

Preparatory Commission for the Entry into Force of the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the Convening of the First Meeting of the Conference of the Parties to the Agreement

Second session

New York, 18–29 August 2025

Operationalization of other provisions on financial resources and mechanism

Note by the Secretariat

I. Introduction

1. The Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (“the Agreement”) provides, in article 52, paragraph 2, that the institutions established under the Agreement shall be funded by assessed contributions of the Parties. Article 52, paragraph 3, further provides for the establishment of a mechanism for the provision of adequate, accessible, new and additional and predictable financial resources under the Agreement. Pursuant to article 52, paragraph 4, the mechanism shall include: (a) a voluntary trust fund established by the Conference of the Parties to facilitate the participation of representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States, in the meetings of the bodies established under this Agreement; (b) a special fund; and (c) the Global Environment Facility trust fund.

2. The Preparatory Commission established by General Assembly resolution 78/272 to prepare for the entry into force of the Agreement and the convening of the first meeting of the Conference of the Parties to the Agreement (“Preparatory Commission”), at its first session, held from 14 to 25 April 2025, adopted the programme of work of the Commission.¹ The latter was prepared by the Co-Chairs, in consultation with the Bureau, on the basis of the three clusters of issues discussed by the Commission during its organizational meeting, in June 2024. Cluster III, entitled “Financial rules, and financial resources and mechanism”, included the following issues: (1) financial rules governing the funding of the Conference of the Parties and the funding of the secretariat and any subsidiary bodies; (2) arrangements with the Global Environment Facility to give effect to the relevant provisions on funding; and (3) operationalization of other provisions on financial resources and mechanism, such as: (a) establishment of the voluntary trust fund as part of the financial mechanism established under the Agreement; (b) arrangements to give effect to provisions on the special fund, including in relation to application and approval procedures; (c) scale of assessed contributions.²

3. In accordance with its programme of work, the Preparatory Commission, at its first session, considered the issue of financial rules governing the funding of the Conference of the Parties and the funding of the secretariat and any subsidiary bodies and the issue of arrangements with the Global Environment Facility to give effect to the relevant provisions

¹ A/AC.296/2025/2.

² A/AC.296/2024/4, annex.

on funding, on the basis of two aids to discussions and negotiations prepared by the Co-Chairs.³ The Commission, at that session, also held a preliminary exchange of views on issues for consideration at its second session, including the operationalization of other provisions on financial resources and mechanism.

4. The purpose of the present note is to assist the Preparatory Commission in its consideration of the operationalization of other provisions on financial resources and mechanism at its second session which is being convened from 18 to 29 August 2025. The note addresses issues that could be usefully addressed at an early stage to give effect to the relevant provisions of article 52 and, thereby, support the effective implementation of the Agreement.

5. The preparation of the note has been informed by the practice under various instruments, frameworks and bodies. It sequentially addresses the establishment of the voluntary trust fund as part of the financial mechanism established under the Agreement (section II), arrangements to give effect to provisions on the special fund, including in relation to application and approval procedures (section III), the scale of assessed contributions (section IV), as well as additional issues that the Preparatory Commission could consider in relation to the operationalization of the provisions of article 52 of the Agreement on funding other than those specifically identified under Cluster III (section V). The note concludes with a set of possible actions for consideration by the Commission (section VI).

II. Establishment of the voluntary trust fund as part of the financial mechanism established under the Agreement

6. Pursuant to article 52, paragraph 4, of the Agreement, a voluntary trust fund will be established by the Conference of the Parties, as part of the financial mechanism established under the Agreement, to facilitate the participation of representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States, in the meetings of the bodies established under the Agreement.

7. Drawing upon the practice of existing trust funds serving similar purposes under various instruments, frameworks and bodies, as well as those established pursuant to relevant General Assembly resolutions, including the voluntary trust fund established pursuant to resolution 69/292 for the purpose of assisting developing countries, in particular the least developed countries, landlocked developing countries and small island developing States, in attending the meetings of the Preparatory Commission, this section outlines various issues for consideration in relation to the establishment of the voluntary trust fund as part of the financial mechanism established under the Agreement (“voluntary trust fund under the Agreement”).⁴

³ A/AC.296/2025/7 and A/AC.296/2025/8.

⁴ This section was informed by the following documents: resolution 55/7, paragraphs 9, 18, 20 and 45, as well as annexes I and II, and resolution 79/144, annex; resolution 58/14, paragraph 10, and ICSP14/UNFSA/INF.3, annex II; resolution 64/71, paragraph 183; 67/216, paragraph 13(c); resolution 69/292, paragraph 5, and resolution 78/272, paragraph 14; Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Basel Convention), decisions VI/41, BC-10/28 and 13/24; Conference of the Parties to the Convention on Biological Diversity (CBD), decisions III/1, III/24 and X/45, UNEP/CBD/COP/9/INF/39, CBD/SBI/REC/2/18, and note by the CBD secretariat, “[Note on the 13 per cent Programme Support Costs \(PSC\)](#)”; Conference of the Parties to the Minamata Convention on Mercury (Minamata Convention), decisions MC-1/10 and MC-5/20; Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention), decisions RC-1/17, RC-5/1, RC-7/15 and RC-11/15; Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants (Stockholm Convention), decisions SC-1/3,

Establishment

8. Existing trust funds serving similar purposes are often established through a decision or resolution of the governing body of the relevant instrument, framework or body, or, in the case of those established under the auspices of the General Assembly, through a General Assembly resolution. Such decisions or resolutions may either directly establish the funds or request the heads of the relevant secretariats, the Secretary-General, or the head of an existing United Nations system entity performing the secretariat functions, to establish the funds. In either cases, the decision or resolution may outline certain aspects for the operation of the fund, which may be further supplemented by formally agreed terms of reference or guidelines. In some instances, the establishment of such funds and aspects of their operation are set out in the financial rules for the Conferences of the Parties, their subsidiary bodies and the secretariats.

