



Convention on Biological Diversity

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AD HOC OPEN-ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION

Fifth meeting

Montreal, 16-20 June 2014

Item 7 of the provisional agenda*

FINANCIAL MECHANISM

Summary of the fourth review of the effectiveness of the Global Environment Facility

Note by the Executive Secretary

I. INTRODUCTION

1. In paragraph 7 of decision XI/5, the Conference of the Parties requested the Executive Secretary to present the fourth review of the effectiveness of the financial mechanism to the fifth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention. In accordance with paragraph 3 of Article 21 of the Convention, the Conference of the Parties will evaluate the findings in order to take appropriate measures to improve the effectiveness of the financial mechanism at its twelfth meeting.
2. In response, the Executive Secretary procured the services of ICF International Inc., a renowned consulting firm, through open and transparent international bidding process. The Government of Canada provided generous funding to enable this review. A questionnaire, designed by the consultant, ICF International Inc., was circulated to all Parties through notification 2013-027 (Ref. No. SCBD/ITS/RS/ES/LZ/81635), issued on 9 April 2013 seeking input on assessing the effectiveness of the financial mechanism with respect to, *inter alia*, conformity of activities, efficiency in the provision and mobilization of financial resources, responsiveness and performance, synergy of activities, as well as effectiveness and relevance of guidance.
3. The full report of the independent evaluator is contained in document UNEP/CBD/WGRI/5/INF/10. The overall conclusions and recommendations of the independent evaluator are reproduced in section II and III respectively of the present note.

* UNEP/CBD/WGRI/5/1.

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4. In accordance with decision X/27, the report of the independent evaluator was communicated to the Global Environment Facility for comments. The comments of the Global Environment Facility on the recommendations of the independent evaluator are provided in section III of the present note.

5. In decision X/27, the Conference of the Parties further decided that, based on the synthesis report and recommendations of the independent evaluator, the Executive Secretary shall prepare, in consultation with the GEF, a draft decision on the fourth review of the financial mechanism, including specific suggestions for action to improve the effectiveness of the mechanism if necessary, for the consideration of the Conference of the Parties at its eleventh meeting. The recommended decision is suggested in section IV of the present note.

II. OVERALL CONCLUSIONS

6. The following reproduces the overall conclusions of the independent evaluator.

A. Methods of analysis

7. This review was undertaken in accordance with the terms of reference. The review period was agreed upon with the Secretariat of the Convention on Biological Diversity and covers all activities of the institutional structure operating as the financial mechanism, in particular for the period from July 2007 to June 2010. This review therefore considers activities under the GEF-4 replenishment period and part of the GEF-5 replenishment period. Evidence for this review was gathered utilizing both top-down and bottom-up approaches, including (i) a desk study of key documents from the Convention on Biological Diversity, the Global Environment Facility, and other entities; (ii) a portfolio analysis with data from the GEF Project Management Information System (PMIS); (iii) an online questionnaire that was sent to CBD and GEF focal points representing developed and developing country Parties and Parties with economies in transition; and (iv) in-depth stakeholder interviews with the Secretariat of the Convention on Biological Diversity, the Secretariat of the Global Environment Facility, GEF Evaluation Office (EO), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Bank, and a small sample of donor and recipient country Parties.

B. Main conclusions

Conclusion 1: The Conference of the Parties has made measurable improvements in consolidating older guidance to the GEF during this review period, but the number of new items of guidance adopted at each Conference of the Parties is still consistently high.

8. From 1994 through 2012, a total of 328 items of guidance have been provided from the Conferences of the Parties to the Convention on Biological Diversity to the Global Environment Facility. At each Conference of the Parties since 2002, the Convention on Biological Diversity has issued a greater amount of guidance to the Global Environment Facility than any other convention.

