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**Conference of the Parties of the Stockholm
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Item 5 (h) of the provisional agenda*

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

**Report of the preliminary assessment of the funding needs of
Parties which are developing countries and countries with
economies in transition to implement the provisions of the
Convention over the period 2006–2010****

Note by the Secretariat

I. Introduction

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 Parties which are developing countries or countries 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, in pertinent part:

“[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: [..]

(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

* UNEP/POPS/COP.3/1.

** Stockholm Convention, Article 13, paragraphs 7 (d) and 7 (e); reports of the Conference of the Parties on the work of its first meeting (UNEP/POPS/COP.1/31), annex I, decision SC-1/17 and on the work of its second meeting (UNEP/POPS/COP.2/30), annex I, decision SC-2/12.

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. The guidance to the financial mechanism adopted by the Conference of the Parties at its first meeting and set out in the annex to decision SC-1/9 states, in relation to the determination of funding:

“In accordance with paragraph 7 (d) of Article 13, the Conference of the Parties will regularly provide the entity or entities entrusted with the operations of the financial mechanism pursuant to paragraph 6 of Article 13 of the Convention, assessments of the funding needed to ensure effective implementation of the Convention.”

3. At its second meeting, the Conference of the Parties, in its decision SC-2/12, adopted the terms of reference for work on modalities on the needs assessment for Parties that are developing countries or countries with economies in transition to implement the provisions of the Convention over the period 2006–2010 as set forth in the annex to the decision. In the decision, the Conference of the Parties invited Parties, other Governments, the principal entity of the financial mechanism, other financial institutions, intergovernmental organizations, non-governmental organizations, including the private sector, and secretariats of other multilateral environmental agreements to provide to the Secretariat by 31 December 2006 the information needed for the work on preliminary assessment of funding needs for developing country Parties and Parties with economies in transition to implement the provisions of the Convention over the period 2006–2010.

4. In response to the above-mentioned invitation, the Secretariat received submissions from Burundi, China and the Global Environment Facility. The submissions have been reproduced in document UNEP/POPS/COP.3/INF/21. As of 28 February 2007, the Secretariat had not received any submissions from other Parties, non-Party Governments, other financial institutions, intergovernmental organizations, non-governmental organizations, including the private sector, or from the secretariats of other multilateral environmental agreements, in response to the invitation referred to in paragraph 3 above.

5. The Conference of the Parties in its decision SC-2/12 requested the Secretariat to make the necessary arrangements to initiate the preliminary assessment of funding needs and to provide a report of the preliminary assessment of funding needs for consideration by the Conference of the Parties at its third meeting.

6. The terms of reference for work on modalities on the needs assessment for Parties that are developing countries or countries with economies in transition to implement the provisions of the Convention over the period 2006–2010 mandate the Secretariat to facilitate and coordinate the work in two stages. The first stage involves the development of a preliminary assessment of funding needs based on currently available information to provide, for consideration by the Conference of the Parties at its third meeting:

(a) Initial funding needs to the principal entity entrusted with the operation of the financial mechanism;

(b) A framework and methodology for the further development of the modalities for regular funding needs assessment.

II. Preliminary assessment of initial funding needs

7. In developing the preliminary assessment of funding needs, the Secretariat reviewed:

(a) Implementation plans that had been transmitted by 30 Parties which are developing countries or countries with economies in transition to the Secretariat pursuant to Article 7 of the Convention, and took into account the analysis of the national implementation plans prepared by the Secretariat pursuant to decision SC-2/7, as set forth in document UNEP/POPS/COP.3/11. The regional distribution of the 30 national implementation plans taken into account is set forth in table 1;

(b) National reports pursuant to Article 15 of the Convention which had been submitted to the Secretariat by ten Parties which are developing countries or countries with economies in transition, to identify funding needs in fulfilment of their obligations under the Convention, as well as the status report on reporting under Article 15 of the Convention prepared by the Secretariat and set forth in document UNEP/POPS/COP.3/21;

(c) The information provided in response to the invitation referred to in paragraph 3 above, by two Parties and the Global Environment Facility, as the principal entity entrusted with the operations of the financial mechanism on an interim basis.

8. Relevant supplementary information pursuant to paragraph 5 of the terms of reference for the preliminary needs assessment was not made available at the time of preparing the present preliminary needs assessment, therefore it was not considered during the exercise.

9. Table 1 below illustrates the geographical distribution of the national implementation plans used as information sources for the preliminary assessment. It is important to note that for three of the four regions reviewed, the information available does not fully reflect the needs of the regions since the larger Parties in these regions have yet to transmit their national implementation plans.

Table 1. Geographical distribution of national implementation plans reviewed.

