

**Draft Handbook on the Financial Mechanism
Under the Convention on Biological Diversity**

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Secretariat of the Convention on Biological Diversity
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I. Convention on Biological Diversity: Provisions on the Financial Mechanism

Article 20: Financial Resources

1. Each Contracting Party undertakes to provide, in accordance with its capabilities, financial support and incentives in respect of those national activities which are intended to achieve the objectives of this Convention, in accordance with its national plans, priorities and programmes.
2. The developed country Parties shall provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of this Convention and to benefit from its provisions and which costs are agreed between a developing country Party and the institutional structure referred to in Article 21, in accordance with policy, strategy, programme priorities and eligibility criteria and an indicative list of incremental costs established by the Conference of the Parties. Other Parties, including countries undergoing the process of transition to a market economy, may voluntarily assume the obligations of developed country Parties. For the purpose of this Article, the Conference of the Parties, shall at its meeting establish a list of developed country Parties and other Parties which voluntarily assume the obligations of the developed country Parties. The Conference of the Parties shall periodically review if necessary amend the list. Contributions from other countries and sources on a voluntary basis would also be encouraged. The implementation of these commitments shall take into account the need for adequacy, predictability and timely flow of funds and the importance of burden-sharing among the contributing Parties included in the list.
3. The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and multilateral channels.
4. The extent to which developing country Parties will effectively implement their commitments under this Convention will depend on the effective implementation by developed country Parties of their commitments under this Convention related to financial resources and transfer of technology and will take fully into account the fact that economic and social development and eradication of poverty are the overriding priorities of the developing country Parties.
5. The Parties shall take full account of the specific needs and special situation of least developed countries in their actions with regard to funding and transfer of technology.
6. The Contracting Parties shall also take into consideration the special conditions resulting from their dependence on, distribution and location of, biological diversity within developing country Parties, particular small island States.

7. Consideration shall also be given to the special situation of developing countries, including those are most environmentally vulnerable, such as those with arid and semi- arid zones, coastal and mountainous areas.

Article 21: Financial Mechanism

1. There shall be a mechanism for the provision of financial resources to developing country Parties purposes of this Convention on a grant or concessional basis the essential elements of which are described in this Article. The mechanism shall function under the authority and guidance of, and be accountable to the Conference of the Parties for purposes of this Convention. The operations of the mechanism shall be carried out by such institutional structure as may be decided upon by the Conference of the Parties at its first meeting. For purposes of this Convention, the Conference of the Parties shall determine the policy, strategy, programme priorities and eligibility criteria relating to the access to and utilization of such resources. The contributions shall be such as to take into account the need for predictability, adequate and timely flow of funds referred to in Article 20 in accordance with the amount of resources needed to be decided periodically by the Conference of the Parties and the importance of burden-sharing among contributing Parties included in the list referred to in Article 20, paragraph 2. Voluntary contributions may also be made by the developed country Parties and by other countries and sources. The mechanism shall operate within a democratic and transparent system of governance.

2. Pursuant to the objectives of this Convention, the Conference of the Parties shall at its first meeting determine the policy, strategy and programme priorities, as well as detailed criteria and guidelines for eligibility for access to and utilization of the financial resources including monitoring and evaluation on a regular basis of such utilization. The Conference of the Parties shall decide on the arrangements to give effect to paragraph 1 above after consultation with the institutional structure entrusted with the operation of the financial mechanism.

3. The Conference of the Parties shall review the effectiveness of the mechanism established under this Article, including the criteria and guidelines referred to in paragraph 2 above, not less than two years after the entry into force of this Convention and thereafter on a regular basis. Based on such review, it shall take appropriate action to improve the effectiveness of the mechanism if necessary.

4. The Contracting Parties shall consider strengthening existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity.

Article 39: Financial Interim Arrangements

Provided that it has been fully restructured in accordance with the requirements of Article 21, the Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the institutional structure referred to in Article 21 on an interim basis, for the period between the entry into force of this Convention and the first meeting of the Conference of the Parties or until the Conference of the Parties decides which institutional structure will be designated in accordance with Article 21.

II. Cartagena Protocol on Biosafety to the Convention on Biological Diversity: Provisions on the Financial Mechanism

Article 28: Financial mechanism and resources

1. In considering financial resources for the implementation of this Protocol, the Parties shall take into account the provisions of Article 20 of the Convention.
2. The financial mechanism established in Article 21 of the Convention shall, through the institutional structure entrusted with its operation, be the financial mechanism for this Protocol.
3. Regarding the capacity-building referred to in Article 22 of this Protocol, the Conference of the Parties, serving as the meeting of the Parties to this Protocol, in providing guidance with respect to the financial mechanism referred to in paragraph 2 above, for consideration by the Conference of the Parties, shall take into account the need for financial resources by developing country Parties, in particular the least developed and the small island developing States among them.
4. In the context of paragraph 1 above, the Parties shall also take into account the needs of the developed country Parties, in particular the least developed and the small island developing States among them, and of the Parties with economies in transition, in their efforts to identify and implement their capacity-building requirements for the purposes of the implementation of this Protocol.
5. The guidance to the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply, *mutatis mutandis*, to the provisions of this Article.
6. The developed country Parties may also provide, and the developing country Parties and the Parties with economies in transition avail themselves of, financial and technological resources for the implementation of the provisions of this Protocol through bilateral, regional and multilateral channels.

III. Decisions from the Conference of the Parties Directed to the Financial Mechanism

First meeting of the Conference of the Parties

Decision I/2: Financial resources and mechanism

The Conference of the Parties,

1. *Decides* to adopt the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources contained in annex I to this decision, and the list of developed country Parties and other Parties which voluntarily assume the obligations of developed country Parties contained in annex II to this decision;

2. *Decides also* that the restructured Global Environment Facility (GEF) shall continue to use the institutional structure to operate the financial mechanism under the Convention on an interim basis in accordance with Article 39 of the Convention;

3. *Decides* to instruct the restructured Global Environment Facility 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 contained in annex I to this decision;

4. *Authorizes* the Secretariat, on behalf of the Conference of the Parties (COP) and taking into account the views of participants in the first meeting of the Conference of the Parties, which should be prepared in writing by 1 February 1995, to consult with the restructured Global Environment Facility on the content of a memorandum of understanding which should be formally considered at the second meeting of the Conference of the Parties;

5. *Decides*, pending the adoption of the memorandum of understanding, to adopt the interim guidelines for monitoring and evaluation of the utilization of financial resources by the restructured Global Environment Facility contained in annex III to this decision;

6. *Requests* the Secretariat to present to the Conference of the Parties at its second meeting, a report on the financial mechanism, in order that decisions can be adopted by the Conference of the Parties at its second meeting, on the timetable and nature of the review required in Article 21, paragraph 3 of the Convention;

7. *Requests also* the Secretariat to present to the Conference of the Parties at its second meeting a study on the availability of financial resources additional to those provided through the restructured Global Environment Facility, and on the ways and means for mobilizing and channeling these resources in support of the objectives of the Convention, taking into account the views expressed by participants on the subject at the Conference of the Parties at its first meeting;

8. *Further requests* the Secretariat to include items on the agenda of the Conference of the Parties at its second meeting, which would enable the latter to review the financial resources and, bearing in mind Article 39 of the Convention, to take a decision at that meeting on which institutional structure shall be designated in accordance with Article 21 of the Convention.

Annex I:

Policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources

I. Policy and Strategy

Financial resources should be allocated to projects that fulfil the eligibility criteria and are endorsed and promoted by the Parties concerned. Projects should contribute to the extent possible to cooperation at the sub-regional, regional and international levels in the implementation of the Convention. Projects should promote utilization of local and regional expertise. The institutional structure should at all times assist all eligible countries to fulfil their obligations under the Convention. Policy and strategy should be revised, as necessary, by the Conference of the Parties.

II. Eligibility Criteria

Only developing countries that are Parties to the Convention are eligible to receive funding under the Convention. In accordance with the provisions of the Convention, projects that seek to meet the objectives of conservation of biological diversity and sustainable use of its components are eligible for financial support from the institutional structure.

III. Programme Priorities

1. The conservation of biological diversity and sustainable use of its components is one of the key elements in achieving sustainable development and therefore contribute to combating poverty.
2. All the actions contemplated in the Convention will have to be carried out at the national and international level, as appropriate. However, for the purpose of giving direction to the interim structure operating the financial mechanism, a list of programme priorities is given in paragraph 4 below. This list may be revised by the Conference of the Parties, as necessary.
3. Programme priorities should promote utilization of regional and local expertise and be flexible to accommodate national priorities and regional needs within the aims of the Convention.
4. The programme priorities are as follows:
 - (a) Projects and programmes that have national priority status and that fulfil the obligations under the Convention;
 - (b) Development of integrated national strategies, plans or programmes for the conservation of biological diversity and sustainable use of its components in accordance with article 6 of the Convention;
 - (c) Strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments in accordance with article 7 of the Convention;
 - (d) Identification and monitoring of wild and domesticated biodiversity components, in particular those under threat, and implementation of measures for their conservation and sustainable use;

(e) Capacity-building, including human resources development and institutional development and/or strengthening, to facilitate the preparation and/or implementation of national strategies, plans, priority programmes and activities for conservation of biological diversity and sustainable use of its components;

(f) In accordance with Article 16 of the Convention, and to meet the objectives of conservation of biological diversity and sustainable use of its components, projects which promote access to, transfer and cooperation for joint development of technology;

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

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

(i) Innovative measures, including in the field of economic incentives, aiming at conservation of biological diversity and/or sustainable use of its components, including those which assist developing countries to address situations where opportunity costs are incurred by local communities and to identify ways and means by which these can be compensated, in accordance with article 11 of the Convention;

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

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

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

(m) Projects aimed at the conservation of biological diversity and sustainable use of its components which integrate social dimensions including those related to poverty.

Annex II:

List of developed country parties and other parties which voluntarily assume the obligations of developed country parties

A. List of developed country Parties

Australia	Luxembourg
Austria	Monaco
Canada	Netherlands
Denmark	New Zealand
Finland	Norway
France	Portugal
Germany	Spain
Greece	Sweden

Iceland

Switzerland

Italy

United Kingdom of Great
Britain and Northern Ireland

Japan

B. List of Parties which voluntarily assume the obligations of developed country Parties

Annex III:

Interim guidelines for monitoring and evaluation of utilization of financial resources by the restructured GEF

1. The Conference of the Parties (COP) to the Convention on Biological Diversity decides to instruct restructured GEF to prepare and submit through the Convention Secretariat an annual report on its operations in support of the Convention.

2. The report should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of the restructured GEF in the areas covered by the Convention and an analysis of how the restructured GEF, in its operations, implemented the policy, strategy, programme priorities and eligibility criteria related to the Convention which have been adopted by the COP.

3. In particular, the report should provide information on the following:

- (a) A synthesis of the different projects under implementation;
- (b) A list of project proposals submitted by eligible Parties, for funding, reporting on their approval status;
- (c) A review of the project activities approved by the restructured GEF and their outcomes, including information on funding and progress in implementation.

4. In order to meet the requirements of accountability to the COP, reports submitted by the restructured GEF should cover all its activities carried out in implementing the Convention, whether decisions on such activities are made by the GEF Council or by the implementing agencies. To this end, it shall make arrangements with such bodies as might be necessary regarding disclosure of information.

Second meeting of the Conference of the Parties

Decision II/6: Financial resources and mechanism

The Conference of the Parties,

Taking note of the information provided by the reports contained in documents UNEP/CBD/COP/2/9 and UNEP/CBD/COP/2/8 and the collaboration between the Secretariat of the Convention and the Secretariat of the restructured Global Environment Facility,

1. *Decides* that the restructured Global Environment Facility shall continue to serve as the institutional structure to operate the financial mechanism under the Convention on an interim basis, accordance with Article 39 of the Convention, until a decision will be taken on which institutional structure is to be designated in accordance with Article 21 of the Convention. The Conference of the Parties shall endeavour to make such a decision at its third meeting;

2. *Decides* to undertake the first review of the effectiveness of the financial mechanism at its fourth meeting in 1997 and a review every three years. The first review will be carried out within the basic approach described in document UNEP/CBD/COP/2/9;

3. *Requests* the Executive Secretary to further develop guidelines of the review for consideration and decision by the Conference of the Parties at its third meeting, taking into account comments made by participants at its second meeting and/or provided by Parties in writing to the Secretariat not later than the end of February 1996;

4. *Takes note of* the draft "Memorandum of Understanding Between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility Regarding the Institutional Structure Operating the Financial Mechanism of the Convention", jointly prepared by the Secretariats of the Convention and the restructured Global Environment Facility, and requests the Secretariat of the Convention to continue consultations on the draft Memorandum of Understanding in order to ensure that comments by Parties are reflected, and to submit a revised draft Memorandum of Understanding for consideration and decision by the Conference of the Parties at its third meeting;

5. *Requests* the interim institutional structure operating the financial mechanism to facilitate the urgent implementation of Article 6 of the Convention by availing to developing country Parties financial resources for projects in a flexible and expeditious manner;

6. *Requests* the interim institutional structure to incorporate fully, on an ongoing basis, guidance from the Conference of the Parties into the further development of the Operational Strategy and programmes to ensure that the objectives of the Convention are addressed. The Conference of the Parties requests the Global Environment Facility to take the following comments into account when preparing its report to be submitted to the third meeting of the Conference of the Parties:

(a) Detailed information should be provided on the conformity of the approved work programme with the guidance of the Conference of the Parties;

(b) A list of projects submitted by eligible country Parties and information on their status should be included;

7. *Takes note of* the recently adopted revised project cycle and the Operational Strategy which is anticipated to contribute to more timely approval and implementation of projects, and further requests the Global Environment Facility to take any additional appropriate steps to expedite the project preparation and approval process with a view to implementing fully the guidance of the Conference of the Parties contained in Annex I to decision I/2 on financial resources and mechanism entitled "Policy, strategies, programme priorities and eligibility criteria for access to and utilization of financial resources" (UNEP/CBD/COP/1/17);

8. *Requests* participation of a representative of the Subsidiary Body on Scientific, Technical and Technological Advice of the Convention and of the Scientific and Technical Advisory Panel of the Global Environment Facility in respective meetings of the Subsidiary Body on Scientific, Technical and Technological Advice and the Scientific and Technical Advisory Panel on a reciprocal basis, as provided for in the modus operandi of the Subsidiary Body on Scientific, Technical and Technological Advice and the Scientific and Technical Advisory Panel in the terms of reference of the Scientific and Technical Advisory Panel;

9. *Requests* the Executive Secretary to:

(a) Further explore possibilities to identify additional financial resources to support the objectives of the Convention;

(b) Continue to monitor the availability of additional financial resources and further identify where and how country Parties might gain access to these resources;

(c) Study characteristics specific to biodiversity activities to allow the Conference of the Parties to make suggestions to funding institutions on how to make their activities in the area of biodiversity more supportive of the Convention;

10. *Recommends*, for more effective implementation of its policies, strategies and programme priorities, that the Global Environment Facility explore the possibility of promoting diverse forms of public involvement and more effective collaboration between all tiers of government and civil society including the feasibility of a programme of grants for medium-sized projects. Such exploration should take into account the eligibility criteria set out by the Conference of the Parties in Annex I to decision I/2 on financial resources and mechanism, contained in document UNEP/CBD/COP/1/17;

11. *Requests* the interim institutional structure to implement the relevant provisions of the following decisions: II/3 on clearing-house mechanism, II/7 on consideration of Articles 6 and 8 of the Convention, II/8 on preliminary consideration of components of biological diversity particularly under threat and action which could be taken under the Convention, and II/17 on form and intervals of national reports by Parties;

12. *Requests* the Executive Secretary to present a report to the Conference of the Parties at its third meeting on the implementation of the present decision.

Third meeting of the Conference of the Parties

Decision III/5: Additional guidance to the financial mechanism

The Conference of the Parties,

Bearing in mind Articles 20 and 21 of the convention,

Underlining the importance of paragraphs 1 and 4 of Article 20 of the Convention,

Taking into account, in particular, paragraph 6 of decision II/6,

Recalling paragraph 6 of decision II/7, which emphasizes the importance of capacity/building requests the interim financial mechanism under the convention to facilitate the urgent implementation of Articles 6 and 8 of the Convention by making available to developing country Parties financial resources for projects in a flexible and expeditious manner,

Recognizing that the Global Environment Facility, as stated in its Operational Principles for Development and Implementation of its Work Programme will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities,

Recognizing further that the Global Environment Facility, in its operational criteria for enabling activities for biodiversity, anticipates that these criteria will need to be reviewed and revised on the basis of early implementation experience, as necessary,

Recognizing progress made by the Global Environment Facility, in particular, concerning the Global Environment Facility decisions on medium-sized projects and enabling activities,

Recognizing also difficulties encountered with the application of the Operational Strategy of the Global Environment Facility, the project appraisal process, the application of the criteria for determining incremental costs and the procedures applied by the Implementing Agencies,

Recognizing further the need for a balanced implementation of the provisions of the Convention,

Taking note of the report of the Global Environment Facility to the third meeting of the Conference of the Parties, in which information was provided on the efforts to ensure that funding for enabling activities is in conformity with the policy, strategy, eligibility criteria and programme priorities of the Conference of the Parties, and in particular, the expedited procedures adopted for enabling activities in the biodiversity focal area,

1. *Urges* the Implementing Agencies of the Global Environment Facility to enhance cooperation and to increase efforts to improve the processing and delivery systems of the Global Environment Facility.

2. *Decides* to provide the following additional guidance to the Global Environment Facility provision of financial resources in conformity with decisions I/2 and II/6 of the first and second meetings of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries:

(a) For capacity-building in biosafety, including for the implementation by developing countries of the UNEP International Technical Guidelines on Safety in Biotechnology;

(b) For capacity-building, including taxonomy, to enable developing countries to develop and carry out an initial assessment for designing, implementing and monitoring programmes in accordance with Article 7, taking into account the special need of small island States (Note: The Conference of the Parties endorsed recommendation II/2 of the Subsidiary Body on Scientific, Technical and Technological Advice, concerning capacity-building for taxonomy);

(c) For supporting, as a priority, efforts for the conservation and sustainable use of biological diversity important to agriculture, in accordance with decision 3/11;

(d) For supporting the following activities as critical components in the implementation of the clearing-house mechanism at the national, subregional and regional levels, including in the pilot phase, which critical components the Global Environment Facility shall give effect by implementing its operational criteria for enabling activities in relation to the clearing-house mechanism as quickly as possible:

(i) capacity-building for the purpose of the clearing-house mechanism, including training in information systems technologies that will allow developing countries to take advantage of recent developments in electronic communication, including the Internet;

(ii) country-driven pilot projects, focused on priority areas identified by the Conference of the Parties which would enable developing countries to begin to implement the main features of the pilot-phase of the clearing-house mechanism;

3. Reconfirms the importance of the Global Environment Facility's support for incentive measures, guidance for which was contained in Annex I to decision I/2, paragraph 4(i), taking note of decision III/18;

4. Urges the Global Environment Facility, along with Governments, regional economic integration organizations, and competent international, regional and national organizations, to support human and institutional capacity-building programmes for Governments, non-governmental organizations and local and indigenous communities, as appropriate, to promote the successful development and

implementation of legislative, administrative and policy measures and guidances on access to genetic resources, including scientific, technical, business, legal and management skills and capacities;

5. Requests the Global Environment Facility to examine the support of capacity-building projects for indigenous and local communities embodying traditional lifestyles related to the preservation and maintenance of their knowledge, innovations and practices relevant for the conservation and sustainable use of biological diversity with their prior informed consent and their participation;

6. Requests the Global Environment Facility, in preparing projects in conformity with the Conference of the Parties guidance on policy, strategy, programme priorities and eligibility criteria, include in such projects, when relevant to the project's objectives and consistent with national priorities, project components addressing:

(a) Targeted research which contributes to conservation of biological diversity and the sustainable use of its components including research for reversing current trends of biodiversity loss and species extinction;

(b) Promotion of the understanding of the importance of, and measures required for, the conservation and sustainable use of biological diversity;

7. Requests the Secretariat of the Convention and the Global Environment Facility to collaborate in preparing, for consideration by the Conference of the Parties at its fourth meeting, a proposal on means to address the fair and equitable sharing of the benefits arising out of genetic resources including assistance to developing country Parties.

Decision III/7: Guidelines for the review of the effectiveness of the financial mechanism

The Conference of the Parties,

Recalling paragraph 3 of Article 21 of the Convention on Biological Diversity, which provides for the Conference of Parties to review the effectiveness of the financial mechanism,

Recalling further decision II/6, paragraph 3, on the further development of the guidelines for the review of the effectiveness of the financial mechanism for consideration and decision by the Conference of the Parties at its third meeting,

1. *Decides* to adopt the attached Annex, containing the objectives and criteria for the first review of the effectiveness of the financial mechanism to be conducted in time for the fourth meeting of the Conference of the Parties;

2. *Decides also* that the review referred to in paragraph 3 of Article 21 of the Convention shall be conducted under the authority of the Conference of the Parties;

3. *Decides further* that, based on the results of the review, the Conference of the Parties shall take appropriate action to improve the effectiveness of the mechanism if necessary.

Annex:

Objectives and criteria for the first review of the effectiveness of the financial mechanism

A. Objectives

1. In accordance with Article 21, paragraph 3, of the Convention, the objectives shall be to review and take appropriate action, if necessary, to improve:

- (a) The effectiveness of the financial mechanism in providing financial resources;
- (b) The conformity of the activities of the restructured Global Environment Facility (GEF), institutional structure operating the financial mechanism on an interim basis, with the guidance of the Conference of the Parties; and
- (c) The effectiveness of GEF-funded activities on the implementation of the Convention.

B. Methodology

2. The review shall draw upon, *inter alia*, the following sources of information:

- (a) Information provided by the Parties on their experiences gained through activities funded through the financial mechanism;
- (b) Annual reviews by the Conference of the Parties on the conformity of the activities of the financial mechanism with the guidance of the Conference of the Parties;
- (c) The GEF annual report to the Conference of the Parties on its activities as the institutional structure to operate the financial mechanism, the annual reports of GEF and other relevant GEF policy and information documents;
- (d) Reports from the GEF monitoring and evaluation programme;
- (e) Information available from the United Nations Commission on Sustainable Development, the Organisation for Economic Cooperation and Development, and relevant bilateral and multilateral funding institutions; and
- (f) Information provided by inter-governmental organizations and non-governmental organizations.

C. Criteria

3. The effectiveness of the financial mechanism shall be assessed against, *inter alia*, the following criteria:

- (a) The effectiveness of the financial mechanism in providing financial resources for the implementation of the Convention's objectives in respect of, *inter alia*:
 - (i) the adequacy, predictability and timely disbursement of funds for projects;
 - (ii) the responsiveness and efficiency of the GEF project cycle and operational strategy as it relates to biological diversity;
 - (iii) the ability of GEF to leverage additional finance; and
 - (iv) the sustainability of funded projects¹; and

¹ The Conference of the Parties recognizes that sustainability is a shared responsibility of the financial mechanism and the Parties.

(b) Application of the criteria of agreed full incremental costs to enable developing country Parties to implement the Convention, keeping in mind the provision of new and additional financial resources, in accordance with Article 20.2;

(c) The conformity of the activities of the financial mechanism with the guidance of the Conference of the Parties, as contained in decisions I/2, II/3, II/6, II/7, II/17 and III/5, which include

(i) the eligibility criteria;

(ii) programme priorities;

(iii) 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;

(iv) the programme of grants for medium-sized projects; and

(v) decision II/17 on national reporting by the Parties; and

(d) The effectiveness of GEF-funded activities on the implementation of the Convention²

D. Procedures

4. Under the authority and with the support of the Conference of the Parties, the Secretariat shall prepare background documentation for review by the Conference of the Parties and submit this documentation to the Parties at least three months before the fourth meeting of the Conference of the Parties, according to the above criteria, and shall, if necessary, appoint a consultant for this purpose.

5. In compiling the information for the review the Secretariat shall develop a questionnaire using the criteria adopted in this decision to be sent to the Parties for the provision of required information.

6. The Secretariat shall also ensure that field visits are effected in a selected number of country Parties in all geographical regions, in order to assess the process and to identify impediments, if any.

7. The Secretariat shall take the opportunity of relevant meetings to meet and interview stakeholders including GEF and its Implementing Agencies.

8. On the basis of all information received, the Secretariat will prepare a synthesis to assess the progress in meeting the requirements of this annex. This synthesis will be sent for appraisal by five representatives of Parties nominated on a regional basis to ensure that the requirements of this annex will be met in a timely and comprehensive manner. Taking account of comments received, the Secretariat will distribute copies of the synthesis to all Parties and relevant bodies for their comments and any further contributions. On the basis of these, the Secretariat will prepare a draft report, which will be presented to the above regional representatives to ensure its compliance with the terms of this annex. The draft report will be made available to GEF and the Implementing Agencies. The Secretariat will submit the synthesis report with supporting documents as necessary, to Parties not later than three months prior to the fourth meeting of the Conference of the Parties. The supporting documents will include any comments and other information identified by source.

² The impact that the activities funded have on the realization of the Convention's objectives is of a long-term nature and thus information on impacts may not be available until further project experience has been gained.

9. The Conference of the Parties shall, if necessary, take appropriate actions to improve the effectiveness of the financial mechanism and/or the effectiveness of this review procedure.

Decision III/8: Memorandum of understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility

The Conference of the Parties,

Recalling Articles 20 and 21 of the Convention on Biological Diversity,

Recalling further decision 11/6 on financial resources and mechanism,

1. *Adopts* the Memorandum of Understanding contained in the annex to the present decision
2. *Requests* the Executive Secretary to transmit this decision to the Council of the Global Environment Facility.

Annex:

Memorandum of understanding between the conference of the parties to the convention on biological diversity and the council of the global environment facility

Preamble

The Conference of the Parties to the Convention on Biological Diversity (hereinafter the Conference of the Parties) and the Council of the Global Environment Facility (hereinafter the Council of the Parties)

Recognizing the characteristics of the financial mechanism for the provision of financial resources for the purposes of the Convention on Biological Diversity (hereinafter the Convention) outlined in Article 21, paragraph 1, of the Convention, and the provisions of Article 21, paragraph 2 of the Convention, which call upon the Conference of the Parties to decide on the arrangements to give effect to Article 21, paragraph 1, after consultation with the institutional structure entrusted with the operation of the financial mechanism,

Recognizing further the willingness of the Global Environment Facility (hereinafter GEF) to serve for the purposes of the financial mechanism for the implementation of the Convention,

Recognizing that the financial mechanism shall function under the authority and guidance of the Conference of the Parties and be accountable to the Conference of the Parties for the purposes of the Convention and that GEF as decided by the Conference of the Parties will operate the financial mechanism of the Convention on an interim basis in accordance with Article 39 of the Convention,

Having consulted with each other and taking into account the relevant aspects of their government structures as reflected in their constituent instruments,

Have reached the following understanding:

1. Purpose

1.1 The purpose of the present Memorandum of Understanding is to make provision for the relationship between the Conference of the Parties and the Council in order to give effect to the provisions of Article 21, paragraph 1, of the Convention and paragraph 26 of the GEF Instrument and, on an interim basis, in accordance with Article 39 of the Convention.

2. Guidance from the Conference of the Parties

2.1 In accordance with Article 21 of the Convention the Conference of the Parties will determine the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources available through the financial mechanism, including monitoring and evaluation on a regular basis of such utilization. GEF, in operating the financial mechanism under the Convention, will finance activities that are in full conformity with the guidance provided to it by the Conference of the Parties. For this purpose, the Conference of the Parties will communicate its guidance, and any revisions to such guidance as it may adopt, on the following matters:

- (a) Policy and strategy;
- (b) Programme priorities;
- (c) Eligibility criteria;
- (d) An indicative list of incremental costs;
- (e) A list of developed country Parties and other Parties which voluntarily assume the obligation of developed country Parties;
- (f) Any other matter relating to Article 21, including periodic determination of the amount of resources needed as detailed in paragraph 5 of this Memorandum.

2.2 The Council will communicate to the Conference of the Parties all relevant information, including information on the projects in the area of biological diversity funded by GEF outside the framework of the financial mechanism of the Convention.

3. Reporting

3.1 The Council will prepare and submit a report for each ordinary meeting of the Conference of the Parties.

3.2 The reports will include specific information on how the GEF Council, its Secretariat and its Implementing and Executing Agencies have applied the guidance and implemented the policy, strategy, programme priorities and eligibility criteria determined by the Conference of the Parties, as well as any other decision of the Conference of the Parties communicated to GEF, under Article 21 of the

Convention. The Council should also report on its monitoring and evaluation activities concerning projects in the biodiversity focal area.

3.3. In particular, the reports will provide detailed information on the GEF biodiversity focal area, including:

- (a) Information on how GEF has responded to the guidance provided by the Conference of Parties as described by paragraph 2, including, where appropriate, through its incorporation of GEF operational strategy and operational programmes;
- (b) The conformity of the approved work programmes with guidance of the Conference of Parties;
- (c) A synthesis of the different projects under implementation and a listing of the projects approved by the Council in the biodiversity focal area, as well as a financial report with an indication of the financial resources allocated to these projects;
- (d) A list of project proposals submitted for approval to the Council, through the GEF Implementing Agencies, by eligible Parties, including reporting on their approval status and cases of projects not approved, the reasons therefore;
- (e) A review of the project activities approved by GEF and their outcomes, including information on funding and progress in implementation; and
- (f) Additional financial resources leveraged by GEF for the implementation of the Convention.

3.4 In order to meet the requirements of accountability to the Conference of the Parties, reports submitted by the Council will cover all GEF-financed activities carried out for the purpose of the Convention, whether decisions on such activities are made by the Council or by the GEF Implementing and/or Executing Agencies. To this end, the Council will make arrangements as might be necessary with the Implementing Agencies regarding disclosure of information.

3.5 The Council will also provide information on other matters concerning the discharge of its functions under Article 21, paragraph 1, as may be requested by the Conference of the Parties. If the Council encounters difficulties in responding to any such request, it will explain its concerns to the Conference of the Parties and the Conference of the Parties and the Council will find a mutually agreed solution.

4. Monitoring and evaluation

4.1 The Conference of the Parties may raise with the Council any matter arising from the reports received.

4.2 The funding decisions for specific projects should be agreed between the developing country Parties concerned and GEF in accordance with policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties. The GEF Council is responsible for approving the GEF programmes. If a Party considers that a decision of the Council regarding a specific project was not in compliance with the policies, programme priorities and eligibility criteria established by the Conference of the Parties in the context of the Convention, the Conference of the Parties should accept the observations presented to it by the Party and take decisions on the basis of compliance with such policy, strategy, programme priorities and eligibility criteria. In the event that the Conference of the

Parties considers that this specific project decision does not comply with the policy, strategy, program priorities and eligibility criteria established by the Conference of the Parties, it may ask the GEF Council for further clarification on the specific project decision.

4.3 As provided for in Article 21, paragraph 3, of the Convention, the Conference of the Parties will periodically review the effectiveness of the financial mechanism in implementing the Convention and communicate to the Council relevant decisions taken by the Conference of the Parties as the result of the review, to improve the effectiveness of the financial mechanism in assisting developing countries to implement the Convention.

5. Determination of funding requirements

5.1 In anticipation of the replenishment of GEF, the Conference of the Parties will make an assessment of the amount of funds that are necessary to assist developing countries, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their commitments under the Convention over the next GEF replenishment cycle, taking into account:

- (a) Article 20, paragraph 2, and Article 21, paragraph 1, of the Convention;
- (b) Guidance to the financial mechanism from the Conference of the Parties which calls for the use of financial resources;
- (c) The information communicated to the Conference of the Parties in the national reports submitted in accordance with Article 26 of the Convention;
- (d) National strategies, plans or programs developed in accordance with Article 6 of the Convention;
- (e) Information communicated to the Conference of the Parties from GEF on the number of eligible programmes and projects that were submitted to GEF, the number that were approved for funding, and the number that were turned down owing to lack of resources;
- (f) Experience gained by those concerned in the implementation of projects

5.2 On the occasion of each replenishment, GEF will, in its regular report to the Conference of the Parties as provided for in paragraph 3 of this Memorandum of Understanding, indicate how it has responded during the replenishment cycle to the previous assessment by the Conference of the Parties prepared in accordance with paragraph 5.1 and inform the Conference of the Parties of the conclusion of the replenishment negotiations.

5.3 On the basis of the report referred to in paragraph 5.2 of this Memorandum of Understanding the Conference of the Parties will review the amount of funding necessary for the implementation of the Convention, on the occasion of each replenishment of the financial mechanism.

6. Reciprocal representation

On a reciprocal basis, representatives of GEF will be invited to attend meetings of the Conference of the Parties and representatives of the Convention will be invited to attend meetings of GEF.

7. Intersecretariat cooperation

The Secretariat of the Convention and the Secretariat of GEF will communicate and cooperate with other and consult on a regular basis to facilitate the effectiveness of the financial mechanism in assisting developing country Parties to implement the Convention. In particular, the two secretariats will consider the project proposals under consideration for inclusion in a proposed work programme, especially with regard to the consistency of the project proposals with the guidance of the Conference of the Parties. Official documentation of GEF will be made available to the Secretariat of the Convention on Biological Diversity.

8. Amendments

Any amendments to the present Memorandum of Understanding will be decided upon by the Conference of the Parties and the Council in writing.

9. Interpretation

If differences arise in the interpretation of the present Memorandum of Understanding, the Conference of the Parties and the Council will reach a mutually acceptable solution.

10. Entry into effect

10.1 The present Memorandum of Understanding will come into effect upon approval by the Conference of the Parties and by the Council. Either participant may withdraw this Memorandum of Understanding at any time by written notification addressed to the other. The withdrawal will take effect six months after its notification.

10.2 The withdrawal of this Memorandum of Understanding by either Party to this Memorandum of Understanding shall not affect any projects considered and/or approved in accordance with the Memorandum of Understanding prior to the withdrawal.

Fourth meeting of the Conference of the Parties

Decision IV/11: Review of the effectiveness of the financial mechanism

The Conference of the Parties,

Recalling its decisions II/6 on financial resources and mechanism and III/7 on the review of effectiveness of the financial mechanism,

Taking note of the synthesis report on the first review of the effectiveness of the financial mechanism, contained in document UNEP/CBD/COP/4/16,

Taking note also of the Statement of the First Assembly of the Global Environment Facility in New Delhi, India, from 1 to 3 April 1998, and the list of measures identified therein for the Global Environment Facility to improve its operational performance, and welcoming the second replenishment of the Global Environment Facility Trust Fund in the amount of US\$2.75 billion for its four focal areas

Taking note of the report on the activities of the Global Environment Facility contained in document UNEP/CBD/COP/4/15,

Recalling the provisions of the Memorandum of Understanding between the Conference of Parties and the Council of the Global Environment Facility, in particular paragraph 7 therein concerning the significance of inter-secretariat cooperation,

Welcoming the efforts made to date by the Global Environment Facility to address the concerns of Parties on the responsiveness of the financial mechanism to the policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties,

Taking into account the views and concerns expressed by Parties about the difficulties encountered in carrying out the first review, in particular the inadequacy of the procedures; and the insufficient information provided as compared with that requested in decision III/7,

Recalling decision II/6, paragraph 2, which calls for the effectiveness of the financial mechanism to be reviewed every three years,

Recognizing concerns expressed by several Parties about the need for implementing agencies to improve the processing and delivery systems of the Global Environment Facility, and reaffirming paragraph 1 of decision III/5 in this regard,

Recognizing also that further improvements are needed in the effectiveness of the financial mechanism,

1. Determines to further improve the effectiveness of the financial mechanism ;
2. Requests the Council of the Global Environment Facility to take the action identified in the annex to the present decision with a view to improving the effectiveness of the financial mechanism; further requests the Global Environment Facility to report thereon to the Conference of the Parties at its fifth meeting;
3. Decides that the Conference of the Parties at its fifth meeting will determine terms of reference for the second review of the effectiveness of the financial mechanism;
4. Requests the Executive Secretary to advise the Parties on matters relating to recommendations for further guidance to the financial mechanism with respect to:
 - (a) The relationship of any draft guidance to previous guidance; and
 - (b) Any possible effects of that draft guidance on the implementation of previous guidance by the Conference of the Parties.

Annex:

Action to improve the effectiveness of the financial mechanism

1. The Council of the Global Environment Facility should improve the effectiveness of the financial mechanism by:

- (a) Further streamlining its project cycle with a view to making project preparation simpler, more transparent and more country-driven;
- (b) Further simplifying and expediting procedures for approval and implementation, including disbursement, for GEF-funded projects;
- (c) Developing policies and procedures that fully comply with the guidance from the Conference of Parties in a straightforward and timely manner;
- (d) Increasing support to priority actions identified in national plans and strategies of developing countries;
- (e) Applying in a more flexible, pragmatic and transparent manner the incremental cost principle;
- (f) Promoting genuine country ownership through greater involvement of participant countries in GEF-funded activities;
- (g) Increasing its flexibility to respond to the thematic longer-term programme of work of the Convention on Biological Diversity, in accordance with the guidance of the Conference of the Parties;
- (h) Promoting the catalytic role of the Global Environment Facility in mobilizing funding from other sources for GEF-funded activities;
- (i) Including in its monitoring and evaluation activities the assessment of the compliance under its operational programmes with the policy, strategy, program priorities and eligibility criteria established by the Conference of the Parties;
- (j) Promoting efforts to ensure that the implementing agencies fully comply with the policy, strategy, program priorities and eligibility criteria of the Conference of the Parties in their support for country-driven activities funded by the Global Environment Facility; and
- (k) Undertaking efforts to improve the efficiency, effectiveness and transparency of the process of cooperation and coordination between the implementing agencies with a view to improving the processing and delivery systems of the Global Environment Facility, and to avoid duplication and overlapping processes.

