



Global Environment Facility

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Agenda Item 8

DRAFT ELEMENTS OF AN OPERATIONAL PROGRAM FOR REDUCING AND ELIMINATING RELEASES OF PERSISTENT ORGANIC POLLUTANTS INTO THE ENVIRONMENT

Recommended Council Decision

The Council reviewed document GEF/C.16/6, *Draft Elements of an Operational Program for Reducing and Eliminating Releases of Persistent Organic Pollutants into the Environment*, and approves the elements as a basis for preparing an operational program, subject to the comments made during the Council meeting. The Council requests the Secretariat to develop and publish the operational program, in consultation with interested partners and stakeholders, and to circulate the draft program to Council Members for comment before finalizing it.

In developing the operational program, the Secretariat is requested to take into account the conclusions and decisions of the International Negotiating Committee (INC) for an International Legally Binding Instrument for Implementing International Action on Certain Organic Pollutants.

The Council requests the Secretariat in cooperation with UNEP, in its capacity as Secretariat of the INC, to officially circulate the elements together with information on the Council's discussions to the participants at the fifth session of the INC in December 2000 with a view to ensuring that they are fully informed of the operational role that the GEF can play in assisting countries to implement the new convention.

INTRODUCTION AND SUMMARY

1. The Council of the GEF, aware of the growing international consensus on the reduction and/or elimination of releases of Persistent Organic Pollutants (POPs) into the environment, and of the successful development of the negotiation process for a new global convention, has requested the GEF Secretariat to develop the main elements of an operational program to guide GEF's actions in addressing this new global challenge.
2. The financial resources required to assist countries in meeting their obligations under the draft Convention, and the mechanism for their provision, is still under discussion. Should the GEF be designated as the financial mechanism to the Convention, the guidelines set forth in this new Operational Program will be adapted and revised in the light of the provisions of the Convention itself, of future decisions and guidance by the COP, and in consultation with the Convention Secretariat. To assist GEF eligible countries to address the full scope of obligations that might emerge under the new legal instrument, additional resources will need to be available to the GEF Trust Fund within the framework of the Third Replenishment (discussions will begin in October 2000 for a completion in early 2002).
3. This new cross-cutting operational program would be exclusively dedicated to Persistent Organic Pollutants, and in particular to the twelve substances being considered for international action, and to those substances that might be added in the future under the provisions of the Convention. It would include two main categories of eligible actions:
 - (i) development and strengthening of capacity, to enable the recipient country to meet the objectives of the convention. This first group of activities would be eligible for full funding of agreed costs;
 - (ii) on-the-ground interventions, aimed at implementing specific phase-out measures. This category will be eligible for GEF incremental costs funding.
4. GEF-facilitated activities on other Persistent Toxic Substances (PTSs) will continue under Operational program 10, *Contaminant-based program*. Eligible actions will be focused on the transboundary impact of PTSs on the aquatic environment and biodiversity.
5. In response to countries' requests, synergies and opportunities for the implementation of comprehensive responses to the challenges posed by POPs, and PTSs in general could be enhanced through coordinated, complementary actions in both operational programs.

BACKGROUND

6. For more than 30 years, awareness has been growing about the threats posed to human health and the global environment by the ever-increasing release in the natural environment of synthesized chemicals. The number of synthesized chemicals is now beyond three million and is growing at a rate of several hundred thousand a year of which 300-500 reach the stage of commercial production. It is estimated that up-to one third of the total production of these chemicals reaches the environment¹. Mounting evidence of damage to human health and the environment has focused the attention of the international community on a category of these substances referred to as Persistent Organic Pollutants (POPs). Some of these substances are pesticides, while others are industrial chemicals or unwanted by-products of industrial processes or combustion. POPs are characterized by *persistence* – the ability to resist degradation in various media (air, water and sediments) for months and even decades; *bio-accumulation* - the ability to accumulate in living tissues at levels higher than those in the surrounding environment; and *potential for long range transport* – the potential to travel great distances from the source of release through various media (air, water, and, migratory species). These chemical substances can disrupt endocrine systems, suppress immune system functions, and induce reproductive and developmental changes. The evidence of detrimental effects on living organisms at the level of entire populations of some POPs demonstrates the threat to biodiversity, and the potential for disruption at the ecosystem level. Organisms at the top of food chains, including humans, usually accumulate the highest body burden over their life time.

