



A business case for the conservation and management of  
European overseas biodiversity and ecosystem services

**Institutional design of a dedicated financing mechanism**

Discussion note submitted  
to the International Conference on Biodiversity and Climate Change  
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## Abstract

This discussion note presents a preliminary draft design of a funding facility dedicated to biodiversity and ecosystem services in Europe's Overseas Countries and Territories (OCT) and Outermost Regions (OR).

The note provides a brief confirmation of the rationale for the establishment of such a facility, and outlines the vision to which the facility would contribute, as well as the mission it would perform. Building on the experience and focus of the BEST Preparatory Action, it then defines a proposed thematic and geographic scope. The document also proposes a set of principles that should guide both the design and the operations of the facility, if established.

While it is agreed that the scope should be broad, the note recommends an investment strategy based on four pillars: achieving explicit goals (with a results framework developed on the basis of existing strategies and commitments at all levels), working at the appropriate scale, adding value to existing financing, and strengthening capacity.

In its section 10, the note proposes directions and options for institutional design and governance, on the basis of a partnership arrangement, and with the involvement of the primary stakeholders in ORs and OCTs in policy formulation and governance, in ways that would not place them in conflict of interest situations.

The note concludes with recommendations regarding the financing of the facility, the types of projects it would consider as well as the nature and form of the support it would provide, and the potential beneficiaries.

The note is submitted to participants in the International Conference in Guadeloupe for debate and feedback (see page 4).

## Résumé

Cette note présente un projet préliminaire pour la création d'un mécanisme de financement dédié à la biodiversité et aux services écosystémiques dans l'outremer européen.

Elle confirme brièvement la justification d'un tel instrument, et esquisse la vision à laquelle il devrait contribuer, ainsi que sa mission. A partir de l'expérience acquise et des domaines couverts par l'Action Préparatoire BEST, elle propose ensuite ce que serait son champ thématique et géographique. Le document offre aussi un ensemble de principes susceptibles de guider à la fois la conception de cet instrument et son fonctionnement éventuel.

Tout en reconnaissant que son champ devra être large, la note recommande une stratégie d'investissement basée sur quatre piliers : la poursuite d'objectifs clairs (avec un cadre de résultats basé sur les stratégies et engagements existants à tous niveaux), un travail à une échelle adaptée, une valeur ajoutée aux financements existants, et le renforcement des capacités.

Dans sa section 10, la note propose des directions pour la conception et la gouvernance, sur la base d'un partenariat, et avec l'implication des principales parties prenantes des RUP et PTOM dans la formulation des politiques et la gouvernance, d'une manière qui ne risque pas de les mettre en situations de conflits d'intérêt.

La note se termine avec des recommandations sur le financement, les types de projets envisagés, la nature et la forme de l'appui apporté, ainsi que les bénéficiaires éventuels.

Cette note est soumise aux participants à la Conférence Internationale de la Guadeloupe pour discussion et commentaires (voir page 4).

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## ***Questions for consideration at the International Conference***

While all suggestions, recommendations and options presented in this discussion note are open for debate, participants in the International Conference on Biodiversity and Climate Change (Guadeloupe, October 2014) and other interested parties are asked to focus in particular on the following questions:

1. What would be the rationale for and expected outcomes of the establishment of such a facility? Is there a clear and explicit demand for it?
2. Is there interest among donors? Is there a willingness to participate in and contribute to such a facility?
3. Looking at the proposed scope (section 6) and the proposed investment strategy (section 8), what should be the goals and objectives of the facility? How can it be made fully relevant and consistent with commitments and strategies at European, national, regional and local levels?
4. Considering the diversity of ORs and OCTs and their location in different and distant geographic regions, how can governance arrangements (section 10) be made effective and efficient? What advice can be given to guide the operations of the facility?
5. Also with respect to governance (section 10), how could one ensure effective representation of the primary stakeholders (ORs and OCTs, civil society, Member States, academic and research institutions) in the governance of the facility as well as their participation in shaping policy and programming without placing them in situation of conflict of interest?

## **1. Introduction**

The Preparatory Action BEST 2011-2013 was adopted by the European Parliament and implemented by the Environment Directorate-General (DG) of the European Commission (EC). The objective of the preparatory action was to promote the conservation and sustainable use of biodiversity and ecosystem services in EU Outermost Regions (ORs) and Overseas Countries and Territories (OCTs), drawing on the experience gained with European Union (EU) nature conservation legislation and programmes, and following up on the recommendations of the Message from Reunion issued by the first conference on biodiversity and climate change in the EU overseas entities that took place in Reunion Island in July 2008.

