Conference of the Parties to the Minamata Convention on Mercury
Fifth meeting
Geneva, 30 October–3 November 2023
Item 4 (g) (iii) of the provisional agenda*

Matters for consideration or action by the Conference of the Parties: financial resources and mechanism:
review of the financial mechanism

Review of the financial mechanism

Note by the secretariat

I. Introduction

1. In paragraph 5 of article 13 on financial resources and mechanism, the Minamata Convention on Mercury defines a mechanism for the provision of adequate, predictable and timely financial resources to support developing-country parties and parties with economies in transition in implementing their obligations under the Convention. Paragraph 6 of the same article states that the mechanism is to include the Global Environment Facility (GEF) trust fund and a specific international programme to support capacity-building and technical assistance.

2. Paragraph 11 of article 13 of the Convention stipulates that the Conference of the Parties is to review, no later than at its third meeting, and thereafter on a regular basis:
   (a) The level of funding;
   (b) The guidance provided by the Conference of the Parties to the entities entrusted with operationalizing the mechanism;
   (c) The effectiveness of those entities;
   (d) The ability of those entities to address the changing needs of developing country parties and parties with economies in transition.

3. The same paragraph also states that, based on that review, the Conference of the Parties is to take appropriate action to improve the effectiveness of the financial mechanism.

4. Furthermore, the memorandum of understanding between the Conference of the Parties and GEF states that the Conference of the Parties will, on the basis of such reviews, communicate to the GEF Council relevant decisions taken by the Conference of the Parties as a result of such review to improve the performance and effectiveness of GEF in assisting developing-country parties and parties with economies in transition in the implementation of their obligations under the Convention.

5. At its third meeting, in decision MC-3/7, the Conference of the Parties welcomed the note by the secretariat on the first review of the financial mechanism and requested the secretariat to prepare draft terms of reference for the second review for consideration by the Conference of the Parties at its
UNEP/MC/COP.5/12

fourth meeting. At its fourth meeting, the Conference of the Parties considered the report of the Executive Director of the United Nations Environment Programme (UNEP) 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”, 1 as well as other documents relative to the financial mechanism, and adopted decision MC-4/7 on the second review of the financial mechanism.

6. Section II of the present note provides a description of work undertaken for the second review of the financial mechanism. Section III discusses the Conference of the Parties’ guidance to the financial mechanism, section IV discusses resource mobilization and section V discusses additional reviews of the financial mechanism, while annex I sets forth a draft decision. Annex II to the present note sets forth the executive summary of the report on the second review of the financial mechanism, as received from the consultant hired by the secretariat, with the full report provided in document UNEP/MC/COP.5/INF/17.

II. Second review of the financial mechanism

7. At its fourth meeting, in decision MC-4/7, the Conference of the Parties adopted the terms of reference for the second review of the financial mechanism set out in the annex to the decision; invited 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; and requested 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. The terms of reference for the review further instructed the secretariat, subject to the availability of resources, to make adequate arrangements to ensure that the second review of the financial mechanism was undertaken in an independent and transparent, effective and efficient manner; hire a consultant to prepare a draft report on the information provided; and submit the report on the review to the Conference of the Parties for consideration at its fifth meeting. The terms of reference for the second review also specified that the above-mentioned report of the Executive Director of UNEP, on strengthening the Specific International Programme, should be used as one of the sources of information for the review.

8. The full report on the second review of the financial mechanism, covering the period from August 2019 to July 2022, is set out in document UNEP/MC/COP.5/INF/17, as received from the consultant, along with sources of information used in the review, including the information received by the secretariat pursuant to the invitation in decision MC-4/7. Annex I to document UNEP/MC/COP.5/INF/17 presents submissions received from parties, of which there is one. Annex II sets out the information received from the GEF secretariat, and annex III sets out the information received from the co-chairs of the Executive Board of 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. Annex IV sets out the information received from the chair of the Global Mercury Partnership Advisory Group. Annex V sets out the above-mentioned report of the Executive Director of UNEP, on strengthening the Specific International Programme, as provided to the Conference of the Parties at its fourth meeting.

9. The Governing Board of the Specific International Programme discussed the second review process at its seventh meeting, in November 2022, and requested Board members to consult within their regions and provide perspectives for use in the review. The report of the seventh meeting of the Governing Board is set out in UNEP/MC/COP.5/INF/15. At its seventh meeting, the Governing Board agreed to issue a call for contributions to the Specific International Programme, and the secretariat issued the call on behalf of the Governing Board on 22 May 2023.