THE GEF AND POPs

7. The involvement of the GEF in addressing global contaminants dates back to 1995, when the GEF Council, recognizing the global significance of the problems posed by persistent toxic substances – PTS, which include POPs, heavy metals and organo-metallic compounds - approved the eligibility of actions aimed at “limiting the releases of contaminants causing priority concerns” in the international waters focal area. Specific reference to persistent organic pollutants is made in the Contaminant Based Operational Program (#10). The program scope of OP10 focuses on specific contaminants rather than a specific water-body. Under the present provisions, projects utilize demonstrations to overcome barriers to adoption of best practices, and funds the incremental costs of projects designed to achieve global environmental benefits within the context of the international waters focal area.

8. In the period March 1998 – April 1999, in response to a finding of the *Overall Performance Evaluation* that called for an increased effort in this field, the GEF defined near-term activities aimed at enhancing GEF’s catalytic role. The objectives set forth in the program

¹ Report on the STAP Brainstorming on POPs, Barbados, Feb. 2000

were rapidly met, and a portfolio of strategically designed projects was developed under OP10 (Global Contaminants component), in the International Waters focal area². They include regional, and national assessments aimed at providing guidelines and priorities for enhanced GEF action, and demonstrations of ways to build the capacity of client countries to reduce/eliminate the use/production of POPs in agriculture and in the control of vector diseases. Another effort, the “Regionally Based Assessment of Persistent Toxic Substances (PTS)” project, will address the complexities, possible risks, and ecological/human health implications of the broader range of PTS. This project will provide within three years a better understanding of the overall dimensions of the threats posed by PTS, well beyond the 12 substances initially considered for international action.

RATIONALE FOR AN EXPANDED GEF ROLE

9. In 1997 the Governing Council of UNEP called for the establishment of an international negotiating committee (INC) with a mandate to prepare a legally binding instrument for implementing international action, beginning with 12 specific POPs. Representatives of more than 90 governments met in Montreal in June 1998 for the first session of the INC. Participation has grown with each of the subsequent INC sessions in Nairobi (January 1999), Geneva (September 1999), and Bonn (March 2000), with participating governments amounting to 103, 115 and 121 respectively. The negotiations are expected to conclude at the fifth session of the INC to be held from December 4-9, 2000 in Johannesburg. The convention will be adopted and opened for signature at a diplomatic conference scheduled for May 21-23, 2001 in Stockholm.

10. International negotiators are seeking agreement to ban production and use, without exemptions, of three pesticides: *Aldrin*, *Endrin*, and *Toxaphene*. Elimination of production and use is also being discussed, but with exemptions for specific uses in some countries, for five additional pesticides. For the industrial chemicals, PCBs, all production and new use is to be eliminated, while the continued use of PCBs currently in use is envisioned to be allowed under certain conditions for a period to be determined, with eventual environmentally sound disposal as the final outcome. Negotiators have also agreed on basic provisions for continuing minimization of unwanted by-products (dioxins and furans). For the most part, consensus has been on the criteria for adding new substances, on reduction and elimination timeframes, and on technical assistance needs. Still to be determined are the issues of the financial requirements and financial mechanism needed to facilitate the implementation of the future convention.

11. During the second meeting of the INC in January 1999, the GEF expressed its readiness “...to serve as the financial mechanism of the new legal agreement, should that be the decision

² Persistent Toxic Substances, Food Security, and Indigenous Peoples in the Russian North”

UNEP/RAIPON/AMAP, MSP, \$750k GEF, under appraisal

Reducing Pesticide Runoff to the Caribbean – UNEP in collaboration with FAO/IDB/USEPA/World Bank, PDF-B, \$295k (GEF), in preparation

Assessing National Management Needs of PTS – UNEP in collaboration with UNIDO/UNITAR/FAO/WHO/World Bank/WWF, PDF-B, \$350k (GEF), in preparation

Comprehensive Action Program to Phase Out DDT and Reduce the Long Term Effects of Exposure in Mexico and Central America – UNEP/PAHO/CEC, PDF-B, \$330k (GEF), in preparation

Regionally Based Assessment of PTS – UNEP in collaboration with FAO/GESAMP/UNITAR/WHO/World Bank/IPEN, full project, \$3.0M (GEF), under implementation

of the governments negotiating this agreement.” GEF also noted that “...additional resources will be required to assist countries to address the full scope of obligations that might emerge under the new legal instrument”. An appropriate increase in contributions to the GEF Trust Fund (within the framework of the third replenishment) would be in fact required in order to undertake the actions needed to successfully face this new and immensely complex global environmental challenge. The GEF Council endorsed this statement and requested the Secretariat and the GEF Implementing Agencies to increase support for country-driven initiatives in the field of POPs.

