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Item 4 (b) of the provisional agenda*

Financial mechanism**Implementation plan for the sixth quadrennial review of the effectiveness of the financial mechanism****Note by the Secretariat**

1. In document CBD/SBI/4/6 on the financial mechanism, the Secretariat included information on the review of the effectiveness of the financial mechanism to be conducted by an independent evaluator, whose terms of reference were adopted by the Conference of the Parties in its decision 15/15.
2. The Executive Secretary is pleased to provide herewith, for the information of participants in the fourth meeting of the Subsidiary Body on Implementation, the implementation plan for the review that has been prepared by the independent evaluator.
3. The document is provided in the form in which it was received by the Secretariat.

* CBD/SBI/4/1.

Implementation plan for the sixth quadrennial review of the effectiveness of the financial mechanism

1. Introduction

In its decision 15/15 on the financial mechanism, the Conference of the Parties (COP) to the Convention on Biological Diversity (CBD) adopted the terms of reference (TOR) for the sixth quadrennial review of the effectiveness of the financial mechanism (Review), contained in annex IV to that decision, to be undertaken by an independent evaluator.

The independent evaluator was appointed in March 2024. Since then, the independent evaluator has conducted an initial review of documents related to the periodic review, including COP decisions and the reports of previous reviews, met with the Secretariat of the Convention on Biological Diversity (SCBD), the Secretariat of the Global Environment Facility (GEFSEC), the United Nations Development Programme (UNDP) and the Secretariat of the Green Climate Fund, and prepared an inception report for the implementation of the Review.

The present document explains the methodology that will be used by the independent evaluator to implement and deliver the Review.

2. COP guidance on effectiveness and the Review

For the purposes of this Review, the COP considers effectiveness and the objectives of the Review to 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 all recipient country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of the Convention and its Protocols and to benefit from its provisions, taking into account the need for predictability, adequacy and timely flow of funds;
- (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 COP, 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;
- (e) The efficiency and effectiveness of the activities funded by the GEF on the implementation of the Convention and the achievement of its three objectives, as well as, as applicable, of its Protocols, taking into account the guidance provided by the COP;
- (f) The efficiency and effectiveness of supporting implementation of 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; and
- (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.

As described by COP, the effectiveness and efficiency of the financial mechanism shall be assessed taking into account, inter alia:

- (a) The actions taken by GEF in response to the guidance of the Conference of the Parties;
- (b) The extent to which eligible countries receive timely, adequate and predictable funds to enable countries to meet the agreed full incremental cost to them of implementing measures that fulfil the obligations under the Convention and its Protocols, that generate global environmental benefits;¹
- (c) Information provided by Parties related to performance in delivering GEF projects, 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;
- (e) Percentage of biodiversity funding through the financial mechanism to support the achievement of the global goals and targets;
- (f) Trend in co-financing and non-grant financing in the biodiversity area enabled by the financial mechanism;
- (g) Trend in financing global, regional and subregional biodiversity projects under the financial mechanism;
- (h) Trend in project and programme financing taking into consideration synergies among conventions that have designated GEF to operate their financial mechanism;
- (i) Trend in project financing targeted at biodiversity-related conventions and agreements taking into consideration synergies between them;
- (j) Trend in timeframes for project development and resource disbursement, including time between the approval of the concept notes (PIF) and the first disbursement;
- (k) Trend in project financing targeted at, and/or led by indigenous peoples and local communities, women and youth;
- (l) Trend in the number of capacity-building activities that 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; and
- (m) 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 GEF through this programming.

While the TOR is focused on looking at GEF's past performance against a set of criteria, it may be useful for the Review to also reflect on the operations of the GEF and the financial mechanism in the wider context of international finance for biodiversity as outlined in the "exploration of the biodiversity finance landscape", CBD/SBI/4/INF/10, and looking ahead against these criteria and perhaps others that are more geared toward evaluating useful outcomes and impacts.

