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Item 5 (h) of the provisional agenda*

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

Draft report on the first review of the financial mechanism**

Note by the Secretariat

1. As stated in document UNEP/POPS/COP.2/17, set forth in the annex to the present note is a draft report on the first review of the financial mechanism of the Stockholm Convention prepared by an independent evaluator.

2. The draft report was prepared in accordance with the terms of reference for the first review of the financial mechanism, as set forth in the annex to decision SC-1/10 adopted by the Conference of the Parties at its first meeting.

3. The annex to the present note has been reproduced as received by the Secretariat and has not been formally edited.

* UNEP/POPS/COP.2/1.

** 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-1/10.

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Annex

A draft report on the review of the financial mechanism

prepared for the Second Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants

April 2006

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A draft report on the review of the POPs financial mechanism

Introduction

1. With a view to improving the financial mechanism established under Article 13 of the Stockholm Convention on Persistent Organic Pollutants (POPs), this draft report provides a preliminary and tentative review of its effectiveness. The review is preliminary and tentative because of the short length of time in which the Convention has been operational and the Parties have been in a position to provide guidance to the financial mechanism. Nevertheless, it is hoped that this report will provide some insights on the actions needed to improve the effectiveness of the financial mechanism, including recommendations and guidance to ensure timely, adequate and sustainable funding.

2. According to the terms of reference adopted by the Conference of the Parties (CoP), the review covers the activities of the financial period since the Convention was opened for signature (22 May 2001) to July 2005, with a special emphasis on those activities that have been concluded during this period. Further, POPs Decision SC-1/10 recognised that during this period the Global Environment Facility (GEF) was the principal entity entrusted with the operations of the financial mechanism of the Convention, on an interim basis, in accordance with Article 14. Thus, there has been a need to focus in particular on the GEF for this report.

3. In accordance with Article 14 of the Convention, the GEF is on an interim basis the principal entity entrusted with the operations of the financial mechanism referred to in Article 13. At CoP1, Decision SC-1/11 was adopted in response to paragraph 7 of Article 13, which states that

> "the Conference of the Parties shall at its first meeting adopt appropriate guidance to be provided to the mechanism and shall agree with the entity or entities participating in the financial mechanism upon arrangements to give effect thereto."
> POPs Convention text

4. Decision SC-1/11 established a memorandum of understanding between the CoP and the GEF Council and in so doing effectively designated the role of the GEF with respect to the Convention's financial mechanism as its principal entity on an interim basis. Hence, unless otherwise stated, throughout this paper the financial mechanism should generally be taken to be the GEF.

5. Importantly, the outline of this report is based directly on the terms-of-reference for the assignment, which in turn is based on the guidance and outline provided by CoP1.

1 Changing needs of developing-country Parties and Parties with economies in transition

6. Perhaps the strongest evidence of the GEF's ability to address the changing needs of developing-country Parties and Parties with economies in transition was the establishment of the new GEF focal area on POPs:

> "The GEF Assembly, at its second meeting held in 2002 in Beijing, China, agreed to amend the *Instrument for the Establishment of a Restructured Global Environment Facility* (GEF Instrument) to include Persistent Organic Pollutants and Land Degradation, primarily desertification and deforestation, as new focal areas of the GEF."
> GEF report to CoP1

7. The establishment of a new GEF focal area and Operational Programme 14 (OP14) – which as of the writing of this report is in draft form – was in direct response to the inter-governmental processes establishing the Stockholm Convention and, in turn, to the emerging needs of developing-countries and countries with economies in transition with respect to its implementation. In particular, Resolution 2 on of the Stockholm Conference of Plenipotentiaries in May 2001 requested:

> "the Assembly of the Global Environment Facility to consider establishing a new focal area through amendment of the Instrument for the Establishment of the restructured Global Environment Facility in order to support the implementation of the Convention; [and] … the Council of the Global Environment Facility to establish as soon as possible and implement an operational programme for persistent organic pollutants."
> Interim financial arrangements

8. Furthermore, as discussed in detail below, the GEF's initial funding for the Stockholm Convention has focused primarily on drafting National Implementation Plans (NIPs), which are intended to provide country-based frameworks for supporting future country-driven POPs programmes and activities.

1.1 Country ownership of GEF-funded activities

9. Country ownership is a general stated objective of the GEF against which its effectiveness is to be judged:

> "The effectiveness of the financial mechanism shall be assessed taking into account, among other things … country ownership of activities funded by the financial mechanism"
> GEF relations with conventions

10. In 2002, the GEF Council reasserted its emphasis on country ownership and:

> "stressed the need for country ownership of GEF activities and the important role of the national focal points in ensuring such ownership"
> GEF Council summary - May 2002

11. Draft OP14 further affirms that country ownership is also a driving principle of GEF's strategy for POPs:

> "Strong country commitment and ownership is essential for the effective implementation of POPs reduction/elimination activities."
> GEF OP14 draft

12. The reports of the GEF to the CoP1 and CoP2 again emphasise its country-driven approach:

> "In November 2003, the GEF Council approved a Strategic Approach to Enhancing Capacity Building (GEF/C.22/8). This approach underscores the importance of the GEF's facilitation of and support for *nationally determined capacity building needs* to facilitate implementation of country commitments as Parties to specific Conventions and agreements that the GEF supports."
> GEF report to CoP1 (*Italics added)*

> "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 report to CoP2 (*Italics added)*

13. The GEF also emphasises the role of countries in monitoring and evaluating projects:

> "In line with the GEF Operational Principles, GEF *M&E activities shall be country-driven and provide for consultation and participation.* The GEF participating countries directly involved in an M&E activity will be fully consulted, informed and briefed about the plans, the implementation and the results of the evaluation activity."
> GEF monitoring and evaluation policy *(Italics added)*

14. Regarding evidence of country ownership, the GEF is fully aware that its focal point endorsement procedure is not sufficient:

> "The weak link between country priorities and GEF projects also occurs at the country level. As noted by OPS2, focal point endorsement of project proposals 'is not by itself a good indicator of country ownership,' because the focal point system often does not work as it is intended. Weak or ineffective focal points can put a wrench in the system."
> GEF OPS3 report

15. To strengthen country ownership, the GEF is focusing on capacity building as outlined in their report to CoP1. A key component of capacity building for POPs has been the focus on drafting NIPs in the first phase of funding.

2 Criteria and guidance from Convention Article 13, paragraph 7

2.1 GEF's ability to incorporate policy guidance from the CoP

16. As the first CoP was only in 2005, prior to CoP1 the GEF has responded to earlier intergovernmental POPs structures. Since CoP1, it has been responding to the CoP.

2.1.1 GEF's responsiveness to the resolutions of the Conference of Plenipotentiaries, decisions of the Intergovernmental Negotiating Committee and, to the extent possible, guidance from CoP1

17. As noted above, regarding the Conference of Plenipotentiaries, which took place in May 2001, the GEF responded promptly to the Conference's request to establish a new focal area on POPs. The GEF further responded to the Conference's request to establish an operational programme, which has focused initially on the development of NIPs.