10. In November 2022, the secretariat hired a consultant to draft a report as per the terms of reference for the second review. The consultant assessed the available documentation and, to compensate for the lack of party submissions, developed a survey that was shared with the national focal points of the Minamata Convention and the GEF operational focal points of all countries eligible for funding under the financial mechanism. Following reminders from the secretariat and a request from the Executive Secretary to participate in the survey, survey responses were received from 37 national focal points and 5 GEF operational focal points, which is considered a good response rate. The consultant followed up on the survey results by conducting extensive interviews with national

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1 UNEP/MC/COP.4/13.
focal points of both donor and recipient parties, representatives of the GEF and Minamata Convention secretariats, current and past members of the Governing Board of the Specific International Programme and representatives of the GEF Independent Evaluation Office, the Special Programme to support institutional strengthening and the Global Mercury Partnership. Further information on the methodology is available in the consultant’s report (UNEP/MC/COP.5/INF/17). Concurrently with this work, the midterm evaluation of the Specific International Programme was undertaken and provided important related information, as is noted in the above-referenced report of the Executive Director of UNEP.

11. The consultant submitted the report to the secretariat in April 2023, at which time it was also provided to the GEF secretariat, as per the memorandum of understanding between the Conference of the Parties and the GEF Council, and to the Governing Board of the Specific International Programme, with a view to correcting any incomplete or inaccurate information that the draft might have contained. Comments from those bodies were taken into account in the finalization of the report, and any comments that the consultant did not address were documented in an annex to the report. Adhering fully to the terms of reference for the review adopted by the Conference of the Parties in decision MC-4/7, the report encompassed the funding mobilized through the financial mechanism of the Minamata Convention, the Conference of the Parties’ guidance to GEF and guidance on the Specific International Programme, the effectiveness and efficiency of the financial mechanism, the sustainability of the funding and available resources provided by the financial mechanism for the achievement of the objective of the Convention, and the ability of GEF and the Specific International Programme to respond to the changing needs of developing country parties and parties with economies in transition.

12. The report concludes that, during the period under review, the financial mechanism proved effective in the provision of adequate, predictable and timely financial resources for implementation, with an important number of projects having a significant impact on a large number of eligible countries, as well as significant mobilization of additional funds through co-financing. The report also concludes that increased resources and more specific guidance from the Conference of the Parties to GEF and on the Specific International Programme will be needed to meet the financial demands resulting from implementation needs in the light of current and impending implementation challenges. The report states that a higher level of definition of indicators used in monitoring and reporting on activities supported by the financial mechanism could increase its efficiency.

13. The report points to opportunities to achieve mercury reductions through projects undertaken primarily for biodiversity, climate change, land degradation or international waters objectives, just as mercury projects can provide important benefits in those areas, including achieving results contributing to the achievement of target 7 of the Kunming-Montreal Global Biodiversity Framework. In that regard, the Conference of the Parties could highlight systems-wide opportunities of that nature while maintaining the efficient nature of targeted interventions such as those funded by many GEF and Specific International Programme projects. The report further notes that global and regional hub and child projects provide important avenues for collaboration and learning among projects and could be deployed to target the most urgent areas of action.

14. The second review of the financial mechanism will be of use in the development of GEF projects and programmes within the funding allocation and programming directions of the eighth GEF replenishment period, as input to deliberations on the programming directions and resource allocation for the ninth replenishment of the GEF trust fund (expected to start in 2025) and for future rounds of the Specific International Programme.

III. Guidance from the Conference of the Parties

15. Guidance from the Conference of the Parties to GEF and guidance on the Specific International Programme were agreed by the Conference of the Parties at its first meeting. The report on the second review of the financial mechanism notes that more specific guidance from the Conference of the Parties to GEF and on the Specific International Programme could increase the efficiency of the financial mechanism and its ability to have a significant, sustained impact on Convention implementation. The Conference of the Parties may wish to provide additional operational details to supplement elements of the guidance from the Conference of the Parties to the entities of the financial mechanism in order to add details regarding funding needs and priorities, with a view to

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2 UNEP/MC/COP.5/INF/16.
3 Decision MC-1/5, annex.
4 Decision MC-1/6, annex I.
ensuring that programming decisions continue to evolve according to those needs and priorities. A number of recommendations of the report could be addressed in this manner, should the Conference of the Parties so decide. As noted above, such an approach could be relevant to the development of GEF projects and programmes within the funding allocation and programming directions for the eighth replenishment period (2023–2026), as input to deliberations on programming directions and resource allocation for the ninth replenishment of the GEF trust fund, which are expected to commence in 2025, and for future rounds of the Specific International Programme.