Some areas the Review may consider are:

1. *GEF's operating structure*: GEF has a growing mandate with regards to supporting Parties to implement the CBD through support provided by the GEF Trust Fund (GEF TF) and the Global

¹ Instrument for the Establishment of the Restructured Global Environment Facility, September 2019. <http://www.thegef.org/publications/instrument-establishment-restructured-gef-2019>.

Biodiversity Framework Fund (GBFF). The Review could consider assessing how and whether the reforms underway with regards to staffing and structure of the GEFSEC are fit for this purpose;

2. *GEF's policies and procedures*: The GEF had already been reviewing its policies and procedures to improve access to GEF funds including an internal review of the current project cycle of the GEF and the Least Developed Countries Fund (LCDF) and the Special Climate Change Fund (SCCF) Trust Funds. These analyses are leading to a series of proposed modifications that aim to increase efficiency while preserving the GEF principles of accountability, transparency, and compliance - principles that are essential for the GEF Partnership and its Family of Funds, which now covers six Multilateral Environmental Agreements and six funds. For example, the Review could consider reporting on this progress and on simplifications of the project cycle for the GBFF. The Review could assess if these reforms are responsive to calls for increased access and efficiency in GEF's project cycle;
3. *GEF's governance*: The GEF is re-examining its governance modalities to enable expanded relationships along several different dimensions including through engagement with the private sector and philanthropic entities through programming and policies that enable the creation of key partnerships and platforms. For example, the GBFF has been established to receive financing from all sources, which may include philanthropic organizations and the private sector, among others. This has included the possibility for the Council to establish an advisory group or advisory groups, which may include non-sovereign contributors, as well as an agreement to establish an auxiliary body which will include representatives of GBF Fund Participants which are developing countries with areas of particular importance for biodiversity and ecosystem functions and services, for the purpose of providing advice and recommendations to the GBF Fund Council, while recognizing that the GBF Fund Council remains the decision-making body. The Review could assess how these innovations in governance will help enhance the engagement of stakeholders and developing countries in the Council, and address improving the effectiveness and efficiency of the GEF;
4. *Inclusiveness*: The GEF is examining its programming, policy, and governance frameworks to increase engagements with non-state actors such as indigenous peoples and local communities (IPLCs), civil society, women and youth groups. The Review could assess and suggest if the initial changes undertaken in these areas within the GBFF, for example through the creation of specific observer seats in the GBFF Council and aspirational targets for IPLC programming, would be useful to support within the GEF TF and how this increased engagement could be undertaken to improve GEF's effectiveness; and/or
5. *Assessing GEF performance against its own Core Indicators*: The GEF has its own monitoring system to evaluate its performance against an array of indicators relevant to the Review and the Review could analyse how effective GEF has been in meeting its own performance indicators;

3. Methodology

The Review will be undertaken in accordance with the objectives, methodology and criteria set out in annex IV to decision 15/15. These provide that the Review will cover all the activities of the institutional structure operating the financial mechanism for the period from 1 July 2017 to 30 June 2022. Given the significant subsequent developments related to the financial mechanism and activities of the CBD and GEF, such as the adoption of the Global Biodiversity Framework (GBF) and the operationalisation of the Global Biodiversity Framework Fund, this Review will also take into account significant activities and developments from 30 June 2022 to 30 June 2024.

The methodology for this Review will include the following steps:

1. Provision to the Subsidiary Body on Implementation (SBI-4) of document CBD/SBI/4/INF/17;
2. A presentation by the independent evaluator at SBI-4 outlining the Review;
3. Structured interviews with Parties to the Convention and its Protocols and other stakeholders at SBI-4;

4. A desk study of key documents from the CBD, GEF and other entities;
5. A portfolio analysis with data from the GEF;
6. An online questionnaire to be published shortly after SBI-4;
7. Interviews with Parties online;
8. Interviews with the SCBD, the GEFSEC, the GEF Independent Evaluation Office (IEO), various GEF agencies (e.g. UNDP, the United Nations Environment Programme (UNEP), the World Bank);
9. A draft report by the independent evaluator submitted to the SCBD for comment;
10. A revised report will be made available to GEFSEC for its review and comments; and
11. Final report provided by the independent evaluator to the Secretariat.

