



## CONVENTION ON BIOLOGICAL DIVERSITY

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CONFERENCE OF THE PARTIES TO THE  
CONVENTION ON BIOLOGICAL DIVERSITY  
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Item 14.4 of the provisional agenda\*

### REVIEW OF THE EFFECTIVENESS OF THE FINANCIAL MECHANISM

#### Note by the Executive Secretary

The following note has been prepared by the Executive Secretary on the basis of the information referred to in paragraph 2 below. In decision III/7, the Conference of the Parties decided that the sources of information, upon which the review of the effectiveness of the financial mechanism should draw, should include the GEF annual report to the Conference of the Parties and reports from the GEF monitoring and evaluation programme. These documents were not available at the time of preparation of the present note. The Executive Secretary will therefore issue a revised version of this note, incorporating further sources of information as they become available, at the fourth meeting of the Conference of the Parties.

#### I. INTRODUCTION

1. In accordance with Article 21, paragraph 3, of the Convention, the Conference of the Parties decided at its second meeting to undertake the first review of the effectiveness of the financial mechanism at its fourth meeting and a review every three years. At its third meeting, the Conference of the Parties adopted decision III/7 together with an annex containing the objectives and criteria for the review. It further decided that the review should be conducted under the authority of the Conference of the Parties and that, based on the results of the review, the Conference of the Parties should take appropriate action to improve, if necessary, the effectiveness of the mechanism and/or the effectiveness of the review procedure.

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\* UNEP/CBD/COP/4/1.

2. This synthesis is based on the information obtained by the Secretariat from various sources as provided for in decision III/7. The Secretariat has received responses to a questionnaire developed using the criteria of the review from the following 26 countries: Australia, Austria, Belgium, Belize, Burkina Faso, Cape Verde, Chile, China, Democratic Republic of Congo, El Salvador, Eritrea, Germany, Guatemala, Guinea, Latvia, Madagascar, Malta, Mexico, Mongolia, Poland, Qatar, Slovenia, Switzerland, Thailand, Venezuela and Viet Nam. It also received submissions from the Organisation for Economic Co-operation and Development, the Wildlife Conservation Society (New York), the International Mycological Institute and the Edmonds Institute. In addition, the Secretariat has ensured that field visits were undertaken in China, Guatemala, Mauritius and Poland, i.e., one visit in each recipient geographical region. Interviews with stakeholders were undertaken in relevant meetings. In particular, participants in the third session of the Subsidiary Body on Scientific, Technical and Technological Advice from Benin, Indonesia, Malawi, the Netherlands, the Republic of Korea, the Russian Federation, Seychelles, Uganda, the United Nations Environment Programme, Venezuela and the World Bank were interviewed by Secretariat staff for the purposes of the review. The level of response and, therefore, the representativeness of the views of the Parties are a matter of concern of some regional representatives.

3. The initial draft of the synthesis was forwarded for appraisal by the five nominated regional representatives. Comments have been received from the regional representatives of the Asian Group (Mr. Wang Dehui, China), the Group of Central and East European Countries (Ms. Zuzana Guziová, Slovak Republic), the Group of Latin American and Caribbean Countries (Mr. John W. Ashe, Antigua and Barbuda), and the West European and Others Group (Mr. Philippe Roch, Switzerland). Comments are also expected from the regional representative of the African Group (Mr. Terry Jones, Seychelles). The regional representative of the Group of Latin American and Caribbean Countries (GRULAC) indicated that he intended "to discuss the original draft with all the member States of the GRULAC at the regional preparatory meeting, at which time our collective comments will be forwarded to the Secretariat". The Bureau of the Conference of the Parties decided that the initial draft of the synthesis should be revised on the basis of comments received, and the revised draft synthesis should be forwarded to Parties for comments and additional contributions and also sent for translation into the six United Nations official languages. A further revised version of this report based on comments and additional contributions by Parties and relevant bodies will be made available in English at the fourth meeting of the Conference of the Parties. A recommendation section will be added in order to assist Parties to consider any action, if necessary, that might be needed to improve the effectiveness of the financial mechanism and/or the effectiveness of the review procedure.

4. The following synthesis takes into account all the above-mentioned information as well as reports, policy and information documents of the Global Environment Facility (GEF), and information available from the GEF Monitoring and Evaluation Programme. It is presented in line with the criteria spelled out in the annex to decision III/7 along with an introduction to the profile of GEF biodiversity funding based on GEF publications and a number of suggestions on improved effectiveness of the financial mechanism from various sources of information. Initial information

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from the independent Study of the GEF Overall Performance is incorporated in this synthesis and relevant parts of the final report from that Study will be attached as an annex to the further revised version of the document. The presentation of each section normally begins with information from relevant GEF sources, and continues with views from Parties and other sources. Views and suggestions shared by more submissions are presented, as far as appropriate, before individual ones, and views from submissions are kept, as far as possible, as they were received in order to minimize interpretations.

5. It should be noted that some views, though based on one or two submissions and not fully substantiated, remain in this synthesis because they might or might not be more substantiated in further submissions. No specific efforts have been made to distinguish between facts and opinions, since the information providers are able to do so more accurately. However, information from GEF has been checked with the GEF Secretariat. It appears that several submissions may have reflected the activities funded by the Pilot Phase GEF, and views based on these activities are mixed with those based on the GEF-funded activities during the period under review. Experiences from the GEF-funded biodiversity activities outside the framework of financial mechanism, and views from non-recipient countries, are not excluded. Parties may also need to keep in mind the guidance that has been provided to the financial mechanism, and the institutional relationship between the Conference of the Parties and GEF as provided for in the Convention and in the Memorandum of Understanding (MOU) (decision III/8, annex).

## II. PROFILE OF GEF FUNDING REGARDING BIOLOGICAL DIVERSITY

6. The restructured GEF has been the institutional structure that operates the financial mechanism of the Convention on an interim basis since the Convention entered into force. At its first meeting, the Conference of the Parties instructed the GEF to take prompt measures to support programmes, projects and activities consistent with the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources adopted by the Conference of the Parties at that meeting. By decision III/8, the Conference of the Parties adopted the MOU between itself and the GEF Council. One submission noted that the MOU is particularly important for consolidating the formal relationship between the Convention and the GEF.