16. The first full national reports under article 21 of the Convention provided insights into implementation support needs (document UNEP/MC/COP.5/INF/20 presents the Secretariat’s analysis of the first full national reports). In part C of the reporting format, parties were invited to share challenges they faced in implementing the Convention. The challenges reported related to, among other things, preventing and controlling illegal mining and illegal trade of mercury; implementing trade controls for mercury-added products; lack of final disposal facilities for mercury waste; lack of facilities for storing mercury waste awaiting final disposal; managing contaminated land; lack of access to financial, technical and capacity-building support for developing plans, guidelines and regulations; and lack of capacity to translate technical information into local languages. While national reporting is not the only source of such information, it is an important component in assessing parties’ needs for the purposes of prioritization of resources.

17. The Implementation and Compliance Committee, in paragraph 17 of its report to the Conference of the Parties (UNEP/MC/COP.5/14, annex), recommended that the Conference of the Parties take into account, in its consideration of the financial mechanism of the Convention, the fact that some parties that have not met their obligations under article 4, in particular the deadline for phasing out mercury-added products and taking measures to phase down dental amalgam, cited lack of resources and the need for further attention and action by the Global Environment Facility and its respective implementing agencies and the Specific International Programme to support parties in implementing the provisions of article 4.

18. With respect to achieving benefits across biodiversity, climate change and chemicals and waste projects and programmes funded through the financial mechanism, both the guidance on the Specific International Programme, in paragraph 11, and the Conference of the Parties’ guidance to GEF, in paragraph 5, on overall strategies and policies, call for promoting such synergies. Further attention to promoting cross-programme benefits could enhance the efficiency of the financial mechanism. Projects and programmes that fund action across different focal areas or on multiple chemicals across the chemicals and waste focal area could benefit from clarity on which mercury sectors are targeted and what reductions are expected.

19. The report described the positive feedback received, through its survey and interviews, from countries participating in structured regional and global projects or programmes. The report found that collaboration and learning among different projects enhanced the projects activities with important synergies and benefits in terms of the efficiency and effectiveness of the financial mechanism. While the projects undertaken to date through the financial mechanism address many of the Convention’s obligations, such projects are often limited to individual parties or groups of parties, such that the needs of the remaining parties remain significant. In contrast, the GEF PlanetGOLD and the GEF Implementing Sustainable Low and Non-Chemical Development in Small Island Developing States (ISLANDS) programmes are examples of wide participation by parties in an overall programme, with robust knowledge management, collaboration and information-sharing elements.

20. With respect to the report’s recommendation for more defined indicators, the midterm evaluation of the Specific International Programme generated a proposal for a programmatic results framework, with indicators, for consideration by the Governing Board. Improvements of that nature could help direct resources efficiently to areas of highest need and results, provide important information to improve the quality of reporting and results analyses, and support the provision of more complete information on project approvals. At the time of the second review, the GEF core indicators included one related to mercury: core indicator 9, “reduction, disposal/destruction, phase-out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products”. Its subindicators related to mercury were subindicator 9.2, “quantity of mercury reduced”, and subindicator 9.6, “quantity of products/materials containing POPs/mercury directly avoided”.

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5 The secretariat’s analysis of the first full national reports is available in document UNEP/MC/COP.5/INF/20.
6 Persistent organic pollutants.
IV. Resource mobilization

21. Looking towards future implementation needs of parties, the report on the second review of the financial mechanism addressed the sustainability of the financial mechanism, with a special focus on the changing needs of developing country parties and parties with economies in transition. It concluded that, notwithstanding the incremental progression of GEF allocation between the sixth and the eighth GEF replenishments, higher-cost implementation needs will have an important impact on the level of funds needed by eligible countries to meet the objective of the Convention. Not only do some key obligations become due for many parties in the next four years, with 141 parties to the Convention as at 31 May 2023, new parties will continue to join the Convention and are likely to seek support for enabling and implementation activities. The Implementation and Compliance Committee, in paragraph 30 of its report to the Conference of the Parties (UNEP/MC/COP.5/14), recommended that the Conference of the Parties encourage parties to continue to augment the provision of financial resources to complement parties’ efforts undertaken at the national and international levels.