9. During this review period, the Conference of the Parties has made measurable improvement in consolidating historical guidance to the Global Environment Facility. In its decision IX/31, the Conference of the Parties requested that the Secretariat identify obsolete, repetitive, and overlapping guidance and prepare an updated compilation of the existing guidance to the financial mechanism. The final compilation of guidance was approved by decision X/24, successfully condensing all guidance from COP-1 through COP-9.

10. Despite this improvement, the new guidance to the financial mechanism that was then adopted at COP-10 and COP-11 includes some repetitive guidance. In addition, while the quantity of new items of guidance adopted at each Conference of the Parties did not increase from COP-9 through COP-11, it has

remained consistently high. Over 130 pieces of guidance were provided to the GEF during this review period.

Conclusion 2: Strategic prioritization of COP guidance remains an issue for the Convention on Biological Diversity. The Convention does not rank its guidance in order of importance, nor identify funding quotients associated with guidance. This lack of prioritization may result in fragmentation of limited GEF resources and achievement of limited impact in many areas, as opposed to concentrated impact in a few areas.

11. The Convention on Biological Diversity identifies a high number of specific areas to be supported by GEF financing, but does not rank its guidance in order of importance, nor does it identify the proportion of funding it would like directed towards its priority. The first report of the Fifth Overall Performance Study of the GEF (OPS-5) found that the lack of strategic prioritization has been more pronounced for the Convention on Biological Diversity than for other conventions.

12. The Convention on Biological Diversity provided more direction to the GEF regarding prioritization when the Conference of the Parties agreed upon a four-year framework for programme priorities related to utilization of GEF resources for biodiversity for the period from 2010 to 2014, at COP-9. This framework outlined six programme priority areas for the GEF, and stakeholder feedback suggests that this was an effective input to the negotiations for the fifth replenishment of the GEF.

13. The input to the sixth replenishment of the GEF, agreed at the eleventh meeting of the Conference of the Parties, was a reiteration of the Strategic Plan for Biodiversity 2011-2020 and corresponding Aichi Biodiversity Targets. In consultations, GEF focal points and the GEF Secretariat raised the point that the Strategic Plan for Biodiversity 2011-2020 is an all-encompassing framework for global progress on biodiversity. It was further noted that some targets are broader than those previously included in the four-year framework of programme priorities related to utilization of GEF resources for biodiversity for the period from 2010 to 2014. It was noted that from the GEF perspective, the Strategic Plan for Biodiversity 2011-2020, including the Aichi Biodiversity Targets, did not set priorities for how the GEF should focus in the upcoming four-year period, which was noted as a difficulty in the development of the GEF-6 strategy. As GEF resources are limited, this lack of prioritization may result in a fragmented approach, leading to a choice between achievement of limited impact in many areas, or a more concentrated impact in a just few areas.

Conclusion 3: The GEF has been largely responsive to guidance from the Conference of the Parties, within its means, in the GEF-4 and GEF-5 Focal Area Strategies, project approvals, and GEF reports to the Conference of the Parties.

14. Overall, the GEF has been largely responsive to guidance from the Conference of the Parties. In its report to the ninth meeting of the Conference of the Parties, the GEF began including a table that details its response to each piece of COP guidance, which is a notable improvement for Parties to track if guidance from the Convention is being followed. The GEF has also taken measures to improve reporting on results since the last review period.

15. COP guidance is also reflected in GEF strategies. The three objectives of the Convention align well with the GEF's objectives in both the GEF-4 and GEF-5 Biodiversity Focal Area Strategies, and the GEF-5 Focal Area Strategy covers all areas noted in the four-year framework of programme priorities related to utilization of GEF resources for the period from 2010 to 2014.

16. However, GEF activities have not addressed all pieces of COP guidance during this review period. Some requests are perceived as not being within the GEF's mandate as they may not generate global environmental benefits, and others may be outside its control when Parties do not prioritize certain

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thematic areas. For instance, during this review period, no countries submitted projects that explicitly addressed certain pieces of COP guidance related to the Global Strategy for Plant Conservation (GSPC), the Global Taxonomy Initiative (GTI), and National Biosafety Framework (NBF) implementation projects.