7. The biodiversity projects, programmes and activities approved for funding by the financial mechanism fall into the purview of the current review, for which period, i.e. from July 1994 to June 1997, a core replenishment, according to the GEF Instrument, is \$2 billion. According to the GEF Quarterly Operational Report of June 1997 (QOR), 113 biodiversity projects with total allocations of \$263 million were approved during the three-year period. This accounts for 30 per cent of the GEF's project portfolio. The GEF approved nine biodiversity projects in the 1995 fiscal year, fourteen in 1996, and ninety in 1997 with allocations of \$66.77 million, \$23.88 million and \$172.34 million, respectively. The GEF Annual Reports for 1995 and 1996 indicate that there were 238 and 178 project ideas submitted to Implementing Agencies. One representative opined that simply citing figures without attempting to provide some analysis is not

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particularly helpful for a review. Another indicated that it would be useful to indicate a ratio between the approved projects and submitted project ideas/proposals, including, if feasible, information of cost assessment of the project ideas/proposals, which would reflect more clearly a demand for the funds from the financial mechanism and the GEF ability in considering/processing of the project ideas.

8. Of these approved biodiversity projects, 78 are biodiversity enabling activities. Two enabling activities were approved prior to adoption of the expedited procedure for enabling activities by the GEF Council in April 1996. Twenty-seven biodiversity enabling activities projects received approval from relevant Implementing Agencies in the period under review.

9. In November 1994, the GEF Council agreed to establish the Project Preparation and Development Facility (PDF) with a view to providing funding when necessary for project development from the initial concept stage through final design. PDF funds are approved in three blocks: Block A (up to \$25,000) for early stage of project or programme identification for pre-project activities, Block B (up to \$350,000) for provision of information required to complete project proposals and the necessary supporting documents, and Block C (up to \$1,000,000) for provision of additional financing where required for large-scale projects to complete technical design and feasibility work. The GEF QOR has information about PDF Block B and Block C biodiversity programmes. GEF approved thirty-five PDF Block B biodiversity programmes and one Block C biodiversity programme, with total funds accounting for close to half of GEF allocations to its operations in PDF. Half of these PDF Block B biodiversity programmes were approved in 1997.

10. The GEF Small Grants Programme was established to complement the larger GEF work programme by focusing specifically on community-based activities, often implemented through non-governmental organizations, to address local aspects of global environmental challenges. The Programme moved from the pilot phase to the operational phase in 1996 with approved two-year allocations of \$ 24 million. The Programme operates in 33 countries, and projects in a further 13 countries are under consideration and preparation. According to the GEF QOR, about 115 biodiversity projects were approved under the Programme with allocations of \$ 1.9 million. One regional representative suggested that more analysis of the effectiveness of the Programme is needed.

### III. EFFECTIVENESS OF GEF IN PROVIDING FINANCIAL RESOURCES

#### A. Adequacy, predictability and timely disbursement of funds for projects

11. Adequacy of GEF funding is assessed at three levels: level of GEF financial resources, distribution of GEF funding among the focal areas and recipients, and funding for projects. It was noted that the level of GEF funding remains inadequate for addressing the overall global biodiversity needs, and donor commitments to adequate and reliable funding for GEF operations will be important if global environmental benefits are to be further achieved. GEF indicated in a self-assessment that some donor

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countries did not keep to their pledge to provide their full contributions within four years after the first replenishment, and this handicapped GEF's long-range planning and its ability to encourage project pipeline development.

12. With regard to distribution of GEF funding among the focal areas and recipients, one submission indicated that in light of GEF's obligation to respond to competing demands from other focal areas (climate, international waters, ozone depletion, multiple), the size of the funding level allocated to biodiversity was relatively adequate. However, the submission expressed concern that some larger countries received larger amounts of funding. Although many developing country Parties indicated that they did not have project proposals which were rejected by GEF, several Parties were under the impression that they were under-funded by the Facility and much more funds were needed for them to fully implement the Convention. Another submission further pointed out that for most eligible countries, GEF just funded projects for the national biodiversity strategy and action plan and the country report.

13. As far as project activities being supported are concerned, many submissions tended to agree that GEF funding was adequate and sufficient. An indicator for this is that GEF did approve the amount of funding as requested in many cases. However, many submissions and field visits noted that there were components of initial project objectives/activities proposed but not supported, and some original proposals were significantly scaled down, in part as a result of the application of the concept of incremental costs in determining the scope of GEF support. In this respect, many Parties indicated their continued efforts to seek funding from GEF and/or other funding sources for the projects after GEF funding was approved, but not all project objectives/activities initially proposed were fully achieved in the end. It was noted in the course of the field visits and interviews that the perception of adequate funding for the implementation of planned activities, was complicated by the ceiling for enabling activities and the GEF practice of calculating a management fee that was not explicitly considered in the project budget proposal but was finally included as administrative costs in the project document.

14. Predictability of GEF funding was assessed against whether there were any prospects for GEF funding in developing country Parties for their Convention-related activities, and whether GEF-allocated funding was made available in a predictable manner. The field visits indicated some difficulties for the recipients in incorporating GEF-funded activities into their national biodiversity processes because of uncertainty as to the timing and size of the funding they would receive from GEF. One regional representative indicated the need for more analysis and information on this point. Another regional representative noted that a clear distinction needs to be made as to where the bottlenecks are.

15. Most submissions indicated that their biodiversity projects proceeded as planned, and that nationally implemented disbursement schedules of sufficient flexibility usually helped to ensure the necessary predictability to achieve the objectives of the projects. Several Parties expressed the

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view that the disbursement schedule was sometimes not as flexible as it should be, and was too detailed. They also noted that delays did occur due to expert selection or excessive reviews/corrections. One submission reported that a disbursement that was suspended without any reason being provided.

16. It was noted that timeliness of disbursement is related to the pace of implementation and also to the disbursement procedures of Implementing Agencies. Pace of implementation depends upon both GEF and the recipient countries. Several submissions and the field visits indicated that domestic factors, such as appointment of personnel, procurement of equipment, designation of domestic banks, establishment of national steering committees or task forces, and/or logistical support to international consultants, contributed to delays in the progress of implementation of some biodiversity projects. Two submissions observed that the Implementing Agencies also contributed to delay in implementation, for instance, during the course of hiring of international consultants rather than nationals and of releasing funds in the account created for the projects. It was noted that there was room for further improvement in the disbursement of funds in support of GEF projects. One regional representative indicated that more information and analysis about the factors for delays should be given.

17. One field visit indicated that disbursement procedures of Implementing Agencies for traditional development assistance were strictly applied in biodiversity projects, but country project officers lacked familiarity with these procedures. It was noted from another field visit that the detailed requirements of project documentation might lead to problems with disbursements and that the procedures for amending projects during their lifetime were not sufficiently flexible. One NGO also indicated that administrative and design rigidity did not allow GEF to tackle project needs in a timely fashion, thus missing opportunity targets in terms of recruiting personnel, utilizing political opportunities, and lowering costs. One submission discerned that the disbursement process could be facilitated by simply providing copies of transfer orders and of other relevant correspondence relating to disbursement of funds. One regional representative indicated that clear distinction needs to be made as to where the bottlenecks are.

