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Item 9 of the provisional agenda*

**FINANCIAL MECHANISM: REVIEW OF EFFECTIVENESS AND PREPARATION FOR THE
DETERMINATION OF FUNDS REQUIRED FOR THE EIGHTH REPLENISHMENT PERIOD**

Note by the Executive Secretary

INTRODUCTION

1. In accordance with Article 21 of the Convention, the Conference of the Parties shall determine funding requirements, provide policy, strategy and programme priorities for the financial mechanism and review its effectiveness as well as strengthen financial institutions in support of biodiversity objectives. These issues have been considered by the Conference of the Parties under its agenda item on Article 21 (financial mechanism).
2. In accordance with Article 21, paragraph 3, the Conference of the Parties shall review the effectiveness of the mechanism and, based on such review, shall take appropriate action to improve the effectiveness of the mechanism if necessary. Based on the terms of reference of the fifth review, adopted by the Conference of the Parties in decision XIII/21, the Subsidiary Body on Implementation at its second meeting considered a note by the Executive Secretary on the financial mechanism ([CBD/SBI/2/8](#)) and was provided with a summary of evaluation results of the Global Environment Facility Independent Evaluation Office ([CBD/SBI/2/INF/25](#)). The Subsidiary Body invited Parties and other Governments as well as relevant stakeholders to submit views and other information on the sixth overall performance study of the Global Environment Facility (GEF) carried out by the Independent Evaluation Office of the Global Environment Facility, and the summary of evaluation results of the Global Environment Facility Independent Evaluation Office.¹ This matter is addressed in section I of the present document.
3. At its fifteenth meeting, the Conference of the Parties is expected to consider the full assessment of the amount of funds needed for the implementation of the Convention and its Protocols for the eighth replenishment period of the GEF Trust Fund, and develop a four-year outcome-oriented framework of programme priorities for the eighth replenishment. Thus, the Conference of the Parties at its fourteenth meeting needs to consider the terms of reference for the preparation of this assessment. This matter is addressed in section II of the present document.
4. Regarding the post-2020 implementation of Article 21, the note on the financial mechanism issued for the second meeting of the Subsidiary Body on Implementation (CBD/SBI/2/8) already provided information related to funding needs and sources, blended finances, green bonds, new funds, bilateral and multilateral financing, new development partners, and philanthropy. In recommendation [SBI-2/8](#), the Subsidiary Body on Implementation recommended encouraging the Executive Secretary to work closely with agencies associated with GEF in the transition to the post-2020 global biodiversity framework, taking

* CBD/COP/14/1.

¹ Recommendation [SBI-2/7](#) (review of implementation of financial mechanism (Article 21)).

into account the need to promote greater synergies between GEF and other financing mechanisms. Section III of the present document examines potential pathways to make better use of various sources of funding, in line with recommendation 2/8. This section can be further considered in the context of the elaboration and implementation of funding components of the post-2020 global biodiversity framework.

5. Section IV provides some suggested recommendations.

I. FIFTH REVIEW OF THE EFFECTIVENESS OF THE FINANCIAL MECHANISM

A. Submissions from Parties

6. In response to the invitation from the second meeting of the Subsidiary Body on Implementation, the Executive Secretary issued notification No. 2018-066 to the Convention's national focal points and relevant stakeholders, requesting views and other information on the sixth overall performance study of GEF and the summary of evaluation results of the GEF Independent Evaluation Office. By the time of writing, submissions had been received from Colombia, the European Union and its Member States, and the Syrian Arab Republic and made available through the Convention's website at: <https://www.cbd.int/financial/review.shtml>.

7. According to one submission, a group of Parties consider the sixth overall performance study, conducted by the GEF's Independent Evaluation Office and completed in December 2017, as a good basis for the fifth review of the effectiveness of the financial mechanism owing to the extensiveness and relevance of the evaluative evidence that it contains. Indeed, the sixth overall performance study is based on the findings of 29 evaluations and studies, conducted over the past three years. The evaluations employ a variety of qualitative and quantitative approaches, including geospatial analyses and field visits to 43 countries across all GEF regions. The sixth overall performance study also draws on the terminal evaluation reviews of 1,184 completed GEF projects and covers the full GEF portfolio of 4,433 approved projects from the pilot phase through the end of June 2017.