The outline of the draft report of the independent evaluator will reflect the structure of the guidance of the COP and address the following specific issues:

1. The conformity of the activities of the GEF with guidance of the COP;
2. The effectiveness of the financial mechanism;
3. Mobilizing financial resources from all sources;
4. Enhancing national implementation measures;
5. Activities funded by the GEF and the implementation of the CBD;
6. Supporting implementation of SDGs that contribute to achieving the objectives of CBD;
7. Deployment of resources for programmes; and
8. Other issues.

A draft outline of the report is provided in the annex to this document.

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, for the consideration of the Conference of the Parties at its sixteenth meeting.

4. Interview and survey questions

An important part of the Review, mandated by the COP, will be collecting information directly from Parties and other stakeholders. This will be collected through structured interviews conducted at the margins of SBI-4, an online questionnaire targeted at national focal points of the Convention and of the Protocols and subsequent interviews with representatives of Parties to the Convention, Parties to the Protocols, the GESEC, the GEF Independent Evaluation Office and other key stakeholders. The collection of this information will be structured around a series of questions that address specific elements of the TORs. Based on the past reviews and the guidance provided by COP for this Review the initial list of questions to structure the interviews and data collection are as follows:

1. How do the activities of the GEF, as the institutional structure operating the financial mechanism, conform with the guidance of the COP?
2. How effective is the financial mechanism in providing and mobilizing financial resources to enable all recipient country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of the Convention and its Protocols and to benefit from its provisions, taking into account the need for predictability, adequacy and timely flow of funds?
3. How effective is the financial mechanism 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?

4. How efficient is 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?
5. How effective is the financial mechanism in catalysing and enhancing national implementation measures for achieving global biodiversity goals and targets, including those that relate to the Protocols?
6. How efficient and effective are the activities funded by the GEF on the implementation of the Convention and the achievement of its three objectives, as well as, as applicable, of its Protocols, taking into account the guidance provided by the Conference of the Parties?
7. How efficient and effective is the financial mechanism in supporting implementation of Sustainable Development Goals that contribute to achieving the objectives of the Convention and its Protocols?
8. How efficient and effective is the financial mechanism' processes and procedures for the deployment of resources for programmes?
9. How efficient and effective is the financial mechanism 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.
10. Are the actions taken by GEF in response to the guidance of the Conference of the Parties adequate?
11. To what extent do eligible countries receive timely, adequate and predictable funds to enable countries to meet the agreed full incremental cost to them of implementing measures that fulfil the obligations under the Convention and its Protocols, that generate global environmental benefits?
12. Do you have information related to performance in delivering GEF projects including effectiveness and efficiency of access modalities and competence and capacity required to use these modalities;
13. Do you have information for this Review to draw upon regarding the following:
 - a. 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;
 - b. percentage of biodiversity funding through the financial mechanism to support the achievement of the global goals and targets;
 - c. relevant trends in co-financing and non-grant financing in the biodiversity area enabled by the financial mechanism;
 - d. relevant trends in financing global, regional and subregional biodiversity projects under the financial mechanism;
 - e. relevant trends in project and programme financing taking into consideration synergies among conventions that have designated GEF to operate their financial mechanism;
 - f. relevant trends in project financing targeted at biodiversity-related conventions and agreements taking into consideration synergies between them;
 - g. relevant trends in timeframes for project development and resource disbursement, including time between the approval of the concept notes (PIF) and the first disbursement;
 - h. relevant trends in project financing targeted at, and/or led by indigenous peoples and local communities, women and youth;
 - i. relevant trends in the number of capacity-building activities that 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;

- j. relevant trends 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 GEF through this programming;
- 14. What are the three most important challenges affecting the efficiency and effectiveness of the financial mechanism and why?
- 15. What are the three most important measures the financial mechanism should consider improving its efficiency and effectiveness?
- 16. What examples or policies of the GEF represent best practice and should be enhanced?
- 17. What role does the financial mechanism play in developing the pathway to target 19 of the GBF?
- 18. Any other issues or information that have not been provided in any of the foregoing questions?