18. According to the GEF Project Implementation Review 1996 (PIR) which covers primarily the GEF Pilot Phase projects, UNDP annual disbursements show improvement in 1996 and are only marginally lower than those in UNDP's overall portfolio, and the World Bank's GEF disbursements occur earlier and more quickly as compared to the Bank's non-GEF disbursements. Most submissions indicated that disbursement schedules for biodiversity projects were usually implemented as planned, and some even proceeded ahead of schedule. However, the GEF PIR also concludes that many GEF-supported biodiversity projects take longer to implement than anticipated. Disbursement projections have to be revised for many projects, and many completion dates have to be extended. One regional representative enquired about the implications of, and solution to, this conclusion.

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B. The responsiveness and efficiency of the GEF project cycle and operational strategy related to biological diversity

19. The GEF Project Cycle addresses the role and responsibilities of the major actors in the GEF project cycle. In approving the project-cycle document in May 1995, the Council stressed the need to apply the procedures flexibly. The Council has also further adopted the following additional measures to facilitate and expedite preparation and implementation of biodiversity projects:

(a) An expedited approval process for enabling activity project proposals consistent with the operational criteria and with the proviso that 15 per cent of the project budget would be released immediately upon approval subject to internal procedures of Implementing Agencies.;

(b) An expedited procedure for medium-sized projects that require up to \$1 million of GEF financing;

(c) Consideration of ways of streamlining the project cycle for larger projects;

(d) Approval of work programmes by mail in the period between regular Council meetings.

20. It was noted that the GEF Project Cycle and the Operational Strategy clearly defined priorities and access eligibility, and adequately facilitated preparation, approval and implementation of biodiversity projects. Many submissions expressed particular satisfaction with the streamlined procedures for enabling activities, and indicated that country-report projects were prepared and approved faster than other projects.

21. According to the GEF QOR, UNDP takes the lead in the acceptance of biodiversity-project proposals in national strategy, action plan and country report, and as of that QOR (June 1997), one such project has been approved by UNDP with an approval time of close to half year. Meanwhile, the World Bank has approved 11 biodiversity enabling activities projects with an average approval time of two and half months, and UNEP has approved 16 with an average approval time of one and half months. With regard to regular biodiversity projects, UNDP has approved eight biodiversity projects in the period under the review, of which six biodiversity projects were approved within one month of approval by the GEF Council in April 1997. As reported in that QOR, the World Bank has explicit dates for approving all GEF/World Bank biodiversity projects that have been approved by GEF. One regional representative indicated that figures in respect of the length of the project cycle seem to be too optimistic, and apparently do not reflect the overall length of the pre-implementation phase of the project cycle, i.e., the whole period of project development from the submission of a project proposal.

22. Most submissions and reports from the field visits were of the view that all GEF institutions, each according to its level and areas of competence, contributed positively to different stages of preparation and approval of projects. These contributions manifested themselves in the provision of experts (consultants) and the promotion of understanding of GEF criteria and concepts during project preparation, and in the procurement of

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equipment and selection of experts during implementation. Two submissions indicated communication problems in the submission of project proposals and delays in delivering the Combined Delivery Report of the Implementing Agencies. The report of one field visit observed that procedures followed by the Implementing Agencies, in particular their headquarters, lacked transparency. The attitudes of some Implementing Agencies, particularly the World Bank, also were of concern to one Party in its effort to gain access to GEF funding. In addition, the field-visit reports and one submission observed that GEF more often trusted and respected international consultants who in some cases had neither a good understanding of GEF principles nor much knowledge of local situations of recipient countries. An analysis conducted by the GEF Secretariat of the first year of the PDF showed that the costs of services provided by international consultants represent approximately 51 per cent of total expenditures in its PDF Block A programmes, and 41 percent in its PDF Block B programmes. One regional representative indicated that the review on international consultants appeared unsubstantiated.

23. It was noted that despite the significant work denoted to the preparation of policy documents, the formulation of proposals and modalities for implementing the projects to be funded by the GEF was often time-consuming and complicated. Many Parties reported difficulties encountered in applying for GEF funding, which included: no response from GEF or Implementing Agencies on project proposals; no information about the status of project proposals; no clear reasons for the rejection of proposals, frequent changes in responsible officers in the Implementing Agencies for discussing project proposals; inadequate level of communication regarding project proposals within the GEF process; occasional personal interests and reliance upon international NGOs and consultants in project development and implementation; intransigence with regard to GEF procedures and policy; time needed for Implementing Agencies to process project proposals; shifts in review dates for different phases; and repetitive work required to comply with the procedures of both GEF and Implementing Agencies. The field visits found that project managers were under the impression that the GEF Pilot Phase had fewer procedures and that some steps required in the relevant procedures might be omitted without comprising project quality. The GEF PIR indicates an increase in the time needed for approval from the Pilot Phase to the First Operational Phase. Many submissions were of the view that other funding agencies are faster in approving projects, have much clearer guidelines and, as a result, require much fewer resources for project approval. One NGO was particularly concerned about the slow progress of the GEF operational procedures. Several submissions indicated that original project documents and implementation schedules were out of date when approved. The interviews indicated that there was an emerging fatigue on the part of developing country Parties in approaching GEF, the recipients would rather wait for GEF to come to their countries and to tell them what would be funded. Several Parties stated that they had not undertaken such an assessment because they had not received relevant GEF documentation, and expressed the hope that they would receive detailed GEF guidelines/funding procedures in order to develop projects. One regional representative noted that several problems are mentioned, but no conclusion or recommendation is made.

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C. Ability of GEF to leverage additional finance

24. One of the GEF operational principles asserts that "in seeking to maximize global environmental benefits, GEF will emphasize its catalytic role and leverage additional financing from other sources". According to the GEF QOR, financing for GEF-related biodiversity activities through to June 1997 was \$848 million, of which \$263 million was provided from GEF resources and \$585 million from other sources. Apart from one joint World Bank-UNDP project, the ratio of GEF funding to finance from other sources is 1:2.7 for World Bank, 2.2:1 for UNEP, and 1.5:1 for UNDP. GEF indicated that its ability to leverage additional finances is also reflected in its operational efforts to mainstream global biodiversity considerations into the regular development efforts of the Implementing Agencies, to induce replication or similar investments, and to remove market barriers to investment by seeking economically attractive ways of protecting the global biodiversity.

25. Several submissions indicated that the GEF operated most effectively as the "seed funding" to leverage other sources of finance, and that the PDFs were useful in obtaining additional finance. One submission indicated that an important and strategic success of GEF was its ability to leverage additional resources and catalyse new partnerships. However, several Parties and one field visit indicated that GEF itself did not provide assistance to developing country Parties in their efforts to obtain additional financial resources. Other Parties indicated that GEF participation had no impact on other donor agencies. It was noted from another field visit that other aid agencies were reluctant to allow GEF projects to be added to their projects for the sake of administrative ease.

