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

Dakar, 30 April–4 May 2007

Item 5 (h) of the provisional agenda*

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

**Report of the Global Environment Facility to the
Conference of the Parties at its third meeting****

Note by the Secretariat

1. As referred to in document UNEP/POPS/COP.3/16, the annex to the present note contains the report of the Global Environment Facility (GEF) to the Conference of the Parties of the Stockholm Convention on Persistent Organic Pollutants at its third meeting. The report has not been formally edited.
2. The report has been submitted in accordance with paragraph 7 of the memorandum of understanding between the Conference of the Parties and the GEF Council, set forth in the annex to decision SC-1/11, which states that "... the [GEF] Council will prepare and submit regular reports to the Conference of the Parties at each ordinary meeting of the Conference of the Parties." Paragraphs 8 to 12 of the memorandum specify what is to be included in the report.
3. Paragraph 13 of the memorandum of understanding states that "[t]he Conference of the Parties may raise with the Council any matter arising from the report received."

* UNEP/POPS/COP.3/1.

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

Annex**Global Environment Facility**March 28, 2007

**REPORT OF THE GEF TO THE THIRD SESSION OF THE
CONFERENCE OF THE PARTIES
TO THE STOCKHOLM CONVENTION ON
PERSISTENT ORGANIC POLLUTANTS**

I. INTRODUCTION

1. This report has been prepared by the Global Environment Facility (GEF) for the third session of the Conference of the Parties (COP) to the Stockholm Convention on POPs. It covers the period from December 15, 2005, to December 31, 2006. The report describes GEF activities in the area covered by the Convention during this period and provides responses to Convention guidance, particularly GEF-related decisions from the second session of the COP. The report complements previous reports of the GEF to the Conference of the Parties (see Annex A).

2. The Parties' attention is also drawn to the *GEF Annual Report 2005* which the GEF will make available to the third session of the Conference of the Parties. This and other GEF publications and documents are also available on the GEF website (www.theGEF.org).

II. PROJECT ACTIVITIES IN THE POPs FOCAL AREA

3. The GEF, as the principal entity entrusted with the operations of the financial mechanism of the Stockholm Convention, on an interim basis, provides financing to country-driven projects consistent with guidance approved by the Conference of the Parties on policy, strategy, program priorities and eligibility. GEF-financed projects are mainly managed through its Implementing Agencies: UNDP, UNEP and the World Bank, as well as through its Executing Agencies under Expanded Opportunities¹ (collectively referred to as "GEF

¹ FAO, UNIDO, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank

Agencies”). Information on all GEF projects is available at the GEF website under “Project Database”.

4. By the end of the reporting period, December 31, 2006, the GEF had committed an estimated US\$ 218 million to projects in the POPs focal area². This cumulative GEF POPs allocation has leveraged more than US\$ 153 million in co-financing to bring the total value of the GEF POPs portfolio to over US\$ 370 million.

5. In addition, it should be noted that GEF resources provided through other focal areas (biodiversity, climate change, land degradation, ozone, and international waters) can have cross-cutting benefits supportive of the objectives of the Stockholm Convention on POPs through the development of human resources and institutions, or can be directly supportive of activities broadly related to POPs issues, such as integrated pest management³ or addressing land-based sources of pollution⁴.

Projects Approved (December 15, 2005 to December 31, 2006)

6. In the reporting period, 19 projects were approved by the GEF in the area of Persistent Organic Pollutants. Table 1 provides a breakdown of these projects by project type. Tables 2–4 provide more detailed information for each project, while Annex B includes a summary of the objectives and activities of each full-sized and medium-sized project approved during the reporting period. All projects approved since adoption of the Stockholm Convention are listed in Annex C.

Table 1: Projects approved in the POPs focal area, December 15, 2005, to December 31, 2006.

Type of activity	Number of activities	GEF financing* (in US\$ millions)	Co-financing (in US\$ millions)	Total financing (in US\$ millions)
Full and medium-sized projects	4	29.00	29.63	58.64
Enabling activities (NIPs)**	6	4.38	2.54	6.92
Project preparation PDFs	9	1.56	0.97	2.53
Total	19	34.9	33.1	68.1

* Including Agency fee

** Including Brazil NIP

7. As indicated in Table 1, the GEF allocation during the reporting period in the area of POPs was US\$ 34.9 million in financing out of total project costs of over US\$ 68 million. Over US\$ 33 million was leveraged in co-financing for project activities from the recipient countries, GEF agencies, bilateral partners, and the non-governmental and private sectors.

2 US\$ 250 million were allocated to POPs under GEF-3 (2002-2006).

3 For example in the recently approved “Sustainable Land Management in the High Pamir and Pamir-Alai Mountains” project.

4 For example in the recently approved “Partnership Investment Fund for Pollution Reduction in the Large Marine Ecosystems of East Asia”.

8. Table 2 lists the full-sized and medium-sized projects approved during the reporting period. The projects address a number of Stockholm Convention implementation issues, covering PCBs management and disposal, development of strategies for dealing with contaminated sites, or reduction of releases of dioxins from hospital wastes.

9. Table 3 lists the 5 new enabling activity projects (for the development of National Implementation Plans – NIPs) approved during the reporting period. Annex D lists all the countries receiving NIP funding from the GEF.

