

SC-11/14: Financial mechanism

The Conference of the Parties,

Noting the priority areas for action recognized in decision SC-11/17 on effectiveness evaluation as they relate to financial resources and mechanisms,

I

Guidance to the financial mechanism

1. *Takes note* of the updated complete set of guidance to the financial mechanism¹ and of the outcome of the meeting regarding how to proceed with retiring, streamlining and consolidating the guidance to the financial mechanism;²

2. *Recalls* the request to the Secretariat in subparagraph 3 (b) of decision SC-10/16 to update the guidance after the twelfth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, reflecting the outcome of the consideration at the eleventh meeting of the Conference of the Parties of the recommendations mentioned in subparagraph 3 (a) of that decision;

II

Report of the Council of the Global Environment Facility

3. *Welcomes* the report of the Council of the Global Environment Facility to the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants at its eleventh meeting;³

III

Monitoring and evaluation

4. *Adopts* the terms of reference for the sixth review of the financial mechanism set out in annex I to the present decision;

5. *Requests* the Secretariat to compile information relevant to the sixth review of the financial mechanism and submit it to the Conference of the Parties for consideration at its twelfth meeting;

IV

Assessment of funding needs

6. *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 2026–2030, as set out in annex II to the present decision;

7. *Invites* Parties and others to provide, by 31 August 2024, the relevant information required to undertake the assessment of funding needs referred to in paragraph 6 of the present decision;

8. *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 October 2024, 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;

9. *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 October 2024, 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;

¹ Available at <http://chm.pops.int/Implementation/FinancialMechanism/Guidance/tabid/682/Default.aspx>.

² UNEP/POPS/COP.11/INF/31, annex.

³ See UNEP/POPS/COP.11/17, annex I, and UNEP/POPS/COP.11/INF/33.

10. *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, by 31 October 2024, with information on ways in which they can provide contributions to the implementation of the Convention, including information on access to such contributions;

11. *Requests* the Secretariat:

(a) To prepare, on the basis of the information provided pursuant to paragraphs 8–10 of the present decision, a report on the availability of financial resources that are additional to those provided through the Global Environment Facility, and on ways and means of mobilizing and channelling such additional financial resources, including as set out in the note by the Secretariat on the mobilization of resources under the Basel, Rotterdam and Stockholm conventions from non-State actors,⁴ in support of the objectives of the Stockholm Convention, for consideration by the Conference of the Parties at its twelfth 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 2026–2030 and submit the draft report to the Conference of the Parties for consideration at its twelfth meeting;

V

Assessment of funding needs with regard to polychlorinated biphenyls

12. *Takes note* of the report on further options for addressing the needs, including funding needs, and the challenges met to reach the targets related to the elimination of polychlorinated biphenyls;⁵

13. *Reiterates* its strong encouragement to countries and others in a position to do so, United Nations entities and intergovernmental organizations, other bilateral and multilateral institutions, non-governmental organizations and private sources to provide complementary support for the elimination of the use of polychlorinated biphenyls in equipment by 2025 and for the environmentally sound waste management of liquids containing polychlorinated biphenyls and equipment contaminated with polychlorinated biphenyls having a content above 0.005 per cent as soon as possible and no later than 2028;

14. *Recognizes* the needs and challenges of developing-country Parties with regard to eliminating the use of polychlorinated biphenyls in equipment by 2025 and for the environmentally sound management of liquids and equipment contaminated with polychlorinated biphenyls by 2028 referred to in paragraphs (a) and (e) of part II of Annex A to the Convention;

15. *Requests* the Secretariat:

(a) To continue to engage with entities providing multilateral, regional and bilateral financial and technical assistance, including Stockholm Convention regional and subregional centres, to strengthen their efforts to fund the elimination of the use of polychlorinated biphenyls in equipment by 2025 and the environmentally sound waste management of liquids containing polychlorinated biphenyls and equipment contaminated with polychlorinated biphenyls as soon as possible and no later than 2028, as appropriate, as part of their respective programmes of work and activities;