26. It was noted that Implementing Agencies did not seem to take into consideration projects with which they were not associated, and the requirement of leveraging additional finance in such cases became a burden, even a barrier to many good project proposals at the field level. The required association of GEF funding with regular operations of Implementing Agencies often did not generate incremental efforts or additional global benefits of biological diversity conserved since GEF funding was being leveraged to support mainstream activities of Implementing Agencies which would otherwise be funded by Implementing Agencies in any case. The interviews indicated that government counterpart contributions and/or other existing financial resources were sometimes required as a precondition for GEF to consider accepting a project proposal. One regional representative noted that in this section, developed and developing countries see these aspects of GEF in starkly different terms.

D. Sustainability of funded projects

27. The Operational Strategy requires that GEF ensures the sustainability of global environmental benefits through its support:

- (a) To national policies providing adequate incentives for sustainable development paths;
- (b) To institutional arrangements;
- (c) To capacity-building, human-resource development, and skills;

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(d) To communications and outreach;

(e) To public participation and consultation with major groups, local communities, and other stakeholders at appropriate stages of project development and implementation.

28. One NGO and the reports from two field visits noted that the short operational period of GEF as the financial mechanism was not enough to even begin to explore sustainability.

29. It was observed that certain measures to address sustainability were contained in the GEF-funded projects, and that the activities undertaken under GEF-funded projects would, at least partially, continue after the projects were terminated. This view was supported through project activities to be funded by local funds and users, equipment and other materials to be run by local agencies, measures taken to improve human resources, institutions, policies, sectoral circumstances, funds secured from UNDP and other sources, special trust funds established, and other techniques utilized to generate funds.

30. It was noted that lack of government commitment and consensus in project preparation was a significant constraint on the sustainability of projects. One submission indicated that the notion of sustainability was not taken sufficiently into consideration in the development of GEF-funded projects. Several submissions indicated that the national strategy, action plan and country report projects did not need to be continued, and thus no specific measures were adopted with respect to sustainability. One NGO and the field visit reports indicated that GEF has explored the use of "biodiversity trust funds" to solve structural issues in biodiversity conservation, and most trust funds contributed significantly to the financial stability of biodiversity activities.

#### IV. APPLICATION OF THE CRITERIA OF AGREED FULL INCREMENTAL COSTS, KEEPING IN MIND THE PROVISION OF NEW AND ADDITIONAL FINANCIAL RESOURCES

31. The GEF Operational Strategy specifies that "the GEF will provide new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits", and indicates that it will provide full incremental costs to some enabling activities that are aimed at providing countries with the basic information on which to act. In May 1995, the GEF Council approved the approach for estimating agreed full incremental costs, and recognized the need for a flexible application of the concept of incremental costs.

32. It was observed that many individual projects tried to explore ways of implementing the incremental-cost concept. One submission observed that the GEF Secretariat and Implementing Agencies were collaborating on ways to apply the concept to biodiversity projects, and that the approach under development consisted of establishing flexible methods to apply incremental costs to a project based on concrete project components, such as capacity-building,

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institutional strengthening or project planning. The GEF Monitoring and Evaluation Programme noted that the Programme for Measuring Incremental Costs (PRINCE) had generated a number of methodological papers and case-study materials.

33. Several submissions noted that the application of incremental costs indirectly affected adequacy of GEF funding and generated difficulties for the implementation of the Convention. One submission observed that among the different focal areas, biodiversity projects presented the greatest difficulties in applying the incremental-costs concept. In most cases, the methods to determine incremental costs were considered questionable. According to the interviews and one field visit, the principle of incremental costs in the case of biodiversity was meaningless, and decisions in this respect, were arbitrary and confusing. One submission remarked that the methodology of incremental-cost calculation was unknown. The net-present-value (NPV) method, widely used in traditional development assistance, was applied in the aggregation of future domestic benefits, an approach that tends to produce negative incremental costs and often results in refusal for consideration by GEF funding. One regional representative indicated that a fuller assessment of incremental costing based on GEF's own experiences needs to be provided.

34. It was also noted that determination of incremental costs was time-consuming, and confusion or disagreement on such costs caused delays in project development. The process was further complicated by lack of clear, workable criteria for determining incremental costs and the almost exclusive use of international consultants who appeared to have inadequate knowledge of the incremental-costs principle and national biodiversity priorities. One submission highlighted the difficulty in finding specialists capable of calculating the incremental costs of projects. Two submissions noted that the recipients had very limited involvement in the process and only provided such data as was requested of them. The field visits indicated that the ultimate effect of such a process was on the project activities, which were scaled back in response to what amounted to a decreased level of funding for the projects.

35. Regarding the provision of new and additional financial resources, one Party indicated that the GEF resources were transferred from other existing aid programmes and sources, and thus not new and additional. One intergovernmental organization reported that 84 per cent of contributions to GEF counted as official development assistance. One regional representative noted that in this section, developed and developing countries see these aspects of the GEF in starkly different terms.

#### V. CONFORMITY OF THE ACTIVITIES OF THE FINANCIAL MECHANISM WITH THE GUIDANCE OF THE CONFERENCE OF THE PARTIES

36. The GEF Instrument states that GEF functions under the guidance of, and is accountable to, the Conferences of the Parties which shall decide on policies, programme priorities and eligibility criteria for the purposes of the conventions. In its report to the third meeting of the Conference of the Parties, GEF provided detailed information concerning conformity of the

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GEF-funded activities with guidance of the Conference of the Parties at its first and second meetings. The GEF's response to the Conference of the Parties instructions related to the GEF project cycle is summarized in paragraph 19 above.

37. The GEF Operational Strategy, approved in October 1995, indicates full consistency with the guidance on policy, strategy, programme priorities, and eligibility criteria provided by the Conference of the Parties at its first meeting, and all GEF-funded activities in biodiversity will be in full conformity with the guidance provided by the Conference of the Parties. It also states that the GEF will maintain the flexibility needed to respond to new developments and incorporate continuing guidance from the relevant conventions and the GEF Council. In approving this operational strategy, the Council considered that the Strategy must be a dynamic document that is periodically revised to take account of new guidance from the Conference of the Parties.

38. GEF considered that the guidance approved by the second meeting of the Conference of the Parties could be addressed fully within the context of the approved GEF Operational Strategy, and was being emphasized in the preparation of the operational programmes called for in the strategy. The GEF also indicated that the guidance from the third meeting of the Conference of the Parties is being integrated with existing operational modalities and strategies to the greatest extent possible. This includes modifications to the operational criteria for enabling activities and to the operational programmes concerning biodiversity, and inclusion of specific items in the operational policy work programme of GEF. Preparatory work needed to define longer term approaches, where necessary, is under way.

