



CONVENTION ON BIOLOGICAL DIVERSITY

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INTERGOVERNMENTAL COMMITTEE FOR THE CARTAGENA PROTOCOL ON BIOSAFETY

Second meeting

Nairobi, 1-5 October 2001

Item 4.4 of the provisional agenda*

GUIDANCE TO THE FINANCIAL MECHANISM (ARTICLE 28, PARAGRAPH 5, ARTICLE 22)

Note by the Executive Secretary

I. INTRODUCTION

1. In accordance with its work plan adopted in decision V/1 of the Conference of the Parties, the Intergovernmental Committee for the Cartagena Protocol on Biosafety (ICCP) is to consider Article 28, paragraph 5 and Article 22 at its second meeting. In particular, the Conference of the Parties requested the ICCP to consider “elaboration of guidance for the financial mechanism”.

2. The present note has been prepared by the Executive Secretary to assist the ICCP in this task. Section II describes the relationship and working arrangements between the Convention and the financial mechanism, while Section III discusses how these arrangements relate to the Protocol. Section IV describes existing guidance to the financial mechanism contained in relevant decisions of the Conference of the Parties. Section V outlines the need for financial resources to assist developing country Parties, in particular the least developed and the small island developing States among them, as called for in Article 28 of the Protocol. Section VI highlights the need for collaboration among funding sources, and in section VII, the Executive Secretary proposes a set of recommendations for consideration of the ICCP.

II. RELATIONSHIP BETWEEN THE CONVENTION AND THE FINANCIAL MECHANISM

3. Article 20, paragraph 2, of the Convention provides that “developed country Parties shall provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of this Convention and to benefit from its provisions and which costs are agreed between a developing country Party and the institutional structure referred to in Article 21, in accordance with the policy, strategy, programme priorities

* UNEP/CBD/ICCP/2/1.

and eligibility criteria and an indicative list of incremental costs established by the Conference of the Parties”.

4. Article 21 of the Convention provides:

“1. There shall be a mechanism for the provision of financial resources to developing country Parties for purposes of this Convention on a grant or concessional basis the essential elements of which are described in this Article. The mechanism shall function under the authority and guidance of, and be accountable to, the Conference of the Parties for purposes of this Convention. The operations of the mechanism shall be carried out by such institutional structure as may be decided upon by the Conference of the Parties at its first meeting. For purposes of this Convention, the Conference of the Parties shall determine the policy, strategy, programme priorities and eligibility criteria relating to the access to and utilization of such resources. The contributions shall be such as to take into account the need for predictability, adequacy and timely flow of funds referred to in Article 20 in accordance with the amount of resources needed to be decided periodically by the Conference of the Parties and the importance of burden-sharing among the contributing Parties included in the list referred to in Article 20, paragraph 2. Voluntary contributions may also be made by the developed country Parties and by other countries and sources. The mechanism shall operate within a democratic and transparent system of governance.

“2. Pursuant to the objectives of this Convention, the Conference of the Parties shall at its first meeting determine the policy, strategy and programme priorities, as well as detailed criteria and guidelines for eligibility for access to and utilization of the financial resources including monitoring and evaluation on a regular basis of such utilization. The Conference of the Parties shall decide on the arrangements to give effect to paragraph 1 above after consultation with the institutional structure entrusted with the operation of the financial mechanism.

“3. The Conference of the Parties shall review the effectiveness of the mechanism established under this Article, including the criteria and guidelines referred to in paragraph 2 above, not less than two years after the entry into force of this Convention and thereafter on a regular basis. Based on such review, it shall take appropriate action to improve the effectiveness of the mechanism if necessary.

“4. The Contracting Parties shall consider strengthening existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity.”

5. Pursuant to these provisions, the Conference of the Parties adopted the Memorandum of Understanding (MOU) between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility at its third meeting (see the annex to the present note for the text of the Memorandum of Understanding).^{1/} The Memorandum of Understanding makes provision for guidance from the Conference of the Parties, reporting, monitoring and evaluation, determination of funding requirements, reciprocal representation, and inter-secretariat cooperation.

