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Conference of the Parties to the   
Minamata Convention on Mercury

Fourth meeting

Online, 1–5 November 2021 and Bali, Indonesia, 21–25 March 2022

Decision adopted by the fourth meeting of the Conference of the Parties to the Minamata Convention on Mercury

MC-4/7: Second review of the financial mechanism

*The Conference of the Parties,*

*Considering* paragraph 11 of article 13, on the review of the financial mechanism,

1. *Adopts* the terms of reference for the second review of the financial mechanism set forth in the annex to the present decision;
2. *Invites* parties, intergovernmental organizations, non-governmental organizations and stakeholders to submit information, consistent with the terms of reference for the review and organized by the listed performance criteria, on their experience gained through their interactions with the financial mechanism, as soon as possible and not later than 30 September 2022;
3. *Requests* the secretariat to compile information relevant to the second review of the financial mechanism and submit it to the Conference of the Parties for consideration at its fifth meeting.

Annex to decision MC-4/7

Terms of reference for the second review of the financial mechanism

A. Objective

1. Pursuant to paragraph 11 of article 13 of the Minamata Convention on Mercury, the Conference of the Parties will review the financial mechanism established under article 13 to support parties in the implementation of the Convention, with a view to taking appropriate action, if necessary, to improve the effectiveness of the financial mechanism. Pursuant to paragraph 11 of article 13, the review will include an analysis of:
   1. The level of funding;
   2. The ability of the financial mechanism to mobilize resources from all sources, the level and type of funding, including differentiation between earmarked and non-earmarked voluntary contributions;
   3. The guidance provided by the Conference of the Parties to the Global Environment Facility and to the Specific International Programme to Support Capacity-Building and Technical Assistance in their capacity as the entities entrusted with the operation of the financial mechanism;
   4. The efficiency and effectiveness of the Global Environment Facility and the Specific International Programme in their capacity as the entities entrusted with the operation of the financial mechanism;
   5. The ability of the two entities of the financial mechanism to address the changing needs of developing country parties and parties with economies in transition.

B. Methodology

1. The review will cover the activities of the financial mechanism for the period from August 2019 to July 2022, which represents the period from the conclusion of the first review of the financial mechanism to the end of the period of the seventh replenishment of the trust fund of the Global Environment Facility and inclusive of the first three rounds of applications to the Specific International Programme, with particular emphasis on the activities concluded during that period.
2. The review will draw on the following sources of information, among others:
   1. Information submitted by parties on their experiences gained through their interactions with the financial mechanism, organized according to the performance criteria set forth in section D of the present terms of reference;
   2. Reports submitted to the Conference of the Parties by the entities entrusted with the operation of the financial mechanism;
   3. Other reports provided by the entities entrusted with the operation of the financial mechanism, including, among other things, reports of the Independent Evaluation Office of the Global Environment Facility, terminal evaluations of completed projects of the Specific International Programme and reporting from ongoing projects of the Specific International Programme;
   4. Relevant reports and information submitted by intergovernmental and non-governmental organizations; stakeholders; other entities providing multilateral, regional and bilateral financial and technical assistance pursuant to paragraphs 1 and 3 of article 13 of the Convention; the Special Programme to support institutional strengthening at the national level for implementation of the Basel, Rotterdam and Stockholm conventions, the Minamata Convention and the Strategic Approach to International Chemicals Management (with respect to complementarity and avoiding duplication); and the Global Mercury Partnership (relative to its interaction with the financial mechanism in advancing the implementation of the Convention);
   5. Reports submitted by parties pursuant to article 21 of the Convention;
   6. Report of the Executive Director of the United Nations Environment Programme entitled “Strengthening the Specific International Programme to Support Capacity-Building and Technical Assistance of the Minamata Convention on Mercury: enhancing the effective functioning of the Programme” (UNEP/MC/COP.4/13).
3. In keeping with these terms of reference, the secretariat will, subject to the availability of resources:
   1. Make adequate arrangements to ensure that the second review of the financial mechanism is undertaken in an independent and transparent, effective and efficient manner;
   2. Hire a consultant to prepare a draft report on the information provided;
   3. Submit the draft report on the review to the Conference of the Parties for consideration at its fifth meeting.
4. The entities entrusted with the operation of the financial mechanism are requested to provide information relevant to the review in a timely manner.
5. Parties are requested to provide information pursuant to paragraph 3 (a) above as soon as possible and not later than 30 September 2022.
6. Intergovernmental and non-governmental organizations, stakeholders, the Special Programme, the Global Mercury Partnership and relevant entities providing multilateral, regional and bilateral financial and technical assistance are requested to provide relevant information pursuant to the objectives of the present review as soon as possible and not later than 30 September 2022.

C. Report

1. The report on the second review will include the following elements:
   1. An overview of elements (a)–(e) of paragraph 1 above;
   2. Analysis of lessons learned from the activities funded by the financial mechanism during the period covered by the review;
   3. Assessment of the Global Environment Facility’s principles of incremental cost and global environmental benefits as they pertain to activities to implement obligations under the Convention, along with lessons learned from the evaluation reports on activities of the Global Environment Facility and the final reports and evaluation reports of completed projects under the Specific International Programme;
   4. Assessment of the sustainability, transparency and accessibility of the funding provided by the financial mechanism for the achievement of the objective of the Convention;
   5. Identification of the resources mobilized directly by the financial mechanism, including in-kind contributions and co-financing, and, to the extent possible, quantitative and/or qualitative assessment of the resources mobilized indirectly by actions of the private sector and other stakeholders;
   6. Recommendations to improve the effectiveness and efficiency of the financial mechanism in meeting the objective of the Convention;
   7. Assessment against the performance criteria set out in paragraph 10 below.
2. The secretariat will submit the above-mentioned report to the Conference of the Parties for consideration at its fifth meeting.

D. Performance criteria

1. The effectiveness and efficiency of the financial mechanism will be assessed, taking into account, among other things:
   1. Responsiveness of the Global Environment Facility and the Specific International Programme to the guidance adopted by or provided by the Conference of the Parties;
   2. Extent to which the projects funded by the financial mechanism have reduced, or are expected to reduce, the supply, use, emissions and releases of mercury, and deliver other benefits in terms of Convention implementation;
   3. Transparency and timeliness of the project approval processes;
   4. Simplicity, flexibility and expeditiousness of the procedures for accessing funds and for implementing and reporting on projects;
   5. Adequacy and sustainability of the available resources;
   6. Country ownership of activities funded by the financial mechanism;
   7. Level of stakeholder involvement;
   8. Any other significant issues raised by the parties.

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