,
 - g. United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa,
 - h. United Nations Commission on Sustainable Development,
 - i. Regional Development Banks,
 - j. United Nations Specialized Agencies that have participated in GEF projects,
 - k. Other funding organizations, including bilateral development agencies, that have participated in GEF projects, and
 - l. accredited major groups,

shall be invited to the Assembly meetings. Four representatives from the organizations referred to in sub-paragraphs a.-e. may attend the Assembly sessions. Two representatives from the organizations referred to in sub-paragraphs f.-k. may attend the Assembly sessions. Eighteen representatives from accredited

major groups may attend Assembly sessions. Other representatives at the Assembly may observe the sessions of the Assembly from a viewing room.

Credentials

6. The credentials of Representatives and the names of Alternates and advisors shall be submitted to the CEO not less than three days before the first session they are to attend. The Bureau shall examine the credentials and submit a report thereon to the Assembly.

Frequency

Paragraph 13 of the Instrument provides:
The Assembly shall meet once every three years.

7. The CEO shall give notice of the date of each Assembly not less than sixteen weeks prior to the date of such Assembly. Notice shall be conveyed to all those invited to the Assembly in accordance with paragraphs 3 to 5 above.

IV. Agenda for Meetings

8. A provisional agenda for each Assembly meeting shall be prepared by the CEO and approved by the Council. A copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 3 to 5 of these rules.

9. Additions to the provisional agenda may be proposed to the CEO by any Participant and incorporated in the final provisional agenda, provided that the Participant shall give notice thereof to the CEO not less than four weeks prior to the date fixed for the opening of the meeting. The CEO may also propose additions to the provisional agenda of the meeting. The final provisional agenda for the meeting shall be transmitted by the CEO to all those invited to the meeting in accordance with paragraphs 3 to 5 of these rules two weeks prior to the date fixed for the opening of the meeting.

10. The Assembly shall, at the beginning of each meeting, adopt the agenda for the meeting.

V. Transmittal of Documents

11. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraph 3 to 5 of these rules at least six weeks before the start of the meeting. The CEO shall transmit documentation relating to new items on a final provisional agenda at the time of transmitting that agenda.

VI. Elections

12. At the commencement of its meeting, the Assembly shall elect a Chair and two vice-Chairs from among the Representatives attending the meeting: one vice-Chair shall be a Representative of a recipient country Participant, and one vice-Chair shall be a Representative of a non-recipient country Participant. The Chair and vice-Chairs shall constitute the Bureau of the meeting.

13. The Chair shall decide on any special responsibilities of vice-Chairs.

14. The Chair shall serve in the meeting in that capacity, without the right to vote. The Alternate to the Representative elected Chair shall act for the Representative in the meeting. If the Chair finds it necessary to be absent during a session or any part thereof, he/she shall designate one of the vice-Chairs to take his/her place.

VII. Secretariat

15. The CEO shall act in that capacity in all meetings of the Assembly and shall serve as an ex-officio member of the Bureau of the meeting. The CEO may authorize an official of the Secretariat to act in his place at meetings of the Assembly.

16. An official of the Secretariat designated by the CEO shall serve as Secretary of the Assembly.

VIII. Languages

17. Documentation for the Assembly will be made available in Arabic, Chinese, English, French, Russian, and Spanish. Interventions shall be made at the Assembly meetings in either Arabic, Chinese, English, French, Russian, or Spanish, and shall be interpreted into the other five languages.

IX. Conduct of business

18. The Chair shall preside over the meetings of the Assembly.

Interventions

19. The Chair shall call upon Representatives in the order in which they indicate their desire to speak. The Chair may also, at his/her discretion, call upon representatives of organizations and groups listed in paragraph 5 to speak.

20. Debate shall be confined to the question before the Assembly, and the Chair may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

21. With the consent of the Assembly, the Chair may limit the time allowed to speakers and the number of times a speaker may speak on any question.

Closure of list of speakers

22. During the course of a debate, the Chair may announce the list of speakers and, with the consent of the Assembly, declare the list closed. When there are no more speakers on the list, the Chair shall declare the debate closed.

X. Decision of the Assembly

Paragraph 25(b) of the Instrument provides:
Decisions of the Assembly ... shall be taken by consensus.

Proposed recommendations of the Council

23. The Council shall prepare for consideration by the Assembly its proposed recommendations and draft decisions concerning the issues under review by the Assembly.

XI. Record of the Meeting

24. Before the end of each meeting, the Chair shall prepare, in consultation with the Bureau, and present a summary of the main discussions and conclusions of the meeting. Any recommendation/decision approved by the Assembly at a meeting shall be appended to the Chair's summary. The Chair's summary and the Assembly's recommendations/decisions shall be a public document.

25. The Secretariat will arrange for sound recordings of the proceedings of each meeting. The sound recordings of the meetings of the Assembly shall be kept by the Secretariat.

XII. Amendments to the Rules

26. These rules may be amended by consensus of the Assembly.

XIII. Overriding Authority of the Instrument

27. In the event of any conflict between any provision of these rules and any provision of the Instrument, the provisions of the Instrument shall prevail.

The New Delhi Statement of the First GEF Assembly

The Assembly of the Global Environment Facility,

Having met for the first time in New Delhi from April 1-3, 1998,

Expressing its utmost appreciation to the Government and people of India for hosting the Assembly and for their generosity, hospitality and the excellent arrangements made available to all Participants,

Taking note of the views expressed by Representatives of GEF Participant states at this Assembly,

Recognizing that the GEF is the multilateral funding mechanism dedicated to promoting global environmental protection within a framework of sustainable development by providing new and additional grant and concessional funding.

Recognizing also that its beneficiaries are all people of the globe, and that the need for the GEF is even greater as we enter the new millennium given the state of the global environment and of underdevelopment,

Stressing that the GEF is a unique and successful example of international cooperation that offers lessons for other endeavors,

Affirming the significant role of the GEF in supporting the objectives of agreed global environmental conventions and protocols, such as the Convention on Biological Diversity, the UN Framework Convention on Climate Change and the Kyoto Protocol, the Vienna Convention and the Montreal Protocol on Substances that Deplete the Ozone Layer, and the UN Convention to Combat Desertification.

Acknowledging the significant progress that has been made by the GEF, its Implementing Agencies (UNDP, UNEP and the World Bank), and the Secretariat, in the four years since its restructuring in its organization and management, in establishing its institutional and operational framework, and in supporting developing countries and countries with economies in transition in their efforts for global environmental improvements and in implementing the Rio conventions,

Acknowledging further the excellent work of the Scientific and Technical Advisory Panel (STAP) in providing strategic advice and in reviewing projects,

Welcoming the Second Replenishment of the GEF Trust Fund of \$2.75 billion which will enable the GEF to continue its successful efforts to promote global environmental goals and sustainable development,

Taking note of Council's decisions and drawing, as appropriate, upon analyses and recommendations from the Study of GEF's Overall Performance, the Study of GEF Project Lessons, the GEF Project Implementation Review, and the CEO's Report on the Policies, Operations and Future Development of the GEF,

Agrees that for the GEF to meet its deepening potential and fulfill its multiple missions:

1. GEF should remain a facility at the cutting edge, innovative, flexible and responsive to the needs of its recipient countries, as well as a catalyst for other institutions and efforts.
2. GEF activities should be country-driven and efforts should be strengthened to achieve country ownership of GEF projects. To achieve this,
 - a. GEF activities should be based on national priorities designed to support sustainable development and the global environment,
 - b. GEF should develop and implement a strategy for greater outreach and communication which targets GEF's multiple constituencies, with a view to enhancing global awareness of the global environment and the GEF, and should increase consultations with non-governmental organizations (NGOs) and local communities concerning GEF activities,
 - c. GEF should develop and implement an action plan to strengthen country-level coordination and to promote genuine country ownership of GEF-financed activities, including the active involvement of local and regional experts and community groups in project design and implementation.
3. GEF should increase efforts towards ensuring the sustainability of the global environment benefits generated by GEF-financing and should act as a catalyst to bring about longer-term coordinated efforts with other funders for capacity building and training.
4. GEF should streamline its project cycle with a view to making project preparation simpler, transparent and more nationally-driven.
5. GEF should undertake longer-term planning and multi-year support programs with a view to maximizing global environmental benefits.
6. While recognizing the importance of the principle of incremental costs for the GEF, its definition should be made more understandable. GEF should make the process of determining incremental costs more transparent and its application more pragmatic.

