

## SC-9/15: Financial mechanism

### *The Conference of the Parties*

1. *Welcomes* the seventh replenishment of the Global Environment Facility trust fund and the report of the Facility to the ninth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants;<sup>1</sup>
2. *Welcomes* the inclusion in the programming directions for the seventh replenishment of the Global Environment Facility trust fund<sup>2</sup> of measures with respect to marine plastic litter and microplastics and alignment between those matters in the strategies for the international waters and the chemicals and waste focal areas;
3. *Recalls* Articles 13 and 14 of the Stockholm Convention, and encourages the donors to the Global Environment Facility trust fund, at the time of negotiations of its eighth replenishment, to increase significantly the allocation for the Convention, to assist recipient countries;
4. *Reiterates* its request to the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient and transparent manner;
5. *Adopts* the terms of reference for the fifth review of the financial mechanism set out in annex I to the present decision;
6. *Requests* the Secretariat to compile information relevant to the fifth review of the financial mechanism and submit it to the Conference of the Parties for consideration at its tenth meeting;
7. *Notes* the ongoing collaboration between the secretariats of the Global Environment Facility and the Stockholm Convention, and encourages them to further enhance effective inter-secretariat cooperation in accordance with the memorandum of understanding between the Conference of the Parties to the Stockholm Convention and the Council of the Global Environment Facility;
8. *Requests* the Secretariat, in consultation with the secretariat of the Global Environment Facility, to prepare a report on the implementation of the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility with regard to cooperation between the secretariats and reciprocal representation, including follow-up actions, for consideration by the Conference of the Parties at its tenth meeting;
9. *Invites* developed-country Parties to use, as appropriate, online questionnaires and other formats and, in accordance with paragraphs 2 and 3 of Article 13 of the Stockholm Convention, to provide the Secretariat, by 31 August 2020, with information on ways in which they can provide support, including new and additional financial resources, for the implementation of the Convention, including information on access to such support;
10. *Invites* other Parties to use, as appropriate, online questionnaires and other formats and, in accordance with paragraphs 2 and 3 of Article 13 of the Stockholm Convention, to provide the Secretariat, by 31 August 2020, with information on ways in which they can provide support, including financial resources, in accordance with their capabilities, for the implementation of the Convention, including information on access to such support;
11. *Invites* other sources, including relevant funding institutions, such as development banks, and the private sector, to use, as appropriate, online questionnaires and other formats and, in accordance with paragraph 2 of Article 13 of the Stockholm Convention, to provide the Secretariat,

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<sup>1</sup> UNEP/POPS/COP.9/INF/30, UNEP/POPS/COP.9/INF/52 and UNEP/POPS/COP.9/18, annex I.

<sup>2</sup> [https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF\\_R.7\\_19.pdf](https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf).

by 31 August 2020, with information on ways in which they can contribute to the implementation of the Convention, including information on access to such contributions;

12. *Adopts* the terms of reference for the assessment of the funding needed by developing-country Parties and Parties with economies in transition for the implementation of the Stockholm Convention over the period 2022–2026, as set out in annex II to the present decision;

13. *Invites* Parties and others to provide, by 31 August 2020, the relevant information required to undertake the assessment of funding needs referred to in paragraph 12 of the present decision;

14. *Requests* the Secretariat:

(a) To prepare, on the basis of the information provided pursuant to paragraphs 9 to 11 of the present decision, a report on the availability of financial resources additional to those provided through the Global Environment Facility, and ways and means of mobilizing and channelling such additional financial resources in support of the objectives of the Stockholm Convention, for consideration by the Conference of the Parties at its tenth meeting;

(b) To compile information relevant to the funding needed by developing-country Parties and Parties with economies in transition for the implementation of the Stockholm Convention over the period 2022–2026 and submit the draft report to the Conference of the Parties for consideration at its tenth meeting;

(c) To provide assistance to developing-country Parties and Parties with economies in transition, upon request, to facilitate their assessment of funding needed for the implementation of the Stockholm Convention over the period 2022–2026.

## **Annex I to decision SC-9/15**

### **Terms of reference for the fifth review of the financial mechanism**

#### **I. Objective**

1. Pursuant to paragraph 8 of Article 13 of the Stockholm Convention, the Conference of the Parties is to review the effectiveness of the financial mechanism established under Article 13 in supporting the implementation of the Convention with a view to taking appropriate action, if necessary, to improve the effectiveness of the financial mechanism, including by means of recommendations and guidance to ensure adequate and sustainable funding. For that purpose, the review will include an analysis of:

(a) The ability of the financial mechanism to meet the changing needs of developing-country Parties and Parties with economies in transition;

(b) The criteria and guidance referred to in paragraph 7 of Article 13 of the Convention, including the financial mechanism's ability to incorporate policy guidance from the Conference of the Parties;

(c) The level of funding;

(d) The effectiveness of the performance of the institutional entities entrusted with the operation of the financial mechanism, including, pursuant to Article 14 of the Convention, the effectiveness of the performance of the Global Environment Facility in its capacity as the principal entity entrusted, on an interim basis, with the operation of the financial mechanism.