^{1/} Decision III/8.

6. In accordance with the Memorandum of Understanding, the GEF prepares a report for consideration at each meeting of the Conference of the Parties, which includes information on how the GEF has applied the guidance and implemented the policy, strategies, programme priorities and eligibility criteria and actions determined by the Conference of the Parties.

7. At each of its meetings, the Conference of the Parties has provided guidance to the financial mechanism on policy, strategies and programme priorities. At its fourth meeting in 1998, the Conference of the Parties conducted a review of the effectiveness of the financial mechanism. A second review of the effectiveness of the financial mechanism is now under preparation for consideration at the sixth meeting of the Conference of the Parties in April 2002.

III. RELATIONSHIP BETWEEN THE PROTOCOL, THE CONVENTION AND THE FINANCIAL MECHANISM

8. Article 28 of the Cartagena Protocol provides:

“1. In considering financial resources for the implementation of this Protocol, the Parties shall take into account the provisions of Article 20 of the Convention.

“2. The financial mechanism established in Article 21 of the Convention shall, through the institutional structure entrusted with its operation, be the financial mechanism for this Protocol.

“3. Regarding the capacity-building referred to in Article 22 of this Protocol, the Conference of the Parties serving as the meeting of the Parties to this Protocol, in providing guidance with respect to the financial mechanism referred to in paragraph 2 above, for consideration by the Conference of the Parties, shall take into account the need for financial resources by developing country Parties, in particular the least developed and the small island developing States among them.

“4. In the context of paragraph 1 above, the Parties shall also take into account the needs of the developing country Parties, in particular the least developed and the small island developing States among them, and of the Parties with economies in transition, in their efforts to identify and implement their capacity-building requirements for the purposes of the implementation of this Protocol.

“5. The guidance to the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply, *mutatis mutandis*, to the provisions of this Article.

“6. The developed country Parties may also provide, and the developing country Parties and the Parties with economies in transition avail themselves of, financial and technological resources for the implementation of the provisions of this Protocol through bilateral, regional and multilateral channels.”

Application of the provisions of the Memorandum of Understanding to the Cartagena Protocol

9. Paragraph 3 of Article 28 suggests that guidance from the Conference of the Parties serving as the meeting of the Parties to the Protocol is to be considered by the Conference of the Parties to the Convention with a view to its inclusion in the guidance to the financial mechanism from the Conference of

the Parties. This arrangement would technically require that any draft guidance from the Conference of the Parties serving as the meeting of the Parties to the Protocol should be agreed prior to the conclusion of an ordinary meeting of the Conference of the Parties.

10. Since guidance to the financial mechanism concerning the Cartagena Protocol is to be considered by the Conference of the Parties to the Convention, any arrangements between the financial mechanism and the Protocol need to take into account the arrangements between the financial mechanism and the Convention developed pursuant to the Convention. As provided in decision III/8, this will include reporting by the financial mechanism to each meeting of the Conference of the Parties as to how it has implemented such guidance, as well as regular review of the effectiveness of the mechanism by the Conference of the Parties.

11. Article 21 of the Convention, paragraph 1, provides that the Conference of the Parties shall periodically decide the amount of resources needed by developing countries for purposes of the Convention. Section 5 of the Memorandum of Understanding between the Conference of the Parties and the GEF Council provides for the determination of funding requirements. It states that: “in anticipation of the replenishment of GEF, the Conference of the Parties will make an assessment 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 “the Conference of the Parties will review the amount of funding necessary for the implementation of the Convention, on the occasion of each replenishment of the financial mechanism”. This suggests that the Conference of the Parties serving as the meeting of the Parties to the Protocol should also conduct a regular assessment and review of relevant financial needs, prior to the assessment of financial needs to be prepared by the Conference of the Parties to the Convention for each replenishment of the financial mechanism, so as to provide information on financial needs of developing countries arising from the Protocol.