8. The submission noted that the wealth of information included several biodiversity-specific evaluations, such as the impact evaluation of GEF support to protected areas and protected area systems, an evaluation of GEF-funded projects on access and benefit-sharing (ABS) and the Nagoya Protocol, a study to assess GEF support to address illegal wildlife trade through the GEF Global Wildlife Program, and an evaluation of GEF support to biodiversity mainstreaming, in addition to such themes as evaluations of GEF engagement with indigenous peoples, of the System for the Transparent Allocation of Resources (STAR), of the Small Grants Programme, of the Programmatic Approaches, of the multiple benefits of multifocal projects, and of the project performance and progress to impact.

9. The group of Parties highlighted the following aspects of the sixth overall performance study:

(a) The GEF focal area strategies and programming directions have been responsive to guidance from the Conference of the Parties. The GEF Biodiversity Focal Area Strategy closely reflects such guidance, with GEF activities clearly oriented towards contributing to the Aichi Biodiversity Targets;

(b) GEF distinguishes itself from other environmental financial mechanisms in its ability to work through multiple agencies addressing environmental issues of national priority in more than 140 recipient countries;

(c) GEF has a strong track record in delivering overall good project performance, but the sustainability of outcomes likely remains the greatest challenge;

(d) GEF interventions have contributed to reducing environmental stress;

(e) GEF is on track to meet its fifth replenishment targets for most of the indicators, and to exceed a majority of sixth replenishment targets;

(f) Loss of global biodiversity continues at an alarming rate, driven largely by habitat loss due to multiple development pressures. Since the pilot phase, GEF strategies have increasingly targeted these development pressures beyond protected areas;

(g) GEF has played a catalytic role and supported transformational change primarily through the biodiversity mainstreaming approach;

(h) The emphasis on integration, programmatic approaches and multifocal area projects is relevant in addressing drivers of environmental degradation; however, complex programme designs have implications for outcomes, efficiency and management;

(i) The Integrated Approaches are relevant to environmental issues and the countries/cities they serve, and have been designed for long-term sustainability;

(j) GEF support is contributing to biodiversity conservation by helping to lower habitat loss in protected areas as indicated by less forest cover loss in GEF-supported protected areas compared to protected areas not supported by GEF. GEF-supported protected areas also generally show positive trends in species populations and reduced pressures to biodiversity at the site level;

(k) GEF support has helped build capacities that address key factors affecting biodiversity conservation in protected areas, mainly in the areas of protected area management effectiveness, participatory planning and realization of economic and social benefits for local population, and sustainable financing. However, sustainable financing of protected areas remains a concern;

(l) GEF support is contributing to large-scale change in biodiversity governance in countries by investing in protected area systems, including legal frameworks that increase community engagement. Through interventions at the protected area level, GEF support is also helping catalyse gradual changes in governance and management approaches that help reduce biodiversity degradation;

(m) While sharing important characteristics with governments and other donors, GEF support allows adaptability and a higher likelihood of broader adoption in cases where it pays particular attention to three key elements in combination: long-term engagement; financial sustainability; and creation of links across multiple approaches, stakeholders and scales;

(n) The Global Wildlife Programme (GWP) is relevant to Biodiversity Strategy priorities under the sixth replenishment of the GEF Trust Fund and to advancing core goals of the Convention on Biological Diversity, including the Aichi Targets, and the goals of Convention on International Trade in Endangered Species of Wild Fauna and Flora;

(o) GWP shows remaining gaps in geographic and species coverage; the focus is mainly on single country projects;

(p) GWP has an appropriately comprehensive theory of change to address illegal wildlife trade; most GWP funding is focused on addressing illegal wildlife trade at the source;

(q) There are structural limitations on the extent to which GWP child projects can be expected to fully realize the Program Framework Document (PFD) owing to the current funding mechanism;

(r) Political will and corruption are not explicitly and directly addressed in GWP projects;

(s) GEF-supported ABS through the Nagoya Protocol Implementation Fund with significant success in the support to ratification of the Nagoya Protocol, in the development of ABS pilots with the private sector and in linking ABS, conservation and equitable rights, welfare, resources and the needs of indigenous peoples and local communities.