39. Most submissions tended to agree that the Operational Strategy and relevant GEF decisions adequately incorporated guidance from the Conference of the Parties. Several submissions further pointed out that GEF made significant efforts to incorporate Conference of the Parties policy guidance specifically since the second meeting of the Conference of the Parties. One submission noted that the newly adopted Memorandum of Understanding provided for the modality for ensuring that GEF-funded activities conform with the guidance from the Conference of the Parties, and indicated that the acceleration, in 1996-1997, in the level of programming of GEF biodiversity projects attested to the positive response of the GEF to the Conference of the Parties priorities and guidance of the Conference of the Parties.

40. One submission indicated that the Operational Strategy was not enough concerning the settlement of social problems and creation of capacity-building. One field visit observed that some criteria were too rigid, and Implementing Agencies often had different interpretation of the Operational Strategy. Another submission observed that there still seemed to be a wide gap between principles and project realities. The experience with ongoing projects showed that inconsistencies were indeed found during implementation. One regional representative noted that proper modalities for incorporation of Conference of the Parties guidance into the GEF process, which is a necessary condition allowing timely and effective implementation of Conference of the Parties guidance, has not yet been identified. Another regional representative indicated that the previous paragraph stretches

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credibility. Since the guidance changes from Conference of the Parties to Conference of the Parties, while the GEF Operational Strategy, approved in October 1995, has not, it is difficult to see how the Operational Strategy" adequately incorporated Conference of the Parties guidance".

41. According to one interview, it is very difficult for GEF to follow up guidance from the Conference of the Parties since such guidance is a shopping list. The GEF Monitoring and Evaluation Programme also reported that Conference of the Parties guidance is too broad and lacking priorities. However, the field visits and interviews observed that the GEF Pilot Phase was very difficult since no guidance existed, and biodiversity project proposals were often delayed or rejected because of the lack of relevant GEF operational guidelines, not due to guidance from the Conference of the Parties. Project managers at the field level had to study guidance from both the Council and the Conference of the Parties. One regional representative noted that Conference of the Parties guidance is agreed by consensus, and recalled the first sentence of paragraph 36 of this report so as to identify where the difficulty really lies.

#### A. The eligibility criteria

42. The Operational Strategy ensures that the biodiversity projects are fully consistent with Conference of the Parties guidance. Almost all submissions indicated that the eligibility criteria were observed by GEF.

#### B. Programme priorities

43. Of the thirteen programme priorities identified by the first meeting of the Conference of the Parties in its decision I/2, annex I, paragraph 4, all submissions in response to the questionnaire indicated that priorities (b) (National strategies and action plans) and (e) (Capacity-building) were implemented by GEF, and almost all submissions were of the view that priorities (a) (National priority status), (c) (Conservation and sustainable use of ecosystems and habitats), (j) (Involvement of local and indigenous people) and (m) (Integration of social dimensions, including those related to poverty) were also implemented. Many submissions opined that priorities (g) (Sustainability, replication and scientific excellence), (k) (Coastal and marine resources under threat, other environmentally vulnerable areas such as arid and semi-arid and mountainous areas), and (l) (Endemic species) were under implementation. Views on implementation of priorities (d) (Identification and monitoring), (f) (Access to, transfer of and co-operation for joint development of technology), (h) (Access to other international, national and/or private sector funds and scientific and technical co-operation); and (i) (Innovative measures, including in the field of economic incentives) were not as convergent as those on other priorities.

44. With respect to the implementation of priority (a) (National priority status), according to the GEF Project Cycle, the GEF national focal point must endorse the project, and one of the criteria for endorsement is the consistency of the project with national priorities. The following observations emerged from several submissions and one field visit: the criterion that projects and programmes should have national priority was not observed; national biodiversity strategy and action plan projects were GEF-driven; or biodiversity conservation was often a marginal issue in

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national economic policies, an observation that the letters of endorsement from recipient Parties usually did not reflect. It was noted from the interviews that GEF often appeared to know better of national biodiversity priorities than did national policy making bodies, since very often neither biodiversity project proposals by national entities based on national strategies nor those based on the Conference of the Parties guidance were considered by GEF as national priorities.

45. Paragraphs 5, on urgent implementation of Article 6, and 7, on additional appropriate steps to expedite the project preparation and approval, of decision II/6 concern the GEF project cycle. The GEF response is summarized in paragraph 19 above. Many submissions were of the view that these programme priorities were under implementation. In addition, almost all submissions indicated that the GEF supported the implementation of decision II/8, on preliminary consideration of components of biological diversity particularly under threat and action.

46. With regard to decision II/6, paragraph 10, on diverse forms of public involvement and more effective collaboration, the GEF Council approved the GEF policy on public involvement in GEF projects in April 1996, and operational guidelines to assist Implementing Agencies in incorporating the approved policy in GEF project preparation and implementation are under preparation. It was widely noted that GEF had made progress in the field of participation, and one field visit observed that PDFs and the Small Grants Programme appeared to have enabled wide participation. However, one submission remarked that all too often a simple and superficial consultation was presented as "participation", and much importance was given to NGO participation, whereas the participation of the concerned population was weak. The field visits observed that technical requirements of project development and project documentation in English limited the extent that local stakeholders could participate in project development and implementation. Two submissions indicated no such involvement in their projects because no funding was provided to assist participants in workshops/seminars or to provide the required information.

47. The GEF response to the guidance from the third meeting of the Conference of the Parties, as contained in decision III/5, is summarized in paragraph 36 above. Most submissions were of the view that paragraphs 2(d)(i), on capacity-building for the clearing-house mechanism, and 6, on targeted research, public education and awareness, received GEF financial support. Many submissions indicated that paragraphs 2(c), relating to agrobiodiversity, 2(d)(ii), on country-driven pilot phase for the clearing-house mechanism, and 4, on the development and implementation of measures and guidances on access to genetic resources, were under implementation by the GEF. Views were not convergent on whether the GEF implemented paragraphs 2(a), on capacity-building in biosafety, and 2(b), on capacity-building in taxonomy.

48. Decision III/5, paragraph 1, concerns cooperation between Implementing Agencies. The GEF Instrument states that the Implementing Agencies will strive for innovative approaches to strengthening their collaboration and effectiveness, in particular at the country level. Two submissions indicated that a coordination structure of all donors existed at the country level, and one submission recognized that the joint actions between Implementing

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Agencies were very helpful in expediting administrative matters. However, according to the GEF Monitoring and Evaluation Programme, the established connections of Implementing Agencies with developing country Parties appeared to function better in the GEF process than did the respective technical competencies of different Implementing Agencies. One field visit observed that there was no regular mechanism for exchange of project information between Implementing Agencies, and biodiversity projects were not able to build upon previous projects of other Implementing Agencies. One NGO noted that coordination between the GEF secretariat, UNDP, UNEP, and World Bank were not fluid, and this problem was further compounded when the GEF projects were designed in countries that were receiving other development projects from the World Bank, multilateral or bilateral development agencies.