Project Preparation Activities

10. As a first step in project development, the GEF often provides financing to assist recipient countries to develop a project concept into a project proposal. During the reporting period, 9 project preparation grants were approved. These are listed in Table 4. The pipeline of projects under preparation for submission in calendar year 2007 would amount to around US\$ 80 million of GEF funding.

Progress in the NIP Program

11. As of December 31, 2006, the preparation of National Implementation Plans for the Stockholm Convention is being funded by the GEF in 131 countries. Table 5 provides an overview of approval status and regional distribution, while table 6 provides an overview of implementation progress. As of December 15, 2006, 76 countries have a draft or completed NIP, 17 countries are in the drafting process, and another 10 countries have completed all fact finding activities, inventories, etc, and are in the process of defining their priorities. As reflected on the Stockholm Convention's website, 25 of these countries, party⁵ to the Convention, have already submitted their NIP to the Convention Secretariat.

Pipeline for 2007

12. Projects under preparation that are expected to come for approval by the GEF Council during calendar year 2007 would amount to approximately US\$ 80 million (including agency fees). A comparable level of effort is anticipated for 2008. The pipeline for 2007 includes ten single country full sized-projects; two regional full-sized projects, nine single country medium-sized projects, three regional medium-sized projects, and six global medium-sized projects.

Table 2: Full-sized and medium-sized projects approved by the GEF Council, December 15, 2005 to December 31, 2006

Country	Project Name	Implementing Agency	GEF Financing* US\$ million	Total Financing US\$ million
Global (Argentina, India, Lebanon, Philippines, Senegal, Vietnam, Latvia, Tanzania)	Demonstrating and Promoting Best Techniques and Practices for Reducing Health-care Waste to Avoid Environmental Releases of Dioxins and Mercury	UNDP	11.1	24.6

⁵ Following COP guidance, eligibility for NIP development was extended to countries signatories to the Stockholm Convention, or in the process of becoming a party to the same.

Country	Project Name	Implementing Agency	GEF Financing* US\$ million	Total Financing US\$ million
Regional (Nigeria, Ghana)	Regional Project to Develop Appropriate Strategies for Identifying Sites Contaminated by Chemicals listed in Annexes A, B and/or C of the Stockholm Convention	UNIDO	2.65	4.65
China	Alternatives to DDT Usage for the Production of Anti-fouling Paint	UNDP	11.9	24.2
Latvia	Environmentally Sound Disposal of PCBs Containing Equipment and Waste	UNDP	1	2.84
Brazil (NIP)	Development of a National Implementation Plan in Brazil as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs)	UNEP	1.85	3.53

* Including GEF Agency fee and project preparation funding

Table 3: Enabling activities approved under expedited processing Dec 15 05 to Dec 31 2006

Country	Agency
Dominican Republic	UNDP
El Salvador	UNDP
Sierra Leone	UNIDO
Surinam	UNDP
Trinidad and Tobago	UNDP

Table 4: Project Preparation Grants approved December 15, 2005, to December 31, 2006.

Country	Project Name	Implementing Agency	GEF Financing US\$ million
Chile	Development of a PCB Management Plan in Chile	UNDP	0.040
China	Environmentally Sustainable Management of Medical Waste in China	UNIDO	0.350
Mauritius	Sustainable management of POPs in Mauritius	UNDP	0.048
Mexico	Development of a POPs Pesticide Management Plan	UNDP	0.025
Mexico	Development of a PCB Management Plan in Mexico	UNDP	0.025
Morocco	Safe Management and Disposal of PCBs	UNDP	0.335
Tunisia	Demonstrating and Promoting Best Techniques and Practices for Managing Healthcare Waste and PCBs	World Bank	0.340
Vietnam	Demonstration of PCB Management and Disposal	World Bank	0.350
Vietnam	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of PCDD/PCDFs releases from the industry in Vietnam	UNIDO	0.050

Table 5: Status of the NIPs Portfolio, as of December 31 2006

Status of approval	
<ul style="list-style-type: none"> - 115 proposals have been approved under expedited procedures - India and Russian Federation are receiving PDF-B funding towards enabling full-sized project - China and Brazil full-sized projects are under implementation - 12 countries are part of the pilot project 	
Distribution of NIP projects by region (including 12 country pilot and PDFs)	
Africa:	45 countries
Asia and the Pacific:	34 countries
Europe and Central Asia:	24 countries
Latin America and the Caribbean:	28 countries

Table 6: Progress in NIP development: status as of December 15, 2006.

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5*	Total
No countries	11	17	10	17	76	131

* The GEF guidelines and the guidance document for developing a NIP for the Stockholm Convention recommend that a 5-phase process be followed in developing a NIP. Phase I is the establishment of a coordinating mechanism and process organisation; phase II is the development of POPs inventories and assessment of national infrastructure and capacity; phase III deals with priority assessment and objectives setting; Phase four is to formulate the NIP and associated action plans; and phase five sees NIP endorsement and submission. In this table, countries with a draft NIP are accounted for under phase 5.

Consultation with the Secretariat of the Stockholm Convention

13. Pursuant to the MOU between the COP and the Council of the GEF, the cooperation with the Secretariat of the Stockholm Convention that has been taking place since adoption of the Convention has continued. The Stockholm Convention Secretariat addressed the GEF Council in June 2006 and the fourth GEF Assembly in August 2006. The Secretariat is regularly invited to comment on all project proposals before they are approved by the GEF, and on the development of the POPs focal area. For example, the Stockholm Secretariat is a member of the Technical Advisory Group set up by the GEF CEO to review and revise the GEF POPs focal area strategy, together with the strategies for ozone depletion and for addressing the cross-cutting issue of sound chemicals management⁶.