18. In a similar manner, the GEF responded to decision INC-7/9 of the Intergovernmental Negotiating Committee (INC). This decision established a process for developing guidance to the financial mechanism, which tasked an open-ended Working Group to prepare the draft guidance. This draft guidance – to which the GEF has responded – was issued on 27 May 2004 and subsequently adopted by CoP1. Notably, this guidance identified the "development, review and update, as appropriate, of national implementation plans" as a programme priority. Furthermore, as note in section 2.2 below, the GEF responded to decision INC-7/9 paragraph 1 regarding the funding provided for enabling activities.

19. Article 13 of the Stockholm Convention also makes clear that the financial mechanism is to function under guidance from the CoP. It states:

> "The mechanism shall function under the authority, as appropriate, and guidance of, and be accountable to the Conference of the Parties for the purposes of this Convention."
> POPs Convention text

20. The GEF is expected to provide regular reports to the CoP, and the CoP in turn may further discuss matters arising in these reports with the GEF Council. In Decision SC- 1/9, the CoP:

> "requests the Global Environment Facility to prepare and submit reports to each ordinary meeting of the Conference of the Parties on its operations in support of the Convention, as set out in the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility."
> POPs CoP1 report

21. At CoP1, the Parties adopted a guidance document for the GEF. In their report to CoP2, the GEF explains how it is following this guidance:

> "Two documents underpin the future work of the GEF in the POPs focal area: the draft Operational Program #14 on POPs (OP14) and the draft GEF POPs strategy. Both documents are grounded in CoP guidance and specifically respond to Decision 1/9 of the Conference of the Parties to the Stockholm Convention adopted in May 2005. Both documents are being prepared in consultation with the Secretariat of the Stockholm Convention."
> GEF report to CoP2

2.1.2 Any other significant issues raised by the Parties

22. During the period under review – May 2001 to July 2005 – the focus was on establishing a financial mechanism that was responsive to CoP guidance. In their first CoP decision on guidance to the financial mechanism (Decision SC- 1/9), however, the Parties recognised that significant issues may arise and that updated guidance may be required:

> "The Conference of the Parties shall review, in consultation, as appropriate, with the entity or entities entrusted with the operation of the financial mechanism, the effectiveness of the present guidance on a regular basis and update and prioritize it as necessary. Such reviews will coincide with the schedule of reviews for the effectiveness of the financial mechanism."
> POPs CoP1 report

2.2 Determination of policy, strategy and programme priorities, as well as clear and detailed criteria and guidelines regarding eligibility for access to and utilization of financial resources

23. Regarding the determination of policy, strategy and programme priorities, CoP1 has provided guidance to the GEF in the Annex to Decision SC-1/9. As noted in section 2.2.1 above, in its report to CoP2, the GEF has explained how it has responded to this guidance. Most importantly, the GEF notes:

> "The finalization of OP14 was on hold pending CoP guidance. The GEF Council meeting in November 2005 has now instructed the GEF Secretariat, working with the GEF agencies, to finalize the Operational Program on POPs, taking into account the guidance approved at the first meeting of the CoP."
> GEF report to CoP2

24. As of the writing of this report, a finalised OP14 document is not yet available. Hence, the GEF may also want to consider taking guidance from CoP2 and work as well with the Convention Secretariat to finalise OP14.

25. Regarding eligibility for funds from the financial mechanism, paragraph 1 of INC-7/9 states:

> "that eligibility for financial support … should follow the following principles:
> (a) Support should be available to developing countries and countries with economies in transition that are Parties;
> (b) However, for enabling activities developing countries and countries with economies in transition that are signatories or in the process of becoming Parties should also be eligible;
> (c) In considering paragraphs (a) and (b) above, developing countries and countries with economies in transition are those countries which are eligible according to current Global Environment Facility criteria."
> INC on the financial mechanism

26. Paragraph 6 of Article 13 of the Convention also sets out the eligibility requirements:

> "A mechanism for the provision of adequate and sustainable financial resources *to developing country Parties and Parties with economies in transition on a grant or concessional basis* to assist in their implementation of the Convention is hereby defined."
> POPs Convention text (*Italics added*)

27. Regarding eligibility for access to financial resources – as indicated in the following quote about a matter arising at CoP1 – there appears to be a need to coordinate the criteria and guidelines for access to the GEF as proposed by the CoP and as implemented by the GEF:

> "Three countries that are not eligible for GEF funding under paragraph 9(b) of the instrument have submitted proposals for NIP development funding under expedited procedures: United Arab Emirates, Bahrain, and Brunei. … In the absence of CoP guidance, the GEF relies on paragraph 9(b) of its Instrument which states that countries are eligible for assistance if they are eligible to borrow from the World Bank or if they are an eligible recipient of UNDP technical assistance through country specific programming of resources… Since United Arab Emirates, Bahrain and Brunei are not

> eligible for GEF financing except under clear guidance from a Convention, approval of these proposals is deferred pending further guidance from the CoP on this matter."
> GEF report to CoP1

28. Further, the financial mechanism in general and the GEF in particular would benefit from harmonised guidance from the CoP. In addition to Decision SC-1/9, which is on "guidance to the financial mechanism," several other decisions from CoP1 made specific recommendations and requests to the financial mechanism. These include the following:

- SC-1/12: National implementation plan: "requests the financial mechanism … to support the regular review and updating of national implementation plans"
- SC-1/15: Technical assistance: "adopts the guidance on technical assistance contained in the annex … and recommends its use by … the financial mechanism"
- SC-1/16: Technical assistance - regional and sub-regional centres: "the centres should have access to the resources of the financial mechanism"
- SC-1/25: DDT: "recommends that the financial mechanism … support activities to build and strengthen such capacity as well as measures to strengthen relevant public health systems … [and] requests the financial mechanism … to support ongoing processes to develop global partnerships on long-term strategies for developing and deploying cost-effective alternatives to DDT"

29. It would probably be more effective if the Parties were to include all of their requests and recommendations to the GEF and to the other entities of the financial mechanism in a single decision. This decision, in turn, could clearly identify the funding priorities of the CoP.

2.3 The provision of regular reports by the GEF to the CoP on adequacy and sustainability of funding for activities relevant to the implementation of POPs

30. The GEF provided reports to the sixth and seventh meetings of the Intergovernmental Negotiating Committee. Subsequently in its report to CoP1, the GEF explained that:

> "Reports generated from the monitoring and evaluation activities of the GEF are typically made available to the CoPs of the Conventions for which the GEF serves as the financial mechanism. In particular, the GEF Project Performance Review (PPR) which draws on the findings of the yearly Project Implementation Review (PIR), as well as incorporating lessons and recommendations from other instruments such as Terminal Evaluation Reviews (TERs) or ad hoc thematic studies."
> GEF report to CoP1

31. To date, however, it does not appear that the GEF has provided an in-depth report on the "adequacy and sustainability of funding for activities." This is probably because prior to Cop1, the GEF had not been formally asked to do so. Since the MOU was put in place at CoP1, however, it can be expected that this issue will be covered in future reports of the GEF to the CoP. Paragraph 3(b) of the MOU reads:

> "Provision by the Council of regular reports to the Conference of the Parties on adequacy and sustainability of funding for activities relevant to the implementation of the Convention"
> POPs CoP1 report

32. Going forward, as implementation projects are developed and funded based on priorities identified in the NIPs and subsequent reports of the Parties to the CoP, the critical issue of the adequacy and sustainability of the funding will need to be addressed.