#### **A. Methodology**

2. The review will cover the activities of the financial mechanism for the period from August 2016 to July 2020, with special emphasis on the activities concluded during that period.

3. The review will draw on, among others, the following sources of information:

(a) Information provided by Parties on their experiences gained in the context of activities funded by the financial mechanism;

(b) Periodic reviews by the Conference of the Parties of the conformity of the activities of the financial mechanism with the guidance provided to it;<sup>3</sup>

(c) Reports submitted to the Conference of the Parties by the entity or entities entrusted with the operation of the financial mechanism;<sup>4</sup>

(d) Other reports provided by the entity or entities entrusted with the operation of the financial mechanism, including, among other things, the reports of the Independent Evaluation Office of the Global Environment Facility;

(e) Reports and information provided by other relevant entities providing multilateral, regional and bilateral financial and technical assistance pursuant to paragraph 6 of Article 13 of the Convention;

(f) Reports submitted by Parties pursuant to Article 15 of the Convention;

(g) Relevant information provided by intergovernmental and non-governmental organizations.

4. In keeping with these terms of reference, the Secretariat will:

(a) Make adequate arrangements to ensure that the fifth review of the financial mechanism is undertaken in an independent and transparent manner;

(b) Hire a consultant to prepare a draft report on the review;

(c) Submit the draft report on the review to the Conference of the Parties for consideration at its tenth meeting.

5. The entities entrusted with the operation of the financial mechanism are requested to provide information relevant to this review in a timely manner.

6. Parties are encouraged to provide information pursuant to paragraph 3 (a) above as soon as possible and not later than 31 August 2020.

7. Intergovernmental and non-governmental organizations are requested to provide relevant information pursuant to the objectives of the present review, as soon as possible and no later than 31 August 2020.

## **B. Report**

8. The report on the fifth review will include the following elements:

(a) Overview of elements set out in paragraph 1 (a)–(d) above;

(b) Analysis of lessons learned from the activities funded by the financial mechanism during the period covered by the review;

(c) Assessment of the Global Environment Facility principles of incremental cost and global environmental benefits as they pertain to activities involving persistent organic pollutants in order to facilitate the fulfilment of obligations under the Convention, along with lessons learned from the evaluation reports on the activities of the Facility;

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<sup>3</sup> Pursuant to paragraph 7 of Article 13, the Conference of the Parties adopted guidance to the financial mechanism by its decision SC-1/9. In its subsequent decisions SC-2/11, SC-3/16, SC-4/27, SC-4/28, SC-5/23, SC-6/20, SC-7/21, and paragraphs 1 to 8 of decision SC-8/16, the Conference of the Parties provided additional guidance to the financial mechanism.

<sup>4</sup> See paragraphs 7 to 13 of the Memorandum of Understanding between the Conference of the Parties to the Stockholm Convention and the Council of the Global Environment Facility (annex to decision SC-1/11).

(d) Assessment of the adequacy, sustainability and predictability of the funding provided by the financial mechanism for the implementation of the objectives of the Convention;

(e) Recommendations and guidance to improve the effectiveness of the financial mechanism in meeting the objectives of the Convention;

(f) Performance criteria set out in paragraph 10 below.

9. The Secretariat will present the above-mentioned report to the Conference of the Parties at its tenth meeting for its consideration and subsequent action, including for the purpose of informing the replenishment process of the Global Environment Facility. The report will be deemed to be an official document of the Conference of the Parties.

### **C. Performance criteria**

10. The effectiveness of the financial mechanism will be assessed, taking into account, among other things:

(a) Responsiveness of the financial mechanism and the entities entrusted with its operation to guidance from the Conference of the Parties;

(b) Responsiveness of the Global Environment Facility, in its capacity as the principal entity entrusted with the operation of the financial mechanism on an interim basis, to the resolutions adopted on 22 May 2001 by the Conference of Plenipotentiaries relating to interim financial arrangements;<sup>5</sup>

(c) Transparency of the project approval process;

(d) Simplicity, flexibility and expeditiousness of the procedures for accessing funds;

(e) Adequacy and sustainability of the resources;

(f) Country ownership of activities funded by the financial mechanism;

(g) Level of stakeholder involvement;

(h) Any other significant issues raised by the Parties.

## **Annex II to decision SC-9/15**

### **Terms of reference for the assessment of funding needed by developing-country Parties and Parties with economies in transition for the implementation of the Convention over the period 2022–2026**

#### **A. Objectives**

1. The objectives of the work to be carried out under the present terms of reference are:

(a) To enable the Conference of the Parties to provide to the principal entity entrusted with the operation of the financial mechanism referred to in Article 13 of the Convention and to other entities, should they be so entrusted, at periodic intervals, assessments of the total funding, which consists of funding for baseline and agreed full incremental costs, needed by Parties eligible for assistance from the financial mechanism to facilitate their effective implementation of the Convention;

(b) To provide the principal entity and any other entities with a framework and modalities for the determination in a predictable and identifiable manner of the funding necessary and available for

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<sup>5</sup> UNEP/POPS/CONF/4, appendix I.

the implementation of the Convention by Parties eligible for assistance from the financial mechanism.