22. GEF resources available for Minamata Convention programming are 30.58 per cent higher for the eighth GEF replenishment period ($269 million) than for the seventh replenishment period ($209 million), reflecting donor recognition of the critical financing needs for the GEF chemicals and waste focal area.

23. In contrast, resources mobilized through contributions and pledges for the next (fourth) round of applications to the Specific International Programme amounted to $908,816 as at 30 April 2023, compared to $2,473,911 mobilized for the third round of applications. It is worth noting that the amount mobilized for the third round was insufficient to enable the Governing Board of the Specific International Programme to approve all the project applications it considered worthy of funding.

24. The report on the second review of the financial mechanism recommends that the Conference of the Parties request the secretariat to develop, and launch in partnership with stakeholder groups, a Specific International Programme resource mobilization strategy based on the widest sharing of information extracted from project reports, applications received, projects funded, problems addressed and project results of Specific International Programme-funded activities, with a view to attracting a broader range of donors, including donors from the private sector, donor aid agencies and civil society organizations. The secretariat notes that development of such a resource mobilization strategy would itself require funding to accomplish.

25. The Executive Director of UNEP, in the above-mentioned report on strengthening the Specific International Programme, stated that, to support the effective functioning of the Specific International Programme, the priorities appeared to be to reiterate the value of the Specific International Programme; to invite parties to use its unique features to their fullest potential in the light of the urgent work of the Convention during its first 10 years; and to recognize that enhancing the effectiveness of the Specific International Programme required an increased level of funding. She added that, in the light of the urgent need for adequate, predictable and timely financial resources for enhanced effectiveness of the Specific International Programme, it might be helpful for the secretariat to prepare an estimation of the resource target for the Specific International Programme for the remainder of its life in order to provide potential donors with a multi-year view for planning purposes.

26. Similarly, the midterm evaluation of the Specific International Programme highlighted the critical need for funding and recommended that fundraising efforts be continuous rather than focused on one round at a time, and that the secretariat develop an overall estimate of funding needs over the life of the Programme. The midterm evaluation also noted that the demands on the Programme had grown with each round of applications, as had the workload of the secretariat, and could be expected to grow further, such that the current staffing arrangements in the secretariat might not be adequate for properly serving future rounds. Paragraph 12 of the Programme’s terms of reference states that the secretariat will provide one position for the technical assistance and capacity-building activities of the secretariat and the activities of the Programme, to be covered by the general trust fund, taking into account the fact that the staffing requirements of the Programme will be reviewed. The Programme Management Officer for capacity-building and technical assistance is responsible for administration of the Specific International Programme and coordination of GEF matters, in addition to other capacity-building and technical assistance work of the secretariat. The position has been supplemented by the generous provision by the Government of Italy of a Junior Professional Officer to work on the Programme. The term of that position ends in October 2024.

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7 See decision MC-1/6, annex II.
V. Timing of additional reviews of the financial mechanism

27. Reviews of the financial mechanism pursuant to paragraph 11 of article 13 are to be undertaken periodically. The Conference of the Parties has not determined a schedule of reviews, but at its fourth meeting considered information regarding periodicity in relation to key dates relevant to the financial mechanism (UNEP/MC/COP.4/12).

28. Discussions for the ninth GEF replenishment period (2026–2030) are expected to begin in early 2025 and be completed in early 2026. The second review will provide important insights from the Conference of the Parties as input to those discussions and the related programmatic deliberations. The Conference of the Parties’ instructions, in particular those provided as guidance to GEF, can facilitate understanding of parties’ needs by participants in the replenishment discussions, including donor countries, recipient countries and civil society organizations, as well as the GEF Scientific and Technical Advisory Panel and the GEF secretariat.

29. Similarly, the second review will provide important insights to support fundraising for the specific trust fund.

30. The report on the second review of the financial mechanism notes that the review covers the activities of the financial mechanism starting from a date (August 2019) that was not related to the GEF project or replenishment cycles, resulting in the analysis of only parts of the projects funded under the sixth and seventh GEF replenishments, most of which are not yet complete. To better enable the review to deal with more homogeneous data sets, gain better input in terms of documentation and analysis and more consistently compare, in terms of efficiency and effectiveness, project results with the rationale of their design, the report recommends that the Conference of the Parties plan future reviews of the financial mechanism with a view to achieving better synchronization with the GEF cycles.

