



# United Nations Environment Programme

برنامج الأمم المتحدة للبيئة · 联合国环境规划署  
PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT · PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE  
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Secretariat of the Stockholm Convention  
on Persistent Organic Pollutants  
International Environment House  
11-13, chemin des Anémones  
CH - 1219 Châtelaine  
Geneva, Switzerland

Telephone: +41 22 917 86 35  
Facsimile: +41 22 797 34 60  
E-mail: [ssc@chemicals.unep.ch](mailto:ssc@chemicals.unep.ch)  
Webpage: [www.pops.int](http://www.pops.int)

31 October 2003

To: Stockholm Convention Focal Points  
POPs INC- 7 Heads of Delegation  
UNEP Official Points of Contact

**Subject:** Open-ended Working Group on the Financial Mechanism

Dear Colleagues,

At its seventh session held in Geneva, 14 – 18 July 2003, the Intergovernmental Negotiating Committee for an Internationally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants (INC) adopted decision INC-7/9 on the financial mechanism that, inter alia, initiates a process to prepare the draft guidance to the financial mechanism required under paragraph 7 of Article 13 of the Stockholm Convention for consideration and decision of the first meeting of the Conference of the Parties. For your convenience please find enclosed a copy of decision INC-7/9.

Paragraph 1 of the annex to the decision established an Open-Ended Working Group to prepare the above referenced draft guidance. The Working Group is open to Governments and POPs-related intergovernmental organizations, industry and non-governmental organizations. Interested Governments, through their UNEP Official Contact Point, and organizations are invited to nominate a contact person for the Working Group.

The Working Group, as mandated by the above decision, is to begin its work on the basis the enclosed draft prepared by the Secretariat in close cooperation with the Secretariat of the Global Environment Facility. In accordance with the paragraph 3 of the annex to decision INC-7/9, **members of the Working Group are invited to provide comments on the attached draft guidance to the financial mechanism, by electronic or other means, by 28 February 2004.**

Comments should be sent to:

**Open-ended Working Group on the financial mechanism**

Att. James B. Willis, Executive Secretary  
Stockholm Convention  
UNEP Chemicals  
11-13 chemin des Anémones  
CH-1219, Châtelaine, Geneva, Switzerland  
Fax: (+41 22) 797 34 60  
**E-mail:** [ssc-fm@chemicals.unep.ch](mailto:ssc-fm@chemicals.unep.ch)

**Submissions by e-mail are preferred.**

Please let María Cristina Cárdenas Fischer on my staff know if you have any questions. She can be contacted at tel: +41 22 917 8635, fax: +41 22 797 3460 or email: [mcardenas@chemicals.unep.ch](mailto:mcardenas@chemicals.unep.ch).

Yours sincerely,

[signed]

James B. Willis  
Executive Secretary

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

DECISION INC-7/9

Financial mechanism

The Intergovernmental Negotiating Committee:

1. Requests the Global Environment Facility to note the view of the Intergovernmental Negotiating Committee that eligibility for financial support for activities under the Stockholm Convention on Persistent Organic Pollutants should follow the following principles:
  - (a) Support should be available to developing countries and countries with economies in transition that are Parties;
  - (b) However, for enabling activities developing countries and countries with economies in transition that are signatories or in the process of becoming Parties should also be eligible;
  - (c) In considering paragraphs (a) and (b) above, developing countries and countries with economies in transition are those countries which are eligible according to current Global Environment Facility criteria;
2. Welcomes the strategic priorities for persistent organic pollutants identified in the Global Environment Facility strategic business plan for 2004-2006 as set out in paragraph 5(b) of UNEP/POPS/INC.7/17;
3. Requests the Global Environment Facility to maintain the focus of actions on the obligations of the Convention and the priorities identified in national implementation plans;
4. Initiates the process defined in the annex to the present decision to prepare, for consideration and decision at the first meeting of the Conference of the Parties, the draft guidance to the financial mechanism required under paragraph 7 of Article 13 of the Stockholm Convention;
5. Notes the elements of the terms of reference for the review of the financial mechanism under paragraph 8 of Article 13 of the Convention provided in paragraph 3 of document UNEP/POPS/INC.7/24, as amended by the Committee;
6. Requests Governments and observers to provide additional comments on these elements to the Secretariat by 31 December 2003;
7. Requests the Secretariat, in consultation with the Secretariat of the Global Environment Facility, taking into account the comments received in response to paragraph 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 meeting.

