



ALLIANCE OF SMALL ISLAND STATES

BBNJ PREPARATORY COMMISSION MEETING 1 BBNJ

FINANCE

## TALKING POINTS

*Thursday 17th April 2025*

### ARRANGEMENTS WITH THE GLOBAL ENVIRONMENT FACILITY

1. Thank you, Chair, for giving me the floor. I have the honor of delivering this intervention on behalf of the Alliance of Small Island States.
2. AOSIS would like to align itself with the statement made by the Group of 77 and China
3. Our Group is of the view that the Co-Chair's aid is **a useful starting point but would require some edits.**
4. That said, AOSIS takes this opportunity to outline the true purpose of these arrangements we are seeking to conclude with the GEF. It is quite simple - its objective is to **establish a working relationship between the COP and the GEF for the functioning of the Financial Mechanism (FM) as outlined in the Agreement.**
5. This working relationship has initial contours that are codified in the Agreement. These contours include:
  - a. **PRINCIPLES:** The principles that guide the implementation of the Agreement, especially Article 7(m) that requires the full recognition of the special circumstances of SIDS and LDCs, which in turn must also guide the GEF's functioning as a FM operating entity
  - b. **AUTHORITY:** the establishment of the COP's authority over operating entities of the Financial Mechanism for the purposes of this Agreement, which includes the GEF when it is exercising the functions of the BBNJ's Financial Mechanism (Article 52[9])

- c. GUIDANCE: the responsibility of the COP to provide guidance to the GEF as a FM operating entity which will be primarily focused on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources (Article 52[9])
  - d. PERIODIC REVIEW: the duty of the COP to conduct periodic reviews of the GEF as an operating entity (Article 52[16]) which in turn should be used as a tool to:
    - i. understand the GEF's level of adequacy, effectiveness and accessibility as an FM operating entity, as well as
    - ii. act as a catalyst for improvement of the GEF's function in service of the objectives of the Agreement
  - e. ACCOUNTABILITY: The GEF as an FM operating entity is accountable to the COP in relation to both its authority and guidance (Article 52[9])
6. With that important context set, I will now move on to addressing the Co-Chairs' guiding questions. It should however be noted that these are initial reflections, and AOSIS reserves the right to come back with more detailed proposals later on in this process.
7. **FIRST QUESTION: IS THE STRUCTURE OF THE DOCUMENT FIT FOR PURPOSE?**
8. Yes, the structure of the document is generally fit for purpose, save the inclusion of some missing sections that we will expand on later.
9. **SECOND QUESTION: WHAT MISSING ELEMENTS, IF ANY, MIGHT USEFULLY BE INCLUDED IN THE DOCUMENT?**
10. Yes there are missing elements. Some are:
- a. In the Preamble, we believe it is important to also recall Article 52(7) on complementarity and coherence among the utilization of funds within the financial mechanism, and to recall Article 52(16) on Periodic Review of the financial mechanism
  - b. Articles 52(7) and 52(16) should also be included in the list of relevant articles in Section 2 on 'Purpose'

- c. On 'Reporting' in Section 8, the inclusion of a provision for the GEF to make available their annual reports at least 12 weeks ahead of the COP as a means of allowing adequate time for review
- d. On 'Monitoring and Evaluation' in Section 15,
  - i. the renaming of the Section to 'Periodic Review of the Financial Mechanism' in line with the Agreement as well as '& Independent Assessments of the GEF', and ii.

the addition of text that would:

  1. enable the COP to commission an independent assessment of the overall performance of the GEF and its Council that coincides with the Periodic Review of the FM;
  2. enable the COP to communicate the results of the Periodic Review and any such assessments to the GEF Council;
  3. require the GEF Council to take appropriate actions to address the highlighted matters as outlined in any such review or assessment, and report back on these actions in its next annual report
  4. Require the COP to take into account the the reports of the GEF Independent Evaluation Office and the views of the GEF, as appropriate, into its Periodic Review
- e. Inclusion of new Section on 'Determination of Funding Needed and Available', that would require:
  - i. the relevant finance committee on financial resources reports and COP decisions on identification of needs and resource mobilisation to be used in the GEF's resource mobilisation process, in particular its replenishments, and
  - ii. Provision information on GEF's resource mobilisation and available financial resources by the GEF in its annual COP reports
- f. Inclusion of new Section on 'Complementary & Coherence with other operating entities of the Financial Mechanism' which would require the GEF to operate in the context of an appropriate arrangement with itself and other FM operating entities in line with specific guidance from the COP to promote complementarity and coherence.

11. **THIRD QUESTION: WHAT ELEMENTS, IF ANY, COULD BE LEFT OUT OF THE DOCUMENT?**

12. Co-Chairs, we have some requests for deletions. They include:

- a. Currently, there are mentions to non-GEF related finance in a document focused on the GEF's role within the BBNJ financial mechanism. If there is inclusion of any other funded activities beyond what the GEF has financed it can be seen as a misrepresentation or inflation of figures linked directly to the GEF. As a result, under Reporting in Section 10, we ask for the deletion of any reference to:
  - i. projects funded by the GEF outside of the framework of the financial mechanism of the Agreement, especially in para 10(c)
  - ii. Additional financial resources leveraged by the GEF for the implementation of the Agreement, especially in para 10(f)

13. **FOURTH QUESTION: WHAT SUBSTANTIVE ELEMENTS OF THE DOCUMENT DO DELEGATIONS AGREE OR DISAGREE WITH?**

14. Additional elements of the Co-Chairs' Aide that AOSIS agrees with includes:

- a. The retention of the aspects related to the guidance to the GEF from COP in Section 3. Given the evolving nature of the needs and priorities of developing countries, it is important for the COP to be able to provide guidance that reflects these evolving needs and priorities as time goes on, hence we support the retention of the phrase in brackets
- b. On the GEF's conformity with the COP's guidance in Section 7, we find it important to retain language that requires the GEF to reconsider based on a COP decision with clear timelines. This allows the COP to hold its residual authority in order to ensure the GEF equitably fulfills its role as an entity entrusted with the operation of the COP's financial mechanism.
- c. On reporting in Section 12, we support the retention of this paragraph which speaks to the GEF responding to requests by the COP on other matters concerning the discharge of functions under Article 52 as this allows COP to more dynamically request for information from the GEF and would be conducive to problem solving between the two entities

15. **FIFTH QUESTION: WHAT SUBSTANTIVE ELEMENTS OF THE DOCUMENT ARE THE MOST IMPORTANT AND WHY?**
16. AOSIS reiterates that all the issues highlighted in this intervention are some of the most important elements to the Group given that they all in some way seek to fairly outline our working relationship with the GEF in accordance with the legal contours set out in the Agreement.
17. **CLOSING**
18. Lastly, AOSIS also seeks clarification on the following: how reconsideration of project decisions has operated in the past for the GEF under other multilateral environmental regimes?
19. Co-Chairs, AOSIS stands ready to submit detailed textual edits seeking to reflect these and other priorities as it relates to the Financial Rules
20. We look forward to continued constructive engagement with colleagues.