



CBD



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Buenos Aires, Argentina
4 to 15 November 1996

**SUBMISSIONS RECEIVED BY THE EXECUTIVE SECRETARY CONCERNING GUIDELINES
FOR THE REVIEW OF THE EFFECTIVENESS OF THE FINANCIAL MECHANISM**

(Submissions have been reproduced as received by the Secretariat)

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AUSTRALIA



Dr Calestous Juma
Executive Secretary
Secretariat of the Convention on Biological Diversity
World Trade Centre
413 St. Jacques Street, Office 630
Montreal, Quebec, CANADA H2Y 1N9

Dear Dr Juma

I write in reply to your letter of 5 January 1996, which sought our comments on the *Review of the Effectiveness of the Financial Mechanism of the Convention on Biological Diversity*.

Australia supports the broad approach adopted by the Secretariat in UNEP/CBD/COP/2/19. In seeking to refine this approach we consider it is important to bear in mind several principles, which should underpin the review. First, it should be focussed on a limited number of objectives that are appropriate to the circumstances of the Convention. In this context we consider that the objectives in paragraph 15, and the content components in paragraph 16, of UNEP/CBD/COP/2/19 are appropriate. It would not be useful to expand the parameters of the review beyond these achievable objectives.

Secondly, the review should not be a burdensome task requiring significant human resources and time. To ensure this, the review should not "reinvent the wheel". That is, where possible it should use evaluative material that has been prepared by sources outside the Convention Secretariat. Clearly, the GEF itself will produce a significant range of useful information, including its report to each Convention Conference of the Parties (COP), its annual report, and its operational reports. GEF implementing agencies also publish useful material on their GEF operations. It may be appropriate for the Review to consider the lessons learnt in the recently completed review of the Montreal Protocol Multilateral Fund. We would encourage liaison with the Montreal Protocol Secretariat on this.

Thirdly, the review should be extensively complemented by the products of the GEF's monitoring and evaluation program which is currently being developed. Australia considers that this program promises to be one of the strengths of the restructured GEF. When fully operational it should provide a wealth of information in support of the Convention's review objectives, particularly information on the impact and outcome of /...

biodiversity activities, including small grant projects, undertaken by the GEF. It should also provide syntheses of issues such as the performance of the GEF across focal areas and regions. In addition, non government organisations that monitor the GEF's operations, will be an important source of intelligence on the performance of the GEF.

We suggest that the Convention Secretariat, in the course of its continuing close contact with the GEF Secretariat, keep abreast of developments with the monitoring and evaluation program and contribute to its development, as appropriate, in order to ensure biodiversity issues are addressed. As part of its work in 1997 on a monitoring and evaluation system, the GEF is developing appropriate indicators to facilitate measurement of the extent to which program and project objectives are being achieved. For Australia's part, our GEF Council Member will contribute to the development of this system and we would encourage the Convention Secretariat to do likewise.

To clarify our view on the usefulness of the GEF processes for the COP's review, we note in the table attached those GEF products which might inform the elements proposed for the review in paragraph 19 of UNEP/CBD/COP/2/19. These are in addition to the GEF's reports to each COP on the operation of the institutional structure of the financial mechanism. There will undoubtedly be additional GEF papers which will be of assistance.

Fourthly, Australia considers that the review process should be a Secretariat responsibility based on ongoing processes, rather than a discrete activity to be undertaken by outside consultants, for example, which is launched every three or so years. This means that the Convention Secretariat should monitor the operation of the GEF on a routine basis through its periodic formal and informal contacts with the GEF Secretariat, and through ongoing examination of relevant GEF materials. The Convention Secretariat's role should be to ensure close and cooperative contact with the GEF Secretariat in order that the COP can be assured that its interests are being addressed. Consequently, immediately prior to the end of each three year review period, the Secretariat, with limited consultancy assistance as required, would prepare a review report for COP which would distil the Secretariat's in-depth understanding of the GEF. We do not consider that it is necessary to undertake a large scale review, with a large review team deployed to the field, to address the review objectives.

We do, however, consider that the Convention Secretariat should have a central role in interpreting the material it receives from the GEF. We would not consider it appropriate for GEF reports to be presented directly to COP for consideration, even if they were to be crafted in terms and formats that addressed COP's guidance. It will be crucial for the integrity of the review process, particularly in terms of transparency and accountability to the COP, for the review documentation on which COP will deliberate, to be the result of work by a body independent of the GEF and directly responsible to COP.