## **B. Methodology**

2. Pursuant to the objectives set out in paragraph 1 above, the work to be carried out under the present terms of reference will be facilitated and coordinated by the Secretariat with a view to enabling a team of up to three independent experts to undertake a full assessment of the funding necessary and available for the implementation of the Convention for the period 2022–2026, based on, among other things, the experience in using and lessons learned from the methodology and available data gained from the preliminary assessments of funding needs for the periods 2006–2010,<sup>6</sup> 2010–2014,<sup>7</sup> 2015–2019,<sup>8</sup> and 2018–2022<sup>9</sup> for consideration by the Conference of the Parties at its tenth meeting.

3. The assessment will include an estimation of baseline and agreed full incremental costs of activities described primarily in national implementation plans and required to implement Parties' obligations under the Convention.

4. The methodology for assessing the funding necessary and available for the implementation of the Convention shall be transparent, reliable and replicable.

## **C. Execution and sources of information**

5. In developing the assessment of funding needs, the work will draw primarily on information provided by Parties in the national implementation plans submitted pursuant to Article 7 and reports submitted by Parties pursuant to Article 15 of the Convention.

6. The assessment methodology for the funding needed over the period 2022–2026 will be complemented by the following three-step approach:<sup>10</sup>

(a) Step one involves the consolidation of inventory data from multiple sources to estimate the quantities of persistent organic pollutants to be disposed of by developing-country Parties and Parties with economies in transition from 2022 to 2026;

(b) Step two involves the estimation of average disposal costs for groups of chemicals;

(c) Step three, based on the findings of the first two steps, involves the estimation of disposal costs for groups of chemicals and the aggregation of such by United Nations region.

7. Relevant supplementary information, where available, will be obtained from the Secretariat and from:

(a) Parties, which are requested to provide information on funding needs associated with implementation of the Convention and inventory data using, as appropriate, online questionnaires and other formats and any other information regarding their experiences in implementing the Convention;

(b) The Global Environment Facility, which, as the principal entity entrusted with the operation of the financial mechanism on an interim basis, is invited to provide information gathered

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<sup>6</sup> UNEP/POPS/COP.3/19, with terms of reference for the assessment set forth in the annex to decision SC-2/12.

<sup>7</sup> UNEP/POPS/COP.4/27, with terms of reference for the assessment set forth in the annex to decision SC-3/15.

<sup>8</sup> UNEP/POPS/COP.6/20 and UNEP/POPS/COP.6/INF/20, with terms of reference for the assessment set forth in annex II to decision SC-5/22.

<sup>9</sup> UNEP/POPS/COP.8/18, annex III, with terms of reference for the assessment set forth in the annex to decision SC-7/18.

<sup>10</sup> The details of the three-step approach are contained in the recommendations pertaining to the assessment of funding needs for the period 2018–2022 as set out in documents UNEP/POPS/COP.8/18, annex III, and UNEP/POPS/COP.8/INF/32.

through its operations relevant to the assistance needs of eligible Parties and to the calculation of disposal costs as set out in paragraph 6 above;

(c) Intergovernmental organizations, non-governmental organizations and other stakeholders, which are invited to provide information relating to the needs assessment and, as appropriate, to the calculation of disposal costs as set out in paragraph 6 above;

(d) Other international financial institutions that provide bilateral or multilateral financial or technical assistance pursuant to paragraph 6 of Article 13 of the Convention, which are invited to provide information on such assistance, including the levels of such assistance;

(e) The secretariats of other multilateral environmental agreements, which are invited to provide information relevant to modalities for conducting similar needs assessments in connection with their agreements.

8. The methodology for assessing the funding needs over the period 2022–2026 may also include, as appropriate and subject to the availability of funding, validation missions to developing-country Parties and Parties with economies in transition to verify existing inventory data and to collect additional data and other relevant information.

#### **D. Scope**

9. The assessment of the funding necessary and available for the implementation of the Convention should be comprehensive and primarily directed towards assessing total funding needs, with a view to identifying funding needed for baseline and agreed full incremental costs to enable all Parties to fulfil their obligations under the Convention.

#### **E. Process**

10. The information identified above should be provided to the Secretariat by 31 August 2020. Any future updating of the information will be decided upon by the Conference of the Parties.

11. Based on the information that it receives from the Secretariat, the team of experts referred to in paragraph 2 above will prepare a report on the assessment of the funding necessary and available for the implementation of the Convention for the period 2022–2026 by developing-country Parties and Parties with economies in transition, and for all their continuing needs as identified in previous assessments of baselines, and transmit it to the Secretariat.

12. The Secretariat will present the above-mentioned report to the Conference of the Parties at its tenth meeting for its consideration and subsequent action, including for the purpose of informing the replenishment process of the Global Environment Facility. The report will be deemed to be an official document of the Conference of the Parties.