



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

Geneva, 26–30 July 2021 and 6–17 June 2022**

Agenda item 5 (g)

**Matters related to the implementation of the Convention:
financial resources and mechanisms**

Options to address potential issues with regard to financing polychlorinated biphenyls

Note by the Secretariat

As is mentioned in the note by the Secretariat on the financial mechanism (UNEP/POPS/COP.10/15/Rev.1), the annex to the present note sets out the summary of the experts' findings with regard to polychlorinated biphenyls, including a non-exhaustive list of options to address potential issues with regard to financing polychlorinated biphenyls. The findings are based on the full report on the assessment of funding needs of Parties that are developing countries or countries with economies in transition to implement the Stockholm Convention for the period 2022–2026 (UNEP/POPS/COP.10/INF/33), prepared by two independent experts, Ms. Suely Machado Carvalho and Mr. William Kwan. The present note, including its annex, has not been formally edited.

* Reissued for technical reasons on 31 May 2022.

** In accordance with decisions BC-15/1, RC-10/2 and SC-10/2 of the conferences of the Parties to the Basel, Rotterdam and Stockholm conventions, the 2021/2022 meetings of the conferences of the Parties are being held in two segments: an online segment held from 26 to 30 July 2021 and a face-to-face segment to be held from 6 to 17 June 2022 in Geneva.

Annex

Options to address potential issues with regard to financing polychlorinated biphenyls

A. Introduction

1. With regard to the elimination of the use of polychlorinated biphenyls (PCB) in equipment (for example transformers, capacitors or other receptacles containing liquid stocks), as set out in Part II of Annex A to the Stockholm Convention, each Party shall:

(a) Make determined efforts to identify, label and remove from use equipment by 2025;

(b) Make determined efforts designed to lead to environmentally sound waste management of liquids containing PCBs and equipment contaminated with PCB as soon as possible but no later than 2028.

2. The online segment of the Stockholm Convention COP-10 adopted decision SC-10/3 of relevance to PCB management and the intersessional work on the financial needs assessment 2022-26.

3. Paragraph 1 of decision SC-10/3 requested the Secretariat to forward, among others, the report of the full assessment of the funding necessary and available for the implementation of the Stockholm Convention for the period 2022–2026¹.

4. Paragraph 2 of decision SC-10/3, among others, strongly encouraged the donors to the Global Environment Facility (GEF) trust fund, at its eighth replenishment, to increase significantly the allocation for the Convention, to assist recipient country Parties, in full conformity with the provisions of the Convention, in fulfilling their commitments related to, among others, the elimination of the use of PCB in equipment by 2025 and the environmentally sound waste management of liquids containing PCB and equipment contaminated with PCB² as soon as possible and no later than 2028, in line with the information contained in the reports referred to in paragraph 1 of decision SC-10/3.

5. Paragraph 3 of decision SC-10/3 requested the GEF, among others, to consider the information contained in the reports referred to in paragraph 1 of decision SC-10/3 in the negotiations of the eighth replenishment of the GEF trust fund.

6. Paragraph 4 of decision SC-10/3 requested the Secretariat, as appropriate, to continue to compile information on matters related to the financial mechanism and to update the relevant documents for consideration by the COP at the face-to-face segment of its tenth meeting, in 2022. This work includes the continuation of the work on achieving the 2025/2028 deadlines under the Convention with regard to PCB, as presented in the above decision.

7. Given the urgency of the matter, the Secretariat has prepared the present document, which contains an excerpt of the assessment of funding needs under the Stockholm Convention for the period 2022-26 focusing on PCB, an analysis of potential issues with regard to financing PCB, and options to address these issues.

B. Outcomes of the Needs Assessment for the period 2022–2026 with regard to PCB

8. The Secretariat, pursuant to decision SC-9/15, has received a mandate to hire a team of experts to undertake the assessment of funding needs under the Stockholm Convention for the period 2022-2026 (coinciding with GEF-8). The methodology approved by the COP requires the experts to base the needs assessment on national implementation plans (NIPs) and Article 15 reporting data as well as quantitative information received from Parties eligible to receive funding from the GEF. The following sections outline the key findings of the experts with regard to PCB and a breakdown of the costs to address PCB.

¹ UNEP/POPS/COP.10/INF/33.

² Having a polychlorinated biphenyl (PCB) content above 0.005 per cent, in accordance with paragraph 1 of Article 6 and part II of Annex A to the Convention.

