



Distr.: General  
21 December 2004

Original: English



**United Nations  
Environment  
Programme**

**Conference of the Parties of the Stockholm  
Convention on Persistent Organic Pollutants  
First meeting**  
Punta del Este, Uruguay, 2–6 May 2005  
Item 6 (h) (i) of the provisional agenda\*

**Matters for consideration or action by the Conference  
of the Parties: financial resources, mechanisms and related  
financial arrangements**

**Draft guidance to the financial mechanism\*\***

**Note by the Secretariat**

1. Paragraph 6 of Article 13 of the Stockholm Convention on Persistent Organic Pollutants establishes a financial mechanism for the provision of adequate and sustainable financial resources to developing country Parties and Parties with economies in transition on a grant or concessional basis to assist in their implementation of the Convention. The mechanism is to function under the authority, as appropriate, and guidance of, and be accountable, to the Conference of the Parties for the purposes of the Convention. Paragraph 7 of Article 13 states:

“[T]he Conference of the Parties shall at its first meeting adopt appropriate guidance to be provided to the mechanism and shall agree with the entity or entities participating in the financial mechanism upon arrangements to give effect thereto. The guidance shall address, inter alia:

- (a) The determination of the policy, strategy and programme priorities, as well as clear and detailed criteria and guidelines regarding eligibility for access to and utilization of financial resources including monitoring and evaluation on a regular basis of such utilization;
- (b) The provision by the entity or entities of regular reports to the Conference of the Parties on adequacy and sustainability of funding for activities relevant to the implementation of this Convention;
- (c) The promotion of multiple-source funding approaches, mechanisms and arrangements;

\* UNEP/POPS/COP.1/1.

\*\* Stockholm Convention, article 13; Report of the Intergovernmental Negotiating Committee for an Internationally Legally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants on the work of its seventh session (UNEP/POPS/INC.7/28), annex I, decision INC-7/9.

(d) The modalities for the determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention, keeping in mind that the phasing out of persistent organic pollutants might require sustained funding, and the conditions under which that amount shall be periodically reviewed; and

(e) The modalities for the provision to interested Parties of assistance with needs assessment, information on available sources of funds and on funding patterns in order to facilitate coordination among them.”

2. At its seventh session, the Intergovernmental Negotiating Committee for an Internationally Legally Binding Instrument for Implementing International Action on Certain Persistent Organic Pollutants, in decision INC-7/9, initiated 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 possible adoption by the Conference of the Parties at its first meeting. As part of that process, the Intergovernmental Negotiating Committee established an open-ended working group on the financial mechanism to prepare the draft guidance.

3. Pursuant to paragraph 2 of the annex to decision INC-7/9, the Secretariat, in cooperation with the Secretariat of the Global Environment Facility (GEF), prepared and distributed on 31 October 2003 an initial paper inviting members of the working group to provide comments on the draft by 28 February 2004. In response to this invitation, 15 Governments and one non-governmental organization submitted comments to the Secretariat.

4. Pursuant to paragraph 3 of the annex to decision INC-7/9, the Secretariat, in cooperation with the GEF secretariat, prepared revised draft guidance to the financial mechanism that took into account the comments referred to in paragraph 3 above. The revised draft was distributed to members of the working group on 27 May 2004. The members were asked to provide comments on the revised draft by 30 September 2004. In response to this invitation, three Governments submitted comments to the Secretariat.

5. Transcriptions of the actual submissions received by the Secretariat and mentioned in paragraphs 3 and 4 above, are available in background document UNEP/POPS/COP.1/INF/18.

6. The Secretariat has prepared a draft decision on adoption of guidance to the financial mechanism, which is set out in the annex to the present note. The current version of the draft guidance to the financial mechanism is contained in the appendix to the draft decision.

### **Possible action by the Conference of the Parties**

7. The Conference of the Parties may wish to:

(a) Consider the information provided above and the draft decision on guidance to the financial mechanism contained in the annex to the present note; and

(b) Adopt, with any amendments, the decision on guidance to the financial mechanism contained in the annex to the present note.

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## Annex

### **Draft decision for consideration by the Conference of the Parties on guidance to the financial mechanism**

*The Conference of the Parties,*

*Recalling* paragraph 6 of Article 13 of the Stockholm Convention, that establishes a mechanism for the provision of adequate and sustainable financial resources to developing country Parties and Parties with economies in transition on a grant or concessional basis to assist in their implementation of the Convention,

*Recalling* further paragraph 7 of Article 13, that requires the Conference of the Parties at its first meeting to adopt appropriate guidance to be provided to the financial mechanism,

*Noting* Article 14 of the Stockholm Convention on interim financial arrangements,

*Considering* the work of the Open-ended Working Group on the financial mechanism,

*Decides to:*

1. Adopt the guidance to the financial mechanism contained in the appendix to the present decision;
2. Request the Secretariat to transmit the guidance to the financial mechanism contained in the appendix to the present decision to the entity or entities entrusted with the operation of the financial mechanism pursuant to paragraph 6 of Article 13 of the Convention,
3. Request the Secretariat to transmit the guidance to the financial mechanism contained in the appendix to the present decision to the Global Environment Facility as the principal entity entrusted with the operations of the financial mechanism pursuant to Article 14 of the Convention.

## Appendix

### Draft guidance to the financial mechanism

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.

In allocating funds, the entity or entities entrusted with the operation of the financial mechanism should give special consideration to the specific needs and the special situation of the Least Developing Countries.

(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 a grant or concessional basis should be allocated to meet the agreed full incremental costs of implementing measures that:

- (a) Meet the eligibility criteria listed in paragraph 1 above, are country-driven and are endorsed by the Parties concerned;
- (b) Assist eligible Parties in meeting their obligations under the Stockholm Convention and are in conformity with, and supportive of, the priorities identified in their respective national implementation plans;
- (c) Are in conformity with the programme priorities as reflected in the relevant guidance and guidelines developed and/or adopted by the Conference of the Parties, as appropriate;
- (d) Build capacity and promote the utilization of local and regional expertise;
- (e) Promote sustainable national socio-economic development, poverty reduction and activities consistent with existing national sound environmental management programmes geared towards the protection of human health and the environment.

#### 3. Programme priorities

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

- (a) Development, review and update, as appropriate, of national implementation plans, pursuant to Article 7 of the Convention;
- (b) Development and implementation of activities identified in the national implementation plan as national or regional priorities;
- (c) Reducing the need for specific exemptions by eligible Parties;
- (d) Activities that support or promote capacity-building, including human resource development and institutional development and/or strengthening; e.g.:
  - (i) Institutional strengthening and capacity-building

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- (ii) Capacity improvement for designing, developing and enforcing action plans, strategy, and policies;
  - (e) Activities that promote and provide access to technical assistance through appropriate arrangements;
  - (f) Activities that promote transfer of technology adapted to local conditions, to eligible Parties, including best available techniques and best environmental practices;
  - (g) Activities that promote education, training and awareness-raising of stakeholders and the general public;
  - (h) Technology demonstration projects that are responsive to priorities identified in the national implementation plans of eligible Parties and take fully into account the relevant guidance of the Conference of the Parties;
  - (i) Activities that enhance information exchange and management;
  - (j) Development and promotion of non-chemical alternatives to persistent organic pollutants.

4. **Determination of funding**

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

5. **Updating the guidance**

The Conference of the Parties shall review, in consultation, as appropriate, with the entity or entities entrusted with the operation of the financial mechanism, the effectiveness of the present guidance on a regular basis and update and prioritize 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 of the Convention**

[Insert list of countries]