Decision IV/13: Additional guidance to the financial mechanism

The Conference of the Parties,

Bearing in mind Articles 20 and 21 of the Convention,

Taking into account the guidance provided by the Conference of the Parties at its first, second and third meetings to the Global Environment Facility,

Decides to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in conformity with decisions I/2, II/6 and III/5 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to develop

countries for countrydriven activities and programmes, consistent with national priorities and objectives recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries:

The Global Environment Facility should:

1. Provide adequate and timely support for countrydriven projects at national, regional and subregional levels addressing the issue of alien species in accordance with decision IV/1 C;
2. Provide financial resources for country-driven activities within the context of its operational programmes to participate in the Global Taxonomy Initiative which take into account as appropriate elements of the Suggestions for Action contained in the annex to decision IV/1 D;
3. Within the context of implementing national biological diversity strategies and action plans provide adequate and timely support to eligible projects which help Parties to develop and implement national, sectoral and crosssectoral plans for the conservation and sustainable use of biological diversity of inland water ecosystems in accordance with decision IV/4;
4. In accordance with decision IV/7 and with Article 7 of the Convention and also within the context of implementing national biological diversity strategies and plans, provide adequate and timely financial support to Parties for projects and capacity-building activities for implementing the programme of work of forest biological diversity at the national, regional and subregional levels and the use of clearing-house mechanism to include activities that contribute to halting and addressing deforestation, basic assessments and monitoring of forest biological diversity, including taxonomic studies and inventories, focusing on forest species, other important components of forest biological diversity and ecosystems under threat;
5. In accordance with decision IV/2:
 - (a) Support capacitybuilding activities and country driven pilot projects focused on priority areas as critical components in the implementation of the clearinghouse mechanism at the national, subregional, biogeographic, and regional levels, both during and after the pilot phase;
 - (b) Provide, as appropriate, increased support, in the framework of countrydriven projects to promote the objectives of the Convention, to establish and strengthen biodiversity information systems such as, inter alia, training, technology and processes related to the collection, organization, maintenance and updating of data and information and its communication to users through the clearinghouse mechanism;
 - (c) Evaluate at the end of the clearinghouse mechanism pilot phase the experience of the Global Environment Facility's support for developing countries' activities, to consider additional efforts to meet the increasing interest in taking part in and having access to the clearinghouse

mechanism, including in regional networking, and to report to the Conference of the Parties to the next meeting of the Subsidiary Body on Scientific, Technical and Technological Adv

6. Continue to provide financial assistance for the preparation of national reports, having regard to the constraints and needs identified by Parties in their first national reports, in accordance with decision IV/14;

7. Provide adequate and timely support for the design and approaches relevant to the implementation of incentive measures, including, where necessary, assessment of biological diversity in the relevant ecosystems, capacitybuilding necessary for the design and implementation of incentive measures and the development of appropriate legal and policy frameworks, and projects with components that provide for these incentives, in accordance with decision IV/10;

8. In accordance with decision IV/8, provide support for:

(a) Stocktaking activities, such as, for example, assessments of current legislative, administrative and policy measures on access to genetic resources and benefit-sharing, evaluation of the strengths and weaknesses of a country's institutional and human capacity, and promotion of consensus-building among its different stakeholders;

(b) Formulation of access and benefit-sharing mechanisms at the national, subregional and regional levels, including monitoring, assessment, and incentive measures;

(c) Capacity-building on measures on access to genetic resources and sharing of benefits, including capacity-building on economic valuation of genetic resources;

(d) Within biodiversity projects, other specific benefitsharing initiatives such as support for entrepreneurial developments by local and indigenous communities, facilitation of financial sustainability of projects promoting the sustainable use of genetic resources, and appropriate targeted research components.

Fifth meeting of the Conference of the Parties

Decision V/12: Second review of the financial mechanism

The Conference of the Parties,

1. *Decides* to adopt the annex to the present decision, containing the objectives and criteria for the second review of the effectiveness of the financial mechanism to be conducted in time for the sixth meeting of the Conference of the Parties;

2. *Decides also* that this second review should be conducted under the authority of the Conference of the Parties;

3. *Decides further* that, based on the results of the review, the Conference of the Parties shall take appropriate action to improve the effectiveness of the mechanism if necessary.

Annex:

Terms of reference for the second review of the effectiveness of the financial mechanism

A. Objectives

1. In accordance with Article 21, paragraph 3, the Conference of the Parties will review the effectiveness of the mechanism, including the criteria and guidelines referred to in Article 21, paragraph 2, with a view to taking appropriate action to improve the effectiveness of the mechanism if necessary. For this purpose, the review of effectiveness will include:

(a) The effectiveness of the financial mechanism and its institutional structure in providing and delivering financial resources, as well as in overseeing, monitoring and evaluating the activities financed by its resources;

(b) The conformity of the activities of the Global Environment Facility (GEF), as the institutional structure operating the financial mechanism, with the guidance of the Conference of the Parties; and

(c) The efficiency, effectiveness and sustainability of the GEF-funded activities on the implementation of the Convention and in the achievement of its three objectives.

B. Methodology

2. The review will cover the activities of the financial mechanism for the period from November 1990 to June 2001, with special emphasis on those activities that have been concluded during the same period.

3. The review will cover all operational programmes of the financial mechanism relevant to the Convention on Biological Diversity.

4. The review should be carried out by an independent evaluator and shall draw upon, *inter alia*, the following sources of information:

(a) Information provided by the Parties and countries on their experiences regarding the financial mechanism;

(b) Reports prepared by the Global Environment Facility, including its reports to the Conference of the Parties, programme status reports, operational reports on GEF programmes and the GEF periodic reports of the GEF Monitoring and Evaluation Programme, in particular the second Overall Performance Study, operational reports on GEF programmes and the annual programme performance report;

(c) Project reviews and evaluation reports prepared by the Implementing Agencies;

(d) Information provided by other relevant stakeholders in GEF-financed biodiversity activities.

C. Criteria

5. The effectiveness of the financial mechanism shall be assessed taking into account, *inter alia*:

(a) The steps and actions taken by the financial mechanism in response to the actions requested by the Conference of the Parties at its fourth meeting to improve the effectiveness of the financial mechanism, as set out in the annex to its decision IV/11;

(b) The actions taken by the financial mechanism in response to the guidance of the Conference of the Parties, as contained in decisions I/2, II/6, III/5, IV/13 and V/13;

(c) The findings and recommendations of the second Overall Performance Study of the GEF;

(d) Any other significant issue raised by the Parties.

D. Procedures

6. Under the authority and with the support of the Conference of the Parties, the Executive Secretary shall contract an experienced independent evaluator to undertake the review, in accordance with the above objectives, methodology and criteria.

7. The Parties, countries and stakeholders, including relevant organizations, are invited to communicate to the Executive Secretary, by 30 September 2001, their detailed views on the effectiveness and efficiency of the financial mechanism on the basis of experience during the period under review.

8. The communications referred to above shall be structured along the lines of a questionnaire designed by the evaluator using the criteria adopted in the present terms of reference, to be sent to the Parties soon as practicable after the fifth meeting of the Conference of the Parties. The evaluator shall prepare a compilation and synthesis of the information received.

9. The evaluator will undertake such desk studies, interviews, field visits and collaboration with the secretariat as may be required for the preparation of the study, subject to the availability of resources.

10. The compilation and synthesis of the information and recommendations for future improvement received in response to the questionnaire and the report of the evaluator shall be submitted to the Parties for review and comments prior to their circulation.

11. The draft compilation and synthesis, and the report of the evaluator, will also be made available to the GEF (the GEF secretariat and Implementing Agencies) for its review and comments. Such comments shall be included in the documentation and identified by source.

12. The Executive Secretary shall submit the documents to Parties at least three months prior to the meeting of the Conference of the Parties.

Decision V/13: Further guidance to the financial mechanism

The Conference of the Parties,

Having examined the report of the Global Environment Facility (UNEP/CBD/COP/5/7),

Taking note of the note by the Executive Secretary (UNEP/CBD/COP/5/13/Add.1) with respect to previous guidance in relation to agenda items of the fifth meeting, in response to paragraph 4 of decision IV/11,

Taking note with appreciation of the efforts of the Global Environment Facility to provide additional funding for biodiversity enabling activities under expedited procedures, and urging it to continue to improve access to funding by developing country Parties and increase flexibility in its operational criteria,

1. *Welcomes* the decision of the Council of the Global Environment Facility requesting its secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to develop an initial strategy for assisting countries to prepare for the entry into force of the Cartagena Protocol on Biosafety;

2. *Decides* to provide the following additional guidance to the Global Environment Facility provision of financial resources, in conformity with decisions I/1, II/6, III/5 and IV/13 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing country Parties for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries. The Global Environment Facility, as the institutional structure operating the financial mechanism, should provide support:

(a) For projects utilizing the ecosystem approach, without prejudice to differing national needs and priorities which may require the application of approaches such as single-species conservation programmes, in accordance with decision V/6;

(b) As a priority, for projects which:

(i) Implement the Convention's programme of work on agricultural biodiversity, in accordance with decision V/5, through the timely finalization and implementation of its operational programme on agricultural biodiversity, and through the development and implementation of other relevant operational programmes;

(ii) Implement the Convention's programme of work on biodiversity of dry and sub-humid lands, in accordance with decision V/23, through the development, review and implementation of its operational programmes, in particular, the operational programme on arid and semi-arid ecosystems;

(iii) Assist in the implementation of the programme of work on forest biodiversity at the national, subregional and regional levels, and consider the operational objectives of the aforementioned programme of work as guidance for funding, in accordance with decision V/4;

(c) For projects which assist with the development and implementation of the International Initiative for the Conservation and Sustainable Use of Pollinators in Agriculture, in accordance with decision V/5;

(d) For capacity-building at the national, subregional and regional level to address the issue coral bleaching within the context of implementation of the programme of work on marine and coastal biological diversity, in accordance with decision V/3;

(e) For the consultative processes referred to in paragraph 6 of decision V/19, which are assisting with the preparation of second national reports, taking into account the fact that the Conference of the Parties may develop guidelines for subsequent national reports;

(f) For participation in the clearing-house mechanism of the Convention, in accordance with decision V/14;

(g) For projects that will address the issue of access and benefit-sharing, in accordance with decision V/26;

(h) For projects that incorporate incentive measures that promote the development and implementation of social, economic and legal incentive measures for the conservation and sustainable use of biological diversity, in accordance with decision V/15;

(i) For the implementation of the priority activities identified in the programme of work on Article 8(j) and related provisions, in accordance with decision V/16;

(j) To strengthen capabilities to develop monitoring programmes and suitable indicators for biological diversity, in accordance with decision V/7;

(k) To continue promoting awareness of the Global Taxonomy Initiative in the relevant activities of the Global Environment Facility, such as the Country Dialogue Workshops, and to facilitate capacity building in taxonomy, including in its Capacity Development Initiative;

(l) For capacity development for education, public awareness and communication in biological diversity at the national and regional levels, in accordance with decision V/17;

(m) For activities to implement the Global Invasive Species Programme, in accordance with decision V/8;

(n) For the implementation of capacity-building measures for developing and implementing national and sectoral plans for the conservation and sustainable use of inland water ecosystems, including comprehensive assessments of the biological diversity of inland waters, and capacity-building programmes for monitoring the implementation of the programme of work and the trends in inland biological diversity and for information gathering and dissemination among riparian communities

Sixth meeting of the Conference of the Parties

Decision VI/17: Financial mechanism under the Convention

The Conference of the Parties,

Recalling the relevant provisions of the Convention on Biological Diversity its decisions I/2, III/5, III/8, IV/11, IV/13, V/12 and V/13,

Taking note of the report of the Global Environment Facility³, and the Second Overall Performance Study of the Global Environment Facility⁴,

³ UNEP/CBD/COP/6/9 and UNEP/CBD/COP/6/9/Add.1

Taking note also of the compilation of past guidance to the financial mechanism⁵, the executive summary⁶ and the final report of the independent evaluator commissioned for purposes of the second review of the effectiveness of the financial mechanism⁷,

Noting with satisfaction the strong and growing collaboration established between the secretariat of the Convention on Biological Diversity and the Global Environment Facility,

Welcoming the strong support for a substantial third replenishment of the Global Environment Facility, expressed by both developing and developed countries at the sixth meeting of the Conference of the Parties,

1. *Notes the strong support expressed by developing countries, in particular the least developed countries and the small island developing States amongst them, and countries with economies in transition, as well as developed countries, for assistance from the Global Environment Facility in the implementation of the Convention;*

2. *Noting the importance of the Small Grants Programme of the Global Environment Facility, welcomes its continued expansion to other developing countries, in particular the least developed countries and the small island developing States;*

3. *Noting the efforts of the Global Environment Facility in providing financial resources to Parties with economies in transition for biodiversity-related projects, welcomes the continuation of its efforts;*

4. *Reiterates the call to the Global Environment Facility for improving and further streamlining its processes for increased flexibility and improving access to resources from the Global Environment Facility, taking into consideration the findings included in the Second Overall Performance Study of the Global Environment Facility and the second review of the effectiveness of the financial mechanism;*

5. *Requests the Global Environment Facility to consider the benefits to Parties, particularly the small island developing States, of an appropriate balance between national and regional projects in the implementation of decisions of the Conference of the Parties;*

6. *Requests the Global Environment Facility, in consultation with the Executive Secretary and other multilateral and bilateral organizations, to explore funding modalities for facilitating the preparation of future national reports and thematic reports from Parties, taking into account the comments made by Parties on their experience in accessing relevant funds during the sixth meeting of the Conference of the Parties;*

⁴ UNEP/CBD/COP/6/INF/29

⁵ UNEP/CBD/COP/6/INF/3

⁶ UNEP/CBD/COP/6/13/Add.1

⁷ UNEP/CBD/COP/6/INF/4

Parties as well as the recommendations included in the second Overall Performance Study of the Global Environment Facility; and to request the Global Environment Facility to conduct the second review of the effectiveness of the financial mechanism;

7. *Requests* the Global Environment Facility, in consultation with the Executive Secretary of the Convention, to initiate a dialogue to more effectively implement the guidance to the financial mechanism drawing from the experiences and lessons learned from projects and programmes funded by the Global Environment Facility, and explore opportunities for streamlining the guidance;

8. *Requests* the Global Environment Facility, in its plan of action to respond to the Second Overall Performance Study, to take into consideration the recommendations of the second review of the effectiveness of the financial mechanism, and to report to the Conference of the Parties on how it has done so;

9. *Requests* the Executive Secretary and the Global Environment Facility to explore possible synergies between the review processes of the Convention and the Global Environment Facility, and make suggestions on the arrangements for the third review of the effectiveness of the financial mechanism;

10. *Decides* to provide the following additional guidance to the Global Environment Facility on the provision of financial resources, in accordance with Article 20 and Article 21, paragraph 1 of the Convention and in conformity with decisions I/2, II/6, III/5, IV/13 and V/13 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to develop countries Parties, taking into account the special needs of the least developed countries and the small island developing States amongst them, for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries, and taking fully into consideration all relevant decisions from the Conference of the Parties. The Global Environment Facility as the institutional structure operating the financial mechanism should provide financial resources:

(a) As a priority, for the elaboration, development, and revision as necessary, of national biodiversity strategies and action plans, and for activities which assist their implementation consistent with guidance to the Global Environment Facility from the Conference of the Parties;

(b) For national capacity-building in biosafety, in particular for enabling effective participation in the Biosafety Clearing-House and in the implementation of the Action Plan for Building Capacity for the Effective Implementation of the Cartagena Protocol on Biosafety proposed by the Intergovernmental Committee on Cartagena Protocol at its second meeting, and for other needs identified in the recommendations of the Intergovernmental Committee at its second meeting for assisting developing countries to prepare for the entry into force of the Protocol;

(c) For country-driven projects focusing on the identified national priorities, as well as regional and international actions that assist the implementation of the expanded work programme concerning conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits from genetic resources in a balanced way, underscoring the importance of ensuring long-term conservation, sustainable use, and benefit-sharing of native forests;

(d) For country-driven capacity-building activities by developing country Parties, in particular least developed countries and small island developing States among them, for the implementation of the Global Strategy for Plant Conservation;

(e) For country-driven activities aimed at enhancing capabilities to address the impacts of mortality related to coral bleaching and physical degradation and destruction of coral reefs, including developing rapid response capabilities to implement measures to address coral-reef degradation, mortality and subsequent recovery;

(f) For national and regional taxonomic capacity-building, as a basis for implementing the programme of work for the Global Taxonomy Initiative, with particular attention to funding country-driven pilot projects identified under the Global Taxonomy Initiative, taking into consideration the needs of least developed countries and small island developing States;

(g) For projects that assist with the implementation of the Plan of Action for the International Initiative for the Conservation and Sustainable Use of Pollinators by developing country Parties, in particular, least developed countries and small island developing States;

(h) To build capacity of developing country Parties, in particular least developed countries and small island developing States, to participate effectively in the preparatory process for the first Report of the State of World's Animal Genetic Resources;

(i) For projects that assist with the implementation of the programme of work on biological diversity of inland water ecosystems;

(j) For projects that assist with the implementation of the programme of work on incentive measures, taking into consideration the specific circumstances of countries, in particular, least developed countries and small island developing States;

(k) As a priority, for projects that assist with the development and implementation, at national and regional levels, of the invasive alien species strategies and action plans called for in paragraph 6 of decision V/8, in particular those strategies and actions related to geographically and evolutionarily isolated ecosystems, paying particular attention to the needs of least developed countries and small island developing States, including needs related to capacity-building;

(l) In a timely manner, to eligible Parties for the preparation of national reports;

(m) For projects that assist with the implementation of the Action Plan on Capacity-building, Access and Benefit-sharing in support of the implementation of the Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefit Arising out of their Utilization;

(n) For the enhancement of national capacities for the establishment and maintenance of mechanisms to protect traditional knowledge at national and subnational levels, and for building the capacity of indigenous and local communities to develop strategies and systems for the protection of traditional knowledge;

(o) For capacity development and country-driven projects prioritized in the Global Initiative on Communication, Education and Public Awareness;

11. *Requests* the Global Environment Facility to report on the implementation of the present decision to the Conference of the Parties at its seventh meeting.

IV. The Instrument for the Establishment of the Restructured Global Environment Facility

Instrument for the Establishment of the Restructured Global Environment Facility (1 amended in October 2002)

Preamble

Whereas:

(a) The Global Environment Facility (GEF or the Facility) was established in the International Bank for Reconstruction and Development (IBRD or World Bank) as a pilot program in order to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development, by resolution of the Executive Directors of the World Bank and related interagency arrangements between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank;

(b) In April 1992, Participants in the GEF agreed that its structure and modalities should be modified in accordance with Agenda 21 (the action plan of the 1992 United Nations Conference on Environment and Development) and the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity subsequently called for the restructuring of the Facility;

(c) Representatives of the States participating at present in the Facility and of other States wishing to participate in it have requested that the Facility be restructured in order to take account of these developments, to establish the GEF as one of the principal mechanisms for global environment funding, to ensure a governance that is transparent and democratic in nature, to promote universality in its participation and to provide for full cooperation in its implementation among UNDP, UNEP and the World Bank (together referred to hereinafter as the Implementing Agencies), and to benefit from the evaluation of experience with the operation of the Facility since its establishment;

(d) It is necessary to replenish the resources for these purposes under a restructured Facility which includes a new GEF Trust Fund on the basis of this Instrument;

(e) It is desirable to terminate the existing Global Environment Trust Fund (GET) and to transfer all its funds, receipts, assets and liabilities held in it upon termination to the new GEF Trust Fund;

(f) The Implementing Agencies have reached a common understanding of principles for cooperation set forth in the present Instrument, subject to approval of their participation by their respective governments;

It is resolved as follows:

I Basic Provisions

Restructuring and Purpose of GEF

1. The restructured GEF shall be established in accordance with the present Instrument. This Instrument having been accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, shall be adopted by the Implementing Agencies in accordance with their respective rules and procedural requirements.

2. The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed environmental benefits in the following focal areas:

- (a) climate change,
- (b) biological diversity,
- (c) international waters,
- (d) ozone layer depletion,
- (e) Land degradation, primarily desertification and deforestation, and
- (f) Persistent organic pollutants

3. The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the environment in the focal areas.

4. The GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programs and projects which are country-driven and based on national priorities designed to support sustainable development and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes.

5. The GEF operational policies shall be determined by the Council in accordance with paragraph 2 and with respect to GEF-financed projects shall provide for full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle.

6. In partial fulfillment of its purposes, the GEF shall, on an interim basis, operate the financial mechanism for the implementation of the United Nations Framework Convention on Climate Change, shall be, on an interim basis, the institutional structure which carries out the operation of the financial mechanism for the implementation of the Convention on Biological Diversity, in accordance with such cooperative arrangements or agreements as may be made pursuant to paragraphs 27 and 31. The GEF shall be available to continue to serve for the purposes of the financial mechanisms for the implementation of those conventions if it is requested to do so by their Conferences of the Parties. ¶

GEF shall also be available to serve as an entity entrusted with the operation of the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants. In such respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, program priorities and eligibility criteria for the purposes of the conventions. The GEF shall be available to meet the agreed full costs of activities under Article 12, paragraph 1, of the United Nations Framework Convention on Climate Change.

Participation

7. Any State member of the United Nations or of any of its specialized agencies may become a Participant in the GEF by depositing with the Secretariat an instrument of participation substantially in the form set out in Annex A. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment shall be deemed to serve as an instrument of participation. Any Participant may withdraw from the GEF by depositing with the Secretariat an instrument of termination of participation substantially in the form set out in Annex A.

Establishment of GEF Trust Fund

8. The new GEF Trust Fund shall be established, and the World Bank shall be invited to serve as the Trustee of the Fund. The GEF Trust Fund shall consist of the contributions received in accordance with the present Instrument, the balance of funds transferred from the GEF pursuant to paragraph 32, and other assets and receipts of the Fund. In serving as the Trustee of the Fund, the World Bank shall exercise a fiduciary and administrative capacity, and shall be bound by its Articles of Agreement, By-Laws, and decisions, as specified in Annex B.

Eligibility

9. GEF funding shall be made available for activities within the focal areas defined in paragraphs 2 of this Instrument in accordance with the following eligibility criteria:

(a) GEF grants that are made available within the framework of the financial mechanisms of the conventions referred to in paragraph 6 shall be in conformity with the eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27.

(b) All other GEF grants shall be made available to eligible recipient countries and, where appropriate, other activities promoting the purposes of the Facility in accordance with this paragraph and any additional eligibility criteria determined by the Council. A country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF). GEF grants for activities within a focal area addressed by a convention referred to in paragraph 6 but outside the framework of the financial mechanism of the convention, shall only be made available to eligible recipient countries that are party to the convention concerned.

(c) GEF concessional financing in a form other than grants that is made available within the framework of the financial mechanism of the conventions referred to in paragraph 6 shall be in conformity with the eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27. GEF concessional financing in a form other than grants may also be made available outside those frameworks on terms to be determined by the Council.

II. Contributions and Other Financial Provisions for Replenishment

10. Contributions to the GEF Trust Fund for the first replenishment period shall be made to the Trust Fund by Contributing Participants in accordance with the financial provisions for replenishment as specified in Annex C. The Trustee's responsibility for mobilization of resources pursuant to paragraph 20(e) of the Instrument and paragraph 4(a) of Annex B shall be initiated for subsequent replenishments at the request of the Council.

III. Governance And Structure

11. The GEF shall have an Assembly, a Council and a Secretariat. In accordance with paragraph 24 of the Instrument, the Scientific and Technical Advisory Panel (STAP) shall provide appropriate advice.

12. The Implementing Agencies shall establish a process for their collaboration in accordance with the interagency agreement to be concluded on the basis of the principles set forth in Annex D.

Assembly

13. The Assembly shall consist of Representatives of all Participants. The Assembly shall meet once every three years. Each Participant may appoint one Representative and one Alternate to the Assembly in such manner as it may determine. Each Representative and each Alternate shall serve until replaced. The Assembly shall elect its Chairperson from among the Representatives.

14. The Assembly shall:

- (a) review the general policies of the Facility;
- (b) review and evaluate the operation of the Facility on the basis of reports submitted by the Council;
- (c) keep under review the membership of the Facility; and
- (d) consider, for approval by consensus, amendments to the present Instrument on the basis of recommendations by the Council.

Council

15. The Council shall be responsible for developing, adopting and evaluating the operational policies and programs for GEF-financed activities, in conformity with the present Instrument and fully taking into account reviews carried out by the Assembly. Where the GEF serves for the purposes of the financial mechanisms of the conventions referred to in paragraph 6, the Council shall act in conformity with

policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned.

16. The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants giving due weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 14 Members from developed countries and 2 Members from the countries of central and Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be re-appointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for an absent Member.

17. The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities. Two-thirds of the Members of the Council shall constitute a quorum.

18. At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting. The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20(b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. The Chief Executive Officer of the Facility (CEO) shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20(c), (e), (f) and (h). The elected Chairperson and the CEO shall jointly conduct deliberations of the Council on issues related to paragraph 20(a).

19. Costs of Council meetings, including travel and subsistence of Council Members from developing countries, in particular the Least Developed Countries, shall be disbursed from the administrative budget of the Secretariat as necessary.

20. The Council shall:

- (a) keep under review the operation of the Facility with respect to its purposes, scope and objectives;
- (b) ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis;
- (c) review and approve the work program referred to in paragraph 29, monitor and evaluate progress, oversee the implementation of the work program and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work program;

- (d) arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;
- (e) direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;
- (f) approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9(b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;
- (g) act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;
- (h) in accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned;
- (i) appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;
- (j) review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities undertaken for the Facility;
- (k) in accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and
- (l) exercise such other operational functions as may be appropriate to fulfill the purposes of the Facility.

Secretariat

21. The GEF Secretariat shall serve and report to the Assembly and the Council. The Secretariat shall be headed by the CEO/Chairperson of the Facility, shall be supported administratively by the World Bank and shall operate in a functionally independent and effective manner. The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be re-appointed by the Council. The CEO may be removed by the Council only for cause. The staff of the Secretariat shall include staff members seconded from the Implementing Agencies as well as individuals hired competitively on an as needed basis by one of the Implementing Agencies. The CEO shall be responsible for the organization, appointment and dismissal of Secretariat staff. The CEO shall be accountable for the performance of the Secretariat functions to the Council. The Secretariat shall, on behalf of the Council, exercise the following functions:

- (a) implement effectively the decisions of the Assembly and the Council;
- (b) coordinate the formulation and oversee the implementation of program activities pursuant to the work program, ensuring liaison with other bodies as required, particularly in the context of the cooperative arrangements or agreements referred to in paragraph 27;

- (c) in consultation with the Implementing Agencies, ensure the implementation of the operational plan adopted by the Council through the preparation of common guidelines on the project cycle. Such guidelines shall address project identification and development, including the proper and adequate review of project and work program proposals, consultation with and participation of local communities and other interested parties, monitoring of project implementation and evaluation of project results;
- (d) review and report to the Council on the adequacy of arrangements made by the Implementing Agencies in accordance with the guidelines referred to in paragraph (c) above, and if warranted, recommend to the Council and the Implementing Agencies additional arrangements for project preparation and execution under paragraphs 20(f) and 28;
- (e) chair interagency group meetings to ensure the effective execution of the Council's decisions and facilitate coordination and collaboration among the Implementing Agencies;
- (f) Coordinate with the Secretariats of other relevant international bodies, in particular the Secretariat of the conventions referred to in paragraph 6, the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund and the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Arid and Semi-Arid Areas;
- (g) report to the Assembly, the Council and other institutions as directed by the Council;
- (h) provide the Trustee with all relevant information to enable it to carry out its responsibilities; and
- (i) perform any other functions assigned to the Secretariat by the Council.

Implementing Agencies

22. The Implementing Agencies of the GEF shall be UNDP, UNEP, and the World Bank. The Implementing Agencies shall be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence and in accordance with an interagency agreement to be concluded on the basis of the principles of cooperation set forth in Annex D to the present Instrument. The Implementing Agencies shall cooperate with the Participants, the Secretariat, parties receiving assistance under the GEF, and other interested parties including local communities and non-governmental organizations, to promote the purposes of the Facility.

23. The CEO shall periodically convene meetings with the heads of the Implementing Agencies to promote interagency collaboration and communication, and to review operational policy issues regarding the implementation of GEF-financed activities. The CEO shall transmit their conclusions and recommendations to the Council for its consideration.

Scientific and Technical Advisory Panel (STAP)

24. UNEP shall establish, in consultation with UNDP and the World Bank and on the basis of guidelines and criteria established by the Council, the Scientific and Technical Advisory Panel (STAP) as an advisory body to the Facility. UNEP shall provide the STAP's Secretariat and shall operate as the link between the Facility and the STAP.

IV. Principles of Decision-Making

25. (a) Procedure

The Assembly and the Council shall each adopt by consensus regulations as may be necessary or appropriate to perform their respective functions transparently; in particular, they shall determine an aspect of their respective procedures, including the admission of observers and, in the case of the Council, the provision for executive sessions.

(b) Consensus

Decisions of the Assembly and the Council shall be taken by consensus. In the case of the Council, if the consideration of any matter of substance, all practicable efforts by the Council and its Chairpersons have been made and no consensus appears attainable, any member of the Council may require a formal vote.

(c) Formal Vote

(i) Unless otherwise provided in this Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions.

(ii) Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents.

(iii) For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C (Attachment 1) and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of advance financing and parallel financing made under the GEF pilot program, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made under paragraph 7(c) of Annex C shall be deemed to be contributions to the GEF Trust Fund.

V. Relationship and Cooperation with Conventions

26. The Council shall ensure the effective operation of the GEF as a source of funding activities under the conventions referred to in paragraph 6. The use of the GEF resources for purposes of such conventions shall be in conformity with the policies, program priorities and eligibility criteria decided by the Conference of the Parties of each of those conventions.

27. The Council shall consider and approve cooperative arrangements or agreements with the Conferences of the Parties to the conventions referred to in paragraph 6, including reciprocal arrangements for representation in meetings. Such arrangements or agreements shall be in conformity with the relevant provisions of the convention concerned regarding its financial mechanism and shall include procedures for determining jointly the aggregate GEF funding requirements for the purpose of the convention.

convention. With regard to each convention referred to in paragraph 6, until the first meeting of its Conference of the Parties, the Council shall consult the convention's interim body.

VI. Cooperation with Other Bodies

28. The Secretariat and the Implementing Agencies under the guidance of the Council shall cooperate with other international organizations to promote achievement of the purposes of the GEF. The Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions, taking into account their comparative advantages in efficient and cost-effective project execution. Such arrangements shall be made in accordance with national priorities. Pursuant to paragraph 20(f), the Council may request the Secretariat to make similar arrangements in accordance with national priorities. In the event of disagreements between the Implementing Agencies or between an Implementing Agency and any entity concerning project preparation or execution, an Implementing Agency or any entity referred to in this paragraph may request the Secretariat to seek to resolve such disagreements.

VII. Operational Modalities

29. The Secretariat shall coordinate the preparation of and determine the content of a joint work program for the GEF among the Implementing Agencies, including an indication of the financial resources required for the program, for approval by the Council. The work program shall be prepared in accordance with paragraph 4 and in cooperation with eligible recipients and any executing agency referred to in paragraph 28.

30. GEF projects shall be subject to endorsement by the CEO before final project approval. If at least one Council Member requests that a project be reviewed at a Council meeting because in their view the project is not consistent with the Instrument or GEF policies and procedures, the CEO shall submit the project document to the next Council meeting, and shall only endorse the project for final approval by the Implementing Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

VIII. Reporting

31. The Council shall approve an annual report on the activities of the GEF. The report shall be prepared by the Secretariat and circulated to all Participants. It shall contain information on the activities carried out under the GEF, including a list of project ideas submitted for consideration and a review of the activities funded by the Facility and their outcomes. The report shall contain all the information necessary to meet the principles of accountability and transparency that shall characterize the Facility as well as requirements arising from the reporting arrangements agreed with each Conference of the Parties to the conventions referred to in paragraph 6. The report shall be conveyed to each of these Conferences of the Parties.

Parties, the United Nations Commission on Sustainable Development and any other international organization deemed appropriate by the Council.

IX. Transitional and Final Provisions

Termination of the GET

32. The World Bank shall be invited to terminate the existing Global Environment Trust Fund (GET) on the effective date of the establishment of the new GEF Trust Fund, and any funds, receipts, assets and liabilities held in the GET upon termination, including the administration of any cofinancing by the Trustee in accordance with the provisions of Resolution No. 91-5 of the Executive Directors of the World Bank, shall be transferred to the new GEF Trust Fund. Pending the termination of the GET under this provision, projects financed from the GET resources shall continue to be processed and approved subject to the rules and procedures applicable to the GET.

Interim Period

33. The Council may, pursuant to the provisions of this Instrument, be convened during the period between the adoption of this Instrument and its annexes by the Implementing Agencies until the effective date of the establishment of the new GEF Trust Fund (a) to appoint, by consensus, the CEO in order to enable him/her to assume the work of the Secretariat, and (b) to prepare the Council's rules of procedure and operational modalities for the Facility. The first meeting of the Council shall be organized by the secretariat of the GEF pilot program. Administrative expenses during this interim period shall be covered by the existing GET.

Amendment and Termination

34. Amendment or termination of the present Instrument may be approved by consensus by the Assembly upon the recommendation of the Council, after taking into account the views of the Implementing Agencies and the Trustee, and shall become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural requirements. This paragraph shall apply to the amendment of any annex to this Instrument unless the annex concerned provides otherwise.

35. The Trustee may at any time terminate its role as trustee in accordance with paragraph 14 of Annex A and an Implementing Agency may at any time terminate its role as implementing agency, after consultation with the other Implementing Agencies and after giving the Council six months notice in writing.

ANNEX A Notification of Participation/Termination of Participation

Notification of Participation/Termination of Participation

The Government of _____ hereby notifies the Chief Executive Officer of the Global Environment Facility (“the Facility”) that it will participate [terminate its participation] in the Facility

(Date) (Name and Office)

NOTE: The notification is to be signed on behalf of the Government by a duly authorized representative thereof. Participation, and termination of participation, will take effect upon deposit of the notification with the CEO. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment (Attachment 2 of Annex C) shall be deemed to serve as a notification of participation.

ANNEX B Role and Fiduciary Responsibilities of the Trustee of the GEF Trust Fund

1. The World Bank shall be the Trustee of the GEF Trust Fund (the Fund) referred to in paragraph 1 of the Instrument and in this capacity shall, as legal owner, hold in trust the funds, assets and receipts that constitute the Fund, and manage and use them only for the purpose of, and in accordance with, the provisions of the Instrument keeping them separate and apart from all other accounts and assets of, administered by, the Trustee.

2. The Trustee shall be accountable to the Council for the performance of its fiduciary responsibilities set forth in this Annex.

3. The Trustee shall administer the Fund in accordance with the applicable provisions of the Instrument and such decisions as the Council may take under the Instrument and shall be bound in the performance of its duties by the applicable provisions of the Trustee’s Articles of Agreement, By-Laws, rules and decisions (hereinafter referred to as “the rules of the Trustee”).

4. The responsibilities of the Trustee shall include in particular:

(a) the mobilization of resources for the Fund and the preparation of such studies and arrangements that may be required for this purpose;

(b) the financial management of the Fund, including the investment of its liquid assets, the disbursement of funds to the Implementing and other executing Agencies as well as the preparation of the financial reports regarding the investment and use of the Fund’s resources;

(c) the maintenance of appropriate records and accounts of the Fund, and providing for their audit, in accordance with the rules of the Trustee; and

(d) the monitoring of the application of budgetary and project funds in accordance with paragraph 2 of the Instrument and paragraph 11 of this Annex so as to ensure that the resources of the Fund are

used in accordance with the Instrument and the decisions taken by the Council, including the regular reporting to the Council on the status of the Fund's resources.

5. The Trustee shall exercise the same care in the discharge of its functions under this Annex as it exercises with respect to its own affairs and shall have no further liability in respect thereof. To this the Trustee shall apply such considerations of economy and efficiency as may be required for the investment and disbursement of funds from the Fund, consistent with the rules of the Trustee and the decisions of the Council.

6. All amounts in respect of which the Trustee is authorized to make commitments or disbursement under the Instrument shall be used by the Trustee on the basis of the work program approved by the Council for the activities of the Facility, including the reasonable expenses incurred by the Implementing Agencies and any executing agency in the performance of their responsibilities, in accordance with the Instrument and the decisions taken by the Council. All amounts in respect of which the Trustee is authorized to make transfers to the Implementing Agencies and any executing agency shall be transferred as agreed between the Trustee and the transferee.