9. For the voluntary trust fund under the Agreement, consideration may be given to the modality for its establishment, including whether this should be effected through a decision of the Conference of the Parties or through the incorporation of relevant provisions in the financial rules governing the funding of the Conference of the Parties to the Agreement and the funding of the secretariat and any subsidiary bodies. It may also be useful to consider whether terms of reference of the voluntary trust fund might be elaborated, and, if so, the appropriate scope and content of such terms.

Purpose and scope of financial support

10. Pursuant to article 52, paragraph 4, the purpose of the voluntary trust fund under the Agreement is to facilitate the participation of representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States, in the meetings of the bodies established under the Agreement. Consideration may be given to further clarifying the types of meetings covered.⁵

11. Consideration may also be given to specifying the scope of financial support to be provided through the voluntary trust fund. Practice under existing trust funds serving similar purposes indicates that such support commonly includes coverage of round-trip airfare in economy class and daily subsistence allowances, while terminal expenses may also be covered.

12. Furthermore, it may be useful to consider whether, for each meeting, a limit might be established on the number of representatives from each developing State Party eligible to receive support from the voluntary trust fund. In this regard, it is noted that support from existing trust funds serving similar purposes is often limited to one representative per State, although a higher limit may be applied for specific categories of meetings or specific groups of States, subject to the availability of financial resources.⁶ Practice also exists whereby the equivalent funding to support one representative is provided to each eligible Party, allowing it to determine how to utilize the funds.

and SC-7/33; International Seabed Authority (ISA), ISBA/23/A/13 and ISBA/27/A/8 – ISBA/27/C/36, annex I; International Whaling Commission (IWC), resolution 2016-6; and the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), decisions 15/CP.1 and 16/CP.2, and background document, “[Trust Fund for Participation in the UNFCCC Process](#)”.

⁵ For example, the Trust Fund for Participation in the UNFCCC Process also covers, subject to the availability of resources, the participation of representatives of eligible Parties in expert meetings and intersessional Bureau meetings, the participation of the chairs of the negotiating groups of developing States Parties in the sessions under that Convention, and participation of eligible Parties in the preparatory meetings of the respective negotiating groups.

⁶ For example, in practice, the Trust Fund for Participation in the UNFCCC Process provides support for one representative per eligible Party for sessions of the subsidiary bodies, plus one additional representative for each small island developing State or least developed country. For sessions of the Conference of the Parties to the UNFCCC, support is extended to two representatives per eligible Party, plus one additional representative for each small island developing State or least developed countries.

Administrative arrangements

13. Consideration could be given to determining the administrative arrangements for the voluntary trust fund under the Agreement, including the designation of an entity to administer the fund. In practice, this role is often entrusted to the head of the respective secretariat of the instrument, framework or body, the head of an existing United Nations system entity performing the secretariat functions, or an existing organization with relevant competence. The Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs, which is a unit of the United Nations Secretariat, has also been entrusted with the administration of a number of trust funds established pursuant to General Assembly resolutions.

14. Drawing upon existing practice, it may also be useful to consider clarifying the financial rules, regulations, policies and practices that would apply to the administration of voluntary trust fund under the Agreement. Depending on the modality chosen for the establishment of the voluntary trust fund, such clarification could be provided through decisions of the Conference of the Parties, terms of reference or the financial rules governing the funding of the Conference of the Parties to the Agreement and the funding of the secretariat and any subsidiary bodies.⁷

15. It is noted that voluntary trust funds administered by the United Nations, or by secretariats linked to or supported by the United Nations or a United Nations system entity, are typically subject to a programme support cost, generally charged at a standard rate of 13 per cent with possible exceptions⁸. This charge is intended to recover incremental costs and to ensure that the cost of supporting activities financed from extrabudgetary contributions is not borne by the regular budget and/or other core resources that are central to the budget review and approval process within the United Nations system. Depending on the institutional relationship and working arrangements between the relevant secretariats and the United Nations or United Nations system entities, cost-sharing arrangements may also be established in relation to such programme support costs. In the case of such funds under the International Seabed Authority, incremental costs are instead covered by a Cost Recovery Fund,⁹ rather than through the programme support cost charges. For the voluntary trust fund under the Agreement, consideration may be given to outlining any applicable programme support costs or alternative cost-recovery mechanisms, as appropriate, in line with the institutional context of the entity that would be entrusted with administering the fund.

Contributions

16. Consideration could be given to clarifying that contributions to the voluntary trust fund under the Agreement would be on a voluntary basis, and to identifying the sources from which such contributions may be received. In this regard, it is recalled that article 52, paragraph 8, of the Agreement provides that financial resources mobilized in support of the implementation of the Agreement may include funding from public and private sources, both national and international, including, but not limited to, contributions from States, international financial institutions, existing funding mechanisms under global and regional instruments, donor agencies, intergovernmental organizations, non-governmental organizations and natural and juridical persons, and through public-private partnerships. Drawing upon existing practice, the possibility of allocating a portion of the host country contribution, if any, to the voluntary trust fund may also be explored. Furthermore, consideration could be given to specifying the currency or currencies in which the

⁷ The revised aid to discussions and negotiations prepared by the Co-Chairs on financial rules governing the funding of the Conference of the Parties to the Agreement and the funding of the secretariat and any subsidiary bodies (A/AC.296/2025/xx) contains a provision to this effect.

⁸ For example, the Financial and Administrative Framework Agreement of 29 April 2003 between the United Nations and the European Commission determined a rate not exceeding 7 per cent.

⁹ ISBA/ST/SGB/2020/2.

contributions might be received, including in the applicable financial rules and regulations, as appropriate.

Eligibility and access procedures

17. Pursuant to article 52, paragraph 4, of the Agreement, representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States, would be eligible for receiving support from the voluntary trust fund under the Agreement. Consideration could be given to whether eligibility criteria might be further defined. In light of existing practice, consideration could also be given to whether limitations should be established on access to funding for representatives of any Party whose assessed contributions are in arrears beyond a specified threshold,¹⁰ as well as to whether, under certain conditions and particularly in the early years following the entry into force of the Agreement, support should be extended to developing States that are not yet Parties but have provided a clear commitment to becoming Parties, which may, among other things, take the form of a written assurance to the head of the secretariat that the State intends to become a Party.