C. The provision of financial resources for projects in a flexible and expeditious manner to facilitate the Parties' urgent implementation of Articles 6 and 8 of the Convention

49. Many submissions indicated that this guidance was under implementation. GEF reported that it was addressing the implementation of Article 6 under the heading of enabling activities, and the expedited agreed procedure facilitated and accelerated their implementation. In pursuance of the implementation of Article 8, during the 1996 reporting period, three project proposals and 24 proposals for project preparation financing were approved that contain elements addressing in situ conservation. In light of these efforts, one submission concluded that the financial mechanism responded adequately to the request of decision II/7 to facilitate the prompt implementation of Articles 6 and 8. One regional representative noted that it would be indicative to learn the total number of projects that were submitted to GEF for funding, and not just the number of projects/proposals which were approved.

D. The programme of grants for medium-sized projects

50. Several submissions indicated that implementation of the priority was in place. One submission noted that the expedited procedure for medium-sized projects was a relatively new initiative, and therefore the appraisal of the operation and implementation of this programme needed more time and experience.

E. Decision II/17 on national reporting by the Parties

51. Many submissions were of the view that the priority was under implementation. One submission indicated that numerous projects were allocated under enabling activities to support the development of national strategies with the elaboration of national reports.

VI. EFFECTIVENESS OF GEF-FUNDED ACTIVITIES ON THE IMPLEMENTATION OF THE CONVENTION

52. GEF indicated that in accordance with the Convention and the Memorandum of Understanding, GEF is to follow the guidance of the Conference of the Parties. Where there is no guidance assigning priority to one of the articles, it is inappropriate to consider whether GEF has undertaken

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activities to promote its implementation. For example, there is no guidance on benefit sharing, as GEF pointed out at the third meeting of the Conference of the Parties. GEF should not be judged against a standard that has not been established by the Conference of the Parties. One regional representative agreed fully with the conclusion of this paragraph.

53. Most submissions tended to agree that Article 6, was implemented fairly well with financial support from GEF. In particular almost all submissions were satisfied with the effectiveness of GEF-funded activities for the development of national strategies, plans and programmes for the conservation and sustainable use of biological diversity. One submission indicated that it would not be able to submit its national report in time because its enabling-activities project proposal was still with a UNDP office. Views on the effectiveness of GEF-funded activities on the implementation of article 6(b), on the integration of the conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies were not convergent. One field visit noted that biodiversity-related sectors were not involved in the GEF projects. One regional representative believed that not enough attention had been paid to institutional and inter-institutional issues.

54. Views on the effectiveness of GEF funding on the implementation of Article 7. Many submissions were of the view that the implementation of Articles 7(b), on monitoring the components of biological diversity, and 7(c), on the identification of processes and categories of activities which have or are likely to have significant adverse impacts, were not supported satisfactorily. Views on the impact of GEF on the implementation of Article 7(a), on the identification of components of biological diversity important for its conservation and sustainable use, were not convergent. It was, however, noted that the effectiveness of GEF support on the implementation of Article 7(d), on the maintenance and organization of data, was relatively good.

55. With respect to Article 8, many submissions supported the view that the GEF-funded activities had moderately positive impact on the implementation of Articles 8(a)-(e), on the establishment, development, management and promotion of protected areas, (f), on the rehabilitation and restoration of degraded ecosystems and promote the recovery of threatened species, and (j), on the promotion of the involvement of indigenous and local communities. However, the effectiveness of GEF-funded activities on the implementation of Articles 8(g), on the protection against the risks of use and release of living modified organisms, (h), on the prevention of the introduction of, control or eradication of those alien species, (i), on the provision of the conditions needed for compatibility between present uses and the conservation and sustainable use, and (k), on the development in maintenance of necessary legislation and/or other regulatory provisions for the protection of threatened species and populations, were minimal.

56. With regard to Articles 9-19 of the Convention, most submissions tended to agree that GEF support to the implementation of Articles 17 (Exchange of information) and 18 (Technical and scientific cooperation) was quite satisfactory, and the effectiveness of GEF-funded activities on the implementation of Articles 11 (Incentive measures) and 12(b) (Research and training) was also relatively good. GEF had no much impact on the

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implementation of Articles 9 (Ex situ conservation measures), 14 (Impact assessment and minimizing adverse impacts), 15 (Access to genetic resources), 16 (Access to and transfer of technology) and 19 (Handling of biotechnology and distribution of its benefits). There was no convergent view on the effectiveness of GEF funding on the implementation of Articles 10 (Sustainable use of Components of biological diversity), 12(a) (Research and training) and 13 (Public education and awareness).

57. The field visits observed that in general the effectiveness of the GEF-funded activities on the implementation of the Convention was positive despite being inadequate. Particular areas of such impacts of GEF funding were identified as follows: development of strategies and actions plans, promotion of the gazetting of protected areas, awareness-raising and capacity-strengthening. The GEF Monitoring and Evaluation Programme indicated that GEF has also induced increased investment, prompted Governments to give a higher priority to biodiversity issues of global concern, and contributed to a mechanism for intra-governmental policy coordination. However, one field visit noted that awareness of the Convention was very low, let alone its relationship with GEF.

58. Most submissions were of the view that the GEF-funded activities properly took into account the objectives of the Convention. However, one submission and the field visits noted that predominance in the GEF portfolio was allocated to conservation, with less emphasis being given to sustainable use projects, and even less to benefit-sharing. One regional representative noted that no convincing evidence was provided on this assertion.

59. One field visit observed that in relation to the implementation of the provisions of the Convention, root causes were inadequately addressed. Intergovernmental organizations expressed concern over the time taken to prepare, submit and make operational projects that were enabling and not country-specific. The delays involved frustrated the delivery of tools needed by developing country Parties.

#### VII. SUGGESTIONS FOR IMPROVED EFFECTIVENESS OF THE FINANCIAL MECHANISM

60. GEF suggested that the role of the Conference of the Parties vis-à-vis the financial mechanism should be reconfirmed. Recommendations for improved effectiveness of the financial mechanism should consider what is the appropriate role for the Conference of the Parties, for GEF, and for the Parties themselves.

##### A. Regarding actions the Conference of the Parties may wish to consider

61. It was suggested that the Conference of the Parties should urge all donor parties to fulfil their commitments on financial aid adequately and in a timely fashion, and make clear financial resources available for the Convention. It was noted that the appropriate modality for determining the funding necessary for implementation of the Convention is in place as allowed for in the Memorandum of Understanding.