As a result of the approach proposed above, we do not see a need for the COP to convene

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special working groups, such as the Ad Hoc Working Group canvassed in paragraph 22 of UNEP/CBD/COP/2/19, to refine the scope of the review.

In summary, Australia considers that the optimal approach to the COP's reviews would be a Secretariat study, sourced in large part from GEF documentation, which broadly is based on the following aspects of UNEP/CBD/COP/2/19:

- the objectives in paragraph 15;
- the contents in paragraph 16 ; and
- the elements in paragraph 19.

We hope these observations are useful in your further development of the detail of the Convention's review process.

Yours sincerely


Jennie Ludlow
Director
Biodiversity Unit
16 March 1996

Attachment

GEF products which might inform the elements proposed for the review in paragraph 19 of UNEP/CBD/COP/2/19

<i>Review Elements</i>	<i>GEF Information Sources, including</i>
a) effectiveness in providing financial resources	
- access to financial resources by eligible countries	work programs annual reports corporate business plan corporate budget quarterly operational reports
- effectiveness of the institutional structure for the preparation and execution of projects	project cycle document work programs annual reports monitoring and evaluation reports
- sustainability of funded projects	annual reports monitoring and evaluation reports
- capacity of the institutional structure to generate additional financial resources	operational reports
accommodation of specific characteristics of biological diversity	operational strategy for biodiversity annual reports
b) application of the relevant provisions of the Convention and the guidance of the COP	
- predicability and timely flow of funds	operational reports (for approval dates etc)
- adequacy of funding for the period of each medium work program	reports on the approval rate of country driven project proposals
- accountability to the COP	full range of materials
- eligibility criteria of countries	full range of materials[COP decision based on Parties' views]
- application of the program priorities determined by the COP	operational strategy for biodiversity annual reports monitoring and evaluation reports
c) impact and outcome of funded activities on:	
- the conservation of biological diversity	annual reports monitoring and evaluation reports
- the sustainable use of biological diversity components	annual reports monitoring and evaluation reports
- the fair and equitable sharing of benefits	annual reports monitoring and evaluation reports

CHILE

REPUBLICA DE CHILE
MINISTERIO DE RELACIONES EXTERIORES
EMBAJADA EN KENYA

NQ 45-C-3/96

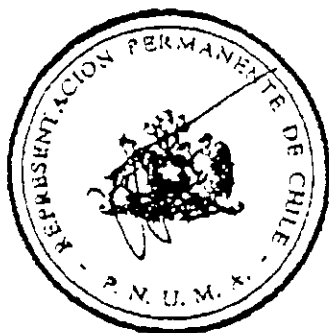
La Representación Permanente de Chile ante el Programa de las Naciones Unidas para el Medio Ambiente (PNUMA) saluda muy atentamente al Secretario Ejecutivo de la Convención de la Diversidad Biológica y tiene el honor de referirse a su Nota de fecha 4 de Enero pasado, mediante la cual solicita la opinión del Gobierno de Chile respecto de una serie de Resoluciones de la Segunda Conferencia de las Partes (II/10, II/4, II/9, II/8, II/3 y II/12).

Sobre el particular, esta Representación Permanente cumple con informar a la Secretaría Ejecutiva que, efectuadas las consultas del caso ante las autoridades pertinentes de Chile, estas han informado que se encuentran en plena elaboración y análisis de los referidos documentos, razón por la cual no ha sido posible hasta esta fecha hacerlos llegar oficialmente a la Secretaría Ejecutiva.

En consideración a lo anterior, esta Representación Permanente se permite solicitar al Señor Secretario Ejecutivo que se prorroje el plazo fijado a Chile para la recepción de dichos antecedentes hasta fines del presente mes de marzo.

La Representación Permanente de Chile ante el Programa de las Naciones Unidas para el Medio Ambiente aprovecha la oportunidad para reiterar al Señor Secretario Ejecutivo las seguridades de su más alta y distinguida consideración.

Nairobi, 19 de Marzo de 1996



III. On the guidelines of the review of the effectiveness of the financial mechanism of the Convention on Biodiversity

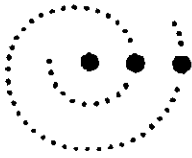
First, the executive secretary is kindly asked to explore the possibility for the extra and new financial resources. As to the interim financial mechanism, it is suggested:

1. Maintaining the consistence of the policy, i.e. the consistence of policy between the restructured GEF with GEF in the pilot phase; the consistence of financial structure between the financial mechanism of the convention and the perspective

2. The macro-guideline of the meeting of the contracting party to CBD, i.e. GEF should be guided by the meeting of the contracting party to CBD by the macro-means.