## Annex

### Process for developing guidance to the financial mechanism

1. The Committee decides to establish an open-ended Working Group on the financial mechanism to prepare the draft guidance required under paragraph 7 of Article 13 of the Convention for consideration by the Conference of the Parties at its first meeting. The Working Group will be open to POPs related intergovernmental organizations, industry and non-governmental organizations in accordance with the rules of the Economic and Social Council. The output of the Working Group shall take the form of a draft decision on items listed in paragraph 7 of Article 13.
2. The Working Group shall start its work on the basis of a paper to be prepared by the Secretariat by 31 October 2003 in close cooperation with the Secretariat of the Global Environment Facility and drawing on the experience of international organizations active in the field of chemicals management, as well as the Secretariats of the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the Montreal Protocol on Substances that Deplete the Ozone Layer.
3. Members of the Working Group shall provide comments on the initial paper through electronic and other means by 28 February 2004 to enable the Secretariat to prepare a revised paper by 31 May 2004. Such comments shall be posted on the Stockholm Convention web site. This will then be circulated for further comments by 30 September 2004.
4. Depending on the degree of consensus on the revised paper, further rounds of consultation may be required. A document on the results of the Working Group until that time shall be distributed in all languages of the United Nations at least six weeks before the first meeting of the Conference of the Parties.
5. After the electronic consultation phase, subject to available funding, there may be a face-to-face meeting of the Working Group, the time and venue of which will be decided by the Working Group.
6. The Committee invites countries and organizations that are in a position to do so to provide funding for the activities of the Working Group, including assistance to enable representatives of developing countries and countries with economies in transition to participate in the work of the Group.

**Draft Guidance to the Financial Mechanism  
(draft of 31 October 2003)**

This guidance is intended to assist the entity or entities entrusted with the operation of the financial mechanism pursuant to paragraph 6 of Article 13 of the Stockholm Convention on Persistent Organic Pollutants.

1. Eligibility:

(a) Country eligibility: *To be eligible to receive funding from the financial mechanism a country must be:*

- (i) a developing country or country with an economy in transition (see list in the annex to the present guidance); and
- (ii) a Party to the Convention.

(b) *Eligible activities:* Activities that are eligible for funding from the financial mechanism are those that seek to meet the objectives of the Convention by assisting eligible Parties to fulfil their obligations under the Convention, in accordance with guidance provided by the Conference of the Parties.

2. Policy and Strategy:

Adequate and sustainable financial resources on grant or concessional basis should be allocated to meet the agreed full incremental costs of implementing measures that:

- fulfil the eligibility criteria and are country-driven and endorsed by the Parties concerned;
- assist eligible Parties to fulfil their obligations under the Stockholm Convention and are in conformity with, and supportive of, their priorities identified in their national implementation plans;
- conform with the programme priorities adopted by the Conference of the Parties;
- build capacity and promote the utilization of local and regional expertise;
- conform with the relevant guidance and guidelines developed and/or adopted by the Conference of the Parties, as appropriate.

3. Programme Priorities

Priority should be given to the funding of activities that enable Parties to fulfil their obligations under the Convention, in particular:

- development, review and update, as appropriate, of national implementation plans, pursuant to Article 7 of the Convention;
- development and implementation of activities identified in the national implementation plan as national or regional priorities;
- assist countries to reduce the need for specific exemptions;
- activities that support or promote capacity-building, including human resource development and institutional development and/or strengthening;
- activities that promote and provide access to technical assistance through appropriate arrangements;
- activities that promote transfer of technology to eligible Parties; and
- technology demonstration projects responsive to priorities identified in the national implementation plan and take into account relevant guidance of the Conference of the Parties.

#### 4. Determination of funding

In accordance with paragraph 7 (d) of Article 13, the Conference of the Parties will provide financial mechanism, on a regular basis, assessments of the funding needed to ensure effective implementation of the Convention.

#### 5. Updating the Guidance

The Conference of the Parties shall review the effectiveness of this guidance on a regular basis and update it as necessary.<sup>1</sup>

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<sup>1</sup> In determining the length of time between updates of the guidance, the Conference of the Parties may wish to take into account the schedule for the review of the effectiveness of the financial mechanism.

Annex

COUNTRIES ELIGIBLE TO RECEIVE FUNDING FROM  
THE FINANCIAL MECHANISM OF THE STOCKHOLM CONVENTION  
UPON BECOMING PARTIES TO THE CONVENTION

[insert list of countries]