IV. GUIDANCE TO THE FINANCIAL MECHANISM IN RELEVANT DECISIONS OF THE CONFERENCE OF THE PARTIES

12. Paragraph 5 of Article 28 specifies that guidance from the Conference of the Parties for purposes of the Convention shall also apply for purposes of the Protocol.

13. The Conference of the Parties to the Convention has adopted five decisions setting forth guidance to the financial mechanism of the Convention: that is, decisions I/2, II/6, III/5, IV/13 and V/13. Among these, the following provisions are of relevance to biosafety.

14. At its third meeting, the Conference of the Parties welcomed the adoption of the UNEP International Technical Guidelines for Safety in Biotechnology at the Global Consultation of Government-designated Experts, and affirmed its support for a two-track approach through which the promotion of the application of the UNEP International Technical Guidelines for Safety in Biotechnology could contribute to the development and implementation of a protocol on biosafety. In decision III/5, paragraph 2 (a), the Conference of the Parties requested the financial mechanism to provide financial support “for capacity-building in biosafety, including for the implementation by developing countries of the UNEP International Technical Guidelines for Safety in Biotechnology”.

15. The GEF responded to this guidance by funding a pilot project in 18 countries around the world, as reported to the Parties at their fifth meeting. ^{2/} Support of this nature has been expanded and enlarged to assist all eligible countries to identify and prepare national biosafety frameworks (see para. 17 below).

16. After the adoption of the Protocol, the GEF Council decided, at its fifteenth meeting, to initiate supporting activities to assist countries to prepare for the entry into force of the Protocol. At its fifth meeting of the Conference of the Parties, in decision V/13, paragraph 1, welcomed “the decision of the Council of the Global Environment Facility requesting its secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to develop an initial strategy for assisting countries to prepare for the entry into force of the Cartagena Protocol on Biosafety”.

17. The GEF Council approved an initial strategy in November 2000, together with an umbrella project, to be implemented through UNEP, to assist all eligible countries to develop national biosafety frameworks for implementation of the Cartagena Protocol. The project was launched in June 2001, and is expected to benefit up to 100 countries requesting assistance for the purpose. The GEF is also developing demonstration projects for capacity-building for implementation of such frameworks in other countries that have developed their biosafety frameworks.

V. THE NEED FOR FINANCIAL RESOURCES TO ASSIST DEVELOPING COUNTRY PARTIES

18. The Protocol highlights the need for financial resources to support its implementation, in particular resources for capacity-building in biosafety. Article 28 of the Protocol, paragraph 3, stipulates:

“Regarding the capacity-building referred to in Article 22 of this Protocol, the Conference of the Parties serving as the meeting of the Parties to this Protocol, in providing guidance with respect to the financial mechanism ... for consideration by the Conference of the Parties, shall take into account the need for financial resources by developing country Parties, in particular the least developed and the small island developing States among them.”

19. In the preamble, Parties to the Protocol recognize “the limited capabilities of many countries, particularly developing countries, to cope with the nature and scale of known and potential risks associated with living modified organisms”. Article 22 of the Protocol further specifies:

“Cooperation in capacity-building shall, subject to the different situation, capabilities and requirements of each Party, include scientific and technical training in the proper and safe management of biotechnology, and in the use of risk assessment and risk management for biosafety, and the enhancement of technological and institutional capacities in Biosafety.”

20. Article 22, paragraph 1, addresses capacity-building and provides that:

“Parties shall cooperate in the development and/or strengthening of human resources and institutional capacities in biosafety, including biotechnology to the extent that it is required for biosafety, for the purpose of the effective implementation of this Protocol, in developing country Parties, in particular the least developed and small island developing States among them, and in Parties with economies in transition, including through existing global, regional, subregional and

^{2/} Report of the Global Environment Facility to the Conference of the Parties to the Convention on Biological Diversity at its fifth meeting (UNEP/CBD/COP/5/7).

national institutions and organizations and, as appropriate, through facilitating private sector involvement.”