3. The concentration of the programmes; the small scale but large amount of the programmes can not take the advantage of the global biodiversity conservation.

FINLAND



MINISTRY OF THE ENVIRONMENT
PO.Box 399, 00121 Helsinki, Finland

TELEFAX

Date: 28 March 1996

Number
of pages: 1

To: Secretariat for the Convention on Biological Diversity
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Fax: 994-1-514-288 6588

From: Anneli Sund
Senior advisor
International Affairs
p. + 358-0-1991 9486
fax. + 358-0-633 106

Dear Sir,

Referring to your letter of 5 January 1996 concerning comments on the Guidelines of the review of the Effectiveness of the Financial Mechanism of the Convention on Biological Diversity we would like to draw attention to a couple of elements which we see important in reviewing the effectiveness of the financial mechanism. Our comments relate to the capital 2.4. Possible elements to be included in the guidelines and parameters for review, para 19 :

sub-para a) Effectiveness in providing financial resources

We would like emphasize and hence add the following elements:

- cost effectiveness of the funded activities
- transparency and accountability of the financial mechanism and and the funded activities

sub-para c) Impact and outcome of funded activities on :

We would like to underline the importance of the impact of the funded activities on enhancing public environmental awareness and national capacity building

We apologize for delay in sending our comments.

Yours sincerely,

Anneli Sund

Senior advisor

Ministry of the Environment

(the focal point to the Convention of Biological Diversity)

1...

4. Review of the effectiveness of the financial mechanism of the Convention

With regard to the options on the timetable and the nature of the review, Germany concurs with most of the proposals made by the Secretariat.

Some clarification is needed concerning the terms of reference for the review of the "operation" of the financial mechanism (para 6, ii). We agree, that this review should be based on regular consideration of the reports presented by the GEF, but not duplicate this work. Concerning the proposed comprehensive assessment of the performance of the GEF, the CoP should also rely on instruments and information available, for example the M&E structure of the GEF and the STAP. The evaluation of projects (ex ante as well as ex post) belongs to their mandates. The CoP may, pursuant to Art. 21 (2) of the Convention, determine the criteria and guidelines for such an evaluation of the utilization of the financial resources: This means, that the "two options" which have been put forward by the Secretariat in para. 17 for initial steps to initiate the assessment both have taken up.

In general Germany would like to express its impression that it might be too early for a review of the impact and outcome of activities funded and their contribution to the realization of the objectives of the Convention (para. 15, iii). Many of the activities funded and started at this stage mainly concern the support of national assessments of biodiversity, of reporting, of the formulation of national strategies and programmes. These activities will be followed by implementing measures that directly contribute to the realization of the objectives of the convention.

Germany holds that cost-effectiveness is an important criteria for the evaluation of the financial mechanism. It should be included in the guidelines and parameters for review (para. 2.4).

MADAGASCAR

Cher Monsieur,

Conformément aux paragraphes 2 et 3 de la décision II/6 adoptée lors de la deuxième réunion de la Conférence des Parties et suite à votre correspondance du 5 janvier 1996, nous avons l'honneur de vous faire part de notre soutien au projet de procédure permettant de fixer les lignes directrices régissant cet examen cité en objet.

N'ayant pu achever les procédures de ratification qu'en novembre dernier, nous tenons cependant à faire remarquer que Madagascar n'a pas encore pu bénéficier de ce mécanisme dans le cadre de l'application de la Convention. Sauf en ce qui concerne le financement de la Monographie sur la biodiversité malgache par GEF Trust Fund et celui par PNUD du projet Pre-Investment Facility/GEF sur la définition des priorités de conservation en 1995.

Etant en phase d'évaluation et de pré-négociation avec les Bailleurs de fonds potentiels de l'exécution de notre Programme Environnemental II, la gestion durable des ressources de la biodiversité y prend toute son importance par une nouvelle dimension transversale touchant toutes les composantes à réaliser.

Le GEF restructuré serait cette fois-ci disposé à financer certains projets ou volets relatifs aux problèmes de la biodiversité, en appui aux actions des principaux Bailleurs de fonds déjà opérationnels dans divers domaines environnementaux lors de la 1ère phase du PAE: Banque Mondiale, USAID, PNUD, Norvège, Suisse, NTW, France, Union Européenne, etc.