III. GEF EVALUATION ACTIVITIES

14. During the reporting period, the GEF Evaluation Office completed one report and four studies: Annual Performance Report 2005; GEF Country Portfolio Evaluation – Costa Rica (1992-2005); Evaluation of Incremental Cost Assessment; Evaluation of the Experience with Executing Agencies with Expanded Opportunities; and Evaluation of the GEF Activity Cycle and Modalities. The two former were submitted to the GEF Council in June 2006, and are available together with GEF management response at:

http://www.thegef.org/Documents/Council_Documents/GEF_C28/gef_c28.html

⁶ This work is expected to be completed by June 2007 and will be reported more fully in the next GEF report to the COP.

15. The three latter were submitted to the GEF Council in December 2006 and are available together with GEF management response at:
http://www.thegef.org/documents/council_documents/GEF_30/CouncilMeetingDecember2006.html

16. The Council also approved a new GEF Monitoring and Evaluation Policy in February 2006, available at:
http://www.thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/documents/Policies_and_Guidelines-me_policy-english.pdf

17. The Evaluation Office is presently conducting a series of evaluations on institutional procedures and principles; capacity building; country portfolios; and impacts. Findings and recommendations are not yet available. Approach papers and other documents on GEF Evaluations are available at the GEF website at www.thegef.org under Evaluation Office.

Annual Performance Report 2005

18. The GEF Annual Performance Report (APR) is the yearly report to the GEF Council on results of GEF projects, processes that affect the accomplishment of results, and the Evaluation Office's assessment of the quality of project monitoring and evaluation activities across the portfolio. The APR aims to provide the GEF Council and other GEF partners and stakeholders with feedback for ongoing improvement of the portfolio. The 2005 APR discusses: project outcomes and sustainability, selected factors affecting attainment of results, assessment of project-at-risk systems of GEF agencies, quality of project monitoring, and quality of terminal evaluation reports.

Country Portfolio Evaluations

19. Even though the GEF has been in existence for over a decade, no assessment has ever been conducted of a GEF portfolio using the country level as a basis for analysis. The Evaluation Office conducted the first GEF country portfolio evaluation as a pilot in Costa Rica. The evaluation was able to answer key questions about the relevance and efficiency of the GEF portfolio in the Costa Rica. The evaluation was able to gather evidence that several of the projects have produced important global environmental benefits, particularly in climate change and biodiversity. Furthermore, the evaluation sheds light on how the GEF is implemented in a country and how projects fit within the national environmental strategy and the country's response to the global conventions for which GEF is the financial mechanism.

Joint Evaluation of the GEF Activity Cycle and Modalities

20. Noting the conclusions of the study that the GEF activity cycle is not effective, nor efficient, and that the situation has grown worst over time, the GEF Council "requested the GEF Secretariat, in consultation with all the GEF entities, to present for Council review in June 2007 options for a new project cycle, with the objectives of processing a proposal from identification to start of implementation in less than 22 months [...]". The forthcoming GEF report to COP-4 will report on the outcome of this work.

Evaluation of the Experience of the Executing Agencies

21. This evaluation aimed to assess the experience of the seven Executing Agencies⁷ under expanded opportunities in GEF cooperation, in policy, and project development and implementation. In response to conclusions that the Executing Agencies under expanded opportunities face constraints in their involvement in GEF activities, a number of steps are being taken to facilitate this involvement, and generally “level the playing field”.

Evaluation of Incremental Cost Assessment

22. The Evaluation of Incremental Costs Assessment shows that, whilst the principle of incremental cost funding is being achieved throughout the GEF, the actual process for incremental cost reporting does not add value to the quality of projects. The GEF Council therefore requested the GEF Secretariat to prepare new operational guidelines pertaining to incremental cost assessment and reporting “so as to result in a simplified demonstration of the project baseline, incremental costs and co-funding” (see paragraphs 32 to 36 below for an indication of the approach followed in the POPs focal area). The forthcoming GEF report to COP-4 will report on the outcome of this work.

IV. THE FOURTH REPLENISHMENT

23. The fourth replenishment of the GEF Trust Fund (GEF-4) was successfully concluded in August 2006. The replenishment agreement was endorsed by the Council at its Special Meeting in Cape Town, South Africa. Thirty-two governments agreed to contribute US\$3.13 billion to replenish the GEF Trust Fund over the next four years. This makes GEF-4 the largest replenishment in the history of the GEF. The 32 donors to this replenishment are: Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Portugal, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

24. As part of the replenishment process, agreement was reached on the programming amounts for each focal area, with \$300 million programmed for persistent organic pollutants in the GEF-4 period (2006-2010). This represents a steady increase of GEF funding to POPs compared with the previous GEF replenishment period, demonstrating strong and continued commitment of the GEF to support POPs projects and activities in eligible countries.