31. The third review of the financial mechanism will benefit from experience gained through the second review. It will benefit from the available approved project documents and final reports, and may benefit from advances in relevant knowledge management efforts underway for both GEF and the Specific International Programme. Reviews should be undertaken in preparation for GEF replenishment discussions (which generally begin 18 months prior to the start of a new replenishment period), with final project reports and relevant evaluations available for analysis.

32. The Conference of the Parties may wish to undertake the third review of the financial mechanism at the seventh meeting of the Conference of the Parties, in 2027, in time for the views of the Conference of the Parties and needs of the parties to be conveyed to GEF in advance of discussions on the tenth GEF replenishment period (2030–2034), and concurrent with deliberations by the Conference of the Parties with respect to the possible extension beyond the initial ten-year period of the Specific International Programme (2018–2028), for an additional period of time not to exceed seven years, as per the guidance on the Specific International Programme. Consequently, the Conference of the Parties may wish to consider, at its sixth meeting, draft terms of reference for the third review, covering the eighth GEF replenishment period, namely July 2022 to June 2026, including any GEF and Specific International Programme projects that have been completed within that time frame.

VI. Suggested action by the Conference of the Parties

33. The Conference of the Parties may wish to complete the second review of the financial mechanism based on the report on the second review of the financial mechanism, covering the period from August 2019 to June 2022, and adopt a decision along the lines of the draft decision set out in annex I.
Annex I

Draft decision MC-5/[-/-]: Review of the financial mechanism

The Conference of the Parties,

Reaffirming the importance of the full application of the provisions of article 13 of the Minamata Convention on Mercury for the full implementation of the Convention, and welcoming the valuable roles of the Global Environment Facility trust fund and the Specific International Programme to Support Capacity-Building and Technical Assistance as the entities comprising the financial mechanism of the Convention,

Welcoming the historic eighth replenishment of the Global Environment Facility trust fund and the resources generously contributed and pledged by donors to the Global Environment Facility trust fund and the specific trust fund,

Considering the many well-articulated applications submitted by parties for funding by the financial mechanism,

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

Recalling the terms of reference for the second review of the financial mechanism, as set out in the annex to decision MC-4/7,

Recalling also the 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), presented to the Conference of the Parties at its fourth meeting and mentioned in the terms of reference for the second review of the financial mechanism as a source of information for the review,

Noting the work of the Governing Board of the Specific International Programme to undertake a midterm evaluation of the Specific International Programme,

1. Welcomes the report on the second review of the financial mechanism,¹ on the basis of which the Conference of the Parties has undertaken the review in accordance with paragraph 11 of article 13;

2. Requests the Global Environment Facility to take into consideration, in the implementation of the programming directions for the eighth replenishment of the Global Environment Facility trust fund, and in the discussions on the ninth replenishment of the Global Environment Facility trust fund, the recommendations set out in the report on the second review of the financial mechanism;

3. Urges relevant parties to work through their operational focal points to make prompt and full use of the programming directions and resource allocation for the eighth replenishment of the Global Environment Facility trust fund, including with respect to undertaking mercury reduction activities in the integrated programmes and within, in particular, the biodiversity and climate change focal areas, and requests the secretariat of the Global Environment Facility to facilitate the exchange of information to enable that use;

4. Provides additional details to supplement the Conference of the Parties’ guidance to the Global Environment Facility, as follows:

   (a) The Global Environment Facility trust fund, in planning for its ninth replenishment period, should encourage mercury-related project components in projects in focal areas other than the chemicals and waste focal area, and in particular the biodiversity focal area, as it advances work under the Montreal-Kunming Global Biodiversity Framework, taking into account Minamata Convention requirements and guidance;

   (b) The Global Environment Facility should encourage the above in the further development of projects and programmes under the programming directions for the eighth replenishment, including the Amazon, Congo, and Critical Forest Biomes integrated programme, the Blue and Green Islands integrated programme, the Sustainable Cities integrated programme and the Elimination of Hazardous Chemicals from Supply Chains integrated programme;

¹ UNEP/MC/COP.5/INF/17.
In developing its programming directions and resource allocations for the ninth replenishment period, and in further developing projects and programmes under the programming directions for the eighth replenishment, the Global Environment Facility should take into account the time frames that parties must meet for implementation of mandatory obligations with respect to, inter alia, mercury trade, mercury-added products, implementation of national action plans for artisanal and small-scale gold mining, control measures for emissions from sources listed in annex D, and environmentally sound waste management and final disposal;