10. With regard to issues of funding and governance, the group of Parties highlighted the following:

(a) The development of the partnership increased the capacity of GEF to address biodiversity issues;

(b) GEF financing has been constrained by exchange rate volatility, fragmentation in donor funding, and impediments to scaling up non-grant instruments;

(c) Operational restrictions and lack of awareness of GEF have resulted in limiting or not fully realizing the potential for successful engagement with the private sector;

(d) Overall, the GEF partnership is well governed; concerns continue to exist on matters related to representation, efficiency, accountability and transparency.

11. The group of Parties recognize that the policy recommendations for the seventh replenishment have addressed the concerns expressed in the sixth overall performance study, in particular:

(a) Updates to the STAR allocation methodology, including measures to address the particular needs of the poorest and most vulnerable GEF-recipient countries;

(b) Optimizing the use of GEF resources in different countries with a view to mobilizing greater investments in measures to achieve global environmental benefits, including through the Impact Programmes;

(c) Strengthening the GEF Partnership;

(d) Reviewing GEF governance with a view to further improving efficiency and effectiveness;

(e) Enhanced engagement with the private sector;

(f) Further work on practical approaches to gender mainstreaming, in accordance with the approved Gender Implementation Strategy, and capacity development;

(g) Consideration of issues related to anti-money-laundering and counter-terrorism finance in the review and update of the minimum fiduciary standards of GEF; strengthening the GEF results architecture, operational efficiency, and knowledge management;

(h) Developing options for a responsible investment strategy.

12. The second submission raised the following points:

(a) Only differentiation between developed countries and developing countries should be used, and other differentiations are not agreed language under the United Nations;

(b) The Small Grants Programme should have more resources and follow the rules applied in the sixth replenishment without introducing the new restrictions (i.e., countries may use up to 10 per cent of their STAR allocations, while not exceeding US \$2 million in upgraded countries);

(c) Regarding the use of the gross domestic product (GDP) to calculate STAR allocations, an increase in GDP does not necessarily translate into less need for STAR resources, since the nature of GDP does not fully reflect the economic, social and environmental challenges of higher-income countries;

(d) It is important for the Impact Programmes to elaborate clearer technical definitions, as well as methodological guides that facilitate monitoring and reporting, greater access to data, decision-making and monitoring of socioeconomic benefits;

(e) The GEF Secretariat should not impose minimum limits or specific types or sources of co-financing or investments mobilized in the review of individual projects and programmes. As co-financing is optional, there should not be a fixed figure, but, rather, the figure should depend on the historical average of the country and the circumstances of each project;

(f) It is important that GEF consider reopening the certification process of national agencies to act as GEF agencies in each country;

(g) The country support programme is very useful in building capacities, especially in the process of forming new portfolios, in monitoring programmes and projects, as well as in developing regional programmes;

(h) It is very important to have adequate coordination between the secretariats of GEF and the conventions so that the support provided can be received in a timely manner and in line with the schedules established by the conferences of the parties and other decision-making bodies.

13. The third submission reported on GEF funding for the period 2001 to 2018 and indicated that its country was excluded from all regional projects that were meant to assist countries in implementing

various obligations under the Convention and its Protocols, and the funding for some of its national projects had been stopped. The submission stated that the country would raise this matter to search for solutions in order to obtain funding as an eligible country and to implement its obligations.