12. In summarizing the status of contaminants in the context of the GEF, the Science and Technology Advisory Panel of the GEF (STAP)³ noted that “interventions are presently confined to the water context under OP10”. This fact “restricts the scope and possibilities of action” that could otherwise be taken to meet the needs of several regions since paths of exposure of humans and land animals do not all include marine or freshwater components. STAP recommended that a new Operational Program be put in place to address the POPs convention under negotiation. Following this recommendation, the GEF Secretariat proposed to Council during its meeting of May 2000 the development of “a new operational program to support the specific commitments under the convention, both at national and regional levels”⁴. Council considered this proposal and requested the Secretariat to define the elements of a new operational program dedicated to the phasing out of POP’s and to submit the paper to the Council for discussion at its meeting in November 2000.

³ Report of the STAP Brainstorming on POPs, Barbados, 21-22 February 2000

⁴ Addressing the global threat of Persistent Organic Pollutants, GEF/C.15/Inf.14, Apr.2000

ELEMENTS OF AN OPERATIONAL PROGRAM ON REDUCING AND ELIMINATING RELEASES OF PERSISTENT ORGANIC POLLUTANTS INTO THE ENVIRONMENT

13. GEF response to the challenge posed by the increasing contamination of persistent organic pollutants will adhere to the basic principles set forth in the GEF Instrument and Operational Strategy, which establishes “Operational Principles” for the development and implementation of GEF eligible projects⁵. They are:

- (a) For the purpose of the financial mechanisms for the implementation of conventions⁶, the GEF will function under the guidance of, and be accountable to, the Conference of the Parties.
- (b) Incremental costs: GEF will provide new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.
- (c) Cost-effectiveness: project activities will maximize global environmental benefits.
- (d) Country ownership⁷: projects will be country-driven, and based on national priorities designed to support sustainable development, as identified within the context of national programs.
- (e) Flexibility: GEF will respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained by monitoring and evaluation activities.
- (f) Public participation: projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people; all non-confidential information will be made fully public.
- (g) Leveraging of additional financing: in seeking to maximize environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.
- (h) Monitoring: GEF will ensure that programs and projects are monitored and evaluated on a regular basis.

⁵ See paragraph 9 of the GEF Instrument.

⁶ GEF serves as the financial mechanism to the Convention on Biological Diversity, and the United Nations Framework Convention on Climate Change.

⁷ All GEF actions will respond to specific requests from those developing countries and countries with economies in transition which are eligible for assistance according to the GEF Instrument. Each request, presented through an Implementing Agency or directly to the GEF Secretariat, will be entered into the web based Project Tracking and Information System, now being implemented by the Secretariat. The System will allow universal accessibility at all stages during the GEF Project Cycle (concept approval/pipeline entry, approval of preparation funds, work program inclusion, endorsement).

- (i) Disclosure of information: GEF projects will provide full disclosure of all non confidential information.

14. The new Operational Program on the Phasing Out of POPs will be cross-cutting in nature. Multiple global benefits in the areas of the prevention of transboundary contamination of water-bodies, the conservation of biodiversity, and the prevention of land degradation will be accrued from actions eligible under the new operational program.

15. Activities will be developed at three different geographical levels: national, regional, and global. Emphasis will be on actions at the country level, as the main objective of the OP is to provide assistance to countries for the implementation of the provisions of the convention. Regional actions will also be eligible for financing if deemed appropriate by the countries, when similarities in environmental conditions and socio-economic context presents opportunities for the optimization of resources, the sharing of experience and the enhancement of replication potentialities. Interventions at the global level will also be eligible, in areas such as the facilitation of targeted research efforts, and assessments.

