



Global Environment Facility

GEF/C.15/Inf.14
April 25, 2000

GEF Council
May 9-11, 2000

ADDRESSING THE GLOBAL THREAT OF PERSISTENT ORGANIC POLLUTANTS

At its meeting in December 1999, the Council requested the Secretariat to assess the implications for GEF activities of the negotiations for an International Legally Binding Instrument for Implementing International Action on Certain Organic Pollutants (POPs). Furthermore, the Secretariat was requested to inform the Council of its preliminary conclusions on its assessment of the relationship between the negotiations and GEF together with options for including activities related to POPs in the work of the GEF.

The following note was circulated to the Council for comment. The attached note takes into account the comments received.

Background

1. For more than 30 years, awareness has been growing about the effects of persistent organic pollutants (POPs), on human health and the environment. Some of these substances are pesticides, while others are industrial chemicals or unwanted by-products of industrial processes or combustion. All persist for years -- even decades -- before breaking down, travel great distances through various media from their point of origin, accumulate in humans and other organisms, and are concentrated through food chains. They disrupt the endocrine system, suppress immune system functions, and induce reproductive and developmental changes. The evidence of detrimental effects on living organisms at the level of entire populations demonstrates that these substances are a threat to biodiversity, and even have potential for disruption at the ecosystem level.
2. These highly stable compounds circulate globally through a repeated process of evaporation and deposit, and are transported through the atmosphere and the oceans to regions far away from the original source. Water plays a fundamental role in the biogeochemical cycle of POPs. Ocean currents can be a significant medium of transfer of relatively soluble compounds. Even the less soluble molecules can be transported via aquatic systems when adsorbed on particles. For airborne molecules, washout by rain, fog or snow is a principal mechanism for transfer back to the earth's surface. Water is also an important medium of exposure leading to adverse health effects. Many toxic effects of POPs have been reported as a result of either direct exposure of aquatic organisms, or indirect exposure via the aquatic food chain. Fish, predatory birds, aquatic mammals, and humans absorb the greatest concentrations.
3. 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 100 governments met in Montreal in June 1998 for the first session of INC. Two more sessions were held in Nairobi and Geneva with growing international participation. It is expected that the negotiations will conclude later this year and the Convention will be opened for signature in May 2001.

4. 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. Advances also have been made on criteria for adding new substances, on reduction/elimination timeframes, and on technical assistance needs. Still unsolved is the issue of the financial resources needed to facilitate the implementation of the convention. Developing countries and countries with economies in transition believe that additional financial resources, and a new mechanism, are needed because of the strong obligations contained in the proposed text of the instrument. Industrialized countries have expressed instead their preference for the use of existing funds and mechanisms. The GEF is under consideration as an option by both groups.

The GEF and Persistent Organic Pollutants

5. During the second meeting of the International Negotiating Committee in January 1999, the GEF expressed its readiness "...to serve as the financial mechanism of the new legal agreement, should that be the decision 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." The GEF Council in May 1999 endorsed this statement and requested the Secretariat and the Implementing Agencies to increase support for country-driven initiatives in the field of POPs.

6. The GEF is capable of assuming this role and expanding its commitment in keeping with the rapidly forming consensus of the international community, and the growing awareness of threats posed by POPs as new scientific evidence becomes increasingly available. However, should the parties decide to designate the GEF as the financial entity to assist in the implementation of the provisions of the new convention, an appropriate increase in contributions to the GEF Trust Fund (within the framework of the next replenishment) would be required in order to prepare and develop the actions needed to successfully face this new and immensely complex global environmental challenge.

7. The involvement of the GEF in addressing global contaminants dates back to 1995, when the GEF Council, recognizing the global relevance of the problems posed by persistent toxic substances (PTS), which include POPs, heavy metals and other substances, approved the inclusion 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 contaminants rather than a specific water-body. Under the present provisions, projects:

- (a) Utilize demonstrations to overcome barriers to adoption of best practices
- (b) Address waste minimization strategies and pollution prevention measures
- (c) Foster innovative policies and the use of economic instruments
- (d) Target technical demonstration and capacity building projects

- (e) Foster private sector involvement to leverage needed investments, and
- (f) Support activities that help characterize the nature, extent, and significance of global contaminants.

8. In general terms, the global benefits to be derived from actions in the field of POPs and their transboundary nature are unquestionable. In the context of water, the transboundary nature of the issue or problem is a significant criterion in determining eligibility for GEF intervention.