1. Key findings of the Needs Assessment report with regard to PCB

Findings 1:

The preliminary outcomes of the assessment show an increasing trend of PCB funding needs and quantities of 720 thousand tons of PCBs that are yet to be disposed of. This figure includes PCB-contaminated oil and equipment.

Findings 2:

The assessment also indicated discrepancies in the data reported in NIPs, and difficulties Parties encountered to report disaggregated data. This is aggravated by the fact that, at the time of the preparation of the needs assessment report, many countries had not yet updated their NIPs, as required following the listing of new chemicals under the Convention.³

Findings 3:

The amount of PCB is often recorded from the first NIPs and does not reflect the recent disposals. In cases of some countries, interviews revealed that GEF projects have been recently approved for PCB destruction. In general, the quantities of PCB appear to be underestimated, and the exact figures likely to be somewhat greater than the NIP database suggests.

Findings 4:

PCB - despite being a legacy POP - still remains a challenge in many countries due to vast volumes it has been used at and the cost of destruction. Those who have disposed of PCB nationally often had facilities developed with GEF support. Additionally, a challenge is that some PCB contaminated equipment like transformers are still in use and cannot be easily replaced, located and measured. Another challenge is also building PCB inventories and identification of PCB contaminated equipment and sites, since technology is not always available and laboratory capacities are limited.

Findings 5:

Interviews revealed that some countries lack complete public awareness of the risks of PCB, which results in the continued use of PCB contaminated equipment and improper storage of contaminated waste, potentially exposing large numbers of population and the environment. In turn, a positive example of the benefits of public awareness included a case where informed citizens have created sufficient public pressure to drive change, including help to mobilize national funding and access to GEF funding.

Findings 6:

In order to evaluate how much of the PCB oils and contaminated equipment has been disposed of and what is remaining to be disposed of before 2028, Parties may wish to consider a follow up of the validation work, this time focusing on PCBs.

2. Costs to address PCB

9. A breakdown of costs to address remaining PCB per region is presented in table 1.

Table 1: Breakdown of costs to address remaining PCB per region

| Region | PCBs (tons) | PCB Equipment (tons) | Total (tons) | Disposal costs per tonne (US\$) | Total Funding Needs (US\$) |
|---------------|----------------|----------------------|----------------|---------------------------------|----------------------------|
| CEE | 26,574 | 128 | 26,701 | 3,824 | 102,103,746 |
| LAC | 60,415 | 123 | 60,538 | 3,859 | 233,615,426 |
| Africa | 35,479 | 79 | 35,558 | 5,587 | 198,673,518 |
| Asia-Pacific | 597,544 | 757 | 598,301 | 3,104 | 1,856,903,610 |
| Global | 720,012 | 1,087 | 721,099 | 3,316 | 2,391,296,300 |

³ The Stockholm Convention Secretariat also engaged the University of Massachusetts to interview a sample of countries to validate existing data on quantities of Persistent Organic Pollutants (POPs) provided by countries through national implementation plans (NIPs) of the Stockholm Convention.

10. Reported quantities of PCB (as at June 2020) were based on analysis of NIPs, NIPs update, Article 15 national reports, GEF Terminal Evaluation reports and responses to questionnaires received by the Secretariat of the Basel, Rotterdam and Stockholm Conventions.

11. In the case of reporting on PCBs, units of contaminated equipment, such as capacitors and transformers, were reported separately from PCB oils. In converting the unit of contaminated equipment into equivalent tonnage to calculate funding needs, transformers are assumed to contain 1.36 kg of oil; capacitors contain much smaller amounts. A figure of 1.25 kg of oil/piece of equipment (transformers and capacitors) was assumed to estimate PCB quantity. Densities of PCBs and pesticides were between 1.0 and 1.9 g/cm³. Reported quantities in liters of PCBs oils and pesticides were converted to tonnes using an average density of 1.7 g/cm³.

12. Final project costs as reported in GEF POPs Terminal Evaluation reports supplied by GEF Secretariat (as of June 2020) were analyzed to derive the costs figures used for future funding need calculation. Based on the project costs in the Terminal Evaluation report reviewed and average costs calculated, global average disposal cost of \$3,316 per tonne was used to calculate the total funding needs in the above table. Average disposal costs for each region are shown in table 1 for ease of reference.

C. Potential issues with regard to financing PCB

1. GEF corporate targets for POPs

13. The GEF-6 corporate target for POPs amounted to 80,000 tonnes reduced POPs. For GEF-7 there is no specific POPs target. There is an aggregate corporate target for solid and liquid chemicals amounting to 100,000 tonnes for the reduction of all eligible chemicals in the chemical and waste focal area (POPs represent about 98%). A target of 1,300 g TEQ/y was set for U-POPs.