16. Eligible interventions will fall into two categories:

- (a) Development and strengthening of capacity, aimed at enabling the recipient country to fulfill its obligations under the convention. These country specific *enabling activities* will be eligible for full funding of agreed costs.
- (b) On the ground interventions, aimed at implementing specific phase-out and remediation measures at national and/or regional level, and including components of targeted capacity building. This second category of GEF interventions (Full Projects or Medium Size Projects, including Targeted Research Projects) will be eligible for GEF incremental costs funding.

ENABLING ACTIVITIES

17. Enabling activities, as defined in the GEF Operational Strategy, represent a basic building block of GEF assistance to countries. They either are a means of fulfilling essential communication requirements to a Convention, provide a basic and essential level of information to enable policy and strategic decisions to be made, or assist planning that identifies priority activities within a country. Countries thus enabled will have the ability to formulate and direct sectoral and economy-wide programs to address global environmental problems through a cost-effective approach within the context of national sustainable development efforts. Country driven enabling activities will normally qualify for full agreed costs funding when they are directly related to global environmental benefits and/or consistent with the guidance of a Convention.

18. Enabling activities may include:

- (a) Development of action plans for complying with the obligations of the POPs convention and for setting priorities for initiating future activities on POPs.
- (b) Strengthening the capacity of a POPs focal unit within each government that serves as the primary point of contact for POPs related issues among the various ministries involved; training of decision makers, managers and personnel responsible for POPs management.
- (c) The development of country inventories (production, imports, exports, stocks, releases in the environment, contaminated sites, use and disposal of each of the POPs).
- (d) Review of available infrastructure capacity and institutions at different levels and assessment of the needs and options for strengthening them.
- (e) Development of regulatory controls to achieve compliance with the POPs convention.
- (f) Assessment of enforcement capacities to ensure compliance with regulatory controls.
- (g) Assessment of the needs for the introduction of technologies, including technology transfer, that would assist countries in meeting convention obligations.
- (h) Assessment of possibilities of developing indigenous alternatives.
- (i) Assessment of the need for the enhancement of local commercial infrastructure for distributing benign alternative technologies/products.
- (j) Development of an outreach/information program to educate the public and industry about POPs related risks, and measures to address them.

CAPACITY BUILDING, TECHNOLOGY TRANSFER, AND INVESTMENTS
(Full Projects and Medium Size Projects⁸)

19. While enabling activities prepare the ground for project development and the implementation of national plans, actual project development is not an enabling activity. Project preparation funds may be requested to develop specific project ideas.⁹ Actions designed to implement plans and activities identified in the national plans and strategy will be prepared and

⁸ An expedited project cycle applies to projects requiring less than \$1M in GEF resources, referred to as Medium Size Projects.

⁹ GEF Project Development Fund (PDF-B)— grant financing, up to \$350k, to cover the preparatory work leading to the submission of a full project proposal.

assessed in the context of the Operational Program guidelines. They will be in conformity with the Operational Strategy principles, and consistent with the COP guidance.

20. Full Projects and Medium Size Projects eligible for funding will be focused on the following four major objectives:

- (a) Develop and/or strengthen the capacity of developing countries and countries with economies in transition to address the threats posed by POPs, according to the priorities and needs identified by the countries. Eligible actions may include: the strengthening of infrastructure capacity and institutions at different levels, including monitoring and risk assessments; strengthening of the enforcement capacity to ensure compliance with regulatory controls; facilitation of technology transfer for the introduction of technologies, including indigenous alternatives, that would assist countries in meeting POPs convention obligations; enhancement of local infrastructure for distributing benign alternative technologies/products; implementation of outreach/information programs.
- (b) Promote/effect transition to sustainable alternatives. To achieve this objective, assistance will be provided to promote the access to, and transfer of, clean and environmentally sound alternative technologies/products/practices, including integrated pest and vector management and BAT/BEP (as will be defined by the scientific advisory body to the convention) for emissions reduction, and to facilitate transition also through barrier removal efforts. Consideration will be given to the local socio-economic and climatic conditions, and to the use of indigenous knowledge.
- (c) Facilitate the environmentally sound disposal of stockpiles of obsolete POPs. Assistance will be provided in the identification¹⁰, containment and stabilization, and environmentally sound destruction of stockpiles, including “created stockpiles” (e.g.: PCBs being withdrawn from use). Initiatives under related agreements (e.g.: Basel Convention) will be taken into consideration.
- (d) Facilitate the identification and remediation of sites affected by POPs. Assessments, including risk assessments and feasibility studies may be required prior to the implementation of actual remediation measures. Focus will be on human health hazards, water resources, ecosystem implications. Within this context, particular consideration will be given to the needs of small island states.