25. Policy recommendations approved by the replenishment negotiations and endorsed by the GEF Council include: programming directions in GEF-4 related to synergies among objectives of the global environmental conventions and strengthening linkages between environment and development; a call for review and revision as necessary of the six focal area strategies; approval and implementation of a private-sector strategy; development of clear operational guidelines for the application of the incremental cost principle; the implementation of a GEF-wide RAF by 2010, if feasible; the development of an action plan for strengthening the involvement of Executing Agencies in GEF operations; the recognition that capacity building is essential to results and improving performance at the country level, and that capacity building is especially effective when it is a learning-by-doing component of a GEF project; the development of a set of common quantitative and qualitative indicators and tracking tools for each focal area; the streamlining of the GEF project cycle; clear rules,

⁷ ADB, AfDB, EBRD, IDB, FAO, UNIDO, IFAD

procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects; development of policy proposals on strengthened accountability for Implementing and Executing Agencies, including minimum fiduciary standards consistent with international best practice; the development of a communications and outreach strategy to improve the quality of and access to information on the GEF and its results and to provide for full transparency and disclosure of information; adequate provision for lesson learning and dissemination; reporting on all corporate administrative expenses; quality of monitoring and evaluation systems; compliance with minimum monitoring and evaluation requirements; and development of a performance and outcome matrix.

26. The replenishment document can be downloaded from: http://www.thegef.org/Documents/Council_Documents/GEF_29/documents/C.29.3SummaryofNegotiations.pdf

V. RESPONSES TO GUIDANCE FROM THE CONVENTION

Co-financing of GEF POPs projects

27. The COP requested the GEF to include in its regular reports “a more in-depth analysis of its financing [...], and to use its network in identifying other sources of financing for POPs activities and to continue to develop operational requirements which facilitate and guide the approach and actions of its [...] agencies to proactively assist in mobilizing other sources of financing for POPs projects [...]”. The following is a first attempt to analyse the financing of GEF projects in the POPs portfolio, within the limitations of a small sample size, and imperfect availability of data. The implementation of a new Project Management and Information System, as well as better reporting resulting from implementation of the co-financing policy, and a bigger cohort of projects, are expected to facilitate this exercise and its validity in the future. Generally, as noted in the information submitted by the GEF to the Stockholm Secretariat in follow-up to decision SC-2/12, the work that the GEF is engaged in to implement the policy recommendations of the fourth replenishment, particularly with regards the attention paid to sustainability in GEF project and emphasis on working with the private sector, will contribute to responding to this request.

28. The GEF co-financing policy approved by the Council in May 2003 (GEF/C.20/6/Rev.1) emphasized the importance of co-financing for GEF projects, stating that:

“It expands the resource available to finance environmental objectives;

It is an important indicator of the strength of the commitment of the counterparts, beneficiaries, and implementing and executing agencies to those projects; and

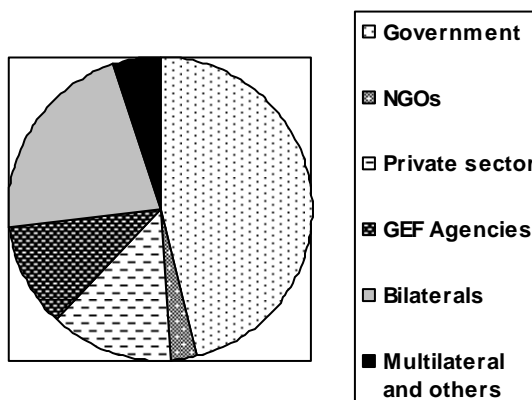
It helps ensure the success and local acceptance of those projects by linking them to sustainable development, and thereby maximizes and sustains their impacts.”

29. The present analysis covers 22 projects including completed, Council approved and CEO endorsed projects⁸. Co-financing can have many sources. The current analysis focused on the structure of co-financing with regard to the level of contributions from the six

⁸ With 22 projects in total and few projects completed or even endorsed, the analysis should be considered only indicative.

following categories: Government; GEF Agencies; Bilateral organizations; Multilateral organizations and others; Private sector; and NGOs. Types of co-finance include grants, loans, and committed in-kind supports. Here, bilateral sources include funds mobilized for the project by GEF agencies; GEF agencies' participation is mostly in kind contribution; "NGOs" include resources from Academic Institutions; "Government" includes sub-sovereign entities and beneficiaries; and "others" includes contributions from foundations and experts (in-kind).

30. The distribution of co-financing through the six selected categories is as follows: Government: 46%; GEF agencies: 11%; Bilaterals: 22%; Multilaterals and others: 5%; Private sector: 13%; NGOS: 3 % (see chart below). Co-financing in the cohort of 22 projects analysed amounts to approximately 50% of the total funding on average, the remaining 50% of the financing package being provided by the GEF grant.



31. The percentage contributions for all these categories vary widely across projects, and it is difficult at this point to establish significant correlations or trends. It is noteworthy, however, that although the average ratio of contributions from the private sector is overall relatively low at 13% of the total, it is quite significant at the level of specific projects. For example, the contribution by the private sector in three relevant projects is respectively 60%, 69% and 82%, and represents contributions from participating enterprises. This is an encouraging finding that shows that there is significant potential to harness the private sector to support the implementation of the Stockholm Convention in developing countries and countries with economies in transition.

GEF's approach to incremental costs in the POPs focal area.