2.4 Promotion of multiple-source funding approaches, mechanisms and arrangements

33. Reporting to CoP1, the GEF explained that:

> "Since adoption of the Stockholm Convention in May 2001, and until January 15 2005, the GEF provided more than US$ 140 million in incremental support for POPs projects that had co-financing of US$ 90.6 million."
> GEF report to CoP1

34. Reporting to CoP2, the GEF further explained that:

> "the GEF allocation during the reporting period in the area of POPs was US$ 38.2 million in financing out of total project costs of over US$ 71 million. Over US$ 33 million was leveraged in co-financing for the project activities from the recipient countries, GEF agencies, bilateral partners, and the non-governmental and private sectors."
> GEF report to CoP2

35. Together, these figures indicate that GEF projects during the period under review have secured approximately 40% of their costs in co-financing. (see Table 1) As most of the GEF funding to date has supported the drafting NIPs and as NIPs are treated as enabling activities, they have been fully funded by the GEF. Thus, the level of co-financing in the first phase of funding has been relatively limited. It is expected, however, that going forward as the focus of the eligible Parties shifts to implementation activities, the level of co-financing will probably have to rise significantly.

Table 1: GEF & Co-financing for POPs

Period	GEF	Co-financing	Total
01May01-15Jan05	140	90.6	230.6
	61%	39%	
15Jan05-15Dec05	38.2	33	71.2
	54%	46%	
Total	178.2	123.6	301.8
	59%	41%	

36. With co-financing already playing a notable role and with the expectation that it will be increasingly important, it could be of interest for the Parties to request the GEF in its role as the principal entity of the financial mechanism to provide analytical reports of co-financing. These reports should include information on sources, mechanisms, arrangements and trends. The GEF reports on co-financing may in part also provide insights for the Parties on the possible inclusion of other entities and arrangements within the financial mechanism.

37. In addition, the Convention Secretariat also has a potential role to play in identifying new funding sources, mechanisms and arrangements for POPs activities. Decision 2 of the Stockholm Conference of Plenipotentiaries, requested:

> "the interim secretariat to invite relevant funding institutions to provide information on ways in which they can support the Convention, and to submit a report on the basis of such information to the Conference of the Parties at its first session."
> Interim financial arrangements

38. In light of this decision, the Parties could also request that the Convention Secretariat to undertake a review of possible additional funding sources, mechanisms and arrangements in support of the implementation of the Convention.

2.5 Modalities for predictable and identifiable determination of the amount of funding necessary and available for the implementation of POPs

39. Section 4 of the CoP1 guidance to the financial mechanism is on the determination of funding. It reads:

> In accordance with paragraph 7 (d) of article 13, the Conference of the Parties will regularly provide the entity or entities entrusted with the operations of the financial mechanism pursuant to paragraph 6 of article 13 of the Convention assessments of the funding needed to ensure effective implementation of the Convention.
> POPs CoP1 report

40. Such assessments of funding needs may in part come from a review of the NIPs. In the first instance, such a review would need to assess whether the inventories identified in the NIPs substantively reflect reality. If the initial POPs inventory estimates are incomplete or flawed, then the projected funding needs may be significantly misstated. Some of the Parties may choose to revise their NIPs or, alternatively, they have the option of revising their NIP projections in their reports to the CoP.

41. In addition, though it would come late to the negotiations process, CoP2 could provide inputs to the current deliberations over GEF4 replenishment on the levels and the nature of funding needs. As it currently stands, the possible alternative funding proposals for POPs under GEF4 are as follows in Table 2:

Table 2: GEF4 POPs replenishment options

Strategic Objective	Scenario 1 $270 million	Scenario 2 $370 million	Scenario 3 $400 million
I. NIP Program and dissemination of best practices	$30 million - 8 countries develop NIP s - 50 countries update their NIPs - Projects to consolidate and disseminate lessons learned	$30 million Same as scenario 1	$30 million Same as scenario 1
II. Strengthening capacity for NIP implementation	$90 million - 45 countries strengthen management capacity	$100 million - 50 countries strengthen management capacity	$100 million - 50 countries strengthen management capacity
III. Partnering in investments for NIP implementation	$110 million - 19 countries either phase-out and destroy PCBs; phase out POPs pesticides; apply BAT/BEP; or destroy obsolete stocks of POPs pesticides	$185 million - 31 countries either phase-out and destroy PCBs; phase out POPs pesticides; apply BAT/BEP; or destroy obsolete stocks of POPs pesticides	$212 million - 33 countries either phase-out and destroy PCBs; phase out POPs pesticides; apply BAT/BEP; or destroy obsolete stocks of POPs pesticides

Strategic Objective	Scenario 1 $270 million	Scenario 2 $370 million	Scenario 3 $400 million
			- 3 ecosystems supported POPs reduction measures
IV. Partnering in demonstration of innovative technologies and practices for POPs reduction	$40 million - 6 alternative technologies/ sets of practices demonstrated	$45 million - 7 alternative technologies/ sets of practices demonstrated	$50 million - 8 alternative technologies/ sets of practices demonstrated
Share of corporate program	$37 million	$50 million	$53 million

adapted from the GEF4 draft POPs strategy

42. In light of the proposals from GEF outlined in Table 2, CoP2 may want to provide further guidance on the proposed allocations under the GEF4 replenishment. Such guidance could also be linked to the request in Decision SC-1/17 for draft terms of reference for a financial needs assessment. COP1 requested:

> "the Secretariat to develop draft terms of reference for work on modalities on the needs assessment for Parties that are developing countries or countries with economies in transition to implement the provisions of the Convention over the period 2006–2010 for consideration by the Conference of the Parties at its second meeting."
> POPs CoP1 report

2.6 Provision to interested Parties of assistance with needs assessment, information on available sources of funds and funding patterns

43. The GEF has provided funding guidance to interested Parties for several years, notably with respect to NIPs:

> "In May 2001, the GEF Council adopted the "Initial Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants." The guidelines, which focus on the preparation of the National Implementation Plans (NIPs), were developed in cooperation with the GEF inter-Agency POPs Task Force and include country eligibility criteria… According to the Council decision of May 2001, all developing countries and countries with economies in transition signatory to the Convention are eligible for GEF "Enabling Activities" funding. Eligibility was expanded in May 2002 to all developing countries and countries with economies in transition party to the Convention."
> GEF report to INC6

44. More recently, the GEF has produced a draft strategy for its new operational programme on POPs, OP14, which provides more details on how to access funds from the GEF. OP14 guidance includes a listing of the eligible activities:

> "The GEF will provide funding, on the basis of agreed incremental costs, for three types of activities to address the issue of POPs – capacity building, on-the-ground interventions, and targeted research. This assistance will focus primarily on the national level, and, to a lesser extent, on regional and global activities."
> GEF draft POPs strategy

45. Guidance from the GEF, however, focuses quite specifically on accessing GEF funds. Information on other available sources of funds and other funding patterns and arrangements has not been provided. During the first phase of funding – with its focus on

developing NIPs – there has understandably been less need for guidance on additional funding modalities. Going forward, however, the funding priorities of the eligible Parties are expected to shift to capacity building and, more importantly, to implementation activities. As this happens, there will be a growing need for guidance to the eligible Parties on additional sources of funds and alternative funding patterns. In this respect, an assessment of co-the financing arrangements of the existing GEF POPs portfolio might provide some insights on possible sources of additional funds and alternative arrangements.

