



# Convention on Biological Diversity

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## SUBSIDIARY BODY ON IMPLEMENTATION

Third meeting

Online, 16 May-13 June 2021

Agenda item 6

### THE FINANCIAL MECHANISM

#### Draft recommendation submitted by the Chair

##### *The Subsidiary Body on Implementation*

1. *Notes with appreciation* the preliminary report of the Council of the Global Environment Facility to the Conference of the Parties at its fifteenth meeting;<sup>1</sup>
2. *Also notes with appreciation* the strategic guidance prepared by the governing bodies of the Convention on the Conservation of Migratory Species of Wild Animals,<sup>2</sup> the Convention on Wetlands of International Importance especially as Waterfowl Habitat,<sup>3</sup> and the International Treaty on Plant Genetic Resources for Food and Agriculture<sup>4</sup> for the consideration of the Conference of the Parties at its fifteenth meeting;
3. *Acknowledges* the interim report on the full assessment of funding necessary and available for the implementation of the Convention and its Protocols for the eighth replenishment period of the Global Environment Facility (July 2022 to June 2026),<sup>5</sup> understanding that the interim report is based on limited data from a small number of Global Environment Facility recipient countries;
4. *Recommends* that the Conference of the Parties at its fifteenth meeting adopt a decision along the following lines:<sup>6</sup>

##### *The Conference of the Parties,*

*Recalling* Article 21, paragraph 3, of the Convention, providing that the Conference of the Parties shall review the effectiveness of the financial mechanism,

*Reaffirming* the commitment of the Conference of the Parties to periodically review the effectiveness of the financial mechanism in implementing the Convention in the memorandum of understanding with the Council of the Global Environment Facility contained in decision III/8,

*Reaffirming also* decision XI/5, paragraph 7, on the quadrennial arrangement for the review of the effectiveness of the financial mechanism,

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<sup>1</sup> CBD/SBI/3/6/Add.1.

<sup>2</sup> United Nations, *Treaty Series*, vol. 1651, No. 28395.

<sup>3</sup> *Ibid.*, vol. 996, No. 14583.

<sup>4</sup> *Ibid.*, vol. 2400, No. 43345.

<sup>5</sup> CBD/SBI/3/INF/24 (an executive summary is contained in CBD/SBI/3/6/Add.2).

<sup>6</sup> Bearing in mind that additional elements for a draft decision will be elaborated prior to the fifteenth meeting of the Conference of the Parties.

*Recalling* decision 14/23, paragraph 13, regarding the terms of reference for the sixth review of the effectiveness of the financial mechanism, for consideration by the Conference of the Parties at its fifteenth meeting,

*Reaffirming* the importance of the review of the effectiveness of the financial mechanism in the implementation of the Convention and its Protocols, strategies and programmes,

[1. *Welcomes* the report of the Council of the Global Environment Facility to the Conference of the Parties at its fifteenth meeting {X};<sup>1]</sup>

[2. *Takes note* of the [importance of realistic] assessment of funding necessary and available for the implementation of the Convention and its Protocols for the eighth replenishment period of the Global Environment Facility, aligned with the draft post-2020 global biodiversity framework, document {Y} and the summary provided in annex I to the present decision;<sup>7]</sup>

[3. *Adopts* the four-year outcome-oriented framework of programme priorities of the Convention on Biological Diversity for the eighth replenishment period (July 2022 to June 2026) of the Global Environment Facility Trust Fund, aligned with the draft post-2020 global biodiversity framework, contained in annex II to the present decision;<sup>8]</sup>

[4. *Also adopts* additional guidance to the financial mechanism contained in annex III to the present decision;<sup>9]</sup>

[5. *Further adopts* the terms of reference for the sixth quadrennial review of the effectiveness of the financial mechanism, and requests the Executive Secretary to ensure the report on the sixth quadrennial review of the effectiveness of the financial mechanism to be prepared three months in advance in time for consideration by the Conference of the Parties at its sixteenth meeting.]

#### *Annex*

### **TERMS OF REFERENCE FOR THE SIXTH REVIEW OF THE EFFECTIVENESS OF THE FINANCIAL MECHANISM**

#### **Objectives**

1. In accordance with Article 21, paragraph 3, and building upon the experience of the past five reviews, the Conference of the Parties will undertake its sixth review of the effectiveness of the financial mechanism at its sixteenth meeting and take appropriate action to improve the effectiveness of the mechanism as necessary. For this purpose, effectiveness will include:

(a) 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;

(b) The effectiveness of the financial mechanism in providing and mobilizing financial resources to enable developing country Parties [, in particular least developed country Parties and small island developing State Parties,] [and Parties with economies in transition]] to meet the agreed [full] incremental costs to them of implementing measures which fulfil the obligations of the Convention on Biological Diversity and its protocols and to benefit from its provisions, taking into account the need for predictability, adequacy and timely flow of funds;

<sup>7</sup> Pending the finalization of the assessment of funding necessary and available for the implementation of the Convention and its Protocols for the eighth replenishment period of the Global Environment Facility, by the expert group and the Executive Secretary.

<sup>8</sup> Pending the finalization of the four-year outcome-oriented framework of programme priorities for the eighth replenishment period (July 2022 to June 2026) of the Global Environment Facility Trust Fund by the Conference of the Parties on the basis of a draft prepared by the Executive Secretary.