21. Paragraph 2 of Article 22 elaborates upon the capacity-building needs to be addressed. It states that:

“Cooperation in capacity-building shall, subject to the different situation, capabilities and requirements of each Party, include scientific and technical training in the proper and safe management of biotechnology, and in the use of risk assessment and risk management for biosafety, and the enhancement of technological and institutional capacities in biosafety.”

22. To assist the first meeting of the ICCP, the Executive Secretary prepared an indicative framework for capacity-building under the Cartagena Protocol on Biosafety (UNEP/CBD/ICCP/1/4). An Open-ended Expert Meeting on Capacity-building for the Cartagena Protocol on Biosafety was convened in July 2001 to further develop the capacity-building provisions of the Protocol. The report of the Open-ended Expert Meeting is annexed to the note by the Executive Secretary on capacity-building prepared for the current meeting of ICCP (UNEP/CBD/ICCP/2/10). In preparing guidance to the financial mechanism, the Parties should take into account the need of developing country Parties, in particular the least developed and the small island developing States among them, for financial support to assist them in implementing the action plan of capacity-building requirements of the Protocol.

23. A crucial aspect of the Protocol is the establishment of the Biosafety Clearing-House as specified in Article 20. Paragraph 4 of Article 20 provides that the first meeting of the Conference of the Parties serving as the meeting of the Parties to the Protocol is to consider and decide on the modalities of the operation of the Biosafety Clearing-House. It is expected that developing country Parties, in particular the least developed and small island developing States among them, will require financial assistance to assist them to participate in the Biosafety Clearing-House. It is therefore recommended that the Parties consider identifying needs to enhance participation in the Biosafety Clearing-House as a programme priority to be supported by the GEF.

VI. FUNDING FROM SOURCES OTHER THAN THE FINANCIAL MECHANISM AND RELATIONSHIP AMONG VARIOUS FUNDING EFFORTS

24. Both the Convention and the Protocol recognize the important role of bilateral, regional and multilateral funding institutions in assisting Parties to implement the Convention and the Protocol. Article 20, paragraph 3, of the Convention provides that:

“The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and other multilateral channels.”

25. Article 28 of the Protocol provides:

“The developed country Parties may also provide, and the developing country Parties and the Parties with economies in transition avail themselves of, financial and technological resources for the implementation of the provisions of this Protocol through bilateral, regional and multilateral channels.”

26. Article 22 of the Protocol, concerning capacity-building, provides that the Parties shall cooperate in the development and/or strengthening of human resources and institutional capacity in biosafety,

including through existing global, regional, subregional and national institutions and organizations and, as appropriate, through facilitating private-sector involvement.

27. Accordingly, there is a need to consider complementarities and synergies among funding sources. At its fifth meeting, the Conference of the Parties: (i) requested the Executive Secretary to further develop a database on biodiversity-related funding information and make it available through the clearing-house mechanism and other means of communications, as appropriate; and (ii) invited the GEF to assist the Executive Secretary, in collaboration with the relevant international organizations and institutions, to convene a workshop on financing for biodiversity with a view to sharing knowledge and experience among funding institutions, and to explore the potential of the GEF to act as a funding catalyst. ^{3/} Pursuant to this decision, the CBD Secretariat and the GEF jointly organized in July 2001 a workshop on financing for biodiversity with a view to sharing knowledge and experience among funding institutions and to exploring the role that the GEF might play in catalyzing additional financing. The outcomes of the workshop will be submitted to the Conference of the Parties at their next meeting.

28. At the invitation of ICCP at its first meeting, UNEP and the GEF collaboratively convened in Havana in July 2001 a Workshop on Financial Support for the Creation and Implementation of National Biosafety Frameworks. The workshop highlighted the importance of donor coordination through databases and information-sharing.

29. In approving the Initial Strategy for Assisting Countries to Prepare for the Entry into Force of the Cartagena Protocol on Biosafety, the GEF Council decided that the GEF secretariat should “collaborate with the Convention Secretariat, the GEF Implementing Agencies, bilateral and other multilateral organizations with a view to facilitating better coordination among them for the provision of assistance to interested countries and to explore opportunities to strengthen partnerships for the provision of capacity-building activities.” It is recommended that the GEF be encouraged to report to the Parties on its efforts towards facilitating better coordination among bilateral and multilateral organizations on assistance for capacity-building activities related to the Cartagena Protocol.