3 The level of funding

46. The GEF has provided reports to the Parties on its funding. At CoP1, it reported that:

> "Since the adoption of the Stockholm Convention, the GEF Council has approved $140.5 million for enabling activities, medium-sized projects and full-sized projects related to the POPs focal area."
> GEF report to CoP1

47. In its report to CoP1, the GEF also provided the following summary information on how the funds have been distributed:

Table 3: GEF funding through 15 Jan 05

Type of POPs projects (POPs focal area)	GEF financing (US$m)	Co-financing (US$m)
Enabling activities (NIPs)	64.2	14.3
Full-sized and medium-sized projects approved by the GEF Council	76.3	76.3
Subtotal	**140.5**	**90.6**
Full-sized POPs projects in the GEF pipeline under preparation	96	92

adapted from the GEF report to CoP1

48. Additionally, on its public website, the GEF reports that:

> "From 2001 to 2004, GEF funded more than $141 million POPs projects with co-financing of $91 million."
> http://thegef.org/projects/focal_areas/focal_areas.html#pops

49. In its report to CoP2, the GEF has updated this information, explaining:

> "By the end of the reporting period, December 15, 2005, the GEF had committed an estimated US$ 171 million to projects in the POPs focal area. This cumulative GEF POPs allocation has leveraged more than US$ 128 million in co-financing to bring the total value of the GEF POPs portfolio to over US$ 300 million."
> GEF report to CoP2

50. Information on how the funds have been distributed is also provided in the GEF's report to CoP2:

Table 4: GEF funding from 15 Jan 05 to 15 Dec 05

Type of activity	Number	GEF	Co-financing	Total (US$m)
Full and medium-sized projects	5	32.4	31.45	63.8
Enabling activities (NIPs)	8	3.15	0.51	3.7
Project preparation PDFs	8	1.5	0.4	1.9
Total	**21**	**37.0**	**32.4**	**69.4**

adapted from the GEF report to CoP

51. Recalling Table 1 above, the GEF has provided just under $178 million to POPs activities. These in turn have generated an additional $124 million in co-financing.

3.1 GEF activities from 22 May 01 to 31 Jul 05

52. The focus of GEF funding for POPs activities during this first phase of funding has been on enabling activities:

> "Initial emphasis by the GEF on capacity building for the Stockholm Convention focuses on support for enabling activities as described in the May 2001 'Initial Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants.'"
> GEF report to CoP1

53. In particular, the GEF has been financing the drafting of NIPs:

> "Given the importance of NIPs as a vehicle for Stockholm Convention implementation, GEF implementation support since adoption of the Convention has emphasized enabling activities, based on the expedited process for these activities, as described above. As of January 15, 2005, the GEF has approved 119 GEF-eligible country proposals for NIP enabling activities for which the GEF has contributed US $64.2 million."
> GEF report to CoP1

54. In its report to CoP1, the GEF has summarised its support for NIP as follows:

Table 5: The NIPs Portfolio as of 15 Jan 05

Status of approval	
103 proposals have been approved under expedited procedures	
6 proposals are pending approval	
India and Brazil are receiving PDF-B funding towards enabling activities full projects	
China's full project proposal is under implementation	
Russia is engaged through a PDF-A proposal	
12 countries are part of UNEP pilot project	
Distribution by Agency of approved proposals (including PDFs)	
UNDP:	22 countries
UNEP:	54 countries (including pilot project)
UNIDO:	39 countries
World Bank:	4 countries
Distribution by Region (including UNEP pilot and PDFs)	
Africa:	42 countries
Asia and the Pacific:	32 countries
Europe and Central Asia:	24 countries
Latin America and the Caribbean:	21 countries

adapted from the GEF report CoP1

55. Importantly, the GEF also reports on the progress of NIP development through their five phases. In their report to CoP1 they were able to report on progress through 10 Nov 2004 and in their report to CoP2 they reported on progress through 15 Nov 2005:

Table 6: NIP progress as of 10 Nov 04

Phase:	I	II	III	IV	V	Total
UNDP	7	10	2	1	2	22
UNEP	13	19	19	3	0	54
UNIDO	6	20	3	2	8	39
WB	2	1			1	4
Total	28	50	24	6	11	119

adapted from the GEF report to CoP1

Table 7: NIP progress as 15 Nov 05

Phase:	I	II	III	IV	V	Total
Total	27	31	23	23	22	**126**

adapted from the GEF report to CoP2

56. The five phases are as follows with completed NIPs listed in the fifth phase:

"The process of developing a NIP can be subdivided into five phases:

1. Establishment of a coordinating mechanism and a process organization;
2. Establishment of POPs inventories and assessment of national infrastructure and capacity;
3. Priority assessment and objective setting;
4. Formulation of the NIP;
5. Endorsement and submission of the NIP."

Interim guidance for drafting NIPs

57. In addition to the NIPs, during the first phase funding through July 2005, a number of medium and full-sized projects (MSPs and FSPs) were also approved. These are summarised in Table 8:

Table 8: POPs MSPs and FSPs approved before 31 Jul 05

Type	Approved	Location	IA	EA	GEF	Co-finance	Total
MSP	Sep-01	Global	UNEP	UNEP Chemicals	0.580	0.813	1.393
MSP	Sep-02	Global	UNEP	UNEP Chemicals	0.304	0.080	0.384
MSP	May-03	Global	UNEP/UNIDO	EHF	1.000	1.000	2.000
MSP	Mar-04	Global	UNDP	UNITAR	1.000	1.000	2.000
MSP	Apr-04	Global	UNEP	UNEP Chemicals	0.395	0.921	1.316
MSP	Oct-05	Global	UNDP	UNITAR	0.700	0.750	1.450
FSP	May-01	Global	UNEP	UNEP Chemicals	6.185	3.130	9.315
FSP	Oct-02	Africa	WB/FAO	WB/FAO	25.700	35.000	60.700
FSP	May-03	Slovak Republic	UNDP	UNIDO	10.704	10.074	20.778
FSP	May-04	Philippines	UNDP	UNIDO	4.565	7.762	12.327
FSP	Nov-04	China	WB	SEPA	18.636	13.174	31.810
FSP	Jun-05	China	WB	SEPA	14.641	13.685	28.326
FSP	Jun-05	West Africa	UNEP	Global IPM	4.478	4.827	9.305
FSP	Jun-05	Africa	UNEP	WHO Africa	5.869	5.987	11.856
					94.757	**98.203**	**192.960**

adapted from the GEF projects database at thegef.org

58. This small but growing portfolio of MSPs – predominately at the global level – and FSPs – predominately at the regional and national levels – provide pilot examples of the use of GEF funds to implement the Stockholm Convention. However, as only one of these projects has been completed, it is still too early to assess their effectiveness.