In so doing, the Global Environment Facility should prioritize the funding of coordinated regional and global activities targeting specific objectives of the Minamata Convention and related regional and global coordination and knowledge management components that develop and disseminate knowledge products, including tools, guidance, methodologies and training materials;

Requests the Convention secretariat to keep the secretariat of the Global Environment Facility and the Governing Board of the Specific International Programme informed of relevant Convention obligations and deadlines and the extent to which such obligations and deadlines are being met by parties, based on national reporting;

Requests the Convention secretariat and the secretariat of the Global Environment Facility to cooperate in the consideration of additional indicators and subindicators to improve the definition of expected project-level results and the understanding of achieved results, in advance of the programming deliberations for the ninth replenishment of the Global Environment Facility;

Requests the Governing Board of the Specific International Programme to take into consideration the findings and recommendations of the second review of the financial mechanism, including with respect to indicators for use in monitoring and reporting, in its ongoing deliberations;

Resolves to increase efforts to augment the funding available in the specific trust fund to support parties in undertaking critical implementation efforts in the second half of the initial period of the Specific International Programme;

Encourages parties to increase efforts to analyse, communicate and respond to needs for implementation support, and requests the secretariat to prepare an analysis of expected funding needs and related staffing needs through the second half of the initial term of the Specific International Programme, taking into consideration the midterm evaluation of the Specific International Programme and the second review of the financial mechanism;

Requests the secretariat to prepare draft terms of reference for the third review of the financial mechanism for consideration by the Conference of the Parties at its sixth meeting;

Requests the secretariat to communicate to the Global Environment Facility Council the result of the second review of the financial mechanism and to forward the report on the second review of the financial mechanism and this decision to the Global Environment Facility secretariat and Council.

With respect to mercury-added products, this paragraph has been prepared by the secretariat on the basis of the relevant recommendation included in the report on the work of the Implementation and Compliance Committee (UNEP/MC/COP.5/14, annex).

This paragraph has been prepared by the secretariat on the basis of the relevant recommendation included in the report on the work of the Implementation and Compliance Committee (UNEP/MC/COP.5/14, annex).
Executive summary: draft report of the second review of the financial mechanism covering the period from August 2019 to July 2022*

1. Article 13 of the Minamata Convention on Mercury (MC) defines a mechanism for the provision of adequate, predictable and timely financial resources aimed to support developing-country Parties and Parties with economies in transition in implementing their obligations under the Convention.

2. Pursuant to paragraph 6 of Article 13, the financial mechanism shall include: the Global Environment Facility (GEF) Trust Fund and a Specific International Programme (SIP), to be operated under the guidance of, and be accountable to, the Conference of the Parties (COP). In decision MC-1/6 on the Specific International Programme to Support Capacity-building and Technical Assistance, as finalized by the Conference of the Parties at its second meeting (November 2018), the COP decided that the hosting institution referred to in paragraph 9 of Article 13 had to be provided by the United Nations Environment Programme.

3. Article 13 further requires the COP to review, on a regular basis, the level of funding, the guidance provided by the COP to the entities entrusted to operationalize the mechanism and their effectiveness, and their ability to address the changing needs of developing country Parties and Parties with economies in transition. The COP is also required, based on such review, to take appropriate action to improve the effectiveness of the financial mechanism.

4. The first review of the financial mechanism was presented by the MC Secretariat at the third meeting of the COP. The Terms of Reference for the second review were adopted at the COP fourth meeting and the draft review was prepared, by an external consultant, between November 2022 and April 2023, based on the available documentation, the results of a survey targeting all MC National Focal Points and the GEF Operational Focal Points of eligible countries, and a series of interviews of key relevant stakeholders.

5. This second review covers the activities of the MC financial mechanism for the period from August 2019 to July 2022; its findings are reported in the main body of this document and are followed by conclusions, lesson learned and recommendations, based on the analysis of the results, and intended to suggest possible ways to improve the effectiveness and efficiency of the MC financial mechanism in meeting the objective of the Convention.

6. According to the data provided by both the GEF and the MC Secretariats, the GEF and the SIP provided funding, in the period under review, to 135 active projects for a total disbursement of about 524 million USD. However, the GEF programming, informed by the guidance provided by the COP at COP-1, also covered, in some instances, larger areas of activities (such as those related to persistent organic pollutants and harmful chemicals). A more accurate estimation of the funding used for activities specifically related to the implementation of the Minamata Convention, is calculated in the order of 331 million USD, of which about 325 million USD disbursed through the GEF (98.2%) and about 6 million USD disbursed through the SIP (1.8%).