Conclusion 4: While the total allocation of GEF funds to the biodiversity focal area has been largely predictable, the allocation of funding to individual countries has been less predictable, with predictability increasing from GEF-4 to GEF-5 due to the replacement of RAF with STAR.

17. The total allocation of GEF funds to the biodiversity focal area has increased over time, growing from \$930 million under GEF-2 to \$1,200 million under GEF-5, and representing between 30 and 37 per cent of total GEF funds. During this review period, the portion of biodiversity funding allocated to megadiverse, least developed countries (LDCs), small island developing States (SIDS), and countries with economies in transition (EITs) has remained roughly the same (assuming countries in the group under GEF-4 receive an equitable share of the group allocation).

18. While total funding for biodiversity has been generally predictable, the allocation of funds to individual countries has been more variable during this review period due to the use of different allocation frameworks under GEF-4 and GEF-5. Under GEF-4, the Resource Allocation Framework (RAF) was used to allocate biodiversity funding to countries individually and as a group. Under GEF-5, this framework was replaced by the System for Transparent Allocation of Resources (STAR), which only allocates funding to countries individually. Stakeholders largely agree that the STAR is a more transparent, predictable, and flexible system for resource allocation than RAF. Of the GEF and CBD focal points that were surveyed, 75 per cent agreed or strongly agreed that the transition from RAF to STAR has resulted in greater transparency, while 82 per cent agreed or strongly agreed that the transition has resulted in more predictable financial resources. Over 60 per cent of the GEF and CBD focal points surveyed also agreed or strongly agreed that under STAR there is greater flexibility in resource utilization. The GEF Evaluation Office has recently performed a mid-term evaluation of STAR, which may lead to adjustments in the framework moving forward.

Conclusion 5: The GEF has been effective in funding enabling activities, although opinions are mixed on whether adequate funding has generally been provided for developing country Parties and Parties with economies in transition to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of the Convention. Looking forward, the Convention's Needs Assessments implies that GEF-6 funding levels that are thought to be required to achieve the Aichi Targets and biosafety needs far exceed the amount of funding available through the GEF.

19. During this review period, the GEF has been effective in disbursing available funds. Funds that were allocated to the biodiversity focal area under GEF-4 were almost entirely utilized, and it is expected that the majority of funds allocated under GEF-5 will be similarly utilized. However, there are differing opinions on the adequacy of resources for biodiversity projects. Of the GEF and CBD focal points that responded to the survey for this review, about 58 per cent agreed or strongly agreed that adequate funding was provided for the nationally identified priorities for implementation of the Convention on Biological Diversity under GEF-5, while only 44 per cent agreed or strongly agreed that adequate funding was provided under GEF-4. The difference between replenishment periods may be explained by the total quantity of funding allocated to the biodiversity focal area in each period. Total funds increased by \$200 million from GEF-4 to GEF-5.

20. Compared to previous replenishment periods, the number of enabling activities has significantly increased under GEF-5, with enabling projects representing roughly 25 per cent of the total number of biodiversity projects. This increase is due to discrete direction by the Conference of the Parties, per decisions VIII/18 and X/25, to provide funding to support the updating of national biodiversity strategies

and action plans (NBSAP) and related enabling activities (e.g., fifth national reports). There is general agreement that the GEF has been successful at funding these activities.

21. The Convention's first needs assessment—conducted for the sixth replenishment period of the GEF—suggests that countries believe that \$16 to \$40 billion is required in GEF-6 to achieve the Aichi Biodiversity Targets and biosafety needs, an amount that far exceeds the amount of funding available through the GEF.

Conclusion 6: The GEF has helped to mobilize new and additional financial resources at the project level to support implementation of the Convention on Biological Diversity, although opportunity exists to do more.

