



**Stockholm Convention
on Persistent Organic
Pollutants**

English only

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

Fourth meeting

Geneva, 4–8 May 2009

Item 5 (h) of the provisional agenda¹

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

Draft report on the second review of the financial mechanism^{}**

Note by the Secretariat

As referred to in document UNEP/POPS/COP.4/28, set out in the annex to the present note is the draft report on the second review of the financial mechanism prepared by an independent evaluator, Dalberg Development Advisors. The draft report has been reproduced without formal editing.

* UNEP/POPS/COP.4/1.

** Mandate for the action described in the present note contained in: Stockholm Convention, Articles 13 and 14; reports 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; its second meeting (UNEP/POPS/COP.2/30), annex I decision SC-2/10; and of its third meeting (UNEP/POPS/COP.3/30), annex I, decision SC-3/17; Final Act of the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants (UNEP/POPS/CONF/4), appendix I, resolution 2.

Annex

Second Review of the Financial Mechanism of the Stockholm Convention



Table of Contents

Executive Summary	4
1 Background	9
2 Methodology	18
3 Findings and recommendations	21
Annex A - Acronyms.....	38
Annex B – Bibliography	39
Annex C – List of guidance issues by the COP and responses and actions undertaken by the GEF	41

Executive Summary

The Stockholm Convention on Persistent Organic Pollutants (POPs) was adopted in 22 May 2001 by the Conference of Parties, and Article 14 of the convention entrusted the Global Environment Facility (GEF) with the operations of the financing mechanism on an interim basis.

The effectiveness of the GEF as the financial mechanism for the Stockholm Convention was evaluated by an independent evaluator in 2006. This is the second independent evaluation and it covers the period July 2005-October 2008. The Stockholm Convention aims to conduct regular evaluations of the effectiveness of the GEF as a financing mechanism. The results should be used to further strengthen the dialogue between the Stockholm Convention and the GEF and to improve overall performance. With this evaluation, the Stockholm Convention Secretariat follows up on its note to the first evaluation: “To consider undertaking the second review of the financial mechanism at the fourth meeting of the Conference of the Parties, scheduled to take place in 2009, in time to submit recommendations to be taken into account during the Global Environment Facility’s fifth replenishment, in 2009 and subsequently by its fourth Assembly in 2010.”¹

Most stakeholders consider the GEF to have performed reasonably well and delivered on its basic objective, which is *to address global environmental issues while supporting national sustainable development initiatives*. It is acknowledged that the GEF has continually aspired to improve performance, particularly with the reform initiatives implemented during 2007 and 2008, some of which are too early to evaluate the impact.

The framework used for the evaluation organizes the elements in the Terms of Reference in three main categories: (1) GEF policy, (2) Project Approval Process, and (3) stakeholder relations. Each category includes a set of key performance drivers that were used to assess performance. See the details in the figure below.

¹ “First review of the financial mechanism; Note by the Secretariat”, 6 April, 2006

Main category	Performance drivers
GEF Policy	<ol style="list-style-type: none"> 1. Impact from GEF's policies around incremental cost and global environmental benefits 2. Responsiveness to guidance from COP 3. Responsiveness – ability to address the changing needs of the developing countries and countries with economies in transition 4. Additional - Opportunities and impact of the Resource Allocation Framework 5. Additional - Transparency, levels, and importance of co-financing 6. Additional – Efficiency and impact of national vs. regional projects 7. Additional - Efficiency and impact of cross-sectional priorities
Project Approval Process	<ol style="list-style-type: none"> 8. Transparency, simplicity, flexibility and expeditiousness of the Project Approval Process 9. Simplicity, flexibility, predictability, expeditiousness and timeliness of the procedures for accessing funds 10. Adequacy and sustainability of the resources 11. Responsiveness - ability to address the changing needs of developing countries and countries with economies in transition
Stakeholder relations	<ol style="list-style-type: none"> 12. Country ownership of activities funded by the financial mechanism 13. The level of stakeholder involvement: GEF Secretariat, GEF agencies, GEF Council and Conference of the Parties

The findings of the review are summarized below and each of these findings can be found in section 3 of the document with more detailed description and analyses:

(1) GEF policy

Impact from GEF's policies around incremental cost and global environmental benefits.

1. There is confusion surrounding the concept of incremental costs.
2. The operational guidelines to conducting incremental cost assessments are well explained by the GEF.
3. Project Identification Forms (PIFs) do not include detailed incremental reasoning and therefore should not constitute a prohibitive workload

Responsiveness to guidance from the COP

4. The guidance issued to the GEF by the COP is substantive, but lacks specificity and clear prioritization.
5. The overall responsiveness by the GEF to the guidance has been reviewed as satisfactory.
6. There is a lack of clear guidance from the COP to the GEF secretariat on strategic direction and priorities for POPs and the Stockholm Convention.

Responsiveness – ability to address the changing needs of developing countries and countries with economies in transition

7. It is too early to review the responsiveness to the changing needs of developing countries as only a few projects have been implemented.

Opportunities and potential impact of the Resource Allocation Framework

8. The RAF illustrates a difference in approach between the GEF Council and the Conference of Parties to the Stockholm Convention.

9. It is unclear whether introducing the RAF in the POPs focal area will substantially change the allocation of funds across countries.
10. Local ownership is a combination of public, NGO, and private sector involvement. The RAF increases the role of the country's GEF operational focal point (public) but, at the same time, reduces the role of NGOs and the private sector. The overall effect on local ownership is uncertain.
11. Introducing the RAF in the area of POPs involves challenges with definition of appropriate indicators.
12. For smaller countries, a 'national distribution across sectors/new RAF' might involve the risk of reduced allocations to the POPs focal area.

Transparency, levels and importance of co-financing

13. Co-financing levels are uncorrelated with country income and project type, although positively correlated with project size.
14. There is a no common practice on applying the co-financing requirements.
15. Co-financing is not a priority criterion for the GEF secretariat.

Efficiency and impact of regional vs. national projects

16. Regional projects are considered to have limited impact.

Efficiency and impact of cross-sectional priorities

17. The implementation of cross-sectoral priorities has so far not been successful.

(2) Project Approval Process

Transparency, simplicity, flexibility and expeditiousness of the project approval process

18. It is too early to evaluate the improvements in efficiency of the new project cycle, but initial assessment indicates somewhat reduced timeline for approval cycle.
19. Stakeholders report that frequent and arbitrary or unexplained changes in rules and procedures are a cause confusion and frustration for countries and GEF agencies alike.
20. The application and project approval processes are perceived as difficult and cumbersome.
21. Parties feel they meet entry point barriers in the GEF agencies because of a lack of visibility in the project application procedures.
22. Very little monitoring is done by the GEF Secretariat during project implementation.
23. The GEF Secretariat has suffered from poor management systems.
24. There are limited incentives for or repercussions for not following project timeline and cycle.
25. The PAP incentive structure means that project approvals de facto reach a 'point of no return' after CEO approval of the PIF.

Simplicity, flexibility, predictability, expeditiousness and timeliness of the procedures for accessing funds

26. There is substantial time lag from the appropriate funding levels have been agreed upon to the actual distribution of funds.

Adequacy and sustainability of the funds

27. There is a gap in current funding provided to the POPs through the GEF and the needed funding to fulfil the obligations under the Stockholm Convention.
28. Funding is provided by the Parties for projects implemented outside of the GEF, but there is no overview of the size of funds and number and type of projects implemented.

29. As no information was provided by the Parties to the Stockholm Convention as requested in the RFP² on non-GEF funding, no further analysis could be performed on alternative funding sources and channels.

Responsiveness – ability to address the changing needs of developing countries and countries with economies in transition

30. The stakeholders consider the project proposal development and implementation phases to be sufficiently flexible to respond to changing needs.

(3) Stakeholder involvement

Country ownership of activities funded by the financial mechanism

31. Direct communication by the GEF with governments is seen to have helped improve country ownership.
 32. With the intended broader participation of more small and low income countries in the GEF, the level of country ownership and sustainability will probably be reduced.
 33. Co-financing by governments is one element that helps ensure country ownership.

The level of stakeholder involvement - The GEF Secretariat

34. The GEF Secretariat has increased its role during the last two years through direct contact with countries and by taking on a bigger role in decision making.
 35. The GEF Secretariat has ambitions to increase its visibility and influence through stronger focus on, among other things, outreach, resource mobilization and Public Private Partnerships.
 36. The GEF Secretariat lacks sufficient oversight over progress in project preparation and implementation.

The level of stakeholder involvement - The GEF agencies

37. There is strong competition between agencies and limited collaboration and sharing of information and current efforts to improve this have not been particularly successful.
 38. The effects of a potential move to full competition are unclear.

The level of stakeholder involvement – The Council

39. The Memorandum of Understanding between the GEF Council and the Stockholm Convention Secretariat is well functioning and strategic priorities aligned.
 40. The level of direct interaction between the Council members and the COP is sparse.

The level of stakeholder involvement – The Parties

41. The Parties provide little strategic guidance to the GEF Secretariat.
 42. Little effort has been done by the Parties to push each other on showing results and progress on project implementation and completion.

The recommendations of the review are summarized below and each of these recommendations can be found in section 3 of the document with more detailed description and analyses:

(1) GEF policy

1. The GEF secretariat should ensure that the Operational Guidelines for the Application of the Incremental Cost Principle are clear and simple.

² Annex to the decision SC – 3/17 on the Terms of Reference for the second review of the financial mechanism; 4d: Reports and information provided by other relevant entities providing multilateral, regional and bilateral financial and technical assistance pursuant to paragraph 6 of Article 13 of the Convention.

2. The GEF secretariat should ensure that the Operational Guidelines for the Application of the Incremental Cost Principle are well communicated.
3. The COP should strive to further improve guidance to the GEF.
4. The GEF secretariat should strive to provide more direct responses in its formal reports to the Conference of the Parties.
5. As the NIPs have recently been finalized and few projects implemented, the focus should continue to be on implementation rather than addressing potential changing needs of developing countries.
6. The GEF secretariat should ensure more transparency and clarity on co-financing levels.
7. The GEF Council and the COP should promote higher co-financing levels.
8. The GEF Secretariat should conduct an evaluation of the performance of regional projects.
9. The GEF and the COP need to identify incentives to increase the inclusion of cross-sectoral priorities.

(2) *Project Approval Process*

10. The GEF Council and the COP should consider how to incentivize the stakeholders in the PAP to ensure timely delivery and quality of projects.
11. The GEF Secretariat needs to define an appropriate monitoring role and identify the management tools necessary for enforcement.
12. The GEF Secretariat and the Stockholm Convention Secretariat should ensure that the entry point barriers perceived by countries are addressed.
13. The GEF Secretariat and the COP should provide incentives for all stakeholders to discontinue projects that are less than viable.
14. The GEF Secretariat and the GEF agencies should ensure that the process for disbursement is as efficient as possible.
15. The COP should acquire a better understanding of funding and actions needed to fulfil the obligations under the convention.
16. The Stockholm Convention Secretariat should put in place a system for tracking available funding and matching with the requests by the Parties.
17. The GEF Secretariat and the Stockholm Convention Secretariat should continue to focus their attention on the implementation of projects rather than addressing potential changing needs.

(3) *Stakeholder involvement*

18. If a broader participation by small and less developed countries is desired, the GEF Secretariat and the COP should engage in discussion on how to ensure sufficient country ownership and sustainability.
19. To ensure sufficient country ownership, the GEF and the COP should evaluate the level of co-financing to be required by governments or collectively by the government, business, civil society and NGOs in each country.
20. The GEF Secretariat and the GEF agencies need to be well coordinated in their communication with the countries.
21. The GEF Secretariat and the GEF agencies should continue the effort to identify ways to increase cooperation between agencies.
22. The GEF Secretariat and the Stockholm Convention Secretariat should ensure efficient communication between them as well as internally and facilitate communication between the GEF Council and the Parties.
23. In order to ensure the right strategic focus by the GEF Secretariat, the Parties need to provide more and better strategic guidance.
24. The Parties should focus more on using project implementation progress and results to incentivize “late comers” to make progress.

1 Background

Background on the Global Environment Facility

The Global Environment Facility (the GEF) is a global partnership that unites 178 member governments with international institutions, NGOs and private sector actors. The GEF is designed to address global environmental issues while supporting national development initiatives. It is a mechanism for financing the “incremental costs” of new “global environment” actions by developing countries.

The GEF acts as the financial mechanism for implementing international conventions within the following six focal areas:

- Biodiversity,
- Climate Change,
- Ozone Depletion,
- International Waters,
- Land Degradation, and
- Persistent Organic Pollutants (POPs).

The GEF provides support for countries in meeting their obligations under the conventions and the conventions, in turn, provide guidance to the governing bodies in GEF. The GEF was founded as a pilot program in 1991, but POPs were not included as a GEF focal area until after the creation of the Stockholm Convention in 2001.

GEF funds are contributed by donor countries and the mechanism is replenished in four year cycles. As a pilot program, in 1991-1994, the GEF delivered \$1Billion in financing. Since then, the GEF has been replenished 4 times:

- GEF-1 (1995-1998) – \$2.2 Billion US Dollars
- GEF-2 (1999-2001) – \$2.8 Billion US Dollars
- GEF-3 (2002-2005) – \$2.9 Billion US Dollars
- GEF-4 (2006-2010) – \$3.1 Billion US Dollars

Of the six focal areas, the GEF’s portfolio is dominated by projects related to climate change and biodiversity which each take up about a third of the total GEF portfolio. The rest of the GEF’s focal areas take up the last third of the portfolio with ozone depletion and POPs being the focal areas with the smallest share of the portfolio. Accordingly, POPs receive 9% of GEF-4 funds.

Mid 2006, Mrs. Monique Barbut was appointed CEO and Chairperson for the GEF for a three-year term. Mrs. Barbut ushered in a period of reform in the GEF. In December 2006, the new CEO presented to the Council a plan to increase the efficiency and impact of the GEF. A central element of this reform package was to “create a more streamlined, transparent, efficient and results-based organization that could maximize the dollars entrusted to us.”³ The reform initiatives included a revised project cycle; a strategic focus on integration across focal areas; identification of the GEF agencies’ comparative advantages so as to match agency skills with project requirements; as well as a results-based management framework, the RAF.

GEF’s current Project Approval Process

Since its original definition in 1995, The GEF project approval process has been updated and expanded on several occasions. The latest revision took place in June 2007, when the GEF Council approved a new project cycle. Figure 1 below provides an illustration of the current approval process.

December 2008

³ Monique Barbut speech at the GEF Country Support Sub-Regional Workshop, April 2007.

The project cycle revision aimed at achieving the following objectives:

- Reduce the total project preparation time (from 66 months to 22 months for FSPs and 12 months for MSPs).
- Establish more transparency in project selection, review, and processing.
- To allow for increased Council guidance at an early stage in the project cycle, thereby strengthening the strategic coherence of the GEF projects.
- Streamline every step of the project cycle.