Africa	Asia and the Pacific	Central and Eastern Europe	Latin America and the Caribbean
Burundi	Fiji	Albania	Bolivia
Chad	Jordan	Armenia	Chile
Côte d'Ivoire	Lebanon	Belarus	Ecuador
Egypt	Niue	Bulgaria	Nicaragua
Mali	Philippines	Czech Republic	Uruguay
Mauritius		Latvia	
Morocco		Republic of Moldova	
Togo		Romania	
Tunisia		Slovakia	
United Republic of Tanzania		The Former Yugoslav Republic of Macedonia	

10. As indicated in the analysis of the implementation plans transmitted to the Conference of the Parties pursuant to Article 7 of the Convention, as set forth in document UNEP/POPS/COP.3/11, although the majority of the implementation plans reviewed contain information on priorities, these priorities are not clearly highlighted and are not often ranked in order of importance, thus making it very difficult to identify common priorities for the next five or ten years, either at the subregional, regional or global levels. Table 2 below illustrates the differences in priorities and approach within and among regions when allocating resources for the following areas: capacity-building and awareness-raising; formulation of legislation and standards; stockpile elimination and site remediation; monitoring and research; and infrastructure investment.

Table 2. Average indicative ranges of resource allocation for the implementation of priority areas highlighted in the national implementation plans, for the period 2006–2010 (short term)

Region ¹	Capacity-building/ awareness-raising ²	Formulation of legislation / standards	Stockpile elimination/ site remediation ³	Monitoring / research	Infrastructure / investment
Africa	1–30%	0.2–1.5%	7–70%	4–10%	4–80%
Asia and the Pacific	4–32%	4%	60–80%	5–10%	10%
Central and Eastern Europe	4–5%	0.5–15%	50–90%	1–35%	4%
Latin America and the Caribbean	15–56%	1–30%	0.3–40%	14–15%	0–27%

11. Table 3 below contains an analysis of the estimated funding needs required by Parties for implementing their national implementation plans over the period 2006–2010. The analysis has been undertaken on the basis of the cost estimates contained in the 30 implementation plans reviewed. Several implementation plans indicate that, due to lack of information, not all required relevant activities to implement the Convention include estimated costs.

Table 3. Indicative average cost estimate required by a Party to implement national implementation plan activities over the period 2006–2010

Average estimate funding needs	Region ⁴				
	Africa	Asia and the Pacific	China ⁵	Central and Eastern Europe	Latin America and the Caribbean
Indicative estimated cost of implementing the implementation plan per region ⁶ (in millions of United States dollars)	277	144		257	125
Average estimated cost per Party in the region (in millions of United States dollars)	27.7	28.8	1.27 billion	25.7	24.9

¹ The regional analysis was circumscribed to those implementation plans that have been transmitted and analysed, thus the outcomes may not necessarily be representative of the whole region.

² Capacity-building and awareness-raising (including training) were often highlighted as a second in priority after elimination of stockpiles and site remediation in many implementation plans, however no significant conclusions could be drawn from the ranking of other priorities such as strengthening of regulatory systems, monitoring and research, infrastructure development and investment activities.

³ Elimination of stockpiles and site remediation was given the highest priority in resource allocation in the majority of the national implementation plans reviewed.

⁴ The regional analysis was circumscribed to those implementation plans that have been transmitted and analyzed, thus the outcomes may not necessarily be representative of the whole region.

⁵ At the time of drafting this note China had not transmitted its national implementation plan, however it provided the information reflected in the table, in response to the invitation mentioned in paragraph 3 above. In order to prevent the distortion of the indicative cost of each Party, the costs for China have been reflected separately.

⁶ The information is based on the budgets available in the reviewed national implementation plans.

III. Framework and methodology for the further development of the modalities for funding needs assessment.

12. In its decision SC-2/12, the Conference of the Parties also requested the Secretariat to prepare revised terms of reference for work on assessment funding needs for Parties which are developing countries or countries with economies in transition to implement the Convention over the period 2006-2010, taking into account the experience and lessons learned from conducting the preliminary assessment of funding needs as well as the views submitted under paragraph 5 of that decision for consideration of the Conference of the Parties at its third meeting.

13. In response to the request mentioned above, the Secretariat prepared revised draft terms of reference for work on assessment of funding needs for Parties that are developing countries or countries with economies in transition to implement the Convention over the period 2006–2010. The revised draft terms of reference are set forth in document UNEP/POPS/COP.3/20.

IV. Possible action by the Conference of the Parties

14. The Conference may wish:

(a) To take note of the report on the preliminary assessment of initial funding needs for Parties which are developing countries or countries with economies in transition set out in chapter II of the present note;

(b) To urge Parties, other Governments, the principal entity of the financial mechanism, other financial institutions, intergovernmental organizations, non-governmental organizations, including the private sector, and secretariats of other multilateral environmental agreements, to provide to the Secretariat by 30 November 2008 the information needed for the work on preliminary assessment of funding needs for Parties which are developing countries or countries with economies in transition to implement the provisions of the Convention over the period 2006–2010.