18. Furthermore, consideration could be given to outlining the access procedures, which may include, among others, the procedural requirements for applications and the consideration of applications and funding decisions. Drawing upon existing practice, application requirements may include how and to whom the application should be submitted, the information to be provided, and relevant timelines. The entities entrusted with administering the funds are usually responsible for considering and deciding on applications. In doing so, they may be guided by a set of pre-established criteria, such as the prioritization of applications from certain categories of developing States Parties, the timeliness of applications, and the availability of funds. Additional elements, such as the need to ensure gender balance, may also be considered. The possibility of having recourse to advisory mechanisms to assist in the consideration of the applications and to make recommendations, particularly when the number of applications exceeds the availability of funds, may be explored. Such mechanisms may involve engaging an advisory panel or consulting existing bodies for advice.

Transparency and accountability

19. Consideration may be given to measures for ensuring transparency and accountability in the operation of the voluntary trust fund under the Agreement. In particular, it may be useful to clarify the requirement for reporting to the Conference of the Parties and relevant subsidiary bodies on the status of the fund, including the frequency, content, format and timing of such reports. These reports could cover contributions received, disbursements made and administrative costs, and include, where feasible, disaggregated data by categories of developing States Parties, regions and gender of the individuals supported. Additional measures for ensuring transparency and accountability may include the engagement of advisory mechanisms mentioned above, the prompt communication of funding decisions, and making relevant reports and information publicly available. Furthermore, auditing and other oversight arrangements may be clarified, in line with the applicable financial rules and regulations.

Review and amendment

¹⁰ For example, trust funds serving similar purposes under the Basel, Rotterdam and Stockholm Conventions follow the practice whereby no representative of any Party whose contributions are in arrears for four or more years and that has not agreed on or is not respecting a schedule of payments implemented in accordance with paragraph 3 (d) of rule 5 of the financial rules shall be eligible to receive financial support to attend intersessional workshops and other informal meetings.

20. To ensure that the voluntary trust fund under the Agreement remains adaptive and responsive to the evolving needs and priorities of Parties, consideration may be given to outlining the modalities for reviewing its functioning and, where necessary, amending its operational arrangements. Such reviews could include those conducted as part of the periodic review of the financial mechanism, pursuant to article 52, paragraph 16, of the Agreement, as well as additional ad hoc reviews specifically focused on the voluntary trust fund.

III. Arrangements to give effect to the provisions on the special fund, including in relation to application and approval procedures

21. Pursuant to article 52, paragraph 4, of the Agreement, the special fund shall be funded through: (i) annual contributions in accordance with article 14, paragraph 6; (ii) payments in accordance with article 14, paragraph 7; and (iii) additional contributions from Parties and private entities wishing to provide financial resources to support the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.

22. Furthermore, article 52, paragraph 6, provides that the special fund, along with the Global Environment Facility trust fund which also forms part of the financial mechanism established by that article, shall be utilized in order to: (a) fund capacity-building projects under the Agreement, including effective projects on the conservation and sustainable use of marine biological diversity and activities and programmes, including training related to the transfer of marine technology; (b) assist developing States Parties in implementing the Agreement; (c) support conservation and sustainable use programmes by Indigenous Peoples and local communities as holders of traditional knowledge; (d) support public consultations at the national, subregional and regional levels; (e) fund the undertaking of any other activities as decided by the Conference of the Parties.

23. While the Agreement broadly defines the sources of funding and the objectives of the special fund, a number of issues are not addressed in the Agreement but would need to be, or could usefully, be considered by the Conference of the Parties at an early stage to allow for the swift and effective operationalization of the special fund, including in light of the fact that the annual contributions to be made by developed Parties after the entry into force of the Agreement in accordance with article 14, paragraph 6, thereof, will be made to the special fund.

24. These issues could range from making the appropriate institutional arrangements for the fund, to setting out modalities for its operation, including with regard to eligibility criteria and modalities for access to funding, application and approval procedures, monitoring and evaluation, as well as modalities to promote coherence and complementarity among the utilization of funds within the financial mechanism established under the Agreement as well as with the funds under other instruments, frameworks and bodies.

25. In addressing the issues outlined below,¹¹ consideration could be given to the extent to which these should be addressed in a single document that may take the form of terms of

¹¹ This section was informed by the following documents: Adaptation Fund, “[Update on the harmonized cost and fees policy](#)”, 2023; “[Operational policies and guidelines for Parties to access resources from the Adaptation Fund](#)”, 2022; Board of the Green Climate Fund, decision B.32/05; CBD, decisions I/2, III/8 and 16/2; CBD, Note by the Secretariat, document CBD/COP/16/7; Executive Committee of the Interim Multilateral Fund for the Implementation of the Montreal Protocol, document UNEP/OzL.Pro/ExCom/3/18/Rev.1; GEF, document GEF/C.39/7/Rev.2; GEF, document GEF/C.62/04; GEF, document GEF/C.64/05/Rev.01; GEF, document GEF/C.64/06/Rev.02; GEF, document GEF/C.66/08/Rev.1; GEF, document GEF/GBFF.01/04/Rev.02; GEF, “[Fee policy for GEF Partner](#)”

reference for the special fund adopted at the outset, as well as to exploring a staggered approach to give effect to the provisions on the special fund, building on the experience gained from its operation, and taking into account that the fund's resources and activities may grow over time.

Institutional arrangements

26. Defining an appropriate institutional arrangement for the special fund is among the issues that the Conference of the Parties may find necessary or desirable to consider. The practice of existing funds under other instruments, frameworks and bodies indicates that the institutional framework of the fund may distinguish administration, governance and oversight, and implementation.