Figure 1. The GEF project cycle

	Steps	Typical duration / months
Initial project development	• Country typically initiates project.	1
PIF development	• Agency develops 4-6 page PIF (Project Identification Form) based on input from the host country • For programs, a PFD (Program Framework Document) is developed for programs	2
CEO approval of PIF	• CEO approves 4-6 page PIF document • CEO can request agency to revise PIF (typically project scope, level of co-financing or budget revision) • Once approved, it is very unlikely that the project will not be financed and implemented (project are dropped from time to time e.g. if project is terminated by agency)	0.5
PPG development and approval	• Optional • Agency can apply for Project Preparation Grant (MSP: US\$20-50K, FSP: US\$100-200k)	2
Council review of work program	• Only for FSP • GEF Secretariat checks adequacy with original PIF prior to Council submission • Council approves project proposal either at one of 2 scheduled annual meetings or when the approval pipeline exceeds 10 projects / US\$ 50 million • Council may request changes to be made by Agency prior to approval • Once approved, GEF commits project funding but disbursement does not start until agency approval	5-8
Development of project proposal	• Agency prepares project proposal (100-200 pages incl. annexes) based on input from the host country • Proposal follows the agency's format and requirements for such a thing	5-12
CEO endorsement of project doc.	• CEO endorses project	2
Agency approval	• Agency approval typically by the board in order for the project to become effective	6
Implementation & M&E	• Agency implements project together with the project host • M&E (agency has prime responsibility for M&E reports to GEF on progress for each project under implementation annually)	48
Final evaluation	• Project is completed and GEF funding is fully disbursed, the Agency conducts a final evaluation of the project which is reported to the GEF	NA

*Revised cycle

The GEF-Stockholm Convention cooperation

Article 14 of the convention entrusted the Global Environment Facility (GEF) with the operations of the financing mechanism on an interim basis in 2001. The relationship between the Stockholm Convention and the GEF was formalized through the adoption of a Memorandum of Understanding (MoU) in 2005, following the first Conference of Parties to the Stockholm Convention (hereafter COP-1).

While acting as a financing mechanism for the Stockholm Convention, the GEF has been replenished twice. The third replenishment for GEF-3 covered the period 2002-2005 and the fourth replenishment for GEF-4 covered the period 2006-2010. At each replenishment a set of strategic priorities for the POP area have been developed. The key strategic priorities identified in 2002 in GEF-3 included:

- Preparation of National Implementation Plans (NIPs) in each of the eligible countries party to the convention.⁴

⁴ Eligible countries are either developing countries that have ratified the relevant treaty or countries with economies in transition that are a party to the appropriate treaty and are eligible to borrow from the World Bank or receive technical assistance grants from UNDP.

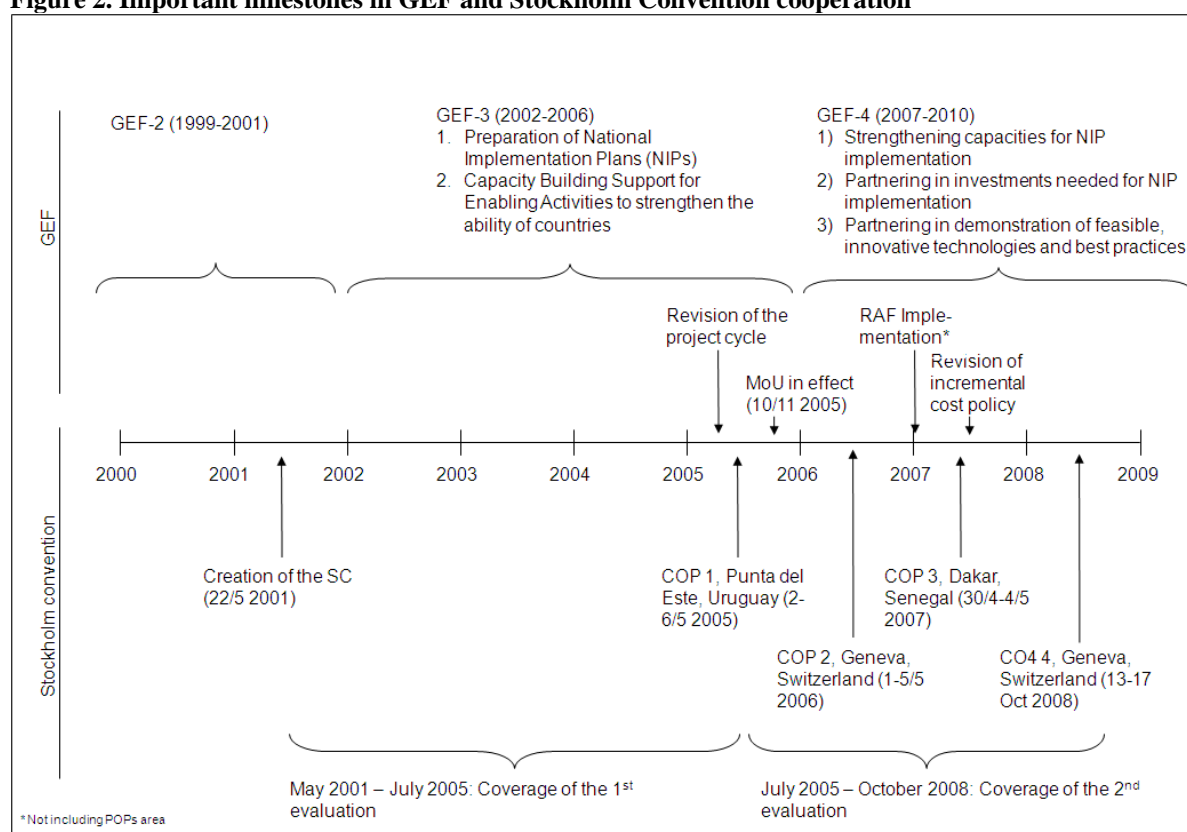
- Capacity Building Support for Enabling Activities to strengthen the ability of countries to implement a systematic and participatory process for the preparation of the NIPs.

The key strategic priorities identified in 2006 in GEF-4 included:

- Strengthening capacities for NIPs implementation,
- Partnering in investments needed for NIP implementation
- Partnering in demonstration of feasible, innovative technologies and best practices.

GEF-4 accordingly saw a strategic shift in GEF operations, gradually away from the development and preparation of NIPs towards the actual implementation of the NIPs. Figure 2 below provides an overview of important milestones in GEF and SC cooperation.

Figure 2. Important milestones in GEF and Stockholm Convention cooperation



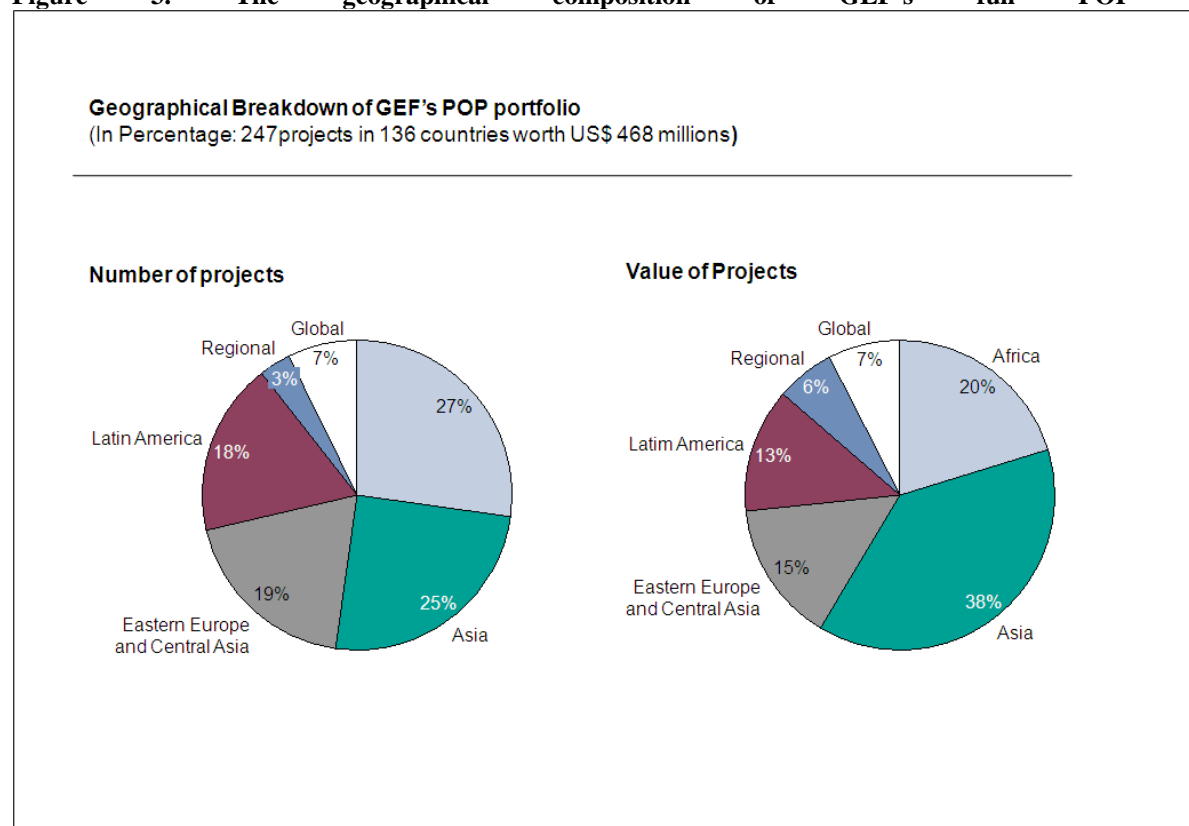
GEF's current POP portfolio

Since inception of the Stockholm Convention in 2001, in the POPs focal area, the GEF has made 247 grants in 136 countries at a total value of \$468M. At GEF-4, in 2006, \$282M were allocated to the POPs focal area in the period 2006-2010. At present, two years into the four year replenishment period, the GEF has committed \$142M, or around 50%.

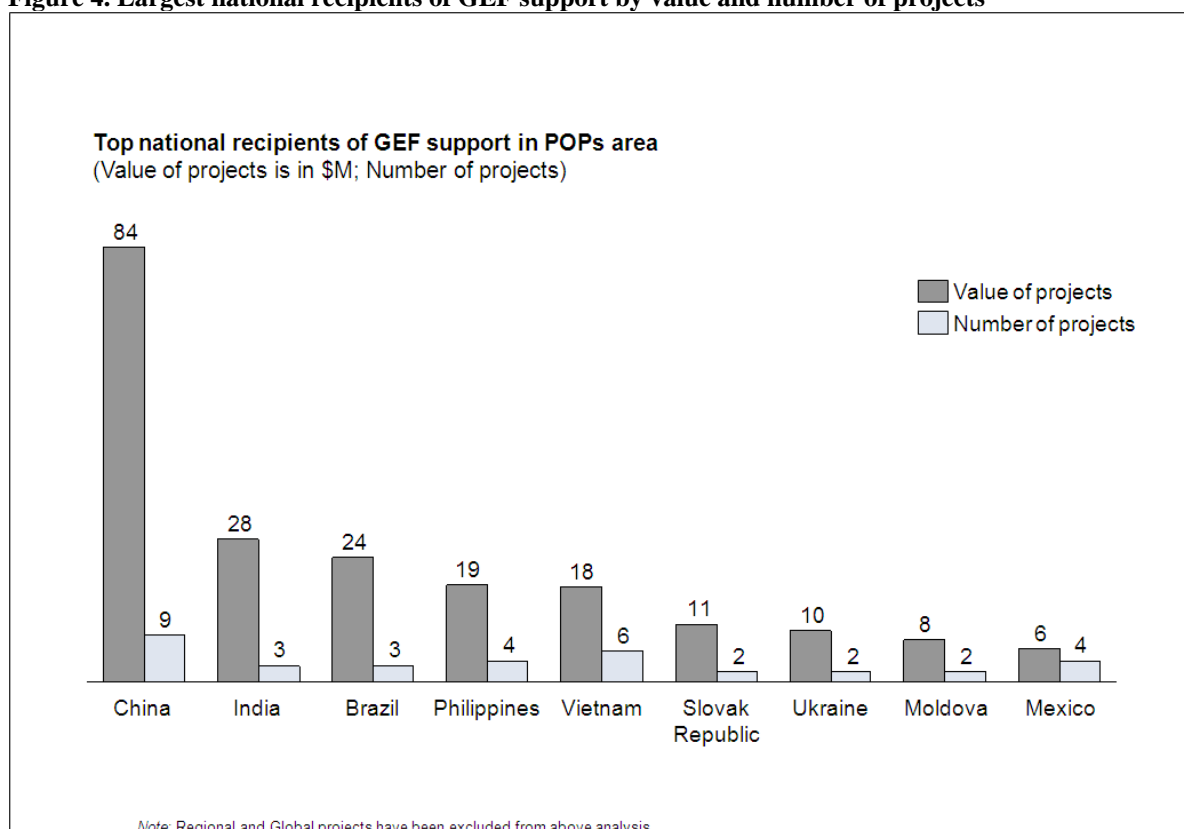
While Asia and Africa together host about half of all GEF's POP projects, Asia alone receives almost 40% of the total project value. This is explained by the fact that most of the African projects are still NIP preparation (more than 75% are enabling activities), whereas a substantial portion of the Asian projects are MSPs or FSPs. It should be noted also that in the early years of GEF's operations in the POP focal area, Africa was by far the largest host region. This is witnessed by Africa hosting 38% and 44% of all projects in 2002-3. As GEF operations have moved from enabling

activities to implementation, Asia has overtaken Africa's role as main GEF grantee region. In 2007 and 2008, Asia received 59% and 53% of all funds respectively. Figure 3 below shows the geographical distribution of GEF's current POP portfolio.

