

**Submission by the European Union and its Member States to Notification 2018-066:
The 5th review of the effectiveness of the financial mechanism of the Convention**

Recalling CBD/SBI/REC/2/7, the EU and its Member States consider the Global Environment Facility's 6th Overall Performance Study (OPS-6), conducted by the GEF's Independent Evaluation Office (GEF IEO) and completed in December 2017, as a good basis for the 5th review of the effectiveness of the financial mechanism, because of the extensiveness and relevance of the evaluative evidence it contains.

Indeed, OPS-6 is based on the findings of 29 evaluations and studies, conducted over the past three years. The evaluations employ a variety of qualitative and quantitative approaches, including geospatial analyses and field visits to 43 countries across all GEF regions. OPS-6 also draws on the terminal evaluation reviews of 1,184 completed GEF projects and covers the full GEF portfolio of 4,433 approved projects from the pilot phase through the end of June 2017.

Among that wealth of information there are several biodiversity-specific evaluations, such as the Impact Evaluation of the GEF Support to Protected Areas (PAs) and PA Systems, an evaluation of the GEF funded projects on Access and benefit sharing (ABS) and the Nagoya Protocol (NP), a study to assess GEF support to address illegal wildlife trade (IWT) through the GEF Global Wildlife Program (GWP) and the Evaluation of GEF support to Biodiversity mainstreaming, next to themes such as evaluations of GEF's engagement with Indigenous Peoples, of the System for the Transparent Allocation of Resources (STAR), of the Small Grants Programme (SGP), of the Programmatic Approaches, of the Multiple benefits of Multifocal Projects, of the Project Performance and Progress to Impact, etc.

The EU and its Member States would like to highlight the following aspects of OPS-6:

- the GEF focal area strategies and programming directions have been responsive to guidance of the Conference of the Parties The GEF's Biodiversity Focal Area Strategy closely reflects CBD COP guidance with GEF activities clearly oriented towards contributing to the Aichi Biodiversity Targets;
- the GEF distinguishes itself from other environmental financial mechanisms in its ability to work through multiple Agencies addressing environmental issues of national priority in more than 140 recipient countries;
- the GEF has a strong track record in delivering overall good project performance, but likely sustainability of outcomes remains the greatest challenge;
- GEF interventions have contributed to reducing environmental stress;
- the GEF is on track to meet its GEF-5 replenishment targets for most of the indicators, and to exceed a majority of GEF-6 targets;
- loss of global biodiversity continues at an alarming rate, driven largely by habitat loss due to multiple development pressures. Since the pilot phase, GEF strategies have increasingly targeted these development pressures beyond PAs;
- thereby GEF has played a catalytic role and supported transformational change primarily through the biodiversity mainstreaming approach;
- with their emphasis on integration, programmatic approaches and multifocal area projects are relevant in addressing drivers of environmental degradation; however, complex program designs have implications for outcomes, efficiency, and management;
- the Integrated Approaches are relevant to environmental issues and the countries/cities they serve, and have been designed for long-term sustainability;

- GEF support is contributing to biodiversity conservation by helping to lower habitat loss in PAs as indicated by less forest cover loss in GEF-supported PAs compared to PAs not supported by the GEF. GEF-supported PAs also generally show positive trends in species populations and reduced pressures to biodiversity at the site level;
- GEF support has helped build capacities that address key factors affecting biodiversity conservation in PAs, mainly in the areas of PA management effectiveness, participatory planning and realization of economic and social benefits for local population, and sustainable financing. However, sustainable financing of PAs remains a concern;
- GEF support is contributing to large-scale change in biodiversity governance in countries by investing in PA systems, including legal frameworks that increase community engagement. Through interventions at the PA level, GEF support is also helping catalyse gradual changes in governance and management approaches that help reduce biodiversity degradation;
- while sharing important characteristics with governments and other donors, GEF support allows adaptability and higher likelihood of broader adoption in cases where it pays particular attention to three key elements in combination: long-term engagement; financial sustainability; and creation of links across multiple approaches, stakeholders, and scales;
- the Global Wildlife Programme (GWP) is relevant to GEF-6 Biodiversity Strategy priorities and to advancing core goals of the Convention on Biological Diversity – including the Aichi Targets, and the goals of CITES;
- GWP shows remaining gaps in geographic and species coverage; focus is mainly on single country projects;
- the GWP has an appropriately comprehensive theory of change to address illegal wildlife trade; most GWP funding is focused on addressing Illegal Wildlife Trade at source;
- there are structural limitations on the extent to which GWP child projects can be expected to fully realize the PFD because of the current funding mechanism;
- political will and corruption are not explicitly and directly addressed in GWP projects;
- GEF supported ABS through the Nagoya Protocol Implementation Fund (NPIF) with significant success in the support to ratification of the Nagoya Protocol, in the development of ABS pilots with the private sector and in linking ABS, conservation and equitable rights, welfare, resources and the needs of indigenous peoples and local communities.

With regard to issues of funding and governance, the EU and its Member States would like to highlight that:

- The development of the partnership increased GEF's capacity to address biodiversity issues.
- GEF financing has been constrained by exchange rate volatility, fragmentation in donor funding, and impediments to scaling-up non grant instruments;
- operational restrictions and lack of awareness of the GEF have resulted in limiting or not fully realizing the potential for successful engagement with the private sector;
- overall, the GEF partnership is well governed; concerns continue to exist on matters related to representation, efficiency, accountability, and transparency.

The EU and its Member States recognize that the policy recommendations for GEF-7 have addressed the concerns expressed in OPS-6, in particular:

- updates to the STAR allocation methodology, including measures to address the particular needs of the poorest and most vulnerable GEF-recipient countries;
- optimizing the use of GEF resources in different countries with a view to mobilizing greater investments in measures to achieve global environmental benefits, including through the Impact Programmes;
- strengthening the GEF Partnership;

- reviewing the GEF governance with a view to further improving efficiency and effectiveness;
- enhanced engagement with the private sector;
- further work on practical approaches to gender mainstreaming, in accordance with the approved Gender Implementation Strategy, and capacity development;
- consideration of issues related to anti-money laundering and counter terrorism finance in the review and update of the GEF's minimum fiduciary standards; strengthening the GEF's results architecture, operational efficiency, and knowledge management;
- developing options for a responsible investment strategy.