Administration of the fund

27. In the practice reviewed, an entity is usually entrusted with the administration of the fund. As outlined below, the governing body may decide to assign the administration of the fund to an existing or bespoke entity, and the practice in that regard is not uniform.

28. The practice also indicates that, while the selection of the model for the operationalization of the treaty secretariat is a separate consideration, decisions made in this respect, particularly with regard to linkages to the United Nations, could be taken into account when determining the most appropriate institutional arrangement for the fund. For example, an existing entity that performs the secretariat functions under a multilateral agreement may be designated to administer the fund established under that agreement.¹²

29. Another arrangement in the practice reviewed is to entrust the administration of the fund to an existing entity other than the entity performing the secretariat functions, which may or may not be part of the United Nations system. For example, the United Nations Multi-Partner Trust Fund Office acts as the administrative agent for the Cali Fund for the Fair and Equitable Sharing of Benefits from the Use of Digital Sequence Information on Genetic Resources ("Cali Fund"), while the Global Environment Facility serves as the operating entity for several funds established under existing agreements. In such situations, specific arrangements are usually put in place to govern the relationship and respective rights and obligations of the entity operating the fund and the governing body of the respective treaty.¹³

Agencies", document Policy: FI/PL/03; GEF, "[How Projects Work](#)"; GEF document Policy: OP/PL/01; Green Climate Fund, "[Terms of reference for a pilot phase enhancing direct access to the Green Climate Fund](#)"; Green Climate Fund "[Updated Project and Programme Cycle](#)"; GEF Secretariat, "[Instrument for the Establishment of the Restructured Global Environment Facility](#)", January 2025; Governing Body of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA), resolution 1/2011; ITPGRFA, "[Eligibility and Screening Criteria for the Benefit-sharing Fund](#)"; "[Memorandum of Understanding between Participating UN Organizations and the UNDP Multi-Partner Trust Fund Office regarding the Operational Aspects of a Cali Fund for the Fair and Equitable Sharing of Benefits from the Use of Digital Sequence Information on Genetic Resources](#)", 25 February 2025; Minamata Convention, decision MC-1/6; Stockholm Convention, decision SC-1/11 ; "[Terms of Reference of the Cali Fund for the fair and equitable sharing of benefits from the use of digital sequence information on genetic resources](#)", February 2025; "[Towards a long-term vision on Complementarity, Coherence and Collaboration between the GEF and the GCF](#)", Joint paper between the secretariats of GEF and GCF, 3 May 2021; UNEP/MC/COP.2/8; UNFCCC, decisions 3/CP.1, 5/CP.7, 7/CP.7, 12/CP.2 and 3/CP.17.

¹² For example, the Benefit-Sharing Fund of the International Treaty on Plant Genetic Resources for Food and Agriculture is administered by the FAO, which also performs the secretariat functions under that treaty. See also the Technical Cooperation Trust Fund of the Basel Convention, which is managed by the Executive Director of UNEP which administers the secretariat of that Convention. This is also the case for the trust funds established under several other UNEP-administered multilateral environmental agreements, such as the Specific International Programme to Support Capacity-Building and Technical Assistance under the Minamata Convention.

¹³ For example, the memorandums of understanding concluded between the GEF Council and the conferences of the parties to the CBD, the UNFCCC, the Stockholm Convention and the Minamata Convention.

30. Alternatively, a bespoke entity may be administering the fund. For example, the Green Climate Fund was established by the Conference of the Parties to the United Nations Framework Convention on Climate Change for the purpose of serving as an operating entity of the financial mechanism of that convention. Arrangements were made between the Conference of the Parties and that Fund to ensure that it is accountable to and functions under the guidance of the Conference of the Parties.

31. The experience of that Fund shows that, where a bespoke entity has been entrusted with the administration of the fund, the governing body of the relevant instrument, framework or body may determine the legal status of the fund in the decision establishing it with a view to ensuring the effective discharge of its functions.

32. Finally, it is noted that an administrative fee may be charged by the entity entrusted with the administration of the fund for the purpose of covering the costs associated with the administration of the fund.¹⁴ Implementing agencies may also charge agency support costs for the implementation of the funded activity.

Governance and oversight

33. Article 52, paragraph 9, of the Agreement, according to which the financial mechanism shall function under the authority, where appropriate, and guidance of the Conference of the Parties and shall be accountable thereto, is directly relevant to the special fund as part of that mechanism. The practice of the instruments, frameworks and bodies reviewed for this note shows that, while the governing body of the respective instrument, framework or body provides general guidance to the fund, a dedicated oversight body may be established to provide strategic and programmatic direction, in line with the decisions of the governing body, and oversee the implementation of the fund.¹⁵

34. In taking a decision on the establishment of an oversight body, if any, the Conference of the Parties could consider several elements, such as its composition, the selection process and term of office for its members, the frequency of the meetings, and decision-making. In some cases, these issues have been addressed through the adoption of separate rules of procedure.

Secretariat of the fund

35. The practice of the funds reviewed shows that an entity is often designated to provide secretariat functions in relation to the fund. Where the fund is administered by an existing entity, the secretariat functions are usually provided by the entity administering the fund, which may also provide the secretariat of the respective instrument, framework or body. Alternatively, if a bespoke entity has been established to administer the fund, a dedicated secretariat may also be established and further arrangements may be made, including in relation to the selection of its seat, the head of the secretariat and its staff. The secretariat generally acts under the authority of, and is accountable to, the governing body of the fund and its functions include, inter alia, to service the meetings of and support the governing body to implement its decisions and facilitate the overall operation of the fund.

Implementing entities

36. The practice of other funds indicates that implementing entities are often entrusted with receiving funding for the purpose of carrying out activities in furtherance of a fund's objectives. These may include national entities designated by Parties to an existing

¹⁴ For example, the 'full cost recovery' administrative fee charged by GEF-administered trust funds aims to reimburse in full all direct and indirect costs incurred by the World Bank as the trustee and GEF when they set up, hold, invest, account for and report on each stand-alone trust fund. Additional examples include the 1% administrative fee charged by the Multi-Partner Trust Fund Office for the Cali Fund and the 13% administrative fee charged by the Executive Director of UNEP for the Technical Cooperation Trust Fund established under the Basel Convention.