Figure 3. The geographical composition of GEF's full POP portfolio

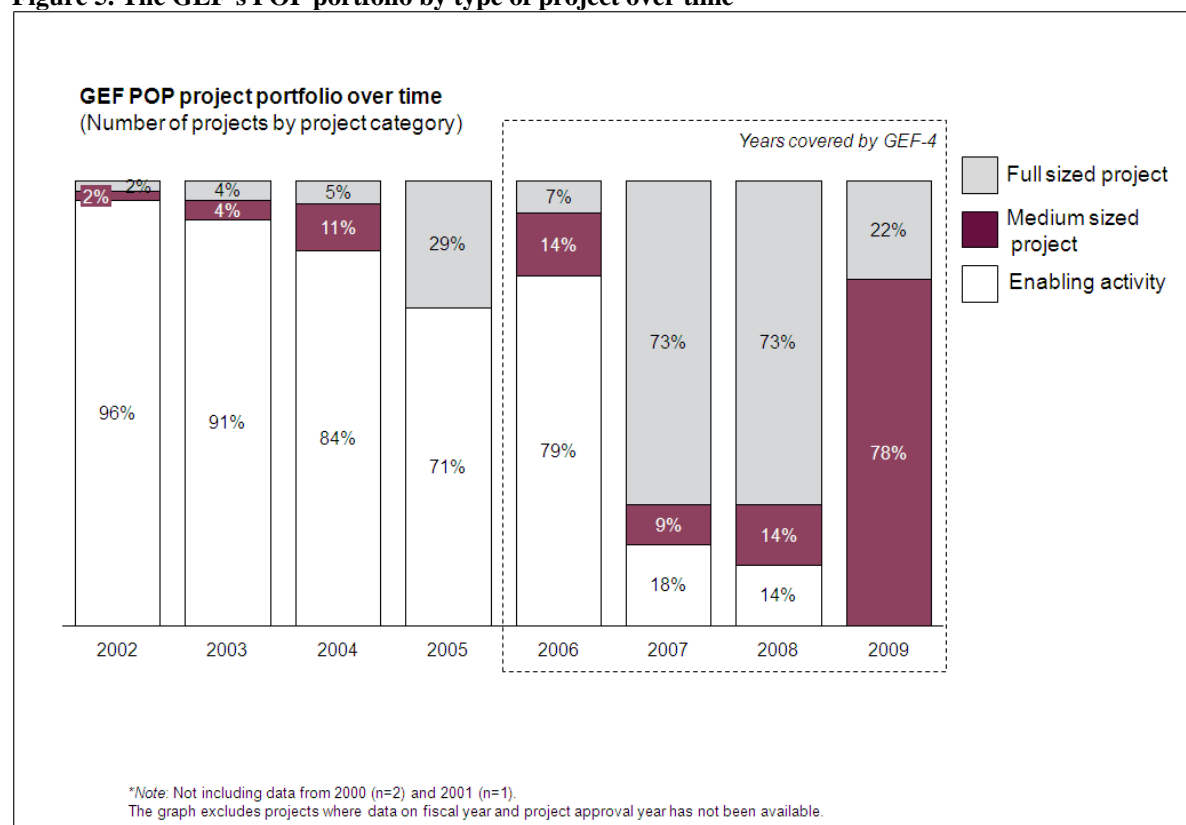


Within Asia, the main recipient countries are China, India, Philippines, and Vietnam. These countries are also among the 4 of the 5 largest recipients of GEF support overall. China is by far the largest recipient of funding with an 18% share of total value, while only 4% of total number of projects. The 5 largest recipients constitute 37% of total project value, while only 10% of total number of projects. Figure 4 below provides an illustration.

Figure 4. Largest national recipients of GEF support by value and number of projects⁵

Of the total funds distributed by the GEF, approximately 12%, or \$58M million, have supported the development of National Implementation Plans (NIPs) following Strategic Program 1. A total of 130 countries have received these grants. This was well aligned with GEF-3 where emphasis was placed on developing NIPs as the foundation for later work. The GEF-4 strategy covering the fiscal years 2006-2010 calls for “a shift from preparation to the implementation of NIPs.” Figure 5 below illustrates GEF’s shift towards implementation and away from the preparation of the NIPs.

⁵ Figure 4 includes all projects irrespective of pipeline status.

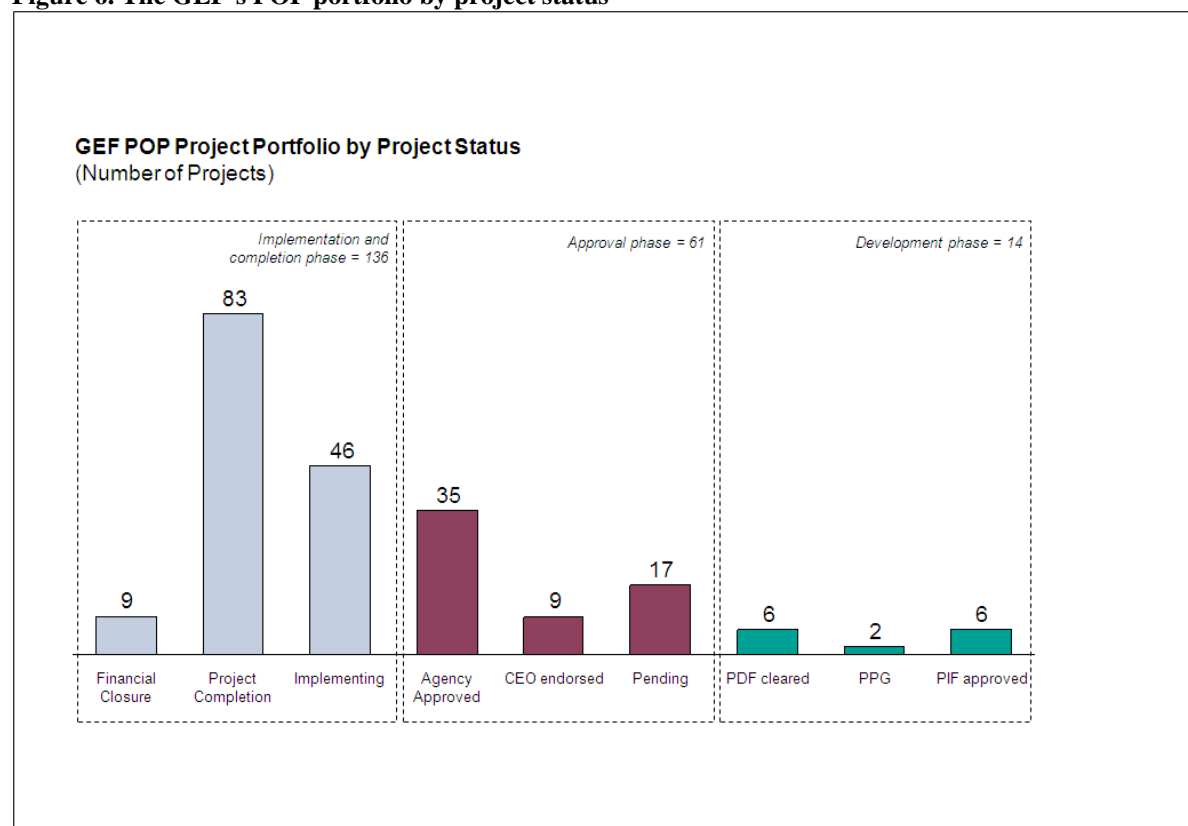
Figure 5. The GEF's POP portfolio by type of project over time

The strategic reorientation is clearly visible in the allocation of funds from 2007 onwards. Where the development of NIPs used to be more than three fourths of all POP projects under GEF-3, following GEF-4, it is gradually being phased out.⁶

Figure 6 below reviews the GEF portfolio of POP projects according to the status of completion.⁷ 9 Projects have seen full financial closure, 5 of which are NIPs (enabling activities). 83 projects have been completed, 80 of which were NIPs. 46 projects are under implementation, 33 of which are NIPs. This again attests to the focus of GEF-3: It is predominantly the NIPs that have made it through the project pipeline.

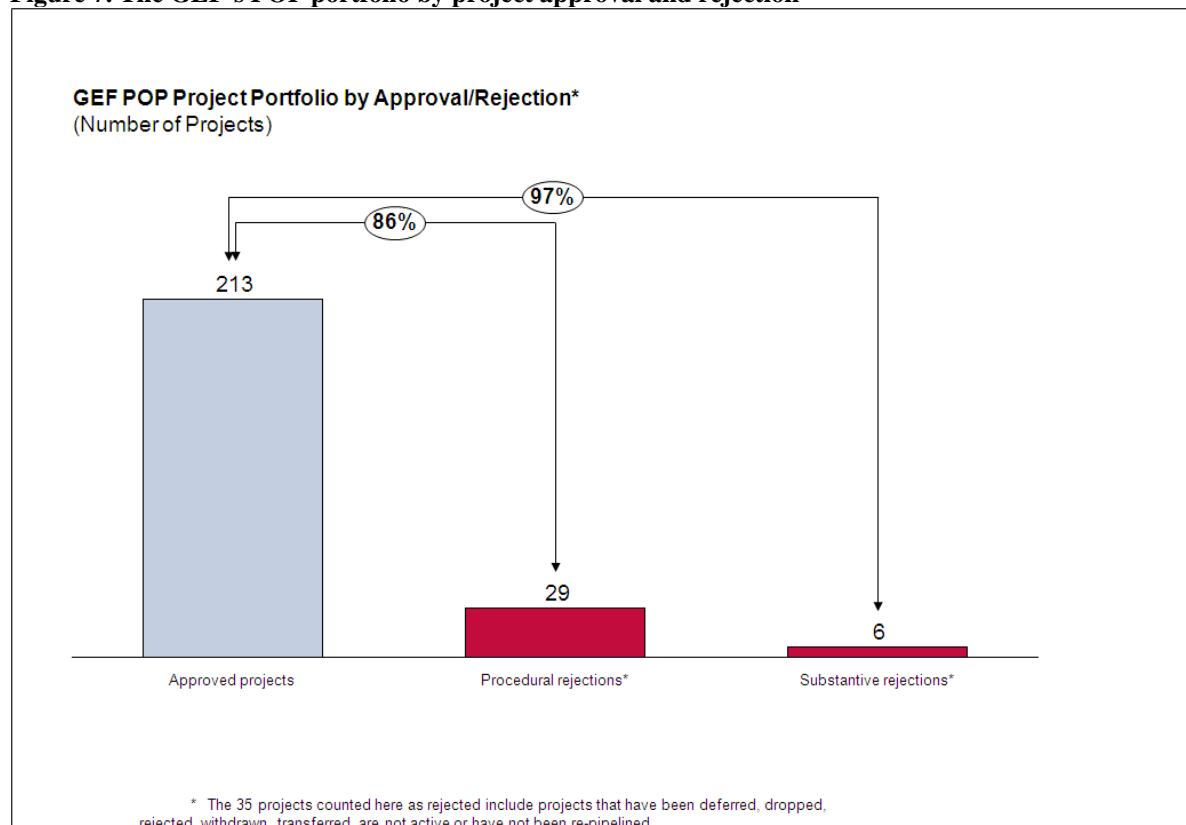
⁶ The figure shows project portfolio by *number* of projects. The phasing out of enabling activities and the increasing predominance of full sized projects is emphasized when by looking at the *value* of the projects in GEF's POP portfolio because full size projects are the more costly project type.

⁷ The number of projects does not sum to 247 in the figure as "rejected" projects are excluded.

Figure 6. The GEF's POP portfolio by project status

Once a POP project PIF has been approved, it is very rare that a project is rejected. Figure 7 below shows that, after the PIF stage, very few projects are not approved (35 out of 247, corresponding to 14%). Also, only a negligible number of projects have been rejected on substantial grounds – six in all, corresponding to around three percent of the number of POP projects approved.⁸

⁸ This number includes 3 projects that were “dropped” because agency realized they could not make the case for a GEF project; and 3 projects that were rejected by the GEF on substantive grounds. Communication with GEF Secretariat.

Figure 7. The GEF's POP portfolio by project approval and rejection

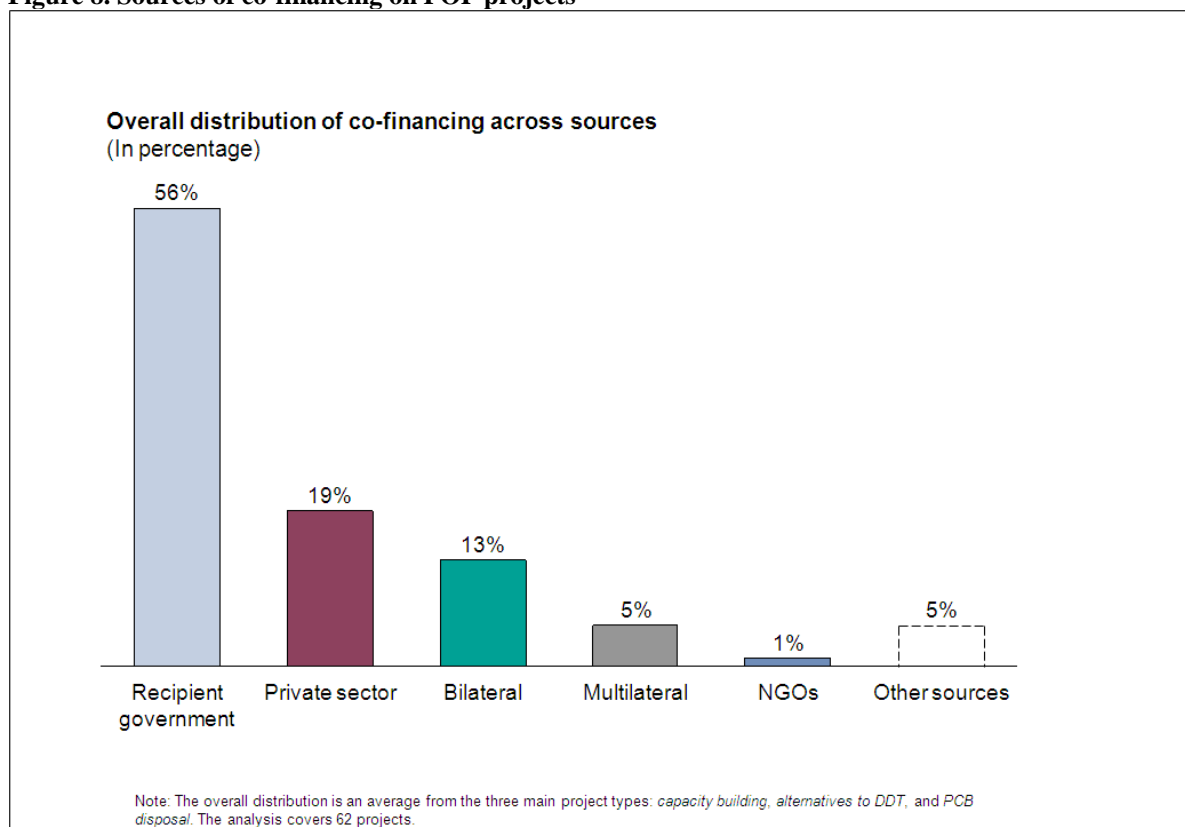
It should be noted, however, that during the project approval cycle the GEF does reject a number of PIFs. Accordingly, 23% (55 in total) of all full size project PIFs have been rejected by the GEF since the launch of the revised project cycle (between mid-year 2007 and mid-year 2008). For medium sized projects the corresponding numbers are 11% (12 in total)⁹.