B. Evaluation results of GEF Independent Evaluation Office

14. In the note on the financial mechanism (CBD/SBI/2/8), the Executive Secretary provided a checklist of action that GEF had taken to further improve the effectiveness of the financial mechanism, as well as the results of the related evaluation from GEF Independent Evaluation Office, particularly the sixth overall performance study report. A detailed summary of these evaluation results was provided in information document CBD/SBI/2/INF/25. Although the sixth overall performance study report was designed primarily to inform the negotiations on the seventh replenishment of the Trust Fund, many of its conclusions and recommendations can also be used to inform further consideration under Article 21 of the Convention.

15. *Strategic positioning.* According to the sixth overall performance study report, GEF draws its core relevance from the historical and foundational relationship it shares with the multilateral environmental agreements, providing support to countries in meeting their obligations under the agreements. Although other institutions with pledged amounts far exceeding those of GEF have emerged, — such as the Climate Investment Funds and the Green Climate Fund — GEF retains broad coverage of environmental issues, a large number of recipient countries, and a rich diversity of partners. Table 2.2 of the sixth overall performance study report, which is reproduced in the table below, estimated the share/influence of GEF funding in major development financial institutions. It indicates that further engagement between the Convention and various financial institutions is required in order to promote the unique space that GEF occupies in the global environmental financing architecture.

Table. Influence of GEF in development financial institutions

<i>Development financial institution</i>	<i>Estimated share of GEF funding in institution's expenditure/budget (percentage)</i>
African Development Bank	1.0
Asian Development Bank	0.1
Inter-American Development Bank	0.5
European Bank for Reconstruction and Development	0.2
World Bank Group	0.5
Food and Agriculture Organization of the United Nations	10.0
International Fund for Agricultural Development	5.0
United Nations Development Programme	10.0
United Nations Environment Programme	30.0
United Nations Industrial Development Organization	25.0

Source: Independent Evaluation Office of the Global Environment Facility, [Sixth overall performance study of the GEF: The GEF in the Changing Environmental Finance Landscape](#), p. 17, table 2.2 (June 2018).

16. *Promoting transformational change.* The sixth overall performance study report indicates that, in order to drive transformational change in any focal area, GEF will need to further its efforts in designing for transformation through adoption of systems approaches and addressing drivers of environmental degradation, and in promoting policy and regulatory reform and building institutional capacity in recipient countries. It would also require working with financial institutions to de-risk investment, develop structured finance deals and demonstrate how to engage markets. Transformational change for biodiversity would not likely be achieved through one fund. The Conference of the Parties can provide the rallying point for financial institutions to work together with GEF towards transformational change using systems approaches and catalysing large-scale project finance.

17. *Increasing co-financing.* According to the sixth overall performance study report, projects implemented by financial institutions — the African Development Bank, the Asian Development Bank, the Development Bank of South Africa, the European Bank for Reconstruction and Development, and the

World Bank — have higher levels of co-financing than projects implemented by other organizations. On average, projects implemented by financial institutions generate an additional \$4.70 of promised co-financing per dollar of a GEF grant compared to other organizations. Owing to different levels of engagement with financial institutions, projects that address climate change generate higher co-financing ratios, while projects on biodiversity lower ratios.

18. *Engaging other financial institutions.* The sixth overall performance study report states that there are several private-sector participants in the climate finance space but few in the other focal areas covered by GEF, although all the conventions supported by GEF have, in their decisions, articulated a critical role for the private sector. It recommends adapting the GEF strategy to improve engagement with the private sector; for instance, in biodiversity conservation, long-term regulatory and policy intervention by GEF can help to catalyse private-sector investment. Financial institutions with mandates broader than development can play a critical role in transforming the private sector to a potentially large well of financing.

19. *Overcoming fragmentation.* According to the sixth overall performance study, distributing GEF resources equitably across all countries has led to an average allocation of \$16.4 million per country in the sixth replenishment for biodiversity, climate change and land degradation combined. Only 29 out of 142 countries received biodiversity allocations of more than \$10 million in the sixth replenishment. The relatively small size of GEF funding in biodiversity made it unattractive to development financial institutions, such as the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank Group, while these institutions brought in most of the co-financing and blending associated with GEF projects. To help overcome fragmentation, it is thus critical for the Conference of the Parties to strengthen consideration of biodiversity in financial institutions.