7. GEF should be a learning entity and should strengthen its monitoring and evaluation functions and increase efforts to disseminate lessons learned from its experience in implementing its portfolio of projects and to stimulate the transfer and adoption of new technologies by recipient countries.
8. In consultation with the Secretariat of the UN Convention to Combat Desertification, GEF should seek to better define the linkages between land degradation, particularly desertification and deforestation, and its focal areas and to increase GEF support for land degradation activities as they relate to the GEF focal areas.
9. GEF Implementing Agencies should promote measures to achieve global environmental benefits within the context of their regular programs and consistent with the global environmental conventions while respecting the authority of the governing bodies of the Implementing Agencies.
10. GEF should build strong relationships and networks with the global scientific community, especially with national scientists and scientific institutions in recipient countries.
11. GEF should promote greater coordination and co-financing of its activities from other sources, including bilateral funding organizations, and should expand opportunities for execution of activities by those entities referred to in paragraph 28 of the Instrument, in particular the Regional Development Banks and non-governmental organizations (NGOs).
12. GEF should strive to mobilize additional resources from both public and private sources. The GEF, as a platform for technological change, should also explore new opportunities for private sector partnerships as well as private-public joint ventures.

Beijing Declaration of the Second GEF Assembly

The Second Global Environment Facility Assembly,

Having met in Beijing, China, from October 16-18, 2002,

Expressing its deep appreciation to the Government and people of the People's Republic of China for hosting the Assembly and for their exceptional generosity, hospitality and arrangements extended to all Participants,

Taking note of the views expressed by Representatives of GEF Participant states at this Assembly,

Recognizing that managing the global environment benefits all people, since we live in an integrated and interdependent world, and that sustainable development is essential to secure poverty eradication and greater welfare for all people,

Acknowledging that the last decade has been a period of significant global change and underscoring the importance of the Millennium Development Goals and amongst those in particular the goal "to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoiled by human activities, and whose resources would no longer be sufficient for their needs."

Welcoming the conclusions of the World Summit on Sustainable Development held in Johannesburg, South Africa, in August/September 2002, that deepened and strengthened the concept and principles of sustainable development, confirmed the importance of multilateral action at the global level and the principle of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development, and endorsed as a critical priority the effective implementation of the WSSD Plan of Implementation,

Noting that since the first Assembly, the GEF has produced significant results in effectively using its resources for global environmental protection and sustainable development, has strengthened and clarified its institutional structure, and improved the efficiency and effectiveness of its management and operations,

Welcoming the successful and substantial Third Replenishment of the GEF Trust Fund in the amount of US\$2.966 billion (SDR 2.341 billion) which includes voluntary contributions and which will provide additional resources necessary to enable the GEF to address the funding requirements of new focal areas and existing ones and to continue to be responsive to the needs and concerns of its recipient countries,

Reaffirming the GEF's overarching objectives, as enunciated in the *Instrument for the Establishment of the Restructured GEF*, of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve global environmental benefits within a framework of sustainable development,

Noting that the GEF is a novel multilateral entity based on a partnership among member states as well as among the GEF Secretariat, STAP, and the three implementing agencies - UNDP, UNEP and the World Bank - which have made significant contributions to the evolution and success of the GEF,

Welcoming the increasing partnership with the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, and the United Nations Industrial Development Organization through expanded opportunities for executing agencies,

Also recognizing that the GEF is the only multi-convention financing facility in existence and is now the major source of funding specifically supporting the Convention on Biological Diversity and the UN Framework Convention on Climate Change and that the GEF is also a source of funding supporting the Stockholm Convention on Persistent Organic Pollutants and the UN Convention to Combat Desertification,

Welcoming the steps that have been taken to further strengthen the relationships with these conventions,

Agreeing that the GEF should continue to evolve and apply lessons learned, taking note of Council's decisions and the views and proposals of the Participants and drawing upon the analysis and recommendations from the Second Overall Performance Study of the GEF (OPS2), the third replenishment of the GEF Trust Fund and the *CEO's Report on the Policies, Operations and Future Development of the GEF*,

Agrees that in order to further strengthen the GEF to respond to its evolving challenges:

Expanded mandate of the GEF

1. Land degradation, primarily desertification and deforestation, and persistent organic pollutants shall be new GEF focal areas. In this regard, the decision approved by the Assembly to amend the *Instrument for the Establishment of the Restructured GEF* is appended to this statement.
2. The Assembly, recalling paragraph 39(f) of the WSSD Plan of Implementation, confirms that the GEF shall be available as a financial mechanism of the *UN Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa*, pursuant to paragraph 21 of the Convention, if the Conference of the Parties should so decide. In this regard, the

Assembly requests the Council to consider any such decision of the Conference of the Parties with a view to making the necessary arrangements.

Third replenishment of the GEF Trust Fund

3. In welcoming the third replenishment, the largest ever, the Assembly calls upon countries and other entities who are in a position to do so to make additional contributions to the GEF.

World Summit on Sustainable Development

4. The GEF should assist in the implementation of the results of the WSSD through its work, consistent with its mandate and taking into account the situation of Least Developed Countries and Small Island Developing States. In particular, the GEF should take into account the importance placed by the Summit on regional and sub-regional initiatives, such as NEPAD and the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, and on public participation, stakeholder involvement and partnerships.

Enhancement of GEF activities at the country level

5. Country drivenness and country ownership are essential to the success of GEF activities. GEF activities should be consistent with national priorities and integrated into national planning frameworks, such as national sustainable development strategies and poverty reduction strategies. The GEF should consult with each country on the range of operational tools and programming options developed for accessing GEF assistance (e.g. the small grants program, enabling activities, medium-sized projects, the programmatic approach, and strategic partnerships) so as to tap the most appropriate tools to address needs and enhance performance and effectiveness.

6. The GEF should continue to enhance its partnership with civil society, including nongovernmental organizations, local communities and indigenous peoples' organizations, at the country level. In this regard, the GEF should seek to expand the Small Grants Program to more countries, and in particular to the Least Developed Countries and Small Island Developing States.

7. National operational focal points should be strengthened to effectively carry out their responsibilities in the GEF.

Capacity building

8. Capacity building is essential to achieving results and improving performance at the country level. The capacity needs and priorities of recipient countries should be identified and addressed in a systematic way if such countries are to be effective in addressing global environment issues. Where a need is identified for capacity building, removal of policy barriers or strengthening of other conditions that contribute to project success, such capacity building needs or barriers should be addressed as a first step.

9. In addressing capacity building, the GEF should foster synergies amongst the global environmental conventions and coordinate enabling and capacity building activities to achieve

effectiveness, efficiency, and better mainstreaming of global environmental issues into the sustainable development agenda. Medium sized projects should play an important role in GEF action for capacity building, particularly in Least Developed Countries and Small Island Developing States.

Strategic planning

10. The GEF should enhance its strategic business planning for allocating scarce GEF resources to high priority areas within and among focal areas, taking into account national priorities, with a view towards maximizing the impact of these resources on global environmental improvements and promoting sound environmental policies and practices worldwide.

Project cycle

11. The GEF should continue to be a cutting-edge, country-driven facility that is creative, responsive and capable of programming sustainable global environmental benefits. In this regard, the GEF project cycle should be reviewed, in cooperation with the Implementing and Executing Agencies as well as national operational focal points, with a view towards making it more simple and efficient and taking into account lessons learned and findings of the GEF monitoring and evaluation program.

Incremental Costs

12. GEF should continue its efforts to make more understandable the concept of agreed incremental costs and global benefits by countries and staff of the Implementing and Executing Agencies. Efforts should be aimed at linking global environmental benefits and incremental costs in a negotiating process that partner countries and the GEF would use to reach agreement on incremental costs, recognizing that the process for determining incremental costs should be transparent, flexible and pragmatic.

Catalytic Role

13. The GEF should strengthen its catalytic role, through mainstreaming, cofinancing, and particularly the replication of successful activities on a much larger scale.