7. The Trustee may enter into arrangements and agreements with any national or international entity which may be needed in order to administer and manage financing for the purpose of, and on terms consistent with, the Instrument. Upon the request of the Council, the Trustee will, for the purposes of paragraph 6 of the Instrument, formalize the arrangements or agreements that have been considered and approved by the Council with the Conferences of the Parties of the conventions referred to in paragraph 6 of the Instrument.

8. Pending transfers to the Implementing Agencies or an executing agency, the Trustee may invest the funds held in the Fund in such form as it may decide, including pooled investments (in which separate accounts shall be held for the funds of the Fund) with other funds owned, or administered, by it. The income of such investments shall be credited to the Fund, and the Trustee shall be reimbursed annually from the resources of the Fund for the reasonable expenses incurred by it for the administration of the Fund and for expenses incurred in administratively supporting the Secretariat. The reimbursements shall be made on the basis of estimated cost, subject to end of year adjustment.

9. The Trustee shall make all necessary arrangements to avoid commitments on behalf of the Fund in excess of the resources available to such Fund.

10. In order to enable the Trustee to carry out its functions enumerated in this Annex, the Chief Executive Officer of the Facility (CEO) shall cooperate fully with the Trustee and shall observe the rules of the Trustee specified in paragraph 3 above, in the activities of the Secretariat relating to the administration of the Fund under the provisions of the Instrument and its Annexes.

11. To ensure that the resources of the Fund are being used in accordance with the Instrument and the decisions taken by the Council, the Trustee shall work with the Implementing Agencies and the CEO

address and resolve any concerns it may have about inconsistencies between the uses of Fund resources and such Instrument and decisions. The CEO shall inform the Council of any concerns that the Trustee or an Implementing Agency may have which are not satisfactorily resolved.

12. Should it appear to the Council or the Trustee that there is an inconsistency between the decision of the Council and the rules of the Trustee, the Council and the Trustee shall consult each other with a view to avoiding the inconsistency.

13. The privileges and immunities accorded to the Trustee under its Articles of Agreement shall apply to the property, assets, archives, income, operations and transactions of the Fund.

14. The provisions of this Annex may be amended by the Executive Directors of the Trustee only with the agreement of the Council and the other Implementing Agencies. The provisions of this Annex may be terminated when the Executive Directors of the Trustee so decide after consultation with the Council and the other Implementing Agencies and after giving the Council six months notice in writing. In case of termination, the Trustee shall take all necessary action for winding up its activities in an expeditious manner, in accordance with such decision. The decision shall also provide for meeting the commitments of the Facility already made for grants and transfers, and for the disposition of any remaining funds, receipts, assets or liabilities of the Fund upon termination.

ANNEX C GEF Trust Fund: Financial Provisions for Replenishment

Contributions

1. The Bank, acting as Trustee for the GEF Trust Fund, is authorized to accept contributions to the Fund for the period from July 1, 1994 to June 30, 1997:

- (a) by way of grant from each Participant in the amount specified for each participant in Attachment 1 and
- (b) other contributions on terms consistent with the present Annex.

Instruments of Commitment

2. (a) Participants contributing to the GEF Trust Fund (Contributing Participants) shall be expected to deposit with the Trustee an instrument of commitment substantially in the form set out in Attachment 2 (Instrument of Commitment).

(b) When a Contributing Participant agrees to pay a part of its contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it shall deposit a qualified instrument of commitment in a form acceptable to the Trustee (Qualified Instrument of Commitment); such Participant undertakes to exercise its best efforts to obtain legislative approval for the full amount of its contribution by the payment dates set out in paragraph 3.

3. (a) Contributions to the GEF Trust Fund under paragraph 1 (a) shall be paid, at the option of each Contributing Participant, in cash by November 30, 1994 or in installments.

(b) Payment in cash under paragraph (a) above shall be made on terms agreed between the Contributing Participant and the Trustee that shall be no less favorable to the GEF Trust Fund than payment in installment.

(c) Payment in installments that a Contributing Participant agrees to make without qualification shall be paid to the Trustee in four equal installments by November 30, 1994, November 30, 1995, November 30, 1996 and November 30, 1997, provided that:

(i) the Trustee and each Contributing Participant may agree to earlier payment;

(ii) if the GEF Trust Fund shall not have become effective by October 31, 1994, payment of the first installment may be postponed by the Contributing Participant for not more than 30 days after the date on which this Annex becomes effective;

(iii) the Trustee may agree to postpone the payment of any installment, or part thereof, if the amount together with any unused balance of previous payments by the Contributing Participant, shall be at least equal to the amount estimated by the Trustee to be required from the Contributing Participant, up to the date of the next installment, for meeting commitments under the GEF Trust Fund; and

(iv) if any Contributing Participant shall deposit an Instrument of Commitment with the Trustee after the date on which the first installment of the contributions is due, payment of any installment, or part thereof, shall be made to the Trustee within 30 days after the date of such deposit.

(d) If a Contributing Participant has deposited a Qualified Instrument of Commitment and thereafter notifies the Trustee that an installment, or part thereof, is unqualified after the date when it was due, payment of such installment, or part thereof, shall be made within 30 days of such notification.

Mode of Payment in Installments

4. (a) Payments shall be made, at the option of each Contributing Participant, in cash on terms agreed between the Contributing Participant and the Trustee that shall be no less favorable to the GEF Trust Fund than payment in installments or by the deposit of notes or similar obligations issued by the government of the Contributing Participant or the depository designated by the Contributing Participant which shall be non-negotiable, non-interest bearing and payable at their par value on demand to the account of the Trustee.

(b) The Trustee shall encash the notes or similar obligations quarterly in equal proportions in terms of their unit of denomination, as needed for disbursement and transfers referred to in paragraph 8 and subject to operational and administrative requirements for liquidity of the Trustee and the Implementing Agency as determined by the Trustee. At the request of a Contributing Participant that is also an eligible recipient,

under the GEF Trust Fund the Trustee may permit postponement of encashment for up to two years in light of exceptionally difficult budgetary circumstances of the Contributing Participant.

(c) In respect of each contribution under paragraph 1 (b), payment shall be made in accordance with terms on which such contributions are accepted by the Trustee.

Currency of Denomination and Payment

5. (a) Contributing Participants shall denominate their contributions in Special Drawing Rights (SDR) a currency that is freely convertible as determined by the Trustee, except that if a Contributing Participant's economy experienced a rate of inflation in excess of fifteen percent per annum on average for the period 1990 to 1992 as determined by the Trustee as of the date of adoption of this Annex, its contribution shall be denominated in SDRs.

(b) Contributing Participants shall make payments in SDRs, a currency used for the valuation of the or with the agreement of the Trustee in another freely convertible currency, and the Trustee may exchange the amounts received for such currencies as it may decide.

(c) Each Contributing Participant shall maintain, in respect of its currency paid to the Trustee and the currency of such Contributing Participant derived therefrom, the same convertibility as existed on the date of adoption of this Annex.

Effective Date

6. (a) The GEF Trust Fund shall become effective and the resources to be contributed pursuant to this Annex shall become payable to the Trustee on the date when Contributing Participants whose contributions aggregate not less than SDR 980.53 million shall have deposited with the Trustee Instruments of Commitment or Qualified Instruments of Commitment (the effective date), provided that this date shall not be later than October 31, 1994, or such later date as the Trustee may determine.

(b) If the Trustee determines that the effective date is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Participants to review the situation and to consider the steps to be taken to prevent an interruption of GEF financing.

Advance Contribution

7. (a) In order to avoid an interruption in the GEF's ability to make financing commitments pending the effectiveness of the GEF Trust Fund, and if the Trustee will have received Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 280.15 million the Trustee may deem, prior to the effective date, one-quarter of the total amount of each contribution for which an Instrument of Commitment has been deposited with the Trustee as an advance contribution unless the Contributing Participant specifies otherwise in its Instrument of Commitment. Advance

contributions shall be paid to the GEF under Resolution 91-5 adopted by the Executive Directors of World Bank and shall be governed by the provisions of that Resolution until the effective date.

(b) The Trustee shall specify when advance contributions pursuant to paragraph (a) above are to be to the Trustee.

(c) The terms and conditions applicable to contributions under this Annex shall apply also to advance contributions until the effective date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Participant for its contribution.

Commitment or Transfer Authority

8. (a) Contributions shall become available for commitment by the Trustee, for disbursement or transfer as needed pursuant to the work program approved by the Council under paragraph 20(c) of the Instrument, upon receipt of payment by the Trustee, except as provided in subparagraph (c) below.

(b) The Trustee shall promptly inform Contributing Participants if a Participant that has deposited a Qualified Instrument of Commitment and whose contribution represents more than 20 percent of the amount of the resources to be contributed pursuant to this Annex has not unqualified at least 50 percent of the total amount of its contribution by November 30, 1995, or 30 days after the effective date, whichever is later, and at least 75 percent of the total amount of its contribution by November 30, 1996, or 30 days after the effective date, whichever is later, and the total amount thereof by November 30, 1997, or 30 days after the effective date, whichever is later.

(c) Within 30 days of the dispatch of notice by the Trustee under paragraph (b) above, each other Contributing Participant may notify the Trustee in writing that the commitment by the Trustee of the second, third or fourth tranche, whichever is applicable, of such Participant's contribution shall be deferred while, and to the extent that, any part of the contribution referred to in subparagraph (b) remains unqualified; during such period, the Trustee shall make no commitments in respect of the resources to which the notice pertains unless the right of the Contributing Participant is waived pursuant to paragraph (d) below.

(d) The right of a Contributing Participant under paragraph (c) above may be waived in writing, and shall be deemed waived if the Trustee receives no written notice pursuant to such subparagraph within the period specified therein.

(e) The Trustee shall consult with the Contributing Participants where, in its judgment: (i) there is a substantial likelihood that the total amount of the contribution referred to in paragraph (b) above cannot be committed to the Trustee without qualification by June 30, 1998, or (ii) as a result of Contributing Participants exercising their rights under paragraph (b), the Trustee is or may shortly be precluded from entering into new commitments for disbursement or transfer.

(f) Commitment and transfer authority shall be increased by:

(i) the income of investment of resources held in the GEF Trust Fund pending disbursement or transfer to the Trustee;

(ii) uncommitted resources transferred to the Trustee upon termination of the GET;

(iii) the amount of undisbursed commitments that have been canceled; and

(iv) payments received by the Trustee as repayment, interest or charges on loans made by the GEF Trust Fund.

(g) Commitment and transfer authority shall be reduced for the reimbursement of administrative costs charged against the resources of the GEF Trust Fund, as determined by the Trustee on the basis of the work program and budget approved by the Council.

(h) The Trustee may enter into agreements to provide financing from the GEF Trust Fund, conditional on such financing becoming effective and binding on the GEF Trust Fund when resources become available for commitment by the Trustee.

Attachment I: Global Environment Facility Trust Fund (Contributions)

Omitted

Attachment II: Global Environment Facility Trust Fund (Instrument of Commitment)

Omitted

ANNEX D Principles of Cooperation among the Implementing Agencies

I. General Principles

1. At the United Nations Conference on Environment and Development, Governments recognized that new forms of cooperation are required to achieve better integration among national and local government, industry, science, environmental groups and the public in developing and implementing effective approaches to integrating environment and development. The responsibility for bringing about change lies primarily with Governments in consultation with national major groups and local communities, collaboration with national, regional and international organizations, including in particular UNDP, UNEP and the World Bank.

2. In this context, the GEF has a special role to play in providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in accordance with paragraphs 2 and 3 of the Instrument.

3. By designating UNDP, UNEP and the World Bank as the Implementing Agencies of the GEF, the Participants have recognized that the three agencies have key roles to play in the implementation of financed activities within their respective spheres of competence, and in facilitating cooperation in financed activities by multilateral development banks, United Nations agencies and programs, other international institutions, national institutions and bilateral development agencies, local communities, non-governmental organizations, the private sector and the academic community in accordance with paragraph 28 of the Instrument.

4. For their part, the three agencies recognize the need for institutional arrangements in conformity and providing input to the fulfillment of, GEF objectives, based on a results-oriented approach and spirit of partnership, and consistent with the principles of universality, democracy, transparency, cost-effectiveness and accountability.

5. The Implementing Agencies will put these principles into practice by ensuring the development and implementation of programs and projects which are country-driven and based on national priorities designed to support sustainable development. Actions needed to attain global environmental benefits are strongly influenced by existing national policies and subregional and regional cooperative mechanisms. GEF financing will need to be coordinated with appropriate national policies and strategies as well as with development financing. To the extent that the GEF operates a funding mechanism for global environmental conventions, the Implementing Agencies will focus on joint programming and implementation with eligible countries, either directly or, where appropriate, at a subregional or regional level, of the program priorities and criteria adopted by the Conference of the Parties to each Convention.

6. In developing joint work programs and in project preparation, the Implementing Agencies will, through country-driven initiatives, collaborate with eligible countries in the identification of projects for GEF funding through a jointly operated Project Preparation Assistance Program. Priority will be given to integrating global environmental concerns with national ones in the framework of national sustainable development strategies.

7. The Implementing Agencies will assure the cost-effectiveness and sustainability of their activities addressing the targeted global environmental issues. In this context, one important feature of adhering to these principles is that the least-cost sustainable means of meeting many global environmental objectives lie in a combination of investment, technical assistance, and policy actions at the national and regional level. The experience and mandate of each Implementing Agency will contribute to bringing to light, when assessing specific project interventions, the range of possible policy, technical assistance and investment options. In addition, each Implementing Agency will strive to promote measures to achieve global environmental benefits within the context of its regular work programs.

8. The Implementing Agencies are committed to facilitating continued effective participation, as appropriate, of major groups and local communities and to promoting opportunities for mobilizing outside resources in support of GEF activities.

9. Collaboration among the Implementing Agencies will be sufficiently flexible to promote introduction of modifications as the need arises. Within an overall cooperative framework, the Implementing Agencies will strive for innovative approaches to strengthening their collaboration and effectiveness, in particular at the country level, and an efficient division of labor that maximizes the synergy among them and recognizes their terms of reference and comparative advantages.

II. Emphasis of Each Implementing Agency

10. The Implementing Agencies recognize that in carrying out their responsibilities there will be a shared interest and work effort focusing primarily on the integration of GEF objectives and activities with national sustainable development strategies. In addition to collaboration in promoting an efficient and effective response to issues of shared interest, the agencies' partnership will recognize distinctive areas of emphasis.

11. Areas of particular emphasis for each of the Implementing Agencies will be as follows:

(a) UNDP will play the primary role in ensuring the development and management of capacity building programs and technical assistance projects. Through its global network of field offices, UNDP will draw upon its experience in human resources development, institutional strengthening, and non-governmental organization and community participation to assist countries in promoting, designing and implementing activities consistent with the purpose of the GEF and national sustainable development strategies. Also drawing upon its intercountry programming experience, UNDP will contribute to the development of regional and global projects within the GEF work program in cooperation with the other Implementing Agencies.

(b) UNEP will play the primary role in catalyzing the development of scientific and technical analysis in advancing environmental management in GEF-financed activities. UNEP will provide guidance concerning relating the GEF-financed activities to global, regional and national environmental assessments, policies, frameworks and plans, and to international environmental agreements. UNEP will also be responsible for establishing and supporting the Scientific and Technical Advisory Panel (STAP) as an advisory body for the GEF.

(c) The World Bank will play the primary role in ensuring the development and management of investment projects. The World Bank will draw upon its investment experience in eligible countries to promote investment opportunities and to mobilize private sector resources that are consistent with GEF objectives and national sustainable development strategies.

III. Process of Collaboration

12. The Implementing Agencies will be accountable to the Council for their GEF-financed activities in accordance with paragraph 22 of the Instrument.

13. Responsibility for facilitating and coordinating GEF-financed activities will be vested in the Secretariat in accordance with paragraph 21 of the Instrument. The Secretariat, in addition to services

Assembly and the Council, will provide a focal point for coordinating the GEF-financed activities of the Implementing Agencies, including interaction of the Implementing Agencies with the Council, coordination of the preparation of the GEF joint work program, oversight of the implementation of program activities pursuant to the joint work program, preparation and monitoring of budgets, and ensuring liaison with other bodies as appropriate.

14. In order to facilitate the collaboration between the agencies and ensure the effective development and execution of the GEF joint work program, an ongoing interagency process is essential. Such a process will be embodied in an interagency committee, which will function on two distinct levels:

(a) As an institutionalized high-level forum focusing on strategic operational issues, common direction and broad guidance of the interagency collaborative process. This forum will consist of the heads of agencies or their representatives and will be convened by the Chief Executive Officer of the Facility (CEO). It will meet regularly as needed, and no less than once a year.

(b) As a staff level interagency group which will collaborate with the Secretariat in the preparation and execution of the joint work program, focus on all pertinent issues concerning the operations of the Facility, its projects, communication and outreach, and other initiatives. This interagency group will be chaired by the Secretariat in accordance with paragraph 21(e) of the Instrument.

Other ad hoc interagency groups may be established as deemed necessary.

ANNEX E Constituencies of the GEF Council

1. GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as "recipient constituencies"), and 14 constituencies composed principally of non-recipient countries (referred to as "non-recipient constituencies").

2. The 18 recipient constituencies shall be distributed among the following geographic regions, bearing in mind the possibility of mixed constituencies:

Africa	6
Asia and Pacific	6
Latin America and Caribbean	4
Central, Eastern Europe and Former Soviet Union	2

3. For each geographic region referred to in paragraph 2, recipient constituencies shall be formed through a process of consultation among the GEF recipient country Participants in the region in accordance with their own criteria. It is expected that in this consultation process a number of criteria will be taken into account, including:

- (a) Equitable and balanced representation from within the geographic region;
- (b) Commonality of global, regional and subregional environmental concerns;
- (c) Policies and efforts towards sustainable development;

- (d) Natural resource endowment and environmental vulnerability;
- (e) Contributions to the GEF as defined in paragraph 25(c)(iii) of the Instrument; and
- (f) All other relevant and environment-related factors.

4. The non-recipient constituencies shall be formed through a process of consultation among interested Participants. It is expected that grouping of non-recipient countries will be primarily guided by total contributions as defined in paragraph 25(c) (iii) of the Instrument.

5. Consultations to form the constituencies shall take place following the acceptance of the Instrument by representatives of the States participating in the GEF. The GEF Secretariat will provide assistance to facilitate these consultations at the regional level. The Secretariat shall be informed of the initial composition of each constituency no later than May 15, 1994.

6. The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

7. The Participant or Participants in each constituency shall appoint a Member and an Alternate to represent the constituency in the Council. The names and addresses of the Members and Alternates for each constituency shall be communicated to the Secretariat no later than two weeks prior to the first meeting of the Council pursuant to paragraph 33 of the Instrument, and shall be subject to confirmation by the Participant or Participants in each constituency upon the confirmation of the constituencies by the Council under paragraph 6 above.

8. Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participant or Participants in that constituency and subsequent confirmation by the Council at its next meeting.

9. Each Council Member or Alternate shall represent the Participant or Participants in the constituency in which that Member or Alternate was appointed, subject to any adjustments pursuant to paragraph 8 above, and any termination of participation in accordance with paragraph 7 of the Instrument.

10. If the office of a Council Member or Alternate becomes vacant before the expiration of the term of office of the Member or Alternate, the Participant or Participants in the constituency concerned shall appoint a new Member or Alternate, whose name and address shall be communicated to the Secretariat no later than two weeks prior to the next meeting of the Council.

11. In accordance with paragraph 25(a) of the Instrument, the Council may adopt procedures to give effect to the provisions of this Annex.

V. Rules of Procedure for meetings of the GEF Council and the GEF Assembly

Rules of Procedure for the GEF Assembly (April 1998)

I. Scope

1. These rules of procedure shall apply to the conduct of business of the Assembly of the Global Environment Facility (GEF).

II. DEFINITIONS

2. For the purposes of these rules:

a. "Instrument" means the *Instrument for the Establishment of the Restructured Global Environment Facility*, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies.

b. "GEF" means the restructured Global Environment Facility established in accordance with, and for purposes set forth in, the Instrument.

c. "Chair" means the Representative elected Chairperson by the Assembly for the duration of a meeting in accordance with paragraph 13 of the Instrument.

d. "CEO" means the Chief Executive Officer/Chairperson of the Facility appointed by the GEF Council in accordance with paragraph 21 of the Instrument.

e. "Trustee" means the International Bank for Reconstruction and Development (IBRD or World Bank) acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 of the Instrument.

f. "Implementing Agencies" means the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank, in accordance with paragraph 22 of the Instrument.

g. "Secretariat" means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument.

h. "Participants" means States which have become Participants in the GEF in accordance with paragraph 7 of the Instrument.

i. "GEF Trust Fund" means the trust fund established in accordance with paragraph 8 of the Instrument.

j. "STAP" means the Scientific and Technical Advisory Panel established by UNEP in accordance with paragraph 24 of the Instrument.

k. "Attend" means that a representative shall be permitted to be present in the Assembly meeting room and, at the invitation of the Chair, may address the Assembly.

l. "Observe" means that a representative shall be permitted to observe the Assembly proceedings from a viewing room. At the invitation of the Chair, an observer may address the Assembly.

m. "Meeting" means any regular or special meeting of the Assembly.

n. "Session" means a period of a meeting.

o. "Major groups" means the nine major groups identified in Chapters 23-32 of Agenda 21.

III. ASSEMBLY

Attendance

Paragraph 13 of the Instrument provides:

The Assembly shall consist of Representatives of all Participants. ... Each Participant may appoint one Representative and one Alternate to the Assembly in such manner as it may determine. Each Representative and each Alternate shall serve until replaced.

3. Assembly meetings shall be open to accredited Representatives and Alternates of all Participants. Advisors may accompany each Representative in the meeting room during any session. Other advisors may observe the sessions of the Assembly from a viewing room.

4. Assembly meetings shall be open to the CEO and his/her representatives.

5. Representatives of:

- a. Implementing Agencies,
- b. Trustee,
- c. STAP,
- d. Convention on Biological Diversity,
- e. United Nations Framework Convention on Climate Change,
- f. Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund,
- g. United Nations Convention to Combat Desertification in those Countries Experiencing Severe Drought and/or Desertification, Particularly in Africa,
- h. United Nations Commission on Sustainable Development,
- i. Regional Development Banks,
- j. United Nations Specialized Agencies that have participated in GEF projects,
- k. Other funding organizations, including bilateral development agencies, that have participated in GEF projects, and
- l. accredited major groups,

shall be invited to the Assembly meetings. Four representatives from the organizations referred to in paragraphs a.-e. may attend the Assembly sessions. Two representatives from the organizations referred to in sub-paragraphs f.-k. may attend the Assembly sessions. Eighteen representatives from accredited major groups may attend Assembly sessions. Other representatives at the Assembly may observe the sessions of the Assembly from a viewing room.

Credentials

6. The credentials of Representatives and the names of Alternates and advisors shall be submitted to the CEO not less than three days before the first session they are to attend. The Bureau shall examine the credentials and submit a report thereon to the Assembly.

Frequency

Paragraph 13 of the Instrument provides:

The Assembly shall meet once every three years.

7. The CEO shall give notice of the date of each Assembly not less than sixteen weeks prior to the date of such Assembly. Notice shall be conveyed to all those invited to the Assembly in accordance with paragraphs 3 to 5 above.

IV. Agenda for Meetings

8. A provisional agenda for each Assembly meeting shall be prepared by the CEO and approved by Council. A copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 3 to 5 of these rules.

9. Additions to the provisional agenda may be proposed to the CEO by any Participant and incorporated in the final provisional agenda, provided that the Participant shall give notice thereof to the CEO not less than four weeks prior to the date fixed for the opening of the meeting. The CEO may also propose additions to the provisional agenda of the meeting. The final provisional agenda for the meeting shall be transmitted by the CEO to all those invited to the meeting in accordance with paragraphs 3 to 5 of these rules two weeks prior to the date fixed for the opening of the meeting.

10. The Assembly shall, at the beginning of each meeting, adopt the agenda for the meeting.

V. Transmittal of Documents

11. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraphs 3 to 5 of these rules at least six weeks before the date of the meeting. The CEO shall transmit documentation relating to new items on a final provisional agenda at the time of transmitting that agenda.

VI. Elections

12. At the commencement of its meeting, the Assembly shall elect a Chair and two vice-Chairs from among the Representatives attending the meeting: one vice-Chair shall be a Representative of a recipient

country Participant, and one vice-Chair shall be a Representative of a non-recipient country Participant. The Chair and vice-Chairs shall constitute the Bureau of the meeting.

13. The Chair shall decide on any special responsibilities of vice-Chairs.

14. The Chair shall serve in the meeting in that capacity, without the right to vote. The Alternate to Representative elected Chair shall act for the Representative in the meeting. If the Chair finds it necessary to be absent during a session or any part thereof, he/she shall designate one of the vice-Chairs to take his/her place.

VII. Secretariat

15. The CEO shall act in that capacity in all meetings of the Assembly and shall serve as an ex-officio member of the Bureau of the meeting. The CEO may authorize an official of the Secretariat to act in place at meetings of the Assembly.

16. An official of the Secretariat designated by the CEO shall serve as Secretary of the Assembly.

VIII. LANGUAGES

17. Documentation for the Assembly will be made available in Arabic, Chinese, English, French, Russian, and Spanish. Interventions shall be made at the Assembly meetings in either Arabic, Chinese, English, French, Russian, or Spanish, and shall be interpreted into the other five languages.

IX. CONDUCT OF BUSINESS

18. The Chair shall preside over the meetings of the Assembly.

Interventions

19. The Chair shall call upon Representatives in the order in which they indicate their desire to speak. The Chair may also, at his/her discretion, call upon representatives of organizations and groups listed in paragraph 5 to speak.

20. Debates shall be confined to the question before the Assembly, and the Chair may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

21. With the consent of the Assembly, the Chair may limit the time allowed to speakers and the number of times a speaker may speak on any question.

Closure of list of speakers

22. During the course of a debate, the Chair may announce the list of speakers and, with the consent of the Assembly, declare the list closed. When there are no more speakers on the list, the Chair shall declare the debate closed.

X. Decision of the Assembly

Paragraph 25(b) of the Instrument provides:
Decisions of the Assembly ... shall be taken by consensus.

Proposed recommendations of the Council

23. The Council shall prepare for consideration by the Assembly its proposed recommendations and decisions concerning the issues under review by the Assembly.

XI. Record of the Meeting

24. Before the end of each meeting, the Chair shall prepare, in consultation with the Bureau, and prepare a summary of the main discussions and conclusions of the meeting. Any recommendation/decision approved by the Assembly at a meeting shall be appended to the Chair's summary. The Chair's summary and the Assembly's recommendations/decisions shall be a public document.

25. The Secretariat will arrange for sound recordings of the proceedings of each meeting. The sound recordings of the meetings of the Assembly shall be kept by the Secretariat.

XII. Amendments to the Rules

26. These rules may be amended by consensus of the Assembly.

XIII. Overriding Authority of the Instrument

27. In the event of any conflict between any provision of these rules and any provision of the Instrument, the provisions of the Instrument shall prevail.

Rules of Procedure for the GEF Council (November 1994, amended in May 1999)

I. SCOPE

1. These rules of procedure shall apply to the conduct of business of the Council of the restructured Global Environment Facility.

II. DEFINITIONS

2. For the purposes of these rules

a. "Instrument" means the Instrument for the Establishment of the Restructured Global Environment Facility, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies.

b. "GEF" means the restructured Global Environment Facility established in accordance with, and for the purposes set forth in, the Instrument.

c. "Council" means the Council of the GEF established in accordance with paragraphs 11 and 15 to the Instrument.

- d. "Elected Chairperson" means the Member elected Chairperson by the Council for the duration of meeting in accordance with paragraph 18 of the Instrument.
- e. "CEO" means the Chief Executive Officer/Chairperson of the Facility appointed by the Council in accordance with paragraph 21 of the Instrument.
- f. "Chair" means the Elected Chairperson and/or the CEO, as the case may be, who is responsible for conducting the deliberations of the Council meeting in accordance with paragraph 18 of the Instrument.
- g. "Trustee" means the International Bank for Reconstruction and Development (IBRD or World Bank) acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 of the Instrument.
- h. "Implementing Agencies" means the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank in accordance with paragraph 22 of the Instrument.
- i. "Secretariat" means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument.
- j. "Participants" means States which have become Participants in the GEF in accordance with paragraph 10 of the Instrument.
- k. "GEF Trust Fund" means the trust fund established in accordance with paragraph 8 of the Instrument.
- l. "GET" means the Global Environment Trust Fund established for the GEF pilot program by Resolution No. 91-5 of the Executive Directors of the World Bank.
- m. "STAP" means the Scientific and Technical Advisory Panel established by UNEP in accordance with paragraph 24 of the Instrument.
- n. "Attend" means that a representative shall be permitted to be present in the Council meeting room at the invitation of the Chair, may address the Council.
- o. "Observe" means that a representative shall be permitted to observe the Council proceedings from the viewing room. At the invitation of the Chair, an observer may address the Council.
- p. "Meeting" means any regular or special meeting of the Council.
- q. "Session" means a period of a meeting.

III. COUNCIL

Members and Alternates

Paragraph 16 of the Instrument provides:

The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants and giving weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 16 Members from developed countries and 2 Members from the countries of central and eastern Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be reappointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for the absent Member.

3. In the event that both a Member and his/her Alternate are unable to attend a Council meeting, the Member may designate a temporary Alternate to act for him/her.

4. Except as may be expressly provided otherwise in these rules, any reference in these rules to a Member shall be deemed to include his/her Alternate or temporary Alternate when such Alternate acts for such Member.

Appointment/reappointment of Member/Alternate by a constituency

5. The outgoing Council Member, after consultation with the Participant or Participants in his/her constituency, shall communicate in writing to the CEO no later than 45 days prior to the expiration term the name and address of the newly appointed/reappointed Member/Alternate for the constituency. The CEO shall acknowledge this communication. Such acknowledgement shall be copied to all Participants in the constituency as well as to the Council Members and Alternates.

6. When informing the CEO of the appointment/reappointment of a Member/Alternate, the Council Member shall explicitly confirm that such appointment is being made with the agreement of the constituency after consultation with all Participants in the constituency.

7. The appointment/reappointment of a Council Member/Alternate shall be deemed confirmed, unless more Participants in the constituency communicates a written objection to the CEO within two weeks of the CEO's acknowledgement. If any objection is raised, the CEO shall inform the Participants to reach a consensus agreement on the appointment/reappointment of the Council Member/Alternate. The consensus agreement shall be communicated to the CEO/GEF as early as possible. The CEO will acknowledge this agreement in accordance with the procedure provided for in paragraph 2 above.

8. If a consensus agreement cannot be reached in a timely manner, Council Members/Alternates shall continue in office until their successors are appointed. The CEO shall draw to the Council's attention the lack of consensus that has not been resolved at the time of the expiration of the term of the outgoing

Member/Alternate, and he/she may recommend to the Council modalities for providing assistance to facilitate consultations among the Participants. The Council shall advise the CEO on such recommendations.

9. If the positions of both Member and Alternate of a constituency are vacant, the focal point of any Participant in the constituency may inform the CEO of appointment/reappointment of a Member and Alternate, provided the Participant shall explicitly confirm that such appointment is being made with agreement of the constituency after consultations with all Participants in the constituency.

10. Unless otherwise decided by the Participants in a constituency, the principles of decision making of the Council provided for in paragraph 25 of the Instrument for the Restructured Global Environment Facility shall apply *mutatis mutandis* to the constituency's decision making concerning the appointment/reappointment of the Member/Alternate.

11. When a Council Member/Alternate is to be appointed/reappointed, if the Member has not informed the CEO of the name and address of the new/reappointed Member/Alternate 45 days before the end of the term of the outgoing Council Member/Alternate, the CEO shall notify the Participants in the constituency of the expiration of the term and invite the Participants in the constituency to appoint/reappoint a new Council Member/Alternate.

Constituencies

Annex E, paragraph 1, of the Instrument provides:

GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as "recipient constituencies") and 14 constituencies composed principally of nonrecipient countries (referred to as "non-recipient constituencies").

Annex E, paragraph 6, of the Instrument provides:

The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

Annex E, paragraph 8, of the Instrument provides:

Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting.

12. At its first meeting after the effective date of the establishment of the GEF Trust Fund, the grouping of constituencies shall be subject to confirmation by the Council. At any meeting subsequent to

notification to the Secretariat by a Member that a Participant has joined the Member's constituency, notification shall be subject to confirmation by the Council.

Change in constituency grouping

13. If, in accordance with the provisions of Annex E of the Instrument, a Participant cannot identify constituency within which to be grouped, it may request the CEO to assist it in identifying an appropriate constituency grouping. The CEO shall undertake consultations with the Council Members concerned who shall in turn consult with the Participants in their constituency. The CEO shall inform the Council if he/she is unable to identify a constituency grouping for the Participant.

14. If a Participant wishes to change the constituency in which it is grouped, the procedures provided in paragraph 8 of Annex E of the Instrument shall apply. That is, after consultation with the Participant in the constituency in which it wishes to be grouped, the Participant shall notify the Secretariat of its interest in changing its constituency grouping. The Participant shall be grouped in the new constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting. The Council Member for the constituency shall confirm the constituency's agreement and the Council shall confirm the new constituency grouping at its next meeting.

IV. MEETINGS

Frequency

Paragraph 17 of the Instrument provides:

The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities.

15. The CEO shall convene two regular meetings of the Council in each calendar year. Such meetings shall normally be convened in April and October. Special meetings of the Council may be called by the CEO, after consultation with Members, when necessary decisions have to be made that cannot await adoption in a regular meeting or that are not taken pursuant to paragraphs 43 through 45.

16. The CEO shall give notice of the date of each regular meeting of the Council not less than eight weeks prior to the date of such meeting. The CEO shall give such notice for any special meeting of the Council not less than four weeks prior to the date of such meeting. Notice shall be conveyed to all those invited to the meeting in accordance with paragraphs 17 to 22 below.

Attendance

17. Council meetings shall be open to Members, Alternates and the CEO or his/her representative. Advisors may accompany each Member.

18. Representatives of each of the Participants shall be invited to observe the Council meetings.

19. Representatives of the Implementing Agencies, the Trustee and STAP shall be invited to attend Council meetings.

20. Consistent with paragraph 27 of the Instrument, representatives of the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity shall, on a reciprocal basis, be invited to attend the Council meetings and, as appropriate, to make a general introductory statement at each regular Council meeting and shall be provided with an opportunity after their statements to respond to questions from Members. In addition, such representatives, subject to paragraphs 34 and 35, may intervene in the discussions of relevant agenda items before the Council.

21. Representatives of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, and the United Nations Commission on Sustainable Development shall also be invited to attend the Council meetings.

22. The CEO may, in consultation with the Council, invite representatives of other organizations and entities, including NGOs, to attend or observe the Council meetings.

Executive sessions

23. Executive sessions of Council meetings may be held by decision of the Council. Executive sessions shall be open to Members, Alternates, advisors, and the CEO or his/her representative. The Council may invite representatives of bodies referred to in paragraphs 19 to 21 to attend an executive session. The Council may designate an official of the Secretariat to serve as the Secretary of an executive session.

Quorum

Paragraph 17 of the Instrument provides:

Two-thirds of the Members of the Council shall constitute a quorum.

V. AGENDA FOR MEETINGS

24. A provisional agenda for each regular meeting of the Council shall be prepared by the CEO, and a copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules.

25. Additions to the provisional agenda of a regular meeting may be proposed to the CEO by any Member and incorporated in the final agenda provided that the Member shall give notice thereof to the CEO less than fourteen days prior to the date fixed for the opening of the meeting. The final agenda for the meeting shall be transmitted by the CEO to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules seven days prior to the date fixed for the opening of the meeting.

26. An agenda for each special meeting of the Council shall be prepared by the CEO, and a copy of agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules.

27. The Council shall, at the beginning of each meeting, adopt the agenda for the meeting.

28. Any item included on the agenda for a meeting of the Council, consideration of which has not been completed at that meeting, shall, unless the Council decides otherwise, be automatically included on the provisional agenda for the next meeting.

VI. TRANSMITTAL OF DOCUMENTS

29. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules at least four weeks before the start of a regular meeting and as soon as possible before a special meeting. The CEO shall transmit documentation relating to new items on a final agenda at the time of transmitting that agenda.

VII. ELECTED CHAIRPERSON

Paragraph 18 of the Instrument provides:

At each meeting, the Council shall elect a Chairperson from among its Members for the duration of the meeting.

The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members.

30. For purposes of this paragraph and paragraph 18 of the Instrument, the nonrecipient Members shall include the Members from developed countries and the Members from countries of central and east Europe and the former Soviet Union. The Members from the group that is entitled to the position of elected Chairperson for any meeting shall nominate a Member to be elected by the Council at that meeting.

31. The elected Chairperson shall serve in the meeting in that capacity, without the right to vote. The Alternate to the Member elected Chairperson shall act for the Member in the meeting. If during the meeting the elected Chairperson should no longer be able to serve in that capacity, the group that is entitled to the position for such meeting shall nominate another Member to serve as elected Chairperson.