20. *Improving systems for data, monitoring, and knowledge.* The sixth overall performance study report recommends that GEF systems for project management information, results and knowledge must be further strengthened to enable GEF to demonstrate its results and serve the needs of the partnership for learning. The monitoring system should capture good quantitative data on performance indicators with a focus on impacts, and the knowledge management system should provide a good repository of information to draw on and increase accessibility by all interested parties. Such data and knowledge can be easily fed into a broad hub of biodiversity funding information that may be systematized under the Convention on Biological Diversity.

21. Recommendations arising from this analysis are proposed in section IV below.

II. THIRD DETERMINATION OF FUNDING REQUIREMENTS

22. In accordance with Article 21, paragraph 1, of the Convention, the Conference of the Parties decided to make an assessment, in anticipation of the replenishment of the GEF Trust Fund, 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, and on the occasion of each replenishment of the financial mechanism, will review the amount of funding necessary for the implementation of the Convention (decision III/8, para. 5).

23. The provision on determination of funding requirements was first operationalized in decision X/26, which includes the terms of reference for a full assessment of the amount of funds needed for the implementation of the Convention for the sixth replenishment period of GEF Trust Fund. The second determination of funding needs was completed by the Conference of the Parties at its thirteenth meeting, in time for the launch of the seventh replenishment negotiations for the GEF Trust Fund (decision XIII/21, paras. 14-16). The eighth replenishment negotiations for the GEF Trust Fund will have to be finalized in early 2022, and the corresponding determination of funding requirements will need to be initiated by the Conference of the Parties at its fourteenth meeting and completed by the fifteenth meeting, as indicated in the Multi-Year Programme of Work for the Conference of the Parties (decision XII/31), in time for the eighth replenishment negotiations.

24. In its report on a full assessment of the funds needed for the implementation of the Convention and its Protocols for the seventh replenishment (UNEP/CBD/COP/13/12/Add.2), the expert team established a simple assessment methodology capable of being replicated by subsequent assessments. According to the methodology, recipient countries submit to the Secretariat of the Convention their project-based funding needs, prepared using their national biodiversity strategies and action plans and the guidance to the financial mechanism, and considering their past and existing portfolios of funding, including co-financing. The Secretariat made the submissions of funding needs available through the website of the Convention. The funding needs indicated by countries are aggregated, and three scenarios are presented to the Conference of the Parties:

- (a) Aggregation of funding needs submitted;
- (b) Funding needs submitted plus allocations, during the preceding replenishment cycle, of recipient countries that have not submitted their funding needs;
- (c) Total allocations of the preceding replenishment cycle, adjusted by the percentage changes demonstrated in the funding needs submissions for the next replenishment cycle over the preceding replenishment cycle.

25. It is proposed to follow a similar methodology for determining funding requirements for the eighth replenishment of the GEF Trust Fund.

26. Further to Article 21, paragraph 2, of the Convention, the Conference of the Parties is also expected to develop a four-year outcome-oriented framework of programme priorities for the eighth replenishment period (2023-2026) of the Global Environment Facility Trust Fund. To ensure that the framework of programme priorities is aligned with the post-2020 biodiversity framework, it should be developed as part of the process for developing the post-2020 biodiversity framework.

III. POST-2020 CONSIDERATION OF ARTICLE 21, PARAGRAPH 4

27. In accordance with Article 21, paragraph 4, of the Convention, the Contracting Parties shall consider strengthening existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity. To operationalize this provision, the Conference of the Parties at its first meeting made the request for 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 channelling these resources in support of the objectives of the Convention (decision I/2 (financial resources and mechanism)). At subsequent meetings, the Conference of the Parties has undertaken to explore further ways and means to strengthen existing financial institutions, including requests made to financial institutions and development agencies in numerous decisions on thematic themes and cross-cutting issues. In the strategy for resource mobilization in support of the achievement of the Convention's three objectives for the period 2008-2015, contained in decision IX/11, the Conference of the Parties included a goal to strengthen existing financial institutions and promote replication and scaling up of successful financial mechanisms and instruments. In the note on the financial mechanism (CBD/SBI/2/8), information was provided on relevant funding needs and the latest developments in financial institutions and development agencies.