The project entitled Building Partnerships and Awareness of Biodiversity and Climate Change in Europe Overseas for the Future of BEST was selected for funding under the open call for proposals BEST-2011. One of the deliverables of this project was developing a business case for a dedicated financing mechanism that may be created by, or with the participation of, the EC, following and building upon the BEST Preparatory Action. Under this project, a number of studies and assessments have been carried out, including the preparation of this discussion note, which is expected to constitute the core of a business case for the establishment of this financing mechanism.

This note is based on the results of a broader study on Improved Governance of Biodiversity in Europe Overseas and on the conclusions and recommendations of a meeting of an informal working group held in Brussels on 28 July 2014, complemented by individual interviews with and written inputs from several members of the working group, and by the recommendations and conclusions of the Project Steering Committee that met on 11 July and 23 September 2014. This discussion note is one of the technical documents tabled at the International Conference on Biodiversity and Climate Change that will take place in Guadeloupe from 21 – 25 October 2015.

## **2. Making the case**

The establishment of such a mechanism is first of all justified by the importance and high value of biodiversity in OCTs and ORs, with much of it located in global biodiversity hotspots<sup>1</sup>. This richness has been adequately documented in a number of studies, and it provides a very strong rationale for European investment in conservation, management and sustainable use, especially when one considers the current and desirable place and contribution of the biodiversity in ORs and OCTs in meeting Europe's regional and global commitments and responsibilities such as the Aichi Targets set under the Convention on Biological Diversity (CBD).

A second set of justifications comes from the need to fill a financing void that is largely the result of the specific status of Europe's ORs and OCTs and of their limited eligibility to existing sources of funding. In addition, institutions in ORs and OCTs, especially the smaller civil society organisations, face special challenges in accessing funding from European sources because of the complexity of procedures and of the frequent requirement for co-financing. And while there is a global fund, the

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<sup>1</sup> Five of the world's 34 biodiversity hotspots include European ORs and/or OCTs: Caribbean Islands, Madagascar & the Indian Ocean Islands, Mediterranean Basin, New Caledonia and Polynesia-Micronesia.

Global Environment Facility (GEF), that supports countries in implementing multi-lateral environmental agreements (MEA), it is not accessible to OCTs and ORs, and a mechanism is therefore needed to fill this financing gap.

A new facility would not merely increase the investment in the biodiversity of OCTs and ORs, but it would ensure that these biodiversity issues are addressed in an integrated fashion, with economies of scale, a bio-geographical approach, and the promotion of regional cooperation. The justification for a dedicated mechanism comes as much from the qualitative changes it would bring as from a quantitative increase in the resources invested.

For these and other reasons, there is now a demand for a dedicated financing mechanism from actors in government, in civil society and in science. A political commitment has emerged from the Reunion Conference in 2008<sup>2</sup> and has since grown significantly, with the European Parliament expressing a clear demand for a dedicated financing mechanism. In this context, the BEST Preparatory Action has created a significant momentum, thanks to the interest it has generated among actors in the conservation and sustainable use of biodiversity and ecosystem services and to the lessons that have been learned from the first years of its implementation.

### **3. *The vision***

This dedicated financing mechanism should become an effective and efficient instrument to achieve a vision characterised by the following elements:

- biodiversity in ORs and OCTs is effectively managed, contributing optimally to sustainable development;
- ORs and OCTs participate and are represented in regional and global processes and institutions relevant to their biodiversity;
- the biodiversity agenda is driven primarily by local institutions, acting voluntarily to achieve local, national and global strategic objectives;
- regional cooperation is fostered in regions of global importance, with ORs and OCTs fully participating in regional processes, especially through existing regional organisations;
- the overseas entities, the European Union (EU) and the EU Member States assume a leadership role in biodiversity conservation and sustainable development in regions of global importance;
- there is a strong community of interest, with awareness of the importance of biodiversity in OCTs and ORs and a commitment to its conservation and management;
- the private sector (including medium, small and micro businesses as well as cooperatives) is involved and plays a lead role in linking biodiversity, livelihoods and socio-economic development;
- there are linkages and bridges between science, policy and practice, with science and practice both contributing to an enabling policy environment;
- planning (ex-ante and ex-post assessments and strategies) and action are effective at all levels (local, national/EU Member State, regional, European);

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<sup>2</sup> "The European Union and its Overseas Entities: Strategies to counter Climate Change and Biodiversity Loss", conference held in Reunion Island, 7-11 July 2008

- there is coherence and there are linkages between these levels, building on the knowledge, capacities and comparative advantages that exist or that can be developed at each level;
- conservation actors and initiatives are supported over the long-term and conservation processes are made sustainable.

