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## POLICY, STRATEGY, PROGRAMME PRIORITIES AND ELIGIBILITY CRITERIA REGARDING ACCESS TO AND UTILIZATION OF FINANCIAL RESOURCES

### Note by the Interim Secretariat

#### 1. INTRODUCTION

1. Article 21, paragraph 2, of the Convention on Biological Diversity states that the Conference of the Parties shall at its first meeting determine the policy, strategy, programme priorities and eligibility criteria for access to and utilization of the financial resources available through the financial mechanism under the Convention, including monitoring and evaluation on a regular basis of such utilization.

2. In considering these issues the second session of the Intergovernmental Committee on the Convention on Biological Diversity had before it a note prepared by the Interim Secretariat on policy, strategy, programme priorities and eligibility criteria regarding access to and utilization of financial resources (UNEP/CBD/IC/2/8). Notes on methodologies that might be used to estimate funding needs (UNEP/CBD/IC/2/16) and on definition of the term "full incremental costs" as applied to biological diversity and indicative list of incremental costs (UNEP/CBD/IC/2/17) were also available to the Committee as background documents.

3. This note is based on the issues presented in the first document mentioned and the discussions and recommendations of the Intergovernmental Committee. The Conference of the Parties should consider the options identified by the Intergovernmental Committee and its recommendations and decide on:

- (a) Measures to give effect to policy and strategy;
- (b) Eligibility criteria for access to and utilization of financial resources, including:
  - (i) Eligibility of countries;
  - (ii) Eligibility of activities;
  - (iii) Guidelines for utilization of financial resources;
- (c) Arrangements for monitoring and evaluation of the use of financial resources.

4. The guidance of the Conference of the Parties on the above matters, in conjunction with its decision on an institutional structure to operate the financial mechanism under the Convention (UNEP/CBD/COP/1/6) will provide a basis for operation of the financial mechanism.

## 2. MEASURES TO GIVE EFFECT TO POLICY AND STRATEGY

5. Article 21, paragraph 1, and article 20, paragraph 2, of the Convention provide elements of policy and strategy relating to the access to and utilization of financial resources. The Committee considered operational measures to give effect to the policy and strategy outlined in the Convention, which may be developed over time by the Conference of the Parties. Based on the deliberations of the Committee, the Conference of the Parties may consider the following issues:

(a) Article 21, paragraph 1, provides 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. The Intergovernmental Committee considered that the Conference of the Parties would therefore be the ultimate authority for matters relating to the financial mechanism of the Convention, and that any decisions relating thereto would require its approval. The Conference of the Parties would however need to take measures to ensure that the financial mechanism operates in conformity with its decisions. The Committee was not in a position to make specific recommendations on this. The views expressed by the Committee are contained in UNEP/CBD/COP/1/4, paragraph 138.

(b) The Intergovernmental Committee also considered that the Conference of the Parties would need to ensure that the financial mechanism of the Convention operates in a democratic and transparent manner. To this end, the Committee suggested a regular flow of information to the Conference of the Parties through a system of reporting by the institutional structure operating the financial mechanism. In this regard, it should be noted that the draft memorandum of understanding attached as an annex to the note on the institutional structure to operate the financial mechanism under the Convention (UNEP/CBD/COP/1/6) contains provisions for reporting to the Conference of the Parties.

(c) Article 21, paragraph 1, requires that contributions to the financial mechanism should take into account the need for predictability, adequacy and the timely flow of funds in accordance with the amount of resources needed. The Conference of the Parties should consider the process and timing for deciding the amount of resources needed. A background paper on methodologies that might be used to estimate funding needs was available to the second session of the Intergovernmental Committee (UNEP/CBD/IC/2/16).

(d) Article 21 also provides for the possibility of voluntary contributions to the financial mechanism. The Conference of the Parties may wish to consider how such voluntary contributions in support of the Convention might be received. The discussion of the Committee on this matter is reflected in UNEP/CBD/COP/1/4, paragraph 185.