¹⁵ Examples include the ad hoc advisory committee established under the ITPGRFA, the steering committee of the Cali Fund and the Board of the Green Climate Fund.

agreement, international entities, including those of the United Nations system, multilateral development banks, international financial institutions and other global, regional and sub-regional intergovernmental organizations and interested non-governmental organizations, as well as, where Indigenous Peoples and local communities can receive funding, institutions or government authorities identified by Indigenous Peoples and local communities to receive such funds. Specific arrangements are usually concluded between the implementing entities and the entity administering the fund to determine how the funds received will be used in support of the objectives of the agreement concerned.

37. In practice, access to funding through implementing entities is often subject to the prior accreditation of these entities by the fund's governing body which manages the accreditation process, often based on specific accreditation criteria. In developing such criteria, consideration has been given to internationally recognized fiduciary standards, as well as to environmental and social standards and human rights safeguards.

Contributions

38. Pursuant to article 52, paragraph 4 (b), of the Agreement, the sources of funding of the special fund will be a combination of annual contributions made in accordance with article 14, paragraph 6, payments in accordance with article 14, paragraph 7, as well as additional contributions from Parties and private entities wishing to provide financial resources to support the conservation and sustainable use of marine genetic resources of areas beyond national jurisdiction. In addition, article 52, paragraph 11, provides that, in recognition of the urgency to address the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction, the Conference of the Parties shall determine an initial resource mobilization goal through 2030 for the special fund from all sources, taking into account, inter alia, the institutional modalities of the special fund and the information provided through the capacity-building and transfer of marine technology committee.

39. While the rate of developed States Parties' annual contributions to the special fund in the initial period between the entry into force of the Agreement and until the Conference of the Parties decides on the modalities for the sharing of monetary benefits from the utilization of marine genetic resources and digital sequence information on marine genetic resources of areas beyond national jurisdiction, is set,¹⁶ the Conference of the Parties could consider providing guidance to the entity administering the special fund on how to mobilize additional voluntary contributions, as foreseen in article 52, paragraph 4 (b) (iii), to ensure that the requirement of provision of adequate, accessible, new and additional and predictable financial resources under the Agreement is satisfied.

Operational modalities

40. The practice of other instruments, frameworks and bodies indicates that the governing body of the respective instrument, framework or body usually takes steps to develop modalities for the operation of the fund. As outlined below, such modalities may include setting out eligibility criteria for access to funding, modalities for the allocation of the funds, application and approval procedures, a monitoring and evaluation framework to support the effectiveness of the fund, as well as modalities to ensure coherence and coordination in the utilization of funds.

Eligibility criteria and modalities for access to funding

41. Article 52, paragraph 12, of the Agreement provides that eligibility for access to funding shall be open to developing State Parties on the basis of need. Although practice with regard to eligibility criteria is not uniform, the funds reviewed for this note share some common features. Eligibility is generally limited to developing States that are Parties to, or members of, the respective instrument, framework or body. In this regard, special

¹⁶ Article 14, paragraph 6, of the Agreement.

consideration has been given to small island developing States and least developed countries, taking into account the specific needs of such countries. Alignment with the objectives of the respective instrument, framework or body also appears to be a usual requirement. Some more specific criteria may include contribution to the objectives of the treaty and alignment with the priorities established by the governing body of that treaty, the alignment with agreed national and/or programme priorities, endorsement by an eligible State and seeking financing only for pre-agreed costs.

42. With regard to modalities for access to funding, the practice of other funds indicates that funding may be either directly accessible by eligible States or provided through regional or global entities. For example, eligible Parties, as well as implementing entities that meet the required criteria, can submit directly project proposals for funding by the Adaptation Fund under the UNFCCC. The Green Climate Fund has also established modalities for direct access funding, requiring the direct access entity to submit proposals for the proposed scope of activities and a description of the approval process the entity will use to select activities. In addition, the Cali Fund under the CBD has established operational modalities which provide for States to directly access and distribute funding, with each recipient State invited to designate or establish, as appropriate, a national entity, such as a national biodiversity fund, to receive funds and distribute them in a transparent manner. Recipient States may determine the appropriate mode of access, and both modalities of direct access and access through implementing agencies can be used simultaneously. Another approach is to provide for funding to be allocated on the basis of proposals presented by implementing agencies on behalf of and with the endorsement of recipient States, as is the case of the Global Biodiversity Framework Fund established to support the implementation of the Kunming-Montreal Global Biodiversity Framework under the CBD.

Modalities for the allocation of funds

43. Pursuant to article 52, paragraph 12, of the Agreement, funding under the special fund shall be distributed according to equitable sharing criteria, taking into account the needs for assistance of Parties with special requirements, in particular the least developed countries, landlocked developing countries, geographically disadvantaged States, small island developing States and coastal African States, archipelagic States and developing middle-income countries, and taking into account the special circumstances of small island developing States and of least developed countries. In that context, the Conference of the Parties to the Agreement could consider whether there is a need to further develop the scope and content of equitable sharing criteria, drawing from the practice of other funds.

44. In practice, a range of criteria has been used. These include establishing minimum allocation floors for specific categories of developing States Parties, setting specific allocation goals or targets for Indigenous Peoples and local communities ensuring appropriate geographical balance, balancing between different types of activities and projects, and considering the overall level of funding available alongside an indicative list of criteria, including biodiversity-related criteria. In practice, such criteria may be used to develop an allocation methodology for the disbursement of funding. A results-based approach has also been applied for allocating resources.

