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INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR AN
INTERNATIONAL LEGALLY BINDING INSTRUMENT
FOR IMPLEMENTING INTERNATIONAL ACTION ON
CERTAIN PERSISTENT ORGANIC POLLUTANTS

Seventh session
Geneva, 14-18 July 2003
Item 5 of the provisional agenda*

Preparations for the Conference of the Parties

**DRAFT TERMS OF REFERENCE FOR THE REVIEW OF THE FINANCIAL
MECHANISM UNDER PARAGRAPH 8 OF ARTICLE 13****

Note by the secretariat

1. Paragraph 8 of article 13 of the Stockholm Convention on Persistent Organic Pollutants states:

“The Conference of the Parties shall review, not later than its second meeting and thereafter on a regular basis, the effectiveness of the mechanism established under this Article, its ability to address the changing needs of the developing country Parties and Parties with economies in transition, the criteria and guidance referred to in paragraph 7, the level of funding as well as the effectiveness of the performance of the institutional entities entrusted to operate the financial mechanism. It shall, based on such review, take appropriate action, if necessary, to improve the effectiveness of the mechanism, including by means of recommendations and guidance on measures to ensure adequate and sustainable funding to meet the needs of the Parties.”

2. At its sixth session, the Intergovernmental Negotiating Committee, in its decision INC-6/14, initiated a process for developing draft terms of reference for consideration by the Conference of the Parties for use in the review of the financial mechanism called for under paragraph 8 of article 13. Further, it requested “the secretariat to submit elements of such draft terms of reference to the Intergovernmental Negotiating Committee for its further consideration at its seventh session.” The Committee instructed the secretariat, in developing the draft terms of reference, to:

* UNEP/POPS/INC.7/1.

** Stockholm Convention, article 13, paragraph 8; report of the Intergovernmental Negotiating Committee on its sixth session (UNEP/POPS/INC.6/22) annex I, decision INC-6/14.

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“(a) Use paragraphs 7 and 8 of article 13 of the Stockholm Convention as the primary basis for the draft terms of reference; and

(b) Seek the input of relevant experts regarding potential options for conducting such reviews, as appropriate.”

3. A review of the financial mechanism would include, inter alia, a review of the operational aspects of the mechanism, as well as its responsiveness to guidance provided by the Conference of the Parties. The elements of terms of reference that might address the operational aspect could include:

- (a) Objective, addressing:
 - (i) effectiveness of the mechanism in supporting implementation of the Convention;
 - (ii) responsiveness of the mechanism to policy and operational guidance from the Conference of the Parties;
- (b) Modus operandi, addressing:
 - (i) the way that the review would be undertaken;
 - (ii) the sources of information;
 - (iii) the involvement of Parties, the secretariat and other organizations;
- (c) Performance criteria, including:
 - (i) conformity with articles of the Convention;
 - (ii) responsiveness to guidance from the Conference of the Parties;
 - (iii) transparency of the project approval process;
 - (iv) procedures for accessing funds that are simple, flexible and expeditious;
 - (v) adequacy and sustainability of the resources;
- (d) Reporting arrangements and timing, including:
 - (i) timing and duration of the review;
 - (ii) nature of the report.

4. Paragraph 8 of article 13 of the Convention states that the first review of the financial mechanism by the Conference of the Parties should be not later than its second meeting. However, the guidance to the financial mechanism as required by paragraph 7 of article 13 will only be provided by the Conference of the Parties at its first meeting. The Global Environment Facility, as principal entity of the financial mechanism on an interim basis, has already begun supporting countries in implementing the Convention. To date though, this support has largely been for enabling activities such as the preparation of national implementation plans, and may not be representative of the full range of support that could be expected of the mechanism. Accordingly, any review conducted by the Conference of the Parties at its second meeting may not be able to cover all elements.

Possible Action by the Committee

5. The Committee may wish to:

- (a) Consider the adequacy and appropriateness of the elements outlined in paragraph 3 above;
- (b) Request Governments and observers to provide additional comments on these elements by 31 December 2003; and
- (c) Request the secretariat, taking into account the comments received in response to (b) above, to develop draft terms of reference for the review of the financial mechanism for consideration and possible decision by the Conference of the Parties at its first session.