## 3. ELIGIBILITY CRITERIA FOR ACCESS TO AND UTILIZATION OF FINANCIAL RESOURCES

### Eligibility of Countries

6. With respect to eligibility of countries for access to financial resources, the Convention provides for financial resources made available under the Convention to enable developing country parties to meet the agreed full incremental costs to them of implementing measures which fulfil

the obligations of the Convention and to benefit from its provisions. The Convention also provides that the parties shall take full account of the specific needs and special situation of least developed countries in their actions with regard to funding and transfer of technology (article 20, para. 5); and that the Contracting Parties shall also take into consideration the special conditions resulting from the dependence on, distribution and location of, biological diversity within developing country parties, in particular small island States (article 20, para. 6).

7. Having discussed these issues, the Intergovernmental Committee recommended that only developing country parties to the Convention should be eligible for funding through the financial mechanism, and that a listing of least developed countries and a listing of small island developing States be prepared to assist the Conference of the Parties in deciding on eligibility of countries (UNEP/CBD/COP/1/4, para. 144).

8. Lists of least developed countries and small island developing States are attached respectively as annexes I and II to the present note.

#### Eligibility of activities

9. Article 20, paragraph 2, of the Convention provides that the resources made available should be to enable eligible Parties to implement measures to fulfil the obligations of the Convention and to benefit from its provisions. To facilitate the consideration of the Conference of Parties on this matter the Intergovernmental Committee has forwarded for its consideration a list of proposed programme priorities. This list is attached as annex III to the present note.

#### Guidelines for utilization of financial resources

10. Article 20, paragraph 2, provides that resources should be made available to enable developing country parties to meet the agreed full incremental costs to them of implementing measures.

11. A background paper on the concept of incremental costs as applied to biological diversity, together with an indicative list of incremental costs was available to the second session of the Intergovernmental Committee (UNEP/CBD/IC/2/17). This list has been modified in the light of the comment made by the Committee, and is attached as annex IV to the present note.

#### 4. MONITORING AND EVALUATION

12. Article 21, paragraph 2, also requires the Conference of the Parties to decide on measures for monitoring and evaluation on a regular basis of the utilization of financial resources made available under the Convention.

13. The discussion of the Intergovernmental Committee is reflected in UNEP/CBD/COP/1/4, paragraph 197. The Committee made no specific recommendations. The Conference of the Parties may, however, wish to consider such measures in the context of its discussion on possible arrangements with the institutional structure operating the financial mechanism, which is included under item 6.2 of the provisional agenda, Institutional structure to operate the financial mechanism under the Convention (UNEP/CBD/COP/1/5).

Annex I

LIST OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

<u>Country</u>	<u>Date of inclusion in the list</u>	<u>Country</u>	<u>Date of inclusion in the list</u>
1. Afghanistan	1971	25. Bangladesh	1975
2. Benin	"	26. Central African Republic	"
3. Bhutan	"	27. Gambia	"
4. Botswana <sup>a/</sup>	"	28. Cape Verde	1977
5. Burkina Faso	"	29. Comoros	"
6. Burundi	"	30. Guinea-Bissau	1981
7. Chad	"	31. Djibouti	1982
8. Ethiopia	"	32. Equatorial Guinea	"
9. Guinea	"	33. Sao Tome and Principe	"
10. Haiti	"	34. Sierra Leone	"
11. Lao People's Democratic Republic	"	35. Togo	"
12. Lesotho	"	36. Vanuatu	1985
13. Malawi	"	37. Tuvalu	1986
14. Maldives	"	38. Kiribati	"
15. Mali	"	29. Mauritania	"
16. Nepal	"	40. Myanmar	1987
17. Niger	"	41. Mozambique	1988
18. Rwanda	"	42. Liberia	1990
19. Samoa	"	43. Cambodia	1991
20. Somalia	"	44. Madagascar	"
21. Sudan	"	45. Solomon Islands	"
22. Uganda	"	46. Zaire	"
23. United Republic of Tanzania	"	47. Zambia	"
24. Yemen	"		

a/ To be removed from the list on 31 December 1994, subject to the approval of the General Assembly.

Source: Official Records of the Economic and Social Council, 1994,  
Supplement No. 2 (E/1994/22), annex II.