3.2 Activities concluded during this period

59. Countries with a draft NIP are considered to have reached the fifth phase of the NIP development process. As noted in Tables 6 and 7 above, the number of phase five NIPs in Nov 2004 and Nov 2005 were 11 and 22 respectively. Thus as late as Nov 2005 only a fraction of the NIPs – 22 out of 126 or 28% – were completed. With the important role that NIPs play in the implementation of the Convention, it will be critical for the remaining NIPs to be completed soon. Indications are that a sizeable number will have been completed by the end of 2006.

60. During the period between the adoption of the Convention and its entry into force and the CoP become operational, GEF leadership in promoting and funding the NIPs is evident. Draft guidance to Parties on developing a NIP was also provided. As early as April 2001, the GEF provided guidance on developing NIPs in the context of funding enabling activities for POPs.

61. Though the actual guidance for the assisting countries in the preparation of NIPs was not directly developed by the GEF, the GEF played a key role in facilitating guidance. Hence, the official guidance on NIPs from CoP1 does reflect the guidance that was provided by the GEF. In Decision SC-1/12, the CoP adopted "the guidance for assisting countries in the preparation of national implementation plans contained in the note by the Secretariat on interim guidance." Going forward, it is expected that the official guidance from CoP1 will be considered in GEF support for new NIPs and its support for subsequent updates and revisions.

62. Though only a small number of NIPs were concluded during the period under review, a good deal more are expected to be concluded by the end of 2006. Together this portfolio of NIPs will provide the basis for an aggregated global work plan for the implementation of the Stockholm Convention at national and regional levels. Hence, together the NIPs can provide a framework for determining the level and uses of GEF4 funds and at a later date GEF5 funds.

63. The usefulness of the completed NIPs in guiding funding for POPs implementation activities will, of course, be influenced by the quality of the completed NIPs. As the NIPs, especially the ones completed in the first phase of funding, were the first of their kind, some of them will likely to require revision – in terms of both methodology and scope – in order to provide a more accurate reflection of POPs requirements at the national level. As CoP1 has also set out guidance for the revisions of NIPs, these may take place over the coming months and provide guidance that is more reliable for GEF funding allocations. Alternatively, the revisions may be reflected in subsequent reports by the Parties to the CoP.

64. Regarding MSPs and FSPs it appears that only one project has been competed for which there has been a terminal evaluation report. This is the UNEP project on "Support for the Implementation of the Stockholm Convention on Persistent Organic Pollutants," which was approved in September 2001 and completed in June 2003. Interestingly the executive summary of the terminal evaluation report stated that the success of this project was linked directly to the GEF funding of the NIPs:

> "All these objectives were met very satisfactorily in comparison with any other international environmental convention. The difficulty in evaluating the present project lies not in establishing whether the objectives were met but rather in determining the extent to which this project contributed to the result, given that several other factors also contributed. *The single most important contributing factor was probably the existence of the GEF funding mechanism through which GEF-eligible countries could receive up to $500,000 to establish and implement their national implementation plans.* In interviews with the participants of workshops, who in many cases are now national focal points for the Stockholm Convention, it emerges that GEF funding is certainly considered the major factor…"
> GEF POPs closed project evaluation *(Italics added)*

65. It is quite likely that the effectiveness of the other globally focused MSPs approved during the first funding phase will also be closely linked to the development of the NIPs. Once again, it is clear that the quality of the NIPs is an important factor, which needs to be assured.

66. Finally, regarding the FSPs, these are focused at the regional and national levels. As they are completed, it will be useful to review their terminal evaluation reports for lessons learned, including lessons learned about the application of the GEF constructs of implemental cost and global environmental benefits to POPs activities on the ground.

3.3 Analysis of lessons learned from the GEF funded activities

67. During this first funding phase of the Convention – from May 2001 to Jun 2005 – the GEF provided leadership, especially with respect to the development of NIPs. It did so, however, at some risk, as the CoP was not yet operational and thus was not yet able to provide substantive guidance from the Parties. This matter was recognised clearly in the GEF's third overall performance study (OPS3):

> "Through OP14 and the POPs Business Plan, the GEF has positioned itself to address global priorities of the Stockholm Convention and is in fact responding to those priorities through its POPs strategy. *It is essential, however, that the GEF continue to monitor responsiveness and, in particular, to react to guidance from the first CoP*, which was held in May 2005 in Punta del Este, Uruguay. Based on such guidance, the GEF should work with the Stockholm Convention Secretariat to finalize OP14. Moreover, because the NIPs have been developed in parallel with convention guidelines on best available technologies and best environmental practices guidelines, *it is important that this guidance feed into the implementation of the NIPs and the finalization of OP14.*"
> GEF OPS3 report *(Italics added)*

68. Thus, the GEF funding to date, in particular for the development of NIPs, has some degree of risk in that it may have been misdirected. At present, however, this risk appears does not appear to be significant. Should the guidance of the Parties move in new directions in the months ahead, then the GEF-funded NIPs may find themselves dated. Indications from the decisions of CoP1, however, are that that the risk of this happening is low.

69. What is significant, however, is the robustness of the NIPs themselves, especially with respect to identifying the scale and the scope of persistent organic pollutants at the national level. OPS3 noted that:

> "NGOs and country focal points in the OPS3 regional workshops expressed concern about the quality and consistency of the NIPs in all countries, noting that the quality of technical assistance among IAs and EAs varies widely in this area."
> GEF OPS3 report

70. If during their revision, various NIPs are found to be flawed with respect to the methods used to assess the situation as well as with respect to the scale and scope of their coverage, they may need to be substantively redrafted. Given the large number of NIPs that have been drafted in a relatively short period, this may well turn out to be the case in several instances. Though it is not possible to estimate the number of revisions that will be needed, the GEF may want to work with the Convention Secretariat to determine an appropriate budget in GEF4 for revised NIPs. If NIP revision is not appropriate, one approach might be to essentially revise the NIPs through the reports of Parties to the CoP.

71. Yet another key issue established during the first funding phase was the adoption of the core GEF approach for POPs – i.e. the funding of incremental costs to achieve global benefits. At the 2002 GEF Assembly in Beijing, paragraph 3 of the GEF Instrument was amended to read:

> "*The agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management* as they relate to the above focal areas [climate change; biological diversity; international waters; ozone layer depletion; land degradation, primarily desertification and deforestation; *persistent organic pollutants*] shall be eligible for funding."
> GEF report to CoP1 *(Italics added)*

72. This amended was consistent with the GEF Secretariat's preparation of the draft OP4 for POPs:

> "The proposed program objective is to "*provide assistance, on the basis of incremental costs*, to developing countries and countries with economies in transition to reduce and eliminate releases of POPs into the environment."
> GEF report to CoP1 *(Italics added)*

73. OPS3, however, noted concern over the application of the concept of increment costs and global environmental benefits. The report stated that:

> "demonstration projects have begun under OP14 … without clear instruction from the Convention on how to calculate incremental costs. As a result, *difficulties have been encountered in terms of identifying and calculating incrementality for these projects*; some country governments have argued that, because the removal of POPs invariably leads to global environmental benefits, project costs should be covered almost completely by the GEF."
> GEF OPS3 report *(Italics added)*

74. Though a case can be made that the removal of all persistent organic pollutants can benefit the global environment, conversely, a case can also be argued that the their removal will lead primarily to local environmental benefits. If the benefits are primarily local, then the POPs activities do not qualify for GEF funding! Clearly, a more in-depth understanding of how the Parties and the GEF can operationalise the GEF constructs of incremental costs and global environmental benefits is needed to ensure an effective disbursement of POPs funds under GEF4 and later on GEF5.