Technology Transfer and Private Sector

14. The GEF should enhance technology transfer by strengthening public-private partnerships and technology cooperation, both North/South and South/South.

15. Recognizing previous efforts to engage the private sector, the GEF should develop a new strategy, in dialogue with private sector entities, to better engage the private sector with greater emphasis on the development of an enabling environment and market-oriented strategies to enhance sustainability and replication. Such a strategy should aim to further improve operational procedures so as to expand GEF partnerships with the private sector.

Measuring performance through strengthened monitoring and evaluation

16. The GEF should ensure that strategic goals and priorities established in the strategic business plan are linked to programmatic and project performance indicators, including expected outcomes that can be monitored and measured with a view to assessing progress towards fulfilling such strategic goals.

17. In this regard, the GEF monitoring and evaluation unit, for purposes of evaluation, should be made independent, reporting directly to the Council. The GEF should establish procedures to disseminate lessons learned and best practices to ensure more systematic use of the results and outputs of GEF projects for the improvement of planning and subsequent activities.

18. The Assembly expresses its deep appreciation to Mohamed T. El-Ashry for his outstanding commitment and strong leadership and vision in building the GEF as the premier funding mechanism for the global environment during his decade of service as the first CEO/Chairman of the GEF.

Appendix:

Decision of the Second Global Environment Facility Assembly

The Second Global Environment Facility Assembly,

Recalling paragraph 34 of the Instrument for the Establishment of the Restructured Global Environment Facility,

Having considered the recommendations of the GEF Council for proposed amendments to the Instrument,

1. Approves by consensus the following amendments to the Instrument:

(a) Amend paragraph 2 by adding two new subparagraphs (e) and (f), which reads:

- “(e) Land degradation, primarily desertification and deforestation; and
- (f) Persistent organic pollutants.”

(b) Revise paragraph 3 to read:

“The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the focal areas.”

(c) Insert a new sentence before the penultimate sentence of paragraph 6, which reads:

“The GEF shall also be available to serve as an entity entrusted with the operation of the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants.”

(d) Amend the penultimate sentence of paragraph 6 to read:

“In such respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, program priorities and eligibility criteria for the purposes of the conventions.”

(e) Amend paragraph 21(f) to read:

“Coordinate with the Secretariats of other relevant international bodies, in particular the Secretariats of the conventions referred to in paragraph 6, the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund and the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.”

2. *Invites* the CEO/Chairman of the Facility to submit these amendments to the Implementing Agencies and the Trustee and to request that they adopt the amendments in accordance with their respective rules and procedural requirements.

3. *Invites* the CEO/Chairman of the Facility to inform all Participants of the effectiveness of the amendments once the Implementing Agencies and Trustee have approved them.

Section V. The GEF Council

The GEF Council is responsible for developing, adopting and evaluating the operational policies and programs for GEF-financed activities, in conformity with the present Instrument and fully taking into account reviews carried out by the Assembly.

The GEF Council has met twenty-four times so far. The meeting is normally held at the seat of the GEF Secretariat and twice every year.

The rules of procedure for the GEF Council were adopted by the Council at its meeting on November 3, 1994. Amendments to the rules were adopted by the Council at its meeting on May 5, 1999. These rules complement the ones contained in the Instrument for the Establishment of the Restructured Global Environment Facility,

Rules of Procedure for the GEF Council

I. Scope

1. These rules of procedure shall apply to the conduct of business of the Council of the restructured Global Environment Facility.

II. Definitions

2. For the purposes of these rules:

a. “Instrument” means the Instrument for the Establishment of the Restructured Global Environment Facility, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies.

b. “GEF” means the restructured Global Environment Facility established in accordance with, and for the purposes set forth in, the Instrument.

c. “Council” means the Council of the GEF established in accordance with paragraphs 11 and 15 to 20 of the Instrument.

d. “Elected Chairperson” means the Member elected Chairperson by the Council for the duration of a meeting in accordance with paragraph 18 of the Instrument.

e. “CEO” means the Chief Executive Officer/Chairperson of the Facility appointed by the Council in accordance with paragraph 21 of the Instrument.

f. “Chair” means the Elected Chairperson and/or the CEO, as the case may be, who is responsible for conducting the deliberations of the Council meeting in accordance with paragraph 18 of the Instrument.

g. “Trustee” means the International Bank for Reconstruction and Development (IBRD or World Bank) acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 of the Instrument.

h. “Implementing Agencies” means the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank in accordance with paragraph 22 of the Instrument.

i. “Secretariat” means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument.

j. “Participants” means States which have become Participants in the GEF in accordance with paragraph 7 of the Instrument.

- k. “GEF Trust Fund” means the trust fund established in accordance with paragraph 8 of the Instrument.
- l. “GET” means the Global Environment Trust Fund established for the GEF pilot program by Resolution No. 91-5 of the Executive Directors of the World Bank.
- m. “STAP” means the Scientific and Technical Advisory Panel established by UNEP in accordance with paragraph 24 of the Instrument.
- n. “Attend” means that a representative shall be permitted to be present in the Council meeting room and, at the invitation of the Chair, may address the Council.
- o. “Observe” means that a representative shall be permitted to observe the Council proceedings from a viewing room. At the invitation of the Chair, an observer may address the Council.
- p. “Meeting” means any regular or special meeting of the Council.
- q. “Session” means a period of a meeting.

III. Council

Members and Alternates

Paragraph 16 of the Instrument provides:

The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants and giving due weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 14 Members from developed countries and 2 Members from the countries of central and eastern Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be reappointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for the absent Member.

- 3. In the event that both a Member and his/her Alternate are unable to attend a Council meeting, the Member may designate a temporary Alternate to act for him/her.
- 4. Except as may be expressly provided otherwise in these rules, any reference in these rules to a Member shall be deemed to include his/her Alternate or temporary Alternate when such Alternate acts for such Member.

Appointment/reappointment of Member/Alternate by a constituency

5. The outgoing Council Member, after consultation with the Participant or Participants in his/her constituency, shall communicate in writing to the CEO no later than 45 days prior to the expiration of the term the name and address of the newly appointed/reappointed Member/Alternate for the constituency. The CEO shall acknowledge this communication. Such acknowledgement shall be copied to all Participants in the constituency as well as to the Council Members and Alternates.

6. When informing the CEO of the appointment/reappointment of a Member/Alternate, the Council Member shall explicitly confirm that such appointment is being made with the agreement of the constituency after consultation with all Participants in the constituency.

7. The appointment/reappointment of a Council Member/Alternate shall be deemed confirmed, unless one or more Participants in the constituency communicates a written objection to the CEO within two weeks of the CEO's acknowledgement. If any objection is raised, the CEO shall inform the Participants to reach a consensus agreement on the appointment/reappointment of the Council Member/Alternate. The consensus agreement shall be communicated to the CEO/GEF as early as possible. The CEO will acknowledge this agreement in accordance with the procedure provided for in paragraph 2 above.

8. If a consensus agreement cannot be reached in a timely manner, Council Members/Alternates shall continue in office until their successors are appointed. The CEO shall draw to the Council's attention a lack of consensus that has not been resolved at the time of the expiration of the term of the outgoing Member/Alternate, and he/she may recommend to the Council modalities for providing assistance to facilitate consultations among the Participants. The Council shall advise the CEO on such recommendations.

9. If the positions of both Member and Alternate of a constituency are vacant, the focal point of any Participant in the constituency may inform the CEO of appointment/reappointment of a Member and Alternate, provided the Participant shall explicitly confirm that such appointment is being made with the agreement of the constituency after consultations with all Participants in the constituency.

10. Unless otherwise decided by the Participants in a constituency, the principles of decision making by the Council provided for in paragraph 25 of the Instrument for the Restructured Global Environment Facility shall apply *mutatis mutandis* to the constituency's decision making concerning the appointment/reappointment of the Member/Alternate.

11. When a Council Member/Alternate is to be appointed/reappointed, if the Member has not informed the CEO of the name and address of the new/reappointed Member/Alternate 45 days before the end of the term of the outgoing Council Member/Alternate, the CEO shall notify the Participants in the constituency of the expiration of the term and invite the Participants in the constituency to appoint/reappoint a new Council Member/Alternate.