32. The COP requested the GEF to "clarify its approach to the application of the concept of incremental costs in its activities in the POPs focal area". One of the policy recommendations approved in the context of the GEF replenishment is that the GEF Secretariat and GEF agencies should prepare clearer operational guidelines for the application of the incremental cost principle in GEF operations for each focal area. As a follow up, and in response to the Evaluation of Incremental Cost Assessment prepared by the GEF Office of Evaluation, the GEF Council at its meeting in December 2006 requested the GEF Secretariat to prepare new operational guidelines that respond, amongst other things, to the need to simplify the demonstration of project baseline, incremental costs, and co-funding.

33. This is work in progress and the GEF will report more fully on the outcomes of this work and its implications for the POPs focal area in its report to COP-4. In the meanwhile, and without prejudice to further GEF Council decisions, it is possible to make general statements about the GEF's approach to incremental costs in the POPs focal area.

34. The GEF, in the original policy covering incremental costs⁹, defines incremental costs as the costs of the additional national action beyond what is strictly necessary for a country to achieve its own national development goal, but that is nevertheless necessary to generate *global environmental benefits*. This requires an estimate of the sustainable development *baseline*, and of the costs of the GEF supported *alternative*. The difference in costs between the baseline and the alternative course of action (the “project”, or program) constitutes the incremental costs.

35. In practical terms, the determination of GEF funding of incremental costs involves negotiation and flexibility. The policy paper cited above refers to the “approach to estimating agreed full incremental costs”. The words “approach” and “estimate” clearly points to the fact that the determination of incremental costs is not a formulaic¹⁰ exercise. The word “agreed” conveys that the determination of incremental costs is not imposed, but is a negotiation between project proponents and the GEF and other project cofinanciers (The GEF policy refers to “technical negotiations between the GEF and the recipients”).

36. One conceptual issue when applying the incremental cost principle to POPs is that the estimate of incremental cost is most useful and straightforward where it “involves a comparison between two projects or programs that provide the same service¹¹”. In the case of interventions that address the disposal of POPs and POPs-containing wastes, there is often no such baseline on which to base a comparison. Secondly, although there are domestic benefits in terms, for example, of reduced morbidity and health care costs that can accrue from the GEF intervention, these are not always understood or taken into consideration. Moreover, even if it can be agreed in principle that a particular POPs reduction intervention will generate both local and global benefits, it is not technically feasible to develop a “formula” that would help in apportioning these benefits and related costs.

The Resource Allocation Framework

37. The COP requested the GEF to report on the development of the Resource Allocation Framework. With the successful conclusion of the fourth replenishment of the GEF Trust Fund, the RAF is being implemented, initially for the focal areas of biodiversity and climate change.

38. The policy recommendations approved by the replenishment negotiations and endorsed by the GEF Council instruct the GEF Secretariat to “work to develop a GEF-wide RAF based on global environmental priorities and country-level performance relevant to those priorities”. The policy recommendations further provide that “there will be an independent mid-term review of the RAF to be considered by the Council in November/December 2008, at which time the Council will review the Secretariat’s progress in developing indicators for the other focal areas. Taking into account (i) the findings of the mid-term review, (ii) the progress in developing indicators for other focal areas, and (iii)

9 “Incremental Costs”, GEF/C.7/Inf.5, 1996 - <http://www.thegef.org/council/council7/c7inf5.htm>

10 It should be noted that in general the GEF has not defined negative lists of items that could never be covered by GEF funding. There are a few exceptions: i) For enabling activities (NIP development), vehicle purchase is normally excluded, and the procurement of laboratory equipment is capped at 5% of the GEF grant; and ii) The GEF Council has expressed the view that, whilst the closure of plants of POPs producing chemicals was a desirable outcome that could be part of a GEF project, the GEF could not finance the loss of revenues or compensate workers from such closures.

11 Ahuja D., *The incremental cost of climate change mitigation projects*, GEF Working Paper #9, 1993

subsequent decisions by the Council on the GEF-wide RAF framework, the Secretariat will implement a GEF-wide RAF by 2010, if feasible.”

39. National focal points in GEF-recipient countries are expected to play an important role in facilitating a consultative process in their respective countries that leads to the best use of resources. The GEF Council has expanded support for GEF national focal point development and national capacity building so that countries can better address global environmental challenges and strengthen their capacities to work through the RAF approach. To this end, two new initiatives – Country Support Program (CSP) for Focal Points and the GEF National Dialogue Initiative – have provided opportunities for stakeholders to seek clarification and provide feedback about the RAF.¹²

40. During the reporting period, a first meeting to increase familiarity with the RAF was held with the POPs inter-agency task force, to which the Stockholm Convention Secretariat participated. No further directly related activities took place during the reporting period. The GEF Secretariat will continue to consult with the Stockholm Secretariat on this matter.

Effectiveness evaluation

41. The COP requested the GEF to “work with the Convention Secretariat to determine an appropriate approach for capacity-building for developing country Parties and Parties with economies in transition in the process of effectiveness evaluation [...]”. The GEF has consulted regularly with the Stockholm Secretariat on this issue. As the COP will be considering for adoption at its third session the draft implementation plan for the global monitoring plan for the first effectiveness evaluation, the GEF will continue to keep a watchful brief with a view to defining support that may be provided for country driven and sustainable implementation activities in eligible countries, consistent with the GEF’s mandate.

42. Through support to the project “Assessment of existing capacity and capacity building needs to analyse POPs in developing countries”, with co-financing from Canada, Germany and Japan, the GEF has already taken steps that contribute to this effort. The project, which is nearing completion, has led to the development of a database of existing laboratory capacity and a number of training tools and guidance material, and has worked on various aspects of POPs analysis with selected laboratories in Africa, Latin America, and South East Asia.