(b) To update, subject to the availability of resources, the report on further options for addressing the needs, including funding needs, and the challenges met to reach the targets related to the elimination of polychlorinated biphenyls,⁶ for consideration by the Conference of the Parties at its twelfth meeting;

VI

Cooperation between secretariats and reciprocal representation

16. *Takes note* of the ongoing collaboration between the secretariats of the Global Environment Facility and the Stockholm Convention⁷ and encourages the two secretariats to further

⁴ UNEP/CHW.15/28–UNEP/FAO/RC/COP.10/24–UNEP/POPS/COP.10/28.

⁵ UNEP/POPS/COP.11/INF/30.

⁶ Ibid.

⁷ See UNEP/POPS/COP.10/INF/64.

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;

17. *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 twelfth meeting.

Annex I to decision SC-11/14

Terms of reference for the sixth review of the financial mechanism

A. Objectives

1. Pursuant to paragraph 8 of Article 13 of the Stockholm Convention on Persistent Organic Pollutants, the Conference of the Parties to the Convention 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 of the mechanism's effectiveness will include an analysis of:

(a) The ability of the financial mechanism to support in meeting obligations and needs of developing-country Parties and Parties with economies in transition, particularly when needs are increasing as chemicals are being listed;

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

(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;

(e) The Global Environment Facility principle of incremental costs and achievement of global environmental benefits as they pertain to activities of the Facility involving persistent organic pollutants, in order to facilitate the fulfilment of obligations under the Stockholm Convention, along with lessons learned from the evaluation reports on the activities of the Facility.

B. Methodology

2. The review will cover the activities of the financial mechanism for the period from August 2020 to July 2024, 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;¹

(c) Reports submitted to the Conference of the Parties by the entity or entities entrusted with the operation of the financial mechanism;²

(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;

¹ Pursuant to paragraph 7 of Article 13 of the Convention, 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 1–8 of decision SC-8/16, the Conference of the Parties provided additional guidance to the financial mechanism.

² See paragraphs 7–13 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).

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

C. Performance criteria

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

(a) Responsiveness of the financial mechanism and the entities entrusted with its operation to:

- (i) Guidance from the Conference of the Parties;
- (ii) Lessons learned from the activities funded and/or concluded by the financial mechanism during the period covered by the review;
- (iii) Recommendations and guidance to improve the effectiveness of the financial mechanism in meeting the objectives of the Convention;
- (iv) Any other significant issues raised by the Parties;

(b) Performance of the Global Environment Facility in its capacity as the principal entity entrusted with the operation of the financial mechanism on an interim basis, in relation to:³

- (i) Transparency of the project approval process;
- (ii) Simplicity, flexibility and expeditiousness of the procedures for accessing funds;
- (iii) Adequacy and sustainability of resources;
- (iv) Country ownership of activities funded by the financial mechanism;
- (v) Level of stakeholder involvement.

D. Procedures for implementation

5. In keeping with the present terms of reference, the Secretariat will:

- (a) Make adequate arrangements to ensure that the sixth review of the financial mechanism is undertaken in an independent and transparent manner;
- (b) Contract an experienced independent evaluator 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 twelfth meeting.

6. In keeping with the present terms of reference, the evaluator will:

- (a) Design a questionnaire using the criteria adopted in the terms of reference, to be sent to the Parties and other stakeholders as soon as practicable, and prepare a compilation and synthesis of the information received;
- (b) Undertake desk studies, interviews and field visits, and collaborate with the Global Environment Facility and its Independent Evaluation Office as may be required, for the preparation of the review, subject to the availability of resources;
- (c) Present results disaggregated, among other things, by subregional, regional, donor and recipient Party perspectives.

7. The draft synthesis report and recommendations of the evaluator will be made available to the Global Environment Facility for its review and comments. Such comments shall be included in the documentation and identified by source.

