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**AD HOC OPEN-ENDED WORKING GROUP ON
REVIEW OF IMPLEMENTATION OF THE
CONVENTION**

Second meeting

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**OPPORTUNITIES FOR STREAMLINING THE GUIDANCE PROVIDED TO THE GLOBAL
ENVIRONMENT FACILITY TAKING INTO ACCOUNT THE FRAMEWORK FOR TARGETS
AND INDICATORS OF THE 2010 TARGET***Note by the Executive Secretary***SUMMARY**

At its eighth meeting, the Conference of the Parties, by paragraph 6 of decision VIII/18, requested the Executive Secretary, in consultation with the Parties, to explore opportunities for streamlining the guidance provided to the Global Environment Facility (GEF) taking into account the framework for goals and targets in decision VII/30 as well as indicators for assessing progress toward the achievement of the 2010 target and to present the results to the Conference of the Parties through the Ad Hoc Open-ended Working Group on Review of the Implementation of the Convention. The present note has been prepared in response to that request.

The note provides brief background information on development of guidance to the financial mechanism under the Convention on Biological Diversity, examines guidance to the financial mechanism in the context of national biodiversity priorities as set out in national biodiversity strategies and action plans from developing countries and countries with economies in transition, and further considers the guidance within the framework for goals and targets as well as indicators for assessing progress toward the achievement of the 2010 target. Views of the GEF entities on their experience in operationalizing the guidance, as well as the patterns of GEF funding for biodiversity in terms of the guidance, are also presented. The note raises a number of questions concerning characteristic features of guidance and the process of formulating guidance and related reporting.

SUGGESTED RECOMMENDATIONS

The Ad Hoc Open-ended Working Group on Review of Implementation of the Convention may wish to recommend that the Conference of the Parties at its ninth meeting:

/...

(a) Welcome the dialogue between the Chief Executive Officer of the Global Environment Facility and the Bureau of the eighth meeting of the Conference of the Parties held in Paris on 7 July 2007;

(b) Encourage the Bureau of the Conference of the Parties to continue its dialogue with the Chief Executive Officer of the Global Environment Facility with a view to enhancing the implementation of the guidance adopted by the Conference of the Parties during the fourth phase of the GEF;

(c) Invite Parties and Governments and relevant organizations to submit their views on ways and means to enhance the process of formulating and consolidating guidance to the financial mechanism, in particular the in-session negotiation process during meetings of the Conference of the Parties;

(d) Realize the need for efforts by the Conference of the Parties to further summarize, focus, and prioritize the guidance to the financial mechanism that are being presented in a single decision at each of its meetings, as well as to consider a simplified format to avoid lengthy lists of guidance;

(e) Decide to mandate the Bureau to develop a four-year (2010-2014) framework for programme priorities, coinciding with the fifth replenishment of the Global Environment Facility Trust Fund, based on the existing guidance adopted by the Conference of the Parties, the prioritized needs identified in the revised national biodiversity strategies and action plans as well as other national planning processes such as the results of national capacity needs assessments projects;

(d) Request the President of the ninth meeting of the Conference of the Parties to transmit to the Council of the Global Environment Facility, in anticipation of the fifth replenishment of its Trust Fund, the four-year framework for programme priorities”

I. INTRODUCTION

1. The present note has been prepared in response to paragraph 6 of decision VIII/18 (Guidance to the financial mechanism) in which the Conference of the Parties requested the Executive Secretary, in consultation with the Parties, to explore opportunities for streamlining the guidance provided to the Global Environment Facility taking into account the framework for goals and targets in decision VII/30 as well as indicators for assessing progress toward the achievement of the 2010 target and to present the results to the Conference of the Parties through the Ad Hoc Open-ended Working Group on Review of the Implementation of the Convention. The Executive Secretary circulated the notification on streamlining guidance to the financial mechanism, and received submissions from Argentina and Germany and the European Commission on behalf of the European Community and its member States. These submissions can be found in the information note by the Executive Secretary on review of implementation of Articles 20 and 21: compilation of submissions (UNEP/CBD/WG-RI/2/INF/8).

2. Section II of the note provides brief background information on the development of guidance to the financial mechanism under the Convention on Biological Diversity. Section III examines guidance to the financial mechanism in the context of national biodiversity priorities as set out in national biodiversity strategies and action plans from developing countries and countries with economies in transition. Section IV considers the guidance within the framework for goals and targets as well as indicators for assessing progress toward the achievement of the 2010 target. Section V summarizes views of the GEF entities on their experience in operationalizing the guidance, while section VI identifies the patterns of GEF funding for biodiversity in terms of the guidance, and section VII further analyses characteristic features of guidance and assesses the process of formulating guidance and related reporting. Some final remarks, contained at the end of the note, also provide updates on most recent developments within GEF that need to be taken into account in further elaboration of guidance.

II. EVOLUTION OF GUIDANCE TO THE FINANCIAL MECHANISM

3. Article 21, paragraph 1, of the Convention provides that the Conference of the Parties shall determine the policy, strategy, programme priorities and eligibility criteria relating the access to and utilization of the financial resources provided through the financial mechanism. In preparing for the first meeting of the Conference of the Parties, the Intergovernmental Committee on the Convention on Biological Diversity held extensive discussions on potential guidance to the financial mechanism, and as shown in box 1 on page 4 below, a wide range of issues on the nature and scope of guidance debated during the Intergovernmental Committee remain to be explored, for instance, in the present note.