75. Importantly, a clearer understanding of what the GEF will and will not fund could as well provide guidance to the Parties on the possible roles for other entities and approaches in the Convention's financial mechanism with the GEF acting as its catalytic, principal entity.

3.4 Adequacy and sustainability of resources

76. Though a considerable level of funding has occurred in the first phase of funding, this funding has primarily supported the development of NIPs. To the extent that these NIPs are robust and have solid financial estimates, they can become the basis for judging the full costs of implementing the Stockholm Convention. Moreover, with additional clarity about the GEF application of the construct of incremental costs, it will then be possible to estimate the level of GEF funding required for implementation.

77. Currently, however, there is insufficient information on which to judge whether the funds spent in the first funding phase or the planned GEF4 phase are adequate or sustainable. Indications are that the level of funding envisioned in GEF 4 – even in the best scenario as presented in Table 2 above – will have to catalyse very large amounts of co-financing from other sources for many years to come in order to bring about the technological changes and environmental results envisioned in the Stockholm Convention.

78. In light of the expected high level of required funding, there is an urgent need for the Parties to explore and develop other entities of the Convention's financial mechanism in addition to its principal entity.

4 Effectiveness of the GEF performance

79. Article 14 of the Stockholm Convention identifies the GEF "on an interim basis" as "the principal entity entrusted with the operations of the financial mechanism." This arrangement was reaffirmed by the Parties in CoP Decision SC- 1/9. Importantly, no other entities or arrangements of the financial mechanism have been identified.

4.1 Appraise the effectiveness of the GEF in its capacity as principal entity

80. Article 13 of the Stockholm Convention identifies two key elements of the financial mechanism. The first relates to financial resources and the second to governance. The Convention states:

> "A mechanism for the provision of adequate and sustainable financial resources to developing country Parties and Parties with economies in transition on a grant or concessional basis to assist in their implementation of the Convention is hereby defined. The mechanism shall function under the authority, as appropriate, and guidance of, and be accountable to the Conference of the Parties for the purposes of this Convention."
> POPs Convention text

81. As detailed in section 3 above, the GEF has clearly provided substantial grants to eligible Parties to implement the Convention. It has taken a leadership role in this regard by funding Parties even before the Convention came into effect and by focusing this funding on the priority activity of developing NIPs.

82. Whether this funding has been adequate is more difficult to assess. To the extent that the funds disbursed developed a robust set of NIPs, then for the first phase of funding, these funds can be deemed adequate. Only after a substantial number of the NIPs have been completed and reviewed, will it be possible to properly assess the adequacy of the funding in this first phase.

83. Regarding governance, the Parties requested that the GEF – an existing financial facility with its own well-established governance structure, goals, objectives, programmes and operations– take on the responsibility of being the principal entity of the POPs financial mechanism. In response, as explained above, the GEF Council amended the GEF Instrument and its budget to enable a new operational programme for POPs. Furthermore, the GEF has followed the guidance of the POPs interim authorities before the establishment of the CoP and more recently the guidance from CoP1.

84. To the extent possible, given its own governance structure and operational history, it does indeed appear that the GEF is committed to functioning "under the authority, as appropriate, and guidance" of the CoP and will be accountable to it on matters relating to implementing the Stockholm Convention. It is unlikely, however that the Parties can expect to have ultimate authority over the GEF – even with respect to OP14 – as the replenishment of the GEF is not being negotiated through the CoP of the Stockholm Convention or, for that matter, through the CoPs of the other multilateral environmental agreements who have chosen the GEF as their financial mechanism. Nevertheless, by maintaining good relations between the CoP and the GEF Council and between the GEF Secretariat and the Convention Secretariat, the Parties can expect to have on-going substantive and meaningful authority over the GEF.

85. Furthermore, the reports of the GEF to CoP1 and CoP2 indicate a real willingness of the GEF to operate under the guidance of the CoP and to be accountable to the CoP. This is, in part, because the GEF itself is fully committed to promoting accountability, monitoring and evaluation, and developing appropriate programme-level indicators. This is evident in its new policy on monitoring and evaluation and its report to Cop1:

> "Promote accountability for the achievement of GEF objectives through the assessment of results, effectiveness, processes and performance of the partners involved in GEF activities. GEF results will be monitored and evaluated for their contribution to global environmental benefits"
> GEF monitoring and evaluation policy
>
> "GEF-funded projects and programs on POPs are subject to the monitoring and evaluation procedures and requirements of the GEF. Additionally, the GEF will develop program-level indicators to monitor the overall performance and outcomes of activities under the POPs focal area."
> GEF report to CoP1

86. The effectiveness of the performance of the GEF, however, is not just about the levels of funding and the role of the CoP in governing the GEF. More importantly, it is about the real, substantive effectiveness of GEF funding to the implementation of the work programme of the Stockholm Convention.

87. In this respect, the robustness of the NIPs and their ability to provide a framework for future GEF funding will need to be assessed in some detail at a later stage. In addition, the

appropriateness of the GEF constructs of incremental cost and global environmental benefits for POPs activities will also have to be reviewed.

88. If the constructs of incremental cost and global environmental benefits are found to be sound for the implementation phase of the Convention, there will be a need for the Parties in collaboration with the GEF to identify suitable sources of co-financing for the non-incremental costs of POPs projects. Insights from the MSPs and FSPs approved during the first phase of funding, as well as insights from the co-financing of projects in other GEF focal areas may prove useful in this regard.

89. If the constructs of incremental cost and global environmental benefits, on the other hand, are found to be of limited relevance to the implementation phase of the Convention, there will be an even greater need to identify other sources of finance. Some of these sources, which could include multilateral financial institutions, bilateral development agencies, commercial banks and private companies – might even become entities of the POPs financial mechanism. In this respect, the GEF's role in catalysing co-financing will need to be further developed.

90. Though it is perhaps too earlier to judge, as evidenced in the currently available documentation, it does appear that the GEF could strive to be more effective in identifying other sources of finance for POPs activities from multilateral, bilateral and private entities.

4.2 Transparency and timeliness of the project approval process

91. The GEF itself is very aware of the importance of transparency and timeliness in its project approval process. This is made clear in its new policy on monitoring and evaluation and in its report to CoP1:

> "Consistent with provisions in the GEF Instrument, there should be transparency in the preparation, conduct, reporting, and evaluation of public involvement activities in all projects, including for monitoring and evaluation."
> GEF monitoring and evaluation policy

> "The GEF "project cycle" is kept under constant review by the GEF Council with a view to improving the efficiency of the system and minimizing bureaucracy, without compromising on project quality… For example, following a request from the GEF Council, OME is presently conducting a study of "elapsed time" – the time between approval of a concept and grant effectiveness. The outcome of this study will inform the on-going work on "streamlining" of the project cycle."
> GEF report to CoP1

92. Nevertheless, it is unfortunate that of the six focal areas in which the GEF funds projects – biodiversity, climate change, international waters, ozone depletion, land degradation and persistent organic pollutants – POPs is one of two areas in which the GEF does not have a dedicated section of its website providing further information to the Parties.