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

9. Parties are encouraged to provide information pursuant to subparagraph 3 (a) above as soon as possible and not later than 31 August 2024.

³ As set out in the resolutions adopted on 22 May 2001 by the Conference of Plenipotentiaries relating to interim financial arrangements (see UNEP/POPS/CONF/4, appendix I).

10. Intergovernmental and non-governmental organizations are invited to provide relevant information pursuant to the objectives of the present review as soon as possible and no later than 31 August 2024.

E. Report

11. The report on the sixth review will include the following elements:

- (a) An overview of the elements set out in paragraph 1 above;
- (b) The performance criteria set out in paragraph 4 above;
- (c) Recommendations and guidance to improve the effectiveness of the financial mechanism in meeting the objectives of the Convention.

12. The Secretariat will present the above-mentioned report to the Conference of the Parties at its twelfth 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.

Annex II to decision SC-11/14

Terms of reference for the assessment of funding needed by developing-country Parties and Parties with economies in transition for the implementation of the Stockholm Convention over the period 2026–2030

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 the Stockholm Convention on Persistent Organic Pollutants to provide to the institutional entities entrusted with the operation of the financial mechanism, including, pursuant to Article 14 of the Convention, to the Global Environment Facility in its capacity as the principal entity entrusted, on an interim basis, 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 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 2026–2030, 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 2006–2010,¹¹ 2010–2014,¹² 2015–2019,¹³ 2018–2022¹⁴ and 2022–2026¹⁵ for consideration by the Conference of the Parties at its twelfth 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 over the period 2026–2030 shall be transparent, reliable and replicable.

5. The methodology should take into account the following four steps:

¹¹ UNEP/POPS/COP.3/19, with terms of reference for the assessment set forth in the annex to decision SC-2/12.

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

¹³ 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.

¹⁴ UNEP/POPS/COP.8/18, annex III, with terms of reference for the assessment set forth in the annex to decision SC-7/18.

¹⁵ UNEP/POPS/COP.10/15/Rev.1, annex III, with terms of reference for the assessment set forth in the annex to decision SC-9/15.

(a) Step one should involve 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 2026 to 2030;

(b) Step two should involve the possible adjustment of these estimated quantities based on disposal work already undertaken, including the validation of the adjustment by any concerned parties;

(c) Step three should involve the estimation of average disposal costs for groups of chemicals;

(d) Step four, based on the findings of the first three steps, should involve the estimation of disposal costs for groups of chemicals and the aggregation of such estimated costs by United Nations region.

C. Sources of information

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

7. Quantitative information derived pursuant to paragraph 5 above will be adjusted, as appropriate, to take into account the disposal of any such quantities of persistent organic pollutants under the financial mechanism not yet recorded in the national implementation plan and/or national reports.¹⁶

8. The work will also draw on quantitative information on persistent organic pollutants to be disposed of over the period 2026-2030 provided by Parties through questionnaires.¹⁷

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

(a) Other relevant intersessional working groups established under the Stockholm 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 through its operations relevant to the needs of eligible Parties that have already been addressed through project work and to the calculation of disposal costs as set out in paragraph 7 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 7 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.

10. 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.

¹⁶ Any such adjustment will be validated, if appropriate, by the concerned Party.

¹⁷ The questionnaire will be sent to official contact points under the Stockholm Convention in time for Parties to provide information by the deadline of 31 October 2024, as set out in paragraph 12 of the present terms of reference. The questionnaire will allow Parties to indicate the amounts of persistent organic pollutants to be disposed of during the period 2026–2030.

D. Scope

11. 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

12. The information identified above should be provided to the Secretariat by 31 October 2024. Any future updating of the information will be decided upon by the Conference of the Parties.

13. Based on the information that the team of experts referred to in paragraph 2 above receives from the Secretariat, the team will prepare a report on the assessment of the funding necessary and available for the implementation of the Convention for the period 2026–2030 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.

14. The Secretariat will present the above-mentioned report to the Conference of the Parties at its twelfth 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.