4. At its first meeting, the Conference of the Parties instructed the 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 adopted at that meeting. In total, there have been 111 pieces of guidance related to 27 subject issues of the Convention, including a list of 13 programme priorities from its first meeting in 1994 and seven sets of adds-on from its second to eighth meetings. This pattern of guidance formulation in general is a reflection of sequential consideration by the Conference of the Parties of thematic programmes of work for the various biomes. This process was completed at the eighth meeting of the Conference of the Parties. Depending largely upon the frequency of appearance of relevant issues on the agenda of the Conference of the Parties, there are varied numbers of guidance under each priority area. Opportunities exist to streamline or consolidate different pieces of guidance within individual priority areas.

Box 1 ***Issues raised on guidance during the Intergovernmental Committee on Convention on Biological Diversity***

- Equity in accessing to the resources
- Approach to the identification of incremental costs
- Issue of domesticated biological diversity
- Accountability by means of regular, comprehensive reporting
- Whether or not to establish by the Conference of the Parties an executive body that would act as a link between the Conference and the institutional structure
- Whether or not the Subsidiary Body on Scientific, Technical and Technological Advise might provide an appropriate framework within which programme priorities might be periodically reviewed on behalf of the Conference of the Parties
- Whether or not the institutional structure on its own might be adequate to meet the Convention's needs
- Instructions versus guidance
- Whether or not the issue of financing global environmental benefits is applicable in financing projects under the Convention, for those words are not used in the Convention
- The phrase "under the authority" versus that the Conference of the Parties should not micro-manage the financial mechanism
- Whether or not there should be subsidiary body or governing council of the Conference of the Parties to review and guide the mechanism's operations between meetings of the Conference of the Parties
- Grants vis-à-vis concessional finance
- Article 20, paragraphs 5, 6 and 7 should be taken into account in programme priorities and project selection
- The need to take account of the special requirements of the least developed countries and small island States
- Whether or not activities under Articles 6 to 14 could be most appropriate for financing through the institutional structure, and Articles 15 to 19 may be better suited for financing through other channels when these activities are distinct from those listed in Articles 6 and 14
- Whether or not technology transfer and development might be funded more appropriately through channels other than the financial mechanism
- Whether or not the prioritization of actions by States in fulfillment of Convention obligations should be decided upon by States themselves
- A list of programme priorities could not be considered exhaustive or final

Table 1. The existing guidance by Articles and themes of the Convention Conference of Parties

	I/2 ^{1/}	II/6 ^{2/}	III/5	IV/13	V/13	VI/17	VII/20	VIII/18
Article 6	4(b) 4(e)	5, 11				10(a)	11	18-19
Article 7	4(d)		2(b)		2(j)		4	16-17
Article 8 (a) – (e)		11					10	28-30
Article 8 (f), (g), (i), (k)		11						
Article 8(h)		11		1	2(m)	10(k)	9	27
Article 8(j)	4(j)	11	5		2(i)	10(n)		
Article 8 (m)		11						
Article 10							8	
Article 11	4(i)		3	7	2(h)	10(j)		
Article 12			6(a)					
Article 13			6(b)		2(l)	10(o)	18	21
Article 15			4	8	2(g)	10(m)	19	
Article 16	4(f)						12	20
Article 18	4(h)	11	2(d)	5	2(f)			
Article 19 and biosafety			2(a)		1	10(b)	20-26	9-13
Article 26		11		6	2(e)	10(l)	14-17	22-23
Social dimensions	4(m)							
Development activities							13	
Biodiversity and climate change							6	
Global Strategy for Plant Conservation						10(d)		
Endemic species	4(l)							
Global Taxonomy Initiative				2	2(k)	10(f)	7	24-26
Ecosystem approach					2(a)		5	
Coastal and marine biodiversity	4(k)				2(d)	10(e)	3	
Mountainous areas	4(k)							
Arid and semi-arid areas/dry and sub-humid lands	4(k)				2(b)(ii)			
Agricultural biodiversity			2(c)		2(b)(i) 2(c)	10(g) 10(h)		
Inland water biodiversity				3	2(n)	10(i)		
Forest biodiversity				4	2(b)(iii)	10(c)		
Island biodiversity								14-15

^{1/} Decision I/2, annex I, section III, paragraph 4, which also identified the following programme priorities:

- Projects and programmes that have national priority status and that fulfil the obligations of the Convention;
- Strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments in accordance with Article 7 of the Convention;
- 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.

^{2/} Decision II/6, paragraph 11, also requested the interim institutional structure to implement decision II/8 on preliminary consideration of components of biological diversity particularly under threat and action which could be taken under the Convention.

5. Table 1 on page 5 above summarizes the status of guidance in terms of articles and themes of the Convention and their evolution over time. The following pattern can be observed:

(a) The guidance has generally covered most substantive articles of the Convention with the exception of some aspects of Article 7 (Identification and monitoring) (while much work on developing indicators, there has been little on the identification of threats), a few aspects of Article 8 (Article 8 (f) – ecosystem restoration and species recovery; 8 (g) – living modified organisms (at national level, i.e. outside the scope of the Biosafety Protocol); 9 (k) – protection of threatened species and populations; and 8 (l) regulation or management of threats) *ex situ* conservation (Article 9), impact assessment and minimizing adverse impacts (Article 14), exchange of information (Article 17);

(b) The Conference of the Parties has on several occasions provided guidance on national reporting, national planning, identification and monitoring, the Global Taxonomy Initiative, invasive alien species, incentive measures, education and public awareness, access and benefit sharing, clearing-house mechanism and biosafety. Other articles appear less frequently in the guidance, for instance, sustainable use and research and training has only appeared once;

(c) Among major biomes, marine and coastal biodiversity, agricultural biodiversity, inland waters ecosystems, and forest biodiversity featured into the guidance three times or more. Mountain biodiversity, island biodiversity and the biodiversity of dry and sub-humid lands have less frequently appeared in the guidance;

(d) Several special issues and themes have also been incorporated into the guidance, such as endemic species, plant conservation, climate change and biodiversity, social dimensions including those related to poverty;

(e) Several pieces of guidance were so broad that virtually all national identified activities could be financed.