14. The draft corporate target for GEF-8 amounts to 301,400 metric tons⁴ and 5,935 gTEQ⁵. This increase is due to increased co-benefits of POPs related work with other GEF focal areas. It is unlikely that PCB disposal will be financed through co-benefits. For ease of reference, it is hence assumed that the GEF-7 aggregate corporate target for solid and liquid chemicals amounting to 100,000 tonnes are matched in GEF-8 and GEF-9 for POPs and in particular for PCB disposal.

2. Assumed gaps in targeting PCBs in GEF-8 (2022-26) and GEF-9 (2026-30)

15. Assuming that the GEF in GEF-8 and GEF-9 focuses its attention entirely on PCBs (on the expense of other POPs) a projected amount of 200,000 tonnes PCBs could be disposed of until 2028 (with accelerated programming of PCB projects in GEF-9 ending in 2030). This leaves a gap of about 520 thousand tonnes of PCBs to be disposed of until 2028.

Projected funding gap:

With average disposal costs of USD 3,316/tonne, the funding gap for PCB disposal amounts to about USD 1.7 billion.

D. Options to address potential issues with regard to financing PCB

16. Looking at the preliminary outcomes of the Needs Assessment for the period 2022-2026 with regard to the management and disposal of PCB under the Stockholm Convention, as well as at the historic GEF corporate targets for POPs, it is clear that, in light of the 2025 and 2028 deadlines for the management and disposal of PCBs under the Convention, gaps in targeting PCBs in GEF-8 (2022-26) and GEF-9 (2026-30) must be assumed.

17. As the principal entity entrusted with the operations of the financial mechanism of the Stockholm Convention (art. 14), the GEF can continue to ensure its key role in supporting developing countries and Countries with Economies in Transition (CEITs) to comply with their commitments under the Convention by:

(a) Significantly increasing the notional allocation for the Stockholm Convention component of its Chemicals & Waste Focal Area;

(b) Establishing a temporary PCB fund, in accordance with its criteria for the establishment of Trust Funds, in order to address the 2025 and 2028 deadlines for PCBs.

⁴ GEF core indicator 9.

⁵ GEF core indicator 10.

18. Developed countries and other countries in a position to do so could also contribute significantly to addressing the 2025 and 2028 deadlines for PCBs by:

- (a) Increasing their support for the GEF in general, and providing voluntary contributions to a temporary fund for PCBs under the GEF;
- (b) Contribute to the Stockholm Convention voluntary special trust fund for supportive activities such as technical assistance, capacity building and outreach;
- (c) Developing further the PCB management and disposal activities of their bilateral cooperation programmes.

19. All Parties are called upon to continue mainstreaming the sound management of chemicals and waste, in particular the management and disposal of PCBs under the Convention, into their national development plans, as well as to further develop the involvement of the private sector in general and the chemical industry in particular, in order to address the sound management of chemicals and waste from the integrated approach perspective. In doing so, developing countries and CEITs can develop proposals for projects and programmes that address their national priorities in effective and efficient ways and therefore may attract external funding, including by the GEF.

20. The options for financing PCB in paragraphs 17-19 of the present note are not mutually exclusive and could be implemented conjunctly. A summary table of the identified options is contained in the Appendix to the present note.

1. Further information on the NPIF and the CBIT trust funds

Nagoya Protocol Implementation Fund (NPIF)⁶

21. The NPIF was a multi-donor trust fund that started operations on 26 May 2011. It could receive voluntary contributions of multiple governments and the private sector. The NPIF was created to fund activities under the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (the Nagoya Protocol), adopted at the tenth meeting of the COP to the Convention on Biological Diversity (CBD).

22. The NPIF supported signatory countries and those in the process of signing the Nagoya Protocol, and that intended to ratify the Protocol in order to accelerate the ratification and implementation of the Protocol. The Fund supported, among others, existing opportunities leading to development and implementation of concrete Access and Benefit-sharing (ABS) agreements with involvement of the private sectors.

23. The projects funded under the NPIF encouraged the engagement with private sector entities interested in exploring the economic potential of genetic resources and facilitate the transfer of appropriate technologies. Through the implementation of this type of projects, countries should be generating additional information that can help to understand their capacities and needs on ABS, with focus on the provisions from existing policies, laws, and regulations affecting genetic resources.