Sources and Trends in GEF Co-Financing

Co-financing activities are those that have national benefits and should be financed, accordingly, by the people themselves or their own country. More broadly, co-financing resources comprises project resources committed by the GEF agency, governments, other multilateral and bilateral sources, the private sector and NGOs.

Figure 8 below shows the average composition of co-financing on POP projects. On average, recipient government contributes 56% of the total co-finance. Private sector contributions account for an overall average of 19%, which is driven by the importance of private companies in PCB disposal projects. Bilateral sources are important mainly in capacity building projects and in PCB disposal projects, leading to an overall average of 13% of total co-financing. Multilaterals, NGOs and other sources are relatively marginal.

⁹ GEF (November 2008): "Management of the GEF Project Cycle: A Review."

Figure 8. Sources of co-financing on POP projects

According to the GEF Co-Financing Guidelines, the total co-financing ratio for GEF funds allocation across focal areas is 1:4. Underlying this total is a clearly increasing trend in co-financing levels. As such, the co-financing ratio has increased from 1:3.3 during GEF-3 to 1:6.5 during GEF-4 (so far).¹⁰ For comparison, the co-financing levels in the area of POPs are generally very close to 1:2. The POP focal area generates relatively low levels of co-financing compared to the general GEF co-financing ratios.

¹⁰ This is documented in the “GEF Operations Manual (Draft April 2008), Annex 2: Co-financing Policies and Operational Guidelines”.

2 Methodology

The purpose of this review is to evaluate the effectiveness of the Global Environment Facility (GEF) in its capacity as the entrusted entity under the Stockholm Convention with the operations of the financing mechanism on an interim basis and other funding streams.

Based on the elements in the Terms of Reference (ToR) a framework was developed for the evaluation. This framework organizes the elements in the ToR into three categories: (1) GEF policy, (2) Project Approval Process, and (3) stakeholder relations. For each of these categories, a set of key performance drivers was identified based on the evaluation elements listed in the ToR. Some additional drivers, considered to be important for a complete evaluation, were identified during the evaluation. See figure 9 below for the overview of categories and performance drivers.

Figure 9. Categories and performance drivers

Main category	Performance drivers
GEF Policy	<ol style="list-style-type: none"> 1. Impact from GEF's policies around incremental cost and global environmental benefits 2. Responsiveness to guidance from COP 3. Responsiveness – ability to address the changing needs of the developing countries and countries with economies in transition 4. Additional - Opportunities and impact of the Resource Allocation Framework 5. Additional - Transparency, levels, and importance of co-financing 6. Additional – Efficiency and impact of national vs. regional projects 7. Additional - Efficiency and impact of cross-sectional priorities
Project Approval Process	<ol style="list-style-type: none"> 8. Transparency, simplicity, flexibility and expeditiousness of the Project Approval Process 9. Simplicity, flexibility, predictability, expeditiousness and timeliness of the procedures for accessing funds 10. Adequacy and sustainability of the resources 11. Responsiveness - ability to address the changing needs of developing countries and countries with economies in transition
Stakeholder relations	<ol style="list-style-type: none"> 12. Country ownership of activities funded by the financial mechanism 13. The level of stakeholder involvement: GEF Secretariat, GEF agencies, GEF Council and Conference of the Parties

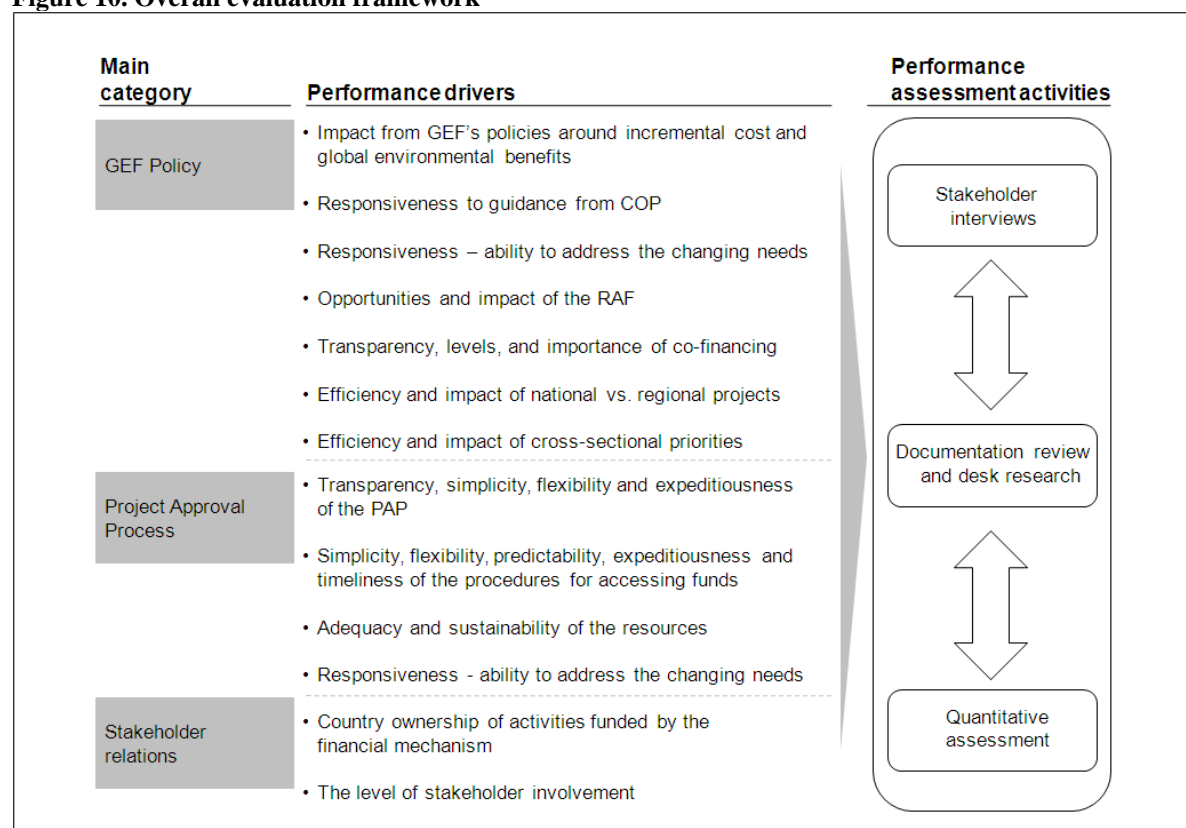
The evaluation is based on stakeholder interviews, documentation review, desk research and quantitative analysis as shown in figure 10 below:

- Documentation review and desk research was undertaken to ensure that the evaluation would incorporate and reflect the existing knowledge base and also that past conclusions and recommendations would be updated where appropriate. Appendix B has a complete overview of the reports and studies that were consulted in the process of this review.
- Trend and status assessment of GEF's project portfolio in the area of POPs was performed to gain a solid understanding of the POP project status, identify geographical patterns in funds allocation, as well as understanding patterns and trends in POP project co-financing.
- Stakeholder consultations were undertaken. The GEF operates in a complex environment with multiple groups of stakeholders. The review has consulted with 24 stakeholders, 6 from the GEF Secretariat, 11 from GEF agencies¹¹,

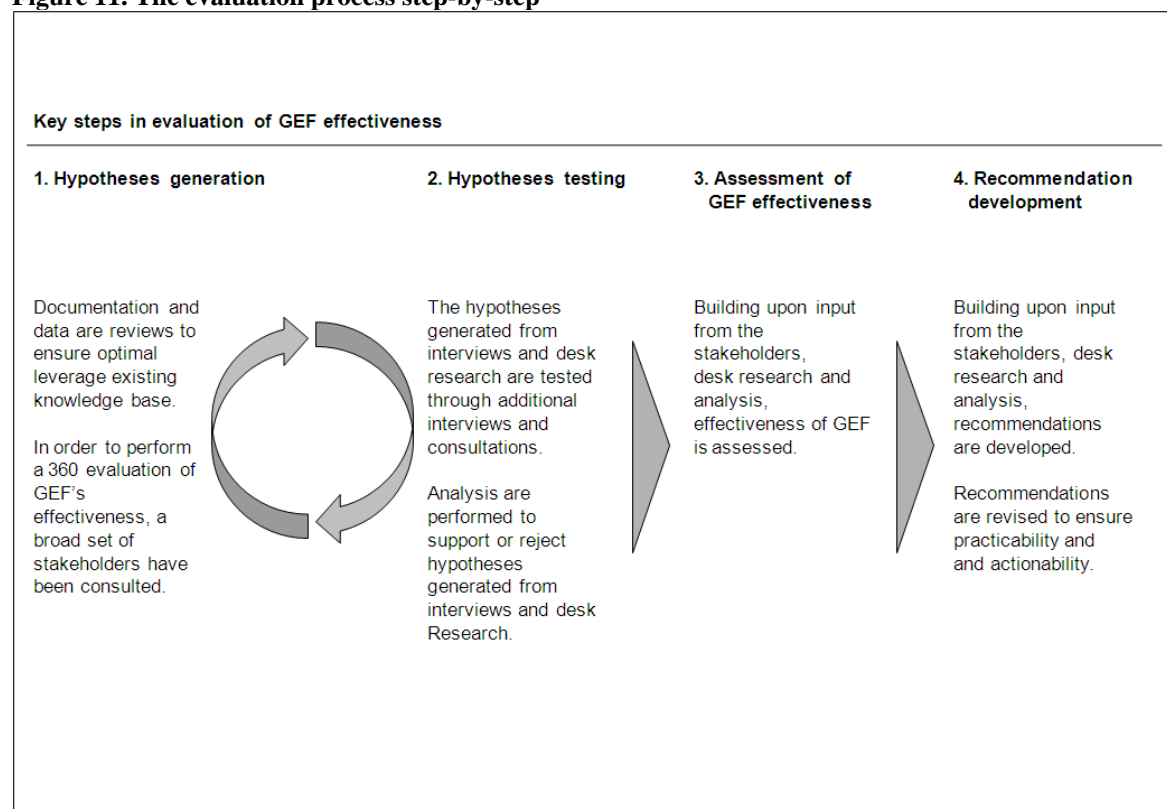
¹¹ UNDP, FAO, UNEP, ADFB, UNIDO

2 from STAP, 5 from country governments and 2 from the Stockholm Convention Secretariat, to arrive at solid conclusions about GEF operations in the focal area of POPs.

Figure 10. Overall evaluation framework



The evaluation has been conducted as an iterative four-step procedure: (1) Hypotheses generation, (2) hypotheses testing and refinement, (3) assessment of GEF effectiveness, and (4) development of recommendations. In a first step, desk research and documentation review was conducted in concurrence with the scheduling of interviews. The initial research was used to develop structured interview guides, and the lessons learned in the process of reviewing existing documentation were therefore assessed in the first round of interviews. Integrating the findings from the interviews, the research, and the quantitative assessments, a set of preliminary hypotheses and performance assessments were generated. In a second step, the hypotheses were discussed and tested in additional interviews with key stakeholders. The second-round consultations have thus provided a feedback loop into the process of hypotheses generation and formed the basis for an improved and refined set of findings. In a third step, the threads were gathered and the findings from the different analyses integrated and the evaluation assessed the GEF's effectiveness overall and on each performance driver. Finally, a set of recommendations was developed. This evaluation process is illustrated in figure 11 below.

Figure 11. The evaluation process step-by-step

3 Findings and recommendations

The findings and recommendations follow the framework laid out in the methodology section and cover the three main categories: (i) GEF policies, (ii) the project approval process, and (iii) the stakeholder relations, and are broken down by each of the criteria that have been used to assess performance under each category.

3.1 GEF policies

3.1.1 Impact from GEF's policies around incremental cost and global environmental benefits.

Incremental cost is the fundamental operational principle of the GEF. *Incremental costs* are costs of additional actions that are needed to protect the global environment beyond those required for national development and national environmental protection. The principle of incremental cost was originally envisaged to ensure that GEF funds do not substitute for existing development finance but provide new and additional funding to produce agreed global environmental benefits.

Findings

1: There is confusion surrounding the concept of incremental costs.

In 2006, the GEF evaluation office conducted an evaluation of the incremental cost assessment with the main conclusion that: (a) There remains weak understanding and much confusion about incremental cost concepts and procedures, (b) most project documents register low quality and compliance when measured against GEF requirements for incremental cost assessment and reporting, and (c) incremental cost assessment and reporting do not add value to project design, documentation, and implementation.¹² In 2006, it was recommended by the GEF Evaluation Office to replace the rigorous and quantified analysis of incremental costs by incremental reasoning. Incremental *reasoning* should encapsulate only the basic rationale of the concept. This change was implemented in 2007 and though it is still early to evaluate the full effect of the change, a number of stakeholders have reported that it is now a more subjective approach. Based on interviews, the concept is still considered complex and not transparent by GEF stakeholders. One country OFP, accordingly, describes the concept as “very complicated”.

2: The operational guidelines to conducting incremental cost assessments are well explained by the GEF.

Following the 2006 evaluation of the incremental cost assessment, the GEF council proposed a five step operational guideline to determining the incremental costs of a GEF project.¹³ The guidelines provide an overview of the five steps, detailed explanations of each step and an annex table specifying informational requirements at each stage. The guidelines seem to explain clearly the process of incremental cost assessment, but the document contains quite a few acronyms, cross-references to other documents, as well as academic language, e.g., “additionality” and “foundational and catalytic interventions”. Even if the document clearly explains the approach, it is not an easy read.

3: Project Identification Forms (PIFs) do not include detailed incremental reasoning and therefore should not constitute a prohibitive workload

A sampling of seven Project Identification Forms suggests that incremental reasoning is not given a detailed treatment in the PIFs. Five of the seven projects sampled are hosted by countries that are among the ten most important GEF recipients. On average, incremental reasoning takes up 18 lines of text in the seven PIFs surveyed (that range from 5 to 36 lines). Three of the PIFs sampled use the concept lightly, as illustrated in the short examples below. One PIF clearly uses the reasoning without quantifying the local or global benefits:

¹² GEF Evaluation Office (2007): “Evaluation of Incremental Cost Assessment”, Evaluation Report No 34”.

¹³ GEF Council (June 2007): “Operational Guidelines for the Application of the Incremental Cost Principle”.

“Based on the current project concept, it is estimated that the project would cost approximately [number] million. [...]. With the current state of knowledge it is not possible to quantify exactly the levels of local and global benefits. Therefore, [country] agreed with the current GEF requirement to provide co-financing of [number]% of the project cost. The remaining cost represents an incremental cost that [country] would like to seek grant support from GEF.”

Another PIF explicitly refers to the business-as-usual scenario, but does not distinguish between local and global benefits:

“In the business-as-usual scenario, it is unlikely that companies using [...] equipment will develop state of the art [...] management systems.” [...].