Constituencies

Annex E, paragraph 1, of the Instrument provides:

GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as “recipient constituencies”) and 14 constituencies composed principally of nonrecipient countries (referred to as “non-recipient constituencies”).

Annex E, paragraph 6, of the Instrument provides:

The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of the establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

Annex E, paragraph 8, of the Instrument provides:

Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting.

12. At its first meeting after the effective date of the establishment of the GEF Trust Fund, the grouping of constituencies shall be subject to confirmation by the Council. At any meeting subsequent to notification to the Secretariat by a Member that a Participant has joined the Member’s constituency, that notification shall be subject to confirmation by the Council.

Change in constituency grouping

13. If, in accordance with the provisions of Annex E of the Instrument, a Participant cannot identify a constituency within which to be grouped, it may request the CEO to assist it in identifying an appropriate constituency grouping. The CEO shall undertake consultations with the Council Members concerned, who shall in turn consult with the Participants in their constituency. The CEO shall inform the Council if he/she is unable to identify a constituency grouping for the Participant.

14. If a Participant wishes to change the constituency in which it is grouped, the procedures provided for in paragraph 8 of Annex E of the Instrument shall apply. That is, after consultation with the Participants in the constituency in which it wishes to be grouped, the Participant shall notify the Secretariat of its interest in changing its constituency grouping. The Participant shall be grouped in the new constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting. The Council Member for the constituency shall confirm the constituency’s agreement, and the Council shall confirm the new constituency grouping at its next meeting.

IV. Meetings

Frequency

Paragraph 17 of the Instrument provides:

The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities.

15. The CEO shall convene two regular meetings of the Council in each calendar year. Such meetings shall normally be convened in April and October. Special meetings of the Council may be called by the CEO, after consultation with Members, when necessary decisions have to be made that cannot await adoption in a regular meeting or that are not taken pursuant to paragraphs 43 through 45.

16. The CEO shall give notice of the date of each regular meeting of the Council not less than eight weeks prior to the date of such meeting. The CEO shall give such notice for any special meeting of the Council not less than four weeks prior to the date of such meeting. Notice shall be conveyed to all those invited to the meeting in accordance with paragraphs 17 to 22 below.

Attendance

17. Council meetings shall be open to Members, Alternates and the CEO or his/her representative. Two advisors may accompany each Member.

18. Representatives of each of the Participants shall be invited to observe the Council meetings.

19. Representatives of the Implementing Agencies, the Trustee and STAP shall be invited to attend the Council meetings.

20. Consistent with paragraph 27 of the Instrument, representatives of the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity shall, on a reciprocal basis, be invited to attend the Council meetings and, as appropriate, to make a general introductory statement at each regular Council meeting and shall be provided with an opportunity after their statements to respond to questions from Members. In addition, such representatives, subject to paragraphs 34 and 35, may intervene in the discussions of relevant agenda items before the Council.

21. Representatives of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, and the United Nations Commission on Sustainable Development shall also be invited to attend the Council meetings.

22. The CEO may, in consultation with the Council, invite representatives of other organizations and entities, including NGOs, to attend or observe the Council meetings.

Executive sessions

23. Executive sessions of Council meetings may be held by decision of the Council. Executive sessions shall be open to Members, Alternates, advisors, and the CEO or his/her representative. The Council may invite representatives of bodies referred to in paragraphs 19 to 21 to attend an executive session. The CEO may designate an official of the Secretariat to serve as the Secretary of an executive session.

Quorum

Paragraph 17 of the Instrument provides:

Two-thirds of the Members of the Council shall constitute a quorum.

V. Agenda for meetings

24. A provisional agenda for each regular meeting of the Council shall be prepared by the CEO, and a copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules.

25. Additions to the provisional agenda of a regular meeting may be proposed to the CEO by any Member and incorporated in the final agenda provided that the Member shall give notice thereof to the CEO not less than fourteen days prior to the date fixed for the opening of the meeting. The final agenda for the meeting shall be transmitted by the CEO to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules seven days prior to the date fixed for the opening of the meeting.

26. An agenda for each special meeting of the Council shall be prepared by the CEO, and a copy of such agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules.

27. The Council shall, at the beginning of each meeting, adopt the agenda for the meeting.

28. Any item included on the agenda for a meeting of the Council, consideration of which has not been completed at that meeting, shall, unless the Council decides otherwise, be automatically included on the provisional agenda for the next meeting.

VI. Transmittal of documents

29. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules at least four weeks before the start of a regular meeting and as soon as possible before a special meeting. The CEO shall transmit documentation relating to new items on a final agenda at the time of transmitting that agenda.

VII. Elected chairperson

Paragraph 18 of the Instrument provides:

At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting.

The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members.

30. For purposes of this paragraph and paragraph 18 of the Instrument, the nonrecipient Members shall include the Members from developed countries and the Members from countries of central and eastern Europe and the former Soviet Union. The Members from the group that is entitled to the position of elected Chairperson for any meeting shall nominate a Member to be elected by the Council at that meeting.

31. The elected Chairperson shall serve in the meeting in that capacity, without the right to vote. The Alternate to the Member elected Chairperson shall act for the Member in the meeting. If during the meeting the elected Chairperson should no longer be able to serve in that capacity, the group that is entitled to the position for such meeting shall nominate another Member to serve as elected Chairperson.

VIII. Chief Executive Officer/Chairperson of the Facility (CEO)

Paragraph 21 of the Instrument provides:

The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be reappointed by the Council. The CEO may be removed by the Council only for cause.

IX. Secretary of the Council meetings

32. An official of the Secretariat designated by the Chief Executive Officer shall serve as Secretary of the Council meetings.

X. Languages

33. Interventions shall be made at the Council meetings in either English, French or Spanish and shall be interpreted into the other two languages.

XI. Conduct of business

Chair of Deliberations

Paragraph 18 of the Instrument provides:

The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20(b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and nonrecipient Council Members. The Chief Executive Officer of the Facility (CEO) shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20(c), (e), (f) and (h). The elected Chairperson and the CEO shall jointly conduct deliberations of the Council on issues related to paragraph 20(a).

Paragraph 20 of the Instrument provides:

The Council shall:

- (a) keep under review the operation of the Facility with respect to its purposes, scope and objectives;
- (b) ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis;
- (c) review and approve the work program referred to in paragraph 29, monitor and evaluate progress in the implementation of the work program and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work program;
- (d) arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;
- (e) direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;
- (f) approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9(b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;
- (g) act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;
- (h) in accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned;
- (i) appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;
- (j) review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities undertaken for the Facility;
- (k) in accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and
- (l) exercise such other operational functions as may be appropriate to fulfill the purposes of the Facility.

Interventions

34. Debate shall be confined to the question before the Council, and the Chair may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

35. With the consent of the Council, the Chair may limit the time allowed to speakers and the number of times a speaker may speak on any question.

Closure of list of speakers

36. During the course of a debate, the Chair may announce the list of speakers and, with the consent of the Council, declare the list closed. When there are no more speakers on the list, the Chair shall declare the debate closed.

XII. Decisions of the Council

Paragraph 25(b) of the Instrument provides:

Decisions of the Council shall be taken by consensus. In the case of the Council if, in the consideration of any matter of substance, all practicable efforts by the Council and its Chairperson have been made and no consensus appears attainable, any Member of the Council may require a formal vote.

Paragraph 25(c) of the Instrument provides:

Unless otherwise provided in the Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions.

Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents.

For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C to the Instrument and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of co-financing and parallel financing made under the GEF pilot program, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made under paragraph 7(c) of Annex C of the Instrument shall be deemed to be contributions to the GET.

37. The Chair shall ascertain a consensus. Whenever decisions require a formal vote, the written text of the motion shall be distributed to all Members. Except in the case of a proposed decision transmitted in accordance with paragraphs 43 to 45, a formal vote shall only be taken at the Council meeting succeeding the meeting at which the written motion is distributed.

38. If an amendment to a proposal before the Council is presented by a Member or Members, voting shall take place first on this amendment. In case of more than one amendment, voting shall take place first on the amendment furthest removed from the original proposal.

Method of voting

39. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the Members, beginning with the Member whose name is drawn by lot by the Chair. The name of each Member shall be called in all roll-calls, and he/she shall indicate the votes (“yes” or “no”), abstention or non-participation of the Participants in the constituency.