III. NATIONAL BIODIVERSITY PRIORITIES AND GUIDANCE TO THE FINANCIAL MECHANISM

6. Given the country-driven nature of its implementation, the extent to which guidance may be implemented largely depends upon the extent to which guidance has been reflected in national biodiversity priorities framework. On the other hand, nationally prioritized activities can provide useful inputs to international negotiations on their global nature. In preparing the present note, the Secretariat has examined 109 national biodiversity strategies and action plans available from the developing countries and countries with economies in transition in order to assess how international guidance and national priorities have matched. It should be noted that more than half of those national planning documents were developed before the turn of the century, and over 80 per cent of them developed prior to the adoption of the 2010 biodiversity target in 2002.

7. As shown in table 2, the guidance to the financial mechanism has not been equally reflected in the national biodiversity strategies and action plans:

(a) Over 70 per cent of national biodiversity strategies and action plans have strong components on protected areas (Article 8), education and public awareness (Article 13), identification and monitoring (Article 7), and research and training (Article 12);

(b) Other measures covered by over 50 per cent of national biodiversity strategies and action plans include sustainable use (Article 10), incentive measures (Article 11), biosafety (Article 19), clearing-house mechanism (Article 18), indigenous communities and traditional knowledge (Article 8(j)) and access and benefit-sharing (Article 15));

(c) Relatively few national biodiversity strategies and action plans adopt the ecosystem approach;

(d) The consideration of the thematic programmes of work is uneven: agricultural biodiversity (48%), coastal and marine biodiversity, inland water biodiversity, forest biodiversity, mountainous areas, arid and semi-arid areas/dry and sub-humid lands (11%);

(e) Less than 10 per cent of national biodiversity strategies and action plans contain measures to address national reports, Global Strategy for Plant Conservation, island biodiversity, social dimensions, development activities consistent with biodiversity needs, Global Taxonomy Initiative, endemic species.

8. Many components of national biodiversity strategies and action plans cannot be found in the existing guidance. More than half of them contain measures to address *ex situ* conservation, species programmes and impact assessment, all being covered by specific articles of the Convention. A sizable number of them seek to integrate biodiversity into tourism, forestry, agriculture, fisheries, land use planning, energy and water resources management, implying that the sectoral approach may have carried equal importance at the national level as does the ecosystem approach. Other measures contained in those national biodiversity strategies and action plans are mining, urban development, hunting and game animal management, transport, industry, population, defense, aquaculture, medicine, manufacturing, and health.

Table 2. Potential links between national plans and the guidance

Guidance area	Frequency of being addressed ^{3/}	Issues not explicitly covered by the guidance	Frequency of being addressed
<i>In situ</i> conservation	95%	<i>Ex situ</i> conservation	87%
Education and public awareness	94%	Species	50%
Identification and monitoring	88%	Impact assessment	50%
Research and training	71%	Tourism and recreation	47%
Sustainable use	65%	Agriculture	44%
Incentive measures	62%	Forestry	44%
Biosafety	60%	Fishing	39%
Biotechnology	58%	Terrestrial/land use planning	37%
Access and benefit sharing	50%	Energy including renewables	28%
Traditional knowledge	50%	Water management	20%
Agricultural biodiversity	48%	Mining	18%
Coastal and marine biodiversity	46%	Urban, house and physical construction	17%
General measures	44%	Pollution	16%
Inland water biodiversity	43%	Hunting, game animal management	15%
Invasive alien species	42%	Wildlife	13%
Forest biodiversity	30%	Exchange of information	9%
Technology cooperation	25%	Transport	9%
Biodiversity and climate change	15%	Industry	8%
Ecosystem approach	13%	Population	7%
Arid and semi-arid areas/dry and sub-humid lands	11%	Defense	6%
Mountainous areas	11%	Aquaculture	6%
Endemic species	7%	Agroforestry	6%
Development activities	6%	Medicine	5%
Global Taxonomy Initiative	6%	Manufacture	3%
Social dimensions	4%	Women, elders and youth	2%
Island biodiversity	3%	Business	1%
Global Strategy for Plant Conservation	2%	Health	1%
Article 26	0%		

IV. FRAMEWORK OF GOALS AND TARGETS OF THE CONVENTION

9. As suggested in decision VIII/18, the guidance may be examined in the light of the strategic goals, objectives, targets and relevant indicators of the Strategic Plan of the Convention. Table 3 provides a comparison between the framework of goals and targets and the subject areas covered by the existing guidance.

10. The following issues prioritized by the existing guidance are not explicitly included in the framework of goals and targets, although some of them being included in the Strategic Plan of the

^{3/} Frequency of being addressed is defined as percentage of the number of national biodiversity strategies and action plans addressing an issue under question in the total number of available national biodiversity strategies and action plans, i.e., 109 in this assessment.

Convention includes such subject areas as communication, education and public awareness, national strategies and plans, biosafety, scientific and technical cooperation and clearing house mechanism. Opportunities exist to consider the relative importance of these issues in light of the strategic goals, objectives and targets of the Strategic Plan of the Convention.