One PIF postpones the incremental cost reasoning (“Detailed calculations of the incremental costs will be developed in the PPG phase”), whereas three PIFs cannot be said to demonstrate incremental reasoning: They have no mention of a baseline/business as usual, national benefits or global benefits.¹⁴ In summary, the GEF’s requirement that PIFs demonstrate incremental cost reasoning cannot be said to generate a prohibitive workload. When the reasoning is demonstrated, it is generally brief and not very systematic.

Recommendations

1: The GEF secretariat should ensure that the Operational Guidelines for the Application of the Incremental Cost Principle are clear and simple. This may be achieved by taking feedback from the agencies and country focal points on how to increase clarity and simplicity and by removing the unnecessary academic jargon as well as unnecessary cross-references to other documents.

2: The GEF secretariat should ensure that the Operational Guidelines for the Application of the Incremental Cost Principle are well communicated. To achieve this, the GEF secretariat could invite new country nodes and agencies to attend bi-annual training sessions and it could invest in short online tutorials that go through simple, but realistic examples of incremental reasoning.

3.1.2 Responsiveness to guidance from the COP

At each annual meeting of the Conference of Parties to the Stockholm Convention, a series of decisions relating to the financial mechanism, technical assistance and the national implementation plans are adopted. These decisions provide guidance to the GEF. The following year, the GEF issues a report to the COP, which, among other things, holds responses to the guidance and requests adopted the year before by the COP. In order to assess the responsiveness of the GEF to the guidance issued at the COP, the GEF responses have been matched individually with each piece of guidance. Appendix D provides a comprehensive list of guidance issued by the COP and the responses from and actions undertaken by the GEF secretariat.

¹⁴ Even if the PIFs are indicative, the GEF requests the PIFs to include an overview of the business as usual/baseline. See Operational Guidelines for the Application of the Incremental Cost Principle.

Findings:**4: The guidance issued to the GEF by the COP is substantive, but lacks specificity and clear prioritization.**

The guidance included in Appendix D represents only a small subset of the complete set of requests, requirements and recommendations issued by the COP¹⁵ and guidance that is issued repeatedly is included only once. Even so, analysis by the evaluators shows that the appendix holds 32 specific requirements, of which only about a third can be considered directly actionable. The guidance issued by the COP to the GEF is grouped but not prioritized, which makes it difficult for the GEF to provide focused responses to the guidance of the COP.

5: The overall responsiveness by the GEF to the guidance has been reviewed as satisfactory.

Reviewing the responses by GEF to guidance issued at the COP, GEF's overall responsiveness is reviewed to be satisfactory. However, the COP seems to receive more direct responses on relational guidance. Annex C provide a detailed overview of guidance provided by the COP and the response by the GEF.

6: There is a lack of specific and prioritized guidance from the COP to the GEF secretariat on strategic direction and priorities for the implementation of the Stockholm Convention.

Limited guidance is provided on strategic direction and priorities, making it up to the GEF secretariat to define what these should be.

Recommendations:

3: The COP should strive to further improve guidance to the GEF. The more actionable the guidance is, the better the GEF will be able to respond. Furthermore, if the guidance is clearly prioritized, it would be easier for the GEF Secretariat to focus their efforts. The GEF would also be able to improve performance with more strategic guidance and priorities.

4: The GEF secretariat should strive to provide more direct responses in its formal reports to the Conference of the Parties. In its formal response to the COP, the GEF could be more consistent in referring to the decisions adopted by the Stockholm Convention when responding to a direct request. Some responses have a direct reference, but most do not. Including a direct reference would elucidate and clarify the chain of communication.

3.1.3 Responsiveness – ability to address the changing needs of developing countries and countries with economies in transition**Findings****7: It is too early to review the responsiveness to the changing needs of developing countries as only a few projects have been implemented.**

As of October 2008, only three Medium Sized Projects and Full Sized Projects have seen a full completion and only 13 are currently under implementation.¹⁶ It is therefore considered too early to evaluate whether project implementation is responsive to changing country needs. A couple of stakeholders stated that the countries would not benefit from altering the NIPs so soon and they emphasized that implementation should be the focus.

¹⁵ Appendix D has been compiled using the following Annexes to COP decisions: SC-1/12, SC-1/15, SC-1/15, SC-1/16, SC-2/7, SC-2/9 (Annex I and II), SC-2/10, SC-3/10, SC-3/11, SC-3/12.

¹⁶ 80 enabling activities have seen full project completion and 33 enabling activities are under implementation.

Recommendations:

5: As the NIPs have recently been finalized and few projects implemented, the focus should continue to be on implementation rather than addressing potential changing needs of developing countries. While responsiveness to changing needs of developing countries might become important in a few years, the focus should remain on implementation. Furthermore, the NIPs should not be considered dynamic documents for continual changes.

3.1.4 Opportunities and potential impact of the Resource Allocation Framework

The RAF was instigated as a method of allocating scarce resources while taking account of the potential to generate globally environmental benefits. The RAF should also provide national focal points with greater control over the use of GEF resources, thereby increasing national ownership of the GEF projects.

The RAF originated in the third replenishment of the GEF (GEF-3), wherein the donors requested “a system for allocating scarce GEF resources within and among focal areas with a view towards maximising the impact of these resources on global environmental improvements [...]”¹⁷ The objective of the RAF is to move towards a rule-based and transparent method of allocating funds ensuring that (i) funds are placed where they are likely to be more effective, and (ii) to give all member countries an incentive to improve performance. The first objective is reflected in an index of a country’s potential to generate global environmental benefits; the second objective is reflected in an index of country performance. Following GEF-3, the RAF has been implemented for the Biodiversity and Climate Change focal areas. However, the GEF-4 policy recommendations endorsed by Council also requested the GEF Secretariat to work towards developing a GEF-wide RAF by GEF-5, including the four focal areas not yet under the RAF allocation mechanism.

This section includes observations on the RAF based on the interviews. No recommendations have been included as the RAF does not yet cover POPs.

Findings:

8: The RAF illustrates a difference in approach between the GEF Council and the Conference of Parties to the Stockholm Convention.

The UN system (including the SC) tends to apply needs-based allocation systems whereas the International Financial Institutions increasingly tend to incorporate performance-based indicators.¹⁸ The RAF is an example of a performance-based mechanism and as such reflects an approach to aid allocation that differs from the UN system. The Stockholm Convention Secretariat has expressed doubts as to the relevance of the RAF because the results-based framework for funds dispersion risks channelling funds to countries *other than those* that need it the most. However, at present it is not known if POPs will be included under the RAF in GEF-5.

9: It is unclear whether introducing the RAF in the POPs focal area will substantially change the allocation of funds across countries.

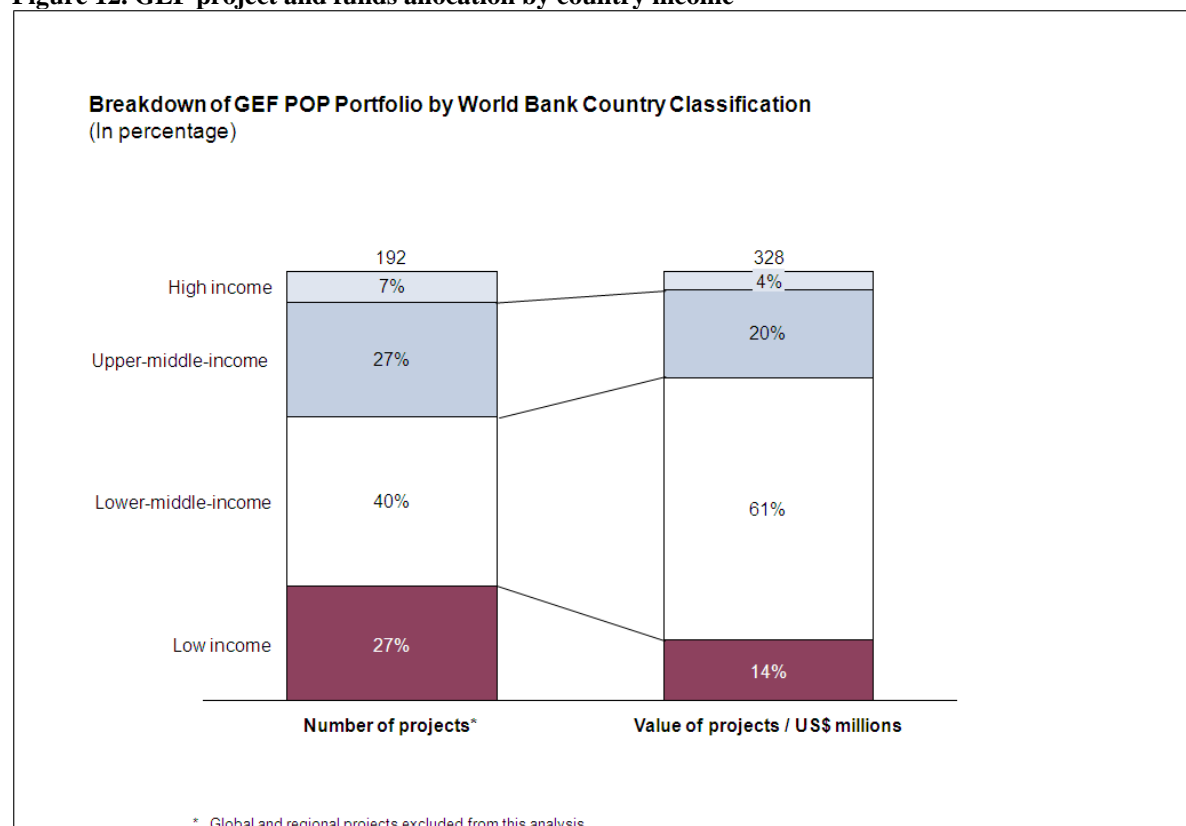
In interviews, a few stakeholders voiced the concern that introducing the RAF in the POPs area will result in the channelling of more resources to developing countries with a relatively high level of income. More specifically, this would occur as a result of the index of country performance that assesses the institutional framework in place for achieving environmental benefit. The introduction of the RAF in the area of Climate Change provides some support for

¹⁷ The policy recommendations are adopted by the 32 donors of the GEF. See GEF/C.20/4, Summary of Negotiations on the Third Replenishment of the GEF Trust Fund, Annex C.

¹⁸ This is witnessed, for instance, by the Paris Declaration on Aid Effectiveness (2005) or the U.S. Millennium Challenge Corporation (established in 2004).

this concern: for instance, Europe's relative share of Climate Change funds from GEF has gone up from 11% to 30%. This increase is off-set by a reduction of shares of Climate Change funds in especially LAC.¹⁹ Even so, in interviews, a number of GEF agencies mentioned that implementing the RAF is unlikely to change the way funds are allocated between countries. The current method of allocation is seen in a way to be working as an 'implicit RAF', seeing that low income countries receive a relatively low share also under the existing funds allocation. Figure 12 below illustrates this.

Figure 12. GEF project and funds allocation by country income



10: Local ownership is a combination of public, NGO, and private sector involvement. The RAF increases the role of the country's GEF operational focal point (public) but, at the same time, reduces the role of NGOs and the private sector. The overall effect on local ownership is uncertain.

While the RAF does not formally entail shifts in the roles and responsibilities amongst project stakeholders, the GEF Evaluation Office reports that, after the RAF, the national anchoring of projects shifts towards the public focal point and away from NGOs and the private sector. This happens because, under the RAF, GEF consultations shift from a project level to a national level.²⁰ Interviews have shown that the GEF Council acknowledges the problem and "finds the situation unfortunate."

11: Introducing the RAF in the area of POPs involves challenges with definition of appropriate indicators.

The NIPs provide a starting point for assessing the production, use, and release of POPs in a country. They are not, however, a good source for cross-national comparison of progress as there are substantial differences in quality and the

¹⁹ See GEF Evaluation Office (October 2008): "Mid-Term Review of the GEF Resource Allocation Framework", Technical Paper no. 3. Note however, that an "exact comparison of the RAF implementation period with GEF-3 cannot be made" as the implementation of the RAF took place during a period marked by many reforms and changes. This is documented in GEF Council (November 2008): "Mid-Term Review of the Resource Allocation Framework".

²⁰ GEF Evaluation Office (November 2008): "Mid-Term Review of the Resource Allocation Framework".

inventory baselines in the NIPs contain high volatility.²¹ Further, as the Convention is considering expanding the list of POPs, the NIPs would contain information only on a subset of the POPs. Alternative indirect indicators are currently being field tested by the POPs focal area Task Force, but it has been highlighted that indirect indicators might not be as proper a reflection of the pertinent GEF strategy as the NIPs and that these indicators risk causing unwanted funding decisions and directions. Also, it is very difficult to compare interventions across different categories of NIPs.

12: For smaller countries, a ‘national distribution across sectors/new RAF’ might involve the risk of reduced allocations to the POPs focal area.

In interviews, several stakeholders expressed concerns about a national distribution system where small countries are free to choose the allocation of funds within focal areas. The concern is that smaller countries might prioritize other focal areas than the POPs. One stakeholder said that: “Getting countries to focus on POPs is very difficult. Governments do not have chemicals on their agenda”. In support of this concern, it has been documented that the RAF has altered the allocation of funds across focal areas within countries.²² It has been documented also that the RAF model channels resources to countries and projects with scores on the global environmental benefits index, whereas the performance index in practice weighs less.²³

3.1.5 Transparency, levels and importance of co-financing

Co-financing is an essential tool in generating local project ownership. It is seen as a key indicator of the strength of commitment of government counterparts, beneficiaries and GEF Agencies. As such, co-financing helps ensure the success, local acceptance and long-run sustainability of GEF projects by linking them to sustainable development and poverty reduction efforts.²⁴

In all focal areas, the GEF requires a minimum co-financing level of 100%; in other words, for every dollar of GEF funding, partners and local counterparts must mobilize no less than a dollar.

Findings:

13: Co-financing levels are uncorrelated with country income and project type, although positively correlated with project size.