40. Votes cast by each Member on behalf of each Participant participating in a roll-call shall be recorded in the Chairs' joint summary of the meeting.

Conduct of voting

41. The Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

42. Members may, before the announcement of the start of voting or after the results of the vote have been announced, make brief statements consisting solely of explanation of their votes.

Decisions without meeting

43. Whenever, in the judgment of the CEO, a decision must be taken by the Council which should not be postponed until the next regular meeting of the Council but does not warrant the calling of a special meeting of the Council, the CEO shall transmit to each Member by any rapid means of communication a proposed decision with an invitation to approve the decision on a no objection basis. Such communication shall also be transmitted to all those who would be invited to a meeting in accordance with paragraphs 17 to 22.

44. Each Member's comments on the proposed decision on behalf of his/her constituency shall be sent to the CEO during such period as the CEO may prescribe, provided such period is not less than two weeks.

45. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If there is an objection raised by any Member or if replies are not received from at least two-thirds of the Members, the CEO shall include consideration of the proposed decision as an item on the agenda for the next meeting of the Council. The CEO shall notify all those that received the communication referred to in paragraph 43 of the action he/she takes pursuant to this paragraph.

XIII. Record of the meeting

46. Before the end of each meeting, the Chairs shall present a joint summary of the main discussions and conclusions of the meeting. Any decision approved by the Council at a meeting shall be appended to the Chairs' joint summary. The Chairs' joint summary and the Council decisions shall be a public document.

47. The Secretariat will arrange for sound recordings of the proceedings of each meeting. The sound recordings of the meetings of the Council shall be kept by the Secretariat.

XIV. Amendments to the Rules

48. These rules may be amended by consensus of the Council.

XV. Overriding authority of the Instrument

49. In the event of any conflict between any provision of these rules and any provision of the Instrument, the provisions of the Instrument shall prevail.

***4th GEF Council Meeting (May 1995) Decision on agenda Item 10:
Arrangements with the Convention on Biological Diversity and the
United Nations Framework Convention on Climate Change.***

16. The Council reviewed the information on progress that had been made within the context of the Convention on Biological Diversity and the Framework Convention on Climate Change towards developing arrangements with their financial mechanisms. The Council took note of the request of each convention that its secretariat consult with the GEF on the content of such arrangements. The Council requests the GEF Secretariat to carry out appropriate consultations on its behalf with each of the convention secretariats with a view to simultaneously transmitting to the Parties to the Convention and the GEF Council a jointly- prepared draft text for their consideration. The Council also requests the Secretariat to submit to the Council at its July meeting a report on its consultations with the Secretariat of the Convention on Biological Diversity and the Secretariat of the Framework Convention on Climate Change including the most current elements of the draft arrangements.

**5th GEF Council Meeting (July 1995) Decision on agenda Item 9:
Arrangements with the Convention on Biological Diversity and the
Framework Convention on Climate Change**

16. The Council reviewed document GEF/C.5/8, Arrangements with the Conventions, including the Draft Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility regarding the Institutional Structure Operating the Financial Mechanism of the Convention and the Draft Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility. The Council noted with appreciation the significant progress that had been made by the secretariats of the conventions and the Secretariat of the GEF in preparing the draft memorandums.

17. With regard to the bracketed text in the draft memorandum of understanding for purposes of the Convention on Biological Diversity, the Council suggests that consideration be given to including in the draft memorandum the text of paragraph 4.3(c) that was suggested by the GEF Secretariat and the text of paragraph 4.5 that was suggested by the Convention secretariat.

18. The Council requests the Secretariat to continue its consultations with the Secretariat of the Convention on Biological Diversity with a view to preparing a consensus draft of the memorandum of understanding for consideration by the second meeting of the Conference of the Parties to the Convention.

19. The Council also requests the Secretariat to review with the two convention Secretariats the drafting of the memorandums with a view to promoting consistency in the drafting of similar provisions, taking into account the written comments submitted by Council Members.

Decision on agenda Item 11: Draft Report of GEF to Second Meeting of the Conference of the Parties to the Convention on Biological Diversity (November 1995)

21. The Council reviewed the proposed draft report of the GEF to the second meeting of the Conference of the Parties to the Convention on Biological Diversity. The Council requests the Secretariat to prepare the report for submission to the second meeting of the Conference of the Parties in November 1995, taking into account the comments made by Council Members.

**7th GEF Council Meeting (April 1996) Decision on agenda item 10:
Relations with Conventions**

24. The Council, having reviewed document GEF/C.7/11, Relations with Conventions:
- (a) takes note of the decisions of the second meeting of the Conference of the Parties to the Convention on Biological Diversity relevant to the GEF in its capacity as the institutional structure operating, on an interim basis, the financial mechanism of the Convention;
 - (b) approves the proposed draft annex to the Memorandum of Understanding between the Conference of the Parties to the UN Framework Convention on Climate Change and the Council of the GEF on Determination of Funding Necessary and Available for Implementation of the Convention, with the revision that the last sentence of paragraph 3 will be amended to read: "The COP may, in its action on the GEF reports, consider the adequacy of the resources available for the implementation of the Convention; and
 - (c) approves an approach for reporting to the Conferences of the Parties to the Convention on Biological Diversity and the Framework Convention on Climate Change. This approach is to submit to the COP the most recent GEF Annual Report and the Quarterly Operational Report, together with a factual up-date and a note prepared for the COP addressing a synthesis view of GEF activities in the focal area addressed by the Convention and showing how the COP guidance and decisions have been implemented. The note could also, when appropriate, specify issues on which the GEF would like to seek COP guidance. The note would be circulated in draft form to the Council for comment prior to its transmittal to the COP.

8th GEF Council Meeting (October 1996) Decision on agenda Item 9: Relations with Conventions

10. The Council, having reviewed document GEF/C.8/9, Relations with Conventions, takes note with appreciation of the collaborative efforts that have been made by the secretariats of the conventions and the GEF to build an effective working relationship. The Council takes note of the decisions of the second session of the Conference of the Parties to the UN Framework Convention on Climate Change and the early initiatives of the Secretariat and Implementing Agencies to respond to those decisions. The Council also notes the steps that have been agreed upon to ensure the rapid preparation, approval and implementation of enabling activities and medium-sized projects, and urges the Secretariat and the Implementing Agencies to seek every opportunity to expedite the work of the GEF in recipient countries, and in particular, in carrying out enabling activities. The Council confirms that enabling activities in the climate change area are to be implemented in line with the new guidance of the Conference of the Parties concerning national communications of non-Annex I Parties. The Council, recognizing that each Convention is to undertake a review of the effectiveness of its financial mechanism in 1997, requests the Secretariat to collaborate, as appropriate, with each Convention in its review and to keep the Council apprised of the review process. Council Members and GEF Participants are encouraged to participate fully in the review process to be undertaken by the Conventions.

Decision on agenda Item 10: Report of the GEF to the COP of the CBD

11. The Council reviewed the draft Report of the GEF to the third meeting of the Conference of the Parties to the Convention on Biological Diversity. Finding that the report responds to the reporting guidance of the Conference of the Parties, the Council approves the report subject to comments made at the meeting. The Council requests the Secretariat to prepare the report for submission to the third meeting of the Conference of the Parties in November 1996, taking into account the comments made by Council Members.

9th GEF Council Meeting (April/May 1997) Decision on agenda Item 11: Relations with Conventions

7. The Council, having reviewed document GEF/C.9/7, Relations with Conventions, approves the Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility set forth in Attachment A of the document. The Council also approves the Annex on the Determination of Funding Necessary and Available for the Implementation of the Convention to the Memorandum of Understanding between the Conference of the Parties to the UN Framework Convention on Climate Change and the Council of the Global Environment Facility set forth in Attachment B of the document and invites the Conference of the Parties to the Climate Change Convention to approve the annex at its next session.

8. The Council takes note of the decisions of the third meeting of the Conference of the Parties to the Convention on Biological Diversity and the early initiatives of the Secretariat and Implementing Agencies to respond to the decisions. The Council invites recipient countries, the Secretariat and Implementing Agencies to reflect the Convention's guidance in the identification and preparation of biodiversity projects proposed for GEF financing.