- (a) National reporting;
- (b) Communication, education and public awareness;
- (c) Identification and monitoring, assessments, indicators and taxonomy;
- (d) National strategies and plans;
- (e) Biosafety;
- (f) Scientific and technical cooperation and the clearing-house mechanism.

11. The following goals and targets of the Strategic Plan are not covered or not fully covered by the existing guidance. Opportunities exist to consider whether the existing guidance should be expanded to address additional areas.

- (a) Promote the conservation of species diversity (goal 2);
- (b) Promote the conservation of genetic diversity (goal 3) (beyond the treatment of crop and livestock genetic resources, which is covered in the programme of work on agricultural biodiversity);
- (c) Pressures from habitat loss, land use change and degradation, and unsustainable water use, reduced (goal 5);
- (d) Reduce pollution and its impacts on biodiversity (target 7.2);
- (e) Maintain capacity of ecosystems to deliver goods and services and support livelihoods (goal 8).

12. The existing guidance has not utilized any indicators to measure progress in their implementation without exception, whereas indicators have been developed for most strategic goals, objectives and targets of the Strategic Plan. Funding plays a critical catalytic role in attaining the 2010 biodiversity target and many other factors such as enabling national environments are also important, in some cases even more important for shaping the outcomes. The agreed indicators associated with the strategic goals, objectives and targets of the Strategic Plan are of relevance to the funding guidance, but should not be simply incorporated into the guidance. Opportunities exist to consider the usefulness of the indicators to elaborate the guidance.

Table 3. Framework of goals and targets in relation to the guidance

Goal/target	Related guidance
	Directly related to goals and targets -- Decision VII/20, paragraph 11
Protect the Components of Biodiversity	
Goal 1: Promote the conservation of the biological diversity of ecosystems, habitats and biomes	General -- Decision I/2, annex I, paragraph 4 (c). Ecosystem approach -- Decision V/13, paragraph 2 (a) and VII/20, paragraph 5. Mountain ecosystems -- Decision I/2, annex I, paragraph 4 (k). Island biodiversity -- Decision VIII/18, paragraphs 14-15. Dry and sub-humid lands -- Decisions I/2, annex I, paragraph 4(k); and V/13, paragraph 2 (b) (ii). Forest ecosystems -- Decisions IV/13, paragraph 4; V/13, paragraph 2 (b) (iii); VI/17, paragraph 10 (c). Inland waters ecosystems -- Decisions IV/13, paragraph 3; V/13, paragraph 2 (n); VI/17, paragraph 10 (i). Marine and coastal biodiversity -- Decisions I/2, annex I, paragraph 4 (k); V/13, paragraph 2 (d); VI/17, paragraph 10 (e); VII/20, paragraph 3. Agricultural biodiversity -- Decisions III/5, paragraph 2 (c); V/13, paragraphs 2 (b) (i) and 2(c); VI/17, paragraphs 10 (g)-10(h).
Target 1.1: At least 10% of each of the world's ecological regions effectively conserved.	
Target 1.2: Areas of particular importance to biodiversity protected.	Protected areas -- Decisions VII/20, paragraph 10 and VIII/18, paragraph 28-30
Goal 2: Promote the conservation of species diversity	Global Strategy For Plant Conservation -- Decision VI/17, paragraph 10 (d). Endemic species -- Decision I/2, annex I, paragraph 4 (l).
Target 2.1: Restore, maintain, or reduce the decline of populations of species of selected taxonomic groups.	
Target 2.2: Status of threatened species improved.	
Goal 3: Promote the conservation of genetic diversity	
Target 3.1: Genetic diversity of crops, livestock, and of harvested species of trees, fish and wildlife and other valuable species conserved, and associated indigenous and local knowledge maintained.	
Promote Sustainable Use	
Goal 4: Promote sustainable use and consumption.	Sustainable use -- Decision VII/20, paragraph 8.
Target 4.1: Biodiversity-based products derived from sources that are sustainably managed, and Production areas managed consistent with the conservation of biodiversity.	
Target 4.2 Unsustainable consumption, of biological resources, or that impacts upon biodiversity, reduced.	
Target 4.3: No species of wild flora or fauna endangered by international trade.	
Address Threats to Biodiversity	
Goal 5: Pressures from habitat loss, land use change and degradation, and unsustainable water use, reduced.	
Target 5.1: Rate of loss and degradation of natural habitats decreased.	
Goal 6: Control threats from invasive alien species	Invasive alien species -- Decisions IV/13, paragraph 1; V/13, paragraph 2 (m); VI/17, paragraph 10 (k); VII/20, paragraph 9; VIII/18, paragraph 27.
Target 6.1: Pathways for major potential alien invasive species controlled.	
Target 6.2: Management plans in place for major alien species that threaten ecosystems, habitats or species.	
Goal 7: Address challenges to biodiversity from climate change, and pollution	
Target 7.1: Maintain and enhance resilience of the components of biodiversity to adapt to climate change.	Climate change -- Decision VII/20, paragraph 6.
Target 7.2: Reduce pollution and its impacts on biodiversity.	
Maintain Goods and Services from Biodiversity to Support Human Well-Being	
Goal 8: Maintain capacity of	Development activities -- Decision VII/20, paragraph 13.