24. The 46th GEF Council in May 2014 took note of the good progress made by the GEF Secretariat in managing the NPIF, and decided to extend the operation of the NPIF to 31 December 2020 for operational reasons, to allow continuation of project preparation for, and implementation of, the Project Identification Form (PIF) approved projects. Consistent with the May 2011 GEF Council decision on the NPIF, the Council did not approve new PIFs under the NPIF after 30 June 2014. Noting that the GEF-6 Biodiversity Focal Area Strategy includes resources for implementing the Nagoya Protocol, Council requested that the GEF Secretariat report to the COP of the Convention on Biological Diversity on funding for the ratification and early implementation of the Nagoya Protocol.

25. During the life of the NPIF, the GEF Secretariat approved a total of 13 NPIF project proposals, totalling \$15.1 million and leveraging \$32.4 million in co-financing. These projects have benefited a total of 52 countries in support of the ratification and implementation of the Nagoya Protocol.

Capacity-building Initiative for Transparency (CBIT)⁷

26. The Paris Agreement established an enhanced transparency framework for action and support, with built-in flexibility which takes into account Parties' different capacities and builds upon

⁶ See at: https://www.thegef.org/sites/default/files/documents/NPIF_brochure_-_English.pdf.

⁷ See at: https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.50.05_CBIT_TF_Establishment_0.pdf.

collective experience. For many developing countries, capacity constraints create barriers to reporting, hence the need for additional and expedited capacity-building support related to transparency.

27. As an entity entrusted with the operation of the Financial Mechanism of the Convention, Parties decided at COP 21 that the GEF shall serve the Paris Agreement. In Paris, the COP requested the GEF to make arrangements to support the establishment and operation of CBIT, including through voluntary contributions in the sixth replenishment of the GEF (GEF-6). Given the timing of the COP 21 request, the sixth replenishment decision of the GEF included no specific provisions to support CBIT.

28. The COP request therefore implies that a new trust fund be established through additional voluntary contributions in order to support CBIT through the end of the GEF-6 cycle. The support for CBIT started with the establishment of the CBIT Trust Fund (TF), which was finalized in September 2016

29. Originally, the CBIT TF was set to accept contributions until 30 June 30 2018, at the end of the GEF-6 period. The Council, at its 54th meeting in June 2018, decided to extend the CBIT TF contribution date and project approval date to 31 October 2018, to accommodate additional voluntary financial contributions. From late 2016 to October 2018, the GEF approved 44 CBIT projects using resources from the CBIT TF. Within two years of its establishment, the CBIT TF successfully programmed all available resources—amounting to \$58.3 million.

30. The trust fund's termination date is set on 30 April 2025, eighteen months after the final Trustee commitment and cash transfer date of 31 October 2023. Notional allocations for CBIT activities have been included in the GEF Programming Directions for the Climate Change Focal Area since the beginning of GEF-7.

2. Other activities in support of achieving the 2025 and 2028 deadlines with regard to PCB

31. Given the complexity and global nature of PCB management, additional activities may be necessary to support the options to address potential issues with regard to financing PCB. Additional activities could include the following:

- (a) Strengthening communication and outreach activities to further raise public awareness and to increasing the political priority accorded to PCB management and disposal, including in national strategies and priorities;
- (b) Identification of possible lead and donor countries for the areas of work in the PCB area;
- (c) High-level event on achieving the 2025/2028 deadlines;
- (d) Setting up of global networks, among others, of implementing agencies and donors wishing to contribute to the global work on PCB;
- (e) Setting up of a brokering service to connect implementing agencies, donors and recipients.

3. Key dates

32. The following key dates are of relevance for meeting the 2025 and 2028 deadlines with regard to PCB:

- (a) February 2021: finalization of the working document on the financial mechanism of the Convention (outcome: document UNEP/POPS/COP.10/15);
- (b) July 2021: online segment of the Stockholm Convention COP-10 (outcome: decision SC-10/3);
- (c) December 2021: PCB SIWG publishes revised draft "Guidance for development of PCB inventories and analysis of PCB". Revised PCB reporting format available in electronic reporting system for Article 15 national reporting;
- (d) Early 2021 to mid-2022: GEF-8 replenishment negotiations;
- (e) January/February 2022: update of the working document on the financial mechanism of the Convention, including draft decision (outcome: document UNEP/POPS/COP.10/15/Rev.1);
- (f) April 2022: Effectiveness evaluation committee reviews preliminary reports, including on progress towards the elimination of PCB;