22. In total, since the beginning of the GEF, biodiversity projects funded by the GEF through March 2013 anticipate attracting more than \$11 billion in cofinancing. While the ratio of anticipated cofinancing to GEF biodiversity funding has gradually increased over time, the average cofinancing ratio of 4.14 for the biodiversity focal area is significantly below the ratio for other focal areas. This is attributed to the fact that it is more challenging to attract cofinancing for biodiversity projects compared to other focal areas. Multiple GEF Agencies interviewed raised concerns that the focus of the GEF on cofinancing ratios has led to increased and undue complexity, or the broadening of project scope to attract cofinancing in some biodiversity projects.

Conclusion 7: To date, under GEF-5, country requests and GEF approvals for biodiversity funding have not fully aligned with the notional allocations identified for each objective in the GEF-5 biodiversity strategy.

23. Stakeholders generally agree that the GEF has helped to mobilize additional resources to support implementation of the Convention on Biological Diversity during the review period. Of the GEF and CBD focal points that responded to the survey, 74 per cent agreed or strongly agreed that GEF projects have helped to mobilize additional resources for implementation of the Convention on Biological Diversity. However, given the anticipated needs, a greater emphasis on the mobilization of new and additional resources is required, and the GEF should seek to innovate in GEF-6 to mobilize further resources for biodiversity.

24. As part of the replenishment negotiations for GEF-5, the GEF identified notional allocations for each of the five objectives under the GEF biodiversity strategy. These notional allocations were indications of how much funding would likely be programmed under each objective based upon past phases of the GEF. As requests for biodiversity funding are country-driven, actual programming allocations for each objective of the GEF-5 biodiversity strategy are defined by Parties. To date, requests and approvals for biodiversity funding under GEF-5 do not fully align with the notional allocations.

25. Halfway through GEF-5, more than half of the funding that was notionally allocated to objective 1 (improve sustainability of protected area systems) has been approved for use by the GEF while the amount of funding approved to support objective 2 (mainstream biodiversity conservation and sustainable use) has already exceeded the notional allocation. While protected areas have historically been emphasized in GEF-funded activities, it is expected that mainstreaming will take on more of an equal emphasis in GEF programming in order to achieve the Aichi Biodiversity Targets.

26. Notably, at the midway point of GEF-5, no countries had submitted projects for approval to support objective 3 (build capacity for the implementation of the Cartagena Protocol on Biosafety). Some countries received support for developing their national report for biosafety, but that support falls under objective 5. Some stakeholders interviewed suggested that the use of an allocation framework under GEF-4 and GEF-5 (i.e., RAF and STAR) has contributed to under-requesting of biosafety funding

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because each country receives an allocation and decides which priorities to address with the limited funds. Biosafety may be a lower national priority in some countries: the biosafety focal point is often in the agriculture ministry which is less involved in the prioritization of GEF resources, some countries do not import or export living modified organisms (LMOs), or biosafety may be better addressed through transboundary projects, which can be challenging with the individual country allocations.

27. Of the notional allocation for objective 4 (build capacity on access to genetic resources and benefit-sharing), countries have submitted proposals for funding that has used 16 per cent of the notional allocation. Stakeholders interviewed on this topic expressed a need for more time to understand which capacity-building activities should be undertaken under this objective, but expect greater emphasis on access and benefit-sharing in GEF programming with time. Finally, 43 per cent of the notional allocation for objective 5 (integrate CBD obligations into national planning through enabling activities) has been approved.

Conclusion 8: The GEF project cycle is perceived to be more transparent and efficient for biodiversity projects since it was updated in 2007; however, efficiency targets are still not consistently met, and there is room for improvement.

28. There is general agreement among stakeholders consulted for this review that the GEF project cycle has become more transparent and efficient since 2007. Specifically, 67 per cent of the GEF and CBD focal points that responded to the survey agree or strongly agree that the project cycle has become more transparent, while 65 per cent agree or strongly agree that the project cycle has become more efficient.