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62. It was noted that, in general, an increased level of GEF resources is essential so as to ensure the continuous availability of new and additional financial resources, and the Conference of the Parties should ensure that the GEF replenishment is not at the expense of other aid programmes.

63. It was noted that the list of developed countries as contained in the annex II to decision I/2 was not specifically provided to GEF by the first meeting of the Conference of the Parties. The Conference of the Parties should provide a list of developing country Parties to GEF in order to give effect to the eligibility criteria adopted at its first meeting.

64. One field visit and one submission suggested that the Conference of the Parties should strengthen the review and monitoring of operational development of GEF in relation to biodiversity in order to ensure all Conference of the Parties guidance to be implemented in a timely and comprehensive manner. The interviews suggested that account should be given to those project proposals that were not approved in order to identify any inconsistencies in their respective priorities between the Conference of the Parties and GEF.

65. In order to facilitate the prompt integration of Conference of the Parties guidance in the Operational Strategy, one submission suggested that collaboration between GEF and the Conference of the Parties should be strengthened within existing procedures. One field visit observed that since the Conference of the Parties moves faster than GEF in terms of evolution of guidance, consideration should be given to the establishment of a mechanism, for instance, a special committee on biodiversity under the Council or a joint commission of the Council and the Conference of the Parties, in order to ensure timely and full implementation of guidance from the Conference of the Parties. One regional representative indicated that there is no need for a special committee within the Council or for a joint commission of the Council and the Conference of the Parties, since the existing task force consisting of the GEF secretariat, Implementing Agencies and Secretariat of the Convention can do the job.

66. One submission noted that there is a need to establish more clarity regarding the criteria for sustainability. In this respect, submissions identified many measures that would contribute to better prospects for project sustainability. These include consistency between project goals and national priorities, interest and commitment from government, support to incentive measures, training of local Governments and non-government staff, public awareness, motivation of project officers, creation of new values, diversified and new economic sources to ensure new means of existence, efficient management, involvement of beneficiary and private sector participation, country-intrinsic factors linked with social and economic factors (i.e., population growth, stagnation of agriculture, poverty and unemployment, natural disasters, economic and tax constraints, budgetary problems), and political stability. One submission highlighted the importance of economic and financial aspects of sustainability, particularly, the recurring costs and the financial sources to cover them, the impacts on investment patterns, and the ability of Governments to assure long-term sustainability.

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B. Regarding guidance to the GEF

67. The field visits noted that it might be worth while for GEF to consider a more programme-oriented approach for allocating its funding once national biodiversity strategies and action plans are in place. In particular, GEF biodiversity programming should indicate the level of its financial resources available to biodiversity-project proposals to be developed so that GEF funding can be properly incorporated into national biodiversity processes. Also, GEF project documentation should be product-oriented rather than process-oriented, and thus focus more on the project objectives rather than the detailed process of implementation.

68. One submission indicated that it is necessary for GEF to pursue vigorously the efforts initiated to focus more attention on least developed countries despite institutional inadequacies there. It was suggested that GEF funding for least developed countries should be substantially increased and that GEF should assign an allocative target for funding projects in least developed countries.

69. Many Parties and the field visits suggested that the Conference of the Parties should urge GEF to review the disbursement processes in order to determine how they can become quicker, and develop and implement more simplified and unified disbursement procedures for biodiversity projects.

70. Many Parties suggested that GEF should develop expedited procedures throughout the whole process of project development, approval and implementation. The Conference of the Parties should request GEF to expedite and simplify the preparation and approval process of GEF projects and to improve the processing and delivery systems.

71. It was noted that GEF should consider the expansion of the scope and coverage of the Operational Strategy and programmes in order to address new and additional guidance from the Conference of the Parties, including an integrated approach to addressing multi-ecosystems issues.

72. It was noted that increasing the ability of GEF to leverage additional funding should be a continued priority. One field visit observed that the ability to leverage other sources of funding will be considerably enhanced if flexible arrangements are allowed for in the requirement for other sources of financial resources. In this respect, GEF can use some endorsement schemes, or enable project proponents to use the concrete results of GEF projects to seek other sources.

73. One submission indicated that the complete implementation of the Convention will not be realized and sustained without the active participation of private sector. GEF should strengthen its function of facilitating private local initiatives in sustainable income-generating activities. Particular attention should be given to the promotion of projects addressing the two objectives of sustainable use and benefit-sharing. Another submission recommended that GEF should leverage additional finance by supporting (insuring) risk capital in projects supporting new areas of investment by private sector. One regional representative indicated that more information about experience acquired so far with risk capital and trust funds should be given.

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74. Two Parties suggested that GEF should give more support to trust funds. One NGO proposed that this could include the concept of "umbrella funds" to cover multiple sites or initiatives within a region under a single administrative structure. At a minimum, sinking funds should be developed to provide at least a few more years of declining levels of support beyond the end of a normal project life-time.

75. One submission noted that if the incremental-cost principle is really to serve as a technical criterion for decision-making within GEF, it will be indispensable to develop further the criteria and methods in order to arrive at a more differentiated but still efficient and problem-oriented methodology. GEF should systematically examine the experiences gained through biodiversity projects, and develop practical tools for incremental-cost assessment. At the same time, GEF should take the flexible approach in respect of incremental costs. However, another submission remarked that the principle of incremental costs should not be dissipated in practice by excessive flexibility in its implementation.

76. Two Parties suggested that GEF should promote regional cooperation in protecting biodiversity and exchange relevant experience and finance international tasks. One intergovernmental organization noted that international cooperation could play a major role in achieving the Convention objectives, and suggested that GEF should be equipped with flexible policies that encourage such cooperation. GEF indicated that under the Convention, GEF is to assist developing country Parties to implement the Convention, and new and additional resources are not provided to fund non-governmental organizations.

#### C. Regarding the operational aspect of GEF

77. It was suggested that GEF should exercise more flexibility in the application of its procedures, especially for least developed countries, and for the countries which are rich in biodiversity and need urgent measures to conserve it.

78. Many Parties noted the critical importance for the Convention on Biological Diversity and GEF focal points to receive information of finance as well as relevant guidelines, guidance and strategy on time. It was suggested that GEF should establish an office to manage and distribute all GEF information and documents related to biodiversity, and ensure correct circulation of information between the main stakeholders. GEF should make all documents related to the financial mechanism available in all the United Nations official languages. GEF indicated that a special role of the GEF national focal point is to keep the Convention focal points fully informed. One regional representative indicated that emphasis should be on low-cost options at the local level, e.g. through universities.

79. It was suggested that GEF should provide information about additional finance to the national focal points. One field visit observed that GEF should reach out much more to the existing aid agencies, and one submission suggested that GEF should convince donor agencies to fund social activities.