#### **4. The mission**

The mission of a dedicated financing mechanism should be more than the provision of finance; it should promote conservation and sustainable use of biodiversity and ecosystem services in European Outermost Regions and European Overseas Countries and Territories.

#### **5. The functions**

With this broad mission, the facility should be a broad supporting mechanism that provides financing and technical assistance, strengthens local capacity, and supports strategy and policy formulation (e.g. by providing evidence and financing in support of locally and nationally-driven strategy and policy processes).

As stated for the BEST Preparatory Action, the objectives of the facility should be:

- Conservation of biodiversity and ecosystem services in OR and OCTs;
- Sustainable use of biodiversity and ecosystem services in ORs and OCTs;
- Development and use of ecosystem-based approaches to climate change adaptation and mitigation;
- Networking, capacity building, building of new and strengthening of existing partnerships;
- Promote regional cooperation including with developing countries.

#### **6. The scope**

The objectives of the BEST Preparatory Action are to provide guidance on the thematic and programmatic scope of the facility, as follows:

- conservation of biodiversity and ecosystem services in OR and OCTs;
- sustainable use of biodiversity and ecosystem services in ORs and OCTs;
- development and use of ecosystem-based approaches to climate change adaptation and mitigation;
- networking, capacity building, building of new and strengthening of existing partnerships;
- promotion of regional cooperation including with developing countries.

As a facility dedicated to the conservation and management of biodiversity in ORs and OCTs, this new mechanism should necessarily work at various levels:

- it should be designed and managed as a facility that recognises the need for a coherent and integrated approach to biodiversity in all territories and regions overseas, with an overarching policy and strategy and with some of its capacities and systems centralised (thus allowing for closeness to European institutions and efficiency);

- it should favour regional approaches and support regional cooperation, but in a flexible manner, without imposing arrangements and partnerships that may not be effective, without duplicating roles and investments, and without marginalising territories, such as Greenland or Guyane, that are located in geographic regions where there is no other European overseas entity;
- it should also foster collaborations based on issues, themes, needs and interests, thus creating multiple levels and forms of partnerships, building on existing strategies at regional and other levels.

Because of the need to work at the level of ecological regions and of the objective to encourage and support regional cooperation, the facility should approach regional collaboration and linkages in the following manner:

- policy on and approach to regional integration should be spelled out and reflected in investment policy and funding guidelines;
- the focus should remain on OCTs and ORs, responding in priority to the existing needs, and avoiding the dispersion and dilution of efforts;
- joint activities between ORs and/or OCTs and neighbouring countries should be encouraged, even if funding provided by the facility primarily targets OCTs and ORs;
- the facility should encourage and support the participation of ORs and OCTs in the regional institutions and processes that are relevant to them and in which they are currently unable to participate fully, if at all;
- the facility should seek to improve coherence and create synergies between European initiatives in OCTs and/or ORs and those in neighbouring territories, countries, sub-regions and regions;
- sub-regional approaches should therefore be supported, based on geographic, institutional and other realities and commonalities;
- while these regional and sub-regional approaches and collaborations should be encouraged, they should not be imposed.