VIII. CHIEF EXECUTIVE OFFICER/CHAIRPERSON OF THE FACILITY (CEO)

Paragraph 21 of the Instrument provides:

The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be reappointed by the Council. The CEO may be removed by the Council only for cause.

IX. SECRETARY OF THE COUNCIL MEETINGS

32. An official of the Secretariat designated by the Chief Executive Officer shall serve as Secretary of Council meetings.

X. LANGUAGES

33. Interventions shall be made at the Council meetings in either English, French or Spanish and shall be interpreted into the other two languages.

XI. CONDUCT OF BUSINESS

Chair of Deliberations

Paragraph 18 of the Instrument provides:

The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20(b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and nonrecipient Council Members. The Chief Executive Officer of the Facility (CEO) shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20(c), (e), (f) and (h). The elected Chairperson and the CEO shall jointly conduct deliberations of the Council on issues related to paragraph 20(a).

Paragraph 20 of the Instrument provides:

The Council shall:

- (a) keep under review the operation of the Facility with respect to its purposes, scope and objectives;
- (b) ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis;
- (c) review and approve the work program referred to in paragraph 29, monitor and evaluate progress, the implementation of the work program and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work program;
- (d) arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;
- (e) direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;
- (f) approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9(b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;
- (g) act as the focal point for the purpose of relations with the Conferences of the Parties to the Convention referred to in paragraph 6, including consideration, approval and review of the arrangements.

or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;

(h) in accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, program priorities and eligibility decided by the Conference of the Parties for the purposes of the convention concerned;

(i) appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;

(j) review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities under the Facility;

(k) in accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and

(l) exercise such other operational functions as may be appropriate to fulfill the purposes of the Facility.

Interventions

34. Debate shall be confined to the question before the Council, and the Chair may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

35. With the consent of the Council, the Chair may limit the time allowed to speakers and the number of times a speaker may speak on any question.

Closure of list of speakers

36. During the course of a debate, the Chair may announce the list of speakers and, with the consent of the Council, declare the list closed. When there are no more speakers on the list, the Chair shall declare the debate closed.

XII. DECISIONS OF THE COUNCIL

Paragraph 25(b) of the Instrument provides:

Decisions of the Council shall be taken by consensus. In the case of the Council if, in the consideration of any matter of substance, all practicable efforts by the Council and its Chairperson have been made and consensus appears attainable, any Member of the Council may require a formal vote.

Paragraph 25(c) of the Instrument provides:

Unless otherwise provided in the Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions.

Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents.

For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C to the Instrument and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of co-financing and parallel financing made under the GEF pilot program, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made pursuant to paragraph 7(c) of Annex C of the Instrument shall be deemed to be contributions to the GET.

37. The Chair shall ascertain a consensus. Whenever decisions require a formal vote, the written text of the motion shall be distributed to all Members. Except in the case of a proposed decision transmitted in accordance with paragraphs 43 to 45, a formal vote shall only be taken at the Council meeting succeeding the meeting at which the written motion is distributed.

38. If an amendment to a proposal before the Council is presented by a Member or Members, voting shall take place first on this amendment. In case of more than one amendment, voting shall take place first on the amendment furthest removed from the original proposal.

Method of voting

39. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the Members, beginning with the Member whose name is drawn by lot by the Chair. The name of each Member shall be called in all roll-calls, and he/she shall indicate the votes (“yes” or “no”), abstention or non-participation of the Participants in the constituency.

40. Votes cast by each Member on behalf of each Participant participating in a roll-call shall be recorded in the Chairs’ joint summary of the meeting.

Conduct of voting

41. The Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

42. Members may, before the announcement of the start of voting or after the results of the vote have been announced, make brief statements consisting solely of explanation of their votes.

Decisions without meeting

43. Whenever, in the judgment of the CEO, a decision must be taken by the Council which should not be postponed until the next regular meeting of the Council but does not warrant the calling of a special meeting of the Council, the CEO shall transmit to each Member by any rapid means of communication a proposed decision with an invitation to approve the decision on a no objection basis. Such communication shall also be transmitted to all those who would be invited to a meeting in accordance with paragraph 22.

44. Each Member's comments on the proposed decision on behalf of his/her constituency shall be sent to the CEO during such period as the CEO may prescribe, provided such period is not less than two weeks.

45. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If there is an objection raised by any Member or if replies are not received from at least two-thirds of the Members, the CEO shall include consideration of the proposed decision as an item on the agenda for the next meeting of the Council. The CEO shall notify all those that received the communication referred to in paragraph 43 of the action he/she takes pursuant to this paragraph.

XIII. RECORD OF THE MEETING

46. Before the end of each meeting, the Chairs shall present a joint summary of the main discussion and conclusions of the meeting. Any decision approved by the Council at a meeting shall be appended to the Chairs' joint summary. The Chairs' joint summary and the Council decisions shall be a public document.

47. The Secretariat will arrange for sound recordings of the proceedings of each meeting. The sound recordings of the meetings of the Council shall be kept by the Secretariat.

XIV. AMENDMENTS TO THE RULES

48. These rules may be amended by consensus of the Council.

XV. OVERRIDING AUTHORITY OF THE INSTRUMENT

49. In the event of any conflict between any provision of these rules and any provision of the Instrument, the provisions of the Instrument shall prevail.

VI. Resolutions from the GEF Assembly

The New Delhi Statement of the First GEF Assembly (April 1998)

The Assembly of the Global Environment Facility,

Having met for the first time in New Delhi from April 1-3, 1998,

Expressing its utmost appreciation to the Government and people of India for hosting the Assembly and for their generosity, hospitality and the excellent arrangements made available to all Participants,

Taking note of the views expressed by Representatives of GEF Participant states at this Assembly,

Recognizing that the GEF is the multilateral funding mechanism dedicated to promoting global environmental protection within a framework of sustainable development by providing new and additional grant and concessional funding.

Recognizing also that its beneficiaries are all people of the globe, and that the need for the GEF is even greater as we enter the new millennium given the state of the global environment and of underdevelopment,

Stressing that the GEF is a unique and successful example of international cooperation that offers lessons for other endeavors,

Affirming the significant role of the GEF in supporting the objectives of agreed global environmental conventions and protocols, such as the Convention on Biological Diversity, the UN Framework Convention on Climate Change and the Kyoto Protocol, the Vienna Convention and the Montreal Protocol on Substances that Deplete the Ozone Layer, and the UN Convention to Combat Desertification.

Acknowledging the significant progress that has been made by the GEF, its Implementing Agencies (UNDP, UNEP and the World Bank), and the Secretariat, in the four years since its restructuring in its organization and management, in establishing its institutional and operational framework, and in supporting developing countries and countries with economies in transition in their efforts for global environmental improvements and in implementing the Rio conventions,

Acknowledging further the excellent work of the Scientific and Technical Advisory Panel (STAP) in providing strategic advice and in reviewing projects,

Welcoming the Second Replenishment of the GEF Trust Fund of \$2.75 billion which will enable the GEF to continue its successful efforts to promote global environmental goals and sustainable development,

Taking note of Council's decisions and drawing, as appropriate, upon analyses and recommendations from the Study of GEF's Overall Performance, the Study of GEF Project Lessons, the GEF Project Implementation Review, and the CEO's Report on the Policies, Operations and Future Development of the GEF,

Agrees that for the GEF to meet its deepening potential and fulfill its multiple missions:

1. GEF should remain a facility at the cutting edge, innovative, flexible and responsive to the needs of its recipient countries, as well as a catalyst for other institutions and efforts.

2. GEF activities should be country-driven and efforts should be strengthened to achieve country ownership of GEF projects. To achieve this,

- a. GEF activities should be based on national priorities designed to support sustainable development and the global environment,
- b. GEF should develop and implement a strategy for greater outreach and communication to reach GEF's multiple constituencies, with a view to enhancing global awareness of the global environment and the GEF, and should increase consultations with non-governmental organizations (NGOs) and local communities concerning GEF activities,
- c. GEF should develop and implement an action plan to strengthen country-level coordination to promote genuine country ownership of GEF-financed activities, including the active involvement of local and regional experts and community groups in project design and implementation.

3. GEF should increase efforts towards ensuring the sustainability of the global environmental benefits generated by GEF-financing and should act as a catalyst to bring about longer-term coordination efforts with other funders for capacity building and training.

4. GEF should streamline its project cycle with a view to making project preparation simple, transparent and more nationally driven.

5. GEF should undertake longer-term planning and multi-year support programs with a view to maximizing global environmental benefits.

6. While recognizing the importance of the principle of incremental costs for the GEF, its definition should be made more understandable. GEF should make the process of determining incremental costs more transparent and its application more pragmatic.

7. GEF should be a learning entity and should strengthen its monitoring and evaluation functions and increase efforts to disseminate lessons learned from its experience in implementing its portfolio projects and to stimulate the transfer and adoption of new technologies by recipient countries.

8. In consultation with the Secretariat of the UN Convention to Combat Desertification, GEF should seek to better define the linkages between land degradation, particularly desertification and deforestation, and its focal areas and to increase GEF support for land degradation activities as they relate to the GEF focal areas.

9. GEF Implementing Agencies should promote measures to achieve global environmental benefits within the context of their regular programs and consistent with the global environmental conventions while respecting the authority of the governing bodies of the Implementing Agencies.

10. GEF should build strong relationships and networks with the global scientific community, especially with national scientists and scientific institutions in recipient countries.

11. GEF should promote greater coordination and co-financing of its activities from other sources, including bilateral funding organizations, and should expand opportunities for execution of activities by those entities referred to in paragraph 28 of the Instrument, in particular the Regional Development Banks and non-governmental organizations (NGOs).

12. GEF should strive to mobilize additional resources from both public and private sources. GEF, as a platform for technological change, should also explore new opportunities for private sector partnerships as well as private-public joint ventures

Beijing Declaration of the Second GEF Assembly (October 2002)

The Second Global Environment Facility Assembly,

Having met in Beijing, China, from October 16-18, 2002,

Expressing its deep appreciation to the Government and people of the People's Republic of China for hosting the Assembly and for their exceptional generosity, hospitality and arrangements extended to all Participants,

Taking note of the views expressed by Representatives of GEF Participant States at this Assembly,

Recognizing that managing the global environment benefits all people, since we live in an integrated and interdependent world, and that sustainable development is essential to secure poverty eradication and greater welfare for all people,

Acknowledging that the last decade has been a period of significant global change and underscoring the importance of the Millennium Development Goals and amongst those in particular the goal "to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoiled by human activities, and whose resources would no longer be sufficient to meet their needs."

Welcoming the conclusions of the World Summit on Sustainable Development held in Johannesburg, South Africa, in August/September 2002, that deepened and strengthened the concept and principles of sustainable development, confirmed the importance of multilateral action at the global level and the principle of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development, and endorsed as a critical priority the effective implementation of the WSSD Plan of Implementation,

Noting that since the first Assembly, the GEF has produced significant results in effectively mobilizing its resources for global environmental protection and sustainable development, has strengthened and clarified its institutional structure, and improved the efficiency and effectiveness of its management operations,

Welcoming the successful and substantial Third Replenishment of the GEF Trust Fund in the amount of US\$2.966 billion (SDR 2.341 billion) which includes voluntary contributions and which provide additional resources necessary to enable the GEF to address the funding requirements of new focal areas and existing ones and to continue to be responsive to the needs and concerns of its recipient countries,

Reaffirming the GEF's overarching objectives, as enunciated in the *Instrument for the Establishment of the Restructured GEF*, of providing new and additional grant and concessional funds to meet the agreed incremental costs of measures to achieve global environmental benefits within a framework of sustainable development,

Noting that the GEF is a novel multilateral entity based on a partnership among member states as well as among the GEF Secretariat, STAP, and the three implementing agencies - UNDP, UNEP and the World Bank - which have made significant contributions to the evolution and success of the GEF,

Welcoming the increasing partnership with the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, and the United Nations Industrial Development Organization through expanded opportunities for executing agencies,

Also recognizing that the GEF is the only multi-convention financing facility in existence and is now the major source of funding specifically supporting the Convention on Biological Diversity and the UN Framework Convention on Climate Change and that the GEF is also a source of funding supporting the Stockholm Convention on Persistent Organic Pollutants and the UN Convention to Combat Desertification,

Welcoming the steps that have been taken to further strengthen the relationships with these conventions,

Agreeing that the GEF should continue to evolve and apply lessons learned, taking note of the Council's decisions and the views and proposals of the Participants and drawing upon the analysis and recommendations from the Second Overall Performance Study of the GEF (OPS2), the third replenishment of the GEF Trust Fund and the *CEO's Report on the Policies, Operations and Future Development of the GEF*,

Agrees that in order to further strengthen the GEF to respond to its evolving challenges:

Expanded mandate of the GEF

1. Land degradation, primarily desertification and deforestation, and persistent organic pollutants shall be new GEF focal areas. In this regard, the decision approved by the Assembly to amend the *Instrument for the Establishment of the Restructured GEF* is appended to this statement.

2. The Assembly, recalling paragraph 39(f) of the WSSD Plan of Implementation, confirms that the GEF shall be available as a financial mechanism of the *UN Convention to Combat Desertification in the Arid and Semi-Arid Countries Experiencing Serious Drought and/or Desertification, particularly in Africa*, pursuant to paragraph 21 of the Convention, if the Conference of the Parties should so decide. In this regard, the Assembly requests the Council to consider any such decision of the Conference of the Parties with a view to making the necessary arrangements.

Third replenishment of the GEF Trust Fund

3. In welcoming the third replenishment, the largest ever, the Assembly calls upon countries and other entities who are in a position to do so to make additional contributions to the GEF.

World Summit on Sustainable Development

4. The GEF should assist in the implementation of the results of the WSSD through its work, consistent with its mandate and taking into account the situation of Least Developed Countries and Small Island Developing States. In particular, the GEF should take into account the importance placed by the Summit on regional and sub-regional initiatives, such as NEPAD and the Barbados Programme of Action for Sustainable Development of Small Island Developing States, and on public participation, stakeholder involvement and partnerships.

Enhancement of GEF activities at the country level

5. Country drivenness and country ownership are essential to the success of GEF activities. GEF activities should be consistent with national priorities and integrated into national planning frameworks such as national sustainable development strategies and poverty reduction strategies. The GEF should consult with each country on the range of operational tools and programming options developed for accessing GEF assistance (e.g. the small grants program, enabling activities, medium-sized projects, programmatic approach, and strategic partnerships) so as to tap the most appropriate tools to address needs and enhance performance and effectiveness.

6. The GEF should continue to enhance its partnership with civil society, including nongovernmental organizations, local communities and indigenous peoples' organizations, at the country level. In this regard, the GEF should seek to expand the Small Grants Program to more countries, and in particular the Least Developed Countries and Small Island Developing States.

7. National operational focal points should be strengthened to effectively carry out their responsibilities to the GEF.

Capacity building

8. Capacity building is essential to achieving results and improving performance at the country level. Capacity needs and priorities of recipient countries should be identified and addressed in a systematic manner if such countries are to be effective in addressing global environment issues. Where a need is identified for capacity building, removal of policy barriers or strengthening of other conditions that contribute to project success, such capacity building needs or barriers should be addressed as a first step.

9. In addressing capacity building, the GEF should foster synergies amongst the global environment conventions and coordinate enabling and capacity building activities to achieve effectiveness, efficiency and better mainstreaming of global environmental issues into the sustainable development agenda. Medium sized projects should play an important role in GEF action for capacity building, particularly in Least Developed Countries and Small Island Developing States.

Strategic planning

10. The GEF should enhance its strategic business planning for allocating scarce GEF resources to high priority areas within and among focal areas, taking into account national priorities, with a view to

maximizing the impact of these resources on global environmental improvements and promoting so environmental policies and practices worldwide.

Project cycle

11. The GEF should continue to be a cutting-edge, country-driven facility that is creative, responsive and capable of programming sustainable global environmental benefits. In this regard, the GEF project should be reviewed, in cooperation with the Implementing and Executing Agencies as well as national operational focal points, with a view towards making it more simple and efficient and taking into account lessons learned and findings of the GEF monitoring and evaluation program.

Incremental Costs

12. GEF should continue its efforts to make more understandable the concept of agreed incremental and global benefits by countries and staff of the Implementing and Executing Agencies. Efforts should be aimed at linking global environmental benefits and incremental costs in a negotiating process that countries and the GEF would use to reach agreement on incremental costs, recognizing that the process for determining incremental costs should be transparent, flexible and pragmatic.

Catalytic Role

13. The GEF should strengthen its catalytic role, through mainstreaming, cofinancing, and particularly replication of successful activities on a much larger scale.

Technology Transfer and Private Sector

14. The GEF should enhance technology transfer by strengthening public-private partnerships and technology cooperation, both North/South and South/South.

15. Recognizing previous efforts to engage the private sector, the GEF should develop a new strategy for dialogue with private sector entities, to better engage the private sector with greater emphasis on the development of an enabling environment and market-oriented strategies to enhance sustainability and replication. Such a strategy should aim to further improve operational procedures so as to expand GEF partnerships with the private sector.

Measuring performance through strengthened monitoring and evaluation

16. The GEF should ensure that strategic goals and priorities established in the strategic business plan are linked to programmatic and project performance indicators, including expected outcomes that can be monitored and measured with a view to assessing progress towards fulfilling such strategic goals.

17. In this regard, the GEF monitoring and evaluation unit, for purposes of evaluation, should be made independent, reporting directly to the Council. The GEF should establish procedures to disseminate lessons learned and best practices to ensure more systematic use of the results and outputs of GEF projects for the improvement of planning and subsequent activities.

18. The Assembly expresses its deep appreciation to Mohamed T. El-Ashry for his outstanding commitment and strong leadership and vision in building the GEF as the premier funding mechanism for the global environment during his decade of service as the first CEO/Chairman of the GEF.

Appendix:

Decision of the Second Global Environment Facility Assembly

The Second Global Environment Facility Assembly,

Recalling paragraph 34 of the Instrument for the Establishment of the Restructured Global Environment Facility,

Having considered the recommendations of the GEF Council for proposed amendments to the Instrument,

1. Approves by consensus the following amendments to the Instrument:

(a) Amend paragraph 2 by adding two new subparagraphs (e) and (f), which reads:

“(e) Land degradation, primarily desertification and deforestation; and

(f) Persistent organic pollutants.”

(b) Revise paragraph 3 to read:

“The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they contribute to achieve global environmental benefits by protecting the global environment in the focal areas.”

(c) Insert a new sentence before the penultimate sentence of paragraph 6, which reads:

“The GEF shall also be available to serve as an entity entrusted with the operation of the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants.”

(d) Amend the penultimate sentence of paragraph 6 to read:

“In such respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, program priorities and eligibility criteria for the purposes of the conventions.”

(e) Amend paragraph 21(f) to read:

“Coordinate with the Secretariats of other relevant international bodies, in particular the Secretariats of the conventions referred to in paragraph 6, the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund and

United Nations Convention to Combat Desertification in Countries Experiencing Severe Drought and/or Desertification, Particularly in Africa.”

2. *Invites* the CEO/Chairman of the Facility to submit these amendments to the Implementing Agencies and the Trustee and to request that they adopt the amendments in accordance with their respective internal and procedural requirements.

3. *Invites* the CEO/Chairman of the Facility to inform all Participants of the effectiveness of the amendments once the Implementing Agencies and Trustee have approved them.

VII. Decisions of the Council of the GEF concerning the relations with the Convention on Biological Diversity

First GEF Council Meeting (July 1994)

Second GEF Council Meeting (November 1994)

Third GEF Council Meeting (February 1995)

Fourth GEF Council Meeting (May 1995)

Decision on agenda Item 10: Arrangements with the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change.

“16. The Council reviewed the information on progress that had been made within the context of the Convention on Biological Diversity and the Framework Convention on Climate Change towards developing arrangements with their financial mechanisms. The Council took note of the request of the convention that its secretariat consult with the GEF on the content of such arrangements. The Council requests the GEF Secretariat to carry out appropriate consultations on its behalf with each of the convention secretariats with a view to simultaneously transmitting to the Parties to the Convention and the GEF Council a jointly - prepared draft text for their consideration. The Council also requests the Secretariat to submit to the Council at its July meeting a report on its consultations with the Secretariat of the Convention on Biological Diversity and the Secretariat of the Framework Convention on Climate Change including the most current elements of the draft arrangements.”

Fifth GEF Council Meeting (July 1995)

Decision on agenda Item 9: Arrangements with the Convention on Biological Diversity and the Framework Convention on Climate Change

“16. The Council reviewed document GEF/C.5/8, Arrangements with the Conventions, including the Draft Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility regarding the Institutional Structure Operating the Financial Mechanism of the Convention and the Draft Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility. The Council noted with appreciation the significant progress that had been made by the secretariats of the conventions and the Secretariat of the GEF in preparing the draft memorandums.

17. With regard to the bracketed text in the draft memorandum of understanding for purposes of the Convention on Biological Diversity, the Council suggests that consideration be given to including in the draft memorandum the text of paragraph 4.3(c) that was suggested by the GEF Secretariat and the text of paragraph 4.5 that was suggested by the Convention secretariat.

18. The Council requests the Secretariat to continue its consultations with the Secretariat of the Convention on Biological Diversity with a view to preparing a consensus draft of the memorandum of understanding for consideration by the second meeting of the Conference of the Parties to the Convention on Biological Diversity.

19. The Council also requests the Secretariat to review with the two convention Secretariats the drafts of the memorandums with a view to promoting consistency in the drafting of similar provisions, taking into account the written comments submitted by Council Members.”

Decision on agenda Item 11: Draft Report of GEF to Second Meeting of the Conference of the Parties to the Convention on Biological Diversity (November 1995)

“21. The Council reviewed the proposed draft report of the GEF to the second meeting of the Conference of the Parties to the Convention on Biological Diversity. The Council requests the Secretariat to prepare the report for submission to the second meeting of the Conference of the Parties in November 1995 taking into account the comments made by Council Members.”

Sixth GEF Council Meeting (October 1995)

Seventh GEF Council Meeting (April 1996)

Decision on agenda item 10: Relations with Conventions

“24. The Council, having reviewed document GEF/C.7/11, Relations with Conventions:

(a) takes note of the decisions of the second meeting of the Conference of the Parties to the Convention on Biological Diversity relevant to the GEF in its capacity as the institutional structure operating, on an interim basis, the financial mechanism of the Convention;

(b) approves the proposed draft annex to the Memorandum of Understanding between the Conference of the Parties to the UN Framework Convention on Climate Change and the Council of the GEF on Determination of Funding Necessary and Available for Implementation of the Convention, with the revision that the last sentence of paragraph 3 will be amended to read: "The COP may, in its action plan, consider the adequacy of the resources available for the implementation of the Convention and

(c) approves an approach for reporting to the Conferences of the Parties to the Convention on Biological Diversity and the Framework Convention on Climate Change. This approach is to submit to the CC the most recent GEF Annual Report and the Quarterly Operational Report, together with a factual update note prepared for the COP addressing a synthesis view of GEF activities in the focal area address the Convention and showing how the COP guidance and decisions have been implemented. The note could also, when appropriate, specify issues on which the GEF would like to seek COP guidance. The note would be circulated in draft form to the Council for comment prior to its transmittal to the COP.

Eighth GEF Council Meeting (October 1996)

Decision on agenda Item 9: Relations with Conventions

“10. The Council, having reviewed document GEF/C.8/9, Relations with Conventions, takes note with appreciation of the collaborative efforts that have been made by the secretariats of the conventions and the GEF to build an effective working relationship. The Council takes note of the decisions of the second session of the Conference of the Parties to the UN Framework Convention on Climate Change and the early initiatives of the Secretariat and Implementing Agencies to respond to those decisions. The Council also notes the steps that have been agreed upon to ensure the rapid preparation, approval and implementation of enabling activities and medium-sized projects, and urges the Secretariat and the Implementing Agencies to seek every opportunity to expedite the work of the GEF in recipient countries and in particular, in carrying out enabling activities. The Council confirms that enabling activities in the climate change area are to be implemented in line with the new guidance of the Conference of the Parties concerning national communications of non-Annex I Parties. The Council, recognizing that each Convention is to undertake a review of the effectiveness of its financial mechanism in 1997, requests the Secretariat to collaborate, as appropriate, with each Convention in its review and to keep the Council apprised of the review process. Council Members and GEF Participants are encouraged to participate fully in the review process to be undertaken by the Conventions.”

Decision on agenda Item 10: Report of the GEF to the COP of the CBD

“11. The Council reviewed the draft Report of the GEF to the third meeting of the Conference of the Parties to the Convention on Biological Diversity. Finding that the report responds to the reporting guidance of the Conference of the Parties, the Council approves the report subject to comments made at the meeting. The Council requests the Secretariat to prepare the report for submission to the third meeting of the Conference of the Parties in November 1996, taking into account the comments made by Council Members.”

Ninth GEF Council Meeting (April/May 1997)

Decision on agenda Item 11: Relations with Conventions

“7. The Council, having reviewed document GEF/C.9/7, Relations with Conventions, approves the Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility set forth in Attachment A of the document. The Council also approves the Annex on the Determination of Funding Necessary and Available for Implementation of the Convention to the Memorandum of Understanding between the Conference of the Parties to the UN Framework Convention on Climate Change and the Council of the Global Environment Facility set forth in Attachment B of the document and invites the Conference of the Parties to the Climate Change Convention to approve the annex at its next session.

8. The Council takes note of the decisions of the third meeting of the Conference of the Parties to the Convention on Biological Diversity and the early initiatives of the Secretariat and Implementing Agencies to respond to the decisions. The Council invites recipient countries, the Secretariat and Implementing Agencies to reflect the Convention's guidance in the identification and preparation of biodiversity projects proposed for GEF financing.

9. The Council further notes the review process of the GEF that has been initiated by each of the Conventions. The Council requests the Secretariat to inform the GEF political and operational focal points of this process and to invite them to share their views and experiences through their government responses to the Convention Secretariats.

10. The Council notes with appreciation the efforts that have been made by the GEF Secretariat and Implementing Agencies, with the cooperation of the Convention Secretariats, to disseminate information on GEF project activities and to facilitate access to GEF funding.”

Tenth GEF Council Meeting (November 1997)

Decision on agenda Item 10: Relations with conventions

“11. The Council, having reviewed document GEF/C.10/7, *Relations with Conventions*, welcomes collaboration between the GEF and Conventions secretariats, and encourages the GEF secretariat and Implementing Agencies to continue their efforts towards active dialogue with the Parties to the Conventions at the appropriate convention meetings. The Council takes note of the initiatives of the Secretariat and Implementing Agencies to respond to the additional guidance received from the Conference of the Parties to the Convention on Biological Diversity and requests them to continue their efforts to develop project activities consistent with such guidance. The Council also takes note of the reviews being undertaken by the Conventions of their financial mechanisms, and invites all GEF Participant states, in their capacity as Parties to the Conventions, to contribute to the review process

Eleventh GEF Council Meeting (March 1998)

Twelfth GEF Council Meeting (October 1998)

Decision on Agenda Item 13: Relations with Conventions

“17. The Council, having reviewed document GEF/C.12/12, *Relations with Conventions*, takes note of the developments within the various international global agreements concerning the Convention on Biological Diversity and encourages the Secretariat and the Implementing Agencies to continue their efforts towards active dialogue and collaboration with the Parties to the Conventions and the Convention secretariats, including the Secretariat of the Convention to Combat Desertification. In particular, the Council requests the Secretariat and Implementing Agencies to continue their efforts to implement the guidance to the GEF approved by the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change. The Council also agrees to include in the agenda for its meeting in May 1999 an item on the

relationship of the GEF to the work of the intergovernmental negotiating committee for an international instrument for action on certain organic pollutants.”

Thirteenth GEF Council Meeting (May 1999)

Decision on agenda Item 12: Relations with conventions, including the Intergovernmental Negotiation Committee concerning certain organic pollutants

“24. The Council, having reviewed document GEF/C.13/12, Relations with Conventions, takes note the developments of relevance to the GEF within the various international global agreements, and encourages the Secretariat and the Implementing Agencies to continue their collaboration with the I to the Conventions and the Convention Secretariats. In particular, the Council welcomes the progress made by the Secretariat and the Implementing Agencies to operationalize the guidance approved by Conference of the Parties to the Convention on Biological Diversity as well as the guidance adopted the Conference of the Parties to the UN Framework Convention on Climate Change. The Council encourages recipient countries, the Implementing Agencies and the GEF Secretariat to continue the efforts to develop country-driven projects consistent with the policies and program priorities identified such guidance.

25. The Council welcomes the proposed initiative of the GEF Secretariat and UNDP, in collaboration with the other Implementing Agencies, the Convention Secretariats and STAP, to enter into a strategic partnership to assess capacity building needs, including those relating to land degradation and desertification, in a comprehensive and targeted fashion and requests the GEF Secretariat and UNDP report to it regularly on the progress being made under this initiative.

26. Pending the results of this initiative, the Council authorizes the CEO to approve revisions to enable activity projects to allow recipient countries to address immediate capacity building priorities consistent with the guidance of the conventions. GEF financing for enabling activities through expedited procedures including revisions to initial projects, should not exceed US\$450,000 per country. The Secretariat, in cooperation with the Implementing Agencies and in consultation with the relevant Convention Secretariat, is requested to develop financing norms for such additional activities.

27. The Council requests the GEF Secretariat to submit to the next Council meeting the paper that it is preparing in consultation with the Secretariat of the UN Convention to Combat Desertification on defining better the linkages between land degradation, particularly desertification and deforestation, the GEF focal areas.

28. The Council further requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain organic pollutants and to advise the Council as to developments in the negotiations and their relevance to the mandate of the

Fourteenth GEF Council Meeting (December 1999)

Decision on agenda Item 12 (b): An Interim Assessment of Biodiversity Enabling Activities

“18. The Council reviewed document GEF/C.14/11, An Interim Assessment of Biodiversity Enabling Activities. The Council notes the recommendations contained in the evaluation, and requests the Secretariat and the Implementing Agencies to take the report into consideration in future enabling activities. This applies particularly to the work of the Capacity Development Initiative, including the development of elements of a strategy and an action plan for capacity development in the area of biodiversity. The Council also invites the Secretariat to submit the interim assessment to the fifth session of the Conference of the Parties to the Convention on Biological Diversity pursuant to paragraph 3.1 of the Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility.”

Decision on agenda Item 13: Relations with Conventions

“19. The Council, having reviewed document GEF/C.14/12, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international global agreements, and encourages the Secretariat and the Implementing Agencies to continue their collaboration with the Parties to the Conventions and the Convention Secretariats. The Council encourages recipient countries, the Implementing Agencies and the GEF Secretariat to continue their efforts to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

20. The Council takes note of progress that has been made by the Secretariat and the Implementing Agencies in preparing revised operational criteria to guide revisions to enabling activities in light of increased funding approved by the Council at its last meeting. Such increasing funding should respect immediate capacity building priorities of countries consistent with the guidance on capacity building in the conventions pending the results of the Capacity Development Initiative.

21. The Council requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain organic pollutants and to keep the Council informed of progress made in the negotiations.”

Decision on agenda Item 13(a): Draft Report of the GEF to the Fifth Meeting of the Conference of the Parties to the Convention on Biological Diversity

“22. The Council having reviewed the draft Report of the GEF to the fifth meeting of the Conference of the Parties to the Convention on Biological Diversity, approves the report, subject to the comments at the meeting, and requests the Secretariat to submit it to the fifth meeting of the Conference of the Parties to the Convention.”

Fifteenth GEF Council Meeting (May 2000)

Decision on agenda Item 12: Relations with Conventions

“17. The Council takes note of the developments of relevance to the GEF within the various international global agreements, and invites GEF eligible countries, the Implementing Agencies and the Secretariat to continue to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

18. The Council welcomes the adoption of the Cartagena Protocol on Biosafety, including Article 2 of the Protocol which provides that "the financial mechanism established in Article 21 of the Convention shall, through the institutional structure entrusted with its operation, be the financial mechanism for the Protocol." The Council requests the Secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to inform the Council at its next meeting of its initial strategy for assisting countries to prepare for the entry into force of the protocol. The Council requests UNDP and the GEF Secretariat to take into account the provisions of the Cartagena Protocol and the on-going work of the Capacity Development Initiative.

19. The Council welcomes the efforts of the GEF Secretariat and the Implementing Agencies to simplify their procedures in making available to interested countries increased resources under the expedited enabling activities to address priority issues of capacity building. The Council also endorses the approach proposed for financing second national communications to the UN Framework Convention on Climate Change pursuant to the decisions of the Conference of the Parties.

20. The Council requests the CEO to continue to observe the negotiations of an international legally binding instrument for implementing international action on certain organic pollutants and to provide information to delegations negotiating the agreement on the assistance that may be available through GEF to assist parties in implementing the provisions of the agreement. In addition, the Council requests the GEF Secretariat to elaborate an options paper to expand the scope of GEF interventions in the area of POP's and/or the elements of a new operational program dedicated to the phasing out of POP's and submit the paper to the Council for discussion at its meeting in November 2000.”

Sixteenth GEF Council Meeting (November 2000)

Decision on agenda Item 5(b): Relations with Conventions

“8. The Council, having reviewed document GEF/C.16/3, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international agreements, and invites countries, the Implementing Agencies and the Secretariat to continue to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change. The

Council also welcomes the progress that is being made in implementing action pursuant to the Action Plan for Enhancing GEF Support for Activities to Address Land Degradation.

9. The Council requests the CEO to explore the best options for enhancing the support of the GEF in assisting affected countries, especially those in Africa, to implement the UN Convention to Combat Desertification, taking into account the third replenishment, and to report to the Council at its meeting in May 2001.

10. The Council requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain persistent organic pollutants and to inform the next meeting of the negotiating committee of the Council's discussions concerning the operational role that the GEF can play in assisting countries to implement the new convention.

11. The Council welcomes the information in the paper on the work of the Convention on Wetlands of International Importance especially as Waterfowl Habitats, the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the Convention on the Conservation of Migratory Species of Wild Animals, and encourages the GEF Secretariat to enhance its cooperation with such conventions. The Council agrees that representatives of these conventions should be invited to observe Council meetings when project proposals aimed at assisting countries to meet the objectives of their conventions are included in the work program."

Decision on agenda Item 5(c): Initial Strategy for Assisting Countries to Prepare Entry Into Force of the Cartagena Protocol on Biosafety

"12. The Council, having reviewed the proposed Initial Strategy for Assisting Countries to Prepare Entry into Force of the Cartagena Protocol on Biosafety, approves the strategy as a basis for guiding action and requests the GEF Secretariat, in collaboration with the Secretariat of the Convention on Biological Diversity and the Implementing Agencies, to work with interested countries to assist them. The Secretariat is requested to report to the Council regularly on the implementation of the strategy, including the project entitled, Development of National Biosafety Frameworks, for which UNEP is the Implementing Agency.

13. The GEF Secretariat is requested to collaborate with the Convention Secretariat, the GEF Implementing Agencies, bilateral and other multilateral organizations with a view to facilitating better coordination among them for the provision of assistance to interested countries and to explore opportunities to strengthen partnerships for the provision of capacity building activities.

14. The GEF Secretariat is requested to inform the Intergovernmental Committee on the Cartagena Protocol (ICCP) of this strategy and the efforts that are underway through the GEF to build the capacity of countries to address the objective of the Protocol. The strategy should be kept under review so as to incorporate relevant decisions of the ICCP.

Seventeenth GEF Council Meeting (May 2001)

Decision on agenda Item 6(b): Council review of relations with Conventions

“10. The Council, having reviewed document GEF/C.17/3, Relations with Conventions, takes note of the developments of relevance to the GEF within the various international environmental agreements and GEF action taken to respond to the decisions of the Conferences of the Parties.”

Eighteenth GEF Council Meeting (December 2001)

Decision on agenda Item 6: Relations with Conventions

“15. The Council reviewed documents GEF/C.18/3 and GEF/.18/3/Add.1, Relations with Conventions, and takes note of the developments of relevance to the GEF within the various international agreements. The Council welcomes the strong collaboration that is evident between the GEF and the Conventions. More specifically, the Council:

(a) requests the Secretariat, in preparing revised proposals on the follow-up to the Capacity Development Initiative (CDI) for consideration by the Council at its next meeting, to take into account the consultations carried out with Parties to the Conventions on the recommendations of the CDI as well as the decisions concerning capacity building taken by the Intergovernmental Committee for the Cartagena Protocol on Biosafety and the Stockholm Convention on Persistent Organic Pollutants;

(b) takes note of the request by the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants to the CEO/Chairman of the GEF and Executive Director of UNEP to collaborate in developing the modalities for a Capacity Assistance Network;

(c) requests the Secretariat to submit to the sixth meeting of the Conference of the Parties to the Convention on Biological Diversity the Second Study of the Overall Performance of the GEF as an additional input to the second review of the effectiveness of the financial mechanism which is to be discussed at that meeting; and

(d) requests the GEF Secretariat to prepare, for review and approval at the next Council meeting, recommendations concerning arrangements necessary for administration of the two new Convention funds under the UNFCCC (the special climate change fund and the least developed countries fund) proposing how the GEF might most effectively and efficiently implement the new funds, taking into account relevant decisions of the Conference of the Parties to the UNFCCC at its seventh session as well as views expressed by the Council, including written views that may be submitted by Council Members by January 31, 2002.