29. While the project cycle is perceived as more transparent and efficient, in some cases, efficiency targets are not being met. Full-sized biodiversity projects on average have been approved within the targeted elapsed time of 22 months established by the GEF in 2007, yet have exceeded the revised target of 18 months established by the GEF in 2010. Medium-sized projects have on average exceeded the targeted elapsed time of 12 months by more than four months. At the same time, compared to GEF-4, biodiversity projects approved under GEF-5 have taken a significantly shorter time on average to move through the GEF project cycle. Additionally, compared to other GEF Agencies, Asian Development Bank (ADB) and FAO biodiversity projects approved under GEF-4 and GEF-5 on average have taken longer to move through the GEF project cycle.

30. In the Fifth Overall Performance Study (OPS-5), the GEF Evaluation Office found that cofinancing and monitoring and evaluation requirements are contributing to delays in the project cycle. New project cycle reforms were recommended for the GEF-6 period, and in the Management Response to OPS-5, the GEF Secretariat and Agencies agreed that the GEF should explore the feasibility of these recommendations for streamlining the project cycle.

Conclusion 9: GEF support for monitoring and evaluation (M&E) at the Convention level could be strengthened, so that GEF M&E provides greater utility for measuring progress in achieving the objectives of the Convention.

31. Results from the biodiversity focal area have frequently been assessed in GEF evaluation products, including Annual Impact Reports (AIRs), Annual Performance Reports (APRs), Country Portfolio Evaluations (CPEs), and Overall Performance Studies (OPS), and evaluation results are adequately transmitted from the GEF Evaluation Office to the Conference of the Parties.

32. However, linkages between monitoring and evaluation at the GEF and the Convention levels could be strengthened. GEF monitoring and evaluation procedures were not designed for reporting at the Convention level and there is no explicit mention of how well Convention objectives have been met in

Evaluation Office products. Some stakeholders interviewed for this review noted a need for GEF project documents to explicitly identify the link to the NBSAPs, a decision of the Conference of the Parties, or a target, so that the Convention on Biological Diversity may use projects to monitor the achievement of the Aichi Biodiversity Targets for 2020. This is now a requirement in GEF project documentation (i.e., in documentation for Project Identification Form (PIF) and CEO endorsement for full-sized projects and in documentation for CEO approval for medium-sized projects.) Moreover, there are a variety of discussions at the GEF and at the CBD levels regarding the proper indicators that should be reported on for biodiversity programming. There is a need to coordinate these two processes to ensure that GEF indicators line up with what the Parties want in monitoring achievement of the Aichi Biodiversity Targets. Without these linkages, systematic monitoring and evaluation at the Convention level is difficult to accomplish.

Conclusion 10: The financial mechanism is funding projects that promote synergies among the Rio Conventions. The amount of biodiversity funding for multi-focal area projects has dramatically increased during this review period, and that trend is expected to continue.

33. There is growing recognition that the three Rio conventions—the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD)—are fundamentally linked, with mutual dependencies and a concern for many of the same environmental and sustainable development issues. The GEF has promoted synergies among the Rio conventions through a new Sustainable Forest Management (SFM)/REDD+ strategy and through multi-focal area projects.

34. The amount of biodiversity funding that goes toward multi-focal area projects has dramatically increased since GEF-3, and that trend is expected to continue. In GEF-5, nearly half of the funding for the biodiversity focal area has gone toward multi-focal area projects. Over 90 per cent of these multi-focal area projects incorporate either climate change or land degradation components.

35. During this review period, several challenges existed for multi-focal area projects. Synergistic projects had a higher monitoring burden than single focal area projects, and the GEF did not lay out a strategic approach for multi-focal area activities. The GEF is currently working to address these challenges in GEF-6. As the GEF is considering ways to simplify reporting for multi-focal area projects, coordination with the Convention will be necessary to avoid challenges in tracking results and reporting.

