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ON THE CONVENTION ON
BIOLOGICAL DIVERSITY
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POLICY, STRATEGY, PROGRAMME PRIORITIES AND ELIGIBILITY
CRITERIA REGARDING ACCESS TO AND UTILIZATION
OF FINANCIAL RESOURCES

Note by the Interim Secretariat

1. INTRODUCTION

1. Article 21, paragraph 2, of the Convention states that: "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." Consideration of this matter by the Intergovernmental Committee is also specified in resolution 2, paragraph 2 (g), of the Nairobi Final Act.

2. Articles 20 and 21 of the Convention provide elements of policy and strategy for access to and utilization of financial resources. They also indicate the need to determine eligibility for access by countries to financial resources and specify the purpose for which these resources are to be used.

3. However, in order to give effect to the elements of policy and strategy outlined in the Convention regarding access to and utilization of financial resources made available through the financial mechanism, the Conference of the Parties may need to decide on some operational measures. The Committee may wish to consider such measures and to make recommendations to the Conference of the Parties. In doing so, the Committee may find it necessary to refer to the following related matters, which are addressed in other documents to be submitted to the Committee at its second session:

(a) Institutional structure to operate the financial mechanism under the Convention (see document UNEP/CBD/IC/2/9);

(b) Methodologies that might be used to estimate funding needs (see document UNEP/CBD/IC/2/16);

(c) Definition of the term "full incremental costs" as applied to biological diversity and indicative list of incremental costs (see document UNEP/CBD/IC/2/17);

(d) List of developed country Parties and other Parties which voluntarily assume the obligations of developed country Parties (see document UNEP/CBD/IC/2/10).

2. OPERATIONAL MEASURES TO GIVE EFFECT TO POLICY AND STRATEGY

4. The following appear to be the elements of policy and strategy which the Conference of the Parties to which will need to give operational effect:

(a) Article 21, paragraph 1, of the Convention requires that:

- (i) The mechanism should function under the authority and guidance of, and be accountable, to the Conference of the Parties for purposes of the Convention;
- (ii) The mechanism should operate within a democratic and transparent system of governance;
- (iii) The operation of the mechanism should be carried out by such institutional structure as may be decided upon by the Conference of the Parties;
- (iv) The contributions should take into account the need for predictability, adequacy and timely flow of funds;
- (v) The Conference of the Parties decide periodically on the amount of resources needed;

(b) Article 20, paragraph 2, requires:

- (i) The developed country Parties to provide new and additional resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligation of the Convention and to benefit from its provisions;
- (ii) Burden-sharing among the contributing Parties;
- (iii) Encouragement of contributions from other countries and sources on a voluntary basis.

5. Accordingly, the Committee may wish to consider what measures, if any, the Conference of the Parties needs to take to ensure that the mechanism functions under the authority and guidance of, and be accountable to, the Conference of the Parties; and what procedures or measures, if any, are required to ensure that the mechanism operates within a democratic and transparent system of governance.

6. The Committee may also wish to consider whether the Conference of the Parties needs to set up criteria to determine whether funding provided is new and additional and, should it feel that there is such a need, to recommend what these criteria might be. It may further wish to consider and recommend a basis for burden-sharing among the contributing Parties.

7. In addition, the Committee may wish to recommend to the Conference of the Parties how it might determine whether the flow of funds is adequate, predictable, and timely; and how voluntary contributions from developed country Parties and other countries and sources might be encouraged.

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3. ELIGIBILITY CRITERIA AND GUIDELINES

8. With respect to eligibility of countries for access to the financial resources, the Convention provides for access to financial resources under the Convention to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of the Convention and to benefit from its provisions. The Convention also provides that:

(a) 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 (Article 20, para. 5).

(b) 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 (Article 20, para. 6).

(c) 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 20, para. 7).

9. The Committee may therefore wish to consider and advise the Conference of the Parties on:

(a) Criteria to determine whether a particular Party to the Convention is or is not a developing country, or to establish a list of developing country Parties for the purposes of the Convention; and criteria or lists to be used to identify those developing countries that may be considered to be least developed countries, specially dependent on distribution and location of biological diversity, or most environmentally vulnerable;

(b) How it might take into account the special situation conditions and/or specific needs of those developing countries referred to in Article 20, paragraphs 5-7 of the Convention.