## **7. Principles**

A number of principles have been taken into account in the formulation of this business case, and should be taken into account in the governance, programming and operations of the future facility:

- *purpose and strategy*: the facility and its work should be mission- and strategy-driven, they should avoid dispersion and focus on the expected outcomes;
- *diversity and complexity*: OCTs and ORs constitute a mosaic of territories with rich ecological, cultural and political diversity, a diversity that must be understood and embraced, with an acceptance of the resulting complexity;

- *flexibility*: because of this complexity and diversity, the facility needs to be flexible in its approach, it should avoid rigid, “one-size-fits-all” systems, procedures and arrangements, and it should take the specificities of the various OCTs and ORs into account;
- *subsidiarity*: while the facility should necessarily have systems and procedures at a central level, it should ensure that decisions are made and brought as close as possible to the beneficiaries and affected territories and institutions;
- *ownership*: all stakeholders, especially the actors in the ORs and the OCTs, should be and feel engaged and thus committed to the agenda of the facility;
- *consultation and participation*: these stakeholders should therefore be involved, as much as possible, in strategy formulation and programming;
- *integrity, transparency and accountability*: the respect of these principles would require, *inter alia*, the avoidance of conflicts of interest, and fairness, as well as a perception of fairness, in the allocation of support;
- *clarity in roles and responsibilities*: because of the large number of stakeholders and the multiple levels of intervention, the facility should ensure that there is no confusion in the distribution of roles (especially if there is a decentralised arrangement and if there are multiple levels of decision-making);
- *effectiveness and efficiency*: the facility must be structured and must operate in ways that bring optimum benefits while avoiding and managing significant risks, with this principle also applied to its procedures and operations, making them accessible to partners and beneficiaries. Effectiveness also implies that the facility should avoid duplicating the efforts and investments of other actors;
- *sustainability*: the conservation priorities in and of ORs and OCTs could not be met and the opportunities could not be taken advantage of without a long-term vision and a sustained approach to investment and action;
- *long-term financing*: in light of the foregoing, it is important to approach the creation of a dedicated mechanism to ensure programmatic in addition to project-driven implementation. The financing mechanism should become an opportunity to establish and carry out long-term strategies grounded in consensus building on the collective need to conserve biodiversity and achieve sustainable development.

## **8. Investment strategy**

The facility should be based on four strategic pillars: achieving conservation goals, working at the appropriate scale, adding value to existing financing, and strengthening capacity.

*Achieving agreed goals*: the facility should work towards explicitly identified goals and targets, based on and consistent with existing commitments at global (e.g. Aichi targets of the Convention of Biological Diversity, as well as

other relevant multilateral environmental agreements), regional (e.g. the Protocol on Specially Protected Areas and Wildlife of the Cartagena Convention in the Caribbean), European (e.g. European Biodiversity Strategy), national and local (e.g. biodiversity strategies and action plans formulated or validated by individual OCTs and ORs) levels. The facility should not formulate its own goals and targets, but it should identify the goals and targets that it seeks to achieve or contribute to over specific periods, it should use them as the starting points of its own programming, and it should assist local partners in formulating goals and targets whenever these do not exist. Working towards identified and agreed goals and targets would: (a) ensure that investments bring results and change where they are most needed, (b) allow for measurement and on-going adjustments to the investment policy in order to match needs and opportunities, (c) facilitate the leveraging of resources around specific objectives and actions, and (d) build coherence and consistency with regional and international commitments.

*Working at the appropriate scale:* the facility should work at all levels (global/all OCTs and ORs; regional/all ORs and OCTs in a given region or sub-region; ORs and OCTs in their geographic and ecological regions; national, all ORs and/or OCTs linked to the same EU Member State; local, individual ORs and OCTs; and project/site/community), with the scope of each intervention determined by the objective being pursued and the relevant mandates. The facility should also recognise that there must be consistency and complementarity between work at these various levels, and it should therefore deliberately seek to strengthen linkages between them.

*Adding value to existing financing:* the new facility should not replace or duplicate existing mechanisms, but instead add value to what exists and fill funding gaps. It should complement current financing instruments and opportunities, notably through leveraging of additional support, linking financing with technical assistance, promoting regional approaches, and strengthening linkages between the various levels of intervention. It should in particular consider covering the incremental costs of participation of European overseas entities in the management of biodiversity at various levels and in collaboration with other actors. Financing decisions made by the facility should therefore be informed by analyses of gaps and priorities in funding and capacity.

*Strengthening capacity:* since capacity-building is part of the mission and functions of the facility, the investment strategy should be guided by this objective, and this would have implications for the selection of beneficiaries and the identification of financing priorities. For example, in response to the need for local expertise, the facility should use approaches and develop partnerships that help to build and retain local talent. Technical assistance should be designed and provided as one of the channels of capacity-building, with mentoring and other learning-by-doing methodologies. Priority needs should be considered, with a focus on local actors.