<i>Goal/target</i>	<i>Related guidance</i>
ecosystems to deliver goods and services and support livelihoods	
Target 8.1: Capacity of ecosystems to deliver goods and services maintained.	
Target 8.2: biological resources that support sustainable livelihoods, local food security and health care, especially of poor people maintained.	
Protect Traditional Knowledge, Innovations and Practices	
Goal 9: Maintain socio-cultural diversity of indigenous and local communities	Indigenous and local communities, traditional knowledge -- Decision I/2, annex I, paragraph 4(m) and (j); and VI/17, paragraph 10 (n)
Target 9.1: Protect traditional knowledge, innovations and practices.	
Target 9.2: Protect the rights of indigenous and local communities over their traditional knowledge, innovations and practices, including their rights to benefit sharing.	
Ensure the Fair and Equitable Sharing of Benefits Arising out of the Use of Genetic Resources	
Goal 10: Ensure the fair and equitable sharing of benefits arising out of the use of genetic resources	Access and benefit-sharing -- Decision III/5, paragraphs 4-5; IV/13, paragraph 8; V/13, paragraphs 2(i) and 2(g); VI/17, paragraph 10 (m); VII/20, paragraph 19.
Target 10.1: All transfers of genetic resources are in line with the Convention on Biological Diversity, the International Treaty on Plant Genetic Resources for Food and Agriculture and other applicable agreements.	
Target 10.2: Benefits arising from the commercial and other utilization of genetic resources shared with the countries providing such resources.	
Ensure Provision of Adequate Resources	
Goal 11: Parties have improved financial, human, scientific, technical and technological capacity to implement the Convention	Incentive measures -- Decisions I/2, annex I, paragraph 4 (i); III/5, paragraph 3; IV/13, paragraph 7; V/13, paragraph 2 (h); VI/17, paragraph 10 (j). Research and training -- Decisions I/2, annex I, paragraph 4 (g), and III/5, paragraph 6 (a).
Target 11.1: New and additional financial resources are transferred to developing country Parties, to allow for the effective implementation of their commitments under the Convention, in accordance with Article 20.	
Target 11.2: Technology is transferred to developing country Parties, to allow for the effective implementation of their commitments under the Convention, in accordance with its Article 20, paragraph 4.	Technology cooperation -- Decisions I/2, annex I, paragraph 4 (f); VII/20, paragraph 12; VIII/18, paragraph 20.
	Biosafety – Decisions III/5, paragraph 2 (a); VI/17, paragraph 10 (b); VII/20, paragraphs 22-26; VIII/18, paragraphs 9-13.
	Scientific and technical cooperation and the clearing-house mechanism (Article 18) – Decision I/2, annex I, paragraph 4 (h); II/6, paragraph 11; III/5, paragraph 2 (d); IV/13, paragraph 5; V/13, paragraph 2 (f).
	National strategies and plans -- Decisions I/2, annex I, paragraphs 4 (a), 4(b) and 4 (e); II/6, paragraphs 5 and 11; VI/17, paragraph 10 (a); and VIII/18, paragraphs 18 and 19
	Identification and monitoring, assessment, indicators and taxonomy – Decisions I/2, annex I, paragraph 4 (d); III/5, paragraph 2 (b); IV/13, paragraph 2; V/13, paragraphs 2 (j) and 2(k); VI/17, paragraph 10 (f); VII/20, paragraphs 4 and 7; VIII/18, paragraphs 16-17 and 24-26.
	Communication, education and public awareness -- Decisions III/5, paragraph 6 (b); V/13, paragraph 2 (l); VI/17, paragraph 10 (o); VII/20, paragraph 18; VIII/18, paragraph 21.
	National reporting -- Decisions II/6, paragraph 11; IV/13, paragraph 6; V/13, paragraph 2 (e); VI/17, paragraph 10 (l); and VII/20, paragraph 14-17

V. VIEWS OF THE GEF ENTITIES ON THEIR EXPERIENCE IN OPERATIONALIZING THE GUIDANCE

13. The documented perspectives of the GEF entities on their experience in operationalizing the guidance over time can be found in a number of studies conducted by the Biodiversity Team of the GEF Secretariat and by the GEF Office of Evaluation, including the three overall performance studies and biodiversity program study 2004.

14. The 1998 Study of GEF Overall Performance provided a record of GEF's general approach to responding to guidance from the Conference of the Parties and divergence in the areas of agricultural biodiversity, biosafety, taxonomy, incentive measures, and the clearing-house mechanism. It was found that GEF has sought and strictly implemented the guidance of the conventions where possible, and the guidance provided by the Conference of the Parties has been overly broad in scope, yielding too many priorities that could make GEF programming more diffuse than focused. The study was of the view that the Conference of the Parties could ideally provide GEF with a scientifically based methodology for prioritizing among ecosystems and recognized that this might be politically unrealistic given the composition of the Conference of the Parties. It was recommended that the GEF should play a more proactive role in its relations with the conventions and should, in consultation with Implementing Agencies, prepare more detailed requests for guidance on those issues on which guidance would be most helpful.

15. The 2002 Study of GEF's Overall Performance (OPS2) found that the GEF has been responsive to the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity, and its Operational Strategy and operational programs, by and large, reflected Convention objectives and priorities. The OPS2 observed that the GEF has had some difficulties in translating broad convention guidance into practical operational activities, and explored whether national reporting to the conventions should systematically include results achieved from all GEF projects. It was recommended that in its dialogue with each convention that it supports, the GEF should regularly seek to update and clarify existing priorities and commitments in light of each new round of guidance it receives.