9. The Council further notes the review process of the GEF that has been initiated by each of the Conventions. The Council requests the Secretariat to inform the GEF political and operational focal points of this process and to invite them to share their views and experiences through their governments' responses to the Convention Secretariats.

10. The Council notes with appreciation the efforts that have been made by the GEF Secretariat and Implementing Agencies, with the cooperation of the Convention Secretariats, to disseminate information on GEF project activities and to facilitate access to GEF funding.

10th GEF Council Meeting (November 1997) Decision on agenda Item 10: Relations with conventions

11. The Council, having reviewed document GEF/C.10/7, Relations with Conventions, welcomes the collaboration between the GEF and Conventions secretariats, and encourages the GEF secretariat and Implementing Agencies to continue their efforts towards active dialogue with the Parties to the Conventions at the appropriate convention meetings. The Council takes note of the initiatives of the Secretariat and Implementing Agencies to respond to the additional guidance received from the Conference of the Parties to the Convention on Biological Diversity and requests them to continue their efforts to develop project activities consistent with such guidance. The Council also takes note of the reviews being undertaken by the Conventions of their financial mechanisms, and invites all GEF Participant states, in their capacity as Parties to the Conventions, to contribute to the review process.

**12th GEF Council Meeting (October 1998) Decision on Agenda Item 13:
Relations with Conventions**

17. The Council, having reviewed document GEF/C.12/12, *Relations with Conventions*, takes note of the developments within the various international global agreements concerning the GEF, and encourages the Secretariat and the Implementing Agencies to continue their efforts towards active dialogue and collaboration with the Parties to the Conventions and the Convention secretariats, including the Secretariat of the Convention to Combat Desertification. In particular, the Council requests the Secretariat and Implementing Agencies to continue their efforts to implement the guidance to the GEF approved by the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change. The Council also agrees to include in the agenda for its meeting in May 1999 an item on the relationship of the GEF to the work of the intergovernmental negotiating committee for an international instrument for action on certain organic pollutants.

**13th GEF Council Meeting (May 1999) Decision on agenda Item 12:
Relations with conventions, including the Intergovernmental
Negotiation Committee concerning certain organic pollutants**

24. The Council, having reviewed document GEF/C.13/12, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international global agreements, and encourages the Secretariat and the Implementing Agencies to continue their collaboration with the Parties to the Conventions and the Convention Secretariats. In particular, the Council welcomes the progress made by the Secretariat and the Implementing Agencies to operationalize the guidance approved by the Conference of the Parties to the Convention on Biological Diversity as well as the guidance adopted by the Conference of the Parties to the UN Framework Convention on Climate Change. The Council encourages recipient countries, the Implementing Agencies and the GEF Secretariat to continue their efforts to develop country-driven projects consistent with the policies and program priorities identified in such guidance.

25. The Council welcomes the proposed initiative of the GEF Secretariat and UNDP, in collaboration with the other Implementing Agencies, the Convention Secretariats and STAP, to enter into a strategic partnership to assess capacity building needs, including those relating to land degradation and desertification, in a comprehensive and targeted fashion and requests the GEF Secretariat and UNDP to report to it regularly on the progress being made under this initiative.

26. Pending the results of this initiative, the Council authorizes the CEO to approve revisions to enabling activity projects to allow recipient countries to address immediate capacity building priorities consistent with the guidance of the conventions. GEF financing for enabling activities through expedited procedures, including revisions to initial projects, should not exceed US\$450,000 per country. The Secretariat, in cooperation with the Implementing Agencies and in consultation with the relevant Convention Secretariat, is requested to develop financing norms for such additional activities.

27. The Council requests the GEF Secretariat to submit to the next Council meeting the paper that it is preparing in consultation with the Secretariat of the UN Convention to Combat Desertification on defining better the linkages between land degradation, particularly desertification and deforestation, and the GEF focal areas.

28. The Council further requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain organic pollutants and to advise the Council as to developments in the negotiations and their relevance to the mandate of the GEF.

14th GEF Council Meeting (December 1999) Decision on agenda Item 12 (b): An Interim Assessment of Biodiversity Enabling Activities

18. The Council reviewed document GEF/C.14/11, An Interim Assessment of Biodiversity Enabling Activities. The Council notes the recommendations contained in the evaluation, and requests the Secretariat and the Implementing Agencies to take the report into consideration in future enabling activity efforts. This applies particularly to the work of the Capacity Development Initiative, including the development of elements of a strategy and an action plan for capacity development in the area of biodiversity. The Council also invites the Secretariat to submit the interim assessment to the fifth session of the Conference of the Parties to the Convention on Biological Diversity pursuant to paragraph 3.2 of the Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility.

Decision on agenda Item 13: Relations with Conventions

19. The Council, having reviewed document GEF/C.14/12, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international global agreements, and encourages the Secretariat and the Implementing Agencies to continue their collaboration with the Parties to the Conventions and the Convention Secretariats. The Council encourages recipient countries, the Implementing Agencies and the GEF Secretariat to continue their efforts to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

20. The Council takes note of progress that has been made by the Secretariat and the Implementing Agencies in preparing revised operational criteria to guide revisions to enabling activities in light of the increased funding approved by the Council at its last meeting. Such increasing funding should respond to immediate capacity building priorities of countries consistent with the guidance on capacity building from the conventions pending the results of the Capacity Development Initiative.

21. The Council requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain organic pollutants and to keep the Council informed of progress made in the negotiations.

Decision on agenda Item 13(a): Draft Report of the GEF to the Fifth Meeting of the Conference of the Parties to the Convention on Biological Diversity

22. The Council having reviewed the draft Report of the GEF to the fifth meeting of the Conference of the Parties to the Convention on Biological Diversity, approves the report, subject to the comments made at the meeting, and requests the Secretariat to submit it to the fifth meeting of the Conference of the Parties to the Convention.

15th GEF Council Meeting (May 2000) Decision on agenda Item 12: Relations with Conventions

17. The Council takes note of the developments of relevance to the GEF within the various international global agreements, and invites GEF eligible countries, the Implementing Agencies and the Secretariat to continue to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

18. The Council welcomes the adoption of the Cartagena Protocol on Biosafety, including Article 28 of the Protocol which provides that "the financial mechanism established in Article 21 of the Convention shall, through the institutional structure entrusted with its operation, be the financial mechanism for this Protocol." The Council requests the Secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to inform the Council at its next meeting of its initial strategy for assisting countries to prepare for the entry into force of the protocol. The Council also requests UNDP and the GEF Secretariat to take into account the provisions of the Cartagena Protocol in the on-going work of the Capacity Development Initiative.

19. The Council welcomes the efforts of the GEF Secretariat and the Implementing Agencies to simplify their procedures in making available to interested countries increased resources under the expedited enabling activities to address priority issues of capacity building. The Council also endorses the approach proposed for financing second national communications to the UN Framework Convention on Climate Change pursuant to the decisions of the Conference of the Parties.

20. The Council requests the CEO to continue to observe the negotiations of an international legally binding instrument for implementing international action on certain organic pollutants and to provide information to delegations negotiating the agreement on the assistance that may be available through the GEF to assist parties in implementing the provisions of the agreement. In addition, the Council requests the GEF Secretariat to elaborate an options paper to expand the scope of GEF interventions in the area of POP's and/or the elements of a new operational program dedicated to the phasing out of POP's and to submit the paper to the Council for discussion at its meeting in November 2000.

16th GEF Council Meeting (November 2000) Decision on agenda Item 5(b): Relations with Conventions

8. The Council, having reviewed document GEF/C.16/3, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international agreements, and invites countries, the Implementing Agencies and the Secretariat to continue to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change. The Council also welcomes the progress that is being made in implementing action pursuant to the Action Plan for Enhancing GEF Support for Activities to Address Land Degradation.

9. The Council requests the CEO to explore the best options for enhancing the support of the GEF in assisting affected countries, especially those in Africa, to implement the UN Convention to Combat Desertification, taking into account the third replenishment, and to report to the Council at its meeting in May 2001.

10. The Council requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain persistent organic pollutants and to inform the next meeting of the negotiating committee of the Council's discussions concerning the operational role that the GEF can play in assisting countries to implement the new convention.