Dans tout ce contexte, il apparaît que nous manquons encore d'informations assez claires sur le mode de fonctionnement du mécanisme financier de GEF dans la mise en application de la Convention, notamment sur :

- les avis fournis par la CDP aux fins d'accès et d'utilisation des ressources financières;
- les critères d'attribution et d'utilisation des ressources qui nous semblaient jusqu'ici très complexes et assez lourds.

Toujours est-il que nous avons essayé, en concertation avec les Bailleurs de fonds depuis 1994, pour la préparation de notre Programme Environnemental II de prendre en compte toutes les suggestions positives allant dans le sens de l'éligibilité des projets sur la diversité biologique au financement GEF. En outre, nous souhaitons toujours que les critères et les conditionnalités d'octroi soient aussi en adéquation avec nos priorités nationales.

Enfin, nous aimerions vous informer des structures régissant la coordination de la gestion du mécanisme financier pour l'exécution de nos programmes environnementaux depuis 1991.

- le Comité d'Orientation et de Suivi (COS) a comme fonction d'analyser et d'émettre son avis sur les plans annuels proposés par les programmes, d'examiner le plan de financement annuel et procéder aux ajustements nécessaires. Ce COS assurant la coordination générale se réunit régulièrement à Madagascar au mois de décembre. Il est présidé par le Ministre chargé de l'Environnement assisté par le Directeur Général de l'ONE et compte comme principaux membres les représentants autorisés des Agences d'exécution et ceux des Bailleurs de fonds.

- le Comité du Fonds pour l'Environnement (CFE), regroupant les Bailleurs, l'ONE et les Agex, qui assure une coordination générale plus technique et périodique de l'exécution du programme concernant le suivi trimestriel des engagements financiers, du déroulement des activités inscrites dans le programme de travail annuel et des problèmes rencontrés avant la réunion annuelle du COS.

- le Secrétariat des Bailleurs de fonds établi au siège de la Banque Mondiale et dont la mission est de tenir informé les organismes participants au financement, de renforcer la coordination et la supervision, de capitaliser l'expérience pour guider l'exécution du programme et préparer les futures interventions.

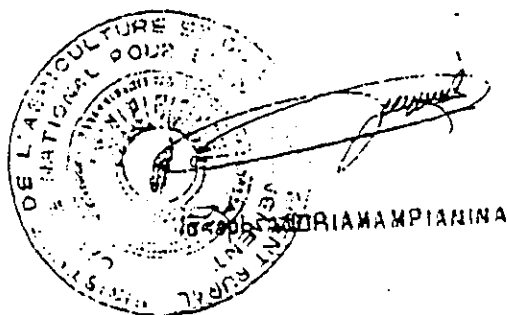
- Chacun des Bailleurs principaux assure le leadership des supervisions pour le ou les composantes du programme qu'il finance.

- l'ONE assure la consolidation des aspects financiers, la gestion des fonds, la coordination de l'exécution des financements et celle des passations de marché pour l'ensemble du programme dont l'exécution des composantes est sous la responsabilité des AGEX et des opérateurs du PAZ.

En ajout au financement extérieur souvent disparate et non pérenne ou parfois en voie de diminution, nos institutions environnementales et leurs partenaires avec l'appui du Gouvernement et des Bailleurs de fonds ont déjà commencé à chercher et à promouvoir différents mécanismes qui pourraient assurer le financement durable des projets pour la protection de l'environnement et la conservation des ressources naturelles renouvelables: création de Fondations; Fonds Forestier National; une partie des recettes de l'écotourisme au profit des actions de développement des populations dans les zones périphériques des aires protégées; debt-for-nature swaps à travers des ONGs internationales, etc.

Par suite de ces expériences nouvelles et encore très modestes pour pouvoir résoudre tous nos problèmes, il nous est agréable d'exprimer nos soutiens au Secrétariat de la Convention d'explorer plus avant la possibilité de trouver des ressources financières additionnelles pour soutenir les objectifs de la CDB et auxquelles pourraient avoir accès des pays comme le nôtre.

Vous en souhaitant bonne réception, veuillez agréer, Monsieur le Secrétaire Exécutif, les assurances de nos considérations très distinguées.



