PREPCOM DEEP DIVES

High Seas Alliance

Financial Mechanism

Briefing: BBNJ PrepCom
April 2025

Executive Summary

The Agreement under the UN Convention on the Law of the Sea (UNCLOS) on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (BBNJ Agreement) was adopted on 19 June 2023.

To prepare for the Treaty's entry into force and its first Conference of the Parties (CoP), a UN Preparatory Commission (PrepCom) will meet twice in 2025 (14-25 April and 18-29 August), and at least once in 2026. During these meetings, Parties will develop the operational framework for the Agreement to ensure it can function and work effectively, and prepare recommendations for the CoP. Well-structured, fair, and efficient institutions will shape the Treaty's long-term success and determine how quickly we can turn global ambition into tangible results for ocean protection.

This briefing paper examines the BBNJ Financial Mechanism and highlights key areas for discussion during PrepCom 1 in April 2025.

Key takeaways:

- The Financial Mechanism, established under Article 52 of the BBNJ Agreement, is key to delivering adequate, accessible, new, additional, and predictable financial resources for the implementation of the Agreement, including assistance to developing State Parties for that purpose (Art. 52(3)).
- The BBNJ CoP will establish a Finance Committee on financial resources as part of the financial mechanism (Art. 52(14)). The committee will periodically make recommendations on the identification and mobilization of funds under the Financial Mechanism and report to the CoP. It will also collect information and report on funding under other mechanisms and instruments that contribute directly or indirectly to the BBNJ Agreement's objectives.
- The provisional program of work (PPW) for the first PrepCom (14-25 April 2025) includes several finance-related items, in particular: a) defining the rules of procedure, terms of reference, and modalities for the finance committee (PPW Item I(2)(c)), b) determining the selection process for finance committee members (PPW Item I(3)), c) laying out the financial rules governing the funding of CoP, the Secretariat, and any subsidiary bodies (PPW Item I(6)), and d) clarifying arrangements with the Global Environment Facility (GEF) (PPW Item I((7)).
- Most of the substance discussions on finance, such as those related to resource mobilization and the operationalization of the Special Fund, are likely to take place at the second meeting of PrepCom in August.
- Financial support for national ratification and early national implementation efforts before the entry into force of the BBNJ Agreement and CoP1 is available through other initiatives and is not part of the PrepCom agenda.
- No decisions, on any item, will be made until the last PrepCom.

[1] Provisional Program of Work of the Preparatory Commission. U.N. Doc. A/AC.296/2025/L.2. 23 December 2024 at https://docs.un.org/en/A/aC.296/2025/L.2

1. Purpose of the Financial Mechanism

The Financial Mechanism is established in Article 52 of the BBNJ Agreement. Its primary functions are:

1. To provide developing State Parties with adequate, accessible, new, additional, and predictable financial resources to assist them with implementing the BBNJ Agreement, including through funding in support of capacity-building and the transfer of marine technology (Art. 52(3)); and
2. To oversee financial resources, mobilize funds, and report on funding mechanisms contributing to BBNJ objectives (Art. 52(14)).

The BBNJ Agreement identifies a Special Fund, a Voluntary Trust Fund, and the GEF Trust Fund as part of its Financial Mechanism (Art. 52(4)). The Special Fund and the GEF Trust Fund have parallel mandates, primarily to support capacity-building for developing State Parties for BBNJ implementation. The CoP has the mandate to establish additional funds in the future (Art. 52(5)).

2. Functions of the Finance Committee

The Finance Committee will consider:

1. The needs assessment of the Parties, in particular developing State Parties;
2. The availability and timely disbursement of funds;
3. The transparency of decision-making and management processes concerning fundraising and allocations; and
4. The accountability of the recipient developing State Parties concerning the agreed use of funds.

The specific terms of reference and modalities for the operation of the Committee will be decided by the CoP. These will also address links between budget and Finance Committee topics.

[2] See, for example: GEF Council Decision 14/2023 for instance authorized the use of up to $34 million from the GEF-8 international waters focal area for the funding of ratification support and early action activities for the BBNJ Agreement. GEF Council Decision 14/2024 approved Council document GEF/C.66/07 that articulated the initial guidelines for enabling activities and ratification support projects to promote early entry into force and implementation readiness for the BBNJ Agreement.

3. Relevant items on the PrepCom agenda

PPW Items I(2), 5, 6, 7

The Closing Statement of the organizational meeting of the PrepCom on 24-26 June 2024, covered several issues on finance.[3] Relevant issues for the Financial Mechanism are reflected in the PrepCom provisional program of work (PPW) (A/AC.296/2025/L.2). PrepCom 1 (April 2025) will address:

- The size and representation of the Finance Committee
- The nomination and election process for the Finance Committee
- The term of office for committee members[4]
- Rules of procedure, terms of reference, and modalities for the Finance Committee (Art. 52(14); PPW Item 2(c))
- Rules governing the funding of CoP, the Secretariat, and subsidiary bodies (Art 14(4); PPW Item 6)
- Funding arrangements with the GEF (Art 52 (10); PPW Item 7).

BBNJ Article 47(4) requires the first meeting of the CoP to adopt financial rules governing the funding of the CoP, the Secretariat, and subsidiary bodies. While Article 52(14) does not specify when the Finance Committee should be established, it must be set up at the outset given the centrality of funding issues to the Treaty's success.
Based on the PPW, the operationalization of other provisions on financial resources and mechanisms will be addressed at the second meeting of PrepCom (August 2025). This second PrepCom should include consideration of a) the relevant potential instruments to regulate access to the Special Fund, b) potential hosting arrangements, and c) other processes that will help to facilitate adequate finance flow, including through potential resource mobilization, which is expressly provided for under the Agreement.