(e) requests the GEF Secretariat, in consultation with the Implementing Agencies, to undertake an accelerated process to prepare operational guidelines for expedited funding of the preparation of national adaptation programs of action. The Secretariat is requested to organize a consultation with experts from

least developed countries and to circulate operational guidelines with a view to finalizing these guidelines by the end of March 2002 so as to allow funding from the LDC Fund to proceed thereafter. It is understood that the availability of resources to finance the preparation of NAPA's pursuant to the guidelines is contingent on donor contributions to the LDC Fund.

16. The Council requests the Secretariat, in consultation with the Implementing Agencies and the Trust Fund to prepare proposed textual amendments to the Instrument concerning the designation of a GEF focal area relating to persistent organic pollutants for consideration by the Council at its next meeting with a view to the Council recommending approval of such amendments by the Assembly at its meeting in October 2002.”

Nineteenth GEF Council Meeting (May 2002)

Decision on agenda Item 6: Relations with Conventions

“13. The Council, having reviewed Document GEF/C.19/5, Relations with Conventions, takes note of the recent developments of relevance to the GEF within the various international agreements and welcomes the Council's continuing collaboration between the GEF and the Conventions. More specifically, the Council:

(a) requests the Secretariat to submit to the eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change The First Decade of the GEF, Second Overall Performance Study, as an input to the second review of the financial mechanism which is to be discussed at that meeting; and

(b) agrees to amend the eligibility criteria for GEF's initial assistance for enabling activities in the context of the Stockholm Convention on Persistent Organic Pollutants to include developing countries and countries with economies in transition that are party or signatory to the Convention.

14. The Council, having also reviewed document GEF/C.19/5/Add.1 which provides the Council with information on the decisions relevant to the GEF of the sixth meeting of the Conference of the Parties to the Convention on Biological Diversity, requests the Secretariat, in consultation with the Implementing Agencies, to take these decisions into account in the development of projects and programs in the biodiversity focal area and in its continuing collaboration with the Secretariat of the Convention.”

Twentieth GEF Council Meeting (October 2002)

VIII. GEF Operational Strategy, Programs and Criteria for Biological Diversity

Operational Strategy: Provisions of Direct Relevance to Biological Diversity

Chapter 1: Policy Framework

This operational strategy has been developed to guide the Global Environmental Facility (GEF) in the preparation of country-driven initiatives in the GEF's four focal areas: biodiversity, climate change, international waters, and ozone layer depletion.⁸ The issues of land degradation, primarily desertification and deforestation, as they relate to each focal area, are also addressed. This strategy will guide the GEF Secretariat and the three Implementing Agencies (the United Nations Development Programme, the United Nations Environment Programme, and the World Bank) in developing work programs, business plans, and budgets. It shall also guide the GEF Council in approving these activities.

This strategy incorporates guidance from the relevant Conventions for which the GEF serves as the interim financial mechanism: the Convention on Biological Diversity (CBD) and the Framework Convention on Climate Change (FCCC).⁹ It also establishes operational guidance for international waters and ozone activities, the second being consistent with the Montreal Protocol on Substances that Deplete the Ozone Layer and its amendments. Preparation of the strategy drew on a broad consultative process.

The first chapter defines the mission of the GEF, along with the operational principles on which all activities will be based. It presents the strategic considerations of the GEF in fulfilling its mission and provides the framework that will sequence its actions. The chapter also indicates how the GEF will maintain the flexibility needed to respond to new developments and incorporate continuing guidance from the relevant Conventions and the GEF Council. Chapters two through five present the operational strategy specific to each of GEF's four focal areas: biological diversity, climate change, international waters and ozone layer depletion. A discussion of the activities concerning land degradation, primarily desertification and deforestation, as they relate to the focal areas, is integrated into the chapters.

MISSION

The Global Environment Facility (GEF) is a mechanism for international cooperation for the purpose of providing new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the areas of biological diversity, climate

⁸ The *Instrument for the Establishment of the Restructured Global Environment Facility* states that the GEF will provide "grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas:

- biological diversity;
- climate change;
- international waters; and
- ozone layer depletion."

⁹ Paragraph 60 of the *Instrument for the Establishment of the Restructured Global Environment Facility* provides that "the GEF shall be authorized to continue to serve for the purposes of the financial mechanism of [the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change] if it is requested to do so by their Conferences of the Parties." The first meeting of the Conference of the Parties to the Convention on Biological Diversity requested that the GEF "continue to serve as the institutional structure to operate the financial mechanism of the Convention on an interim basis." The first meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change requested that the GEF "continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism."

change, international waters, and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to the four focal areas will also be addressed. In carrying out its mission, the GEF will adhere to key operational principles based on the two Conventions, the GEF Instrument, and the Council decisions. These principles are summarized in box 1.1.

Box 1.1 Ten Operational Principles for Development and Implementation of the GEF's World Environment Program

1. For purposes of the financial mechanisms for the implementation of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change, the GEF will function under the guidance of, and be accountable to, the Conference of the Parties (COPs).¹⁰ For purposes of financing activities in the focal area of ozone layer depletion, GEF operational policies will be consistent with those of the Montreal Protocol on Substances that Deplete the Ozone Layer and its amendments.
2. 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.
3. The GEF will ensure the cost-effectiveness of its activities to maximize global environmental benefits.
4. The GEF will fund projects that are country-driven and based on national priorities designed to support sustainable development, as identified within the context of national programs.
5. The GEF will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities.
6. GEF projects will provide for full disclosure of all non-confidential information.
7. GEF projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people.
8. GEF projects will conform to the eligibility requirements set forth in paragraph 9 of the GEF Instrument.
9. In seeking to maximize global environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.
10. The GEF will ensure that its programs and projects are monitored and evaluated on a regular

¹⁰ "Conferences of the Parties" refers to the Conference of the Parties established in Article 7 of the Convention on Biological Diversity and the Conference of the Parties established in Article 23 of the U.N. Framework Convention on Climate Change.

Strategic Considerations

GEF activities will aim at maximizing agreed global environmental benefits in the areas of biologic diversity, climate change, international waters, and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to the four focal areas will also be addressed by GEF activities, particularly in those countries in Africa experiencing serious drought and/or desertification, consistent with the GEF Instrument.¹¹ *The GEF will not finance activities in the areas of biodiversity and climate change that do not fully conform to the guidance from the relevant Conference of the Parties.*

GEF activities will be designed so as to:

- Be consistent with national and, where appropriate, regional initiatives.
- Strive to ensure sustainability of global environmental benefits.
- Reduce the risk caused by uncertainty.¹²
- Complement traditional development funding.
- Facilitate effective responses by other entities to address global environmental issues.
- Be environmentally, socially, and financially sustainable.
- Avoid transfer of negative environmental impacts between focal areas.

These strategic considerations are discussed below.

Be Consistent with National and, Where Appropriate, Regional Priorities

GEF activities will be consistent with, and supportive of, the recipient countries' own actions for sustainable development. GEF programs and projects will be *country-driven* (see Document GEF/C.3/GEF Project Cycle), and will be linked with national sustainable development efforts. Public consultation and effective involvement of local communities and other stakeholders will enhance the quality, impact, relevance, and national ownership of GEF activities.

¹¹ Document GEF/C.3/8, endorsed by the Council at its third meeting, outlines GEF activities that are consistent with the objective of the Convention to Combat Desertification, and it provides useful thinking on integrating land degradation into GEF focal area activities.

¹² Risk occurs at four levels in the GEF portfolio:

- First, there is the normal commercial and technical risk associated with any development project. Such risks are addressed by appropriate project design, insurance, and guarantee schemes in the normal course of project development.
- Second, the recipient may experience an additional project risk as a result of opting for a measure that also protects the global environment. For example, there may be increased technical risk when a new renewable energy technology is used as a substitute for a familiar technology. Such an additional risk is specifically attributable to the GEF involvement and should be addressed by appropriate project design (additional capacity building to manage new systems, recurrent disbursements made on monitored incremental costs, or reimbursement of the increased costs of insurance).
- Third, in some projects the expected global environmental benefits may not materialize or may not be incremental. For example, a project may pay the incremental costs of protecting a wetland from development activities in the expectation that this will provide cost-effective protection for the wetland's biodiversity, only to discover many years later that the project agreement had been breached and the wetland drained for an alternative economic use.
- Finally, the GEF runs a portfolio risk in that the measures it has adopted may not prove to be the best or most effective in meeting overall objectives. For example, if all of the GEF's resources for climate change were devoted to one or two very specific technologies that were expected to reduce greenhouse gases very effectively in the long term, and these technologies failed to become financially self-sustaining as expected, the entire portfolio in climate change would have failed. This type of risk is best handled by having a diverse portfolio. There is a trade-off between the diversity of programs (which reduces portfolio risk) and the strategic concentration of resources within each program (where synergy and scale can increase the chances of market take-off for alternatives and their integration with sustainable development).

Regional programs and projects will be undertaken in all countries which endorse them, and financing will only be provided to those eligible to receive GEF funding. The GEF will encourage and strengthen partnerships to address programs at the regional level. Global and interregional projects will be funded for eligible recipient countries or “for other activities promoting the purposes of the Facility.” Global programs and projects will be designed to facilitate national-level efforts to achieve global environmental benefits.

Ensure the Sustainability of Global Environmental Benefits

GEF activities will be designed to support:

- National policies providing adequate incentives for development paths that are sound, from a global environmental perspective, and contribute to the effective implementation of GEF operations.
- Institutional arrangements that are supportive of global environmental protection.
- Capacity building, human resource development, and skills that are necessary to achieve global environmental objectives.
- Communications and outreach that promote better public understanding of the global environment, mobilize people and communities to protect the global environment, and build support for GEF’s objectives, strategy, and programs.
- Public participation and consultation with major groups (see paragraph 5 of the *Instrument for the Establishment of the Restructured Global Environment Facility*; see also *Agenda 21*, Section “Strengthening the Role of Major Groups”), local communities, and other stakeholders at appropriate stages of project development and implementation.

Reduce the Risk Caused by Uncertainty

Although there is significant and continuously evolving knowledge relating to global environmental issues, scientific uncertainty is inevitably part of the context in which the operational strategy is set. As enunciated in Principle 15 of the Rio Declaration on Environment and Development, “lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.” Developing a diverse portfolio and seeking scientific and technological advice will be pursued to reduce the risks arising from scientific uncertainty. Other means to be pursued include working to increase and improve environmental information to support decision-making and action, and paying particular attention to monitoring and evaluation on a programmatic level, including dissemination of information on the results of these efforts, so as to improve subsequent activities.

A diverse portfolio will:

- Involve a range of approaches which address the need for ongoing innovation, experimental demonstration, and replicability.

¹³ Paragraph 9(b) of the *Instrument for the Establishment of the Restructured Global Environment Facility* states: “All other GEF grants shall be available to eligible recipient countries and, where appropriate, for other activities promoting the purposes of the Facility in accordance with paragraph 9(a) and any additional eligibility criteria determined by the Council”. The Small Grants Programme is an example of a global program “activity promoting the purposes of the Facility.”

- Finance programs and projects that address the underlying causes of global environmental deterioration, such as economic policy, legal and social issues, institutional weaknesses, and information barriers.
- Finance actions that provide lessons beyond their immediate impact or provide long-term sustainable global benefits, such as reduction in costs of technologies or demonstration of alternative, environmentally sound, and viable approaches.
- Finance actions that are cost-effective and catalyze complementary actions or have a multiplicative effect.
- Involve a range of project executors from the public, non-government, and private sectors.
- Finance programs that advance the scientific and technical capacities in recipient countries to reduce global environmental threats.

In developing and managing the portfolio of activities, the GEF will seek the best available *scientific and technological advice*. Actions for which the causes, effects, and ameliorative activities are well established will be expedited. The scientific community, in particular the GEF's Scientific and Technical Advisory Panel (STAP), will be consulted routinely. Guidance from the Conference of the Parties to the Convention is expected to include advice and recommendations of the subsidiary scientific bodies of the Convention.¹⁴

Increased awareness of global environmental issues and improved environmental information are necessary for effective decision-making and actions and are necessary first steps in identifying global benefits. Funding the collection and synthesis of usable information, and ensuring its dissemination among decision-makers, scientists, and the general public are important parts of the GEF's operational strategy. The GEF will provide assistance for:

- Enabling activities, including: inventories, compilation, and analysis of information; and appropriate capacity building, policy analysis, and strategies and action plans to help integrate global environmental objectives and national planning and decision-making. Such information also will help countries in preparing communications to the relevant Conventions and in developing useful intercountry or interregional information bases.
- Capacity building for, among others, enabling activities, institutional strengthening, and target research, including analysis and application of relevant information.
- Information dissemination and networking among, and within, countries to help inform decision-making on policies, institutional arrangements, investment choices, resource management, and the application of environmentally sound technologies. Systematic sharing and documentation of activities and experiences to protect the global environment is important in addressing the link between the global environment and national sustainable development programs.
- Building public awareness in order to ensure public participation and consultation with stakeholders at appropriate stages of the project cycle.¹⁵

¹⁴ The role of the Scientific and Technical Advisory Panel is defined in the STAP terms of reference approved by the Council, D/GEF/C.6/Inf.7, "STAP Terms of Reference".

¹⁵ In light of Council guidance on this matter, the Secretariat will prepare for consideration by the Council at its meeting in April 1996 a proposed GEF policy on public involvement.

Monitoring and evaluation play an especially important role in the GEF for a number of reasons. First, the GEF's new and unique mission in the global environment requires it to develop strategies for projects whose designs, although scientifically based, may be more innovative or experimental than those of regular development projects. Second, the GEF is pioneering new institutional relationships among Bretton Woods and United Nations agencies in partnership with the participant countries, international conventions, NGOs, and other organizations. Third, the emphasis in the early part of the GEF project cycle on "casting the net widely" and the dynamic process of developing operational programs place a premium on continuous learning and improvement. As a consequence, the GEF will emphasize the quality of monitoring and evaluation systems and ensure that their findings are disseminated widely. When preparing operational programs consistent with the operational strategy, a project framework approach will be adopted that will allow the GEF to monitor and track progress in fulfilling its mission.

Complement Traditional Development Funding

The GEF provides new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits (see paragraph 2 of the *Instrument of the Establishment of the Restructured Global Environment Facility* and Document GEF/C.2/6/Rev.2 "Incremental Costs and Financing Modalities"). This principle, articulated in the Conventions on biological diversity and on climate change, and in the GEF Instrument, has two important ramifications with regard to financing:

- GEF funding should be used only for incremental costs. Actions by individual countries to achieve sustainable development at the national level can be complemented and supplemented by other efforts aimed at securing global environmental benefits. Efforts to secure global environmental benefits may impose additional costs (i.e., incremental costs) on countries beyond the costs of achieving national development goals. In estimating incremental costs, the GEF follows the approach approved by the Council.¹⁶ In approving the approach to estimating incremental costs, the Council recognized the need for its flexible application, including the notion of "environmental reasonableness" as a guiding principle so as not to penalize progress in environmental action in recipient countries.
- The GEF should ascertain that its resources are applied as new and additional funding, not substitutes for regular sources of development finance. The principle that GEF funds will be additional to the funds required for national sustainable development helps to ensure that such resources are not diverted from development financing and to maximize the global impact of GEF resources. The GEF will not provide budgetary financing for the staff or activities of international organizations or other international bodies, to fulfill their own mandates, even those concerning the global environment.

Facilitate Effective Responses by Other Entities to Address Global Environmental Issues

The GEF will promote and encourage actions to benefit the global environment beyond those that it directly funds:

- Through integration of GEF work programs with the regular programs of the three Implementing Agencies, GEF resources will complement the funds and assistance they provide to recipient

¹⁶ This approach is described in Document GEF/C.2/6/Rev.2 as amended by the Council at its meeting in May 1995.

countries. The Implementing Agencies will, in turn, finance and/or help mobilize financing to meet the non-incremental costs of GEF projects.

- Through outreach to not only governments, but also to non-governmental organizations and the private sector, the GEF will encourage broad actions to protect the global environment.
- The GEF will selectively promote projects that would normally be considered part of an “environmentally reasonable baseline”. In such cases, the GEF may facilitate information dissemination, advice and other sources of financing.¹⁷ For projects that provide either less beyond their immediate impact or long-term sustainable global benefits, the GEF will help countries to reduce initial financial risks, remove barriers and meet transaction costs, or build markets to an extent that lowers future costs for further application of measures of the same type.
- The GEF will actively encourage bilateral, regional, and other multilateral organizations and foundations to contribute to or co-finance activities to address global environmental objectives.
- The GEF will leverage additional financing through collaboration with the private sector.¹⁸
- The GEF will support innovative financing approaches to ensure that recurrent costs of funding activities are met without continued GEF support.¹⁹
- The GEF will examine the role it might play in facilitating and promoting international cooperation, thereby leveraging GEF financing to address global environmental objectives in a multi-country and multi-actor context.

Be Environmentally, Socially, and Financially Sustainable

The focus of GEF activities will concern long-term measures. Such measures, if they are to be part of a long-term solution, will have to be environmentally and socially sustainable, and not merely benign substitutes for current, but unsustainable, activities. Furthermore, the measures will need to be financially sustainable. Individual projects are financially sustainable if their design includes a means of ensuring a stable long-term source of funding for recurrent costs. Programs are financially sustainable if the initial GEF support reduces financial risk, overcomes transaction barriers, or builds markets to an extent that lowers future costs for measures of the same type.

Avoid Transfer of Negative Environmental Impacts Between Focal Areas

In preparing GEF projects, the Implementing Agencies will consider potential environmental effects on other focal areas. All efforts will be made to design projects that are consistent with the operational strategies of the other focal areas and avoid negative impacts in focal areas outside of the focus of the project.

Programming of GEF Operations

In view of the GEF's limited resources and the finite capacities of recipient countries and Implementing Agencies to program activities at any given time, the GEF must structure and sequence activities to

¹⁷ Paragraph 9(c) of the Instrument provides that “GEF concessional financing in a form other than grants that is made available within the framework of the financial mechanism of the conventions referred to in paragraph 6 shall be in conformity with eligibility criteria decided by the Conference of Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27. GEF concessional financing in a form other than grants may also be made available outside those frameworks on terms to be determined by the Council.”

¹⁸ See paragraph 28 of the Instrument. An information paper on how the GEF may best promote private sector activities was presented to the Council for comment in October 1995.

¹⁹ A policy paper on financial policy, including financing modalities, will be considered by the Council in April 1996.

achieve global environmental objectives. The sequencing of GEF tasks will be a dynamic process, in part by the evolving nature of guidance from the relevant Conventions and the increased capacity program development.

GEF operations will be programmed in three broad, interrelated categories:

- Operational programs
- Enabling activities
- Short-term response measures.

Operational Programs

An operational program is a conceptual and planning framework for the design, implementation, and coordination of a set of projects to achieve a global environmental objective in a particular focal area. It organizes the development of country-driven projects and ensures systematic coordination between Implementing Agencies and other actors.

In the focal areas of biological diversity and climate change, operational programs will be developed in accordance with the program priorities approved by the Conference of the Parties to the Conventions. International waters programs will be developed in accordance with the evolving program priorities determined by the Council. There will be no operational programs for the focal area concerning ozone layer depletion. Activities in this focal area will be focused on short-term response measures and enabling activities consistent with the Montreal Protocol on Substances that Deplete the Ozone Layer and its amendments. Country-driven project concepts and advice of the Scientific and Technical Advisory Panel (STAP) will also contribute to the identification and development of operational programs.

Each operational program will be described in a short reference document prepared by the GEF that takes into account the advice of STAP and builds on appropriate environmental, economic, and technical assessments and strategies. The operational program document will:

- Clarify the program objectives (for example, specify a market, technology, type of measure, site-specific ecosystem)
- Relate the operational program to relevant Convention guidance where appropriate
- Relate the operational program to relevant past and ongoing work of other organizations
- Set out the likely scope of the activities in terms of geographical distribution, time frame, and financial requirements
- Set out the means by which the Implementing Agencies will coordinate their efforts within GEF and with their regular programs.
- Describe the expected roles of investment, capacity building, enabling activities, technical assistance, and targeted research
- How the sustainability and replicability of the measures supported will be ensured
- Include assessment of cost effectiveness and incremental costs to maximize global environmental benefits
- Describe how the program will be monitored and evaluated

The objectives of operational programs will be met through the development and implementation of projects in recipient countries. Operational programs will be matched with country-driven project opportunities and priorities. Many country-driven project opportunities in support of the objectives of an operational program are likely to be included in national strategies and action plans. As project ideas are initially explored, one consideration will be whether the project idea contributes to the objectives of an operational program.

Country-driven project concepts may emerge for which an immediate matching with a GEF operational program does not exist. These concepts will be explored further to determine whether they provide a basis for a new operational program. Flexibility will be an integral element of this strategy that the GEF may learn from and be responsive to the strategic insights of recipient countries. The Council, the Conventions, and STAP will provide important guidance in the ongoing process of developing operational programs. Promising project concepts outside the framework of an operational program may be considered for support under short-term response measures. Consideration of individual project concepts outside the framework of an operational program will be guided principally by the urgency of action and cost-effectiveness in relation to the GEF's mission.

On the basis of guidance from the Conventions, extensive consultations, and technical and scientific review, 10 initial operational programs are proposed, see box 1.2. Chapters two through five provide further elaboration.

Box 1.2 Initial Operational Programs

1. Biodiversity: Arid and semi-arid ecosystems
2. Biodiversity: Coastal, marine, and freshwater ecosystems (including wetlands)
3. Biodiversity: Forest ecosystems
4. Biodiversity: Mountain ecosystems
5. Climate change: Removing barriers to energy conservation and energy efficiency
6. Climate change: Promoting the adoption of renewable energy by removing barriers and reducing implementation costs
7. Climate change: Reducing the long-term costs of low greenhouse gas-emitting energy technologies
8. International waters: Waterbody-based program
9. International waters: Integrated land and water Multiple Focal Area
10. International waters: Contaminant-based program

Note: In the focal area of ozone layer depletion, all activities are discussed in the sections on enabling activities and short-term response measures.

Enabling Activities

Enabling activities – which include inventories, compilation of information, policy analysis, and strategies and action plans -- represent a basic building block of GEF assistance to countries. They are a means of fulfilling essential communication requirements to a Convention, provide a basic and essential level of information to enable policy and strategic decisions to be made, or assist planning identifies priority activities within a country. Countries thus enabled will have the ability to formulate direct sectoral and economywide programs to address global environmental problems through a cost effective approach within the context of national sustainable development efforts. Enabling activities normally qualify for full cost funding when they are directly related to agreed global environmental benefits and consistent with the Convention's guidance.²⁰

Enabling activities will include preparation of a plan, strategy, or program to fulfill commitments under a relevant Convention and preparation of a national communication to a relevant Convention where appropriate.²¹

Operational guidelines and criteria will be developed for these enabling activities in order to clarify the basis of possible GEF support, its complementarity to past and ongoing support, and its fit on the task of preparing a particular strategy, plan, program, or communication. The guidelines will

²⁰ The term 'enabling activities' has been defined in the context of the guidance to the GEF from the Conference of the Parties to the Framework Convention on Climate Change. The concept can usefully be extended to the biodiversity and ozone layer depletion focal areas.

²¹ The scope of work in biodiversity and climate change will be in accordance with the guidance of the respective Conference of the Parties and will continue to evolve as such guidance is developed by the Parties

set out the scope, sequence, depth, frequency, and cost norms for the envisaged components of such support.

Short-Term Response Measures

Although the large majority of GEF activities will contribute directly to operational programs or enabling activities, some projects that are unrelated to either of these two categories will be of sufficiently high priority that they may be considered for financing. Such projects would not be expected to yield significant strategic or programmatic benefits as in the case of operational programs, but they would yield short-term benefits at a low cost. For example, climate change projects aimed *solely* at reducing the emissions of greenhouse gases or urgent measures to conserve an extremely endangered species may be considered under this category. Criteria for selection of short-term response measures in each focal area are included in chapters two through five.

Conclusion

The Council will review a three-year business plan and an administrative budget on an annual basis. The business plan will provide information on existing operational programs, programs under development, and proposals for new programs. Proposals for new programs may emerge as a result of guidance from the relevant Conventions and the Council, new project concepts, or the advice of STAP. In exercising its oversight and policy functions, the Council will be fully informed of the activities of the Secretariat, the Implementing Agencies in developing and implementing the operational programs, enabling activities, and short-term response measures.

Chapter 2: Biological Diversity

Biodiversity is a source of significant economic, aesthetic, health, and cultural benefits, which form the foundation for sustainable development. Although estimates vary,²² there is general scientific consensus that the world is becoming less biologically diverse in terms of genes, species, and ecosystems. However, the role of biological diversity in the sustainable functioning of the biosphere is not well understood. There is little understanding of the social, economic, or ecosystemic consequences of a less biologically diverse world, and scientific knowledge is limited. Scientists estimate that less than 15 percent of all species have been described.

Rapid loss of biodiversity poses a global threat to human well-being. The scale of human impact on biological diversity is increasing exponentially, primarily because of worldwide patterns of consumption, production, and trade; agricultural, industrial, and settlements development; and population growth.

²² See World Resources Institute, World Conservation Union, and United Nations Environment Programme, especially chapter 2, A. 1997, by the United Nations Environment Programme, "Global Biodiversity Strategy: Guidelines for Action to Save, Study, and use Earth's Biological Wealth Sustainably and Equitably."

Biodiversity is not equally distributed throughout the world.²³ Rates of biodiversity loss vary across ecosystems, and ecosystems vary in their level of species richness. For example, tropical ecosystems are estimated to house between 50 and 90 percent of total species.²⁴ Neither the economic value of biodiversity resources is well understood. In particular, there is insufficient knowledge of the interdependence of species within ecosystems and the impact of the extinction of species on others. Reducing the rate of biodiversity loss and conserving existing biodiversity as a basis for sustainable development remain major global challenges.

Adoption of the Convention on Biological Diversity (CBD) as an instrument to address biodiversity conservation and sustainable use recognizes the intrinsic value of biological diversity and its importance for the evolution and sustenance of life support systems of the biosphere. The CBD expresses the Parties' concern that biological diversity is being significantly reduced by certain human activities and notes that it is vital "to anticipate, prevent and attack the causes of significant reduction or loss of biological diversity at source."²⁵ The CBD also states that "where there is a threat of significant reduction or loss of biological diversity, lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize such a threat."²⁶

The GEF operates as a mechanism for international cooperation for the purpose of providing additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in biological diversity. Global environmental benefits obtained under the CBD include reduced risks of global biodiversity loss, the enhanced protection of ecosystems and the species they contain, and increased sustainability in the use of biodiversity components.

The GEF's objectives in biological diversity derive from the objectives of the CBD: "the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding."²⁷ All GEF funded activities concerning biodiversity will be in full conformity with the guidance provided by the Conference of Parties to the Convention on Biological Diversity.

Convention Guidance

The GEF operational strategy in biological diversity incorporates the policy guidance of the COP to CBD. All GEF-funded activities in biodiversity will be in full conformity with the guidance provided by the COP to the CBD.

²³ World Conservation Monitoring Centre (WCMC), *Global Biodiversity 1992*; Chapman and Hall, UK..

²⁴ *Global Biodiversity Strategy* chapter 2.

²⁵ Preamble to the Convention on Biological Diversity, 1994.

²⁶ Preamble to the Convention on Biological Diversity, 1994.

²⁷ Convention on Biological Diversity, Article 1.

Convention context The COP designated the GEF to serve as the institutional structure to operate the financial mechanism of the CBD on an interim basis.²⁸ At its first meeting, the COP provided the GEF with guidance on policy, strategy, program priorities, and eligibility criteria, included in the appendix to this chapter.^{29 30} This operational strategy is fully consistent with the Convention guidance.

Non-convention context Only developing-country parties are eligible to receive funding through the financial mechanism of the Convention. When the GEF provides assistance outside the financial mechanism, it will ensure that such assistance is fully consistent with the guidance provided by the Convention to the CBD.

Strategic Considerations

The main strategic considerations guiding GEF-financed activities to secure global biodiversity benefits are: (a) integration of the conservation and sustainable use of biodiversity within national and, as appropriate, subregional and regional sustainable development plans and policies; (b) helping to protect and sustainably manage ecosystems through targeted and cost-effective interventions; (c) integration of GEF efforts to achieve global benefits in other focal areas, where feasible, and in the cross-sectoral area of land degradation, primarily desertification and deforestation; (d) development of a portfolio that encompasses representative ecosystems of global biodiversity significance; and (e) that GEF activities will be targeted and designed to help recipient countries achieve agreed biodiversity objectives in strategic and cost-effective ways.

Sustainable achievement of global biodiversity benefits will greatly depend on the extent to which GEF activities are country-driven; respond to programs of national priority and that fulfill the obligations of the Convention; and are related to appropriate national policy frameworks and plans for sectoral, economic, and social development.

Where feasible and cost-effective, activities will be designed to contribute to global environmental benefits in other focal areas and in the cross-sectoral area of land degradation. For example, actions to sequester carbon and minimize land degradation may offer opportunities for biodiversity conservation, and international waters activities may offer opportunities for integrating aquatic biodiversity components.³¹

²⁸ Decision I/2, "Financial Resource and Mechanism," Report of the First Meeting of the Conference of the Parties to the Convention on Biological Diversity, UNEP/CBD/COP/1/17, February 28, 1995.

²⁹ The first meeting of the Conference of the Parties was held in Nassau, Bahamas, November 28-December 9, 1994.

³⁰ "Policy, Strategy, Programme Priorities and Eligibility Criteria for Access to and Utilization of Financial Resources of the Convention on Biological Diversity" (UNEP/CBD/COP/1/17; Annex 1, pp. 33-34), referred to hereafter as "Criteria." The full text is included as an appendix to this chapter.

³¹ Biodiversity concerns cut across the GEF focal areas and cross-sectoral issues:

- (a) Climate change examples include programs that increase reforestation with indigenous plant species for carbon sequestration in ecologically important areas.
- (b) International waters examples include actions seeking prevention of ecological degradation of critical water habitats (estuaries, lakes); programs to prevent the introduction of exotic species; and projects that address over-exploitation of key environments such as coral reefs or of specific species through unsustainable harvesting practices.
- (c) Ozone depletion examples include the impacts of methyl bromide-based fungicides (ozone-depleting substances) and their impact on biodiversity.
- (d) Land degradation examples include prevention of land degradation and the link with deforestation and unsustainable agricultural practices.

Land Degradation

Dryland ecosystems contain a significant endowment of plant and animal species and display high diversity. These are under severe periodic droughts which affect them and their resources. Dryland species exhibit notably restrictive geographical ranges and high endemism and have a wide range of morphological, physical, and chemical adaptations to their harsh environment. Drylands also are the center of origin of many important food crops (for example, wild wheat, lentil, barley, olive, and pistachio); are a source of important commercial and industrial products (for example, gums, resins, waxes, oils, and biocides); and provide critical habitat for wildlife and ecosystem diversity. Forests biodiversity; and deforestation through agricultural expansion, urban expansion, unsustainable direct extraction, and fuelwood collection, for example, causes land degradation and biodiversity loss. The will fund activities addressing land degradation issues as they relate to biodiversity issues that:

- Protect biodiversity and promote sustainable use in arid, semi-arid and mediterranean-type ecosystems.
- Prevent deforestation and promote sustainable use and sustainable management of forests of forested areas in order to conserve their biodiversity.

Portfolio Considerations

A portfolio that provides for a high level of representativeness of global ecosystems will be developed. It is difficult to define a precise sampling technique that would provide for a globally representative biodiversity portfolio because there is uncertainty about the level of species richness and its value within ecosystems; and relationships between ecosystems are uncertain. Therefore, a portfolio will be developed from a broadly representative base of globally important ecosystems including their habitats, while recognizing the potential importance of particular species and endemism-rich ecosystems.³³ Within representative ecosystems, particular attention will be given to the degree of threat (for example, for coastal and marine resources), level of vulnerability (for example, for arid and semi-arid areas, mountain regions, and freshwater systems), and priority status at national and regional levels.^{34,35,36}

³² At its first meeting, the Conference of the Parties identified as a program priority "strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments, in accordance with article 7 of the Convention." Article 7 of the Convention provides that a contracting party is to identify components of biological diversity important for its conservation and sustainable use having to the indicative list of categories set down in Annex I.

The criteria set down in Annex I of the Convention are:

1. Ecosystems and habitats: containing high diversity, large numbers of endemic or threatened species, or wilderness; required by migratory species; of social, economic, cultural or scientific importance; or, which are representative, unique or associated with key evolutionary or biological processes;

2. Species and communities which are: threatened; wild relatives of domesticated or cultivated species; of medicinal, agricultural or other economic value; or social, scientific or cultural importance; or importance for research into the conservation and sustainable use of biological diversity, such as indicator species; and

3. Described genomes and genes of social, scientific or economic importance.

³³ There has been considerable academic debate on methodologies to determine relative priorities in global biodiversity, and no consensus has yet been reached. Further efforts will be required in this field, and STAP could be requested to play a role on advising the GEF Secretariat on the scope of priority-setting methods and approaches.

³⁴ Criteria, 4 (k).

³⁵ Criteria, 4 (k).

³⁶ Criteria, paragraphs 3 and 4(a).

The GEF's biodiversity operations will be programmed in three categories: (a) operational programs for long-term protection and sustainable use of biodiversity, where the bulk of GEF funds will be concentrated; (b) enabling activities, prepared and scheduled in accordance with operational criteria; and (c) short-term response measures that offer cost-effective opportunities to conserve and sustainably manage biodiversity. All GEF-financed biodiversity activities will promote the use of local and regional expertise.

Operational Programs

The GEF will develop operational programs based on ecosystems (including species and genes). There are compelling scientific reasons for addressing biodiversity management within the framework of ecosystems. Ecosystem management allows the integration of scientific knowledge of ecological relationships with that of sociopolitical conditions and values to achieve biodiversity protection and sustainable management. The ecosystem approach also permits the management of biodiversity by taking into account the interrelationships among its components, including species and gene pools. Protection and sustainable management of ecosystems require a long-term commitment and a range of coordinated policy program and project interventions at a national level, a regional level, or both, as well as successful integration into the wider economic, social, and cultural contexts.

Operational programs for long-term biodiversity protection and sustainable use will be initially developed for arid and semi-arid ecosystems; coastal, marine, and freshwater ecosystems; forest ecosystems; and mountain ecosystems.

These ecosystems were selected in full conformity with the COP guidance, and based on criteria of species diversity, endemism, and degree of threat. They take into account the considerations of:

- Making systematic progress in securing global biodiversity objectives on the basis of a set of representative and complementary ecosystems of global biodiversity significance.
- Providing a practical organizing framework for the design and implementation of cohesive systems of national actions involving coordination of international, intersectoral, and inter-agency activities to achieve agreed global biodiversity benefits.
- Providing a basis for the further development of synergistic activities that will yield strategic programmatic impacts.
- Providing a workable basis for programmatic monitoring and evaluation of the effectiveness of GEF's biodiversity activities.

Additional operational programs could be developed for other ecosystems in conformity with the guidance of the COP to the CBD.

Arid and Semi-Arid Ecosystems

Activities in this operational program will focus on the conservation and sustainable use of endemic biodiversity in the dryland ecosystems including grasslands, primarily in Africa, and in Mediterranean-type ecosystems, where biodiversity is threatened by increased pressure from more intensified land use, drought, and desertification, often leading to land degradation. GEF-financed activities will emphasize

prevention and control of land degradation through development of sustainable use methods for biodiversity conservation, including the management of freshwater systems, in countries experiencing serious land degradation. Activities will demonstrate integrated approaches to the conservation of representative natural habitats and ecosystems through effective systems of conservation areas, including protected areas, introduction of sustainable land use systems, and strategic interventions to rehabilitate degraded areas. Special attention will be given to the demonstration and application of techniques, methods, and methods to conserve traditional crops and animal species in their original habitats.

Coastal, Marine, and Freshwater Ecosystems

Activities in this operational program will concentrate on the conservation and sustainable use of biodiversity in the coastal, wetland, mangrove, estuarine, marine, and freshwater ecosystems. Projects will involve integrated approaches to coastal area development and lakes and rivers management, and strengthen the network of conservation areas, including protected areas, to conserve coastal, marine and freshwater biodiversity. The needs of tropical island ecosystems will receive particular attention. Selected activities in this program will be implemented in conjunction with the international waters focal area and will involve international cooperation at the regional level.³⁷

Forest Ecosystems

Activities in this operational program will involve the establishment and strengthening of systems of conservation areas, including protected areas, and demonstration and development of sustainable use methods in forestry as part of integrated land management in agricultural and forest landscapes, focusing primarily on tropical and temperate forest ecosystems areas at risk. Particular attention will be given to demonstration and application of techniques to conserve wild relatives of domesticated plants and animals for the sustainable use of biodiversity, conservation of areas of importance for migratory species, strengthening of conservation area networks, and development of sustainable use methods in forest areas. Regional projects involving international cooperation will also be supported. Sizable funds from sources other than the GEF (e.g., multilateral, bilateral, and NGOs) are currently devoted to protection and management of forest ecosystems. GEF funds will complement ongoing efforts, as appropriate, and to scale up and replicate successful initiatives focusing on global objectives, promote best practices, help design and implement cohesive programmatic approaches.