30. It is recommended that guidance to the financial mechanism focus on those activities that are not being adequately covered or will not likely be covered by bilateral, regional and multilateral funding institutions in order to maximize the benefits of using limited financial resources. The Conference of the Parties serving as the meeting of the Parties to this Protocol will need to regularly review various funding efforts in developing any guidance to the financial mechanism. The efforts referred to above to improve sharing of information and data on the provision of financial support and other activities should contribute essential information that will allow the Conference of the Parties serving as the meeting of the Parties to keep such assistance under review.

VII. RECOMMENDATIONS

31. In the light of the foregoing, the Intergovernmental Committee for the Cartagena Protocol on Biosafety is invited to:

(a) Develop, for consideration by the first meeting of the Conference of the Parties serving as the meeting of the Parties to the Protocol, guidance for the financial mechanism on the policy, strategy, and programme priorities and eligibility criteria relating to the access to and utilization of resources from the financial mechanism for purposes of the Cartagena Protocol, including a request for the financial

^{3/} Decision V/11, paras. 1 and 2.

mechanism to assist developing country Parties, in particular the least developed and the small island developing States among them, to implement the draft Action Plan for Building Capacities for the Effective Implementation of the Cartagena Protocol on Biosafety with respect to the need for financial resources as contained in annex I to the report of the Open-ended Expert Meeting on Capacity-building for the Cartagena Protocol on Biosafety (UNEP/CBD/ICCP/2/10);

(b) Recommend that first meeting of the Conference of the Parties serving as the meeting of the Parties to this Protocol requests the Conference of the Parties to the Convention and the Council of the GEF to confirm that the arrangements between them provided for in the Memorandum of Understanding adopted by the Conference of the Parties at its third meeting will apply, *mutatis mutandis*, for purposes of the Cartagena Protocol;

(c) Invite the Executive Secretary and the Global Environment Facility to collaborate on providing information on financial support from Parties and others, including through existing global, regional, subregional and national institutions and organizations, and the private sector, for the effective implementation of the Protocol, within the context of relevant decisions of the Conference of the Parties to the Convention;

(d) Invite bilateral, regional and multilateral funding institutions and other organizations with biosafety funding institutions to submit to the Executive Secretary and the Global Environment Facility information concerning their funding plans related to biosafety for the period from 2002-2006;

(e) Request the Executive Secretary to prepare an assessment of the financial needs of implementing the Protocol for the period from 2002-2006, based on submissions by developing country Parties, for consideration by the first meeting of the Conference of the Parties serving as the meeting of the Parties to the Protocol.

Annex

**DECISION III/8 OF THE CONFERENCE OF THE PARTIES TO THE CONVENTION ON
BIOLOGICAL DIVERSITY**

***III/8. Memorandum of understanding between the Conference of the Parties to
the Convention on Biological Diversity and the Council of the Global
Environment Facility***

The Conference of the Parties,

Recalling Articles 20 and 21 of the Convention on Biological Diversity,

Recalling further decision 11/6 on financial resources and mechanism,

1. Adopts the Memorandum of Understanding contained in the annex to the present decision;
2. Requests the Executive Secretary to transmit this decision to the Council of the Global Environment Facility.