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- (g) 6-17 June 2022: face-to-face segment of the Stockholm Convention COP-10: COP-10 to discuss matters related to the financial mechanism of the Convention and to adopt a decision on this area;
 - (h) August 2022: Deadline for the fifth national reporting for the Stockholm Convention;
 - (i) Second half of 2022: 7th GEF Assembly;
 - (j) 2022-2026: GEF-8 implementation;
 - (k) February 2023: PCB SIWG publishes report on progress towards the elimination of PCB and a draft strategy for Parties to meet the 2025 and 2028 goals of the Stockholm Convention;
 - (l) Mid-2023: Stockholm Convention COP-11:
 - i. COP-11 to discuss matters related to the financial mechanism of the Convention and to adopt a decision on this area;
 - ii. COP-11 to undertake the review of progress towards the elimination of PCB pursuant to para (h) of Part II of Annex A to the Convention, and to consider the draft PCB strategy;
 - (m) 2025: identify, label and remove from use PCB containing equipment;
 - (n) Early 2025 to mid-2026: GEF-9 replenishment negotiations;
 - (o) 2026-2030: GEF-9 implementation;
 - (p) 2028: environmentally sound waste management of liquids containing PCBs and equipment contaminated with PCBs.

Appendix

Summary of options to address potential issues with regard to financing polychlorinated biphenyls

| Option | Pros | Cons | Steps to be taken |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fund option 1. Existing GEF CW focal area | <ul style="list-style-type: none"> - Existing structure and established processes - Implementing agencies | <ul style="list-style-type: none"> - Increase in funding for PCBs would increase overall CW allocations - Open only for one GEF replenishment period starting with GEF-8 (2022-26) - No earmarking in GEF financing for specific work in the focal areas - need to be renegotiated for GEF-9 (2026-30) | <ul style="list-style-type: none"> - Face-to-face segment of the COP to acknowledge funding gap for PCBs at COP-10 in 2022 - COP guidance to the GEF to prioritize PCB management at COP-10 in 2022, including through the development of a global clean-up programme/project |
| Fund option 2. GEF ad hoc fund ¹ | <ul style="list-style-type: none"> - Existing structure and processes - Implementing agencies - Flexibility to receive funding from a broad range of sectors - Ensures funding for other/new POPs from the CW allocation for POPs | <ul style="list-style-type: none"> - Feasibility to be clarified (GEF rules to establish new trust funds: “any new trust fund windows should be established only in response to COP guidance for which there is not adequate provision in the current GEF programming”)² | <ul style="list-style-type: none"> - Face-to-face segment of the COP to acknowledge funding gap for PCBs at COP-10 in 2022 - COP guidance to request the GEF “to make arrangements to support the achievement of the 2025/2028 targets with regard to PCBs, including through voluntary contributions in the eighth and ninth replenishment periods of the GEF” |
| Fund option 3. Stockholm Convention voluntary special trust fund | <ul style="list-style-type: none"> - Existing structure - Focus on supportive activities such as technical assistance, capacity building and outreach | <ul style="list-style-type: none"> - Not suitable for disposal operations due to scale, mandate, and workload | <ul style="list-style-type: none"> - Face-to-face segment of the COP to acknowledge funding gap for PCBs at COP-10 in 2022 - Encourage donors to contribute to the special voluntary trust fund |
| Mainstreaming option. Mainstreaming PCBs in existing structures within existing resources | <ul style="list-style-type: none"> - Existing structure such as IFIs, GCF, GEF agencies, foundations, development cooperation agencies, DG ENV and INTPA, including the EU delegations, etc. - Mainstreaming PCB management into the various work programmes of existing structures, including but not limited to cross-cutting areas such as climate change and biodiversity | <ul style="list-style-type: none"> - Lack of control of the COP over funding level, programming, timing, and outcomes | <ul style="list-style-type: none"> - Face-to-face segment of the COP to acknowledge funding gap for PCBs at COP-10 in 2022 - Request Secretariat to reach out to existing structures with regard to mainstreaming PCBs in their programmes of work |

¹ Examples of GEF trust funds that could serve as a model for a dedicated PCB Fund: (i) Nagoya Protocol Implementation Fund (NPIF); (ii) Trust Fund for the Capacity-building Initiative for Transparency (CBIT).

² See at: https://www.thegef.org/sites/default/files/council-meeting-documents/C.41.12.Rev._01_Criteria_for_the_Establishment_of_Trust_Funds_CRP_01%2C_November_09%2C_2011.pdf.