<sup>9</sup> Additional guidance will be developed by the Conference of the Parties as well as the Conference of the Parties serving as the meetings of the Parties to the Cartagena Protocol and to the Nagoya Protocol.

(c) [The effectiveness of mobilizing financial resources from all sources to support national implementation[, including national biodiversity strategies and action plans and national biodiversity finance plans,] of the Convention and its protocols] The efficiency of the financial mechanism in providing and mobilizing financial resources, as well as, in accordance with the guidance of the Conference of the Parties, overseeing, monitoring and evaluating the activities financed by its resources, as appropriate;

(d) The effectiveness of catalysing and enhancing national implementation measures for achieving global biodiversity goals and targets, including those that relate to the Protocols;

(d) bis. The efficiency and effectiveness of the activities funded by the Global Environment Facility on the implementation of the Convention and the achievement of its three objectives, as well as, as applicable, of the Protocols under the Convention, taking into account the guidance provided by the Conference of the Parties;

(e) [The effectiveness of playing a leading role in international biodiversity financing;]

(f) [The efficiency and effectiveness of supporting implementation of [relevant] sustainable development goals that contribute to achieving the objectives of the Convention and its Protocols;]

(g) The efficiency and effectiveness of processes and procedures for the deployment of resources for programmes;

(h) The effectiveness and efficiency in supporting the objectives of the Convention and its protocols in synergy with implementation of other pertinent multilateral environmental agreements, in a manner that is consistent with the mandates of respective multilateral environmental agreements.

### **Methodology**

2. The review will cover all the activities of the institutional structure operating as the financial mechanism, in particular for the period from 1 July 2017 to 30 June 2022.

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

(a) Reports prepared by GEF, including its reports to the Conference of the Parties;

(b) Reports of the GEF Independent Evaluation Office that relate to GEF biodiversity activities, including its seventh comprehensive study (OPS7), as well as relevant assessments by the GEF agencies and other partners including the most recent audit reports and management responses related to GEF projects;

(c) Information provided by Parties regarding the financial mechanism, through national reports and other submissions, responses to surveys and interviews;

(d) Information provided by indigenous peoples and local communities, women and youth and relevant stakeholders related to GEF-funded projects.

### **Criteria**

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

(a) The actions taken by the GEF in response to the guidance of the Conference of the Parties;

(b) The extent to which eligible countries [that are in compliance with GEF policies and procedures] receive [timely, adequate and predictable] funds to meet the agreed [full] incremental cost [to them] of implementing measures that fulfil the obligations under the Convention and its protocols, [that/and] generate global environmental benefits;<sup>10</sup>

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<sup>10</sup> Instrument for the Establishment of the Restructured Global Environment Facility, September 2019.  
<http://www.thegef.org/publications/instrument-establishment-restructured-gef-2019>.

(c) [Views of Parties as to the performance and conditions for the [outcome of GEF projects and] provision of GEF resources, including effectiveness and efficiency of access modalities and competence and capacity required to use these modalities];

(d) Percentage of recipient countries that have received financial support from the financial mechanism to implement global biodiversity goals and targets, including those related to the Protocols of the Convention;

[(e) Percentage of the global biodiversity goals and targets that have been financed by the financial mechanism;]

[(f) Percentage of biodiversity funding through the financial mechanism [in international biodiversity financing;]

(g) Trend in co-financing [and non-grant financing] in the biodiversity area enabled by the financial mechanism;

[(h) Trend in financing global, regional and subregional biodiversity projects under the financial mechanism;]

[(i) Trend in project[/programme] financing taking into consideration synergies among conventions that have designated the GEF to operate their financial mechanism;]

(j) Trend in project financing targeted at biodiversity-related conventions and agreements taking into consideration synergies between them[/GEF and other financial mechanisms];

(k) Trend in timeframes for project development and resource disbursement, [including time between the approval of the concept notes (PIF) and the first disbursement];

(l) Trend in project financing targeted at [and projects with positive impacts on] indigenous peoples and local communities, women and youth;

(m) [Trend in the number of capacity-building activities to raise awareness and enable Parties and stakeholders to access to GEF financing], [including information events on the financial mechanism organized for the Parties and stakeholders of the Convention and its Protocols;]

(n) [Trend in project financing leading to high sustainability or durability ratings and results achieved from GEF supported biodiversity programming in relation to expected results planned by the GEF through this programming;]

### **Procedures for implementation**

5. Under the authority of the Conference of the Parties and in consultation with the Bureau of the Conference of the Parties, the Executive Secretary will[, subject to the availability of resources,] contract an experienced independent evaluator to undertake the review, in accordance with the above objectives, methodology and criteria.

6. The evaluator will undertake such desk studies, questionnaire survey, interviews, and field visits, as may be required, and collaborate with the GEF and its Independent Evaluation Office, if necessary, for the implementation of the review, and prepare a compilation and synthesis of the information received.

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

8. Based on the synthesis report and recommendations of the independent evaluator, the Executive Secretary will prepare, in consultation with GEF, a draft decision on the sixth review of the financial mechanism, including specific suggestions for action to improve the effectiveness of the mechanism if necessary, for the consideration of the Subsidiary Body on Implementation at its fourth meeting to provide its recommendations to the Conference of the Parties at its sixteenth meeting.

9. The Executive Secretary will submit all the relevant documents to Parties at least three months prior to the fourth meeting of the Subsidiary Body on Implementation for consideration by the Conference of the Parties at its sixteenth meeting.
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