7. The GEF funding covered, in the period under review, 70 Enabling Activities (EA, about the 8% of the total GEF funding) mainly focusing on the Minamata Convention Initial Assessments (average cost of the EAs for the projects under review: about 460 thousands USD per project) or the National Action Plans for Artisanal and Small-Scale Gold Mining (average cost of the EAs for the projects under review: about 800 thousands USD per project); 8 Medium Size Projects (MSP, 3% of the funding), 31 Full Sized Projects (FSP, 58% of the funding) and 2 Programs (31% of the funding). Most of non-EA funded activities focused on phasing-out of specific mercury-added products or the strengthening of environmentally sound management of mercury and other hazardous chemicals and, in particular, most of the FSPs and one of the Programs funded activities under the Artisanal and Small-scale Gold Mining (ASGM) initiative.

8. The SIP financial support covered, in the period under review, 24 projects, with an average funding of about 200 thousand USD. All funded projects focused, as for SIP mandate, on capacity-building and technical assistance. In particular, some of the main objectives of these projects were: the inventory, monitoring and/or phasing-out of mercury-added products; the environmentally sound

* The executive summary is reproduced as received, without formal editing.
management of mercury, technical assistance and technology transfer; the development/strengthening of the institutional and regulatory framework; and the strengthening of the health sector and health risk control of mercury exposure.

9. The GEF project co-financing, required for all FSPs, MSPs and Programs, and encouraged for enabling activities, was reported at 2.7 billion USD, received partially in-kind from governmental agencies and partially in cash, mostly from the Private Sector, but also from GEF Partner Agencies and Donor aid agencies. The SIP project co-financing, not required by the SIP guidelines for the project implementation, was reported at 2.7 million USD, all received in kind from governmental agencies.

10. The review includes an analysis of the guidance provided by the COP to the GEF and to the SIP and its findings confirm the adherence, of the activities funded by both entities, to the guidance received.

11. In looking at the efficiency and effectiveness of the GEF and the SIP, in their capacity as the entities comprising the financial mechanism, a general and extensive appreciation of the activities funded by the MC financial mechanism has emerged from all the inputs received by this review. A list of performance criteria, provided in the Terms of Reference of the review specifically for this assessment, was used in both the survey and the interview questioning, and all respondents offered a generally positive feedback, together with important suggestions to further improve the effectiveness and efficiency of the MC financial mechanism.

12. By the closing date of this review, most of the projects under review were still under implementation; reporting from ongoing projects, however, confirmed the positive feedback, in particular from countries participating in structured regional and global projects or programs, where collaboration and learning among different projects enhanced the projects activities with important synergies. The main problems in accessing the funds, as reported by focal points and stakeholders, referred to the language-barriers and the lack of dedicated resources, at national level, able to follow up the project application process.

13. The sustainability of the MC financial mechanism is also addressed, in this review, with a special focus on the changing needs of developing country Parties and Parties with economies in transition. Notwithstanding the incremental progression of GEF allocation between GEF-6 and GEF-8, to the implementation of the Minamata Convention, it is noted that the Convention is entering in a more mature phase of its implementation and that the initial requests for EAs, will be soon replaced by more expensive needs for MSPs and FSPs that will have an important impact on the level of funds needed by the eligible countries for the implementation of the objectives of the Convention.

14. An additional consideration on sustainability comes from taking into account that while there have been full size projects addressing a range of obligations (e.g. on discrete products, processes, supply sources, and emissions sources), during the review period these did not have the broad reach of the programmatic approach as for the ASGM initiative; however new deadlines are fast approaching under the Convention and new categories of projects activities, and related funding, will be consequently needed by the eligible Parties to face the new challenges of implementing the Convention objectives.

Conclusions

15. A first important conclusion of this review is that, in the period under consideration, the financial mechanism established under Article 13 of the Minamata Convention has proven effective in the provision of adequate, predictable, and timely financial resources for supporting developing country Parties and Parties with economies in transition in implementing their obligations under the Convention.

16. A second conclusion is that, at this stage of the operations of the Convention, the MC financial mechanism is in need of both a substantial increase of financial resources and a more specific guidance to the entities entrusted to its operationalization, in order to face the present and the impending challenges of implementing the Convention.