## **9. A results framework**

One of the early tasks to be performed once the facility has been established should be to develop a global (European) results framework that identifies expected impacts, outcomes, outputs and inputs. This framework would ensure that all investments contribute to expected impacts, in terms of biodiversity conservation and

sustainable development, and that they produce a set of specific outcomes. It should therefore ensure the coherence between the individual projects and actions supported by the facility and the overall goals and targets that the facility seeks to achieve, as defined by the Convention on Biological Diversity, the Aichi targets and the European Biodiversity Strategy.

This results framework would also provide the main instrument to monitor and evaluate the impact, effectiveness and performance of the facility, against a set of biodiversity and sustainable development indicators consistent with those of global and regional strategies and action plans.

## ***10. Institutional design and governance***

**The most complex and challenging questions to be considered in the formulation of this business case and the design of the dedicated facility relate to institutional design and governance, and specifically:**

- **should the dedicated financing mechanism be a new institution, or a facility hosted by an existing institution?**
- **how can the primary stakeholders, namely the actors in OCTs and ORs, be part of the governance of the mechanism and meaningfully involved in setting policy and priorities, while avoiding potential conflicts of interest and complicated decision-making structures?**
- **what should be the role of civil society (at local level, in regions, and in Member States) in governance?**

Two important considerations can assist in answering these questions:

- in light of the mission and principles identified earlier, the mechanism should be based on some form of partnership, as enunciated in the European Biodiversity Strategy; it cannot simply be a budget line in one of the Directorates-General of the European Commission;
- it would be preferable if the mechanism could build on, or be attached to, an existing institution, in order to avoid the delays, costs and challenges that would inevitably be associated with the establishment of a new institution.

Three options have therefore emerged in discussions to date:

- establish the facility as an autonomous or semi-autonomous fund within the Critical Ecosystem Partnership Fund (CEPF)<sup>3</sup>;
- establish the facility as an autonomous partnership under the auspices of the European Commission<sup>4</sup>;

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<sup>3</sup> Even if the facility is not established within the CEPF, there will be need for synergies and for complementarity between the facility's investment strategies and those of CEPF globally and in the geographic regions in which ORs and OCTs are located and where CEPF is active.

<sup>4</sup> One example that has been cited here as a possible model is that of the European and Developing Countries Clinical Trials Partnership (EDCTP), which is legally established as a European Economic Interest Group, see [www.edctp.org](http://www.edctp.org)

- establish the facility as an autonomous partnership under the auspices of an existing financing institution.

Regardless of the option eventually chosen, the governance and operations of the facility could and should have the following features:

- the policy directions of the facility, including the identification of needs and priorities for investment and the formulation of the overall investment strategies, should be set in a participatory fashion with the involvement of a range of stakeholders, especially the ORs and OCTs themselves;
- making specific financing decisions (programming and grant-making) is a function that cannot involve the potential beneficiaries of financing decisions, as it would place them in a potential situation of conflict of interest, and it is therefore a function that should be assumed by a secretariat or other executive body, with a suitable legal mandate and adequate technical expertise. This executive body should also be responsible for the actual running of the organisation, including the procurement and management of human and other resources and the design and supervision of all structures, systems and operations;
- the membership and governance of that executive body should most likely be limited to the main donors contributing to the facility, but could also include the institutions that represent OCTs and ORs.

With respect to stakeholder participation and representation, three possible arrangements have been suggested, and these arrangements, which are not mutually exclusive, could be considered in all three options identified above:

- the facility could have an overarching body, either a formal General Assembly within the facility's constitution or a less formal advisory body, that would provide the overall policy direction. This body could take the opportunity of existing assemblies, e.g. the annual OCT/EU Forums, to bring stakeholders together, possibly bi-annually to limit costs;
- at central level, there could be a technical expert advisory body that support the board by reviewing strategies and proposals against established objectives and criteria and proposing decisions. The recognised groupings of OCTs (i.e. the Overseas Countries and Territories Association – OCTA) and of ORs (the Conference of Presidents) could be part of such an advisory body;
- regional groupings, possibly building on, but not limited to, the regional knowledge hubs established under the third year of the BEST Preparatory Action, could provide the platforms for consultation and participation within regions, and could play a role in monitoring and evaluation at regional and sub-regional levels.