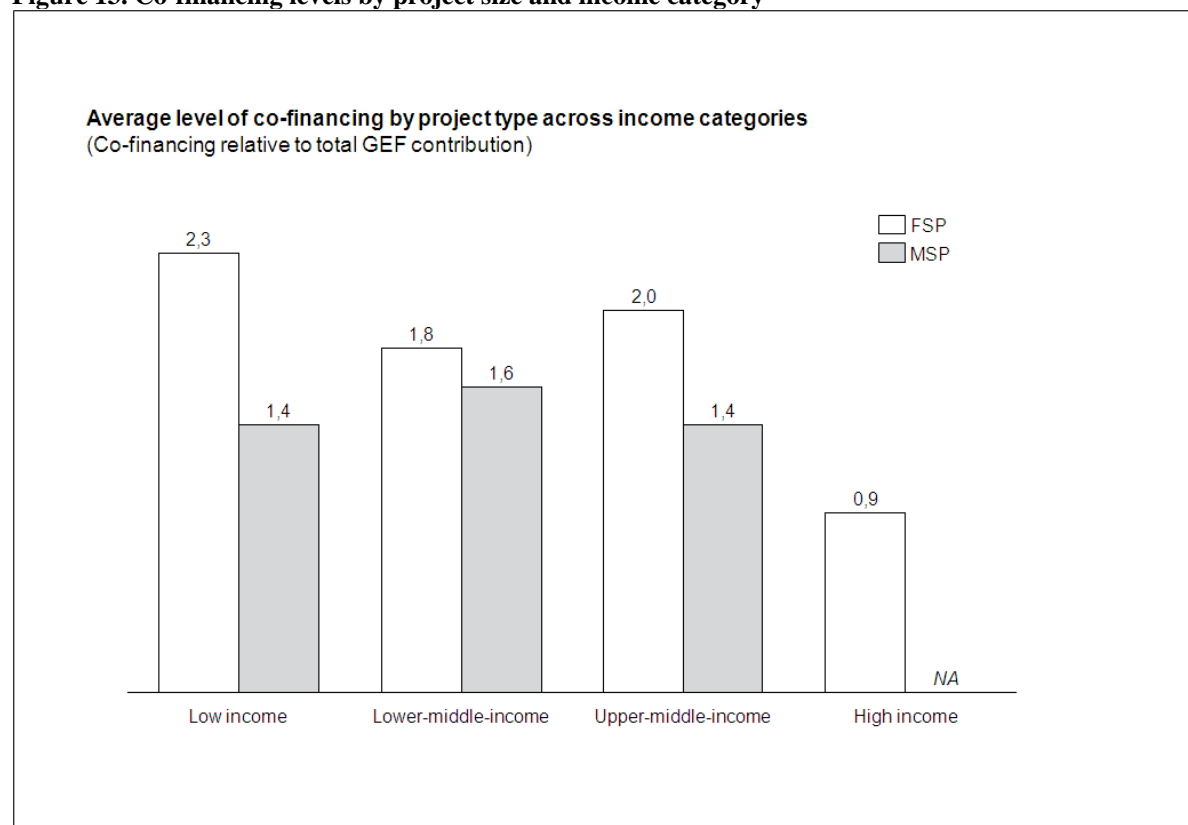
Figure 13 below shows that co-financing levels are largely uncorrelated with income by comparing the bars across country income categories. As the figure shows, the level of co-financing seems to fluctuate randomly. The figure also shows that co-financing levels are correlated with project size: across income categories, full size projects have higher ratios of co-financing as can be seen by the higher FSP bars. The positive correlation with project size holds also when including enabling activities (the average co-financing ratio for enabling activities is 0.2).

²¹ GEF Council (November 2008): “Progress on the Development of RAF Indicators for the Focal Areas Not Yet Under the RAF”.

²² “[T]here are considerable shifts for some countries and at times a shift in predominance of resources between the two RAF focal areas for a country.” GEF Evaluation Office (November 2008): “Mid-Term Review of the Resource Allocation Framework”.

²³ “The RAF formula channels resources to countries with high global environmental benefits as measured by the GEF Environmental Index, while the GEF Performance Index is not as influential in determining allocations.” GEF Evaluation Office (November 2008): “Mid-Term Review of the Resource Allocation Framework”.

²⁴ GEF Country Support Program (November 2008): “GEF Co-financing, Sub-Regional Workshop for GEF Focal Points, Middle East and North Africa.”

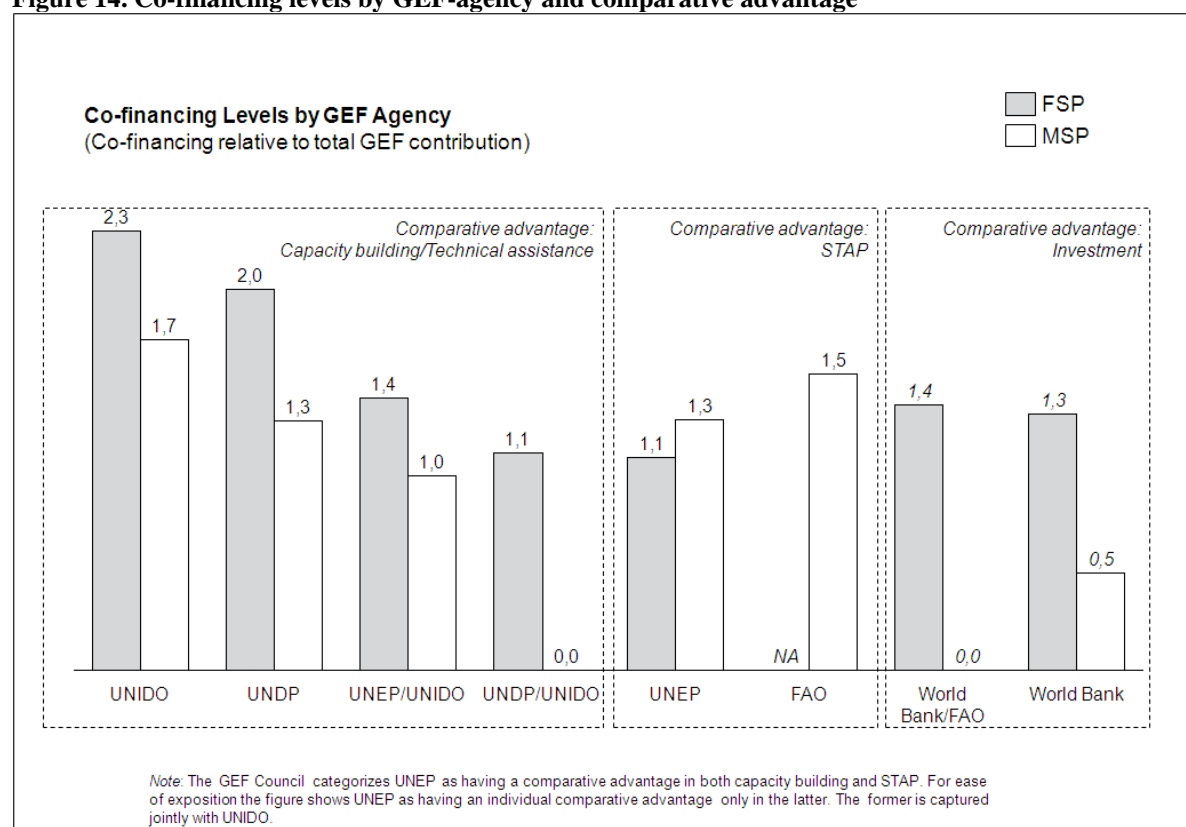
Figure 13. Co-financing levels by project size and income category²⁵

Agencies perceive co-financing levels to be higher in investment projects. However, the data does not confirm this perception. Many agencies have voiced the perception that investment projects attract higher levels of co-financing than strategic projects more removed from the field. Figure 14 below shows that co-financing ratios for both FSPs and MSPs differ across GEF agencies, but not in a systematic way that confirms the agencies' perception.²⁶

As the figure shows, UNIDO's POP projects have co-financing ratios of 2.3 and 1.7 for FSPs and MSPs respectively, whereas the corresponding numbers for the World Bank's POP projects are 1.3 and 0.5. As such, there are average differences across the comparative advantages (with capacity building commanding the higher contributions), but there are differences *within* comparative advantages as well. Thus, the dispersion is greatest in *capacity building*, and the *STAP* and *investment* comparative advantages have values similar to the median in *capacity building*. This suggests that there is in fact not systematic variation across categories of comparative advantage.

²⁵ In terms of number of projects by income category, excluding regional projects, global projects, and projects for unclassified countries (Cook Islands, Nauru, Niue), the division across income groups is as follows: Low Income countries 54 projects; Lower Middle Income Countries 76 projects; Higher Middle Income Countries 51 projects; and High Income Countries 14 projects.

²⁶ The categorization used in the figure is taken from Annex L, GEF Council (2007): "Comparative Advantages of the GEF Agencies".

Figure 14. Co-financing levels by GEF-agency and comparative advantage

14: There is a no common practice on applying the co-financing requirements.

While a minimal co-financing ratio of 1:1 is communicated to the GEF agencies and governments and proposed co-financing figures are reviewed as part of the PIF review, no common practice is enforced. The co-financing requirement is applied to each project to a varying degree through a negotiation process with little transparency of the co-financing process and levels.

15: Co-financing is not a priority criterion for the GEF secretariat.

Co-financing is not viewed as a priority concern in the project approval process by the GEF and no PIF has ever been rejected because of insufficient co-financing levels.

Recommendations:

6: The GEF secretariat should ensure more transparency and clarity on co-financing levels. The GEF should be more transparent about the required and desired co-financing levels and the emphasis it places on co-financing in the PIF review process. In line with this, the GEF should clarify the co-financing guidelines and requirements.

7: The GEF Council and the COP should promote higher co-financing levels. Potential ways to do this could be for the GEF to provide guidance to the recipient governments on how to stimulate co-financing from the private sector and NGOs, and facilitate and support internal buy-in for inclusion of POPs in the country budgets.

3.1.6 Efficiency and impact of regional vs. national projects

Findings:

16: Regional projects are considered to have limited impact.

Several stakeholders (from the GEF Secretariat, the GEF agencies and the countries) raised doubts about the impact of regional projects in the interviews. The main reasons for this were attributed to the lack of country ownership and scale. One stakeholder commented that: “Regional projects usually contain a number of useless workshops and there have been instances where the country focal points in the relevant regions did not even know that the projects were ongoing”. Each of the regional projects aims to cover a large number of countries with the 25 regional projects in POPs involving an average of six countries. The regional projects have smaller average budgets, USD 3.7 million compared to USD 6.7 million for national projects.²⁷

Recommendations:

8: The GEF Secretariat should conduct an evaluation of the performance of regional projects. To ensure that regional projects realize their potential, an evaluation of the performance of the regional projects (in implementation and implemented) needs to be undertaken. The evaluation should aim to clarify what type of projects can benefit from a regional approach.

3.1.7 Efficiency and impact of cross-sectional priorities

Findings:

17: The implementation of cross-sectoral priorities has so far not been successful.

In interviews, several stakeholders stated that the POPs area would benefit from having a POPs component added to many of the projects in the other sections. Chemicals management is currently defined as a cross-sectional priority, but without incentives to include this component the effect is expected to be very moderate. One stakeholder commented that: “No money has been added to such an initiative and the other sectors will therefore not be very interested in having the ‘sound chemicals management’ element take a piece of their budgets.”

Recommendations

9: The GEF and the COP need to identify incentives to increase the inclusion of cross-sectoral priorities.

Potential incentives could be to allocate budgets to the cross-sectoral priorities or increase total budget with a defined key for projects which include cross-sectoral priorities. Alternatively, the GEF could require certain cross-sectional priorities to be included in a defined set of projects/sectors.

3.2 Project Approval Process

As described in the background section, the GEF Council approved a new project cycle in June 2007 with the aims to reduce the total project preparation time, establish more transparency, allow for increased Council guidance at an early stage in the project cycle and streamline every step of the project cycle.

²⁷ The budgets refer to the sum of total GEF contributions. As no regional projects are enabling activities, to allow for comparison the calculation of national project budgets have also excluded enabling activities.

3.2.1 Transparency, simplicity, flexibility and expeditiousness of the project approval process

Findings:

18: It is too early to evaluate the improvements in efficiency of the new project cycle, but initial assessment indicates somewhat reduced timeline for approval cycle. Since the new project cycle was approved less than 22 months ago, it is still too early to evaluate the full effects of the revisions. As of yet, there are no full sized projects that have completed the full length of the new cycle. A preliminary assessment of the MSPs approval cycle, however, suggests that the elapsed processing time has been reduced somewhat. For the 20 MSPs that have been approved by the CEO to date, the average elapsed time has been 4.6 months, which is well below the MSP target of 12 months.²⁸

19: Stakeholders report that frequent and arbitrary or unexplained changes in rules and procedures are a cause confusion and frustration for countries and GEF agencies alike.

The combined effect of frequent changes and very lengthy project cycles implies that GEF agencies must manage several different format and process requirements at the same time as projects initiated under one set of format requirements are unlikely to be completed before a new set of format requirements are implemented. One agency reports that “It takes time to learn to manage the processes, and changing procedures means starting all over.”

20: The application and project approval processes are perceived as difficult and cumbersome.

Stakeholders reported a lack of simple and accessible, written guidance. Submission routines and templates are complex and unfriendly both in submission and in revision/updating.

21: Parties feel they meet entry point barriers in the GEF agencies because of a lack of visibility in the project application procedures.

In interviews, country representatives have reported that they feel they meet entry point barriers in the early stages of project development. As such, country representatives have reported difficulties in identifying the relevant GEF agency for a particular project. Guidance is perceived as unclear such that, in some cases, the national focal points simply do not know whom to talk to.

22: Very little monitoring is done by the GEF Secretariat during project implementation.

While the agencies monitor and report on the projects undertaken, the GEF currently does not monitor projects under implementation. As a consequence, there is very little enforcement. Historically, no procedures have been put in place to ensure that program managers regularly monitor projects under implementation, but the revised project cycle “includes provisions for improved monitoring during project implementation.”²⁹ Accordingly, a tracking tool is currently being implemented to ensure that GEF program managers check up on the status of the projects in the project cycle regularly.

23: The GEF Secretariat has suffered from poor management systems.

Data and information management is fragmented and outmoded with project database and management systems still ‘low tech’. There is very limited knowledge management, and outreach that lacks feedback loops to enrich and inform the work of the Conventions, GEF-eligible states and the ‘GEF family’. These poor systems have also resulted in loss of effectiveness and difficulty in maintaining service standards. However, the GEF Secretariat has introduced better management systems over the past 6 months, and the new PMIS went live late December last year.

²⁸ GEF Council (2008): “Management of the GEF Project Cycle Operation: A Review”.

²⁹ GEF Council Meeting (November 2008): “Management of the GEF Project Cycle Operation: A Review.”

24: There are limited incentives for or repercussions for not following project timeline and cycle.

Neither the countries, GEF agencies nor the GEF Secretariat have any real incentives (or meet any repercussions) to ensure compliance with the project cycle timeline and meet milestones.

25: The PAP incentive structure means that project approvals de facto reach a 'point of no return' after CEO approval of the PIF.

Analysis by the evaluation team shows that it is very rare that GEF or the GEF agencies reject projects on substantive grounds after the PIF stage. Out of a total GEF POPs focal area project portfolio of 247, only six projects were rejected because the quality of the project was deemed insufficient.³⁰ This translates into a rejection rate of less than 2%. While part of the reasons for the low rejection rate can be explained by the interactive process that follow the approval of a PIF, the PIFs are only concept notes where considerable amount of issues are still to be considered during the project proposal stage and rejections would therefore be expected.