PERU

5. MECANISMO y recursos financieros

- En relación al reporte de la Secretaria y de la propia Conferencia de las Partes resultaría apropiado relieves la importancia del punto 10 del Documento UNEP/CBD/COP/2/19 que destaca la necesidad que el GEF explore nuevas modalidades de cooperación entre el sector público y privado en especial en relación a un eventual programa para el financiamiento de "medium-sized projects". En este sentido podría promoverse que se continuen los esfuerzos para lograr este fin.
- A nivel nacional se está trabajando en Congreso de la República una propuesta de Fondo Nacional del Ambiente que permita financiar -entre otros aspectos- proyectos para la conservación de la diversidad biológica.
- También merece mencionarse las funciones del FONANPE, como modelo de fondo fiduciario destinado a financiar el mantenimiento del Sistema Nacional de Areas Naturales Protegidas por el Estado a través del cual se protegen los Parques Nacionales, las Reservas Nacionales, entre otros.

SOUTH AFRICA

Mr Juma,

Re: Request for written contributions and information on:

- a. The Conservation and sustainable use of Marine and coastal biological diversity
- b. Intellectual property rights
- c. Transfer and development of technology under the CBD
- d. Information on Forests and biological diversity.

Re: Background material

- a. Knowledge, innovations and practices of indigenous and local communities
- b. Incentive measures for promoting conservation and sustainable use of biological diversity
- c. Identification, monitoring and assessment of biological diversity

Re: Guidelines of the review of the effectiveness of the financial mechanism of the CBD.

Unfortunately South Africa is not yet in a position to make a meaningful contribution with regard to the above mentioned requests.

South Africa is currently in the process of developing a strategy for the implementation of the Convention on Biological Diversity (CBD). As soon as this process is under way and the appropriate and responsible organisations have been identified, we would submit the information you requested (Target date, 31 August 1996).

Yours sincerely
Kallie Naude
Assistant Director
Department of Environmental Affairs and Tourism

SPAIN

COMMENTS ON THE GUIDELINES OF THE REVIEW OF THE
EFFECTIVENESS OF THE FINANCIAL MECHANISM OF THE CONVENTION
ON BIOLOGICAL DIVERSITY

Regarding the draft guidelines proposed, we would like to make the following comments:

1. As the document UNEP/CBD/COP/2/19 underlines in its paragraph 12, it is crucial to distinguish between the review of the effectiveness of the financial mechanism and monitoring and evaluation of the utilization of financial resources. While the latter should be based on the consideration of the report submitted by the GEF to each meeting of the Conference of the Parties, the review of the effectiveness of the financial mechanism should be undertaken from a more general point of view and requires a longer period of time.
2. Concerning the timetable for the review (paragraph 20), we support the proposal included in the draft guidelines, namely: first review at the fourth COP meeting in 1997 and regular reviews every three years thereafter.
3. On the elements which could eventually be included in the guidelines and parameters for the review (paragraph 19), we have the following suggestions:
 - a) Effectiveness in providing financial resources.

The point on "capacity of the institutional structure to generate additional financial resources" should be further developed or eliminated.

b) Application of the relevant provisions of the Convention and the guidance of the COP.

The "burden-sharing" issue should not be included in the review of the effectiveness of the financial mechanism. This issue belongs to a broader discussion in the COP meeting context.

In general, the application of the relevant provisions of the Convention and the guidance of the Conference of the Parties, although extremely important, should be more an element of the regular monitoring and evaluation process of the utilization of the financial resources.

c) Impact and outcome of funded activities.

The review should focus on this element.

4. In regard to the Modalities of the review (paragraphs 17 ; 18), after having analyzed the two proposed options, we consider that the first one is the more feasible and effective. We agree on the usefulness for the COP of requesting the institutional structure to include important indicators for the review in its monitoring and evaluation system.

SWEDEN



MINISTRY OF THE ENVIRONMENT

12.3.1996

M96/295/4

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Geneva
SWITZERLAND

Guidelines of the Review of the Effectiveness of the
Financial Mechanism of the Convention on Biological
Diversity

With reference to your letter of 5 January 1996,
Sweden would like to give the following comments to
the draft Guidelines.

In general Sweden is in agreement with the proposed
guidelines. We do feel however that the document
should in a clearer way differentiate between the
review of the performance of the financial mechanism
and the review of the policy, strategy, programme
priorities and eligibility criteria set by the CoP. --
These are two different processes that are linked
but should definitiely not be mixed, which now is
the case under 2.2, para 16 (i).

2.2 Contents of the review

With reference to the above, para 16 (i) should not
be a part of a document setting out criteria for the
review of the performance of the financial
mechanism. The guidance provided by the CoP is a
question only for the CoP. The review of the
effectiveness of the financial mechanism on the
other hand will require close cooperation with and
active involvement of the financial mechanism.