9. GEF funds the incremental costs of projects designed to achieve global environmental benefits. For enabling activities, which provide a basic and essential level of information to enable policy and strategic decisions to be made, or assist planning that identifies priority activities with a country, full cost funding is provided.¹

10. 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 and its Implementing Agency, UNEP, defined near-term activities aimed at enhancing GEF's catalytic role, taking into account the advances made by the INC on the phase-out of the initial list of 12 POPs. The objectives set forth in the program were rapidly met, and a portfolio of strategically designed projects was developed (see box). They include global, 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. The first effort, the "Regionally Based Assessment of PTS" project, will address the complexities, possible risks, and ecological/human health implications of the broader range of PTS. This project will provide within a limited time (2-3 years), a

¹ The GEF operational strategy provides that GEF operations are to be programmed in three broad, interrelated categories: (a) operational programs, (b) enabling activities and (c) short-term response measures.

An operational program is a conceptual and planning framework for the design, implementation, and coordination of a set of projects to achieve a global environmental objective in a particular focal area. It organizes the development of country-driven projects and ensures systematic coordination between the Implementing Agencies and other actors.

Enabling activities-- which include inventories, compilation of information, policy analysis, and strategies and action plans --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. Enabling activities will normally qualify for full cost funding when they are directly related to agreed global environmental benefits and consistent with the Convention's guidance. Enabling activities will include preparation of a plan, strategy, or program to fulfill commitments under a relevant Convention and preparation of a national communication to a relevant Convention, where appropriate.

Although the large majority of GEF activities will contribute directly to operational programs or enabling activities, some projects that are unrelated to either of these two categories will be of sufficiently high priority that they may be considered for financing. Such projects would not be expected to yield significant strategic or programmatic benefits as in the case of operational programs, but they would yield short-term benefits at a low cost.

better understanding of the overall dimensions of the threats posed by PTS, well beyond the 12 substances initially proposed for international action.

GEF Portfolio in the Field of Persistent Toxic Substances (1998-1999)

10. Regionally Based Assessment of Persistent Toxic Substances – UNEP in collaboration with FAO/GESAMP/UNIDO/UNITAR/WHO/World Bank/ IPEN, full project, \$2.36M (GEF)

The primary objectives are to: assess, on a regional basis, the exposure and threat from PTS to the environment, including natural resources and human health; demonstrate the transboundary nature of PTS and analyze the major transport mechanisms; identify major sources and production of the concerned substances; and analyze the socioeconomic implications of, and outline solutions to, the problems.

11. Reducing Pesticide Runoff to the Caribbean – UNEP in collaboration with FAO/IDB/US EPA/World Bank, PDF-B*, \$295k

The use of pesticides in agriculture, particularly in large scale production of export crops, poses a serious threat to both human health and to transboundary aquatic environments. The project will assist Colombia, Costa Rica, Nicaragua, and Panama in developing comprehensive management practices and specific measures to control the use of pesticides in the agricultural sector. The project will strengthen national regulatory systems and promote the use of economic instruments and alternatives including integrated pest management.

12. Comprehensive Action Program to Phase Out DDT and Reduce the Long Term Effects of Exposure in Mexico and Central America – UNEP in collaboration with PAHO/CEC, PDF-B*, \$330k

Malaria still poses a serious risk for the people of Mexico and Central America. Until recently, spraying of DDT was the method of choice for malaria vector control. Mexico has taken the lead in the region in the efforts to phase out DDT use for malaria control. The program is based on community involvement and on the use of bed nets as a complementing measure, the use of alternatives such as pyrethroids, and tests of biological control agents. The objective of the proposal is to reduce/eliminate the use of DDT for malaria control in the region, relying on the Mexican experience.

13. Assessing National Management Needs of Persistent Toxic Substances – UNEP in collaboration with UNITAR/FAO/WHO/World Bank/WWF, PDF-B*, \$350k

The project will conduct national case studies to address problems and identify solutions associated with **POPs** in a few representative developing countries and countries with economies in transition. These country studies will allow the international community to obtain experience with model applications of assessments of POPs production, use, dissemination, storage, and disposal, including areas of severe contamination.

14. Removal of Barriers to the Abatement of Global Mercury Pollution from Artisanal Gold Mining – UNDP in collaboration with UNIDO – PDF-B*, \$350k

The project will demonstrate and enable the development of alternatives to mercury amalgamation as an artisanal gold mining method in developing countries, with cleaner locally produced technology while improving recovery and income of miners. The project will also focus on identifying legal, institutional, financial, political, and cultural barriers and propose solutions to overcome them.

* PDF-B: Project Development Fund – grant financing, up to \$350k, to cover the preparatory work leading to the submission of a full project proposal

Preparing an operational and strategic framework

11. Through its international waters focal area, GEF is demonstrating the conceptual ability and the necessary flexibility to account for most environmental effects caused by the discharge, transport, and accumulation of POPs. Under its present mandate, the GEF will continue to respond to country requests for actions and capacity building, within the

context of replicable demonstrations of best practices and benign alternatives, as required by OP10 guidelines.