28. In recommendation 2/8, the Subsidiary Body on Implementation recommended encouraging the Executive Secretary to work closely with agencies associated with GEF in the transition to the post-2020 global biodiversity framework, taking into account the need to promote greater synergies between GEF and other financing mechanisms. This section identifies several areas the requiring attention of such expected collaboration, in particular in the context of generating a combined result of individual financial institutions that would be greater than a simple sum of the results of these individual financial institutions.

29. *Absence of an overall funding goal.* Despite the attention given to financial resources additional to those provided through GEF for the past 25 years, there has never been any funding goal developed under the Convention, something along similar lines to the goal of mobilizing jointly US\$ 100 billion per year by 2020 under the United Nations Framework Convention on Climate Change, which could rally support from all financial institutions. A number of relevant funding needs assessments has been available at the

global and national levels. The United Nations Environment Programme estimated in 2011 that an investment of 2 per cent of global GDP across 10 key sectors is what is required to kick-start a shift to a green economy. The United Nations Task Team Working Group on Sustainable Development Financing gathered cost estimates of the different dimensions of achieving the 2030 Agenda for Sustainable Development and calculated at least US\$ 20 trillion per year of spending needs in low- and lower-middle-income countries, with US\$ 300 billion to US\$ 400 billion specifically for biodiversity and ecosystem services, equivalent to about 0.5 per cent of global GDP. In the new fund, called “The Lion’s Share”, the United Nations Development Programme seeks a contribution of 0.5 per cent of media spending to support animals and habitats around the world. With the theme of “investing in biodiversity for people and planet”, the fourteenth meeting of the Conference of the Parties might offer a unique opportunity to address the idea of developing a funding goal under the Convention.

30. *Absence of guiding, monitoring and review structure.* The financial mechanism has been a standing item on the agenda of the Conference of the Parties, but there has not been any process to assist the Conference of the Parties in undertaking this task. Past processes were focused on delivering specific tasks, such as expert panels that were established to assess funding needs or the terms of reference adopted for the independent evaluation of the effectiveness of the financial mechanism. However, no process has been established for Parties to guide, monitor and review the pertinent work of the Convention in its entirety, with participation from funding entities (multilateral, bilateral, regional and national) as well as from the private sector and civil society. As part of the Cancun Agreement, the Conference of the Parties to the United Nations Framework Convention on Climate Change at its sixteenth session decided to establish a Standing Committee on Finance to assist it in relation to the provisions on financial mechanism of the Convention, in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties. Activities of the Standing Committee on Finance include: organizing a forum for communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence; maintaining linkages with the Subsidiary Body for Implementation and thematic bodies of the Convention; providing draft guidance with a view to improving the consistency and practicality of such guidance; making recommendations on how to improve the coherence, effectiveness and efficiency; providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the provisions on financial mechanism; preparing a biennial assessment, overview of climate finance flows, etc.

31. *Absence of linkage with financial institutions.* Following the goal of mobilizing jointly US\$ 100 billion per year by 2020 under the United Nations Framework Convention on Climate Change, multilateral development banks announced at the twenty-first session of the Conference of the Parties, in Paris, a joint statement of commitments to action and implementation for delivering climate change action at scale. A recent report shows that these development banks have all achieved their pledged contributions ahead of time. Many decisions adopted by the Conference of the Parties to the Convention on Biological Diversity over the past two decades contain a call to financial institutions and development agencies, but the level of engagement by these entities remains largely unknown.