Building scientific and technical capacity in recipient countries

43. The COP requested the GEF to inform it of the ways in which “the GEF might support the procurement of scientific equipment and the development of scientific and technical capacity necessary for project execution [...]”. In response, the following gives examples of the type of scientific and technical capacity development that is taking place through the GEF POPs projects approved to date. This does not purport to be an exhaustive analysis of the topic nor a description of all possible ways in which the GEF might support such activities.

44. Past experience with GEF and other projects shows that the procurement of scientific equipment and the development of scientific and technical capacity is best conducted in the

¹² Information on these programs can be found at:
<http://www.undp.org/gef/dialogue/index.htm>.

framework of larger programs where procurement or capacity is not the end in itself, but rather a means to reaching a broader goal (here, specifically, POPs reduction and elimination). In particular, experience shows that the likelihood of such efforts being sustainable is greatly enhanced when they take place in a broader context.

45. In general, most GEF full sized projects that aim to implement alternatives to replace POPs or that aim to remove and dispose of POPs containing waste include elements of scientific and technical capacity development. For example, one project is concerned with promoting various measures, including bait systems and alternative construction technologies and practices to replace the use of POPs pesticides used for termite control. This includes a modest research and development component to enhance the demonstration of the applicability of the selected alternatives to local conditions. Another project on PCB management includes training of government and electric utilities personnel on various aspects of PCB monitoring, including sampling, data evaluation, and quality assurance/quality control. The same project includes the use of ground penetrating radar technology to locate PCB burial sites, and will also introduce thermal desorption technology for the treatment of relatively low level contaminated soils. In another project dealing with PCB management, the GEF will co-finance the upgrade and strengthening of existing laboratories for POPs analysis. This also constitutes a small portion of the funding allocated to a project dealing with the demonstration of alternatives to DDT for vector control. Such projects typically also include training on integrated malaria vector control techniques and introduce geographical information systems to analyse malaria epidemiology and entomological and other data. Finally, two GEF projects are supporting the introduction of available non-combustion technologies to destroy POPs, and yet another project will support research and development in two developing countries to verify the efficacy of low-cost technologies for site remediation.

OUTLOOK

46. By the end of the reporting period, the GEF has committed US\$ 218 million to projects in the POPs focal area and has leveraged additional financing from project partners leading to an overall portfolio of over US\$ 370 million. Under GEF-3 (July 2002 – June 2006), efforts focused on supporting NIP development in eligible countries. The recently completed negotiations for the fourth replenishment of the GEF led to replenishment of the GEF Trust Fund at the level of US\$ 3.13 billion, of which US\$ 300 million is targeted for POPs. Looking forward, and taking into account that a large number of Parties will have soon completed their NIP, it is expected that activities in GEF-4 will be characterized by a shift from preparation to implementation.

Annex A: Reports Previously Submitted by the GEF to the Conference of the Parties to the Stockholm Convention

Report of the GEF to the second session of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants (UNEP/POPS/COP.2/28, February 3, 2006)

Report of the Global Environment Facility to the first meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants (UNEP/POPS/COP.1/INF/11, February 15, 2005)

Activities of the Global Environment Facility in Support of the Early Implementation of the Stockholm Convention on Persistent Organic Pollutants – Prepared for the seventh session of the Intergovernmental Negotiating Committee (UNEP/POPS/INC.7/INF/11, June 12, 2003)

Report of the Global Environment Facility to the sixth session of the Intergovernmental Negotiating Committee (UNEP/POPS/INC.6/INF/9, June 10, 2002)

Annex B: Synthesis of Projects Approved during the Reporting Period
December, 15, 2005 to December 31, 2006

Full Sized Projects

Global: Demonstrating and Promoting Best Techniques and Practices for Reducing Health-Care Waste to Avoid Environmental Releases of Dioxins and Mercury

IMPLEMENTATION: UNDP

EXECUTING AGENCIES: UNOPS, Governments

COUNTRIES: Argentina, India, Latvia, Lebanon, Philippines, Senegal, Tanzania, and Vietnam

GEF funding US\$ 11.1 million; Co-financing US\$ 13.5 million

Total project financing US\$ 24.6 million

The Project aims to demonstrate and promote replication of best environmental practices and techniques for health-care waste management through model facilities and programs, and to reduce barriers to national implementation of these strategies. These best practices and techniques, if replicated nationally and sustained, could reduce the release of an estimated 187g TEQ of dioxin and 2,910kg of mercury to the environment each year from the participating countries' health-care sectors, while demonstrating approaches that are more broadly replicable. Measures will include minimizing the amount of health-care waste generated and limiting the amount of waste burned in medical waste incinerators.