Given that this section is made a separate decision
document, Sweden would like to propose the following
change:

Para 16 (i), subpara (f): We would like to question
the inclusion of a review of the amount of resources
needed if this means an exercise in which new
resource needs are going to be established, based on
earlier set figures. The work to establish the need
for financial resources is a fundamentally important
task set down in the Convention (Article 21, para 1)
and should be approached with great care. It /...

requires a separate set of guidelines and a separate review process. It should i.a. be based on scientific and technical knowledge about the state of biodiversity in recipient countries as well as their ability to implement the Convention.

The guidelines for such a review process might also benefit from a certain degree of coordination with other relevant conventions, such as the FCCC and the Montreal protocol.

We therefore suggest the deletion of subpara (f) and the development of a separate process for dealing with this important matter.

Para 16 (ii): It is unclear what is meant by "Profile of the institutional structure...". This must be clarified.

2.3 Modalities of the review

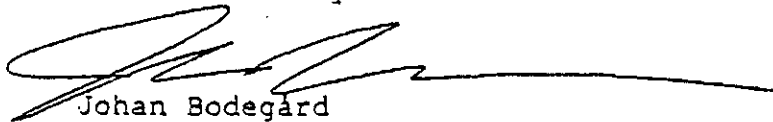
Para 17: Sweden prefers option (i) since it is important to differentiate between the role of the COP as being that of setting parameters for review and the role of the financial mechanism as being that of reporting on its implementation of projects. The evaluation study should be carried out by an independent body.

2.4 Possible elements to be included in the guidelines and parameters for review

Para 19: To the suggested parameters and elements should be added the following:

- cost effectiveness
- global benefits
- agreed incremental costs
- country drivenness
- balance between objectives of the Convention

Yours sincerely



Johan Bodegård
Assistant Under-Secretary

C.C.
P Enarsson UD IU 1
E Jonsson Fi E3
U Svensson Jo IS

UNITED STATES OF AMERICA



United States Department of State

*Bureau of Oceans and International
Environmental and Scientific Affairs*

Washington, D.C. 20520

Dr. Calestous Juma
Executive Secretary
Secretariat of the Convention on
Biological Diversity
World Trade Centre
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Montreal, Quebec,
CANADA H2Y 1N9

Dear Dr. Juma:

I am writing in response to your request of January 5, 1996 for comments from the Participants in the Second Conference of Parties on the development of guidelines for the review of the effectiveness of the Convention's Financial Mechanism (Decision 2/6, paragraph 3).

The United States considers that the effectiveness of the Convention will ultimately be determined by the domestic policy choices of individual States in response to their obligations as Parties to the Convention. The financial and technical assistance provided under the Convention may be useful, but cannot substitute for the necessary political will required for each Party to fulfill its obligations.

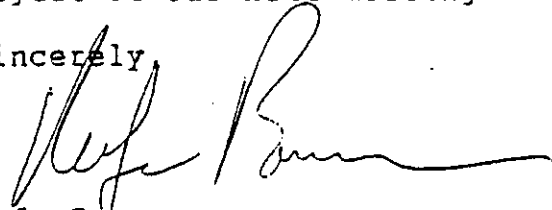
The Parties have the responsibility to ensure that the Convention's Financial Mechanism functions as efficiently and effectively as possible. The Global Environment Facility (GEF), as the institutional structure charged with the operation of the Financial Mechanism, is under the close supervision of the Conference of Parties, as well as of its own Council. A full review of the effectiveness of the Financial Mechanism should thus concentrate not only on the reports provided by the GEF and the Executive Secretariat's evaluation

as requested by the Conference of the Parties, but also on issues over which the Conference of Parties has direct control. Those include the Parties' experience with the development of policy guidance; also valuable would be an assessment of the ultimate usefulness of the Parties' policy guidance for operations.

Conclusions of the Parties, such as the decision not to endorse the GEF on a permanent basis, should be reviewed for their impact on short-term operations and the long-term viability of the Financial Mechanism. The implications of the existing division of responsibilities between the political-level Conference of Parties and the projects-level Institutional Structure should also be examined. With regard to the draft Memorandum of Understanding between the Conference of the Parties and the GEF Council, the United States continues to find the draft as presented to the second Conference of the Parties acceptable in light of its prior review by the Council.

The review of the effectiveness of the Financial Mechanism offers an opportunity for a sober assessment of how best to achieve the objectives of the Convention. I look forward to a productive discussion of this subject at our next meeting.

Sincerely,



Rafe Pomerance
Deputy Assistant Secretary for
Environment and Development