Application and approval procedures

45. According to article 52, paragraph 12, of the Agreement, the special fund shall be aimed at ensuring efficient access to funding through simplified application and approval procedures and enhanced readiness of support for developing States Parties with special requirements in particular the least developed countries, landlocked developing countries, geographically disadvantaged States, small island developing States and coastal African States, archipelagic States and developing middle-income countries, and taking into account the special circumstances of small island developing States and of least developed countries. While procedures vary by fund, the practice shows that they often involve a number of key steps, namely: a) application for funding, which involves the preparation of

a project proposal that is in line with the fund's eligibility criteria and with recipient State endorsement, by the entity that will receive funding and implement the project, which, depending on the modalities for access to funding, may be an accredited entity or a direct access entity; b) assessment of the funding proposal, which may involve screening by the secretariat of the fund and, sometimes, an independent appraisal by a technical or advisory body; c) approval of the funding proposal, which could be a single-step process or require multiple steps of approval, depending on the procedures established by the fund. Such procedures may be influenced by factors, such as the amount of funding available with varying monetary thresholds, as well as the size and scope of the project. The approval of funding proposals generally falls within the mandate of the governing body of the fund. However, in some cases, the authority may be delegated to the head of the fund's secretariat.

46. It is noted that some funds have established streamlined application and approval procedures. Measures considered to simplify, accelerate and facilitate access at various stages of the process include: simplifying the documentation required for presenting proposals; developing a simplified review process; as well as developing programming guidance on how to identify appropriate interventions.

Monitoring and evaluation, review of effectiveness

47. The practice shows that a monitoring and evaluation process is sometimes set up by the governing body of a given instrument, framework or body to assess the effectiveness of the fund, including in terms of application and approval procedures, as well as to track the progress made in the implementation of the fund's activities and ensure that the outcomes and impacts of such activities are regularly assessed. Practice shows that where a governance and oversight body is established for the fund, the governing body, may request that body to establish the appropriate monitoring and evaluation framework. In that context, consideration is sometimes given to aligning the evaluation of the fund established under a relevant instrument, framework or body with the periodic review of that instrument, framework or body.

48. Drawing upon the practice of other funds, such a framework may include: guidelines and performance indicators to measure the impact, effectiveness and efficiency of the fund's activities; participatory monitoring, including opportunities for stakeholder engagement and participation in the monitoring process; key evaluation criteria based on international standards, including effectiveness, efficiency, relevance, impact, sustainability and coherence, as well as gender equity, and country ownership of projects and programmes; the frequency and types of the evaluation (e.g. interim, mid-term, final, independent, self-evaluation); selection of an entity to conduct the evaluation as well as the periodic review of the monitoring and evaluation framework to support continuous improvement of the fund's impact, effectiveness and operational performance.

Coherence and complementarity

49. Article 52, paragraph 7, of the Agreement provides that the financial mechanism should seek to ensure that duplication is avoided, and complementarity and coherence promoted, among the utilization of the funds within the mechanism. Paragraph 6 of article 52 of the Agreement does not differentiate between the purposes of the utilization of the special fund and of the Global Environment Facility trust fund. The Conference of the Parties could consider exploring possible areas for promoting coherence and complementarity among the two funds. Methods that have been utilized to enhance complementarity in the practice of other funds include the development of policies and processes for collaborative and coordinated programming, the sharing of information and lessons learned to support implementation, as well as coordination of communication and outreach efforts, including through the development of joint materials and enhanced dialogue.

50. The relationship and interlinkages between the special fund and the institutional arrangements established under the Agreement is another matter that could be considered with a view to promoting coherence and complementarity and avoiding duplication of efforts. In this regard, attention is drawn to article 45, paragraph 2, of the Agreement pursuant to which the monitoring and review of capacity-building and the transfer of marine technology undertaken under the Agreement will be carried out by the capacity-building and transfer of marine technology committee,¹⁷ including with the aim of identifying and mobilizing funds under the financial mechanism established under article 52 and measuring performance on the basis of agreed indicators.¹⁸ Furthermore, it may be useful to consider the relationship between the special fund and the finance committee on financial resources to be established by the Conference of the Parties, noting that the functions of the committee will include reporting and making recommendations on the identification and mobilization of funds under the financial mechanism of the Agreement.¹⁹

51. Finally, the Conference of the Parties could consider the relationship between the special fund and the funds under existing instruments, frameworks and bodies, in particular those with a focus on the conservation and sustainable use of biological diversity and the fair and equitable sharing of benefits arising from the use of genetic resources and digital sequence information.

IV. Scale of assessed contributions²⁰

52. The Agreement provides, in article 52, paragraph 2, that the institutions established thereunder shall be funded through assessed contributions of the Parties. It also foresees that the rate of contribution to be made by a developed Party to the special fund, after the entry into force of the Agreement, pursuant to article 14, paragraph 6, thereof, shall be 50 per cent of that Party's assessed contribution to the budget adopted by the Conference of the Parties under article 47, paragraph 6 (e). Determining the scale of assessments for the apportionment of the contributions is a matter that the Conference of the Parties to the Agreement would need to consider at an early stage to give effect to these provisions. The matter is also considered in the aid to discussions and negotiations prepared by the Co-Chairs concerning draft financial rules governing the funding of the Conference of the Parties and the funding of the secretariat and any subsidiary bodies, with a dedicated rule defining how the assessed contributions of Parties to the Agreement will be determined.²¹

53. While the details may vary across instruments, frameworks and bodies, the scale of assessments of the United Nations is generally used as the basis for determining the assessed contributions of Parties or members. The rule governing the adoption of the scale of contributions is sometimes set out in the relevant treaty itself,²² but, most often, it is contained in a decision of the governing body, establishing the financial rules and/or procedures of the respective instrument, framework or body.

¹⁷ Established under article 46, paragraph 1.

¹⁸ See, in particular, article 45, paragraph 2, (c) and (d).

¹⁹ See article 52, paragraph 14.