III. RECOMMENDATIONS OF THE INDEPENDENT EVALUATOR AND COMMENTS FROM THE GLOBAL ENVIRONMENT FACILITY

36. The following reproduces the recommendations of the independent evaluator and comments from the Global Environment Facility on those recommendations:

Recommendation 1: The Conference of the Parties may wish to streamline guidance to the GEF through a more regular and systematic process. A mechanism such as a working group (e.g., similar to the working group established at WGRI-3)¹ could be implemented to review new guidance for repetitiveness, amend/remove older items of guidance as appropriate, and develop a more condensed set of guidance to convey to the GEF during or after each Conference of the Parties.

GEF response: We welcome any recommendation that streamlines guidance provided to the GEF at each Conference of the Parties.

¹ Note by the Secretariat: The practice has been for an informal group established to assist the Conference of the Parties in preparing a consolidated guidance to GEF.

Recommendation 2: The CBD Secretariat and GEF Secretariat should explore ways that the Conference of the Parties can best utilize the Strategic Plan for Biodiversity 2011-2020 to set priorities for the financial mechanism. In particular, it is recommended that the Conference of the Parties agree upon certain Aichi Targets that are high priority for the GEF to address in the short term.

GEF response: The GEF Secretariat welcomes any recommendation to strengthen collaboration with the CBD Secretariat; however, we do not believe it is appropriate for the GEF Secretariat to advise the Conference of the Parties on how to set priorities for the financial mechanism which appears to be the intention of the first sentence of the recommendation. The GEF will continue to respond to any funding priorities that the Conference of the Parties identifies for the GEF, consistent with its mandate, in the guidance from the Conference of the Parties provided to the financial mechanism at each meeting of the Conference of the Parties.

Recommendation 3: The GEF and the Conference of the Parties should together continue to explore ways to balance the comprehensiveness and conciseness of the GEF reports, to ensure that they meet the needs of the Parties. Moving forward in addressing the Aichi Biodiversity Targets, new formats focusing on those targets might be explored.

GEF response: The GEF Secretariat welcomes any suggestions that will improve the utility of GEF reports to the Conference of the Parties.

Recommendation 4: The GEF should continue to use an allocation framework to predictably and equitably allocate biodiversity funding to individual countries; however, adjustments to the framework should be considered based upon the mid-term evaluation of STAR.

GEF response: The Secretariat will be tabling at the May 2014 GEF Council meeting a proposal for the STAR configuration for GEF-6, reflecting the policy recommendations emerging from the GEF-6 replenishment and considering the conclusions and recommendations of the mid-term evaluation of STAR.

Recommendation 5: Greater discussion is needed at the Conference of the Parties regarding the role of the GEF in providing funds to achieve the Aichi Targets and in supporting activities under the Cartagena Protocol.

GEF response: This is a recommendation to the Conference of the Parties.

Recommendation 6: The GEF should continue to focus on resource mobilization (e.g., project cofinancing) while not compromising project goals. The GEF should seek to innovate in GEF-6 to mobilize further resources for biodiversity; strategies may include pursuing business models for biodiversity projects that lend themselves to private investment and that create sustainability by transferring responsibility to private entities.

GEF response: The GEF partnership will continue to work diligently to enhance cofinancing in GEF projects and to develop innovative financing models in GEF projects.

Recommendation 7: The Conference of the Parties may wish to encourage Parties to submit projects to the GEF related to the Global Strategy for Plant Conservation, and the Global Taxonomy Initiative (GTI) – two areas in which no projects were submitted to the GEF, despite COP guidance that these are priority areas. In addition, requests for biosafety support were limited to national reporting. The GEF should continue to monitor the progress of project approvals in these areas and provide updates to the Conference of the Parties.