Regional project to develop appropriate strategies for identifying sites contaminated by chemicals

listed in Annexes A, B and/or C of the Stockholm Convention

IMPLEMENTATION: UNIDO

EXECUTING AGENCIES: Ministry of Environment and Science; Ghana, Federal Ministry of

Environment, Nigeria; regional UNIDO office in Abuja

COUNTRIES: Ghana, Nigeria

GEF funding US\$ 2.65 million; Co-financing US\$ 2 million

Total project financing US\$ 4.65 million

The overall objective of the project is to build capacity, strengthen institutions, and develop appropriate strategies for identifying sites contaminated by chemicals listed in annexes A, B and C of

the Stockholm Convention, and other persistent toxic substances as appropriate to the local circumstances. The project will also assess the viability of environmentally sound and low-cost remediation technologies. Expected outcomes from the project include the development of appropriate legislation for contaminated land management, including economic and financial instruments; replicable models for the management of contaminated land; the development of national inventories for contaminated land and regional and national information management systems; enhanced capacity for contaminated land management and mitigation; and enhanced public awareness and education.

Alternatives to DDT Usage for the Production of Anti-fouling Paint in China

IMPLEMENTATION: UNDP

EXECUTING AGENCY: FECO/SEPA

GEF funding US\$ 11.91 million; Co-financing US\$ 12.25 million

Total project financing US\$ 24.16 million

The project goal is to substitute DDT based antifouling paint by technically feasible, economically viable, and environmentally friendly alternatives. The objective is to eliminate the use of 250 tons/year of DDT as additives in the production of antifouling paint by conversion to less toxic alternatives. The project will promote the production, distribution and use of alternative products, whilst supporting the long-term phase out of TBT as well. To ensure sustainability of the elimination and conversion, related regulations and standards will be established or revised, supported by capacity development to create a conducive enabling policy environment for the project.

Development of a National Implementation Plan in Brazil as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs)

IMPLEMENTATION: UNEP

EXECUTING AGENCY: Federal Ministry for Environment

GEF funding US\$ 1.85 million; Co-financing US\$ 1.68 million

Total project financing US\$ 3.53 million

The purpose of the full project is to develop the NIP as a first step to implementing the Stockholm Convention. The NIP will be prepared in accordance with the requirements of Article 7 of the Convention, taking into account obligations set out in other articles of the Convention.

MEDIUM SIZED PROJECTS

Environmentally Sound Disposal of PCBs Containing Equipment and Waste in Latvia

IMPLEMENTATION: UNDP

EXECUTING AGENCY: Ministry of Environment

GEF funding US\$ 1 million, Co-financing US\$ 1.84 million

Total cost US \$ 2. 84 million

This project will support some of the most pressing actions called for in the NIP, i.e. collection and environmentally sound disposal of PCB containing equipment. As such, the project will tackle the 4,282 PCB containing capacitors and the 34 PCB containing transformers identified so far in the initial PCB-inventory. The project will also support the Latvian industries by providing soft loan facilities for procuring new non-PCB equipment. In addition it will strengthen the regulatory framework by setting limit values for POPs contamination and exposure, further expand the initial PCB inventories and finally, provide adequate support from the participating industries and the public at large through appropriate awareness/promotion campaigns.

Annex C: List of Projects (Excluding NIPs) Approved Since Adoption of the Stockholm Convention, May 2001, as of December 31, 2006

Brazil: Development of a National Implementation Plan as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (UNEP); total \$3.5m, GEF \$1.9m

China: Alternatives to DDT Usage for the Production of Anti-fouling Paint (UNDP); total \$24.2m, GEF \$12.2m

China: Demonstration of Alternatives to Chlordane and Mirex in Termite Control (WB); total \$28.3m, GEF \$14.6m

China: PCB Management and Disposal Demonstration (WB); total \$31.8m, GEF \$18.6m

Latvia: Environmentally Sound Disposal of PCBs Containing Equipment and Waste in Latvia (UNDP) total \$2.8m, GEF \$1m

Moldova: POPs Management and Destruction Project (WB); total \$12.9m, GEF \$6.7m

Philippines: Global Programme to Demonstrate the Viability and Removal of Barriers that Impede Adoption and Successful Implementation of Available, Non-Combustion Technologies for Destroying Persistent Organic Pollutants (UNDP/UNIDO); total \$12.3m, GEF \$4.6m

SLOVAK REPUBLIC: GLOBAL PROGRAMME TO DEMONSTRATE THE VIABILITY AND REMOVAL OF BARRIERS THAT IMPEDE ADOPTION AND SUCCESSFUL IMPLEMENTATION OF AVAILABLE, NON-COMBUSTION TECHNOLOGIES FOR DESTROYING PERSISTENT ORGANIC POLLUTANTS (UNDP/UNIDO); TOTAL \$20.8M, GEF \$10.7M

Regional (Ghana, Nigeria): Project to develop appropriate strategies for identifying sites contaminated by chemicals listed in Annexes A, B and/or C of the Stockholm Convention (UNIDO); total \$4.7m, GEF \$2.7m

Regional: Africa Stockpiles Program, Phase I (WB/FAO); total \$60.7m, GEF \$25.7m
This first phase of the ASP which is starting implementation proper will remove, clean-up, and dispose of in an environmentally sound manner approximately 5000 tons of obsolete pesticides.