16. The 2004 Biodiversity Program Study contained a specific section on responsiveness to the Convention on Biological Diversity. The Study noted:

“Each new round of COP guidance has increased the complexity regarding breadth of coverage of GEF interventions. Although COPs have attempted to provide some guidance regarding the scope of priority areas for intervention, often COPs have not clearly indicated the relative importance of the areas. In addition, prioritization of all COP guidance, representing the views and conditions of different Parties, assumes that prioritization at national or even regional levels has already taken place, at least to some degree.”

17. The argument is that the type of proposals developed by countries, in cooperation with the Implementing Agencies and the Executing Agencies, determines to a large extent the actual response of the GEF, in terms of funding, following the GEF principles of country-driven priorities. The Study further identified three challenges for the future:

(a) The first can be attributed to the poorly focused and prioritized guidance from the Conference of the Parties. There is no cohesive and consolidated prioritization of guidance from the Conference of the Parties to the GEF. The guidance has been expanding and becoming vague and overly ambitious, leaving much room for interpretation and lobbying by special-interest groups. The broad guidance has tended to result in a project or two for every decision without a clear strategy of what cumulative achievement will result;

(b) The second challenge is forging a participatory approach among relevant parties to enable an agreement on the clarification and prioritization of guidance from the Conference of the Parties. Such

an agreement, although challenging and possibly arduous, will require a level of collaboration and interaction between the GEF, the Parties, the Implementing Agencies, and other key stakeholders in civil society that is presently lacking;

(c) The final challenge is the apparent expectation that all guidance from the Conference of the Parties will be supported by GEF, at the same level and in perpetuity. Efforts will need to be increased in some areas while being reduced or phased out in others. Such issues will require a potentially difficult balancing of considerations.

18. The 2005 Overall Performance Study (OPS3) concurred with the findings of the previous studies in that GEF has been generally responsive to Conference of the Parties guidance since the GEF has funded activities in almost all of the areas of guidance provided by the Conference of the Parties. The Study found that GEF has not adequately addressed the Convention priority on access and benefit-sharing, although this is partly due to the current lack of clarity on access and benefit sharing in the context of the Convention. It was recommended that robust, collaborative, and regular two-way communications between the GEF and the Convention secretariats should be further fostered to enable dialogue on priority setting, streamlining of strategies, and institutional capacity sharing.

VI. CHARACTERIZATION OF GLOBAL ENVIRONMENT FACILITY FUNDING FOR BIODIVERSITY

19. As of the end of 1996, the Global Environment Facility had approved over 500 full-sized and medium-sized biodiversity projects, and nearly 330 biodiversity enabling activities. A significant portion of the Small Grants Program and other corporate programs had also been allocated to the focal area of biodiversity. Projects financed through other focal areas such as land degradation and international waters often had relevance to biodiversity.

20. Enabling activity biodiversity projects had been funded through several, but not necessarily mutually exclusive, rounds: country studies, national biodiversity strategies and action plans; national reporting; clearing-house mechanisms; prioritized capacity assessments. More than half enabling activity projects were for national reporting or contained national reporting components. The number of biodiversity projects was nearly the same for the development of national biodiversity strategies and action plans and the development of clearing-house mechanisms, signifying the possibility that these enabling activities had been undertaken in all eligible countries. The over fifty capacity assessment projects provided an indication of relative priorities assigned by eligible countries:

(a) The most frequently mentioned areas are identification and monitoring, *in situ* and *ex situ* conservation, taxonomy and traditional knowledge;

(b) About half of these projects consider access and benefit-sharing, agricultural biodiversity, and incentive measures;

(c) One or two projects mention forest ecosystems, invasive alien species, sustainable use, education and public awareness.

21. The full-sized and medium-sized biodiversity projects can be country-based, regional-based or global in scope, and the country-based projects may provide a better reflection of areas of intervention identified by countries. The 245 country-based full-sized projects and 133 country-based medium-sized projects have been assessed in terms of operational programs:

(a) Within country-based full-sized projects, forest ecosystems and coastal, marine and freshwater ecosystems account for nearly 70 per cent of the total funding, each having similar number of projects. Since the average size of projects under coastal, marine and freshwater ecosystems are only two third that of projects under forest ecosystems, forest ecosystems take over 40 per cent of the total funding.

In terms of both project numbers and allocations, arid and semi-arid ecosystems account for less than 20 per cent, and mountain ecosystems for less than 10 per cent.

(b) Country-based medium-sized projects share the overall pattern demonstrated in country-based full-sized projects, but are more skewed to forest ecosystems with 44 per cent of the total funding designated to this subject area. The portion for mountain ecosystems and agricultural biodiversity largely remains the same. The share of arid and semi-arid ecosystems tends to be higher while that of coastal, marine and freshwater ecosystems becomes lower.

22. The country-based full-sized and medium-sized projects share the similar pattern in response to the guidance provided to the financial mechanism, though the focus of the country-based medium-sized projects is more dispersed:

(a) Over two third of the country-based full-sized projects are concentrated on in-situ conservation (Article 8) identification, assessment and monitoring (Article 7), training and research (Article 12), education and public awareness (Article 13) as well as institutional capacity building;

(b) Nearly half of these projects deal with financial sustainability, either through establishing dedicated trust funds or through resource mobilization strategies or efforts;

(c) Traditional knowledge, information generation, sustainable use and incentive measures, and planning are found in 16-25 per cent of these projects;

(d) Only several projects consider ecosystem approaches, invasive alien species, access and benefit-sharing, technology and taxonomy, and no link to several areas of the guidance can be found in these projects.