GEF response: GEF will continue to fund activities within GEF projects that advance the implementation of both GSPC and GTI, when these elements are supportive of the objectives of projects that generate global environmental benefits, consistent with the GEF mandate. During GEF-5, in addition to supporting all countries to meet their national reporting requirements, 10 countries have presented requests for capacity-building support in biosafety and 76 countries are part of a global project that seeks to build effective capacity to participate in the Biosafety Clearing-House.

Recommendation 8: The GEF, in collaboration with the Agencies, should continue to streamline the project cycle by adopting reforms related to cofinancing and monitoring and reporting requirements, as suggested by the GEF Evaluation Office in OPS-5.

GEF response: The Secretariat, in collaboration with the GEF Agencies, will be proposing for review of the GEF Council at its May 2014 meeting, a revision of the cofinancing policy. At the Council meeting in October 2014, the Secretariat will be proposing for consideration a set of project cycle streamlining measures, and a work plan for implementing the results-based management and knowledge management systems for GEF-6.

Recommendation 9: The CBD and GEF should coordinate regarding how to measure progress in achieving the Aichi Biodiversity Targets. The CBD and GEF should consider establishing a more formal mechanism for harmonizing the indicators that are reported on in the biodiversity portfolio.

GEF response: The proposed GEF-6 biodiversity strategy includes a series of portfolio-level indicators that can be mapped to the Goals and Aichi Targets of the Strategic Plan for Biodiversity 2011-2020, and that are operationally feasible to implement within a simple, but robust, results-based management framework. Going forward, we welcome being part of any dialogue that can further streamline and harmonize reporting on the GEF portfolio's contribution to achieving the Aichi Biodiversity Targets.

Recommendation 10: The Conference of the Parties should consider this rise in multi-focal area programming when providing guidance to the GEF, and should consider how the GEF can best report back to the Conference of the Parties on biodiversity results from synergistic projects.

GEF response: This is a recommendation to the Conference of the Parties.

IV. SUGGESTED RECOMMENDATIONS FOR THE WORKING GROUP

37. The Ad Hoc Open-ended Working Group on Review of Implementation of the Convention may wish to recommend that the Conference of the Parties, at its twelfth meeting, adopt a decision along the following lines:

The Conference of the Parties,

Recalling Article 21, paragraph 3, of the Convention,

Recalling also the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility,

Having reviewed the reports of the Global Environment Facility to the eleventh and twelfth meetings of the Conference of the Parties,

Having considered the independent report on the fourth review of the effectiveness of the financial mechanism of the Convention including the recommendations from the independent consultant

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on actions to improve the effectiveness of the financial mechanism, and the comments provided thereon by the Global Environment Facility,

1. With a view to further streamline guidance to the GEF, *decides* that the Conference of the Parties establishes a participatory process to review proposed new guidance to avoid or reduce repetitiveness, to consolidate previous guidance where appropriate, and to prioritize guidance in the context of the Aichi Biodiversity Targets;

2. *Encourages* Parties to submit project proposals to the GEF on all priority areas, including, where appropriate and prioritized by Parties, plant conservation, taxonomy, as well as biosafety;

3. *Requests* the Council of the Global Environment Facility to take the following action in order to improve the effectiveness of the financial mechanism:

(a) Enhance its efforts on resource mobilization (e.g., project cofinancing) while not compromising project goals. The GEF should seek to innovate in GEF-6 to mobilize further resources for biodiversity. Strategies may include pursuing business models for biodiversity projects that lend themselves to private investment and that create sustainability by transferring responsibility to private entities;

(b) In collaboration with the Agencies, continue to streamline the project cycle by adopting reforms related to cofinancing and monitoring and reporting requirements, as suggested by the GEF Evaluation Office in OPS-5.

4. *Encourages* the Executive Secretary, the Chief Executive Officer of the Global Environment Facility and the Director of the GEF Evaluation Office to continue to strengthen inter-secretariat cooperation on policy formulation, project development and oversight, as well as monitoring and evaluation.