93. The challenges of transparency and timeliness of the GEF project approval cycle are well known in the other focal areas. Whom among the implementing agencies should eligible Parties approach for particular types of POPs projects? What methods and criteria will the GEF use to determine incremental costs and global environmental benefits? How long can Parties expect the project approval process to take? Once a project is approved, how long can

Parties expect to wait for the funds to be released? It is not easy to find answers to such questions on the GEF's website.

94. If a Party looks at the Funding page of the GEF website, it will finding the following information:

> "GEF's three Implementing Agencies and seven Executing Agencies (under the policy of expanded opportunities) work with the operational focal point in each recipient country to develop project ideas that are consistent both with the country's national programs and priorities and with GEF's operational strategy and programs. Regional or global programs and projects may be developed in all countries that endorse the proposed activity.
>
> "The amounts of grants are determined by the type of project, which is a function of project size. The types of projects are: Full-Sized Projects, Medium-Sized Projects, Enabling Activities, and Small Grants Programme."
> http://thegef.org/Projects/projects-Projects/FundingOptions.html

95. With three implementing agencies plus seven additional executing agencies set up to fund four different categories of projects, it is not easy for Parties to know whom to approach and with whom to collaborate for what types of projects. The hotlinks from this Funding page also do not provide any further practical guidance, especially for POPs. A dedicated section of the GEF website on OP14 with guidance on how to apply for funding for POPs projects would improve transparency and expectations about timeliness.

4.3 Simple, flexible and expeditious procedures for accessing funds

96. The GEF has stated that it has taken steps to ensure that the procedures for accessing funds are simple, flexible and expeditious. In its report to CoP1, the GEF stated:

> "The GEF has taken key steps to expedite procedures for access to funding, including expanding delivery mechanisms through increasing the number of partner agencies that can work directly with the GEF on POPs issues, and GEF Council decisions regarding expedited processing of proposals."
> GEF report to CoP1
>
> "… the GEF Council in November 2003 requested that the Executing Agencies under Expanded Opportunities, acting within their agreed scope for GEF operations, be given direct access to GEF resources for medium and full-sized projects. Arrangements to give effect to that policy have now been finalised such that a country can now work with any one of the three original Implementing Agencies, one of the four RDBs, or FAO or UNIDO, to identify, develop and implement a GEF project on POPs."
> GEF report to CoP1
>
> "In May 2000, the GEF's Expanded Opportunities policy culminated with the GEF Council's designation of UNIDO and the FAO as GEF Executing Agencies (EAs) with expanded opportunities in the area of POPs …"
> GEF report to CoP1
>
> "Expedited procedures provide that the Chief Executive Officer (CEO) of the GEF may directly approve proposals for GEF projects that do not exceed US$ 500,000. The GEF Council also approved a simplified format for presentation of proposals."

GEF report to CoP1

"The GEF's Implementing and Executing Agencies, the Science and Technical Advisory Panel (STAP) and the Convention Secretariat are requested to conduct their respective technical reviews of proposals parallel to the GEF Secretariat, i.e., within the same seven-day time frame. Council review of expedited enabling proposals is not required. Therefore, projects that meet with eligibility criteria and technical review can proceed directly to the GEF CEO for decision on approval."
GEF report to CoP1

97. Though these developments show a commitment by the GEF to provide a better service to eligible Parties, as discussed in Section 4.2 above, the procedures for accessing funds remain quite unclear. In this regard, the proposed new operations manual announced in the GEF report to CoP2 is likely to become a most useful guide for the eligible Parties:

"The GEF is currently finalizing an operations manual to put together all the information needed by Parties to access GEF resources using the various modalities in a user-friendly format. The operations manual will be distributed to all Parties and will also be available at the GEF website. It will describe the detailed procedures in undertaking a project, as well as the approval process and documentation needed at each stage of the project cycle."
GEF report to CoP2

4.4 Level of stakeholder involvement

98. With respect to the first phase of funding, the GEF has placed strong emphasis on "planned stakeholder involvement" in the development of NIPs.

99. In general, the GEF is particularly concerned with stakeholder involvement in monitoring and evaluation:

"Monitoring and evaluation in the GEF shall involve project stakeholders and beneficiaries, both as participants and contributors and as users and beneficiaries as appropriate. Stakeholder participation and participatory approaches to M&E are particularly necessary in projects which impact the incomes and livelihoods of local groups, especially disadvantaged populations in and around project sites (for example, indigenous communities, women, and poor households)."
GEF monitoring and evaluation policy

"The stakeholders have a particular responsibility in providing their views and perspectives. They use monitoring and evaluation to assess progress, raise issues or confirm the achievement of results, to improve performance and learning."
GEF monitoring and evaluation policy

"Lessons from monitoring and evaluation activities should in particular be made available to stakeholders directly involved in project formulation and implementation at country level for improved effectiveness."
GEF monitoring and evaluation policy

100. Hence, it is not surprising that the GEF has included the "level of stakeholder involvement" as one of the indicators for evaluating the NIPs. Unfortunately, as few NIPs were completed in the period under review, and as no terminal evaluation reviews have been undertaken, it is not possible at this time to assess the level of stakeholder involvement.

4.5 Summary of recommendations

101. The introduction to this draft report stated that it is hoped that this report will provide some insights on actions needed to improve the effectiveness of the Convention's financial mechanism. This section summarises some the main recommendations of this report:

- The GEF may want to consider taking guidance from CoP2 and work with the Convention Secretariat to finalise OP14.

- There appears to be a need to coordinate the criteria and guidelines for access to the GEF as proposed by the CoP and those implemented by the GEF.

- It would be more effective if the Parties were to include all of their requests and recommendations to the GEF in a single decision.

- As POPs implementation activities are developed and funded, the critical issue of the adequacy and sustainability of the funding will need to be addressed.

- With the expectation that co-financing will be increasingly important, the Parties could request the GEF to provide analytical reports of its co-financing, which include sources, mechanisms, arrangements and trends.

- The Parties could request the Convention Secretariat to undertake a review of how alternative funding sources, mechanisms and arrangements could support the implementation of the Convention.

- Though it would come late in the GEF4 replenishment negotiations, CoP2 could contribute inputs on the levels and the nature of funding needed under GEF4.

- An assessment of co-the financing arrangements of the existing GEF POPs portfolio might provide some insights on possible sources of additional funds and alternative arrangements.

- As the initial FSPs are completed, it will be useful to review their terminal evaluation reports for lessons learned, including lessons learned about the application of the GEF constructs of implemental cost and global environmental benefits to POPs activities.

- The GEF may want to work with the Convention Secretariat to determine an appropriate budget in GEF4 for revised NIPs. If NIP revision is not appropriate, an approach might be to essentially update NIPs through the reports of Parties to the CoP.

- A more in-depth understanding of how the Parties and the GEF can operationalise the GEF constructs of incremental costs and global environmental benefits is needed to ensure an effective disbursement of POPs funds under GEF4.