23. The country-based full-sized and medium-sized projects often contain components that are site-specific and that could benefit from elaborated guidance. Those components are more related to sectoral activities and subject areas of the Convention that have not been subject to in-depth policy elaboration:

(a) Tourism is considered in a third of the country-based full-sized projects;

(b) Forestry is considered in a quarter of them;

(c) Agriculture, fisheries, and land use planning account for around 10 per cent of these projects;

(d) Several projects contain elements on water resources, mainstreaming, medicine, energy, mining and health;

(e) Ex-situ conservation and impact assessment has also been funded by several projects.

VII. OPPORTUNITIES FOR STREAMLINING THE GUIDANCE TO THE GLOBAL ENVIRONMENT FACILITY

A. Necessity of streamlining the guidance

24. The call for streamlining the guidance has come from multiple sources, including from both operational points of view and strategic perspectives. The existing set of guidance is largely focused on a list of what to do by the financial mechanism, but does not elaborate other characteristic features of

typical guidance: why (rationale for funding decisions), who (concerned stakeholders), where (spatial factor), how much (quantitative limits), and when (temporal scale).

25. *Why - rationale for guidance.* The guidance to the financial mechanism has largely been provided based on the recurrence of relevant subjects in the agendas of the Conference of the Parties, in a sense of a matter of convenience. Several issues have been standing items on the agendas of the Conference of the Parties over time, for instance, Article 8(j) and related provisions, scientific and technical cooperation and the clearing-house mechanism, as well as national reporting, and more guidance can be found on these subjects than on other issues. Although more appearance in the guidance does not imply the subject's priority status, opportunities exist to give equal consideration of all programmatic issues of the Convention in the elaboration of funding guidance.

26. As with any planning system, guidance may be advisory, indicative or directive or a varied combination of the three. Advisory guidance provides overall direction for funding allocation, and leaves maximum flexibility to addressing implementation requirements. Directive guidance imposes direct control of funding decisions and demands uncompromised compliance with elements of guidance. In between, indicative guidance requires full conformity and allows certain degree of flexibility in delivery. Depending on the availability of information and knowledge, institutional and incentive arrangements, nature of issues, guidance can have different mixes of advisory, indicators and/or directive elements. Opportunities exist to define the nature of any guidance so as to provide clear indication to its implementation requirement.

27. *Who – concerned stakeholders.* According to decision V/20, guidance to the financial mechanism should be incorporated into a single decision, including the identification of priority issues which will provide support for cross-cutting issues and capacity building, especially for developing countries, in a manner that is transparent, allows participation and allows full consideration of its other decisions. Several sets of guidance have been largely a simple compilation of recommendations on the financial mechanism from other decisions since the current process and practice of developing further guidance does not allow necessary time, adequate participation and preparation required for a meaningful negotiation.

28. The sole audience of the guidance to the financial mechanism has been the Global Environment Facility in accordance with Article 21 of the Convention and decision III/8, and the guidance is presumably used in its negotiation with developing country Parties on the agreed full incremental costs of project proposals. There is no guidance addressed to developing country Parties in operationalizing their request for the implementation of decisions of the Conference of the Parties through the implementing/executing agencies of the financial mechanism. This situation is compounded by the length of the project cycle of the financial mechanism and the gaps between the adoption of the guidance on the time required to include project proposals into the work programme of the financial mechanism. The average time required between a project preparation and a project inclusion in the work programme is five years duration. The time factor may be taken into account by the Conference of the Parties in finalizing its guidance to the financial mechanism.

29. *Where – spatial factor.* The principal units of action under the Convention are Contracting Parties with the same set of rights and obligations, and thus spatial factor has not explicitly featured into the existing guidance. Most existing guidance should be equally applied in all countries, for instance, planning, exchange of information, capacity building. Certain guidance however may be more relevant to countries with particular geography, for example, guidance on island biological diversity versus island states. Given varied levels of development, biodiversity richness and endemics, anthropogenic threats, as well as biogeographical location, substantial intervention effectiveness can be gained from more biogeographically focused guidance.

30. *How much – quantitative factor.* The Conference of the Parties has the obligation to make an assessment of the amount of funds that are necessary to assist developing countries in fulfilling their commitments under the Convention over the next GEF replenishment cycle in accordance with its Memorandum of Understanding with the GEF Council. Such an assessment must take into account

guidance to the financial mechanism from the Conference of the Parties which calls for future financial resources. The existing guidance does not contain any funding estimates required to carry out individual guidance, and thus it is impossible to generate an aggregated figure of necessary funds from the existing guidance. The alignment of the guidance with the replenishment negotiation offers an opportunity to include an estimate of the amount required for the implementation of the agreed guidance for a given phase of the financial mechanism.

31. *When – temporal factor.* The current set of guidance is an accumulation of the results of negotiations by the Conference of the Parties since 1994. In this regards the guidance developed some 15 years ago carries remain valid unless otherwise decided by the Conference of the Parties. There are better and updated knowledge of biodiversity, its loss and causes of such loss and much better information about impacts of global biodiversity efforts now than when the Convention came into force, but the guidance based on earlier knowledge and information is still a determinant factor in nowadays' funding decisions. For instance, since most Parties have completed their first national biodiversity strategies and action plans, guidance on elaboration of national biodiversity strategies and action plans has become less relevant to the reality than that on their revisions and implementation. The recent development in the GEF offers an opportunity to the Conference of the Parties to reassess all guidance and consolidate them, preferably coinciding with the GEF replenishment cycles. There is a need to align the guidance from the Conference of the Parties with the cycle of the preparation and adoption of GEF strategic priorities during the replenishment negotiation.