Based on decision NP-4/8 A, the following additional and specific questions will be asked of Parties to the Nagoya Protocol on Access and Benefit-sharing:

1. What has been the experience and lessons learned in accessing and utilizing funds from the financial mechanism for the implementation of the Nagoya Protocol?
2. What are the challenges to accessing and using GEF funds?
3. Are there possible barriers to regional collaboration?

Based on decision CP-10/6, the independent evaluator will also consider in the review the relevance and process of creating a standalone window for biosafety and, related to that, will ask similar questions of Parties to the Cartagena Protocol on Biosafety, i.e. what has been the experience and lessons learned in accessing and utilizing funds for the implementation of the Cartagena Protocol and what are the challenges to accessing and using GEF funds?

This list of questions is somewhat overlapping, repetitive and in some cases requests information that is not possible to determine or ascertain. Accordingly, the respondents and interviewees will be requested to provide information for only those questions they feel are relevant and will not be expected to answer all the questions.

5. Desk study of Documents from the CBD, GEF and other entities

The Review shall draw upon, inter alia, the following sources of information:

- (a) Reports prepared by GEF, including its reports to the COP;
- (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.

The independent evaluator will work with the GEFSEC to develop a portfolio analysis with data from the GEF for the Review using the TOR as a framework for the analysis.

The GEF documents that this Review will draw upon are the GEF reports to COP and SBI, the latest of which is contained in document CBD/SBI/4/6/Add.1. Other GEF products and reports will also be drawn upon such as:

1. GEF-7 and 8 Focal Area Strategies, along with the Guidelines on the GEF-8 and 7 Results Measurement Framework;
2. Management Response to the Seventh Overall Performance Study of the GEF;
3. GEF-7 and GEF-8 Biodiversity Protected Area Tracking Tool;
4. Documents from the GEF Country Support Program; and
5. Important policies such as:
 - a. Instrument for the Establishment of the Restructured Global Environment Facility (2019),
 - b. Policy and Guidelines on System for Transparent Allocation of Resources (STAR) (2018),
 - c. Policy on Access to Information (2018),
 - d. Policy on Co-financing and Guidelines on Co-financing (2018),
 - e. Policy on Environmental and Social Safeguards (2019),
 - f. Guidelines on GEF Policy on Environmental and Social Safeguards, Operational Guidelines for the Application of the Incremental Cost Principle (2007),
 - g. Project and Program Cycle Policy (2018), and
 - h. Policy on Stakeholder Engagement (2017).

Account will also be taken of more recent developments and documents where possible, such as the GEF Council working group on streamlining that will deliver recommendations to the December 2024 Council Meeting.

A preliminary list of the reports prepared by the GEF Independent Evaluation Office in addition to OPS7 that will be drawn upon include:

- Evaluation of GEF's support to mainstreaming biodiversity (GEF/ME/C.55/Inf.02)
- Value for money analysis of GEF interventions in support of sustainable forest management (GEF/ME/C.56/Inf.02)
- Evaluation of GEF support to scaling up impact (GEF/ME/C.56/Inf.03/Rev.01)
- Strategic country cluster evaluation of the Small Island Developing States (GEF/ME/C.57/02)
- Strategic country cluster evaluation: Sahel and Sudan-Guinea savanna biomes (GEF/E/C.58/inf.02/Rev.01)
- Strategic country cluster evaluation of the Least Developed Countries (GEF/E/C.58/inf.03/Rev.01)
- Evaluation of GEF support in fragile and conflict-affected situations (GEF/E/C.59/01)
- Evaluation of the role of medium size projects (MSP) in the GEF partnership (GEF/E/C.59/03)
- Evaluation of knowledge management in the GEF (GEF/E/C.59/04)
- Third joint GEF-UNDP evaluation of the Small Grants Programme (GEF/E/C.60/01)
- GEF support to innovation: findings and lessons (GEF/E/C.60/02)
- Evaluation of the Country Support Program (GEF/E/C.60/03)
- Formative evaluation of the GEF integrated approach to address the drivers of environmental degradation (GEF/E/C.60/04/Rev.01)
- Evaluation of GEF engagement with micro, small and medium enterprises (GEF/E/C.60/05)
- Evaluation of institutional policies and engagement of the GEF (GEF/E/C.60/06)
- Working toward a greener global recovery: executive summary of the final report of OPS7 (GEF/E/C.61/01)
- Working toward a greener global recovery - final report of OPS7 (GEF/E/C.61/Inf.01)
- Evaluation of GEF enabling activities (GEF/E/C.62/Inf.01)
- Evaluation of GEF support to sustainable forest management (GEF/E/C.62/02)
- Evaluation of the effects of the Covid-19 pandemic on GEF activities (GEF/E/C.63/02)
- Strategic country cluster evaluation of the Lower Mekong River basin ecosystem (GEF/E/C.64/02/Rev.01)
- Strategic country cluster evaluation: GEF Support to drylands countries (GEF/E/C.66/01)

- Evaluation of community-based approaches at the GEF (GEF/E/C.66/02)
- Learning from challenges in GEF projects (GEF/E/C.66/03/Rev.01)

Account will also be taken more recent assessments and documents where possible, such as:

- Environmental and socioeconomic co-benefits of GEF interventions;
- GEF support to combating illegal wildlife trade;
- Policy coherence in the GEF;
- Strategic country cluster evaluation in the Amazon;
- GEF support to nature-based solutions;
- The food systems, land use, and restoration impact program;
- Formative evaluation of the GEF-7 and GEF-8 impact programs;
- Governance of the GEF;
- Implementation of the GEF Private Sector Engagement Strategy;
- LDCF program evaluation: the challenge program for adaptation;
- Knowledge management and learning strategy in the GEF;
- Focal area strategy and performance assessments for each focal area;
- Small Grants Programme (update study);
- Country Engagement Strategy (update study); and
- Comprehensive evaluation of the GEF: OPS8.

The Review will also draw upon the reports and data provided by the OECD DAC such as:

- Casado Asensio, J., D. Blaquier and J. Sedemund (2022), “Biodiversity and development finance: Main trends, 2011-20”, OECD Development Co-operation Working Papers, No. 110, OECD Publishing, Paris;
- A Decade of Development Finance for Biodiversity, (OECD 2023);
- OECD DAC Creditor Reporting System (Database), <https://stats.oecd.org/Index.aspx?DataSetCode=crsl>;
- Private philanthropy for sustainable development, 2018-20: Data and analysis, (OECD 2023);
- Development Co-operation Report 2023;
- OECD DAC Declaration on a new approach to align development co-operation, (OECD 2021)
- A Comprehensive Overview of Global Biodiversity Finance, OECD (2020),

The Multilateral Organisation Performance Assessment Network is currently undertaking its second assessment of the GEF, led by Australia and Sweden, on GEF’s organizational effectiveness (strategic, operational, relationship and performance) and results – see <https://www.mopanonline.org/assessments/gef2024/index.htm>. In addition to providing a broad overview of GEF’s organisational performance, the assessment will deliver specific insights into areas of greatest significance to GEF’s performance including areas of relevance for this Review. The report of the assessment will be published in December 2024. If any preliminary products from this assessment are available in time, they will be drawn on for this Review.

Information provided by Parties and other relevant stakeholders will be listed in the Annex to the report prepared by the independent evaluator.

6. Limitations of the Review

As noted in document CBD/SBI/4/6, given that the resources allocated for the Review are significantly less than the amount set out in the voluntary budget, the steps undertaken for the Review will necessarily be limited. Accordingly, this is a review and not a full evaluation. Furthermore, due to budget limitations, there are no plans to conduct field visits to countries or to attend regional/sub-regional workshops organized by the Convention Secretariat during the review period.

Annex

Draft Outline of the Review

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