Regional: Demonstrating Cost-effectiveness and Sustainability of Environmentally-sound and Locally Appropriate Alternatives to DDT for Malaria Control in Africa (UNEP); total \$11.9m, GEF \$5.9m

Regional: Reducing Dependence on POPs and other Agro-Chemicals in the Senegal and Niger River Basins through Integrated Production, Pest and Pollution Management (UNEP/FAO); total \$9.3m, GEF \$4.5m (joint IW/POPs)

Regional: Regional Program of Action and Demonstration of Sustainable Alternatives to DDT for Malaria Vector Control in Mexico and Central America (UNEP); total \$13.9m, GEF \$7.5m

Global: Action Plan Skills Building for 15 LDCs to assist with National Implementation Plan Development under the Stockholm Convention (UNDP); total \$1.4m, GEF \$0.7m

Global: Action Plan Skills Building for 25 LDCs to assist with National Implementation Plan Development under the Stockholm Convention (UNDP); total \$2m, GEF \$1m

Global: Assessment of Existing Capacity and Capacity Building Needs to Analyze POPs in Developing Countries (UNEP); total \$1.3m, GEF \$0.4m

Global: Demonstrating and Promoting Best Techniques and Practices for Reducing Health-Care Waste to Avoid Environmental Releases of Dioxins and Mercury (UNDP); total \$24.6m, GEF \$11m

Global: Fostering Active and Effective Civil Society Participation in Preparations for Implementation of the Stockholm Convention - NGO-POPs Elimination Project (UNEP/UNIDO); total \$2m, GEF \$1m

Global: Support for the Implementation of the Stockholm Convention on Persistent Organic Pollutants (UNEP); total \$1.8m, GEF \$0.9m

Annex D: List of Countries for Which POPs Enabling Activities Have Been Approved, as of December 31, 2006

Country	Agency	Country	Agency	Country	Agency
Albania	UNDP	Ghana	UNIDO	Philippines	UNDP
Algeria	UNIDO	Guatemala	UNIDO	Poland	UNIDO
Antigua and Barb.	UNEP	Guinea ¹	UNEP	Romania	UNIDO
Argentina	UNEP	Guinea-Bissau	UNEP	Russian Federation ³	UNEP
Armenia	UNIDO	Haiti	UNEP	Rwanda	UNIDO
Azerbaijan	UNIDO	Honduras	UNDP	Samoa	UNDP
Bahamas, The	UNEP	Hungary	UNIDO	Sao Tome and Prin.	UNIDO
Bangladesh	UNDP	India ³	UNIDO	Senegal	UNEP
Barbados ¹	UNEP	Indonesia	UNIDO	Serbia and Mont.	UNEP
Belarus	World Bank	Iran	UNDP	Seychelles	UNIDO
Belize	UNDP	Jamaica	UNDP	Sierra Leone	UNIDO
Benin	UNEP	Jordan	UNEP	Slovak Republic	UNDP
Bolivia	UNIDO	Kazakhstan	UNDP	Slovenia ¹	UNEP
Botswana	UNIDO	Kenya	UNEP	South Africa	UNEP
Brazil ²	UNEP	Kiribati	UNEP	Sri Lanka	UNEP
Bulgaria ¹	UNEP	Korea DPR	UNDP	St. Lucia	UNEP
Burkina Faso	UNDP	Kyrgyzstan	UNEP	Sudan	UNDP
Burundi	UNIDO	Lao PDR	UNIDO	Suriname	UNDP
Cambodia	UNEP	Latvia	UNDP	Syria	UNEP
Cameroon	UNEP	Lebanon ¹	UNEP	Tajikistan	UNEP
Cape Verde	UNEP	Lesotho	UNIDO	Tanzania	UNIDO
Central African Rep.	UNIDO	Liberia	UNIDO	Thailand	UNEP
Chad	UNIDO	Lithuania	UNDP	Togo	UNIDO
Chile ¹	UNEP	Macedonia	UNIDO	Tonga	UNEP
China ²	UNIDO	Madagascar	UNEP	Trinidad And Tobago	UNDP
Colombia	World Bank	Malaysia ¹	UNEP	Tunisia	UNEP/UNIDO
Comoros	UNDP	Malawi	UNIDO	Turkey	UNIDO
Congo	UNIDO	Mali ¹	UNEP	Tuvalu	UNEP
Costa Rica	UNEP	Marshall Islands	UNEP	Uganda	UNEP
Cote d'Ivoire	UNEP	Mauritania	UNEP	Ukraine	UNEP
Croatia	UNIDO	Mauritius	UNDP	Uruguay	UNEP
Cuba	UNEP	Mexico	World Bank	Vanuatu	UNEP
Czech Republic	UNIDO	Micronesia ¹	UNEP	Venezuela	UNIDO
Djibouti	UNIDO	Moldova	World Bank	Vietnam	UNDP
Dominica	UNEP	Mongolia	UNIDO	Yemen	UNEP
Dominican Republic	UNDP	Morocco	UNDP	Zambia ¹	UNEP
Ecuador ¹	UNEP	Mozambique	UNEP	Zimbabwe	UNEP
Egypt	UNIDO	Nauru	UNEP		
El Salvador	UNDP	Nepal	UNIDO		
Ethiopia	UNIDO	Nicaragua	UNDP		
Fiji	UNEP	Niger	UNIDO		
Gabon	UNIDO	Nigeria	UNIDO		
Gambia	UNEP	Palau	UNEP		
Georgia	UNDP	Panama	UNEP		
Niue	UNDP	Papua New Guinea ¹	UNEP		
Oman	UNEP	Paraguay	UNEP		
Pakistan	UNDP	Peru	UNEP		

Notes: 1. Part of the pilot project "Development of National Implementation Plans for the management of POPs"

2. Full-sized project under implementation

3. Full-sized project under preparation: PDF-B stage