32. *Absence of funding capacity and readiness.* Many countries, particularly the chronically underfinanced countries, often appear to have lower readiness and capacity to access and utilize various financial institutions, such as the Green Climate Fund. In general, the level of awareness of and the capacity to tap into various emerging funding opportunities remain overall low in biodiversity financing, and biodiversity stakeholders do not appear to be ready to tap funding other than grants for their project financing.

IV. RECOMMENDATIONS

33. In the light of the above information, the Conference of the Parties may wish to consider adopting a decision along following lines:

The Conference of the Parties

Having considered the note by the Executive Secretary,²

1. *Adopts* the terms of reference for a full assessment of the amount of funds needed for the implementation of the Convention and its Protocols during the eighth replenishment period of the Trust Fund of the Global Environment Facility, as annexed to the present draft decision;

2. *Invites* relevant Parties to submit to the Executive Secretary their estimated funding and investment needs under the financial mechanism for the third determination of funding and investment requirements by the Conference of the Parties at its fifteenth meeting in connection with the eighth replenishment of the Trust Fund of the Global Environment Facility;

3. *Requests* the Executive Secretary to prepare a compilation of estimated funding and investment needs submitted by relevant Parties, building on and further fine-tuning the methodology and the three scenarios used by the second determination of funding needs, for consideration by the Subsidiary Body on Implementation, at its third meeting, to inform the third determination of funding requirements by the Conference of the Parties at its fifteenth meeting, in anticipation of the eighth replenishment of the Trust Fund of the Global Environment Facility;

4. *Requests* the Subsidiary Body on Implementation at its third meeting to prepare proposals for a four-year outcome-oriented framework of programme priorities for the eighth replenishment period (2023-2026) of the Global Environment Facility Trust Fund, aligned with the draft post-2020 biodiversity framework, for consideration by the Conference of the Parties at its fifteenth meeting;

5. *Considers* the sixth overall performance study of the Global Environment Facility, conducted by the Facility's Independent Evaluation Office and completed in December 2017, as a good basis for the fifth review of the effectiveness of the financial mechanism, as well as the related submissions received from Parties, and *invites* the Council of the Global Environment Facility to take the following action in order to further improve the effectiveness of the financial mechanism:

(a) Continue to improve the design, management, and performance of the sixth-replenishment Integrated Approach Pilots, the seventh-replenishment impact programmes, other programmatic approaches, and multi-focal area projects in addressing drivers of environmental degradation;

(b) Promote awareness to the existing processes under the Conflict Resolution Commissioner to address complaints related to the operations of the financial mechanism;

(c) Further improve the sustainability of funded projects and programmes, including sustainable financing of protected areas;

(d) Continue to improve the efficiency and accountability of the Global Environment Facility partnership;

(e) Include the following information in its report to the Conference of the Parties at its fifteenth meeting:

(i) Progress in implementing the new co-financing policy;

(ii) Performance of the Global Environment Facility's network of agencies;

6. *Requests* the Executive Secretary to take into account the experiences gained from past reviews of the effectiveness of the financial mechanism in preparing 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;

7. *Decides*, in the development of the post-2020 global biodiversity framework, to consider the following:

² CBD/COP/14/8.

(a) A standing committee on finance under the Conference of the Parties to assist the Conference of the Parties in strengthening funding systems in accordance with Article 21, paragraph 4, of the Convention;

(b) An overall goal for biodiversity finance, commensurate with the magnitude of the funding needs assessed under the Convention and other international forums;

(c) Ways to strengthen the engagement of a wider range of financial institutions to support the Convention;

(d) Ways to improve the readiness and capacity of Parties to access and utilize financial resources in support of the Convention.

Annex

TERMS OF REFERENCE FOR A FULL ASSESSMENT OF THE AMOUNT OF FUNDS NEEDED FOR THE IMPLEMENTATION OF THE CONVENTION AND ITS PROTOCOLS DURING THE EIGHTH REPLENISHMENT PERIOD OF THE TRUST FUND OF THE GLOBAL ENVIRONMENT FACILITY

Objective

1. The objective of the work to be carried out under the present terms of reference is to enable the Conference of the Parties to make an assessment of the amount of funds that are necessary to assist developing countries and countries with economies in transition, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their commitments under the Convention and its Protocols over the seventh Global Environment Facility replenishment cycle, and determine the amount of resources needed, in accordance with Article 21, paragraph 1 and decision III/8.