11. The Council welcomes the information in the paper on the work of the Convention on Wetlands of International Importance especially as Waterfowl Habitats, the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the Convention on the Conservation of Migratory Species of Wild Animals, and encourages the GEF Secretariat to enhance its cooperation with such conventions. The Council agrees that representatives of these conventions should be invited to observe Council meetings when project proposals aimed at assisting countries to meet the objectives of their conventions are included in the work program.

Decision on agenda Item 5(c): Initial Strategy for Assisting Countries to Prepare for Entry into Force of the Cartagena Protocol on Biosafety

12. The Council, having reviewed the proposed Initial Strategy for Assisting Countries to Prepare for the Entry into Force of the Cartagena Protocol on Biosafety, approves the strategy as a basis for guiding GEF action and requests the GEF Secretariat, in collaboration with the Secretariat of the Convention on Biological Diversity and the Implementing Agencies, to work with interested countries to assist them. The Secretariat is requested to report to the Council regularly on the implementation of the strategy, including the project entitled, Development of National Biosafety Frameworks, for which UNEP is the Implementing Agency.

13. The GEF Secretariat is requested to collaborate with the Convention Secretariat, the GEF Implementing Agencies, bilateral and other multilateral organizations with a view to facilitating better coordination among them for the provision of assistance to interested countries and to explore opportunities to strengthen partnerships for the provision of capacity building activities.

14. The GEF Secretariat is requested to inform the Intergovernmental Committee on the Cartagena Protocol (ICCP) of this strategy and the efforts that are underway through the GEF to build the capacity of countries to address the objective of the Protocol. The strategy should be kept under review so as to incorporate relevant decisions of the ICCP.

**17th GEF Council Meeting (May 2001) Decision on agenda Item 6(b):
Council review of relations with Conventions**

10. The Council, having reviewed document GEF/C.17/3, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international environmental agreements and GEF action taken to respond to the decisions of the Conferences of the Parties.

18th GEF Council Meeting (December 2001) Decision on agenda Item 6: Relations with Conventions

15. The Council reviewed documents GEF/C.18/3 and GEF/.18/3/Add.1, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the strong collaboration that is evident between the GEF and the Conventions. More specifically, the Council:

- (a) requests the Secretariat, in preparing revised proposals on the follow-up to the Capacity Development Initiative (CDI) for consideration by the Council at its next meeting, to take into account the consultations carried out with Parties to the Conventions on the recommendations of the CDI as well as the decisions concerning capacity building taken by the Intergovernmental Committee for the Cartagena Protocol on Biosafety and the Stockholm Convention on Persistent Organic Pollutants;
- (b) takes note of the request by the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants to the CEO/Chairman of the GEF and Executive Director of UNEP to collaborate in developing the modalities for a Capacity Assistance Network;
- (c) requests the Secretariat to submit to the sixth meeting of the Conference of the Parties to the Convention on Biological Diversity the Second Study of the Overall Performance of the GEF as an additional input to the second review of the effectiveness of the financial mechanism which is to be discussed at that meeting; and
- (d) requests the GEF Secretariat to prepare, for review and approval at the next Council meeting, recommendations concerning arrangements necessary for administration of the two new Convention funds under the UNFCCC (the special climate change fund and the least developed countries fund) and proposing how the GEF might most effectively and efficiently implement the new funds, taking into account relevant decisions of the Conference of the Parties to the UNFCCC at its seventh session as well as views expressed by the Council, including written views that may be submitted by Council Members by January 31, 2002.
- (e) requests the GEF Secretariat, in consultation with the Implementing Agencies, to undertake an accelerated process to prepare operational guidelines for expedited funding of the preparation of national adaptation programs of action. The Secretariat is requested to organize a consultation with experts from least developed countries and to circulate operational guidelines with a view to finalizing these guidelines by the end of March 2002 so as to allow funding from the LDC Fund to proceed thereafter. It is understood that the availability of resources to finance the preparation of NAPA's pursuant to the guidelines is contingent on donor contributions to the LDC Fund.

16. The Council requests the Secretariat, in consultation with the Implementing Agencies and the Trustee, to prepare proposed textual amendments to the Instrument concerning the designation of a GEF

focal area relating to persistent organic pollutants for consideration by the Council at its next meeting with a view to the Council recommending approval of such amendments by the Assembly at its meeting in October 2002.

**19th GEF Council Meeting (May 2002) Decision on agenda Item 6:
Relations with Conventions**

13. The Council, having reviewed Document GEF/C.19/5, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the continuing collaboration between the GEF and the Conventions. More specifically, the Council:

(a) requests the Secretariat to submit to the eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change The First Decade of the GEF, Second Overall Performance Study, as an input to the second review of the financial mechanism which is to be discussed at that meeting; and

(b) agrees to amend the eligibility criteria for GEF's initial assistance for enabling activities in the context of the Stockholm Convention on Persistent Organic Pollutants to include developing countries and countries with economies in transition that are party or signatory to the Convention.

14. The Council, having also reviewed document GEF/C.19/5/Add.1 which provides the Council with information on the decisions relevant to the GEF of the sixth meeting of the Conference of the Parties to the Convention on Biological Diversity, requests the Secretariat, in consultation with the Implementing Agencies, to take these decisions into account in the development of projects and programs in the biodiversity focal area and in its continuing collaboration with the Secretariat of the Convention.

21st GEF Council Meeting (May 2002) Decision on Agenda Item 6(b): Review of Relations with Conventions

9. The Council, having reviewed Document GEF/C.21/4, *Relations with Conventions*, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the continuing collaboration between the GEF and the Conventions. More specifically, the Council:

- (a) requests the Secretariat to continue to collaborate with the Implementing Agencies and the Secretariat to the Convention on Biological Diversity to prepare a project proposal for Council approval aimed at assisting developing country Parties to the Cartagena Protocol to develop the critical national capacity necessary to access, register and retrieve information to allow effective participation in the Biosafety Clearing House;
- (b) authorizes the CEO to approve financing for projects for the preparation of national communications to the UNFCCC using the new guidelines adopted by COP8 and the operational guidelines for expedited approval to be prepared by the GEF Secretariat in consultation with the Implementing Agencies and the Convention Secretariat and circulated to the Council for comment. The operational guidelines will specify the maximum level of funding which may be approved through expedited procedures. Projects for GEF financing greater than this level will be prepared in accordance with the GEF project cycle for full-size projects; and
- (c) requests the GEF Secretariat to collaborate with the Secretariat of the Stockholm Convention to prepare for Council review at its meeting in November 2004 a draft memorandum between the GEF Council and the Conference of the Parties to the Stockholm Convention outlining arrangements to give effect to Article 13, paragraphs 6, 7 and 8 of the Convention.
- (d) requests the Secretariat to discuss with the Secretariat of the UNCCD arrangements to facilitate collaboration between the GEF and the CCD, taking into account the proposed designation of the GEF as a financial mechanism of the UNCCD pursuant to Article 21 of the Convention.

22nd GEF Council Meeting (May 2002) Decision on Agenda Item 7: Relations with Conventions

10. The Council, having reviewed Document GEF/C.22/4/Rev.2, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the continuing collaboration between the GEF and the Conventions. More specifically, the Council:

- (a) welcomes efforts to coordinate the CBD's review process of the financial mechanism with the work to be undertaken for the third Study of GEF's Overall Performance;
- (b) requests the GEF Secretariat in collaboration with the Implementing Agencies and the Convention Secretariat of the CBD to inform the first Meeting of the Parties to the Cartagena Protocol on the experience and lessons learned through the GEF activities undertaken pursuant to the GEF Initial Strategy for assisting countries to prepare for the entry into force of the Protocol with a view to contributing to the formulation of guidance as to how developing countries may work with the financial mechanism to best build upon such experience;
- (c) requests the GEF Secretariat in collaboration with the Implementing Agencies to inform the ninth Session of the Conference of the Parties to the UNFCCC of the steps that have been undertaken to operationalize in an expeditious manner financing for the preparation of second national communications;
- (d) welcomes the decision of the sixth Session of the Conference of the Parties to the UNCCD to identify the GEF as a financial mechanism of the UNCCD pursuant to article 20, paragraph 2(b), and article 21 of the Convention and requests the CEO to collaborate with the Executive Secretary of the Convention and the Managing Director of the Global Mechanism to prepare a Memorandum of Understanding on arrangements to facilitate collaboration between the GEF and the UNCCD. The CEO is requested to submit a draft MOU to the Council for its review and comment in sufficient time so that the views of the Council may be reflected in the draft MOU to be presented to the seventh session of the COP for its consideration in 2005;
- (e) invites Council Members to submit to the Secretariat any comments that they may have on the draft Memorandum of Understanding between the COP to the Stockholm Convention and the GEF Council by December 31, 2003, so that the GEF Secretariat can reflect Members' views in its collaboration with the Convention Secretariat to revise the draft MOU;
- (f) also invites Council Members to submit to the Secretariat by December 31, 2003, any comments that they may have on the elements of the terms of reference for the review of the financial mechanism by the COP to the Stockholm Convention (see document UNEP/POPS/INC.7/24 on the website www.pops.int) so that the GEF Secretariat can reflect Members' views in its consultations with the