Annex II

LIST OF SMALL ISLAND DEVELOPING STATES (SIDS)

ATLANTIC  
Cape Verde  
Sao Tome and Principe

CARIBBEAN  
Antigua and Barbuda  
Aruba \*  
Barbados  
Bahamas  
Cuba  
Dominica  
Dominican Republic  
Grenada  
Haiti  
Jamaica  
Netherlands Antilles \*  
Saint Kitts and Nevis  
Saint Lucia  
Saint Vincent and the Grenadines  
Trinidad and Tobago

PACIFIC  
Cook Islands \*  
Fiji  
Kiribati \*  
Marshall Islands  
Micronesia (Federated States of)  
Nauru \*  
Niue \*  
Papua New Guinea  
Samoa  
Solomon Islands  
Tokelau \*  
Tonga \*  
Tuvalu \*  
Vanuatu

INDIAN OCEAN  
Bahrain  
Comoros  
Maldives  
Mauritius  
Seychelles

MEDITERRANEAN  
Cyprus  
Malta

SOUTH CHINA SEA  
Singapore

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\* Not States Members of the United Nations.

Source: Department for Policy Coordination and Sustainable Development:  
Working list of Small Island Developing States (SIDS) used by the  
United Nations for the purposes of preparation of reports on  
SIDS.

Annex III

PROGRAMME PRIORITIES FOR ACCESS TO AND  
UTILIZATION OF FINANCIAL RESOURCES

1. The conservation of biological diversity and sustainable use of its components is one of the key elements in achieving sustainable development [as well as an instrument to combat poverty].
2. All the actions contemplated in the Convention will have to be carried out at the national and international level, as appropriate. However, for the purpose of enabling the Conference of the Parties to give direction to the institutional structure operating the financial mechanism, the programme priorities suggested below may be considered by the Conference of the Parties. This list is not exhaustive or final and it may be supplemented and revised as necessary by the Conference of the Parties.
3. Programme priorities should promote utilization of regional and local expertise and be flexible to accommodate national priorities and regional needs within the aims of the Convention.
4. Article 21, paragraph 2, of the Convention calls upon the Conference of the Parties at its first meeting to determine *inter alia* programme priorities for access to and utilization of the financial resources under the Convention. In discussing this matter, taking into account relevant articles of the Convention, in particular article 20, the Intergovernmental Committee identified the following programme priorities for consideration by the Conference of the Parties:
  - (a) Projects and programmes that have national priority status and that fulfil the obligations of the Convention;
  - (b) Development of integrated national strategies, plans or programmes for the conservation of biological diversity and sustainable use of its components in accordance with article 6 of the Convention;
  - (c) [Strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments in accordance, where appropriate, with article 7 of the Convention;]  
[Strengthening conservation, management and sustainable use of ecosystems and habitats particularly those identified in article 7 of, and in annex I to, the Convention;]
  - (d) Identification and monitoring of wild and domesticated biodiversity components, in particular those under threat, and implementation of measures for their conservation and sustainable use;
  - (e) Capacity-building, including human resources development and institutional development and/or strengthening, to facilitate the preparation and/or implementation of national strategies, plans for priority programmes and activities for conservation of biological diversity and sustainable use of its components;
  - (f) [Projects that promote access to and transfer of technology for conservation of biological diversity and sustainable use of its components. Promotion of cooperation for the development and utilization of technologies shall be accorded priority;] (Group of 77 and China)  
[Projects to achieve the conservation of biological diversity and sustainable use of its components in which access to and transfer of technology are essential, integral components, which build capacity and for which funding is necessary under the financial mechanism, first taking into account alternative sources of funding;]

(g) Projects that promote the sustainability of project benefits; that offer a potential contribution to experience in the conservation of biological diversity and sustainable use of its components which may have application elsewhere; and that encourage scientific excellence;

(h) Activities that provide access to other international, national and/or private sector funds and scientific and technical cooperation;

(i) [[Innovative measures, in particular in the field of economic incentives, aiming at conservation of biological diversity and/or sustainable use of its components,] [including assisting countries to address issues such as the opportunity costs incurred by local communities,] in accordance with article 11 of the Convention;]

(j) Projects that strengthen the involvement of local and indigenous people in the conservation of biological diversity and sustainable use of its components;

(k) Projects that promote the conservation and sustainable use of biological diversity of coastal and marine resources under threat. Also, projects which promote the conservation of biological diversity and sustainable use of its components in other environmentally vulnerable areas such as arid and semi-arid and mountainous areas;

(l) Projects that promote the conservation and/or sustainable use of endemic species;

(m) [Projects aimed at the conservation of biological diversity and sustainable use of its components which contribute positively to the eradication of poverty.]