Annex

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES TO
THE CONVENTION ON BIOLOGICAL DIVERSITY AND THE COUNCIL OF THE GLOBAL
ENVIRONMENT FACILITY**

Preamble

The Conference of the Parties to the Convention on Biological Diversity (hereinafter the Conference of the Parties) and the Council of the Global Environment Facility (hereinafter the Council),

Recognizing the characteristics of the financial mechanism for the provision of financial resources for the purposes of the Convention on Biological Diversity (hereinafter the Convention) outlined in Article 21, paragraph 1, of the Convention, and the provisions of Article 21, paragraph 2, of the Convention, which call upon the Conference of the Parties to decide on the arrangements to give effect to Article 21, paragraph 1, after consultation with the institutional structure entrusted with the operation of the financial mechanism,

Recognizing further the willingness of the Global Environment Facility (hereinafter GEF) to serve for the purposes of the financial mechanism for the implementation of the Convention,

Recognizing that the financial mechanism shall function under the authority and guidance of and be accountable to the Conference of the Parties for the purposes of the Convention and that GEF as decided by the Conference of the Parties will operate the financial mechanism of the Convention on an interim basis in accordance with Article 39 of the Convention,

Having consulted with each other and taking into account the relevant aspects of their governance structures as reflected in their constituent instruments,

/...

Have reached the following understanding:

1. *Purpose*

1.1 The purpose of the present Memorandum of Understanding is to make provision for the relationship between the Conference of the Parties and the Council in order to give effect to the provisions of Article 21, paragraph 1, of the Convention and paragraph 26 of the GEF Instrument and, on an interim basis, in accordance with Article 39 of the Convention.

2. *Guidance from the Conference of the Parties*

2.1 In accordance with Article 21 of the Convention the Conference of the Parties will determine the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources available through the financial mechanism, including monitoring and evaluation on a regular basis of such utilization. GEF, in operating the financial mechanism under the Convention, will finance activities that are in full conformity with the guidance provided to it by the Conference of the Parties. For this purpose, the Conference of the Parties will communicate its guidance, and any revisions to such guidance as it may adopt, on the following matters:

- (a) Policy and strategy;
- (b) Programme priorities;
- (c) Eligibility criteria;
- (d) An indicative list of incremental costs;
- (e) A list of developed country Parties and other Parties which voluntarily assume the obligations of developed country Parties;
- (f) Any other matter relating to Article 21, including periodic determination of the amount of resources needed as detailed in paragraph 5 of this Memorandum.

2.2 The Council will communicate to the Conference of the Parties all relevant information, including information on the projects in the area of biological diversity funded by GEF outside the framework of the financial mechanism of the Convention.

3. *Reporting*

3.1 The Council will prepare and submit a report for each ordinary meeting of the Conference of the Parties.

3.2 The reports will include specific information on how the GEF Council, its Secretariat and its Implementing and Executing Agencies have applied the guidance and implemented the policy, strategies, programme priorities and eligibility criteria determined by the Conference of the Parties, as well as any other decision of the Conference of the Parties communicated to GEF, under Article 21 of the Convention. The Council should also report on its monitoring and evaluation activities concerning projects in the biodiversity focal area.

3.3. In particular, the reports will provide detailed information on the GEF biodiversity focal area, including:

- (a) Information on how GEF has responded to the guidance provided by the Conference of the Parties as described by paragraph 2, including, where appropriate, through its incorporation in the GEF operational strategy and operational programmes;
- (b) The conformity of the approved work programmes with guidance of the Conference of the Parties;
- (c) A synthesis of the different projects under implementation and a listing of the projects approved by the Council in the biodiversity focal area, as well as a financial report with an indication of the financial resources allocated to these projects;
- (d) A list of project proposals submitted for approval to the Council, through the GEF Implementing Agencies, by eligible Parties, including reporting on their approval status and, in cases of projects not approved, the reasons therefore;
- (e) A review of the project activities approved by GEF and their outcomes, including information on funding and progress in implementation; and
- (f) Additional financial resources leveraged by GEF for the implementation of the Convention.

3.4 In order to meet the requirements of accountability to the Conference of the Parties, reports submitted by the Council will cover all GEF-financed activities carried out for the purpose of the Convention, whether decisions on such activities are made by the Council or by the GEF Implementing and/or Executing Agencies. To this end, the Council will make arrangements as might be necessary with the Implementing Agencies regarding disclosure of information.

3.5 The Council will also provide information on other matters concerning the discharge of its functions under Article 21, paragraph 1, as may be requested by the Conference of the Parties. If the Council has difficulties in responding to any such request, it will explain its concerns to the Conference of the Parties and the Conference of the Parties and the Council will find a mutually agreed solution.