10. Article 21, paragraph 1, of the Convention states that financial resources are to be provided on a grant or concessional basis. The Committee may wish to advise the Conference of the Parties on eligibility criteria for access to grants vis-à-vis concessional finance through the financial mechanism.

11. Regarding eligibility criteria and guidelines for utilization of financial resources it may be noted that:

(a) Article 20, paragraph 2, of the Convention provides that the resources made available should be for the purpose enabling developing countries to meet the agreed incremental costs to them of implementing measures to fulfil the obligations of the Convention and to benefit from its provisions;

(b) Articles 6 through 19 provide a list of measures to give effect to the objectives of the Convention.

12. The Committee may wish to consider and advise the Conference of the Parties whether any other measures should be eligible for utilization of financial resources, for example, measures "to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction"

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(Article 3). With regard to the concept of "full incremental costs", the application of this concept, and an indicative list of incremental costs, are to be considered under item 4.2.7 of the provisional agenda, "Definition of the term 'full incremental costs' as applied to biological diversity and indicative list of incremental costs" (see document UNEP/CBD/IC/2/7).

IV. PROGRAMME PRIORITIES

13. As noted in paragraph 1 above, Article 21, paragraph 2, of the Convention requires the Conference of the Parties at its first meeting to determine programme priorities for use of financial resources under the Convention.

14. The Committee may wish to advise the Conference of the Parties on how such priorities might be identified, for the purpose of enabling it to give direction to the institutional structure operating the financial mechanism. In deliberating on this matter, the Committee may wish to consider, inter alia, the following measures:

(a) Measures undertaken by developing countries in complying with their obligations for specific initial activities, such as development of national strategies, plans or programmes for conservation and sustainable use of biological diversity;

(b) Enabling measures for developing country Parties, such as capacity-building, education, training and research, to facilitate the subsequent implementation of their national strategies, plans or programmes for the conservation and sustainable use of biological diversity;

(c) Measures taken in accordance with priorities as identified by country Parties for the conservation and sustainable use of biological diversity;

(d) Conservation measures for vulnerable biological-diversity resources under immediate threat, taking into account species richness, diversity and degree of threat;

(e) Measures which could provide examples of sustainable management of biological diversity;

(f) Measures undertaken for purpose of institution-building and strengthening, including support to scientific communities and development of national mechanisms to coordinate programmes for the conservation and sustainable use of biological diversity.

15. In addition, the Committee may wish to consider and advise the Conference of the Parties on whether the Subsidiary Body on Scientific, Technical and Technological Advice established under Article 25 of the Convention might provide an appropriate framework within which programme priorities might be periodically reviewed on behalf of the Conference of the Parties.

V. MONITORING AND EVALUATION

16. In addition to determining eligibility criteria for utilization of financial resources, the Conference of the Parties is also required at its first meeting to decide on regular monitoring and evaluation on a regular basis of such utilization (Article 21, para. 2).

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17. The Committee may therefore wish to consider and advise on a system for regular monitoring and evaluation. It may be useful to keep in mind that the matter of arrangements between the Conference of the Parties and the institutional structure (see document UNEP/CBD/IC/2/9) is closely linked to the issue of monitoring and evaluation. The Committee may wish to consider whether the Subsidiary Body on Scientific, Technical and Technological Advice (or other subsidiary body as may be created) may provide an appropriate framework for monitoring and evaluation, and/or for developing detailed criteria for, approaches to and frequency of monitoring and evaluation of the use of financial resources.

18. The Committee may also wish, in this context, to provide advise on what should be monitored and evaluated and what criteria should be applied. Issues to be considered here include:

(a) Whether monitoring and evaluation should address the use of financial resources, as well as effectiveness of the financial mechanism;

(b) Whether reports of such monitoring and evaluation should be prepared for each meeting of the Conference of the Parties, or whether they should coincide with the replenishment of the financial mechanism.
