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**Conference of the Parties of the Stockholm
Convention on Persistent Organic Pollutants
Second meeting**

Geneva, 1–5 May 2006

Item 5 (h) of the provisional agenda*

**Matters for consideration or action by the Conference of the Parties:
financial resources**

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.
2. In pertinent part, paragraph 7 of Article 13 states that “the 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.”
3. At its first meeting, the Conference of the Parties in its decision SC-1/9 adopted the guidance to the financial mechanism contemplated by paragraph 7 of Article 13. That guidance is set out in the annex to the decision.
4. By decision SC-1/9, the Conference also requested the Secretariat to transmit the guidance to the Global Environment Facility, which is, in accordance with Article 14 of the Convention, on an interim basis, the principal entity entrusted with the operations of the financial mechanism.
5. In response to that request, the Secretariat transmitted the guidance to the financial mechanism set out in the annex to decision SC-1/9 to the Global Environment Facility.

* UNEP/POPS/COP.2/1.

** Stockholm Convention, Articles 13 and 14; Report of the Conference of the Parties on the work of its first meeting (UNEP/POPS/COP.1/31), annex I, decisions SC-1/9 and SC-1/11.

6. At its twenty-seventh meeting, held from 8 to 10 November 2005 in Washington D.C., the Council of the Global Environment Facility

“took note of the decisions of the first meeting of the Parties to the Stockholm Convention, and invited the secretariat of the Global Environment Facility to work with Implementing and Executing Agencies to finalize the operational programme on [persistent organic pollutants], taking into account the guidance approved at the first meeting of the [Conference of the Parties].”¹

7. At its first meeting, the Conference of the Parties in its decision SC-1/11 adopted the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility that is set out in the annex to that decision, and requested the Secretariat to transmit the memorandum of understanding to the Council of the Global Environment Facility for its consideration and adoption.

8. In response to that request, the Secretariat transmitted the memorandum of understanding to the Council of the Global Environment Facility for its consideration and adoption.

9. The Council of the Global Environment Facility approved the memorandum of understanding at its twenty-seventh meeting. With that approval, and in accordance with paragraph 24 of the memorandum, the memorandum came into effect on 10 November 2005.

Possible action by the Conference of the Parties

10. The Conference may wish:

(a) To welcome the approval by the Council of the Global Environment Facility of the memorandum of understanding between the Conference of the Parties of the Stockholm Convention and the Council of the Global Environment Facility contained in the annex to decision SC-1/11;

(b) To take note that with that above approval, the memorandum entered into effect on 10 November 2005;

(c) To request the Secretariat to report to the Conference at its further meetings on :

(i) Implementation of the guidance to the financial mechanism;

(ii) Implementation of the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility.

¹ See paragraph 11 of the Joint Executive Summary of the Chairs, Global Environment Facility Council meeting, 8-10 November 2005.