Mountain Ecosystems

Activities in this operational program will initially address the conservation and sustainable use of biodiversity areas under increasing human pressure and imminent threat of degradation, including the Mesoamerican, Andean, East African, and Himalayan regions and the mountainous regions of the Indochina peninsula, and tropical islands. Through these activities, the GEF will seek to establish sustainable land use practices on mountain slopes in order to protect representative habitats and strengthen the network of representative conservation areas in the alpine, mountain grassland, montane forest zones, and freshwater systems. Activities that link mountain ecosystems with lowland ecosystems through corridors and those that demonstrate and apply best practices for integrated landscape

³⁷ The recent (1995) Great Barrier Reef Marine Park Authority/World Bank/IUCN volumes of *A Global Representative System of Marine Protected Areas* will provide significant input to this operational program.

management will be included. Regional activities involving cooperative management of chains of mountains, river basins, and watersheds will also receive support.

Considerations in Developing Operational Programs

Within the framework of each operational program, country-driven, site-specific activities will be developed. These will be based both on information from country-level or regionally based activities currently underway or planned, and on key strategic and policy issues involved in protecting and sustainably managing the ecosystem at the particular site. Each operational program will identify key actions to be undertaken on the basis of country-based information and dialogue. Each operational program will define how the Implementing Agencies will coordinate their efforts both in managing activities and in seeking sufficient funds and opportunities to support the objectives of the operational program through their regular programs. Each operational program will provide a framework for establishing an appropriate balance among institutional strengthening (including technical assistance investment, and targeted research. Specific activities will differ depending on the ecosystems concerned and site-specific conditions.

Each operational program will encompass, in an integrated manner, two types of measures are central to biodiversity: (a) long-term protection and (b) sustainable use. Other considerations that guide the development of activities in each operational program, as appropriate, are: (c) underlying causes and policies, (d) stakeholder involvement, and (e) targeted research.

Biodiversity conservation activities Initial emphasis of operational programs will be placed on *in situ* activities within and adjacent to conservation areas, including designated areas of biological importance. Representativeness and complementarity of ecosystems will be sought. These efforts will take into account national priority areas identified pursuant to Article 7 of the Convention, as well as scientific assessments completed under other international conventions or international programs on the subject. However, countries may seek assistance to demarcate, identify, and conserve other potentially important biodiversity reserves, including significant cultural heritage elements.

Conservation activities will be comprised of direct management interventions, planning of resource use as well as promotion of sustainable development alternatives to ensure that livelihoods be secured in and around the protected areas. Activities will seek to incorporate protected areas into landscapes or seascapes. In addition, attention will be given to integrated conservation and development projects to avoid creating "magnets" for immigration in buffer zones and exacerbating threats to biodiversity in the protected areas.

³⁸ Although there is no universally agreed classification for establishing the global importance of protected areas, a number of reference materials identify such sites. Efforts could be focused on sites listed in one or more of the following: Directory of Wetlands of International Importance (RAMSAR); World Heritage Sites (as included in the World Heritage Convention); Biosphere Reserves (UNESCO) of international importance and as also recorded by the World Conservation Monitoring Centre (WCMC), *Global Biodiversity*, 1992; *Bird Areas of International Importance* (Bird-Life International); *Centers of plant diversity*, IUCN, 1987; IUCN Threatened Plants Unit, Kew, U.K.; and *Global Biodiversity*, pp. 66-67; and Regions of Diversity of Crop Plants (WCMC, pp. 338-42). These efforts, while useful in their own right, point out the need to strengthen an overall system for classifying and assessing the global significance of biodiversity sites.

Activities within the framework of operational programs to secure long-term biodiversity protection will include:

- Demarcating, gazettement, strengthening, and expanding of protected areas
- Establishing long-term funding mechanisms for long-term biodiversity protection, including funds, to ensure provision for recurrent costs
- Developing integrated conservation and development projects around protected areas
- Creating participatory schemes for natural resource management, including that of buffer zones by local communities, indigenous groups, and other sectors of society, consistent with biodiversity conservation and sustainable use
- Developing demonstration projects linked to alternative livelihoods for local and indigenous communities
- Applying technology (such as geographical information systems) for biological inventory, rapid assessment, impact measurement, and gap analysis in integrated planning and management of designated conservation areas, including protected areas
- Support training for staff in government agencies responsible for protected area management

Sustainable use of biodiversity The success of biodiversity conservation efforts will depend on how the overall landscape is managed. It is simply not possible to conserve all species in a region by using conservation areas alone. Biodiversity conservation and sustainable use must also be achieved outside designated conservation areas, including protected areas, and must be integrated into the management of the natural and modified surrounding areas. A range of uses is possible -- from full protection in nature reserves through various forms of multiple use, with conservation easements, to full-scale use such as intensive agriculture, forestry, livestock production, and urban development. Restoration and rehabilitation of unique habitats under threat in areas of high diversity or endemism will also contribute to conservation and sustainable use. Activities that involve biodiversity management within the productive sectors of an economy are likely to lead to long-term sustainability because they will help address the underlying causes of biodiversity loss. Several sectors, such as forestry, agriculture, fisheries, and tourism, draw upon biodiversity assets.

Incremental costs of activities for conservation and sustainable use of biological resources will be developed within national policy and regulatory frameworks and within the context of the operational programs. They will include:

- Integration of biodiversity conservation and sustainable use objectives into land use and resource management plans
- Establishment of regulatory frameworks and incentive systems to minimize the harmful impacts of economic activities on natural resource use
- Facilitation of access to, transfer of, and cooperation for joint development of technology for the sustainable management and use of biodiversity resources
- Promotion of sustainable production and use of natural products, such as nontimber forest products, wild relatives of domesticated species, and agrobiodiversity-related products, including the development and implementation of sustainable harvesting and marketing regimes
- Development of environmentally sustainable nature-based tourism

- Participatory schemes for sustainable natural resource management, including that of buffer zones, by local communities, indigenous groups, and other sectors of society
- Integrated pilot projects to provide alternative livelihoods to communities, consistent with biodiversity conservation and sustainable use

Sustainable use of biological resources is a prerequisite for their long-term conservation. However, in most cases, it is not possible to accurately predict the impacts on ecosystems, habitats, species, or groups of innovative approaches to conservation and sustainable use of biodiversity. In addition, the risk of introducing perverse incentives that lead to overharvesting and destruction of natural resources is significant. Activities that involve harvesting of wild resources (for example, wildlife, nontimber forest products) pose special risks. It is, therefore, a priority to develop sustainable use methods that do not degrade biodiversity in agriculture, forestry, and fisheries. Therefore, sustainable use activities will require close monitoring of: species selection; information on current occurrence, density, and other demographic parameters of biological resources, including yield studies and regeneration surveys; and actual impacts of harvesting, so that harvesting levels and methods can be adjusted as needed.

Underlying causes and policies Biodiversity loss occurs through direct and indirect causes. These causes are typically multiple and synergistic. They involve complex interactions of demographic, social, ecological, economic, and cultural factors.³⁹ The levels of causality may include proximate causes (such as human action, such as land clearing, directly induces biodiversity loss), intermediate causes (such as inappropriate economic policies and legal ownership and tenure circumstances), and ultimate causes (such as population growth, poverty, low standards of living, lack of social development which increase pressure on natural resources, and overconsumption of resources).⁴⁰

Addressing all underlying causes of biodiversity loss is beyond the GEF's mandate and ability. Yet recipient countries must ascertain the range and importance of causal factors and their role in biodiversity loss and its amelioration. For example, appropriate adjustments in economic and social development policies may offer cost-effective, long-term solutions to biodiversity protection problems. Although the GEF will concentrate its efforts on addressing the proximate and intermediate causes of biodiversity loss, it will, through the Implementing Agencies' regular country assistance and awareness building programs, facilitate efforts to address the ultimate causes of biodiversity loss.

Within the context of operational programs, GEF-financed activities will include:

³⁹ See, for example, *Economics and the Conservation of Global Biological Diversity*: Katrina Brown, David Pearce, Charles Perrings, and Timothy Swanson. Working Paper Number 2 Global Environment Facility. Chapter 3, *The Economic Causes of Biodiversity Erosion* provides a succinct summary of the key variables affecting biodiversity loss. See also figure 5.1, which provides a schematic summary of factors affecting global biological diversity.

⁴⁰ R. Cervigni, *Incremental Cost of Biodiversity Conservation*, CSERGE, 1994. The UN Commission on Sustainable Development is investigating the issue of consumption and production patterns.

⁴¹ For example, it is unlikely that the GEF will fund population programs, direct antipoverty interventions, or potable water schemes, even if these were identified as causal factors affecting the deterioration of biodiversity. Such programs would normally be of high national priority and be an integral part of national economic and social development plans and policies.

⁴² The removal or reduction of economic distortions that are generally beneficial to the economy of a country in question may simultaneously benefit the environment and biodiversity. Case study work at the country level would be able to assess the likely impact of removing economic distortions. Numerous publications testify to this, but see especially D.W. Pearce and J. Warford, *World Without End: Environment, Economics, and Sustainable Development*, (New York: Oxford University Press, 1993).

- Identification and analysis of major causes (proximate, intermediate, and ultimate) of biodiversity loss, activities to build awareness of these causes, and assessment of feasible actions to address them.
- Application of analytical tools for decisionmaking (for example, valuation, indicators, impact assessment); promotion of partnerships to address the underlying causes; dissemination and systematic sharing of information, including on best practices; and incorporation of biodiversity concerns in the mainstream activities of Implementing Agencies.
- Incremental investments and technical assistance to help implement remedial measures, such as capacity building, including human resource development, shifts in economic and social policy and introduction and strengthening of legal, institutional, and regulatory systems; and to promote the integration of biodiversity conservation in agriculture, forestry, fisheries, wildlife and wetland management, tourism, and other relevant sectors.
- Introduction of innovative measures, including economic incentives, for the conservation and sustainable use of biodiversity.⁴³

Stakeholder involvement and social issues Issues of poverty, social development, sustainable livelihoods and access to common property resources are closely linked to biodiversity conservation and sustainable use. Participation of affected stakeholders, including indigenous peoples, is of central importance, especially in the case of communities that reside inside protected areas and their immediate surroundings.⁴⁴ Effective involvement of local people in GEF's biodiversity activities must be based on knowledge of their social, cultural, and economic context and their impacts on biological resources. Important factors in designing strategies for effective participation of stakeholders in global biodiversity objectives include access to land and other resources; governance systems relating to conflict management; distribution of benefits and accountability for conserving key resources; and demographic composition, gender roles, and social organization processes that influence human and environmental interactions.

GEF activities will incorporate the lessons from implementing participatory approaches into community-based management of biodiversity projects. These include integrated conservation and development projects in which social needs are integrated into project design; comanagement of resources, through contracts or negotiations with governments that define each stakeholder's responsibilities in managing the resource; and devolution of management to local groups and nongovernmental organizations (NGOs). Local, national, and international NGOs have played important roles by providing needed expertise in facilitating stakeholder participation and conducting scientific technical studies, inventories, social assessments, and community-based outreach.

⁴³ "Criteria", paragraph 4(i).

⁴⁴ Article 8(j): "Subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their sustainable application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices;"

Targeted research The GEF will fund targeted research, including information collection, analysis, dissemination, only in the context of the operational programs. Targeted research will be guided by following considerations:

- Because biodiversity is highly site-specific, baseline research, inventorying, and monitoring be supported in recipient countries to help develop site-specific activities within the framework of operational programs.
- The GEF could play a facilitating or complementary role in cofunding strategically significant efforts in applied biodiversity research to help develop activities in recipient countries to achieve Convention objectives with special emphasis on conservation and sustainable use methods.
- Support is needed in many recipient countries in the application of analytical tools and methodologies, including the use of modern information technologies, to monitor biodiversity and to plan for its conservation and sustainable use.⁴⁵

Potential areas for targeted research in biodiversity could include, for example, implementation of remote sensing (ecological/biological) assessment methods; technology applications for sustainable resource use in agriculture, forestry, and fisheries; incorporation of social dimensions in the management of conservation areas, including protected areas; and assistance to existing biodiversity research and monitoring institutions.⁴⁶ GEF funds will not be used to finance basic research or to create new research institutions. The GEF also will not fund the recurrent costs of research.

Enabling Activities

The concept of “enabling activities” has not been formally adopted by the COP of the CBD, although many enabling activities, as described generically in the first chapter, are of direct relevance to biodiversity and are recognized as priority activities by the CBD.⁴⁷

Enabling activities in biodiversity prepare the foundation for design and implementation of effective response measures required to achieve Convention objectives.⁴⁸ They will assist recipient countries to develop national strategies, plans, or programs referred to in Article 6 of the CBD, and identify components of biodiversity together with processes and activities likely to have significant adverse impacts on conservation and sustainable use of biodiversity pursuant to Article 7 of the CBD. They will normally involve the review and assessment of information and will assist a recipient country to gain a better understanding of the nature and scope of its biodiversity assets and issues as well as a clear sense of the options for the sustainable management and conservation of biodiversity.⁴⁹ Enabling activities include supporting country-driven activities that take stock of, or inventory existing biodiversity

⁴⁵ This is suggested as an enabling activity by the Inter-Agency Task Force on Biodiversity.

⁴⁶ The UNEP, in consultation with STAP, is preparing a draft paper on targeted research relating to GEF activities.

⁴⁷ See the Convention on Biological Diversity: Preamble; Articles 6, 7(b), 12, and 18(2); and CBD guidance (footnote 7): 4(c), (h), and (i).

⁴⁸ *Final Report of the Meeting of the Task Force on GEF Enabling Activities under the CBD*, April 5-6, 1995, Nairobi. The task force identified four categories of activity: “enabling activities for general use rather than country-specific (for example, development of guidelines for biodiversity planning.”) However, such activities also relate to targeted research and, as such, will be reviewed in that context.

⁴⁹ The GEF Secretariat has established an Inter-Agency Task Force on Biodiversity. It reviews all biodiversity project and activity proposals and undertakes ad hoc review work. The task force was convened in April 1995, to specifically review enabling activities in biodiversity. The Secretariat was invited to chair the meeting, which was hosted by the UNEP on April 5-6, 1995. It reviewed (a) the definition and scope of enabling activities in biodiversity; (b) systems needed to ensure programmatic cohesion and cost effectiveness; and (c) preliminary assessments of norms and standards to be applied in programming resources.

by relying on national programs and studies, without new primary research. The activities also include identifying options and establishing priorities to conserve and sustainably use biodiversity; preparing developing biodiversity planning exercises, such as national strategies, action plans, and sectoral plans and disseminating of information through national communications to the CBD.⁵⁰

Many countries already have a significant quantity of useful information and a number of assessments of biodiversity which can be utilized in planning. In addition, there exists a variety of approaches and practices for planning biodiversity conservation and sustainable use. It is essential to promote synergy and coordination among such initiatives within the recipient countries and among donors. When enabling activities are aimed at providing countries with the basic information on what to do, they will normally be regarded as incremental and will be funded on the basis of full cost reimbursement. Support to further develop in-country and sectoral plans, programs, and activities in line with global objectives will be based on incremental cost financing.

As a follow-up to enabling activities, some Parties may require further capacity building to implement agreed activities, to establish or strengthen institutional and legal frameworks, or to conduct action-oriented research to conserve biodiversity. Capacity building for such follow-up will be undertaken within the context of operational programs.

Operational criteria will be developed:

- To set out the scope, sequence, depth, and typical cost norms for various components of enabling activities in biodiversity.
- To outline recommended processes to prepare, discuss, and implement enabling activities within a recipient country.⁵¹
- To delineate the requirements for provision of GEF support, its complementarity to existing ongoing support, and its focus on the task of preparing particular plans or communications in relation to the Convention.

Short-Term Response Measures

Proposed activities that are not an integral part of an operational program but are still cost-effective, that enable the GEF to respond to an urgent need, or seize a promising country-driven opportunity in a timely manner are also eligible for support. It would be unwise to reject such activities merely because they are not part of an agreed operational program if their costs are relatively low, the outcomes relatively certain, and their urgency or priority unchallenged.

The operational criteria to guide consideration of proposed activities under short-term response measures include:

- *Likelihood of success.* Projects should demonstrate that they are well-designed and feasible. Supporting assessments of technical quality and relevance, as well as conducive country policies

⁵⁰ Convention on Biological Diversity, Article 26.

⁵¹ The GEF will encourage countries to disseminate findings widely within the country and to encourage discussion and debate among a wide range of stakeholders. GEF consultation and participation guidelines (once approved by the Council) will provide a framework for such activities.

and program frameworks will be required, and STAP advice will be sought. Impact indicators will be developed for the monitoring and evaluation of short-term measures.

- *Cost effectiveness.* Few useful quantifiable norms of cost-effectiveness exist for biodiversity activities; in their absence, information will be provided to assess the nature and significance of the costs involved in relation to the expected biodiversity benefits.
- *Degree of threat, vulnerability or urgency.* Some interventions may be considered extremely urgent on the basis of known imminent threats to a species or ecosystem (for example, tropical forests, coastal and marine biodiversity) or degree of vulnerability (for example arid, semi-arid and mountainous regions).⁵²
- *Opportunism.* A GEF intervention may be considered opportune in the face of a fortuitous combination of factors -- for example, emergence of a conducive national policy environment, international collaboration to address an urgent or emergent problem at the national or regional level.
- *Demonstration value.* Innovative approaches (for example, innovative use of economic incentives) to implementing biodiversity activities may need to be tested.⁵³

Short-term response measures, like activities developed within the framework of operational programs, will be country-driven and consistent with national plans and strategies, may involve establishment of monitoring systems to provide for recurrent costs, and will be supported by measures to ensure the sustainability of biodiversity benefits.

Eligible activities under short-term response measures could include, for example, those which focus on threatened or endangered species or ecosystems, actions to reduce immediate threats to migratory species, and programs to facilitate implementation of unforeseen opportunities for national action and international cooperation to reduce specific risks of biodiversity loss. Over time, some short-term response measures may also help the development of new operational programs.

Conclusion

The operational strategy for biodiversity sets forth an approach for implementing the GEF's mandate on biodiversity, in full conformity with the guidance provided by the COP of the CBD. It provides a framework for the development and implementation of GEF-financed activities to allow recipient countries to address the complex global challenge of biodiversity conservation and sustainable use. It provides a framework for systematic monitoring and evaluation of the effectiveness of GEF-financed activities.

Operational Program Number 1: Arid and Semi-Arid Zone Ecosystems

⁵² "Criteria", paragraph 4(k).

⁵³ "Criteria", paragraph 4(i).

1.1 Arid and semi-arid lands include the tropical grassland and savannah/woodland savannah, the desert and semi-desert, temperate grasslands, tundra communities, and cold deserts biomes.⁵⁴ These cover over one third of the earth's land surface and are home to over 900 million people. Many important food crops originate from drylands. Indigenous crops and fruits from drylands are known for their resistance to disease, stress, and adaptability and are valuable sources for plant breeding. Arid and semi-arid lands are notable for their within-species genetic diversity, rather than between-species variability and species richness. Yet they contain a significant endowment of plants and animal species, including many organisms. Arid land species exhibit notably a restrictive geographical distribution (endemism) and a wide range of morphological, physical, and chemical adaptation to their harsh environment. These ecosystems provide critical habitats for wildlife and ecosystem diversity, including wetlands for migratory species, but are under severe threat.

GUIDANCE

1.2 This Operational Program responds to the three sets of guidance provided by the Conference of Parties (CoP) of the Convention on Biological Diversity (CBD) to the GEF as the institutional structure operating the financial mechanism on an interim basis. The first set of guidance is from the first CoP and includes policy, strategy, and eligibility criteria, as well as program priorities among which are the following related to arid and semi-arid zone ecosystems:

- (a) Projects that promote the conservation and sustainable use of biological diversity ... in environmentally vulnerable areas such as arid and semi-arid; and⁵⁶
- (b) Projects that promote the conservation and/or sustainable use of endemic species⁵⁷.

1.3 At its second meeting, the CoP approved the second set of guidance⁵⁸, concerning *inter alia* financial mechanisms for conservation and sustainable use and for in-situ conservation,⁵⁹ and preliminary consideration of components of biodiversity under threat.⁶⁰

1.4 Although not specifically directed to the GEF, the second CoP also reaffirmed that "the ecosystem approach should be the primary framework of action to be taken under the Convention"⁶¹ and stressed the need "to identify the driving forces determining the status and trends of components of biological diversity."⁶² The ecosystem approach is followed in the Operational Programs and identification of driving forces is stressed.

1.5 At its third meeting, the Conference of the Parties (COP) of the Convention on Biological Diversity (CBD) approved additional guidance for the GEF. The guidance is directly relevant to, and can be

⁵⁴ Classification of Biogeographical Provinces of the World (Udvardy, 1975).

⁵⁵ Document UNEP/CBD/COP/I/17, Policy, Strategy, Programme Priorities and Eligibility Criteria for access to and utilization of financial resources of the Convention on Biological Diversity. Annex 1, pages: 33-34.

⁵⁶ *Ibid.* 4(k).

⁵⁷ *Ibid.* 4(l).

⁵⁸ A Call to Action: Decisions and ministerial statement from the Second Meeting of the Conference of the Parties to the Convention on Biological Diversity, Jakarta, Indonesia, 6-17 November, 1995.

⁵⁹ *Ibid.* Decision II/6 11, referring to decision II/7 on Articles 6 and 8 of the Convention.

⁶⁰ *Ibid.* Decision II/6 11, referring to decision II/8, para 2.

⁶¹ *Ibid.* Decision II/8, para 1.

⁶² *Ibid.* Decision II/8, para 3.

fulfilled through Enabling Activities, long-term Operational Programs, and/or Short-term Response Measures. In addition, the operational response to the guidance on agrobiodiversity will be consolidated in an operational policy note on the treatment of agrobiodiversity in the context of the four current Operational Programs in biological diversity. Pertinent references have been included in the Operational Criteria for Enabling activities and the operational policy work of the Secretariat.

1.6 The Conference of the Parties:⁶³

- (a) urged Implementing Agencies to enhance cooperation to increase efforts to improve processing and delivery systems;
- (b) asked GEF to "...provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives..."⁶⁴ on the following topics: capacity building in biosafety, including implementation by developing countries of UNEP International Technical Guidelines on Safety in Biotechnology; capacity building for initial assessment and monitoring programs, including taxonomy; supporting efforts for the conservation and sustainable use of biological diversity important to agriculture; and capacity building and country driven pilot projects on the Clearing-house Mechanism (CHM);
- (c) reconfirmed the importance and requested support for incentive measures;
- (d) urged capacity building efforts to implement measures and guidance on access to genetic resources;
- (e) requested GEF to examine the support of capacity building for indigenous and local communities embodying traditional lifestyles;
- (f) requested GEF to incorporate targeted research and promotion of awareness activities relevant to project objectives and consistent with national priorities; and
- (g) requested GEF to collaborate with the CBD Secretariat in preparing a proposal on the matter to address the fair and equitable sharing of the benefits arising out of genetic resources including assistance to developing country Parties.

1.7 The Conference of the Parties⁶⁵ requested GEF to make financial resources available to developing country Parties for urgent implementation of relevant aspects of Articles 6 and 8 concerning general measures for conservation and sustainable use and for in-situ conservation.

1.8 The present Operational Program responds to the above decisions.

PROGRAM OBJECTIVE

1.9 The objective of this Operational Program is the conservation and sustainable use of biological resources in arid and semi-arid zone ecosystems.

- (a) Conservation⁶⁶, or in-situ protection, will be sought through protection of systems of conservation areas, focusing primarily on countries in Africa and in the Mediterranean type

⁶³ UNEP/CBD/COP/3/38, annex II, Decision III/5.

⁶⁴ Idem, para 2.

⁶⁵ Idem, Decision III/9, paras 2, 3, and 4.

⁶⁶ GEF Operational Strategy, Chapter 2, pages 17-18.

climatic zone threatened by increased pressure from intensified use, drought, and desertification which lead to land degradation; and

(b) Sustainable use⁶⁷ management will be sought by combining production, socio-economic biodiversity goals. The Operational Strategy calls for a range of uses from strict protection reserves through various forms of multiple use with conservation easements to full scale use

1.10 The key assumptions are as follows:

- (a) Scope. Conservation and sustainable use will be achieved in specific ecosystems that are identified as priorities within National Biodiversity Strategies or other national plans such as UNCED reports, National Environment Action Plans, etc. It is assumed that protecting a number of dryland ecosystems that are national priorities will, overall, result in a sufficiently representative coverage of habitat types to fulfill the objective of the Operational Program;
- (b) Replication. Successful outcomes will be replicated elsewhere on the basis of the experience and learning gained.

EXPECTED OUTCOMES

1.11 A successful outcome is one where globally important biodiversity has been conserved or sustainably used in a specific arid or semi-arid ecosystem.

Monitoring outcomes

1.12 Outcomes would be monitored and evaluated by measuring key indicators of ecosystem structure and function, and of sustainable use. Examples of monitoring and evaluation methodologies and tools include:

- (a) surveys of dryland vegetation cover and composition; measures of the plant vigor, age, diversity, species density, and age class; other measures of the population of native species, showing these to be high enough to be viable in -situ;
- (b) surveys of fauna performance -- population change, wildlife calving, and weight gains etc;
- (c) indicators of ambient threats such as air and water pollution and induced or excessive divergence, soil erosion and its underlying causes, or landslides, showing these to be below critical thresholds;
- (d) measures of the population of key alien, invasive species;
- (e) ecological surveys within dryland conservation areas, showing the maintenance of species diversity and endemism and the presence and abundance of indicator or keystone species;
- (f) appropriate indicators for monitoring of the process of rehabilitation efforts; and
- (g) surveys of impacts on the livelihoods and participation of indigenous and local communities and surveys of impacts on biodiversity from these communities.

Assumptions and risks to achieving the outcomes

1.13 A key assumption is that Implementing Agencies, in their regular work programs, will assist countries to analyze the causes⁶⁸ of biodiversity loss at the ecosystem level, which could include demographic and economic factors, and to identify and implement national plans that address such

⁶⁷ Idem, pages: 18-19.

⁶⁸ World Resources Institute, 1992. Global Biodiversity Strategy, pages: 12-18.

causes. Supplementing this baseline course of action, GEF can assist with additional actions to address driving forces or proximate causes of biodiversity loss and unsustainable use.

1.14 There are some risks to achieving successful outcomes at the ecosystem level through conservation and sustainable use activities and these risks will be addressed through emphasis on good project design. The following important risk-reducing steps will need to be confirmed in project proposal documents:

- (a) Complementarity. The necessary complementary activities, such as expected policy changes and the availability of bilateral and other sources of finance, will take place;
- (b) Size. Large protected areas which are less isolated from other natural areas are expected to be richer in terms of species and more stable in terms of retaining the species they contain. A protected dryland area should be large enough, and the practice of sustainable use of resources in the surrounding productive landscape should be widespread enough, to ensure that the most threatened and endangered components of arid or semi-arid zone biodiversity will be protected and
- (c) Absorptive capacity. The absorptive capacity of agencies and NGOs to implement the GEF activity and all the other activities necessary for protecting the ecosystem and use available resources effectively.

PROJECT OUTPUTS

1.15 Outputs of individual GEF activities in arid or semi-arid ecosystems would be monitorable.

Examples include:

- (a) Protected areas. Well established systems of conservation units with effective management plans;
- (b) Threat removal. Removal of the causes of biodiversity loss and the specific threats to the ecosystem arising in the surrounding productive landscape, e.g., through reduced fragmentation;
- (c) Sectoral integration. Incorporation of biodiversity protection into the main productive sectors of the economy and integrated community development addressing livelihood issues of local indigenous communities living in the buffer zone and areas of influence of protected areas;
- (d) Sustainable use. Sustainable livestock grazing, hunting, and tourism as well as sustainable use of commercial and industrial products of drylands, e.g. gums, resins, plant-based waxes, oil biocides; and (e) Institutional strengthening. Stronger institutions and well-trained staff to address these issues.

GEF ACTIVITIES

1.16 GEF can support⁶⁹ investment, technical assistance, capacity building (institutional strengthening, human resource development, and information exchange, including participation in the Clearing-house Mechanism), policy, public education, and targeted research. Through these means, GEF will help to finance the conservation of biodiversity and sustainable use.

1.17 Typical conservation activities are:

- (a) demarcating, gazetting, strengthening, expanding, and consolidating conservation areas;

⁶⁹ 16 GEF Operational Strategy, Chapter 2, Biodiversity, pages: 17-21.

- (b) assessing the impact of natural disturbances and the compound effect of anthropogenic ;
- (c) control of alien, invasive species;
- (d) capacity building for biosafety activities formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;
- (e) identifying components of biological diversity important for its conservation with regard to the indicative list of Annex I of the CBD;
- (f) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the conservation of biodiversity;
- (g) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the conservation of biodiversity;
- (h) demonstrating and applying techniques to conserve biodiversity important to agriculture and wild relatives of domesticated plants and animals;
- (i) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to conservation of biological diversity with their prior informed consent and participation;
- (j) incorporating components for targeted research important for biological diversity conservation when relevant to project objectives and consistent with national priorities; and
- (k) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

1.18 To maintain biodiversity and the diversity of biological resources, GEF sustainable use activities should be supported in arid and semi-arid ecosystems. Sustainable development activities that integrate biodiversity and biological resource concerns are central to and a necessary foundation for national sustainable development goals. Typical GEF sustainable development activities would be in areas surrounding critical habitats that require integration of biodiversity protection and sustainable development into sectoral plans. In addition, consistent with the incremental cost approach, GEF could pay for modification of activities so they incorporate and add protection to biodiversity or biological resources. Typical examples are of the first approach are:

- (a) integrating biodiversity conservation and sustainable use objectives in land use and natural resource use management plans;
- (b) piloting projects providing alternative livelihoods for local and indigenous communities residing in buffer zones of globally important biological areas;
- (c) strengthening capacity building for biosafety activities which will be formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;
- (d) identifying components of biological diversity important for its sustainable use, with regard to the indicative list of Annex I of the CBD;
- (e) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the sustainable use of biodiversity;
- (f) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic

information systems, and data analysis systems of importance for the sustainable use of biodiversity;

(g) demonstrating and applying techniques to sustainably manage biodiversity important to agriculture, such as wild relatives of domesticated plants and animals;

(h) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to the sustainable use of biological diversity, with their prior informed consent and participation;

(i) incorporating components for targeted research important for the sustainable use of biological resources when relevant to project objectives and consistent with national priorities; and

(j) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

1.19 Typical examples of activities that could be modified specifically to protect biodiversity:

(a) integrated rural development on a sustainable basis, e.g. range management may need to involve not only livestock, but also agriculture, infrastructure, marketing, wildlife, and tourism;

(b) soil conservation and restoration of degraded areas to conserve biodiversity;

(c) natural resources management activities which emphasize integrated resource use with conservation and development, such as use of water resources and its distribution in order to spread out grazing pressure and prevent vegetation deterioration;

(d) energy conservation projects that emphasize conservation of trees and alternative energy sources to conserve the natural vegetation; and

(e) establishment of long-term cost recovery mechanisms and financial incentives for sustainable use.

Project risks

1.20 Project proposals would also address the main risks to being able to reach the desired outputs:

(a) Best practice. Using and adapting best practice for GEF activities, and best available knowledge to establish the necessary baseline and indicators to monitor impacts; and

(b) Local communities. Ensuring that programs are culturally sound, that they fit local customs and gain strength from community dynamics, and that the people recognize and receive benefits; ensuring local participation in natural resources management from the start; and ensuring that local communities respect the limits on biological resource extraction.

Inter-Agency Coordination

1.21 The activities would be coordinated with the past, ongoing, and prospective work of the Implementing Agencies and others. These will include experience gained, lessons learned, and dissemination of experience from the Pilot Phase activities, and the experience of multilateral, bilateral and private institutions, the international and national NGO community, and international, regional, national research centers and academic institutions.

Land Degradation

1.22 Increased incidences of drought, intensive pressure of people on the land, and improper land use practices are leading to a deterioration of these lands and their biodiversity. Land degradation in

developing countries is usually marked by poverty and human suffering, making it difficult to conserve biodiversity without alleviating human suffering. Despite the basic resilience of these ecosystems, once key thresholds are passed, recovery becomes almost impossible.

1.23 Arid and semi arid lands have suffered some of the worst forms of degradation, due to their fragile and increased pressure from growing and partially sedentarized populations. Projects in the conservation of ecosystems and integrated land use will also naturally alleviate the problems of land degradation. However, there will be areas which have been degraded to the extent that they will need special measures within the projects to address the issues of rehabilitation and their future rational management. Components addressing these specific issues will be developed within both types of GEF activity: conservation and sustainable use.

PUBLIC INVOLVEMENT

1.24 It is one of ten basic operational principles for the GEF that its projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people. The GEF Council approved a paper on Public Involvement in GEF-financed Projects that defines the procedure for information dissemination, consultation, and stakeholder participation, including the following:

- (a) that there should be emphasis on local participation and local stakeholders; and
- (b) that specific conditions in-country should be taken into consideration.

1.25 These principles respond to the guidance of the CoP⁷⁰. Strategic partnerships will be sought, wherever possible, between all relevant stakeholders (e.g., government, NGOs, academia, the private sector, local communities, and indigenous groups), each group collaborating based on comparative advantage. Procedures to implement the Operational Program will clarify the conditions of cooperation and contain transparent mechanisms to ensure the active participation of relevant stakeholders in the planning, implementation and monitoring of project activities. Partnerships will be appropriate to local conditions and build on local expertise.

RESOURCES

1.26 GEF resources will be used to meet the incremental costs of activities in this Operational Program. The financial resources required over the period of the first three years are estimated to be approximately US \$160 million. Arid and semi-arid lands occur in frontier areas and are vast. Communication tends to be difficult and raises the costs of project implementation in these areas. The first two years will see a build up of projects to a level of \$135 million after which the last years of this planning period will be reduced activity to the \$25 million level. The above projections take into account the uncertainty of droughts in this environment which might call for some short term measures to save certain critical biodiversity, especially in wetlands.

⁷⁰ Decision II/6, para 10, page 22 and Idem Decision III/5.

Operational Program Number 2: Coastal, Marine and Freshwater Ecosystems

GUIDANCE

2.1 This Operational Program responds to the three sets of guidance provided by the Conference of Parties (CoP) of the Convention on Biological Diversity (CBD) to the GEF, as the institutional structure operating the financial mechanism on an interim basis. The guidance from the first meeting the CoP provided inter alia program priorities, including:

- (a) Projects that promote the conservation and sustainable use of biological diversity of coastal and marine resources under threat; and
- (b) Projects which promote the conservation of biological diversity and sustainable use of its components in other environmentally vulnerable areas⁷².

2.2 At its second meeting, the CoP approved additional guidance,⁷³ concerning inter alia finance for measures for conservation and sustainable use and for in-situ conservation,⁷⁴ and preliminary consideration of components of biodiversity under threat.⁷⁵ The CoP also forwarded to GEF recommendations on the conservation and sustainable use of marine and coastal biological diversity encouraging inter alia “the use of integrated marine and coastal area management as the most suitable framework for addressing human impacts on marine and coastal biological diversity and for promoting conservation and sustainable use of this biodiversity.”⁷⁷

2.3 Although not specifically directed to the GEF, the CoP also reaffirmed that “the ecosystem approach should be the primary framework of action to be taken under the Convention”⁷⁸ and stressed the need to identify the driving forces determining the status and trends of components of biological diversity.” ecosystem approach is followed in the Operational Programs and identification of driving forces is stressed.

2.4 At its third meeting, the Conference of the Parties (CoP) of the Convention on Biological Diversity (CBD) approved additional guidance for the GEF. The guidance is directly relevant to, and can be fulfilled through Enabling Activities, long-term Operational Programs, and/or Short-term Response Measures. In addition, the operational response to the guidance on agrobiodiversity will be consolidated in an operational policy note on the treatment of agrobiodiversity in the context of the four current Operational Programs in biological diversity. Pertinent references have been included in the Operational Criteria for Enabling Activities and the operational policy work of the Secretariat.

⁷¹ 1 Document UNEP/CBD/CoP/I/17, Policy, Strategy, Programme Priorities and Eligibility Criteria for access to and utilization of resources of the Convention on Biological Diversity. Annex 1, pages: 33-34.

⁷² Ibid. 4(k).

⁷³ A call to Action: Decisions and ministerial statement from the Second Meeting of the Conference of the Parties to the Convention on Biological Diversity, Jakarta, Indonesia, 6-17 November, 1995.

⁷⁴ Ibid. Decision II/6 11, referring to decision II/7 on Articles 6 and 8 of the Convention.

⁷⁵ Ibid. Decision II/6 11, referring to decision II/8, para 2.

⁷⁶ Ibid. Decision II/10 11, referring to the whole of decision II/8 and its annexes.

⁷⁷ Ibid. Decision II/10, para 2.

