

## SC-5/25: Review of the financial mechanism

### *The Conference of the Parties*

1. *Adopts* the terms of reference for the third review of the financial mechanism set out in the annex to the present decision;
2. *Requests* the Secretariat to compile information relevant to the third review of the financial mechanism and submit it to the Conference of the Parties for consideration at its sixth meeting.

## Annex to decision SC-5/25

### Terms of reference for the third review of the financial mechanism

#### Objective

1. Pursuant to paragraph 8 of Article 13 of the Stockholm Convention, the Conference of the Parties will 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 this purpose, the review will include an analysis of:
  - (a) The financial mechanism's ability to address 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 (GEF) in its capacity as principal entity entrusted, on an interim basis, with the operation of the financial mechanism.

#### Methodology

2. The review will cover the activities of the financial mechanism for the period from November 2008 to July 2012, with special emphasis on those activities concluded during the same period.
3. The review will draw on, among other things, the following sources of information:
  - (a) Information provided by parties on their experiences gained through 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<sup>1</sup> provided to it;
  - (c) Reports submitted to the Conference of the Parties by the entity or entities entrusted with the operation of the financial mechanism;<sup>2</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 GEF Evaluation Office;
  - (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;

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1 Pursuant to paragraph 7 of Article 13, the Conference of the Parties adopted guidance to the financial mechanism by its decision SC-1/9.

2 See paragraphs 14 and 15 of the draft memorandum of understanding between the GEF Council and the Conference of the Parties to the Stockholm Convention (UNEP/POPS/COP.1/19).

- (f) Reports submitted by parties pursuant to Article 15 of the Convention;
  - (g) Relevant information provided by intergovernmental and non-governmental organizations.
4. The entities entrusted with the operation of the financial mechanism are requested to provide to the Secretariat information relevant to this review in a timely manner.
5. Parties are encouraged to submit to the Secretariat information pursuant to paragraph 3 (a) above as soon as possible and not later than 30 November 2012.
6. Intergovernmental and non-governmental organizations are requested to provide to the Secretariat relevant information pursuant to the objectives of the present review, as soon as possible and no later than 30 November 2012.
7. In keeping with these terms of reference, the Secretariat will:
- (a) Make adequate arrangements to ensure that the third 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 sixth meeting.

## **Report**

8. The report on the third review will include the following elements:
- (a) Overview of elements (a)–(d) of paragraph 1 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 GEF principles of incremental cost and global environmental benefits as they pertain to activities relating to persistent organic pollutants in order to facilitate fulfilment of obligations under the Convention, along with lessons learned from the evaluation reports on GEF activities;
  - (d) Assessment of the adequacy, sustainability and predictability of the funding provided by the financial mechanism to implement 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 submit the above-mentioned report to the Conference of the Parties for consideration at its sixth meeting. The report will be deemed an official document of the Conference of the Parties.

## **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 GEF, in its capacity as 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>3</sup>
  - (c) Transparency of the project approval process;
  - (d) Procedures for accessing funds that are simple, flexible and expeditious;
  - (e) Adequacy and sustainability of the resources;

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3 UNEP/POPS/CONF/4, appendix I.

- (f) Country ownership of activities funded by the financial mechanism;
  - (g) Level of stakeholder involvement;
  - (h) Any other significant issues raised by the parties.
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