It is only when decisions regarding institutional design and governance have been made that it would be possible to define the legal status of the facility as well as the legal instruments required for its establishment and operations, and its organisational structure.

## **11. Financing the facility**

The facility would initially mobilise finance from the EC and Member States, and should be in a position to attract other sources. The approach of the facility should not only be to ensure that significant funding is made available, but also that this funding is sustained over the long-term through an incremental and sustained process of capitalisation.

Since it is assumed that the EC, and possibly the EU Member States, would drive the capitalisation process and constitute the core of the facility:

- further discussion should take place with the relevant Directorates-General of the EC to identify the options for EC financing, within the Multiannual Financial Framework (MFF) 2014 – 2020;
- EU Member States with ORs and OCTs (Denmark, France, Netherlands, Portugal, Spain and United Kingdom), being the most directly concerned with biodiversity overseas, should be encouraged to participate in and contribute to the facility, and to play a lead role in its establishment;
- other Member States that currently provide significant support to biodiversity and related areas in regions in which ORs and/or OCTs are located (Germany and Italy) should strengthen the linkages between their current and planned investments in those regions and Europe's priorities and commitments, and consider their role in the future financing of the facility;
- generally, all EU Member States should be engaged in a dialogue aimed at developing and strengthening EU support and participation.

Beyond the EC and EU Member States, a number of other sources could and should be considered:

- private and corporate foundations constitute a potential source of finance for the facility, but the facility's relationship with private foundations should be guided by a number of important policy considerations, including: (a) the need to involve, in priority, European foundations, and (b) the need to build a convincing argument to justify non-European investments in these territories, based on the global significance of biodiversity in the ORs and OCTs and on the importance of regional cooperation. If foundations contribute to financing the facility, their role and participation in governance would have to be defined accordingly;
- the role of the private sector in providing financing to the facility should also be defined with precision, and there are several reasons why it would be preferable for the facility to establish itself first, and to explore private sector financing in a second phase, on the basis of a well-articulated policy, perhaps with an initial focus on the sectors that are important in OCTs and ORs and that have significant links with biodiversity;
- similarly, it has been suggested that other mechanisms such as crowd-funding or carbon offset schemes could be considered by the facility, but it would be preferable to focus first on established sources (EC, Member States

and foundations). At a later stage, the facility could develop a comprehensive and realistic strategy of financing diversification.

In defining its financing strategy, the facility should consider, in particular, the need for sustainability. One of the avenues available to enhance sustainability would be for the facility to charge for some of its services, especially in capacity-building and technical assistance. If this is considered feasible and desirable, a policy should be formulated as part of the facility's funding and operational guidelines.

In the legal establishment of the facility, and in the geographic and institutional location of its operations, taxation and other fiscal regimes should be considered, to explore potential fiscal incentives to financial contributions to the facility.

In addition to mobilising finance in support of its mission and programme of work, the facility should define its role in promoting and supporting the design and use, in and by entities involved in biodiversity in ORs and OCTs, of more diverse financing mechanisms, institutions and policies, including, for example, the establishment of trust funds or the removal of perverse incentives.

## ***12. Types of projects***

Any project that finds its place within the facility's results framework and that contributes to the achievement of the Aichi targets and the implementation of the European Biodiversity Strategy as well as relevant regional strategies should be eligible for consideration by the facility. All types of interventions, from research to action and from organisational development to public awareness, can be considered.

While the focus of the facility is on biodiversity, it recognises that biodiversity conservation and management is one of the requirements for sustainable development, and that conservation cannot be effective, especially in overseas territories faced with social and economic challenges, if it is not linked to development and does not produce tangible benefits to people and communities. The facility should therefore be open to a broad range of projects, including those that approach biodiversity conservation and management within a larger development context, as well as initiatives aimed at mainstreaming conservation in development.

In order to enhance the sustainability and impact of interventions, projects should be encouraged, whenever applicable, to include capacity-building and communication activities within their design, and this inclusion should be one of the criteria used in the assessment of proposals. Communication activities would also increase the visibility of the facility, and would facilitate collaboration and synergies among actors and between projects.

The facility can also support training activities for the benefit of several actors, in addition to the inclusion of capacity-building elements in the design of individual projects. For example, courses could be organised, by the facility or one of its partners, for the benefit of groups of actors, on the basis of thematic interest of geographic. In the design and organising of such training, the facility may take the lead, in response to needs and opportunities that it would assess.