Annex IV

DRAFT INDICATIVE LIST OF INCREMENTAL COSTS

1. Article 6. General measures for conservation and sustainable use

Cost of:

- (a) Developing or adapting national strategies, plans or programmes;
- (b) Integrating conservation and sustainable use into relevant sectoral or cross-sectoral plans, programmes and policies.

2. Article 7. Identification and monitoring

Cost of:

- (a) Identifying and monitoring of components of biological diversity important for its conservation and sustainable use;
- (b) Surveys to identify activities and processes with negative impacts on biodiversity and monitoring of their effects;
- (c) Maintenance and organization of data derived from identification and monitoring activities.

3. Article 8. In situ conservation

Cost of:

- (a) Establishing a system of protected areas or areas where special measures need to be taken to conserve biological diversity;
- (b) Promoting conservation and sustainable use inside and outside protected areas;
- (c) Rehabilitating and restoring degraded ecosystems and promoting the recovery of threatened species, *inter alia* through the development and implementation of plans or other management strategies;
- (d) Establishing or maintaining means to regulate, manage or control the risks associated with the use and release of living modified organisms resulting from biotechnology, which are likely to have adverse environmental impacts;
- (e) Preventing the introduction, control or eradication of alien harmful species;
- (f) Endeavours to provide the conditions needed for compatibility between present uses and the conservation of biological diversity and the sustainable use of its components;
- (g) Preserving, maintaining and promoting application of traditional knowledge, innovations and practices relevant to the conservation and sustainable use of biological diversity;
- (h) Encouraging and implementing the equitable sharing of benefits arising from utilization of traditional knowledge, innovations and practices;



(i) Developing and maintaining of necessary legislation and/or other regulatory provisions for the protection of threatened species and populations.

4. Article 9. Ex situ conservation

Cost of:

(a) *Ex situ* conservation measures, including establishment and maintenance of facilities;

(b) Measures for the recovery and rehabilitation of threatened species and their reintroduction.

5. Article 10. Sustainable use of components of biological diversity

Cost of:

(a) Integrating consideration of the conservation and sustainable use of biological resources into national decision making;

(b) Adopting measures relating to the use of biological resources to avoid or minimize adverse impacts on biological diversity;

(c) Protecting and encouraging customary uses of biological resources in accordance with traditional cultural practices that are compatible with conservation and sustainable use requirements;

(d) Supporting local populations to develop and implement remedial action in degraded areas where biological diversity has been reduced;

(e) Encouraging cooperation between governmental authorities and the private sector for developing methods for sustainable use of biological resources;

6. Article 11. Incentive measures

Cost of:

Adopting economically and socially sound measures that act as incentives for conservation and sustainable use of components of biological diversity.

7. Article 12. Research and training

Cost of:

(a) Establishing and maintaining programmes for scientific and technical education and training in measures for the identification, conservation of biological diversity and sustainable use of its components;

(b) Promoting and encouraging research which contributes to the conservation of biological diversity and sustainable use of its components in accordance with the decisions of the Conference of the Parties stemming from the recommendations of the Subsidiary Body on Scientific, Technical and Technological Advice;

(c) Promoting and cooperating in the use of scientific advances in biological diversity research in developing methods for conservation and sustainable use of biological resources.

8. Article 13. Public education and awareness

Cost of:

(a) Promoting and encouraging understanding of the importance of, and the measures required for, the conservation of biological diversity, as well as its propagation through media, and the inclusion of this topic in educational programmes;

(b) Cooperating with other States and international organizations in developing educational and public awareness programmes, with respect to conservation of biological diversity and sustainable use of its components.