B. Process of guidance formulation and revision, including roles of various institutions

32. The process of formulating guidance has evolved over time. At its first meeting, the Conference of the Parties adopted the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources, and additional guidance has been added by each subsequent meeting of the Conference of the Parties. To assist with its consideration, the Conference of the Parties has requested advice from the Executive Secretary and recommendations from SBSTTA, and decided to incorporate guidance into a single decision at each meeting. The Executive Secretary prepares, as an information document for each meeting of the Conference of the Parties, a compilation of existing guidance under each agenda item. The Global Environment Facility has had opportunities to provide input into the formation of guidance by the Conference of the Parties on issues such as the clearing-house mechanism and access and benefit-sharing, and has been invited to contribute information and experience on several cross-cutting issues. The Global Environment Facility has also been requested to initiate a dialogue to more effectively implement the guidance of the Conference of the Parties to the financial mechanism and explore opportunities for streamlining such guidance.

33. The current process of adding guidance to the financial mechanism has the advantage of benefiting from ongoing negotiations by the Parties under substantive agenda items, but it does not allow coherent and balanced consideration of all issues related to the implementation of the Convention nor allow for desirable prioritization. Once the guidance is provided, there is no mechanism for elaboration and clarification in order to ensure full and prompt responses from the financial mechanism. Certain guidance is not project-oriented, and requires further actions to be taken by negotiation processes under the Convention. No guidance has been revisited or revised since the first set of guidance was provided.

C. Reporting on guidance implementation

34. Follow-up on guidance has been through regular reports of the financial mechanism to the Conference of the Parties, and periodic assessment of GEF responsiveness to or compliance with guidance. The common approach is to examine where there are projects funded related to each piece of guidance. The guidance has been incorporated into the existing operational policy documents where possible, but project development process does not require presentation on its responsiveness to the guidance. One may argue that the financial mechanism should only finance those areas already identified in the existing guidance, but successful projects often have to take into account specifics of project sites and address the factors contributing to effectiveness and sustainability of funded projects. In this sense,

improved reporting on guidance implementation will largely rely on appropriate revision to and better further formulation of the guidance.

VIII. FINAL REMARKS

35. The present note has attempted to provide a thorough overview of the evolution of guidance to the GEF, as the institutional structure operating the financial mechanism of the Convention. It has also attempted to identify a number of challenges with the current guidance. A number of areas have been identified where there are numerous decisions by the Conference of the Parties and those areas where there is less guidance. These may serve as the basis for identifying opportunities where guidance can be further streamlined and consolidated, and possibly retired if it is found to be duplicative or no longer valid. The information may also serve as a guide to where additional guidance from the Conference of the Parties may be warranted.

36. To address the issue of broad and general guidance and the gap between guidance and the Strategic Plan, the Conference of the Parties may wish to consider some adjustments to the existing process for reviewing and approving guidance. The current practice of consolidating all guidance to the financial mechanism into one decision, which is merely a consolidation of recommendations to the financial mechanism from various negotiation groups, could be improved if the group that reviews the consolidated guidance were empowered to clarify and prioritize the guidance. The Conference of the Parties does not appear to have made full use of the expertise of the financial mechanism negotiators who could, if given the opportunity, review the consolidated guidance and provide suggestions for streamlining, clarifying or even strengthening the guidance. This group could also review guidance in light of the Strategic Plan and identify gaps and possible solutions for the consideration of the Conference of the Parties.

37. In streamlining and prioritizing guidance to the financial mechanism, Parties also need to be mindful of the fact that countries that receive resources from the financial mechanism have different needs and priorities. It is difficult for the Conference of the Parties to be able to develop very clear and specific guidance to the financial mechanism, and still reflect the range and diversity of the needs of recipient countries. The Global Environment Facility, as the institutional structure that operates the financial mechanism, is built on the principles of country-driven and country ownership. This is where key tools such as national biodiversity strategies and action plans have a strong role to play in taking the requirements of the Convention and guidance from the Conference of the Parties and turning that into clear needs and priorities for funding that can then be supported by the GEF. Countries also need to integrate biodiversity, and the requirements of the Convention, into other key development documents including poverty reduction strategy papers and national sustainable development strategies.

38. Further development of guidance needs to take into account a new focal area strategy for biodiversity that has been under preparation for the fourth phase (2006-2010) of the GEF and on which more updated information may be provided by the GEF during the second meeting of the Working Group on Review of Implementation. The draft GEF biodiversity strategy proposes four strategic long-term objectives and eight strategic programmes, as follows:

(a) *Strategic long-term objectives:*

- 1: To catalyse sustainability of protected-area systems;
- 2: To mainstream biodiversity in production landscapes/seascapes and sectors;
- 3: To safeguard biodiversity;
- 4: To build capacity on access and benefit sharing;

(b) *Strategic programmes:*

/...

1. Sustainable financing of protected area systems at the national level
2. Increasing representation of effectively managed marine protected areas in protected-area systems
3. Strengthening terrestrial protected-area networks
4. Strengthening the policy and regulatory framework for mainstreaming biodiversity
5. Fostering markets for biodiversity goods and services
6. Building capacity for the implementation of the Cartagena Protocol on Biosafety
7. Prevention, control and management of invasive alien species
8. Building capacity on access and benefit-sharing

39. The Resource Allocation Framework (RAF) may have implication on the implementation of the guidance. It may be useful to note the influence on the entire priority setting process that occurs at the national level, given that the RAF puts countries in control of deciding their priorities from the national level perspective.