It is conceivable that the low rejection rate is associated with the PAP incentive structure. Accordingly, there seems to be two underlying drivers that make it difficult for the GEF Secretariat to reject project proposals after the PIF has been endorsed: (a) When the CEO endorses the PIF, the GEF allocates funding to the project and to avoid seeing funding reductions in the following replenishment cycle and (b) once the CEO has endorsed the PIF, a GEF agency prepares a very substantial project proposal. This is financed by the GEF's project preparation grant of up to USD 200,000. If the GEF council rejects the project, the project preparation grant would be sunk cost. Having been allocated the funding for the project during the PIF approval process, the GEF agencies have no incentive to reject the proposals as the funding of the project implementation will then be withdrawn.

Recommendations:

10: The GEF Council and the COP should consider how to incentivize the stakeholders in the PAP to ensure timely delivery and quality of projects. The main stakeholders in the PAP process, the GEF secretariat, GEF agencies and country focal points, could consider an incentive structure that encourages the stakeholders to be more cognizant of milestones, the length of the project cycle and quality of delivery:

- In the shorter run, the GEF could consider making a share of the agency funding contingent on timely meeting of milestones.
- In the longer run, the GEF could consider addition of a more performance based system where the GEF agencies' potential for additional projects are made contingent on the quality of final project delivery and performance.

11: The GEF Secretariat needs to define an appropriate monitoring role and identify the management tools necessary for enforcement. The current implementation of the tracking tool will enable closer monitoring of the status of the projects in the PAP. The GEF secretariat will need to be clear about how the monitoring will be enforced and whether additional management tools are needed.

12: The GEF Secretariat and the Stockholm Convention Secretariat should ensure that the entry point barriers perceived by the countries are addressed. The GEF secretariat or the Stockholm Convention should consider dedicating a section of its website for some basic information services that could refer countries to relevant agency and entry points in agency for specified project categories. The Stockholm Convention Secretariat has considered taking on such a role.

13: The GEF Secretariat and the COP should provide incentives for all stakeholders to discontinue projects that are less than viable.

- At the country level, termination of unsound projects can be incentivized by letting the country retain

³⁰ Communication with GEF: The six projects breaks down to three projects labeled "rejected" that were done so on substantive grounds. The four remaining "rejected" projects four were rejected because the applicant countries were no longer eligible or because the projects were undertaken in a different form. The additional three projects were rejected by the GEF agency and recorded as "dropped" by the GEF because the agency realized that the project in question could not make the case for a GEF project.

- (part of) the allocated funds, even if the project is discontinued,
- At the GEF level, termination of unsound projects can be achieved by making (part of) the agency fee contingent on quality. This will mean that costs are not sunk when a project is discontinued.
 - At the agency level, termination of unsound projects can be incentivized by making the potential for implementation/execution of future projects contingent on the quality of past projects delivered.

3.2.2 Simplicity, flexibility, predictability, expeditiousness and timeliness of the procedures for accessing funds

Findings:

26: There is substantial time lag from the appropriate funding levels have been agreed upon to the actual distribution of funds.

There are two separate issues tied to the disbursement of funding: The first initial disbursement by the GEF Trustee and then the disbursement of funding by the GEF agencies. Several countries have experienced and expressed strong frustrations with the long time lag from project approval until funds are actually disbursed. Since the GEF Trustee transfers funds in bulk rather than on a project basis, the main bottleneck seems to be the agency procedures.

Recommendations:

14: The GEF Secretariat and the GEF agencies should ensure that the process for disbursement is as efficient as possible. The GEF agencies should review whether they can take measures to make the disbursement of funds quicker and more lenient.

3.2.3 Adequacy and sustainability of the funds

27: There is a gap in current funding provided to the POPs through the GEF and the needed funding to fulfil the obligations under the Stockholm Convention.

Most stakeholders stated that the funding provided for POPs is not sufficient to fulfil the obligations under the Stockholm Convention. However, an estimate for funding needed is not available.

28: Funding is provided by the Parties for projects implemented outside of the GEF, but there is no overview of the size of funds and number and type of projects implemented.

National reports reveal that a number of Parties to the Convention provides funding to the POPs area through channels other than the GEF.³¹ At present, a total of 42 reports have been submitted out of a total of 162 Parties. A small sample of 6 traditional donor countries were chosen to ascertain the degree to which POPs related funding is provided outside of GEF. The sample clearly showed activity outside of the GEF: 83% of the donors sampled report providing financial assistance outside of GEF, and 50% report providing technical assistance. The analysis clearly shows that funding and assistance in the area of POPs has not been confined to GEF. It should be noted, however, that the value of the projects undertaken is rarely reported, and that only a small fraction of donors have submitted national reports.

³¹ National Reports Pursuant to Article 15 of the Convention, section B. The countries sampled were Canada, Japan, the Netherlands, Norway, Sweden, and the United Kingdom.

29: As no information was provided by the Parties to the Stockholm Convention as requested in the RFP³² on non-GEF funding, no further analysis could be performed on alternative funding sources and channels.

The review was supposed to also include an evaluation of non-GEF funding sources, but this was reliant on Parties providing this type of information to the Stockholm Convention Secretariat and no such information was provided.

Recommendations:

15: The COP should acquire a better understanding of funding and actions needed to fulfil the obligations under the convention. The Parties first needs to get the complete overview of current activities by all Parties by ensuring reporting by all Parties to the COP. The Parties should thereafter make an estimate for the funding needed to fulfil the obligations under the convention. Finally, they should then engage in a discussion on how to best address the convention's needs and strategic priorities, be it through the current channels or potential additional channels.

16: The Stockholm Convention Secretariat should put in place a system for tracking available funding and matching with the requests by the Parties. There is currently no overview of available non-GEF funding and the Stockholm Convention Secretariat could provide such a role.

3.2.4 Responsiveness – ability to address the changing needs of developing countries and countries with economies in transition

Findings:

30: The stakeholders consider the project proposal development and implementation phases to be sufficiently flexible to respond to changing needs.

Countries were generally satisfied with the level of flexibility throughout the project proposal development and implementation phases of the GEF Project Cycle. It is, however, too early to assess in more detail as only three Medium Sized Projects and Full Sized Projects have seen a full completion and only 13 are currently under implementation.³³

Recommendations:

17: The GEF Secretariat and the Stockholm Convention Secretariat should continue to focus their attention on the implementation of projects rather than addressing potential changing needs. As the NIPs have recently been finalized and few projects implemented, the focus should be on implementation.

3.3 Stakeholder relations

The GEF operates in a complex environment with multiple stakeholders that are involved in project delivery at different stages in the cycle. The group of stakeholders considered for this evaluation are the GEF Secretariat, GEF agencies, governments, the GEF council and the Parties of the Stockholm Convention.

³² Annex to the decision SC – 3/17 on the Terms of Reference for the second review of the financial mechanism; 4d: Reports and information provided by other relevant entities providing multilateral, regional and bilateral financial and technical assistance pursuant to paragraph 6 of Article 13 of the Convention.

³³ 80 enabling activities have seen full project completion and 33 enabling activities are under implementation.

3.3.1 Country ownership of activities funded by the financial mechanism

Findings:

31: Direct communication by the GEF with governments is seen to have helped improve country ownership.

The GEF Secretariat has attempted to increase country ownership and ensure that the countries' priorities are followed through direct communication with governments. This direct communication has been viewed positively by the governments.

32: With the intended broader participation of more small and low income countries in the GEF, the level of country ownership and sustainability will probably be reduced.

Due to limited capacity and lower funding levels, a reduced level of country ownership will have to be expected for small and low income countries. The GEF and the COP need to get a better understanding of the necessary changes or additional support needed to ensure successful implementation of projects in small and poor countries.

33: Co-financing by governments is one element that helps ensure country ownership.

Co-financing demonstrates stakeholder commitment and this ensures country ownership. This holds true whether the co-sponsor is the country government, NGOs, or the private sector. Further, co-financing helps to guarantee the longer run sustainability of projects.³⁴

Recommendations:

18: If a broader participation by small and less developed countries is desired, the GEF Secretariat and the COP should engage in discussion on how to ensure sufficient country ownership and sustainability. It should be considered, for instance, to promote broader participation in LDCs by the civil society, business community and NGOs.

19: To ensure sufficient country ownership, the GEF and the COP should evaluate the level of co-financing to be required by governments or collectively by the government, business, civil society and NGOs in each country. The levels will have to be differentiated based on income brackets and size of total government budgets.

3.3.2 The level of stakeholder involvement - The GEF Secretariat

Findings:

34: The GEF Secretariat has increased its role during the last two years through direct contact with countries and by taking on a bigger role in decision making.

The GEF Secretariat is increasingly in direct contact with countries and the CEO of the GEF Secretariat is now able to cancel projects (which only the GEF Agencies could do earlier). Several stakeholders consider this to be an improvement to the process. However, not all of the countries we interviewed had had contact with the GEF Secretariat, so the extent of the actual improvement is unclear. Some GEF agencies expressed concern on the dual communication lines to the countries and emphasized the need for good communication between the GEF Secretariat and the GEF agencies. "Until now only the countries [not the GEF Secretariat] have informed us of their talks with the GEF", one GEF agency commented.

³⁴ GEF Operations Manual (2008 Draft): "Annex 2: Co-financing Policies and Operational Guidelines."

35: The GEF Secretariat has ambitions to increase its visibility and influence through stronger focus on, among other things, outreach, resource mobilization and Public Private Partnerships.

The ambitions by the GEF Secretariat are viewed positively by stakeholders as long as it results in continual improvements in services to the COP and does not jeopardize the main focus of serving the conventions.

36: The GEF Secretariat lacks sufficient oversight over progress in project preparation and implementation.

No procedures have been put in place to ensure that programme managers monitor a continued progress on projects. A management tool is currently under implementation which makes it possible to ensure that GEF programme managers check up on projects regularly and follow the project status. Furthermore, while the GEF agencies monitor and report on their projects, no monitoring and thereby enforcement are done by the GEF secretariat.

Recommendations:

20: The GEF Secretariat and the GEF agencies need to be well coordinated in their communication with the countries. The GEF Secretariat needs to ensure continuous information flow with the GEF agencies on their communication and discussions with the governments to improve the ability to react efficiently by the agencies and to avoid misunderstandings. The GEF Secretariat and the GEF agencies could also benefit from updating each other in advance of important government discussions.

3.3.3 The level of stakeholder involvement - The GEF agencies

Extension of the role of GEF's executing agencies Originally, the GEF operations had a three-tiered structure with the following clear distribution of roles and responsibilities:

1. The GEF acting as an independent financing mechanism;
2. Implementing Agencies (UNEP, UNDP and WB) setting the technical priorities, evaluating project submissions, monitoring environmental progress and supervising the executing agency project performance; and
3. Executing Agencies (the four regional development banks, FAO and UNIDO) contributing to the management and execution of GEF Projects.

As the Executing Agencies felt constrained by the limited scope of their access to GEF resources and have found that their expertise and project experience would justify a much wider project role in the GEF, it was decided in 2006 to move toward a level playing field among the agencies.³⁵ Essentially, this meant expanding the opportunities for the seven Executing Agencies to contribute to the implementation of GEF projects and, simultaneously, diminishing the role of the Implementing Agencies.³⁶

³⁵ Essentially, the reform created a two-tiered structure by erasing the difference between IAs and EAs. More specifically, the EAs were granted access to GEF project funds, the corporate budget of the IAs was scrapped, while the project fee applicable to all GEF agencies were increased from 9% to 10%. The three original IAs did retain a privileged role in terms of overall partnership with the GEF as witnessed, for instance, by the bi-annual summit meetings between the GEF CEO and the three former IAs.

³⁶ GEF Council (June 2007): "Comparative Advantages of the GEF Agencies".

Findings:**37: There is strong competition between agencies and limited collaboration and sharing of information and current efforts to improve this have not been particularly successful.**

The main forum for interaction between the GEF agencies is the task force which the stakeholders agree does not work optimally. It does not work as a forum for sharing information and best practices and for discussing strategic issues; it is rather a forum where the least possible information is shared. One GEF agency said the following on the workings of the task force: “It is difficult to get constructive and open discussions on approaches... Everybody works on similar aspects and it is difficult to avoid duplications”. Another agency said that “The GEF is project based... We do not discuss strategic issues and best practices across projects.” The GEF Secretariat has made an effort to reduce the competition by defining each agency’s comparative advantages which intended to guide which type of projects the different GEF agencies should be responsible for. The Council “requests [GEF agencies] to focus their involvement in GEF project activities within their respective comparative advantages.”³⁷ The actual comparative advantages of agencies are supposed to be assessed by the Secretariat during the PIF review. Analysis by the evaluators indicates that the categorization seems generic and relatively unspecified. The Council admits this, saying that “such a schematic presentation can only give an approximate indication of the extent of each agency’s comparative advantage.”³⁸ GEF agencies find the categorization to be too generic to provide sufficient guidance in the PIF evaluations and, perhaps as a consequence, the enforcement of the comparative advantages to be too weak. However, the method of identifying clear comparative advantages across agencies has some drawbacks and might not be the most efficient way to reduce competition.

38: The effects of a potential move to full competition are unclear.

The OPS3 (Third Overall Performance Study of the GEF) reports that IAs find unlimited competition to be “at odds with collaboration.”³⁹ The collaborative climate among the GEF agencies suffered somewhat from the initiative to enhance the role of the EAs. Under a full competition scenario, there is risk that the cooperative climate between agencies will deteriorate even further. This might force agencies to focus more on wholly-owned projects. Even if a full competition scenario could potentially enhance the individual agency performance, this should be traded off against the potentially detrimental effects on inter-agency cooperation. At present, the net effect of implementing full completion among the GEF agencies is unclear.

Recommendations:

21: The GEF Secretariat and the GEF agencies should continue the effort to identify ways to increase cooperation between agencies. Cooperation could be encouraged through setting the right incentives, e.g., award agencies that show strong collaboration and sharing of information, or enforcing requirements/guidelines, e.g., clear comparative advantages with enforcement. However, it is important to consider all stakeholder’s preferences, e.g., too clear a definition of comparative advantages might not be to the countries benefit as they might want to be able to choose the agencies they want to work with on the different projects. The GEF could also decide to force cooperation between agencies on specific projects where this seem beneficial.

³⁷ GEF Council (June 2007): “Comparative Advantages of the GEF Agencies.”

³⁸ GEF Council (June 2007): “Comparative Advantages of the GEF Agencies.”

³⁹ GEF (2005): “OPS3: Progressing Toward Environmental Results. Third Overall Performance Study of the Global Environment Facility.”