12. Enhanced actions/allocations for POPs under OP10 could be envisaged for the coming two to three years, until the convention enters into force. This would allow, *inter alia*, to assist recipient countries in rapidly implementing enabling type activities - inventories, compilation of information, policy analysis, and development of strategies and action plans for national action. Such activities would qualify for full cost funding.

13. In the event that the countries negotiating the Convention agree to designate the GEF to act as the financial mechanism, it would be necessary to expand executing agency arrangements and the scope of the activities currently supported by the GEF. In order to deal with the full scope of the future convention, and move from demonstrations to systematic actions, GEF would need to define eligible activities and operational criteria. This could be done by developing a new operational program to support the specific commitments under the convention, both at national and regional levels. Lessons learned from the implementation of the Montreal Protocol by the GEF and others could be fully incorporated, as similarities exist both conceptually and operationally. Since the consequences of PTS accumulation in the environment are felt across focal areas, synergies with the objectives stated for the biodiversity focal area would be enhanced through the adoption of an ecosystem approach.

14. An options paper to expand the scope of GEF interventions in the area of POPs, and/or the elements of a new operational program dedicated to the phasing out of POPs and to the promotion of benign alternatives in the fields of *agriculture, human health, pest control, and industrial processes and infrastructures*, could be drafted for discussion at the November 2000 Council meeting. It could include consideration of the needs of client countries in *capacity building, assessments including risk assessments and diagnostics, policy and legal reforms, enforcement, monitoring and trade control, phase-out of production/use, disposal of stockpiles, introduction of alternatives, and rehabilitation of contaminated sites*. Enabling activity criteria related to POPs could also be developed at an early date so as to ensure immediate full cost financing of eligible activities in the interim period between adoption of the agreement and its entry into force.

Meeting the increasing demand for action

15. The delivery capacity of the GEF system could be enhanced through the full involvement of the three Implementing Agencies (UNDP, UNEP, and World Bank), according to their comparative advantages, and through new partnerships with other relevant actors. To respond effectively to this emerging new global commitment, and in order to optimize institutional experiences, the GEF could facilitate the concerted and sustained action and partnerships among the GEF Implementing Agencies, Regional Development Banks (ADB, IDB, EBRD, and AfDB), and those specialized UN Agencies with a comparative advantage in this field, including FAO, UNIDO, and WHO. Such an effort would need to 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; and
- (e) facilitating overall coordination, and partnerships for achieving the needed levels of effective and sustained action.

Catalyzing a coordinated international response

16. In response to countries requests, GEF could provide a framework of consultation and cooperation within which the available resources could be coordinated, and focused on global, regional, and national strategies and projects. This way synergies would be captured and opportunities would not be lost. The GEF could develop its catalytic role and 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 phase-out of production, trade, disposal of stockpiles and wastes, development of alternatives, and decontamination, GEF could promote and facilitate more integrated responses and programs of action. A GEF-facilitated example of cooperation and collective response to the threats posed by POPs and other land-based sources of pollution is developing in the Russian Arctic (see box).

Protecting the Arctic Environment

GEF-facilitated Actions in the Russian Federation

The Arctic has been known since the late 1980s as a major “sink”, where persistent toxic substances tend to migrate and deposit. Once in the Arctic, many of these substances bio-accumulate and magnify in the food chain, concentrating in the fatty tissues of animals, particularly marine mammals. Inuit and other northern indigenous peoples have levels of PTS in their bodies well in excess of the internationally recognized “level of concern”. The situation in the Russian Arctic, where local hot-spots of pollution, including PTS, add to the contamination of distant origin, is of particular global concern because of threats to both human and ecosystem health.

Responding to the request of the Russian Federation, the GEF has taken action to assess conditions and reverse trends in the Russian Arctic. A medium size project, “*Persistent Toxic Substances, Food Security, and Indigenous Peoples in the Russian North*” (UNEP/RAIPON/AMAP, MSP, \$750k GEF), will assess the effects of PTS contamination on humans and their food supply, identifying possible local sources of contamination and “hot-spots” where human health conditions require urgent remedial actions. This information will serve as a major input to the full project currently under preparation, “*Support to the National Plan of Action for the Protection of the Arctic Marine Environment from Anthropogenic Pollution in the Russian Federation*” (UNEP/ACOPS, PDF-B, \$306k.GEF). This project will address the broader issue of land-based pollution, in response to the Global Programme of Action, all along the Russian Arctic coast. PTS will be a primary concern, as important local sources are known to exist. The project will develop the necessary legal, institutional, and economic instruments, and will define remedial actions in priority hot-spots, where feasibility studies and investments will be concentrated. GEF support has encouraged other major regional actors to join in the effort with relevant financial and technical contributions. Canada, the USA, Norway, Sweden, and Denmark as well as organizations such as EBRD, AMAP, the Arctic Council, and the Inuit Circumpolar Conference, have joined the Russian Federation and are actively participating in these projects.