9. Article 14. Impact assessment and minimizing adverse impacts

Cost of:

(a) Introducing appropriate procedures requiring environmental impact assessment of each Contracting Party's own proposed projects that are likely to have significant adverse effects on biological diversity with a view to avoiding or minimizing such effects and allowing for public participation in such procedures;

(b) Introducing appropriate arrangements to ensure that the environmental consequences of each Contracting Party's own programmes and policies that are likely to have significant adverse impacts on biological diversity are duly taken into account;

(c) Promoting, on the basis of reciprocity, notification, exchange of information and consultation on activities under each Contracting Party's own jurisdiction or control which may significantly affect adversely the biological diversity of other States or areas beyond the limits of national jurisdiction, by encouraging the conclusion of bilateral, regional or multilateral arrangements;

(d) Immediate notification, in the case of imminent or grave danger or damage, originating under each Contracting Party's own jurisdiction or control, to biological diversity within the area under jurisdiction of other States or in areas beyond the limits of national jurisdiction, to the potentially affected States of such danger or damage, and the initiation of action to prevent or minimize such danger or damage;

(e) Promoting national arrangements for emergency responses to activities or events, whether caused naturally or otherwise, which present a grave and imminent danger to biological diversity and encouraging international cooperation to supplement such national efforts and, where appropriate and agreed by the States or regional economic integration organizations concerned, to establish joint contingency plans.

10. Article 15. Access to genetic resources

Cost of:

(a) Endeavours to create conditions to facilitate access to genetic resources for environmentally sound uses by other Contracting Parties and not to impose restrictions that run counter to the objectives of the Convention;

(b) Endeavours to develop and carry out scientific research based on genetic resources provided by other Contracting Parties with the full participation of, and where possible in, such Contracting Parties;

(c) Taking legislative, administrative or policy measures with the aim of sharing in a fair and equitable way, the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the Contracting Party providing such resources.

11. Article 16. Access to and transfer of technology

Cost of:

(a) Providing and/or facilitating access for and to other Contracting Parties of technologies that are relevant to the conservation and sustainable use of biological diversity or make use of genetic resources;

(b) Taking legislative, administrative or policy measures with the aim that Contracting Parties which provide genetic resources are provided access to and transfer of technology which makes use of those resources;

(c) Taking legislative, administrative or policy measures with the aim that the private sector facilitates access to, joint development and transfer of technology for the benefit of both governmental institutions and the private sector;

(d) Cooperating to ensure that, subject to national legislation and international law, patents and other intellectual property rights are supportive of and do not run counter to the objectives of the Convention.

12. Article 17. Exchange of information

Cost of:

Facilitating the exchange of information, including repatriation of information, from all publicly available sources, relevant to the conservation and sustainable use of biological diversity.

13. Article 18. Technical and scientific cooperation

Cost of:

(a) Promoting international technical and scientific cooperation in the field of conservation and sustainable use of biological diversity, where necessary, through the appropriate international and national institutions;

(b) Promoting technical and scientific cooperation with other Contracting Parties, in particular developing countries, in implementing the Convention, *inter alia*, through the development and implementation of national policies, giving special attention to the development and strengthening of national capabilities, by means of human resources development and institution building;

(c) Encouraging and developing methods of cooperation for the development and use of technologies, including indigenous and traditional technologies, in pursuance of the objectives of the Convention, including promoting cooperation in the training of personnel and exchange of experts;

(d) Promoting the establishment of joint research programmes and joint ventures for the development of technologies relevant to the objectives of the Convention.

14. Article 19. Handling of biotechnology and distribution of its benefits

Cost of:

(a) Taking legislative, administrative or policy measures to provide for the effective participation in biotechnology research activities by those Contracting Parties which provide the genetic resources for such research, and where feasible in such Contracting Parties;

(b) Taking all practicable measures to promote and advance priority access on a fair and equitable basis by Contracting Parties to the results and benefits arising from biotechnologies based upon genetic resources provided by those Contracting Parties;

(c) Providing available information about the use and safety regulations required by Contracting Parties in handling living modified organisms resulting from biodiversity, as well as available information on the potential adverse impact of the specific organisms concerned to the Contracting Party into which those organisms are to be introduced.

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