⁷⁸ Ibid. Decision II/8, para 1.

⁷⁹ Ibid. Decision II/8, para 3.

2.5 The Conference of the Parties:⁸⁰

- (a) urged Implementing Agencies to enhance cooperation to increase efforts to improve processing and delivery systems;
- (b) asked GEF to “...provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives...”⁸¹ on the following topics: capacity building in biosafety including for the implementation by developing countries of the UNEP International Technical Guidelines on Safety in Biotechnology; capacity building in initial assessment and monitoring programs, including taxonomy; supporting efforts for the conservation and sustainable use of biological diversity important to agriculture; and for capacity building and country driven pilot projects on the Clearing-house Mechanism (CHM);
- (c) reconfirmed the importance and requested support for incentive measures;
- (d) urged capacity building efforts to implement measures and guidance on access to genetic resources;
- (e) requested GEF to examine the support of capacity building for indigenous and local communities embodying traditional lifestyles;
- (f) requested GEF to incorporate targeted research and promotion of awareness activities where relevant to project objectives and consistent with national priorities; and
- (g) requested GEF to collaborate with the CBD Secretariat in preparing a proposal on the matter to address the fair and equitable sharing of the benefits arising out of genetic resources including assistance to developing country Parties.

2.6 The Conference of the Parties⁸² requested GEF to make financial resources available to developing country Parties for urgent implementation of relevant aspects of Articles 6 and 8 which concern with general measures for conservation and sustainable use and for in-situ conservation.

2.7 The present Operational Program responds to the above decisions.

PROGRAM OBJECTIVE

2.8 The objective of this Operational Program is the conservation and sustainable use of the biological resources in coastal, marine, and freshwater ecosystems generally (including lakes, rivers and wetlands and island ecosystems). The needs of tropical island ecosystems will receive special attention.

- (a) Conservation⁸³ can be ensured by ecosystem functioning through the establishment and strengthening of systems of conservation areas. The scope will be tropical and temperate coastal marine, and freshwater ecosystems areas at risk; and
- (b) Sustainable use⁸⁴ can be ensured by systems which combine biodiversity conservation, production, and socio-economic goals. The scope, as set out in the Operational Strategy, includes strict protection on reserves, various forms of multiple use with conservation easements, and large scale use.

⁸⁰ UNEP/CBD/CoP/3/38, annex II, Decision III/5.

⁸¹ Idem, para 2.

⁸² Idem, Decision III/9, paras 2, 3, and 4.

⁸³ GEF Operational Strategy, Chapter 2, pages 17-18.

⁸⁴ Idem, pages: 18-19.

2.9 The key assumptions are as follows:

- (a) Scope. Conservation and sustainable use will be achieved in a variety of specific ecosystems that are identified as priorities within national biodiversity strategic plans and programs; and
- (b) Replication. These successful outcomes will be replicated elsewhere on the basis of the experience and learning gained.

2.10 As indicated in the Operational Strategy⁸⁵, this Operational Program will be implemented in conjunction with those in the International Waters focal area. For coastal and marine ecosystems, the approach will be implemented in large marine ecosystems based on biogeographic provinces and other relevant scales. For in-situ conservation of areas of global importance there is a large body of work identifying particular coastal/marine and wetland areas that should be conserved to represent major habitat types and their species⁸⁶. National priorities are often expressed in the National Biodiversity Strategies and Action Plans, and in national plans such as UNCED reports, Tropical Forestry Action Plans, National Environment Action Plans, etc.

EXPECTED OUTCOMES

2.11 A successful outcome is one where globally important biodiversity has been conserved and sustainably used in a specific coastal, marine, or freshwater ecosystem.

Monitoring outcomes

2.12 Outcomes would be monitored and evaluated by measuring key indicators of ecosystem structure and function, and of sustainable use. Examples of monitoring and evaluation methodologies and tools include:

- (a) measures of the population of native species, showing these to be high enough to be viable in situ;
- (b) measures of the population of key alien, invasive species;
- (c) ecological surveys within protected areas, showing the presence and abundance of indicator keystone species;
- (d) measures of the quality of the processes (e.g. water quality, nutrient cycling, etc.) that maintain the integrity of the ecosystems; and
- (e) surveys of impacts on the livelihoods and participation of indigenous and local communities and surveys of impacts on biodiversity from these communities.

Assumptions and risks to achieving the outcomes

2.13 A key assumption is that Implementing Agencies, in their regular work programs, will assist countries to analyze the causes⁸⁷ of biodiversity loss at the ecosystem level, which could include

⁸⁵ Chapter 2, Biodiversity, page 16.

⁸⁶ Examples of key source materials identifying specific sites at the global level: "A Global Representative System of Marine Protected Areas" prepared jointly by the Great Barrier Reef Authority, the World Bank, and IUCN; Global Marine Biological Diversity (Norse, 1995); International Coral Reef Initiative (ICRI); international (e.g., Ramsar and World Heritage) and regional (e.g. Barcelona) conventions; and other international instruments that identify global and regional priority sites for conservation of biodiversity and biological resources in coastal, marine, and freshwater ecosystems. National Biodiversity Strategies and Action Plans; and UNEP's Regional Seas Programme.

⁸⁷ World Resources Institute, 1992. Global Biodiversity Strategy, pages: 12-18

demographic and economic factors, and to identify and implement national plans that address such causes. Supplementing this baseline course of action, GEF can assist with additional actions to address driving forces or proximate causes of biodiversity loss and unsustainable use.

2.14 There are some risks to achieving successful outcomes at the ecosystem level through conservation and sustainable use activities and these risks will be addressed through emphasis on good project design. Important risk-reducing steps will need to be confirmed in project proposal documents:

- (a) Complementarity. The necessary complementary activities, such as expected policy changes and the availability of bilateral and other sources of finance, will take place;
- (b) Size. The protected area is large enough, and the practice of sustainable use of resources surrounding productive landscape/seascape is widespread enough, to ensure that the most threatened and endangered components of biodiversity will be protected; and
- (c) Absorptive capacity. The absorptive capacity of agencies and NGOs to implement the GEF activity and all the other activities necessary for protecting the ecosystem and use available effectively.

PROJECT OUTPUTS

2.15 Outputs of GEF projects and related activities affecting coastal, marine, and freshwater ecosystems would be monitorable. Examples include:

- (a) Threat removal. Removal of the causes of biodiversity loss and the specific threats to the ecosystem arising in the surrounding productive landscape, e.g., through reduced discharge of domestic, industrial, and agricultural pollution;
- (b) Sectoral integration. Well established and well-managed systems of coastal/marine, and freshwater conservation units with effective management plans; integrated land-use and sea-use which includes conservation units as part of the regional landscape/seascape; and integrated community development addressing livelihood issues of local and indigenous communities in the buffer zone and areas of influence of conservation units;
- (c) Sustainable use. Sustainable coastal, marine and freshwater management techniques in place and
- (d) Institutional strengthening. Stronger institutions and well-trained staff to address these issues.

GEF ACTIVITIES

2.16 The GEF can support⁸⁸ investment, technical assistance, capacity building (institutional strengthening, human resource development, and information exchange, including participation in the Clearing-house Mechanism), policy, public education, and targeted research. Through these means, GEF will help to finance the conservation of biodiversity and sustainable use.

2.17 Typical conservation activities are:

⁸⁸ GEF Operational Strategy, Chapter 2, Biodiversity, pages: 17-21.

- (a) demarcating, gazetting, strengthening, expanding and consolidating systems of conservation areas, particularly in critical habitats or representative systems of coastal, marine and freshwater conservation areas;
- (b) assessing the impact of natural disturbances and the compound effect of anthropogenic activities;
- (c) remedial actions in areas under threat;
- (d) control of alien, invasive species;
- (e) capacity building for biosafety activities formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;
- (f) identifying components of biological diversity important for its conservation with regard to the indicative list of Annex I of the CBD;
- (g) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the conservation and sustainable use of biodiversity;
- (h) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the conservation of biodiversity;
- (i) demonstrating and applying techniques to conserve biodiversity importance to agriculture such as wild relatives of domesticated plants and animals;
- (j) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to conservation of biological diversity, with their prior informed consent and participation;
- (k) incorporating components for targeted research important for biological diversity conservation when relevant to project objectives and consistent with national priorities; and
- (l) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

2.18 To maintain biodiversity and the diversity of biological resources, GEF sustainable use activities should be supported in coastal, marine, and freshwater ecosystems. Sustainable development activities that integrate biodiversity and biological resource concerns are central to and a necessary foundation for national sustainable development goals. Typical GEF sustainable development activities would be in areas surrounding critical habitats that require integration of biodiversity protection and sustainable development in sectoral plans. In addition, consistent with the incremental cost approach, GEF could support activities that could be modified specifically to protect biodiversity. Typical examples are:

- (a) assessing the impact of natural disturbances and the compound effect of anthropogenic activities;
- (b) remedial actions in areas under threat;
- (c) control of alien, invasive species;
- (d) capacity building for biosafety activities formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;
- (e) identifying components of biological diversity important for its sustainable use with regard to the indicative list of Annex I of the CBD;
- (f) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the sustainable use of biodiversity;

- (g) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the sustainable use of biodiversity;
- (h) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to sustain use of biological diversity, with their prior informed consent and participation;
- (i) incorporating components for targeted research important for the sustainable use of biological diversity when relevant to project objectives and consistent with national priorities; and
- (j) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

Typical examples of activities that could be modified specifically to sustainably manage biodiversity:

- (a) integrating biodiversity conservation and sustainable use objectives in water and land use natural resource use management plans;
- (b) integrated pilot projects providing alternative livelihoods to local and indigenous communities residing in buffer zones of globally important biological areas;
- (c) tenure reform and land titling in the buffer zones – in the coastal zone, marine environment and freshwater systems around globally important protected areas;
- (d) reduction in habitat fragmentation, encroachment, and pollution; and
- (e) establishment of long-term cost recovery mechanisms and financial incentives for sustainable use.

Project risks

2.19 Project proposals would also address the main risks to being able to reach the desired outputs:

- (a) Best practice. Using and adapting best practice for GEF activities, and best available knowledge to establish the necessary baseline and indicators to monitor impacts; and
- (b) Local communities. Ensuring that local communities accept and respect the boundaries of conservation units and the limits imposed on biological resource extraction; scaling up and expanding successful community development activities; encouraging the active participation of local communities, NGOs, and other key stakeholders; and incorporating the knowledge of and indigenous communities.

Inter-Agency coordination

2.20 The activities would be coordinated with the past, ongoing, and prospective work of the Implementing Agencies and others. These will include experience gained, lessons learned, and dissemination of experience from the Pilot Phase activities, and the experience of multilateral, bilateral and private institutions, the international and national NGO community, and international, regional, national research centers and academic institutions.

Land degradation

2.21 Coastal, marine, and freshwater ecosystems suffer the impact, directly or indirectly, of land degradation. The GEF will support activities that demonstrate how to control land degradation effects.

these ecosystems. Special pilot efforts will assist Island States to conserve and rehabilitate/restore (needed) key ecosystems for threatened/endangered plant and animal species.

PUBLIC INVOLVEMENT

2.22 It is one of ten basic operational principles for the GEF that its projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people. The GEF Council approved a paper on Public Involvement in GEF-financed Projects that defines the procedure for information dissemination, consultation, and stakeholder participation, including the following:

- (a) that there should be emphasis on local participation and local stakeholders; and
- (b) that specific conditions in-country should be taken into consideration.

2.23 These principles respond to the guidance of the CoP.⁸⁹ Strategic partnerships will be sought, where possible, among all relevant stakeholders (e.g., government, NGOs, academia, the private sector, local communities and indigenous groups), each group collaborating based on comparative advantage. The Operational Program will clarify the conditions of cooperation and contain transparent mechanisms to ensure the active participation of relevant stakeholders in the planning, implementation and monitoring of project activities. Partnerships will be appropriate to local conditions and build on local expertise.

RESOURCES

2.24 GEF resources will be used to meet the incremental costs of activities in this Operational Program. It is estimated that this program will require financial resources of approximately \$160-190 million over three years, with the rate of disbursement rising as experience is gained.

Operational Program Number 3: Forest Ecosystems

GUIDANCE

3.1 This Operational Program responds to the three sets of guidance provided by the Conference of Parties (CoP) of the Convention on Biological Diversity (CBD) to the GEF as the institutional structure operating the financial mechanism on an interim basis. The first set of guidance is from the first CoP and includes policy, strategy, and eligibility criteria, as well as program priorities among which are the following related to forested areas:

- (a) Projects that promote the conservation and sustainable use of biological diversity...in other environmentally vulnerable areas...⁹¹; and
- (b) Projects that promote the conservation and/or sustainable use of endemic species.⁹²

⁸⁹ Decision II/6, para 10, page 22 and Idem, Decision III/5.

⁹⁰ Document UNEP/CBD/COP/I/17, Policy, Strategy, Programme Priorities and Eligibility Criteria for access to and utilization of resources of the Convention on Biological Diversity. Annex 1, pages: 33-34.

⁹¹ Ibid. 4(k).

⁹² Ibid. 4(l).

3.2 At its second meeting, the CoP approved the second set of guidance,⁹³ concerning inter alia financial measures for conservation and sustainable use and for in-situ conservation,⁹⁴ and preliminary consideration of components of biodiversity under threat.⁹⁵

3.3 The second CoP also considered a number of general issues related to forests and biological diversity⁹⁶ and highlighted, among other matters, that forests play a crucial role in maintaining global biodiversity;⁹⁷ that tropical, temperate, and boreal forests provide the most diverse sets of habitats for plants, animals, and micro-organisms, holding the vast majority of the world's terrestrial species;⁹⁸ the maintenance of forest ecosystems is crucial for the conservation of biological diversity well beyond their boundaries ... providing ecological services and, at the same time, livelihoods or jobs for hundreds of millions of people worldwide;⁹⁹ that forests are becoming degraded and their biological diversity is lost;¹⁰⁰ and that forests and forest biological diversity play important economic, social, and cultural roles.¹⁰¹

3.4 Although not specifically directed to the GEF, the second CoP also reaffirmed that "the ecosystem approach should be the primary framework of action to be taken under the Convention"¹⁰² and stressed the need "to identify the driving forces determining the status and trends of components of biological diversity."¹⁰³ The ecosystem approach is followed in the Operational Programs and identification of driving forces is stressed in biological diversity.

3.5 At its third meeting, the Conference of the Parties (COP) of the Convention on Biological Diversity (CBD) approved additional guidance for the GEF in its capacity as the institutional structure managing the financial mechanism on an interim basis. The guidance is directly relevant to, and can be fulfilled through Enabling Activities, long-term Operational Programs, and/or Short-term Response Measures. In addition, the operational response to the guidance on agrobiodiversity will be consolidated in an operational program note on the treatment of agrobiodiversity in the context of the four current Operational Programs in biological diversity.

3.6 The Conference of the Parties:¹⁰⁴

- (a) urged Implementing Agencies to enhance cooperation to increase efforts to improve processing and delivery systems;
- (b) asked GEF to "...provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives..."¹⁰⁵ on the

⁹³ A Call to Action: Decisions and ministerial statement from the Second Meeting of the Conference of the Parties to the Convention on Biological Diversity. Jakarta, Indonesia, 6-17 November, 1995.

⁹⁴ Ibid. Decision II/6 11, referring to decision II/7 on Articles 6 and 8 of the Convention.

⁹⁵ Ibid. Decision II/6 11, referring to decision II/8, para 2.

⁹⁶ Ibid. Decision II/9 and its annex.

⁹⁷ Ibid. Decision II/9, Annex, para. 3, page 26.

⁹⁸ Ibid. Annex, para 4, page 26.

⁹⁹ Ibid. Annex, para 5, page 26.

¹⁰⁰ Ibid. Annex, para 7, page 27.

¹⁰¹ Ibid. Annex, para 8, page 27.

¹⁰² Ibid. Decision II/8, para 1.

¹⁰³ Ibid. Decision II/8, para 3.

¹⁰⁴ UNEP/CBD/COP/3/38, annex II, Decision III/5.

following topics: capacity building in biosafety, including for the implementation by developed countries of the UNEP International Technical Guidelines on Safety in Biotechnology; capacity building for initial assessment and monitoring programs, including taxonomy; supporting efforts for the conservation and sustainable use of biological diversity important to agriculture; and capacity building and country driven pilot projects on the Clearing-house Mechanism (CHM).

- (c) reconfirmed the importance and requested support for incentive measures;
- (d) urged capacity building efforts to implement measures and guidance on access to genetic resources;
- (e) requested GEF to examine the support of capacity building for indigenous and local communities embodying traditional lifestyles;
- (f) requested GEF to incorporate targeted research and promotion of awareness activities relevant to project objectives and consistent with national priorities; and
- (g) requested GEF to collaborate with the CBD Secretariat in preparing a proposal on the matter to address the fair and equitable sharing of the benefits arising out of genetic resources, including assistance to developing country Parties.

3.7 The Conference of the Parties¹⁰⁶ requested GEF to make financial resources available to develop country Parties for urgent implementation of relevant aspects of Articles 6 and 8, which concern genetic resources for conservation and sustainable use and for in-situ conservation.

3.8 The present Operational Program responds to the above decisions.

PROGRAM OBJECTIVE

3.9 The objective of this Operational Program is the conservation and sustainable use of the biological resources in forest ecosystems.

- (a) Conservation¹⁰⁷ or in-situ protection, will be sought through protection of primary/old growth and ecologically mature secondary forest ecosystems, by establishing and strengthening systems of conservation areas, focusing primarily on tropical and temperate ecosystems in areas at risk and
- (b) Sustainable use¹⁰⁸ forest management will be sought by combining production, socio-economic, and biodiversity goals. The Operational Strategy calls for a range of uses from strict protection on reserves through various forms of multiple use with conservation easements to large scale use.

3.10 The key assumptions are as follows:

- (a) Scope. Conservation and sustainable use will be achieved in a variety of specific ecosystems that are identified as priorities within National Biodiversity Strategies or other national plans as UNCED reports, Tropical Forestry Action Plans, National Environmental Action Plans, etc. Those identified as priorities are likely to be areas of high endemism; of high ecosystem, species

¹⁰⁵ Idem, para 2.

¹⁰⁶ Idem, Decision III/9, paras 2, 3, and 4.

¹⁰⁷ GEF Operational Strategy, Chapter 2, pages 17-18.

¹⁰⁸ Idem, pages: 18-19.

and genome diversity; of high distinctiveness; important for migratory species; important as spawning and nursery grounds; under threat; of high social, economic, cultural, or scientific value; of high productivity; or of a structure and composition shaped largely by natural events and only to a limited extent by human disturbance. For in-situ conservation of areas of importance there is also a large body of work identifying forested areas that should be conserved to represent major habitat types and their species¹⁰⁹; and

(b) Replication. Successful outcomes will be replicated elsewhere on the basis of the experience and learning gained.

EXPECTED OUTCOMES

3.11 A successful outcome is one where globally important biodiversity has been conserved or sustainably used in a specific forest ecosystem.

Monitoring outcomes

3.12 Outcomes would be monitored and evaluated by measuring key indicators of ecosystem structure and function, and of sustainable use. Examples of monitoring and evaluation methodologies and tools include:

- (a) surveys of forest cover, including measures of the age and species on managed stands; or measures of the population of native species, showing these to be high enough to be viable in situ; and
- (b) measures of the population of key alien, invasive species;
- (c) surveys of organisms or surveys of their parts extracted (e.g., leaves, roots, nuts, seeds, resins, skins, internal organs, etc.);
- (d) ecological surveys within protected forest areas, showing the presence and abundance of indicator or keystone species; and
- (e) measures of the quality of the processes (e.g. water quality, nutrient cycling, etc.) that maintain the integrity of the ecosystems.

Assumptions and risks to achieving the outcomes

3.13 A key assumption is that Implementing Agencies, in their regular work programs, will assist countries to analyze the causes¹¹⁰ of biodiversity loss at the ecosystem level, which could include demographic and economic factors, and to identify and implement national plans that address such causes. Supplementing this baseline course of action, GEF can assist with additional actions to address driving forces or proximate causes of biodiversity loss and unsustainable use.

¹⁰⁹ Examples of key publications for identifying specific sites at the regional level are: in the Latin America and Caribbean region, regional analysis and the WWF/World Bank eco-regions work; in Africa, the World Bank's ecological sensitive areas and IUCN's Conservation Atlas of Tropical Forests; and in Asia, IUCN's review of protected areas systems in the Indo-Malayan region and the Conservation Tropical Forests. International (e.g., Ramsar and World Heritage) and regional (e.g., Western Hemisphere, Barcelona, etc.) convention the identification of global and regional priority sites for conservation of biodiversity and biological resources

¹¹⁰ World Resources Institute, 1992. Global Biodiversity Strategy, pages: 12-18.

3.14 There are some risks to achieving successful outcomes at the ecosystem level through conservation and sustainable use activities and these risks will be addressed through emphasis on good project design. The following important risk-reducing steps will need to be confirmed in project proposal documents:

- (a) Complementarity. The necessary complementary activities, such as expected policy changes and the availability of bilateral and other sources of finance, will take place;
- (b) Size and corridors. The protected forest area and the necessary connecting corridors are enough, and the practice of sustainable use of resources in the surrounding productive landscape is widespread enough, to ensure that the most threatened and endangered components of forest biodiversity will be protected; and
- (c) Absorptive capacity. The absorptive capacity of agencies and NGOs to implement the GEF activity and all the other activities necessary for protecting the ecosystem and use available resources effectively.

PROJECT OUTPUTS

3.15 Outputs of GEF projects and related forest ecosystems activities would be monitorable. Examples include:

- (a) Protected areas. Well established systems of forest conservation units with effective management plans;
- (b) Threat removal. Removal of the causes of biodiversity loss and the specific threats to the ecosystem arising in the surrounding productive landscape, e.g., through reduced encroachment;
- (c) Sectoral integration. Incorporation of biodiversity protection into the main productive sectors of the economy; and integrated community development addressing livelihood issues of local indigenous communities living in the buffer zone and areas of influence of protected areas;
- (d) Sustainable use. Sustainable logging and other forest industries; and
- (e) Institutional strengthening. Stronger institutions and well-trained staff to address these issues.

GEF ACTIVITIES

3.16 GEF can support¹¹¹ investment, technical assistance, capacity building (institutional strengthening, human resource development, and information exchange, including participation in the Clearing-house Mechanism), policy, public education, and targeted research. Through these means, GEF will help to finance the conservation of biodiversity and sustainable use.¹¹²

3.17 Typical conservation activities are:

- (a) demarcating, gazetting, strengthening, expanding, and consolidating protected forest areas and maintaining forest corridors within the main productive landscapes, particularly in areas that are critical habitats or of importance for migratory species;
- (b) assessing the impact of natural disturbances and the compound effects of anthropogenic stress;
- (c) remedial actions in forest under threat;
- (d) control of alien, invasive species;

¹¹¹ GEF Operational Strategy, Chapter 2, Biodiversity, pages: 17-21.

¹¹² GEF Operational Strategy, Chapter 2, Biodiversity, pages 16-17 under forest ecosystems.

- (e) capacity building for biosafety activities formulated on a case-by-case basis in the context of specific project responding to country-driven national priorities;
- (f) identifying components of biological diversity important for its conservation with regard to the indicative list of Annex I of the CBD;
- (g) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the conservation of biodiversity;
- (h) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the conservation of biodiversity;
- (i) demonstrating and applying techniques to conserve biodiversity important to agriculture and wild relatives of domesticated plants and animals;
- (j) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to conservation of biological diversity, with their prior informed consent and participation;
- (k) incorporating components for targeted research important for biological diversity conservation, when relevant to project objectives and consistent with national priorities; and
- (l) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

3.18 To maintain biodiversity and the diversity of biological resources, GEF sustainable use activities can be supported in forest ecosystems. Sustainable development activities that integrate biodiversity and biological resource concerns are central to and a necessary foundation for national sustainable development goals. Typical GEF sustainable development activities would be in areas surrounding critical habitats that require integration of biodiversity protection and sustainable development in site plans. In addition, consistent with the incremental cost approach, GEF could pay for activities that can be modified specifically to protect biodiversity. Typical examples are:

- (a) integration of biodiversity conservation and sustainable use objectives in land use and natural resource use management plans;
- (b) integrated pilot projects providing alternative livelihoods to local and indigenous communities residing in buffer zones of globally important biological areas;
- (c) integrated conservation and development projects around protected forests;
- (d) participatory management of natural resources, and alternative livelihoods;
- (e) tenure reform and land titling in the buffer zones around important protected forests;
- (f) sustainable production and use of natural products (e.g., sustainable forest management practices);
- (g) improvement in rural and community wood-lots specifically to remove pressure on fuelwood obtained from protected forests; adjusting sustainable logging regimes to protect natural habitat of global significance; intensification of agricultural productivity in surrounding areas to minimize encroachment on marginal forested areas of high biodiversity value;
- (h) establishment of long-term cost recovery mechanisms and financial incentives for sustainable use;

- (i) capacity building for biosafety activities formulated on a case-by-case basis in the context of specific project responding to country-driven national priorities;
- (j) identifying components of biological diversity important for its sustainable use with regard to the indicative list of Annex I of the CBD;
- (k) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the sustainable use of biodiversity;
- (l) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the sustainable use of biodiversity;
- (m) demonstrating and applying techniques to sustainably manage biodiversity important to agriculture, such as wild relatives of domesticated plants and animals;
- (n) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to conservation of biological diversity, with their prior informed consent and participation;
- (o) incorporating components for targeted research important for biological diversity conservation when relevant to project objectives and consistent with national priorities; and
- (p) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

Project risks

- 3.19 Project proposals would also address the main risks to being able to reach the desired outputs:
- (a) Best practice. Using and adapting best practice for GEF activities, and best available knowledge to establish the necessary baseline and indicators to monitor impacts; and
 - (b) Local communities. Ensuring that local communities accept and respect the boundaries of protected forests and the limits imposed on biological resource extraction; scaling up and expanding successful community development activities; encouraging the active participation of local communities, NGOs, and other key stakeholders; and incorporating the knowledge of and indigenous communities.

Inter-Agency Coordination

3.20 The activities would be coordinated with the past, ongoing, and prospective work of the Implementing Agencies and others. These will include experience gained, lessons learned, and dissemination of experience from the Pilot Phase activities, and the experience of multilateral, bilateral and private institutions, the international and national NGO community, and international, regional, national research centers and academic institutions.

Land Degradation

3.21 Global and nationally significant forested lands have and are suffering substantive land degradation in the form of deforestation and desertification. The GEF will fund pilot activities that prevent deforestation and promote sustainable use and sustainable management of forests and forested areas.

risk in order to conserve their biodiversity.¹¹³ Pilot rehabilitation and restoration activities will be supported on tropical and temperate forest ecosystems in areas at risk (e.g. with threatened and/or endangered species and ecosystems).¹¹⁴

PUBLIC INVOLVEMENT

3.22 It is one of ten basic operational principles for the GEF that its projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people. The GEF Council approved a paper on Public Involvement in GEF-financed Projects that defines the procedure for information dissemination, consultation, and stakeholder participation, including the following:

- (a) that there should be emphasis on local participation and local stakeholders; and
- (b) that specific conditions in-country should be taken into consideration.

3.23 These principles respond to the guidance of the CoP¹¹⁵. Strategic partnerships will be sought, where possible, among all relevant stakeholders (e.g., government, NGOs, academia, the private sector, local communities, and indigenous groups), each group collaborating based on comparative advantage. For the Operational Program will clarify the conditions of cooperation and transparent mechanisms to ensure the active participation of relevant stakeholders in the planning, implementation and monitoring of project activities. Partnerships will be appropriate to local conditions and build on local expertise.

RESOURCES

3.24 GEF resources will be used to meet the incremental costs of activities in this Operational Program. The financial resources required over the period of the first three years are estimated to be between 160 and 185 million. This includes resources for unforeseen short-term responses that offer quick and cost-effective measures.

Operational Program Number 4: Mountain Ecosystems

4.1 Mountain ecosystems are among the world's most vulnerable biogeographical domain. From the Andes to the Himalayas, mountain ecosystems are very distinct from lowlands, being particularly fragile and highly susceptible to erosion, landslides, avalanches, lava flows, earthquakes, torrents, and rock falls, having variable climates with slow recovery of flora, fauna or soil; encompassing heterogeneous habitats resulting from altitudinal, climatic variations; often remaining the last bastion of wild nature and ecological islands in a sea of transmuted lowlands with high human density; and being generally reeling with rapid loss of indigenous culture, traditions, knowledge, and livelihoods. Yet, they are of unique global significance as biodiversity "hot spots," water reservoirs (for as much as 80 per cent of human fresh water needs), and outstanding natural heritage sites, where biodiversity is linked to cultural patrimony of the mountain people. The main threats arise from deforestation, illegal logging, poach

¹¹³ GEF Operational Strategy, Chapter 2, Biodiversity, page 11.

¹¹⁴ Idem, page: 16 under Forest Ecosystems.

¹¹⁵ Decision II/6, para 10, page 22 and Idem, Decision III/5.

wild plants and animals, and destruction of habitat by fire regimes; unsustainable grazing and agricultural encroachments; impacts of poorly conceived infrastructure projects, tourism, quarrying and mining; fuel-wood gathering.

GUIDANCE

4.2 This Operational Program responds to the three sets of guidance provided by the Conference of Parties (CoP) of the Convention on Biological Diversity (CBD) to the GEF as the institutional structure operating the financial mechanism on an interim basis. The first set of guidance is from the first CoP and includes policy, strategy, and eligibility criteria, as well as program priorities among which are following related to mountain areas:

- (a) Projects that promote the conservation and sustainable use of biological diversity ... in environmentally vulnerable areas such as ... mountainous areas¹¹⁷; and
- (b) Projects that promote the conservation and/or sustainable use of endemic species.¹¹⁸

4.3 At its second meeting, the CoP approved the second set of guidance,¹¹⁹ concerning inter alia financial measures for conservation and sustainable use and for in-situ conservation,¹²⁰ and preliminary consideration of components of biodiversity under threat.¹²¹

4.4 Although not specifically directed to the GEF, the second CoP also reaffirmed that “the ecosystem approach should be the primary framework of action to be taken under the Convention”¹²² and stressed the need “to identify the driving forces determining the status and trends of components of biological diversity.”¹²³ The ecosystem approach is followed in the Operational Programs and identification of driving forces is stressed.

4.5 At its third meeting, the Conference of the Parties (COP) of the Convention on Biological Diversity (CBD) approved additional guidance for the GEF in its capacity as the institutional structure managing the financial mechanism on an interim basis. The guidance is directly relevant to, and can be fulfilled through Enabling Activities, long-term Operational Programs, and/or Short-term Response Measures. In addition, the operational response to the guidance on agrobiodiversity will be consolidated in an operational program note on the treatment of agrobiodiversity in the context of the four current Operational Programs in biological diversity.

4.6 The Conference of the Parties:¹²⁴

¹¹⁶ Document UNEP/CBD/COP/I/17, Policy, Strategy, Programme Priorities and Eligibility Criteria for access to and utilization of resources of the Convention on Biological Diversity. Annex 1, pages: 33-34.

¹¹⁷ Ibid. 4(k).

¹¹⁸ Ibid. 4(l).

¹¹⁹ A Call to Action: Decisions and ministerial statement from the Second Meeting of the Conference of the Parties to the Convention on Biological Diversity. Jakarta, Indonesia, 6-17 November, 1995.

¹²⁰ Ibid. Decision II/6 11, referring to decision II/7 on Articles 6 and 8 of the Convention.

¹²¹ Ibid. Decision II/6 11, referring to decision II/8, para 2.

¹²² Ibid. Decision II/8 para 1.

¹²³ Ibid. Decision II/8, para 3.

¹²⁴ UNEP/CBD/COP/3/38, annex II, Decision III/5.

- (a) urged Implementing Agencies to enhance cooperation to increase efforts to improve processing and delivery systems;
- (b) asked GEF to "...provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives..."¹²⁵ on the following topics: capacity building in biosafety, including for the implementation by developing countries of the UNEP International Technical Guidelines on Safety in Biotechnology; capacity building for initial assessment and monitoring programs, including taxonomy; supporting efforts for the conservation and sustainable use of biological diversity important to agriculture; and capacity building and country driven pilot projects on the Clearing-house Mechanism (CHM);
- (c) reconfirmed the importance and requested support for incentive measures;
- (d) urged capacity building efforts to implement measures and guidance on access to genetic resources;
- (e) requested GEF to examine the support of capacity building for indigenous and local communities embodying traditional lifestyles;
- (f) requested GEF to incorporate targeted research and promotion of awareness activities where relevant to project objectives and consistent with national priorities; and
- (g) requested GEF to collaborate with the CBD Secretariat in preparing a proposal on the matter to address the fair and equitable sharing of the benefits arising out of genetic resources including assistance to developing country Parties.

4.7 The Conference of the Parties¹²⁶ requested GEF to make financial resources available to developing country Parties for urgent implementation of relevant aspects of Articles 6 and 8 which concern genetic resources for conservation and sustainable use and for in-situ conservation.

4.8 The present Operational Program responds to the above decisions.

PROGRAM OBJECTIVE

4.9 The objective of this Operational Program is the conservation and sustainable use of the biological resources in mountain ecosystems.

- (a) Conservation¹²⁷, or in-situ protection of biodiversity, will be sought through protection of mountain systems of conservation areas, focusing on the Mesoamerican, Andean, East African, Himalayan regions (including Hindu-Kush - Karakoram - Pamir - Tien Shan range) and montane regions of the Indochina peninsula as well as mountain chains on tropical islands; and
- (b) Sustainable use¹²⁸ management will be sought by wise use of mountain ecosystems compatible with productive, socio-economic, and conservation goals. The Operational Strategy calls for a range of uses from strict protection on reserves through various forms of multiple use with conservation easements to full scale use.

4.10 The key assumptions are as follows:

¹²⁵ Idem, para 2.

¹²⁶ Idem, Decision III/9, paras 2, 3, and 4.

¹²⁷ GEF Operational Strategy, Chapter 2, pages 17-18.

¹²⁸ Idem, pages: 18-19.

(a) Scope. Conservation and sustainable use will be achieved in specific mountain ecosystems that are identified as priorities within National Biodiversity Strategies or other national plans as UNCED reports, National Environmental Action Plans, etc. It is assumed that protecting a number of mountain ecosystems that are national priorities will, overall, result in a sufficient representative coverage of habitat types to fulfill the objective of the Operational Program;

(b) Replication. Successful outcomes will be replicated elsewhere on the basis of the experience and learning gained. While several issues and problems causing the loss of species, ecosystem and genetic diversity are site specific, many characteristics are common to the mountain ecosystem whether in the Andes in South America, the Caucasus in Europe, the Ruwenzori in Africa, or the Himalayas in Asia. Many mitigative measures can be replicated, particularly those that seek to balance human needs with biodiversity conservation and sound watershed management.

EXPECTED OUTCOMES

4.11 A successful outcome is one where globally important biodiversity has been conserved or sustainably used in a specific mountain ecosystem.

Monitoring outcomes

4.12 Outcomes would be monitored and evaluated by measuring key indicators of mountain ecosystem structure and function, and of sustainable use. Examples of monitoring and evaluation methodology tools include:

- (a) surveys of mountain vegetation cover and composition; measures of the plant vigor, age diversity, species density, and age class; other measures of the population of native species showing these to be high enough to be viable in situ;
- (b) indicators of ambient threats such as soil erosion or landslides, showing these to be below critical thresholds;
- (c) measures of the population of key alien, invasive species; and
- (d) ecological surveys within protected mountain areas, showing the maintenance of species diversity and endemism and the presence and abundance of indicator or keystone species.

Assumptions and risks to achieving the outcomes

4.13 A key assumption is that Implementing Agencies, in their regular work programs, will assist countries to analyze the causes¹²⁹ of biodiversity loss at the ecosystem level, which could include demographic and economic factors, and to identify and implement national plans that address such causes. Supplementing this baseline course of action, GEF can assist with additional actions to address driving forces or proximate causes of biodiversity loss and unsustainable use.

4.14 There are some risks to achieving successful outcomes at the ecosystem level through conservation and sustainable use activities and these risks will be addressed through emphasis on good project design. The following important risk-reducing steps will need to be confirmed in project proposal documents.

¹²⁹ World Resources Institute, 1992. Global Biodiversity Strategy, pages: 12-18

- (a) Complementarity. The necessary complementary activities, such as expected policy changes and the availability of bilateral and other sources of finance, will take place;
- (b) Size and linkage. Large protected areas which are less isolated from other natural areas are expected to be richer in terms of species and more stable in terms of retaining the species they contain. Any protected mountain area should be large enough, and the practice of sustainable use of resources in the surrounding productive landscape should be widespread enough, to ensure that the most threatened and endangered components of biodiversity will be protected. Conservation corridors that link mountain areas may be needed as a means for gene flow and species migration -- especially for wide-ranging wildlife -- and as a hedge against climate change. This may include large parts, or even entire mountain ranges, and the trans-border management of protected areas and watersheds; and
- (c) Absorptive capacity. The absorptive capacity of agencies and NGOs to implement the GEF activity and all the other activities necessary for protecting the ecosystem and use available resources effectively.