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80. Several Parties noted that the calculation of incremental costs is an intricate process, especially for biodiversity projects, and suggested that GEF should make more information available to the national focal points in order for them to understand the concept. It was also recommended that GEF should organize training programmes or workshops at least for these people involved in GEF projects to understand how to calculate incremental costs.

81. One non-governmental organization indicated that full implementation of the monitoring and evaluation system will progressively allow Parties to track the effectiveness and sustainability of GEF field operations, and states that the GEF process also needs regular monitoring and feedback so as to allow flexible project design and adaptive management. It was suggested that GEF should continue its efforts to put high-quality monitoring and evaluation system in place. In this respect, one submission suggested that the teams for inspecting project implementation should be properly selected. One regional representative fully endorsed the points made in this paragraph concerning the importance of the GEF monitoring and evaluation system.

#### D. The GEF Implementing Agencies

82. It was suggested that the processes of Implementing Agencies should be improved, and made user-friendly. The World Bank should ensure more coordination between its development-investment project portfolio and GEF operational guidelines. Similarly, UNDP should reinforce administration and backstopping to improve its project-management capabilities. One submission recommended that GEF should warn Implementing Agencies responsible for the non-launching of some projects.

83. It was proposed that GEF should make special efforts to ensure that the mainstream activities of Implementing Agencies are fully consistent with the GEF biodiversity mandate. Meanwhile, over-emphasis on the co-financing between GEF investment projects and World Bank projects should be removed.

84. It was noted that Implementing Agencies should strengthen their cooperation at all levels, including at the field level. The field visits observed that GEF and the Implementing Agencies should make greater efforts to improve the efficiency and effectiveness of the process of cooperation and coordination between the Implementing Agencies, and to avoid duplication and parallel processes through an information-sharing system. One field visit also suggested that the division of labor between Implementing Agencies did not need to be very strict in order to facilitate the access to GEF funding.

85. It was noted that Implementing Agencies should include a continued and expanded role for NGOs and the participation of civil society in their biodiversity activities. One submission indicated that GEF should further develop participatory methods and give more emphasis to participation in decision-making. GEF should analyse and further promote good experiences of some of GEF projects. The field visits observed that GEF should address the need for further capacity-building of local stakeholders to enable participation.

E. Suggestions based on individual pieces of information

86. One submission indicated that GEF needs certainty and stability in order to move forward successfully, and this could be achieved if the Conference of the Parties designated GEF to operate the Convention's financial mechanism on a permanent basis.

87. One interview noted the observation that under the framework of the biodiversity convention, the Conference of the Parties does not have such authority over the financial mechanism as exercised by the meeting of the parties under other instruments. In the same interview, it was also suggested that the Conference of the Parties should set up two windows for biodiversity financing: one under the authority of the Conference of the Parties, and another through GEF.

88. One field visit suggested that the Conference of the Parties should develop greater strategic guidance apropos distribution amongst ecosystems.

89. One submission noted that it is of great importance that the three objectives of the Convention (conservation, sustainable use, and equitable sharing of benefits) be implemented on an equal footing. It suggested that the Conference of the Parties should take specific actions to develop and strengthen the programmes on sustainable use and on equitable sharing of the benefits of biodiversity.

90. One submission noted that the overriding priority in poor countries is poverty eradication, and that there is no alternative for people who are exploiting natural resources to live on. It suggested that the Conference of the Parties and GEF should more explicitly recognize this in their work in order to be more effective.

91. One regional representative recommended that all biodiversity projects should document the participation process in the project preparation in a separate annex to the project document.

92. One non-governmental organization observed that not enough money is provided to the developing country Parties to ensure their attendance at all the relevant meetings under the Convention. It suggested that the Conference of the Parties should urge the financial mechanism to address this issue. One regional representative indicated that the participation of developing countries in the meeting of the Conference of the Parties is the responsibility of the countries themselves and does not reflect on the effectiveness of GEF.

93. One field visit suggested that in order to improve the access to GEF, consideration should be given to:

(a) The expanded institutional presence of GEF at the country level through increasing the number of Implementing Agencies and broadening the focus of existing Implementing Agencies. For instance, regional development banks may be considered as a window of GEF;

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(b) Making use of meetings of the Convention as occasions where GEF and Implementing Agencies can seek biodiversity project concepts and proposals directly from eligible Parties.

94. One field visit recommended that GEF should put in place a bidding process of recruiting international consultants with the participation of recipients and from the beginning of the project preparation. It also noted that the delivery capacity of the GEF secretariat should be matched with the steady growth in country absorptive capacity and country-driven demand for GEF funding, and that the GEF secretariat should provide more committed professional and technical assistance.

95. One field visit suggested that there should be a close linkage between allocations of GEF funding and the activities implementing the Convention in order to improve the effectiveness of GEF-funded activities on the implementation of the Convention. GEF should establish and strengthen working relationship with the Convention national focal points that are responsible for implementing the Convention within countries as well as its own national focal points, and allocate its funding in such a way as to promote the implementation of the Convention.

#### VIII. CONCLUDING REMARKS

96. It was noted that the GEF process is critical for the effective implementation of the Convention, and that GEF represents a significant attempt to transfer major financial and technical resources in the interest of biodiversity conservation. GEF will continue to have an important role to play in assisting developing countries in implementing their commitments under the Convention.

97. As pointed out by one submission, GEF has made considerable progress as the institutional structure operating the financial mechanism of the Convention on an interim basis. This statement was supported by another submission stating that the following achievements have been made by GEF in replying to the needs of the Convention on Biological Diversity:

(a) The institutional arrangements of GEF with the Convention on Biological Diversity and the recipient countries it serves have evolved and matured in an effective manner;

(b) A clear sense of strategic direction for GEF financing has been defined under the guidance of the Convention on Biological Diversity;

(c) Many enabling activities have been funded and many projects are being developed with the help of the Project Development Facility.

One NGO remarked that changes in policies and practices, which were initiated in the late 1980s, have been enhanced and strengthened by the GEF process. In addition, GEF has greatly improved its record in the area of accessibility, local participation, awareness-raising and capacity-building.

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98. One submission indicated that while the achievements of GEF are significant, more needs to be done to consolidate and build on its past successes. One non-governmental organization suggested that more changes are needed not only by GEF but also by its Implementing Agencies.

99. The suggestions submitted by Parties and other sources are summarized in section VIII above. Parties may wish to consider, based on these suggestions, appropriate action in order to improve the effectiveness of the financial mechanism and/or the effectiveness of the review procedure.

100. GEF and the Implementing Agencies may wish to take into account relevant suggestions in their further development of operational policies, programmes and practice, and to contact relevant stakeholders with a view to resolving any outstanding issues.

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