Convention Secretariat on the preparation of draft terms of reference for the review of the financial mechanism;

(g) agrees that eligibility for POPs enabling activities should be extended to developing countries and countries with economies in transition that are in the process of becoming Parties to the Stockholm Convention; and

(h) requests the GEF Secretariat to seek further information and justification from the Secretariat of the Vienna Convention and its Montreal Protocol as to why South Africa, as a developing country, cannot seek financing from the Multilateral Fund of the Montreal Protocol for the phase out of methyl bromide. In presenting this information to the Council, the Secretariat is also requested to provide information on the needs of South Africa, including the types of activities and technology that would need to be financed, the cost of those activities, and information on how such resources might be accommodated within the resource targets for GEF 3 presented in the business plan.

23rd GEF Council Meeting (May 2002) Decision on Agenda Item 9: Institutional Relations

22. The Council reviewed document GEF/C.23/6, *Institutional Relations*, and welcomes the information that is provided on the progress that has been made under the international environmental conventions. The Council notes, in particular, the recent decisions and guidance that was approved by the Conference of the Parties to the Convention on Biological Diversity (Kuala Lumpur, February 2004) and the Conference of the Parties to the UNFCCC (Milan, December 2003). The Council requests the GEF Secretariat and the Implementing and Executing Agencies to continue to seek opportunities to work with recipient countries to develop and implement projects consistent with the decisions of the conventions. In working with recipient countries, the Council encourages the GEF Secretariat and its Implementing and Executing Agencies to be mindful of, and work with, regional organizations and initiatives that these countries have established to help meet global environmental objectives. The GEF Secretariat is requested to maintain its consultations with the Implementing Agencies and Convention Secretariats on how best to ensure continued responsiveness to the relevant decisions of the conventions and to keep the Council regularly informed of the progress that is being made.

23. The Council reviewed document GEF/C.23/6, *Institutional Relations*, GEF/C.23/6/Add.1 and GEF/C.23/Inf.14 *Information on the request of South Africa for assistance from GEF to phase-out Methyl Bromide, an Ozone Depleting Substance (ODS)*, and considered the request from the Meeting of the Parties to the Montreal Protocol that the GEF finance project proposals from South Africa on phasing-out the Annex E substance. The Council agrees to provide project preparation financing (PDF B) to South Africa to develop a project proposal for phasing-out methyl bromide without prejudice to a later discussion and decision on financing of the project. The Council notes that this provision of financing to South Africa for purposes of the Montreal Protocol is being done on an exceptional basis, recognizing the historical situation of South Africa and the importance to the global environment of phasing out methyl bromide. The Council firmly stressed that this decision should not be viewed as establishing a precedent. The CEO is requested to inform the parties to the Montreal Protocol, through the Executive Secretary of the Ozone Secretariat, of its decision and deliberations. In his communication, the CEO is requested to inform the Parties of its serious concern that the Parties to the Montreal Protocol took a decision with financial implications for the GEF without any prior consultation with the GEF Council.

24. The Council requests the Secretariat to prepare for its meeting in November 2004 a note on the allocations foreseen under the land degradation focal area as well as allocations to land degradation through the other GEF focal areas.

25. The Council also requests the GEF Secretariat, in collaboration with the Implementing Agencies, to prepare an analysis of the scope, implementation focus and coherence of the land degradation activities for submission to its meeting in November 2004.

26. The Council welcomes document GEF/C.23/Inf.8, *GEF Assistance to Address Adaptation*, and requests that the new strategic priority on adaptation be implemented as early as possible. In financing adaptation activities under the GEF Trust Fund, the GEF Secretariat and the Implementing Agencies are requested to ensure that projects are consistent with the principles of the Trust Fund, including criteria concerning incremental costs and global environmental benefits.
27. The Council welcomes the guidance of the Conference of the Parties to the CBD inviting the GEF to extend support for demonstration projects on implementation of the national biosafety frameworks to other eligible countries.
28. The GEF Secretariat is requested to provide information to UNEP on GEF-financed capacity building activities and the GEF Strategic Approach to Capacity Building, and to participate in international discussions on the development of a strategic plan for capacity building for UNEP to ensure that UNEP's activities are complementary to those of the GEF.
29. The Council approves the staggering of the terms of appointment of members of the STAP, and approves the list of reconstituted STAP III Members for the period July 1, 2004, to June 30, 2006, presented in Annex D of document GEF/C.23/6. The Council also welcomes the submission of document GEF/C.23/Inf.11, *Rules of Procedure of the STAP*, and supports the efforts made to further institutionalize STAP's operations in accordance with the Instrument.
30. The Council confirms that the practices of the Trustee with regard to monitoring the GEF resources made available to the Implementing Agencies, as described in paragraphs 11 to 15 of document GEF/C.23/Inf. 3, are satisfactory to meet the Trustee's obligations under the Instrument to monitor the application of budgetary and project funds so as to ensure that the resources of the Trust Fund are being used in accordance with the Instrument and the decisions taken by the Council. The Council agrees that the Trustee should follow similar arrangements with respect to monitoring of GEF resources made available to the Executing Agencies. The Trustee is requested to continue to monitor the GEF resources and, in consultation with the GEF Secretariat, to inform the Council of any additional measures that may be needed to strengthen the financial procedures.
31. The Council also agrees that, given the importance of the agencies' financial reports to the Trustee's ability to discharge its responsibilities under the Instrument, the Trustee may suspend commitment and disbursement of GEF funds that have been allocated by the Council and/or the CEO, as appropriate, to any agency which is out of compliance with its reporting obligations to the Trustee under the Financial Procedures Agreement the agency entered into with the Trustee, when non-compliance has continued for a period of not less than thirty days after written notification from the Trustee. Such suspension may continue until such time as the non-compliance is resolved to the satisfaction of the Trustee.
32. The Council confirms that the African Development Fund, the concessional financing window of the AfDB Group, may have direct access to GEF resources. The Council requests the GEF Secretariat

and Trustee to endeavor to complete the necessary arrangements with all Executing Agencies that are to have direct access as expeditiously as possible so that direct access can proceed in a timely manner, and requests the GEF Secretariat to report to the next Council meeting on progress in finalizing the arrangements.

24th GEF Council Meeting (November 2004) Decision on agenda Item 11: Institutional Relations

28. The Council reviewed document GEF/C.24/7, Institutional Relations, and welcomes the progress that has been made in the support of international environmental conventions and GEF collaboration with the UN Commission on Sustainable Development.

29. The Council requests the GEF Secretariat and the Implementing and Executing Agencies to continue to seek opportunities to work with recipient countries to develop and implement projects consistent with the guidance from the Conventions and GEF operational policies and procedures. The GEF Secretariat is requested to maintain its consultations with the Implementing Agencies, Executing Agencies and Convention Secretariats on how best to ensure continued responsiveness to the relevant decisions of the conventions and to keep the Council regularly informed of the progress that is being made.

30. The Council requests the Secretariat to circulate to the Council by the end of March a draft of the memorandum of understanding describing arrangements to facilitate collaboration between the GEF and the UNCCD that it is preparing in consultation with the Executive Secretary of the Convention and the Managing Director of the Global Mechanism so that Council Members may provide comments to the Secretariat in advance of a proposed MOU being submitted to the Council for its consideration at the June 2005 Council meeting.