PROJECT OUTPUTS

4.15 Outputs of individual GEF activities in mountain ecosystems would be monitorable. Examples of outputs include:

- (a) Protected areas. Well established protected areas with effective management plans, including multiple use areas in the alpine, sub-alpine, mountain grassland, and montane forest zones;
- (b) Threat removal. Removal of the specific causes of, or threats to, biodiversity loss in the mountain, e.g., tourism impacts and deforestation;
- (c) Sectoral integration. Incorporation of biodiversity protection into the main productive sectors of the economy; and integrated community development addressing livelihood issues of local indigenous communities living in the buffer zone and areas of influence of protected areas;
- (d) Sustainable use. Sustainable subsistence and land use practices; and
- (e) Institutional strengthening. Stronger institutions and well-trained staff to address these issues.

GEF ACTIVITIES

4.16 The GEF can support¹³⁰ investment, technical assistance, capacity building (institutional strengthening, human resource development, and information exchange, including participation in the Clearing-house Mechanism), policy, public education, and targeted research. Through these means, the GEF will help to finance the conservation of biodiversity and sustainable use.

4.17 In situ conservation is important because mountain ecosystems are a storehouse of diverse, endemic and endangered biological diversity of global significance.

Typical conservation activities are:

- (a) demarcating, gazetting, strengthening, expanding, and consolidating protected mountain areas and their buffer zones; creating and strengthening participatory and co-management schemes;

¹³⁰ GEF Operational Strategy, Chapter 2, Biodiversity, pages: 17-21

build local support and ownership; promoting trans-border protected areas and their cooperative management;

(b) developing socio-economic activities to reconcile biodiversity conservation with human needs;

(c) assessing the impact of natural disturbances and the compound effects of anthropogenic

(d) linking in situ conservation of wild species and genetic material with agro-biodiversity;

(e) controlling alien, invasive species;

(f) strengthening capacity building for biosafety activities formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;

(g) identifying components of biological diversity important for its conservation with regard to the indicative list of Annex I of the CBD;

(h) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the conservation and sustainable use of biodiversity;

(i) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the conservation of biodiversity;

(j) demonstrating and applying techniques to conserve biodiversity important to agriculture as wild relatives of domesticated plants and animals;

(k) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to conservation of biological diversity, with their prior informed consent and participation;

(l) incorporating components for targeted research important for biological diversity conservation when relevant to project objectives and consistent with national priorities; and

(m) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

4.18 To maintain biodiversity and the diversity of biological resources, GEF sustainable use activities will be supported in mountain ecosystems. Sustainable development activities that integrate biodiversity and biological resource concerns are central to and a necessary foundation for national sustainable development goals. Typical GEF sustainable development activities would be in areas surrounding critical habitats that require integration of biodiversity protection and sustainable development in site plans through integrated resource management projects. In addition, consistent with the incremental approach, GEF could pay for activities that could be modified specifically to protect biodiversity. The examples are of the first approach are:

(a) integration of biodiversity conservation and sustainable use objectives in land use and natural resource use management plans;

(b) integrated pilot projects providing alternative livelihoods to local and indigenous communities residing in buffer zones of globally important biological areas;

(c) capacity building for biosafety activities formulated on a case-by-case basis in the context of a specific project responding to country-driven national priorities;

- (d) identifying components of biological diversity important for its sustainable use, with reference to the indicative list of Annex I of the CBD;
- (e) identifying processes and categories of activities which have or are likely to have significant adverse impacts on the sustainable use of biodiversity;
- (f) piloting selected activities that are country-driven national priorities and which develop test methods and tools, such as rapid biological/ecological/social assessment, geographic information systems, and data analysis systems of importance for the sustainable use of biodiversity;
- (g) demonstrating and applying techniques to sustainably manage biodiversity important to agriculture, such as wild relatives of domesticated plants and animals;
- (h) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities' knowledge, innovation, and practices relevant to the sustainable use of biological diversity with their prior informed consent and participation;
- (i) incorporating components for targeted research important for the sustainable use of biological resources when relevant to project objectives and consistent with national priorities; and
- (j) including sustainable use awareness components when relevant to project objectives and consistent with national priorities.

4.19 Typical examples for activities that could be modified specifically to protect biodiversity:

- (a) integrated land use development and sustainable management, alternative livelihoods and poverty alleviation programs, and tenure reform and land titling (in and around protected mountain areas and their buffer zones and in riparian corridors, river basins, and watershed link highland with lowland ecosystems);
- (b) soil conservation and restoration of degraded mountain areas to conserve biodiversity;
- (c) conservation of agro-biodiversity and its linkage to sustainable use practices;
- (d) energy conservation projects and alternative energy sources (such as solar, mini-hydel, and wind) in order to conserve the natural mountain vegetation; and
- (e) establishment of long-term cost recovery mechanisms and financial incentives for sustainable use.

Project risks

4.20 Project proposals would also address the main risks to being able to reach the desired outputs:

- (a) Best practice. Using and adapting best practice for GEF activities, and best available knowledge to establish the necessary baseline and indicators to monitor impacts; and
- (b) Local communities. Ensuring that programs are culturally sound, that they fit local customs and gain strength from community dynamics, and that the people recognize and receive benefits ensuring that local participation in natural resources management from the start; and ensuring local communities respect the limits on biological resource extraction.

Inter-Agency Coordination

4.21 The activities would be coordinated with the past, ongoing and prospective work of the Implementing Agencies and others. These will include experience gained, lessons learned, and

dissemination of experience from the Pilot Phase activities, and the experience of multilateral, bilateral and private institutions, the international and national NGO community, and international, regional, national research centers and academic institutions.

4.22 In the Pilot Phase, only 3 out of the 57 biodiversity projects were explicitly for mountain ecosystems¹³¹. Yet, this experience, and that of other agencies,¹³² provides some important lessons for prospective GEF activities. This includes lessons on how to bridge local concerns and priorities with global concerns as expressed in national commitments under the Convention on Biological Diversity, Convention on International Trade in Endangered Species, the Ramsar Convention, the World Heritage Convention, Agenda 21, and the Caracas Action Plan.

Land Degradation

4.23 Because of their fragility, mountain ecosystems have suffered severe land degradation. Project focusing on the conservation of ecosystems and integrated land use will also naturally alleviate the problems of land degradation, but there will be areas which have been degraded to the extent that they will need rehabilitation and management for sustainability. Components addressing these specific issues will be developed within both types of GEF activity: conservation and sustainable use.

PUBLIC INVOLVEMENT

4.24 It is one of ten basic operational principles for the GEF that its projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people. The GEF Council approved a paper on Public Involvement in GEF-financed Projects that defines the procedure for information dissemination, consultation, and stakeholder participation, including the following:

- (a) that there be emphasis on local participation and local stakeholders; and
- (b) that specific conditions in-country should be taken into consideration.

4.25 These principles respond to the guidance of the COP.¹³³ Strategic partnerships will be sought, where possible, among all relevant stakeholders (e.g., government, NGOs, academia, the private sector, local communities, and indigenous groups), each group collaborating based on comparative advantage. Partnerships to implement the Operational Program will clarify the conditions of cooperation and contain transparent mechanisms to ensure the active participation of relevant stakeholders in the planning, implementation and monitoring of project activities. Partnerships will be appropriate to local conditions and build on local expertise.

RESOURCES

4.26 GEF resources will be used to meet the incremental costs of activities in this Operational Program. The financial resources required over the period of the first three years are estimated to range from \$85 - 100 million. These projections take into account the uncertainty of this fragile environment which might call for some short term measures to save certain critical biodiversity.

¹³¹ Source: GEF Annual Report 1995.

¹³² Examples: Annapurna Protected area Project and Makalu-Barun National Park and Conservation Project, Nepal.

¹³³ Decision II/6, para 12, page 22, and Idem, Decision III/5.

Operational Program No. 12: Integrated Ecosystem Management

INTRODUCTION

1. Ecological systems or ecosystems are responsible for life-supporting environmental services, such as the hydrological, nitrogen and carbon global cycles. They are essential for the survival of human beings because of the natural goods and services they provide, including water, food, and medicines. However, human interactions can have profound impacts upon the biological, chemical, and physical processes essential to maintaining the structure and functions of ecosystems (both natural and manmade).

2. Throughout the world, ecosystems are increasingly being subjected to human-induced impacts, such as overexploitation of forests, clearing of land for agriculture, infrastructure development, fossil fuel combustion, and burning of biomass that induce loss of biological diversity, land degradation, disruption in water flow regimes and poor water quality, and increases in the concentration of atmospheric greenhouse gases. These impacts often have profound effects on human health and welfare as well as on economic development.

3. Traditional attempts to address these impacts and the management challenges they pose are invariably based on sector-by-sector approaches, which have resulted in fragmentation of policies, institutions, and interventions. Such approaches have not achieved optimum results because the linkages and interactions among natural systems as well as with people have been ignored or compromised. Consequently, there is an urgent need for the adoption of management systems embracing comprehensive and cross-sector approaches. A particularly useful system is integrated ecosystem management.

4. Experience gained from natural resource management programs and other activities throughout the world offers useful insights into the application of integrated ecosystem management to optimize the positive ecological, economic, and social benefits of activities aimed at maintaining or restoring ecosystem structure and function. These lessons indicate that it may be necessary to define the management scale beyond the boundaries of a single habitat type, conservation area, political or administrative unit to encompass an entire ecosystem. Second, because the needs of human beings play a major role in the disturbance of ecosystems, natural resource management programs should integrate economic and social factors into ecosystem management goals. Third, because ecosystems are dynamic, management planning should be flexible and adaptive so that management strategies can be adjusted in response to new information and experience.

5. The GEF Operational Program on Integrated Ecosystem Management (OP#12) provides a comprehensive framework to manage natural systems across sectors, and political or administrative boundaries within the context of sustainable development. It facilitates inter-sectoral and participatory approaches to natural resource management planning and implementation on an ecosystem scale. It also facilitates prioritization and strategic sequencing of needed policy reforms, investments, and other interventions.

6. The Operational Program is not aimed at addressing natural resource management issues related to a single GEF focal area, but at bringing synergy between three of the GEF focal areas (i.e. Biological Diversity, Climate Change, and International Waters) and land degradation to optimize multiple benefits. It responds to growing stakeholders' interests in addressing holistically multiple convention objectives in accordance with national priorities. It builds on and complements GEF's existing Operational Programs by providing opportunities to address issues related to the conservation and sustainable use of biodiversity, land degradation, management of water bodies, and/or stabilization of atmospheric greenhouse gases through a programmatic approach and within the context of sustainable development.

CONVENTION GUIDANCE

7. Integrated ecosystem management, as noted above, provides a comprehensive and crosssectoral approach to addressing many of the goals of global environmental conventions and to the generation of multiple benefits. This approach is consistent with the three major Rio conventions on environment and development.

8. At the Second Conference of the Parties of the Convention on Biological Diversity (CBD), the parties "reaffirmed that conservation and sustainable use of biological diversity and its components should be addressed in a holistic manner, taking into account the three levels of biodiversity and fully considering socioeconomic and cultural factors. However, the ecosystem approach should be the primary framework."¹³⁵

9. The importance of social and economic factors is echoed in the United Nations Framework Convention on Climate Change (UNFCCC) which emphasizes, among others, the need to have comprehensive policies and measures to address issues related to the sources, sinks, and reservoirs of greenhouse gases taking into account different socioeconomic contexts.¹³⁶

10. Finally, the United Nations Convention to Combat Desertification (CCD) notes that actions to combat desertification (or land degradation in arid, semi-arid, and dry sub-humid areas) should be undertaken within the framework of an integrated approach that can contribute to sustainable development¹³⁷.

PROGRAM OBJECTIVES

11. The Operational Program is aimed at catalyzing widespread adoption of comprehensive ecosystem management interventions that integrate ecological, economic, and social goals to achieve multiple

¹³⁴ The GEF Operational Programs are: Arid and semi-arid ecosystems; Coastal, marine, and freshwater ecosystems; Forest ecosystems; Mountain ecosystems; Removal of barriers to energy efficiency and energy conservation; Promoting the adoption of renewable energy by removing barriers and reducing implementation costs; Reducing long-term costs of low greenhouse gas-emitting energy technologies; Water-based operational program; Integrated land and water multiple focal area operational program; Contaminant-based operational program; and Promoting environmentally sustainable transport

¹³⁵ Convention on Biological Diversity Decision II/8.

¹³⁶ United Nations Framework Convention on Climate Change, Article 4, para. 3.

¹³⁷ United Nations Convention to Combat Desertification, Article 2, para. 1.

cross-cutting local, national, and global benefits. These benefits may include two or more of the following¹³⁸:

- (a) Conservation and sustainable use of biological diversity, as well as equitable sharing of benefits arising from biodiversity use;
- (b) Reduction of net emissions and increased storage of greenhouse gases in terrestrial and aquatic ecosystems;
- (c) Conservation and sustainable use of waterbodies, including watersheds, river basins, and coastal zones; and
- (d) Prevention of the pollution of globally important terrestrial and aquatic ecosystems

12. Consistent with the incremental cost principle and the broad programmatic approach of this Operational Program, GEF funding, which will specifically support interventions to capture the global benefits of a program, will emphasize co-financing and cost-sharing.

EXPECTED PROGRAM OUTCOMES

The expected outcomes of a GEF-supported intervention would include:

- (a) Creation of an enabling environment: Appropriate policies, regulations, incentive structures are developed to support integrated ecosystem management;
- (b) Institutional strengthening: The capacity of institutions to implement integrated ecosystem management approaches is strengthened through training and logistical support; and
- (c) Investments: Investments are made, based on integrated ecosystem approaches and stakeholder partnerships, to simultaneously address local/national, and global environmental issues within the context of sustainable development.

ELIGIBLE GEF ACTIVITIES

13. GEF would facilitate sustainable transitions from conventional to integrated ecosystem management approaches by providing agreed incremental cost finance for technical assistance, investments, final services, and targeted research to address constraints limiting the adoption of integrated approaches.

These constraints include:

- (a) lack of up-to-date or complete ecological, social, and economic information, including traditional knowledge, to guide integrated and cross-sectoral management planning;
- (b) lack of an appropriate policy and incentive framework, including failure of markets to internalize the costs of unsustainable management practices;
- (c) absence of policies that promote appropriate human settlement patterns, particularly in ecologically fragile or vulnerable areas;
- (d) limited human capacity to develop and implement integrated approaches to ecosystem management;

¹³⁸ Projects aimed at addressing one of these benefits should use the GEF Operational Program in the Biodiversity, International Waters, or Climate Change focal areas as the entry point.

- (e) lack of institutional mechanisms to facilitate integrated and cross-sectoral management practices such as instances of transferring resources from communities that benefit from ecosystem services to those that help to maintain them; and
- (f) limited availability of appropriate financial instruments to cover the initial capital and transaction costs associated with integrated ecosystem management and to minimize actual perceived economic risks that relate, particularly, to innovative approaches and technologies.

Typical GEF activities implemented within the context of sustainable development may include:

Technical assistance:

- (a) ecological, economic, and sociological surveys to provide information, including indigenous knowledge, to guide integrated ecosystem management planning and implementation;
- (b) development or modification of appropriate policies, regulations, incentives, and market support integrated ecosystem management, including those addressing human settlements in fragile or vulnerable areas;
- (c) human resource development in integrated ecosystem management;
- (d) development of mechanisms for conflict resolution among resource users and other stakeholders; and
- (e) development of public/community/private sector partnerships for integrated ecosystem management planning and implementation; and

Investments:

- (a) rehabilitation and/or improved management of rangelands to restore indigenous vegetation and improve water management;
- (b) rehabilitation and/or improved management of a forested watershed or floodplain wetland such as sustainable forest management to achieve multiple benefits, including improvement of soil and water conservation, aquatic biodiversity conservation, flood control, minimization of sedimentation of globally important water bodies, and reduction of net emissions or improved storage of greenhouse gases;
- (c) integrated management of coastal and marine ecosystems to improve coastal land use planning and protect globally important habitats from degradation; and
- (d) development of measures to control pollution from point and non-point sources to prevent degradation of globally important habitats and minimize public health risks.

Targeted research:

- (a) development of integrated natural resource management systems to respond to natural resource use patterns, under different intensities of human impact, and their effects on ecosystem structure and function; and
- (b) development of innovative and cost-effective integrated ecosystem management approaches to natural resources in different ecosystems.

Ineligible GEF Activities

- (a) GEF will not support activities that may result in perverse incentives for integrated ecosystem management or may have negative environmental or social impacts. These activities may include:
- (b) commercial logging in primary forests;
- (c) conversion of natural landscapes into forest plantations or other monoculture systems¹³⁹
- (d) introduction of alien species; and
- (e) establishment of agricultural systems that displace affected communities to marginal lands.

Financing Modalities

14. The GEF will provide incremental finance to catalyze the development of innovative financial packages for information, advisory, and capacity building interventions as well as investments. The packages may include:

- (a) grant contributions towards non-commercial trust funds helping to cover recurrent operational costs of integrated conservation management efforts or to reduce interest rates of mainstream lending for initial private investments in integrated natural resources management. In addition, activities will be financed through grants if their costs are not likely to be recovered by incremental revenue¹⁴⁰;
- (b) provision of contingent grants to address increased performance risks of investments in integrated management of productive ecosystems¹⁴¹. Non-grant financing services would be considered for commercial and quasi-commercial ventures that may recover initial incremental costs through increased income over time;
- (c) provision of commitment authority to back partial risk guarantees or insurance programs to address perceived incremental conversion costs, or facilitate increased access to venture capital for investments in integrated management; and
- (d) since interactions under the Operational Programs are expected to yield multiple benefits globally and domestically, the GEF will aim for fair cost and risk sharing by leveraging multiple sources of mainstream capitals.

MONITORING AND EVALUATION

15. Activities funded under Operational Program #12 will have verifiable indicators to help evaluate implementation progress and to assess the extent to which it will meet and sustain the expected outcomes, including the global environmental benefits. Baseline information on these indicators will be completed within the first year of the implementation.

Replication

¹³⁹ Natural landscapes refer to areas where there are no significant human impacts on ecosystem structure and function.

¹⁴⁰ This grant financing is applicable, in particular, for technical assistance and targeted research activities of public and private not-for-profit entities.

¹⁴¹ Contingent grants are interest-free equity loans whose full or partial repayment would be linked to investment performance.

16. GEF-supported interventions will include activities such as documentation and dissemination of experience to facilitate replication. In addition, thematic reviews will be undertaken to document and disseminate broader lessons learned and good practices to encourage replication.

COLLABORATIVE ARRANGEMENTS AND STRATEGIC PARTNERSHIPS

17. The GEF will seek strategic partnerships with interested public and private entities, including NGOs to provide long-term co-financing for the implementation of sustainable interventions. These partnerships would normally also support broader development objectives as prioritized national plans, sectoral strategies, and programs. In accordance with relevant provisions of the GEF Instrument, partners may include local, regional, national, international, and bilateral public and private entities.

PUBLIC INVOLVEMENT

18. Public involvement in GEF-financed projects is one of the key principles for project design and implementation approved by the GEF Council in 1996. It involves information dissemination, consultation, and stakeholder participation. This principle will guide program design and implementation under this operational program. Mechanisms will be established during program development to facilitate stakeholder participation in design, implementation, and monitoring.

GEF Resources Allocations

19. GEF resources will be used incrementally to provide co-financing, cost sharing, etc. of activities proposed under Operational Program #12. It is estimated that approximately \$200 million annually will be required by the end of the decade as more experience is gained in program development and implementation.

Operational Program No. 13: Conservation and Sustainable Use of Biological Diversity Important to Agriculture

INTRODUCTION

1. Agricultural biodiversity is of fundamental significance to human societies, providing socioeconomic and environmental benefits. It is essential to food security and poverty alleviation. Much knowledge about agricultural biodiversity is maintained by farmers themselves, many of whom are women. Domesticated crops and animals result from human management of biological diversity, an continued evolution through improvement by breeders and farmers constantly responds to new challenges to maintain and increase productivity. The conservation and sustainable use of other aspects of agricultural biodiversity presents opportunities for enhancing soil fertility, naturally controlling pests, reducing the use of pesticides while increasing yields and incomes. A large proportion of crops depend on a diverse variety of insect pollinators for good yields and the genetic variability of the landraces and relatives of domesticated plants and animals are essential breeding sources. Diversified agricultural production and polycultural systems also offer opportunities to expand new markets and further stimulate the conservation of biodiversity important to agriculture.

2. The underlying causes for the loss of agricultural biodiversity are extremely complex. They are related to the needs of increasing food demands, growing market pressure, conventional patterns and policies of economic and agricultural development, and other demographic, economic and social factors. Many agricultural practices such as reliance on monoculture, exotic/cross breeds, high yielding varieties, mechanization, and misuse of agricultural chemicals have caused negative impacts on biological diversity at all levels - ecosystems, species and gene pools - on both natural and cultural landscapes, and may be unsustainable, at least in the long term. Such loss of biological diversity, may be accompanied by the loss of the cultural diversity of traditional communities, and their impoverishment.

3. Taking into account these benefits and threats, conserving and sustainably using biological diversity important to agriculture is to a large extent in the local, national and regional development interests of the countries concerned. The global interest in maintaining agricultural biodiversity is linked to the fact that most species important to agriculture are, or may be of benefit not only to the region of their origin, but other regions of the globe as well. Additionally the conservation and sustainable use of associated agricultural biodiversity can contribute to maintaining the health and quality of the global environment by for example providing habitats for wildlife, protecting watersheds, and reducing the use of harmful chemicals. Consequently, using agricultural biodiversity sustainably may provide environmental, economic and socio-cultural benefits on national, regional and global scales. GEF support would therefore help to integrate global environmental imperatives into existing sustainable development strategies in the appropriate regions and countries.

CONVENTION GUIDANCE

4. The goal of this operational program is to promote the objectives of the Convention, in the area of agricultural biodiversity in line with the relevant decisions of the Conference of the Parties notably, (Buenos Aires, 1996), IV/6 (Bratislava, 1998) and V/5 (Nairobi, 2000). It responds to these decisions within the GEF mandate, which is to operate as a mechanism for the purposes of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.

5. The Third Meeting of the Conference of the Parties (COP) to the Convention on Biological Diversity (CBD/COP/III) adopted decision III/11 on the conservation and sustainable use of agricultural biodiversity. The decision established a multi-year program of activities aimed at promoting the positive impacts and mitigating the negative impacts of agricultural practices on biological diversity in agro-ecosystems and their interface with other ecosystems. Additional guidance was provided by Decision IV/6.

6. The COP decision III/5 further called on the Global Environment Facility, in accordance with decision III/11, to provide financial resources to developing countries for country-driven activities and programs consistent with national priorities and objectives, for supporting, as a priority, efforts for the conservation and sustainable use of biological diversity important to agriculture.

7. COP Decision IV/6 welcomed the efforts being made by the financial mechanism in the development of its operational policy framework on agricultural biological diversity and urged the early completion of this framework in line with decision III/11, to provide effective implementation support to Parties and Governments in all agricultural ecosystems.

8. At its Fifth meeting, COP adopted elements for the further elaboration of its program of work. The four program elements are: (i) Assessments: to provide a comprehensive analysis of status and trends of the world's agricultural biodiversity and of their underlying causes (including a focus on the goods and services agricultural biodiversity provides), as well of local knowledge of its management; (ii) Adaptation management: to identify management practices, technologies and policies that promote the positive and mitigate the negative impacts of agriculture on biodiversity, and enhance productivity and the capacity to sustain livelihoods, by expanding knowledge, understanding and awareness of the multiple goods and services provided by the different levels and functions of agricultural biodiversity; (iii) Capacity building: to strengthen the capacities of farmers, indigenous and local communities, and their organizations and other stakeholders, to manage sustainably agricultural biodiversity so as to increase their benefits, and promote awareness and responsible action; and (iv) Mainstreaming: to support the development of national plans or strategies for the conservation and sustainable use of agricultural biodiversity and promote their mainstreaming and integration in sectoral and crosssectoral plans and programmes. The scope of the program of work includes both genetic resources for food and agriculture (plant, animal and microbial), and the associated biodiversity in agricultural ecosystems that provide goods and services such as nutrient cycling, decomposition of organic matter, pest and disease regulation, pollination, maintenance of the hydrological cycle, erosion control and so forth. The programme of work incorporates the ecosystem approach in line with COP decision V/6.

AGRICULTURAL BIODIVERSITY PROGRAM OBJECTIVES

9. The objective of this operational program is to promote: the positive impacts and mitigate the negative impacts of agricultural systems and practices on biological diversity in agro-ecosystems and their interface with other ecosystems; the conservation and sustainable use of genetic resources of actual potential value for food and agriculture; and the fair and equitable sharing of benefits arising out of use of genetic resources. These objectives will contribute to the objectives of the CBD in the area of agricultural biological diversity, in accordance with COP guidance as well as the objectives of the Convention to Combat Desertification (CCD). Because agricultural biodiversity affects rural farming communities, which are among the world's poorest, GEF support will provide significant means for alleviating poverty while increasing productivity of biological and land resources. The Operational Program is not intended to substitute the existing GEF Operational Programs 1 to 4 on conservation of biodiversity in various ecosystem types, but rather to provide an operational framework for additional activities more specific to the conservation of agricultural biodiversity.

CONSERVATION, SUSTAINABLE USE AND SHARING OF BENEFITS

10. Activities will aim at sustaining the functions of biological diversity in agricultural ecosystems in order to maintain or enhance the goods and services provided by such biological diversity, including those which support agricultural production, and wider services such as provision of clean water, etc.

of erosion, and moderation of climatic effects. In this way, the impact of agriculture on the environment would be integrated into the planning and management of the wider ecosystem. GEF activities will be focused on maintaining goods and services which are positive externalities and on overcoming barriers to the realization of benefits, global and local, derived from such goods and services, through, for example, capacity building, better valuation of biodiversity-derived benefits and access to information.

11. Activities will be sought both within and adjacent to conservation areas and in the wider agricultural landscape giving attention to areas that are particularly important for their agricultural biodiversity; threat of genetic erosion or other forms of biodiversity loss. These efforts will take into account priority areas identified pursuant to Annex 1 of the Convention, national priorities identified pursuant to Article 8, as well as scientific assessments completed under the Convention and other international agreements. While certain activities may emphasize one or another of the three objectives of the Convention, most are likely to address all of them simultaneously.

12. The operational programs will support biodiversity conservation and sustainable use in the management of both natural and modified areas. This includes all human uses of ecosystems ranging from full protection through various forms of multiple use, with conservation easement, to full scale use - as agriculture, forestry, aquaculture, livestock production, and urban development. Activities that focus on biodiversity management within the productive sectors of the economy promote long term sustainability because they will help address the underlying causes of biodiversity loss and contribute to enhancing ecosystem structure and function.

EXPECTED OUTCOMES

13. A successful outcome is one where biological diversity important to agriculture globally, is conserved and used in a sustainable manner. There is a need to distinguish between agricultural biodiversity which is currently important for food security and sustainable livelihoods, (for example, that which contributes to the breakdown of organic matter and recycling of nutrients to maintain soil fertility; the maintenance of viable ecological systems including productive vegetation, fish and other animal populations; the elimination of invasive species; provision of ecological services to the wider ecosystem); and biodiversity important to future food security, such as genetic resources with the potential to thrive in future environments.

MONITORING AND EVALUATION

14. The GEF operational programs in biodiversity outline how outcomes of project implementation will be monitored and evaluated. The following additional monitoring attributes apply more specifically to agricultural biodiversity¹⁴²:

- (i) assessments of changes in the diversity and density of biocontrol agents, pollinators, and microorganisms in relevant agroecosystems
- (ii) surveys of trends in using land races, underutilized crops, and other rare species, as well as breeding of traditional livestock and the in situ conservation of their wild relatives

¹⁴² These elements relate to the assessment activities of the program of work, element 1.

(iii) surveys on the impact of regulatory change, fiscal, trade, incentive and capacity building measures on the market shares of agricultural products that have been produced and processed using sustainable agricultural production systems that promote agricultural biodiversity, such as conservation agriculture

15. Verifiable indicators to monitor outputs at the project level will be developed to include project specific indicators to measure the removal of specific constraints, such as the recognition of specific sustainable farming techniques that enhance agricultural biodiversity. Local institutions such as national agricultural research systems and councils will be closely involved in such monitoring activities.

ASSUMPTIONS AND RISKS TO ACHIEVE THE OUTCOMES

16. Overall assumptions and risks in the implementation of biodiversity operational strategies are listed in the GEF Biodiversity Operational Programs, paragraphs 13 and 14. As in all projects, it is assumed that baseline activities on which the project would build (or the funding for activities for which the project would complement), will have been committed by collaborating institutions in a timely manner. In the case of agricultural biodiversity, a particularly important assumption is that the country's proposed approach to taking advantage of new opportunities in agricultural biodiversity is fully achievable, economically viable, and socially acceptable within the overall policy, trade, and regulatory framework of the country. It is also assumed that the essential cooperation and partnership will be forthcoming from other institutions working in this area such as, Food and Agricultural Organization (FAO), International Fund for Agricultural Development (IFAD), International Plant Genetic Resources Institute (IPGRI) International Livestock Research Institute (ILRI) and other international agricultural research centers of the CGIAR.

SUSTAINABILITY AND REPLICATION

17. The outcome of new approaches to meet basic human needs while conserving the resource base will be sustained conservation and/or enhancement of agricultural biodiversity without continued external support. After a period of GEF support, agricultural biodiversity would be maintained through its contribution to sustainable livelihoods. Although there are a few instances where some economically viable practices might need continued support from the global community, (e.g. setting aside land for delayed grazing or ploughing), the best strategy which assures sustainability is to make use of viable alternative farming approaches and species that are economic and socially acceptable. There are a wide range of examples of successful and diverse production systems that integrate practices such as mixed crops-livestock-fish and forestry species. Replication potential will also be significantly enhanced as the industry grows and market access and other barriers are overcome. Successful outcomes would be replicated elsewhere on the basis of experience gained.

PROJECT OUTPUTS

18. Outputs in agricultural biodiversity include the removal of threats and causes of agricultural biodiversity loss, sectoral integration through incorporating biodiversity protection into main production sectors, sustainable use of agricultural biodiversity through sustainable land management, enhanced supply and demand of agricultural biodiversity, and stronger institutions with well trained staff to address

the issues. Additional potential project outputs will include increased general status of ecosystems, through habitat restoration, return of endangered species in some cases, watershed conservation etc. will also be an increase in the economic viability of production of products which are based on biodiversity positive methods of production.

GEF ELIGIBLE ACTIVITIES

19. Activities outlined in the GEF Biodiversity Operational Programs which address objectives of the CBD in agricultural biodiversity:

- (i) integrating agricultural biodiversity conservation and sustainable use objectives in land use and natural resources use management plans;
- (ii) identifying and conserving components of biological diversity important for sustainable agroecosystems, with regard to the indicative list of Annex I of the CBD;
- (iii) demonstrating and applying techniques to sustainably manage biodiversity important to agriculture, including wild relatives of domesticated plants, animals and their gene pools;
- (iv) supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities knowledge, innovation, and practices relevant to the conservation and sustainable use of agrobiological diversity, with their approval and involvement;
- (v) incorporating components of targeted research (including diversification of crops and breeds) that are important for the conservation and sustainable use of agricultural biodiversity in programmatic intervention when instrumental for the achievement of GEF biodiversity program objective specific ecosystems and countries consistent with national priorities; and
- (vi) including sustainable use awareness components, when relevant, in program objectives that are consistent with national priorities.

20. Activities in the GEF Biodiversity Operational Programs which can be modified to sustainably manage agricultural biodiversity:

- (i) integrated rural development on a sustainable basis, e.g., farmers' seed supply and exchange, participatory plant breeding, and range management which may need to involve not only livestock, but also agriculture, infrastructure, marketing, wildlife and tourism;
- (ii) integrated management of crops and animals that conserve biodiversity and reduce the use of pesticides and other inputs that may harm biodiversity;
- (iii) soil conservation and restoration of degraded areas to conserve and sustainably use biodiversity;
- (iv) natural resources management activities which emphasize integrated resource use with conservation and development, such as use of water resources and its distribution to ease groundwater pressure and prevent vegetation deterioration;
- (v) designation of protected areas that contain important pools of wild relatives of crops, breeds and animals;
- (vi) energy conservation projects that emphasize alternative energy sources to conserve the vegetation and biological diversity in human use;
- (vii) establishment of cost recovery mechanisms and financial incentives for sustainable use;
- (viii) community-based farming and pastoral systems using indigenous technical knowledge.

21. Additional activities by which countries can conserve biodiversity important to agriculture with their normal sustainable development programs¹⁴³:

Creating or enhancing an enabling environment.

- (i) country-driven information, advisory, and extension services that draw special attention to viable farming and pastoral practices helping to conserve and sustainably use agricultural biodiversity;
- (ii) advisory services to facilitate policy reform that would support the conservation and sustainable use of agricultural biodiversity¹⁴⁴;
- (iii) ensuring public participation in the development of sustainable agricultural and resource policies; and
- (iv) development of national data and information services that can improve the supply and exchange of agricultural biodiversity.

Innovative economic tools and approaches.

- (i) introducing regulatory incentives or removing disincentives (such as economic instruments, fiscal, trade and other incentive instruments) for sustainable agricultural production practices help to enhance biological diversity;
- (ii) promoting the development of markets and business opportunities for diverse production systems such as organic agriculture.
- (iii) raising consumer awareness and improving demand in favor of diverse varieties instead of uniform products;
- (iv) enabling access to innovative financing and financial risk management mechanisms to promote private investment in farming systems that conserve and sustainably use agricultural biodiversity; and
- (v) activities to enable the reduction of transaction costs in farming systems which conserve agricultural biodiversity and use it sustainably i.e., support for the establishment of appropriate production, marketing, trading, and distribution techniques.

Creating new incentives.

- (i) particular attention to indigenous groups and rural communities who maintain agricultural biodiversity of global importance through their farming practices.
- (ii) development and introduction of gender-specific incentives and reward schemes for the conservation of indigenous knowledge that supports the conservation and sustainable use of agricultural biodiversity¹⁴⁵;
- (iii) development of necessary human and institutional capacities to promote sustainable solutions in agricultural biodiversity conservation, including training, demonstration, technology transfer etc.;

¹⁴³ All activity types constitute responses to priority issues outlined in decision III/11 of the COP.

¹⁴⁴ 3 cop decision III/11 paragraph 15 c cop decision III/11 paragraph 15 g cop decision III/11 paragraph. 15i

¹⁴⁵ See cop decision III/11 annex 1.

LAND DEGRADATION

22. The intertemporal degradation of agricultural land - that is, a decline in long term productive potential - is already seriously limiting production, especially in the developing world. Degradation is also associated with off site-problems of sedimentation, carbon emissions affecting climate change, reduced watershed function and changes in natural habitats leading to loss of genetic stock and biodiversity. In response to these concerns, GEF activities in agricultural biodiversity will pay special attention to addressing issues related to land degradation including rehabilitation of degraded areas. In this respect GEF activities may contribute to activities which contribute to the objectives of the CBD and CCD.

PARTNERSHIPS

23. There are many institutions like the CGIAR, FAO, the private sector, etc, and stakeholders who have experience in the complex issues of agricultural biodiversity. Some have specific mandates in this field and many have facilitated development of agreed action plans which set out major objectives and commitments of countries in the conservation and sustainable use of biological diversity important to agriculture. Such action plans include, e.g., the Global Plan of Action for the Conservation and Utilization of Plant Genetic Resources for Food and Agriculture, which was adopted at the International Technical Conference, Leipzig, 1996 and supported through decision III/11, and the Global Strategy for the Management of Farm Animal Genetic Resources, which is under development in the FAO Commission on Genetic Resources for Food and Agriculture. The GEF will support eligible activities carried out through such programs. The GEF will work in partnership with these institutions and stakeholders, building on existing strengths and comparative advantages thus ensuring complementarity. Although the GEF cannot provide support for international institutions or networks of organizations to carry out their mandates - even when these mandates include protection of the global environment -- such institutions and networks may often be well placed to execute specific country-driven projects for the GEF. In such partnerships, costs would be shared: the GEF would finance specific incremental project costs while partner organizations that execute the project would finance their own overheads, out-of-country expenses, and the cost of implementing their regular mandates and work program.

PUBLIC INVOLVEMENT

24. The GEF Council approved the policy paper *Public Involvement in GEF-Financed Projects*, in 1996, which constitutes one of ten operational principles to be followed in the design and implementation of projects. This policy ensures that the project has sufficient funding and technical support to carry out consultations with, and participation, as appropriate of, the beneficiaries and affected groups of people. In most projects dealing with agricultural biodiversity, the groups most vulnerable to project outcomes would be farming communities and surrounding villages whose incomes would be dependent on agricultural outputs and services.

25. The participation of disadvantaged groups, such as indigenous communities and women, will be given attention. Such participatory approaches are also consistent with the guidance from the CBD/COP, which covers strategic partnerships with, wherever possible, relevant stakeholders in government, civil society (including the academic institutions), and the private sector. Projects dealing with agricultural biodiversity

will clarify the conditions of cooperation and transparent mechanisms to ensure the active participation of key stakeholders in planning, implementing, and monitoring of project activities.