No decisions, on any item, will be made until the last PrepCom.[5]

4. Connection with the CoP and other subsidiary bodies

A specific topic of consideration at PrepCom will need to be the expected forms of interaction between the various subsidiary bodies and the BBNJ CoP. A further area of discussion could be the likely scale, timing, and modalities of finance flows from marine genetic resources (MGR) and digital sequencing information (DSI) (Art. 14). For example, the CoP will need to consider how best to align the work of the Finance Committee and the Access and Benefit-Sharing Committee (ABSC) in terms of substance, processes, and the timings of recommendations.

[3] https://docs.un.org/en/A/AC.296/2024/4

[4] Art 52(14)provides that the Conference of the Parties shall establish a finance committee on financial resources. It shall be composed of members possessing appropriate qualifications and expertise, taking into account gender balance and equitable geographical distribution.

[5] Paragraph 9 of UN General Assembly Resolution A/RES/A/RES/78/272

5. Considerations for PrepCom 1

In its note on the BBNJ's subsidiary bodies (A/AC.296/2025/4), the Division of Oceans and Law of the Sea (DOALOS) offers general considerations on a) rules of procedure, terms of reference and modalities for subsidiary bodies (paragraphs 6-23), b) general aspects with regards to membership (paragraphs 24-31), and c) specific considerations for the Finance Committee (paragraphs 49-56).

One question raised by DOALOS is whether the CoP's rules of procedure would apply *mutatis mutandis* to some or all of its subsidiary bodies, or whether specific rules of procedure would be adopted for each (paragraph 7). Draft rules of procedure are contained in the Annex to the Co-Chairs to aid discussions (A/AC.296/2025/3). If Parties choose this pathway, draft Rule 26 would allow for subsidiary body-specific considerations to be reflected in the CoP's rules of procedure.

The Co-Chairs also published two aids to discussions and negotiations, one on Financial rules (A/AC.296/2025/7) and one on Arrangements with the Global Environment Facility (A/AC.296/2025/8) that pertain to the matters discussed in this briefing.

Additional considerations

PPW Items 2, 6, 7

- PPW Item 2: It may be helpful to include provisions addressing issues of appropriate qualifications and expertise of the members of the Finance Committee, as well as how to address potential conflicts of interest.

- PPW Item 6: The scale of assessed contributions used to fund the cost of the Secretariat and the subsidiary bodies will need to take into account a) the range of functions required, b) the need for upfront investment, and c) long-term support to deliver comprehensively on the goals of the Agreement. The institutions established under this Agreement shall be funded through assessed contributions of the Parties (Art.14(6)). Funding from private sources can be considered as additional contributions to the Special Fund (Art. 52(4)(b)(iii)), including through resource mobilization for implementation of the Agreement (Art. 52(8)).

- PPW Item 7: In August 2023, the Seventh GEF Assembly approved by consensus the corresponding amendment to the Instrument to add the BBNJ Agreement to the list of conventions served by the GEF. The GEF Council Decision 14/2023 also authorized the use of up to US$34 million from the GEF-8 international waters focal area to fund ratification support and early action activities for the BBNJ Agreement. It will be important to clarify a) how GEF modalities are to be modified to align specifically with BBNJ requirements, b) to what degree this is a GEF or a BBNJ CoP decision-making process, and c) how to operationalize monitoring of GEF operations through the BBNJ CoP.

[6] "Terms of reference and modalities for the operation of, and rules of procedure for, the subsidiary bodies established under 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, including the selection process for their members: Note by the Secretariat". At https://www.un.org/bbnjagreement/sites/default/files/2025-02/20250205BBNJPrepCommSubBodsAdvancedUnedited.pdf

[7] https://www.thegef.org/what-we-do/topics/biodiversity-beyond-national-jurisdiction

[8] GEF Council Decision 14/2024 approved Council document GEF/C.66/07 that articulated the initial guidelines for enabling activities and ratification support projects to promote early entry into force and implementation readiness for the BBNJ Agreement. The document was developed in close consultation with the Division for Ocean Affairs and the Law of the Sea (DOALOS) of the Office of Legal Affairs of the United Nations, which serves as the temporary secretariat.

6. Recommendations

The primary recommendations center on preparing a robust and transparent Financial Mechanism, ready for adoption at the first CoP. PrepCom can facilitate this process by:

- Establishing modalities with the GEF that clarify its relationship with the BBNJ CoP, including potentially through the establishment of oversight mechanisms and monitoring processes, and clarifying the role of the BBNJ Finance Committee, if any.

- Preparing the Special Fund for operationalization by considering instruments to regulate access, potential hosting arrangements, and other processes that will help facilitate adequate finance flow. Particular attention should be paid to ensuring efficient access to funding through simplified application and approval procedures, and enhanced readiness of support (Art. 52(12)).

- Preparing the Finance Committee's rules of procedure, terms of reference, and modalities, ready for adoption at CoP1.

- Ensuring that subsidiary bodies can provide input into the CoP's budget discussions. One way to operationalize this could be to mandate the Chairs of subsidiary bodies to develop specific programs of work.

- Ensuring that high standards for transparency and accountability are embedded in the Financial Mechanism's provisions, as stipulated in Article 48 of the BBNJ Agreement, including through the presence and full participation of observers at the Finance Committee. Noting the importance of official meetings in ensuring accountability, we recommend the Finance Committee hold at least one such meeting per inter-sessional period.

- Parties should also consider the development of resource mobilization plans and the components, scale and nature of an initial resource mobilization goal through 2030 - including through private finance and public-private partnerships - and take initial steps towards operationalizing them within the Finance Mechanism.

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The High Seas Alliance is a group of 50+ non-governmental members who work together to inspire, inform and engage the public, decision makers and experts to support and strengthen High Seas governance and conservation.