### **13. Nature and form of financial and technical support**

Financing and other decisions made by the facility should be guided and organised as follows:

- the facility should build upon and make use of existing local biodiversity strategies and action plans. In geographic and ecological regions and in ORs and OCTs where there is no approved biodiversity strategy or action plan, or where existing strategies or plans are out-dated, the facility should require and support the conduct or updating of assessments and strategies, as the basis of its investment decisions;
- the facility should also be guided by the ecosystem profiles created or updated for each OR and OCT as part of the third year of the BEST preparatory action;
- the facility should have an established funding cycle and should issue periodic calls for proposals, with a frequency and procedures that allow for rapid response. The option of a two-tier system, for example with annual calls for large proposals and long-term projects and with quarterly calls for small projects, should be considered;
- the primary form of financial service provided should be the grant. Other instruments, such as soft loans and equity, may be considered at a later stage, once the facility has become operational and has gained experience in grant-making, capacity-building and strategy formulation;
- in order to ensure that all types of activities are given consideration and that procedures for grant application and management are suited to all types of interventions, the facility should consider building a small number of portfolios (e.g. one for conservation action, one for capacity-building and one for strategy formulation) and should tailor its procedures and criteria to each portfolio;
- the facility should not have portfolios and funding levels allocated regionally, but the criterion of geographic representation should be used in grant-making, to ensure that all entities have access to the facility and benefit fairly from its support;
- these procedures should be as simple and accessible as possible, while meeting accepted standards, ensuring quality and allowing for fair and thorough review of applications;
- funding should be available for both long-term and short-term projects and initiatives, recognising that conservation impacts cannot normally be realised over short periods, and that interventions can be more sustainable if the initial investment is over a longer period;
- while the facility would not be able to support large-scale long-term programmes, it should consider contributing to and strengthening long-term programmatic initiatives;

- the facility should also provide planning grants to support the formulation of projects, especially when such projects require background analyses, extensive consultations or new partnerships;
- the facility should consider and define co-financing requirements, but in a flexible and creative manner, recognising that many of the overseas entities do not have access to the funding sources that could provide co-financing in biodiversity;
- as noted earlier, projects should be encouraged, whenever applicable, to include capacity-building and communication activities within their design, and this inclusion should be one of the criteria used in the assessment of proposals;
- project design and grant agreements should include specific provisions for monitoring and evaluation

#### **14. Beneficiaries**

The facility should develop a clear and explicit policy on potential grantees and beneficiaries. Elements of that policy could include:

- in principle, any institution with a legitimate mandate in at least one domain relevant to biodiversity should be eligible to benefit from support from the facility;
- priority should however be given to local actors, as one measure aimed at building capacity and sustainability;
- priority should also be given to entities and issues that are not eligible to funding from other European sources or are facing severe challenges in accessing these sources;
- while no category of beneficiary should be excluded, special considerations may apply to each category:

Category	Specific considerations
Member State agencies with mandate in ORs and/or OCTs	These may be eligible only in very specific instances, considering that they already receive funding from the Member State
Local government and local agencies in ORs and OCTs	Considering their role and their decentralised mandates, these entities should be eligible. However, in those instances where the entities have access to other European sources, priority could be given to projects that reinforce local capacity and complement existing efforts
Research institutions	Any research activity should be eligible provided that it brings a direct contribution to the objectives of the facility
Civil society organisations	This category perhaps needs to be divided into sub-categories, with specific criteria for each category: community-based organisation, OR or OCT-level non-governmental organisation (NGO), MS-level NGO, regional and international NGO

Category	Specific considerations
	The facility may also consider earmarking a portion of its budget for support to civil society, considering that this is where the capacity-building needs are most critically needed
Intergovernmental organisations	Considering the unique role of these organisations, notably the regional bodies that have the mandate and capacity to work with ORs and OCTs, it is probably desirable to make these eligible for projects that impact on ORs and OCTs and give them the opportunity to participate in regional processes
Private sector	It would be advisable to defer any decision regarding eligibility of private sector actors and to consider this question, at a later stage, as part of the development of a broader strategy towards private sector engagement

**15. Name of the mechanism**

While the term “BEST Facility” has been used in the process to date, it would be useful to revisit this name and decide if it should be kept, or changed. This decision should be informed by a clear definition of the brand that would be communicated.