17. A third and last conclusion of this review is that a higher level of definition, in terms of the indicators used in the monitoring and reporting of the activities funded through the MC financial mechanism, could greatly increase its efficiency.
Lesson Learned

1. A dedicated team makes the difference between an activity and a successful one. This is to say that the support and availability of committed teams, such as the MC Secretariat, the GEF Secretariat and the UNEP Global Mercury Partnership (GMP), have been catalyzing important resources in terms of knowledge and coordination which resulted in significant assets for the implementation of many projects.

2. South-South cooperation is an important source of investments into promoting green economies. GEF funded regional and global programs, such as PlanetGOLD and ISLANDS, demonstrated that structured activities programs greatly favour collaboration and learning among child projects and encourage important synergies, often unreachable by traditional types of projects managed on a smaller scale of activities.

3. Co-financing is an essential and effective component of the interventions funded by the MC financial mechanism. The impressive rate of co-financing in the projects under review (6.8/1 ratio between the co-financing of GEF projects and the GEF funding) has proved very effective in both the larger assets made available to the project activities and the number and quality of the stakeholders participation (and the consequent higher level of country ownership) to the activities funded by the MC financial mechanism.

4. National Focal Points of the Convention are often subject to a high turnover and, when appointed, should be assisted with fast-learning tools to better approach the Convention and its financial mechanism. This lesson has come from multiple sources during this review and also extends to the needs of training activities on how to submit an application to the MC financial mechanism or directed to the persons in charge of designing a project compatible with the standards requested by the two entities entrusted to its operationalization.

18. It is suggested that the COP could improve the efficiency and the effectiveness of the MC financial mechanism in meeting the objective of the Convention by considering the following recommendations.

Recommendations

1. Providing a more defined guidance, to the entities entrusted to operationalize the MC financial mechanism (recommendations 4-11 below include suggestions to this purpose).

2. Developing a larger standard set of mercury-related indicators, consistent with the Convention objectives, which might be used in the reporting of all new projects funded under the MC financial mechanism and possibly extended to all Parties through the format of the national report required by Article 21.

3. Planning future reviews of the financial mechanism with a view to achieve better synchronization with the GEF replenishment cycles and with a focus to analyze all final reports of a closing cycle and all the approved project documents of the following one.

4. Request the GEF to prioritize the funding of coordinated regional and global activities targeting specific objectives of the Minamata Convention, such as the reduction of mercury in waste, storage, products, trade, emissions, releases, etc., and in line with the priorities and the deadline set by COP decisions.

5. Request the GEF to provide, through its implementing agencies and in collaboration with stakeholder groups, global components for the coordination of the regional and global activities of the funded projects, acting as knowledge hubs developing and disseminating knowledge products, including tools, guidance, methodologies, and training materials; and favouring experts interchange and consultation at the regional level.

6. Request the GEF, GEF agencies, and Parties in their applications to the GEF to introduce, to a feasible extent, mercury-related project components in multifocal area projects, with objectives related to those of the Convention and the intent to produce synergisms and economies of scale.

7. Request the GEF to introduce, in its result framework, new mercury-related sub-indicators. In particular, new sub-indicators about quantity of mercury reduced by GEF funded activities for mercury-added products, mercury wastes, emissions, releases, etc. (under sub-indicator 9.2) and mercury-containing materials and products directly avoided (under sub-indicator 9.6).
8. Request the SIP Governing Board to prioritize the funding for the capacity building of governmental agencies in developing or enhancing mercury-related national legislation and guidelines in order to align the recipient Parties priorities to those of the other Parties of the Convention in facing the main challenges of its implementation.

9. Request the GEF and MC Secretariat, in their reports to the COP, to provide more detailed information on all project applications received and relevant information on the rejection of project proposals.

10. Request the GEF and MC Secretariat, to make further efforts in providing guidelines to their funding application in different languages and to integrate these guidelines with ad hoc, online, multi-language tools (e.g. Q&As, chat-box, webinars) aimed to assist developing country Parties and Parties with economies in transition in their applications to the MC financial mechanism, also taking into account the high turnover of National Focal Points.

11. Request the MC Secretariat, to develop, and launch in partnership with stakeholder groups, a SIP resource mobilization strategy based on the widest sharing of information extracted from project reports, applications received, projects funded, problems addressed and project results of SIP funded activities, with a view to attracting a broader range of donors, including donors from the private sector, donor aid agencies and civil society organizations.