- A clearer understanding of what the GEF will and will not fund can provide guidance to the Parties on the possible roles for other entities and approaches in the Convention's financial mechanism with the GEF acting as its catalytic, principal entity.

- In light of the expected high level of funding requirements, there is an urgent need for the Parties to explore and develop other entities of the Convention's financial mechanism in addition to its principal entity.

- Though it is perhaps too earlier to judge, it does appear that the GEF could strive to be more effective in identifying other sources of finance for POPs activities from multilateral, bilateral and private entities.

- A dedicated section of the GEF website on OP14 with guidance on how to apply for funding for POPs projects would improve transparency and expectations about timeliness. In this respect, the proposed new operations manual announced in the GEF report to CoP2 is likely to become a most useful guide for the eligible Parties.

5 Sources of information

102. To improve the readability of this draft report, short titles have been used throughout the report. In this section, full document titles are provided as well. Generally, POPs documents are available at *www.pops.int* and GEF documents are available at *www.thegef.org*. Please note that all documents and sources listed below are also available at the worksite for this report, which can be found at *earthmind.net/pops*.

5.1 Information provided by eligible Parties on experiences gained through activities funded by GEF

- **POPs statement to the GEF council -** Statement by John Whitelaw on behalf of the Stockholm Convention (8 Nov 05)

from CoP1:

- **Financial mechanism** - Financial mechanism (UNEP/POPS/COP.1/16)
- **POPs CoP1 report** - 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)
- **Draft guidance to the financial mechanism** - (UNEP/POPS/COP.1/17)
- **Draft ToR for the financial mechanism review** - Draft terms of reference for the review of the financial mechanism - (UNEP/POPS/COP.1/18)
- **Interim guidance for drafting NIPs** - Interim guidance for developing national implementation plans for the Stockholm Convention - (UNEP/POPS/COP.1/INF/18)
- **Comments on the draft ToR for the financial mechanism** - Submissions received in response to the request for comments on the initial draft guidance to the financial mechanism prepared by the Secretariat - (UNEP/POPS /COP.1/INF/19)
- **Comments on draft MOU with the GEF** - Compilation of comments on the draft memorandum of understanding between the Council of the Global Environment Facility and the Conference of the Parties of the Stockholm Convention on Persistent Organic Pollutants - (UNEP/POPS/COP.1/INF/20)

also of interest:

- **INC on the financial mechanism** – Financial mechanism (UNEP/POPS/INC.7/9)
- **Guidance to the financial mechanism** – (UNEP/POPS/INC.7/17)
- **Draft guidance to the financial mechanism** - Draft guidance to the financial mechanism of the Stockholm Convention (Draft of 27 May 2004)
- **Interim financial arrangements** – resolution 2 of the Conference of Plenipotentiaries (UNEP/POPS/CONF/4)

5.2 Reports submitted to the CoP by the GEF

- **GEF report to CoP2** - Report of the Global Environment Facility on its activities in support of the implementation of the Stockholm Convention - (UNEP/POPS/COP.2/28)
- **GEF report to CoP1** - Report of the Global Environment Facility to the first meeting of the Conference of the Parties of the Stockholm Convention on Persistent Organic Pollutants - (UNEP/POPS/COP.1/INF/11)
- **GEF work in support of POPs** - Global Environment Facility work in support of the implementation of the Stockholm Convention: opportunities for advancing global sound management of chemicals - (UNEP/POPS/COP.1/INF/30)

also of interest:

GEF report to INC7 - Activities of the Global Environment Facility in support of the early implementation of the Stockholm Convention on Persistent Organic Pollutants - (UNEP/POPS/INC.7/INF/11)

- **GEF report to INC6** - Report of the Global Environment Facility to the sixth session of the Intergovernmental Negotiating Committee -(UNEP/POPS/INC.6/INF/9)

5.3 Other reports provided by the GEF

- **GEF OP14 draft** - Operational program on persistent organic pollutants [Draft1] (OP#14) – (GEF/C.22/Inf.4)
- **GEF4 draft POPs strategy** - Working draft - GEF POPs strategy – (GEF/R.4/Inf.10)
- **GEF4 revised programming document** - Revised programming document for GEF-4 – (GEF/R.4/31)
- **GEF initial guidelines for POPs enabling activities** - Initial guidelines for enabling activities for the Stockholm Convention on Persistent Organic Pollutants – (GEF/C.17/4)
- **GEF monitoring and evaluation policy** - The GEF monitoring and evaluation policy – (3 Feb 06)
- **GEF OPS3 report** - OPS3: Progressing toward environmental results: Third overall performance study of the GEF (Jun 05)
- **GEF relations with conventions** - Relations with conventions and other institutions – (GEF/C.27/4)
- **GEF annual report 04** - Producing results for the global environment: GEF annual report 2004
- **GEF MDGs report** - Achieving the Millennium Development Goals: A GEF progress report – (Sep 05)
- **GEF performance action plan** - Action plan to respond to recommendations for improving GEF's performance – (GEF/C.22/7)

also see:

- **GEF Council summary – Nov 05** - Joint summary of the chairs: GEF Council Meeting (November 8-10, 2005)
- **GEF Council summary – Nov 03** - Joint summary of the chairs: GEF Council Meeting (November 19-21, 2003)
- **GEF Council summary – May 02** - Joint summary of the chairs: GEF Council Meeting (May 15-17-2002)
- **GEF Council summary - May 01** - Joint summary of the chairs: GEF Council Meeting (May 9 -11 2001)

and:

- **STAP-GEF technical workshops on POPs**

- http://hq.unep.org/stapgef/strategic/brainstorm.htm

and also:

- **GEF POPs project list** – from the gefweb.org projects database as of Mar 06
- **GEF POPs closed project sheet** - Support for the implementation of the Stockholm Convention on Persistent Organic Pollutants – (GEF 1430, UNEP 325) – from gefweb.org

- **GEF POPs closed project evaluation** - Evaluation of the project on support to the implementation of the Stockholm Convention (GF/4030-01-03)

5.4 Information provided by IGOs, NGOs and other relevant stakeholders

- **IPEP home page** - oztoxics.org/ipepweb
- **IPEN's citizen's guide to POPs** - Citizen's Guide to the implementation of the Stockholm Convention – (Oct 05)
- **IPEN SGP partnership** – Joint communiqué on IPEN and SGP partnership for the reduction and elimination of POPs and other hazardous chemicals through NGO and CBO action
- **Review of the FCCC financial mechanism** - Review of the FCCC financial mechanism – (FCCC/SBI/2002/14)
- **Options study for the RC financial mechanism** - Study of possible options for lasting and sustainable financial mechanisms – (UNEP/FAO/RC/CoP.2/10)

5.5 Other relevant information

- **POPs convention text** - Stockholm Convention on Persistent Organic Pollutants
- **Ridding the world of POPs: A guide** - Ridding the world of POPs: A guide to the Stockholm Convention on Persistent Organic Pollutants - (Apr 05)
- **POPs: A resource guide** - Persistent organic pollutants and the Stockholm Convention: A resource guide (Sep 01)
- **Hazardous chemicals and waste conventions: A guide** - The Hazardous Chemicals and Wastes Conventions (Sep 03)