Scope

2. The assessment of funding needs for the implementation of the Convention and its Protocols should be comprehensive and primarily directed towards assessing total funding needs required to meet agreed full incremental costs of measures that developing country Parties and Parties with economies in transition implement in accordance with the guidance provided by the Conference of the Parties to fulfil their obligations under the Convention and its Protocols for the period July 2022 to June 2026.

Methodology

3. The funding needs assessment should take into account:

(a) Article 20, paragraph 2, and Article 21, paragraph 1, of the Convention, as well as the Strategic Plan for Biodiversity 2011-2020;

(b) Guidance to the financial mechanism from the Conference of the Parties which calls for future financial resources;

(c) Rules and guidelines agreed by the Council of the Global Environment Facility for determining eligibility for funding of projects;

(d) Experience to date, including limitations and successes of projects funded by the Global Environment Facility, as well as the performance of the Facility and its agencies;

(e) All obligations under the Convention and its Protocols and relevant decisions adopted by the Conference of the Parties;

(f) The post-2020 biodiversity framework, including phasing;

(g) Investments required in national strategies, plans or programmes developed in accordance with Article 6 of the Convention;

(h) The information communicated to the Conference of the Parties in national reports and information provided by the Parties through the financial reporting framework;

- (i) Synergies with other Global Environment Facility-funded conventions;
- (j) Synergies with other biodiversity-related conventions.

Procedures for implementation

4. Under the authority and with the support of the Conference of the Parties through its Bureau, the Executive Secretary shall prepare a compilation report on the full assessment of funding necessary and available for the implementation of the Convention for the period from July 2022 to June 2026, in accordance with the above objective and methodology.

5. In preparing the compilation report, the Executive Secretary shall develop, and make available by 31 December 2019, an online system to facilitate submissions by relevant Parties and stakeholders on their assessed funding needs for the period July 2022 to June 2026, building upon the experiences accumulated from the previous assessments of funding needs.

6. Relevant Parties and stakeholders are invited to make a submission of their assessed funding needs for the period July 2022 to June 2026, two months before the third meeting of the Subsidiary Body on Implementation, taking into account the following:

(a) The needs identified in national biodiversity strategies and action plans, including country-specific resource mobilization strategies, prepared pursuant to Article 6 of the Convention;

(b) Reports submitted pursuant to Article 26 of the Convention to identify funding needs in fulfilment of their obligations under the Convention;

(c) Estimated financial implications of guidance to the financial mechanism from the Conference of the Parties;

(d) Experience to date in the provision of funds by the financial mechanism for each replenishment period;

(e) Additional funding needs for the period from July 2022 to June 2026 arising from national implementation of the post-2020 biodiversity framework;

(f) Any supplementary information on funding needs for the implementation of the obligations under the Convention and its Protocols.

7. As far as possible, the Executive Secretary shall endeavour to undertake regional and subregional consultations, taking advantage of regional and subregional workshops organized by the secretariats of the Convention and the Global Environment Facility during the study period.

8. Under the guidance of the Standing Committee on Finance, the Executive Secretary shall conduct a review of the submissions received to ensure accuracy and consistency of data and approach as specified in these terms of reference.

9. The Executive Secretary shall strive to ensure that the compilation report is distributed to all Parties six weeks before the third meeting of the Subsidiary Body on Implementation.

10. The Subsidiary Body on Implementation at its third meeting should consider the compilation assessment report and make recommendations for consideration by the Conference of the Parties at its fifteenth meeting.

11. The Conference of the Parties at its fifteenth meeting will adopt a decision on the assessment of the amount of funds that are necessary for the implementation of the Convention and its Protocols for the eighth replenishment period of the Trust Fund of the Global Environment Facility, and communicate the results to the Global Environment Facility accordingly.