TARGETED RESEARCH

21. Within the context of the Operational Program GEF will fund targeted research¹¹, including information collection, analysis, and dissemination. Targeted research will be guided by the two following main considerations:

¹⁰ Including assessment of “suspected” stockpiles

¹¹ The operational principles outlined at p.1 apply to targeted research projects as well.

- (a) The GEF could play a facilitating or complementary role in co-funding strategically significant efforts in applied research to help develop activities in recipient countries
 - (b) Support is needed in many recipient countries in the application of analytical tools and methodologies, including the use of modern information technologies.
22. Potential areas for targeted research on POPs related issues could include, inter alia¹²:
- (a) The development/promotion of low-cost and easy to apply rapid assessment methodologies, including biological markers for environmental and human monitoring.
 - (b) Development of methodologies for exposure assessment in susceptible populations, including risks derived from constant exposure; characterization of bio-geochemical behavior of POPs in tropical areas, and identification of exposure pathways in particular scenarios (malaria areas and hazardous waste areas).
 - (c) Development of additive models for forecasting threshold concentration for chemicals in the presence of multiple stressors.
 - (d) Development of “regional” models for POPs behavior and fate (river basins, small island states, up to large portions of continental areas with reasonably uniform climatic and land-use conditions).

GEF COORDINATION AND LEVERAGING FUNCTIONS

23. The delivery capacity of the GEF system within the context of the Operational Program on POPs will be enhanced through the full involvement of the three Implementing Agencies (UNDP, UNEP, and World Bank), according to their comparative advantages, and through the establishment of specific Strategic Partnerships¹³. In order to optimize institutional experiences, and facilitate the concerted and sustained action, new partnerships have been formed with other relevant actors, in particular the Regional Development Banks (ADB, IDB, EBRD, and AfDB), and those specialized UN Agencies with a comparative advantage in this field, including FAO and UNIDO.

24. In response to countries requests, and similar to what is being done within the context of the CBD and UNFCCC, GEF could provide a framework of consultation and cooperation through which the available technical and financial resources could be focused on global, regional, and national strategies and projects. The GEF could develop its catalytic role and

¹² Report of the STAP Brainstorming on POPs, Barbados, Feb. 2000

¹³ Strategic Partnerships (SP) between the GEF and an Implementing Agency are characterized by expedited procedures for project preparation/approval and by agreed economic and technical benchmarks. They have been approved by Council when the need arose to deal rapidly and systematically with a specific well defined issue (see in particular the SP for the reduction of nutrient discharges in the Black Sea).

enhance the collective response to this new global challenge by coordinating closely with other actors such as bilateral donors, multilateral development cooperation agencies, major NGOs, and the private sector - primarily in the chemical industry. To address more effectively issues related to the implementation of the convention's provisions GEF could promote and facilitate more integrated responses and programs of action. Such an effort would be aimed at:

- (a) increasing the capacity to deliver timely and quality projects, while increasing also the number of innovative project ideas and diversifying experience;
- (b) expanding the opportunities to co-finance and mobilize additional finance, thus leveraging additional resources for this global challenge;
- (c) achieving synergy and coordination among each agency's own programs in the field of POPs according to their comparative advantages;
- (d) identifying actions and designing partnerships to address effectively the provisions of the convention, including the transboundary and global aspects of POPs phase-out;
- (e) facilitating overall coordination, and partnerships for achieving the needed levels of effective and sustained action.

FINAL CONSIDERATION

25. With the establishment of the proposed new operational program dedicated exclusively to the implementation of the provisions of the convention, GEF could greatly expand its commitment to POPs with existing resources¹⁴, and foster the rapid implementation during the *interim period*, and in consultation with the Interim Secretariat, of enabling activities in client countries. These initial capacity building efforts could include financing for the preparation of National Implementation Plans and development of reporting systems, and would be eligible for full funding of agreed costs. Numerous requests for initial assistance have already been received and are being evaluated by the Implementing Agencies.

¹⁴ Based on preliminary evaluations (UNEP/POPS/INC.2/ INF/3 inter alia), the indicative allocation for initial capacity building (enabling activities) is estimated at about \$150M.