²⁰ This section draws on the practice reflected in the following documents: Basel Convention decision BC-14/29; CBD decisions I/6, I/2, and 15/34; Convention on the Conservation of Migratory Species of Wild Animals (CMS Convention) resolutions 1.2, and 14.2; Conference of the Parties to the Convention on Biological Diversity serving as the meeting of the Parties to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (Nagoya Protocol) decisions NP-5/12, and NP-1/13; ISBA/6/A/3; ITPGRFA resolution 1/2011; Minamata Convention decisions MC-1/10, and MC-1/15; Rotterdam Convention decision RC-1/4; Stockholm Convention decisions SC-I/9, and SC-5/2; UNFCCC decisions 11/CP.1, 15/CP.1, and 19/CP.28.

²¹ A/AC.296/2025/7, annex, rule 5.1 (a).

²² See United Nations Convention on the Law of the Sea, art 160, para. 2(e).

54. The decision on the scale of assessments is closely connected to the approval of the core budget. In practice, the governing body, in the same decision, approves the budget for the next financial period and adopts the indicative scale of assessments for the apportionment of expenses for that financial period. The practice also shows that, where the financial period covers more than one year, the scale of contributions is provided separately for each year in the relevant decision of the governing body.

55. The overview of the practice under various instruments, frameworks and bodies shows that the scale of contributions, generally based on the scale of assessments of the United Nations, is sometimes referred to as “indicative” and usually adjusted to take account of several factors. Adjustments to the scale of assessments of the United Nations usually include establishing a minimum and a maximum rate for Parties to, or members of, the respective instrument, framework or body, including a separate maximum rate specifically applying to least developed countries. Such adjustments are usually made to ensure that no party contributes less than 0.01 per cent of the total assessed contributions and that no contribution exceeds a predetermined cap which may vary from 22 to 25 per cent of the total. The cap for the least developed countries is usually set to be 0.001 per cent of the total. The scale of assessments of the United Nations is based on a number of elements and criteria which, for 2025, include a minimum assessment rate of 0.001 per cent, a maximum assessment rate of 0.01 per cent for the least developed countries and a maximum assessment rate of 22 per cent.²³

56. In practice, further adjustments can be made to take account of contributions of States or other entities, including regional economic integration organizations, which are Parties to, or members of, the respective instrument, framework or body, but are not members of the United Nations. Another type of adjustment aims to accommodate the situation of those becoming Parties to the respective agreement after the beginning of a financial year. In similar situations, the governing body may decide that contributions of new Parties be made on a pro rata temporis basis for the balance of that financial period, with possible consequent adjustments at the end of each financial period for other Parties. Alternatively, practice indicates that, instead of adjusting the scale of contributions downwards to account for new Parties, the governing body may decide that contributions of new Parties be recorded as additional income and included in the working capital reserve that may be established under the relevant financial rules and/or regulations to ensure continuity of operations in the event of a temporary shortfall of cash. In some cases, adjustments can also be made by the head of the treaty secretariat subject to authorization by the governing body.

57. Finally, although not mentioned in article 52 of the Agreement, the establishment of a fund or an account to receive the assessed contributions of the Parties is a separate but directly related matter.²⁴ The practice of the instruments, frameworks and bodies reviewed indicates that the assessed contributions of the Parties, as well as any voluntary contributions that may be made to the core budget, are credited to some type of general trust fund established for that purpose. The rules governing the establishment and administration of that fund are determined by the governing body of the respective instrument, framework or body which also designates the entity responsible for its management. Where the secretariat has an institutional linkage to the United Nations, the establishment and/or administration of the trust fund may be entrusted to the Secretary General of the United Nations or the head of the United Nations system entity that provides the secretariat. The head of the secretariat is often designated by the governing body to administer the fund. Alternatively, the governing body may also decide to entrust the administration of the fund to a trustee and select an organization to act as the trustee.

²³ A/RES/79/249.

²⁴ A/AC.296/2025/7, annex, draft rules 4.1 and 4.2.

V. Additional matters for consideration

58. Article 52 of the Agreement contains several additional provisions that the Conference of the Parties may or shall take action to give effect to. These include: article 52, paragraph 5, which provides that the Conference of the Parties may consider the possibility of establishing additional funds, as part of the financial mechanism, to support the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction, to finance rehabilitation and ecological restoration of marine biological diversity of areas beyond national jurisdiction; article 52, paragraph 9, which requires the Conference of the Parties to provide guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources for the functioning of the financial mechanism; and article 52, paragraph 16, which requires the Conference of the Parties to undertake a periodic review of the financial mechanism to assess the adequacy, effectiveness and accessibility of financial resources, including for the delivery of capacity-building and the transfer of marine technology, in particular for developing States Parties. The present section outlines various issues for consideration in relation to article 52, paragraphs 9 and 16, given their relevance to the early implementation and oversight of the financial mechanism, which may need to be addressed at an early stage.

A. Guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources²⁵

59. In the practice of various instruments, frameworks and bodies reviewed, guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources is often issued by the respective governing body at an initial stage, and is regularly updated thereafter. Where the financial mechanisms comprise multiple operating entities, such guidance may initially be issued in relation to the financial mechanism as a whole, rather than directed at individual operating entities. With a view to ensuring the timely and effective functioning of the financial mechanism established under the Agreement, consideration could be given to preparing for the adoption of such initial guidance at the first meeting of the Conference of the Parties.

60. The guidance on overall strategies and policies under various instruments, frameworks and bodies is commonly tailored to the specific objectives and needs of the given instrument, framework or body, while reflecting certain common elements. These include a focus on country-driven and Party-endorsed projects, alignment with established programme priorities and eligibility criteria, support for the implementation of the obligations of eligible Parties, as well as the promotion of capacity-building and the use of local and regional expertise. Additional elements found in some guidance include, among others, support for sub-regional, regional and global cooperation, coverage of full incremental costs on a grant or concessional basis, promotion of multiple-source funding approaches, mechanisms and arrangements, as well as the promotion of sustainable national socio-economic development and poverty reduction.