4. *Monitoring and evaluation*

4.1 The Conference of the Parties may raise with the Council any matter arising from the reports received.

4.2 The funding decisions for specific projects should be agreed between the developing country Party concerned and GEF in accordance with policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties. The GEF Council is responsible for approving the GEF work programmes. If a Party considers that a decision of the Council regarding a specific project was not made in compliance with the policies, programme priorities and eligibility criteria established by the Conference of the Parties in the context of the Convention, the Conference of the Parties should analyse the observations presented to it by the Party and take decisions on the basis of compliance with such policy, strategy, programme priorities and eligibility criteria. In the event that the Conference of the Parties

considers that this specific project decision does not comply with the policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties, it may ask the GEF Council for further clarification on the specific project decision.

4.3 As provided for in Article 21, paragraph 3, of the Convention, the Conference of the Parties will periodically review the effectiveness of the financial mechanism in implementing the Convention and communicate to the Council relevant decisions taken by the Conference of the Parties as the result of such review, to improve the effectiveness of the financial mechanism in assisting developing country Parties to implement the Convention.

5. *Determination of funding requirements*

5.1 In anticipation of the replenishment of GEF, the Conference of the Parties will make an assessment 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, taking into account:

- (a) Article 20, paragraph 2, and Article 21, paragraph 1, of the Convention;
- (b) Guidance to the financial mechanism from the Conference of the Parties which calls for future financial resources;
- (c) The information communicated to the Conference of the Parties in the national reports submitted in accordance with Article 26 of the Convention;
- (d) National strategies, plans or programs developed in accordance with Article 6 of the Convention;
- (e) Information communicated to the Conference of the Parties from GEF on the number of eligible programmes and projects that were submitted to GEF, the number that were approved for funding, and the number that were turned down owing to lack of resources;
- (f) Experience gained by those concerned in the implementation of projects.

5.2 On the occasion of each replenishment, GEF will, in its regular report to the Conference of the Parties as provided for in paragraph 3 of this Memorandum of Understanding, indicate how it has responded during the replenishment cycle to the previous assessment by the Conference of the Parties prepared in accordance with paragraph 5.1 and inform the Conference of the Parties of the conclusion of replenishment negotiations.

5.3 On the basis of the report referred to in paragraph 5.2 of this Memorandum of Understanding the Conference of the Parties will review the amount of funding necessary for the implementation of the Convention, on the occasion of each replenishment of the financial mechanism.

6. *Reciprocal representation*

On a reciprocal basis, representatives of GEF will be invited to attend meetings of the Conference of the Parties and representatives of the Convention will be invited to attend meetings of GEF.

7. *Inter-secretariat cooperation*

The Secretariat of the Convention and the Secretariat of GEF will communicate and cooperate with each other and consult on a regular basis to facilitate the effectiveness of the financial mechanism in assisting developing country Parties to implement the Convention. In particular, the two secretariats will consult on the project proposals under consideration for inclusion in a proposed work programme, especially with regard to the consistency of the project proposals with the guidance of the Conference of the Parties. Official documentation of GEF will be made available to the Secretariat of the Convention on Biological Diversity.

8. *Amendments*

Any amendments to the present Memorandum of Understanding will be decided upon by the Conference of the Parties and the Council in writing.

9. *Interpretation*

If differences arise in the interpretation of the present Memorandum of Understanding, the Conference of the Parties and the Council will reach a mutually acceptable solution.

10. *Entry into effect*

10.1 The present Memorandum of Understanding will come into effect upon approval by the Conference of the Parties and by the Council. Either participant may withdraw this Memorandum of Understanding at any time by written notification addressed to the other. The withdrawal will take effect six months after its notification.

10.2 The withdrawal of this Memorandum of Understanding by either Party to this Memorandum of Understanding shall not affect any projects considered and/or approved in accordance with the Memorandum of Understanding prior to the withdrawal.