61. Guidance on programme priorities under various instruments, frameworks and bodies generally includes a list of the categories of projects and activities to be prioritized. These priorities are often tailored to the specific objectives of each instrument, framework or body, and may be directly linked to the obligations of Parties thereunder. They may also include projects and activities aimed at providing broader implementation support, such as projects to develop or implement national implementation plans and priorities, awareness-raising

²⁵ This section draws on the practice reflected in the following documents: CBD decisions I/2, II/6, III/5, IV/13, V/13, VI/17, VII/20, VIII/18, IX/31, X/24, X/25, XI/5, XII/30, XIII/21, 14/23 and 15/15; Minamata Convention decision MC-1/5 and article 13, paragraph 5, of that Convention; Stockholm Convention decision SC-1/9 and article 12, paragraph 2, of that Convention; and UNFCCC decision 11/CP.1.

and education projects, and projects for enhancing the involvement of Indigenous Peoples and local communities. It is also common for such guidance to be updated regularly to reflect evolving or emerging priorities.

62. Guidance under relevant instruments, frameworks and bodies on eligibility for access to and utilization of financial resources typically addresses the eligibility criteria for both recipient States and the categories of activities that may be supported, and may initially be issued as overall guidance to all operating entities of the financial mechanism.²⁶ With respect to the eligibility of recipient States, support is generally limited to developing States that are Parties to or members of the respective instrument, framework or body, and, where applicable, Parties with economies in transition. Some also allow limited access for signatories in the process of becoming Parties. With respect to the eligibility of activities, the guidance may take a general approach, outlining that activities that seek to meet the relevant objectives, assist eligible Parties in fulfilling their obligations and are consistent with the guidance, would be eligible. In some cases, the guidance provides greater specificity, including by identifying activities linked to particular obligations or by elaborating an indicative list of eligible activities.

B. Periodic review of the financial mechanism²⁷

63. Pursuant to article 52, paragraph 16, of the Agreement, the Conference of the Parties shall undertake a periodic review of the financial mechanism to assess the adequacy, effectiveness and accessibility of financial resources, including for the delivery of capacity-building and the transfer of marine technology, in particular for developing States Parties. As shown below, the modalities for such reviews under various instruments, frameworks and bodies are usually established through a decision of the governing body. These decisions may define the frequency, objectives, scope, methodology, outcome of the review, as well as any potential follow-up of the review process.

64. With respect to frequency, the practice indicates that the governing body may decide to establish an initial review at a specific meeting, followed by subsequent reviews at regular intervals, such as every three or four years. Alternatively, the review may take place on a “regular basis,” without a fixed interval being specified.

65. In practice, terms of reference guide the conduct of the review. In that context, the objectives and scope of the review may be defined, along with the methodology to be applied, the performance criteria against which the financial mechanism will be assessed, and the expected outcome of the process, including any potential follow-up.

66. The objectives of a periodic review often include: assessing the overall level of funding mobilized and disbursed; evaluating the effectiveness of the entities entrusted with the operation of the financial mechanism; determining the extent to which the mechanism is effective in providing financial resources and responding to the evolving needs of recipient countries; and reviewing the effectiveness of the mechanism in supporting the implementation of the instrument, framework or body and the guidance provided by the governing body.

67. With regard to the methodology, common methodological elements include the establishment of a defined timeframe for the review (e.g. covering a set number of years or funding cycles); the identification of relevant sources of information, such as reports from the secretariat, implementing entities, independent evaluations, and submissions by Parties

²⁶ The issue of eligibility in relation to the voluntary trust fund and the special fund established under the Agreement is also addressed in sections II and III, respectively.

²⁷ The practice outlined below is reflected in the following documents: CBD decisions II/6, III/7 and 16/2; Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer decision XV/47; Minamata Convention decision MC-4/7; Stockholm Convention decisions SC-1/10, SC-2/10, SC-2/11, SC-4/26 and SC-6/19; UNFCCC decision 3/CP.4.

and, as the case may be, by other entities, including beneficiaries, observers, and other relevant stakeholders. In addition, the terms of reference often establish a deadline for the submission of information to ensure timely completion of the process.

68. Practice indicates that periodic reviews could assess the performance of the financial mechanism against criteria such as responsiveness and efficiency of the entities entrusted to operate the financial mechanism, transparency and timeliness of approval processes, amount of leveraged resources, country ownership in funded activities, stakeholder involvement, sustainability of funded projects, and information on the functioning of the allocation formula.

69. According to the practice reviewed, the reports constituting the outcome of the periodic review may include: an assessment of the performance of the financial mechanism against the established performance criteria; a synthesis of lessons learned regarding the operation and governance of the mechanism; and recommendations and guidance aimed at improving the effectiveness, efficiency, and responsiveness of the financial mechanism in supporting the objectives of the respective instrument, framework or body, and the needs of Parties or members. Following the completion of the review, governing bodies may take action to implement the recommendations stemming from the review. Such actions have included requests to the secretariat, including with regard to developing or enhancing resource mobilization strategies or improving reporting frameworks; requests to Parties or members, such as to strengthen national coordination or data provision; and further guidance to the institutional entities operating the financial mechanism, aimed at improving operational procedures, allocation methodologies, or stakeholder engagement.

VI. Possible action by the Preparatory Commission

70. In the light of the above, with the support of the Secretary-General, the Preparatory Commission could consider taking the following actions to facilitate the decisions of the Conference of the Parties concerning the operationalization of the provisions on financial resources and mechanism other than those specific to the arrangements with the Global Environment Facility:

(a) developing recommendations on the modalities for the establishment of the voluntary trust fund and on elements concerning its operation;

(b) considering appropriate institutional arrangements for the special fund and developing elements regarding the modalities for its operation, including in relation to access to, allocation and disbursement of funding, and the application and approval procedures;

(c) developing guidance in relation to the scale of assessments, including any necessary adjustments to the basis for determining the scale of assessments and the establishment of a fund to receive the assessed contributions of the Parties;

(d) developing draft elements of guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources;

(e) considering the frequency, scope and other possible elements of the periodic review of the financial mechanism established under the Agreement, including regarding the timeframe for the first review.