3.3.4 The level of stakeholder involvement – The Council

Findings:

39: The Memorandum of Understanding between the GEF Council and the Stockholm Convention Secretariat is well functioning and strategic priorities aligned.

The Memorandum of Understanding is functioning well and the communication between the Council and the Stockholm Secretariat is perceived to be sufficiently good.

40: The level of direct interaction between the Council members and the COP is sparse.

The COP takes place every second year and in between there is very little communication taking place between the GEF Council and the parties.

Recommendations:

22: The GEF Secretariat and the Stockholm Convention Secretariat should ensure efficient communication between them as well as internally and facilitate communication between the GEF Council and the Parties. While the communication is considered to be good between the Secretariats, it is viewed as relatively ad-hoc and could benefit from some more systematic and formalized communication.

3.3.5 The level of stakeholder involvement – The Parties

Findings:

41: The Parties provide little strategic guidance to the GEF Secretariat.

The guidance issued by the Conference of the Parties to the GEF is often more focused on the processes and internal workings of the GEF than with the overall strategic direction in the POPs area. A summary of the COP guidance to the GEF secretariat can be found in Appendix D.

42: Little effort has been done by the Parties to push each other on showing results and progress on project implementation and completion.

At the Conference of the Parties, there is limited focus on the status of NIP implementation and project completion in individual countries. As representatives from all countries are present, it might serve as a forum for shining light on the frontrunner countries. This might help incentivize countries to make progress in the area of POPs.

Recommendations:

23: In order to ensure the right strategic focus by the GEF Secretariat, the Parties need to provide more and better strategic guidance. One potential way to do this could be to use the information in the NIPs and the Parties reporting on progress on the NIPs to decide on strategic direction and identify guidance to be communicated to the GEF Secretariat.

24: The Parties should focus more on using project implementation progress and results to incentivize “late comers” to make progress. This can be achieved, for instance, by elucidating individual country progress, thereby providing countries with a positive incentive to make progress.

Annex A - Acronyms

COP	Conference of Parties
FSP	Full Size Project
GEF	Global Environment Facility
GEF SEC	Global Environment Facility Secretariat
MSP	Medium Size Project
NIP	National Implementation Plan
OFP	Operational Focal Point
PAP	Project Approval Process
PFD	Project Framework Document
PIF	Project Identification Form
POPs	Persistent Organic Pollutants
PPG	Project Proposal Grant
RAF	Resource Allocation Framework
SC	Stockholm Convention
SCC	Stockholm Convention Secretariat
STAP	Scientific and Technical Advisory Panel

Annex B – Bibliography

- GEF (2002): “Operational Guidelines for Expedited Funding For the Preparation of National Adaptation Programs of Action By Least Developed Countries”
- GEF (2003): “Persistent Organic Pollutants - A Legacy of Environmental Harm and Threats to Health”, GEF brochure
- GEF (2005): “OPS3: Progressing Toward Environmental Results. Third Overall Performance Study of the Global Environment Facility.”
- GEF (2006): “Helping Developing Countries Combat Dangerous Pollutants”, GEF brochure
- GEF (2006): “Africa Stockpiles Programme”, GEF brochure.
- GEF (2006): “Helping Countries to Identify and Destroy PCBS”, GEF brochure
- GEF (2006): “Fostering Civil Society Participation”, GEF Brochure.
- GEF (2006): “Summary of Negotiations on the Fourth Replenishment of the GEF Trust Fund”
- GEF (2006): “Supporting the Development of National Implementation Plans”, GEF Brochure
- GEF (2006): “Controlling Termites Without Harmful Chemicals”, GEF brochure
- GEF (2006): “Report of the GEF to the Second Session of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants”
- GEF (2007): “Report of the GEF to the Third Session of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants”
- Convention Text: “Stockholm Convention on Persistent Organic Pollutants”
- GEF (2007): “New Tools for Implementing a More Effective GEF”, Monique Barbut Speech, GEF Country Support Program Sub-Regional Workshop, East and South East Asia.
- GEF (2007): “Rising to the Global Environment Challenge”, Monique Barbut Speech, GEF Council Meeting, Washington D.C.
- GEF (2008): “Overview of the GEF Workshop for nominated Stockholm Convention Centers”, PowerPoint Presentation
- GEF (2008): “GEF Operations Manual”, draft, April 2008, Co-financing Policies and Operational Guidelines
- GEF Council (2001): “Initial Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants”
- GEF Council (2003): “Operational Program on Persistent Organic Pollutants”,
- GEF Council (2007): Operational Guidelines for the Application of the Incremental Cost Principle, May 2007
- GEF Council (2007): “Persistent Organic Pollutants Focal Area Strategy and Strategic Programming for GEF-4”
- GEF Council (2007): “Comparative Advantages of the GEF Agencies”
- GEF Council (2008): “Progress on the Development of RAF Indicators for the Focal Areas Not Yet Under the RAF”
- GEF Evaluation Office (2002): “The First Decade of the GEF”
- GEF Evaluation Office (2005): “OPS3: Progressing Towards Environmental Results”,
- GEF Evaluation Office (2006): “Joint Evaluation of the GEF Activity Cycle and Modalities”
- GEF Evaluation Office (2006): “The GEF Monitoring and Evaluation Policy”
- GEF Evaluation Office (2006): “The Evolution of Expanded Opportunities to Executing Agencies and the Legal Framework”
- GEF Evaluation Office (2007): “Evaluation of Incremental Cost Assessment”, Evaluation Report No 34.
- GEF Evaluation Office (2007): “Joint Evaluation of the GEF Activity Cycle and Modalities
- GEF Evaluation Office (2007): “2007 Annual Performance Report”
- GEF Evaluation Office (2008): “Annual Country Portfolio Evaluation Report – 2008”
- GEF Evaluation Office (2008): “Mid-Term Review of the GEF Resource Allocation Framework”
- See GEF Evaluation Office (2008): “Mid-Term Review of the GEF Resource Allocation Framework”, Technical Paper no. 3.
- GEF Evaluation Office (XXXX): “Study of GEF’s Overall Performance”

Memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility

GEF and UNEP (2006): “Lessons Learned and Good Practices in the Development of National Implementation Plans for the Stockholm Convention on Persistent Organic Pollutants”,

IPEN (2008): “Comments on the Second Review of the Stockholm Convention Financial Mechanism, September 2008.

Ministry of Environment, Mexico, and UNIDO (2008): “Capacity Building for Implementation of the NIP in Response to the Stockholm Convention on POPs”, Project Identification Form (PIF).

SEPA/FECO- China and UNDP (2007): “Improvement of DDT-based production of Dicofol and introduction of alternative technologies including IPM for leaf mites control in China”, Project Identification Form (PIF).

Ministry of Ecology and Natural Resources, Azerbaijan, and UNIDO (2007): “Environmentally Sound Management and Disposal of PCBs”, Project Identification Form (PIF).

World Bank and Vietnam (2007): “PCB Management Demonstration Project”, Project Identification Form (PIF).

Argentina and UNDP (2008): “Environmentally Sound Management and Disposal of PCBs in Argentina”, Project Identification Form (PIF).

Brazil and UNDP (2008): “Establishment of PCB Waste Management and Disposal System”, Project Identification Form (PIF).

Peru and UNIDO (2008): “Environmentally Sound Management and Disposal of PCBs”, Project Identification Form (PIF).

India and UNIDO (2008): “Environmentally Sound Management and final disposal of PCBs in India”, Project Identification Form (PIF).

Annex C – List of guidance issues by the COP and responses and actions undertaken by the GEF

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
Core Operational Guidance	<ul style="list-style-type: none"> “Activities should support the priorities identified in the countries’ NIPs and build capacity and promote use of local expertise” 	<ul style="list-style-type: none"> “The draft strategy emphasizes NIP implementation and <u>capacity building in the framework of a country’s infrastructure</u>. [...] The strategy is expected to be completed by the end of 2006.” [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> GEF4 strategy approved Sep 2007 is centered around NIP implementation. <i>Priority 1</i> is capacity building for NIP implementation. <i>Priority 2</i> is investing for NIP implementation.
	<ul style="list-style-type: none"> “Activities should be country-driven and endorsed by the parties concerned” 	<ul style="list-style-type: none"> “The GEF [...] provides financing to country-driven projects consistent with the guidance approved by the COP [...]” [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Country-drivenness is enshrined in GEF policies and programs as all projects are endorsed by recipient country government.
	<ul style="list-style-type: none"> “Activities should promote national socio-economic development, poverty reduction and [...] activities geared towards the protection of human health and the environment.” 	<ul style="list-style-type: none"> “The GEF will [...] contribute to the protection and management of the global environment, consistent with the MDG of ensuring environmental sustainability” [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Is reflected in overall GEF operations.
	<ul style="list-style-type: none"> “Activities should promote multi-source funding approaches” 	<ul style="list-style-type: none"> GEF does not reply directly but documents that co-financing (multisource funding) is a very significant proportion of GEF funding [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> GEF agencies are charged with the task of helping countries access various sources of co-financing.

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
Core Operational Guidance	<ul style="list-style-type: none"> The GEF should work with the SCC to determine an appropriate approach for capacity building for developing country parties [...] in the process of effectiveness evaluation 	<ul style="list-style-type: none"> The GEF Evaluation Office is presently conducting a series of evaluations [among other things] capacity building. Findings and recommendations not yet available. [Report of the GEF to the 3rd COP] 	<ul style="list-style-type: none"> <i>This guidance is specific to effectiveness evaluation.</i> GEF has worked with the SCC and given go-ahead to UNEP to develop and submit projects to support that effort. A number of PIFs for MSPs have been approved. See paragraph 25 POPs strategy.
	<ul style="list-style-type: none"> The COP urges (i) the GEF to incorporate best available techniques and best environmental practices and (ii) the GEF to take into full consideration the different characteristics of projects when establishing its co-financing requirements 	<ul style="list-style-type: none"> [Have not received GEF report to the 4th meeting of the COP to the Stockholm Convention] 	<ul style="list-style-type: none"> BAT/BEP is covered in GEF-4 strategy in paragraph 19/20/45 – and more importantly GEF has been supporting BAT/BEP projects. GEF takes consideration of “different characteristics of projects” by expecting more co-financing for large investment projects.
	<ul style="list-style-type: none"> The COP requests support for the delivery of technical assistance on a regional basis, to give consideration to the proposals that may be developed by nominated Stockholm Convention centres 	<ul style="list-style-type: none"> [Have not received GEF report to the 4th meeting of the COP to the Stockholm Convention] 	<ul style="list-style-type: none"> Guidance is fully compatible with existing GEF policies and practices

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
Core Operational Guidance	<ul style="list-style-type: none"> Synergies should be identified and promoted with other relevant multilateral agreements [...] 	<ul style="list-style-type: none"> The strategy under development [seeks to] maximize coordination and synergies with other chemicals-related conventions and agreements 	<ul style="list-style-type: none"> Explicitly addressed in paragraph 22/23/24/26 of POPs strategy as well as the cross cutting chemicals strategy.
	<ul style="list-style-type: none"> Development, review and updating of NIPs" 	<ul style="list-style-type: none"> <u>GEF status report suggests that priority has been given to NIPs</u>: "A significant number of countries are nearing completion of their initial NIP and are expected to submit additional proposals to the GEF for further support" [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> NIPs were bulk of effort under GEF-3. More than 130 countries received funding for NIP development.
	<ul style="list-style-type: none"> Development and implementation of activities identified in NIPs as national or regional priorities 	<ul style="list-style-type: none"> The draft POPs strategy under development emphasizes NIP implementation [...]. The strategy is expected to be completed by the end of 2006. [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> GEF4 strategy approved Sep 2007 is centered around NIP implementation.
	<ul style="list-style-type: none"> Reducing the need for specific exemptions by eligible parties 	<ul style="list-style-type: none"> No mention by GEF in response to COP [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Paragraph 38 of POPs strategy. GEF has funded projects to specifically address this.
	<ul style="list-style-type: none"> Priority should be given to supporting capacity building 	<ul style="list-style-type: none"> The draft strategy emphasizes [...] capacity building in the framework of a country's infrastructure. [...] [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> GEF4 strategy approved Sep 2007 has priority 1: capacity building for NIP implementation.

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
Core Operational Guidance	<ul style="list-style-type: none"> Priority should be given to providing access to technical assistance through appropriate arrangements [...] 	<ul style="list-style-type: none"> No mention by GEF in response to COP [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Enshrined in GEF operations: Most the GEF does is providing TA through "appropriate arrangements"
	<ul style="list-style-type: none"> "Priority should be given to transfer of technology including best available techniques and best environmental practices 	<ul style="list-style-type: none"> No direct response to COP guidance. Project example that "demonstrates best practices for contaminant prevention and increased agricultural productivity through participatory farmer-education approaches." [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Paragraph 35/36/38/42-46 are direct responses to this guidance.
	<ul style="list-style-type: none"> Priority should be given to education, training, public participation and awareness raising of stakeholders and public 	<ul style="list-style-type: none"> No direct response to COP guidance. Project example: "Fostering Active and Effective Civil Society Participation in Preparations for Implementation of the Stockholm Convention" [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> See paragraph 25 of the POPs strategy. A large number of projects include activities related to participation and awareness raising.
	<ul style="list-style-type: none"> Priority should be given to information exchange and management 	<ul style="list-style-type: none"> The GEF is currently finalizing an operations manual to put together all the information needed by Parties to access GEF resources [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> GEF4 POPs strategy puts emphasis on KM. See paragraph 7 for instance.

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
Core Operational Guidance	<ul style="list-style-type: none"> Exercise any necessary flexibility in applying criteria for access in order to ensure compatibility with the country eligibility criteria. 	<ul style="list-style-type: none"> No explicit mention of criteria for access. Emphasis on flexible use of incremental cost criteria. [Report of the GEF to the 3rd COP] 	<ul style="list-style-type: none"> The GEF Instrument is clear that eligibility is as defined by the COP. When in doubt, we have referred the matter to the SCS (e.g. Bahamas NIP)
	<ul style="list-style-type: none"> The COP requests the GEF to give special consideration to those activities relevant to the sound management of chemicals identified as priorities in national implementation plans. 	<ul style="list-style-type: none"> Have not received GEF report to the 4th meeting of the COP to the Stockholm Convention] 	<ul style="list-style-type: none"> These 2 pieces of guidance are identical but came to late in the process to be fully negotiated and harmonized. Covered in para 22-26; and in practice in a number of project proposals.
	<ul style="list-style-type: none"> the COP requests the GEF to give special consideration to support for those activities identified as priorities in national implementation plans which promote capacity building in sound chemicals management. 	<ul style="list-style-type: none"> Have not received GEF report to the 4th meeting of the COP to the Stockholm Convention] 	<ul style="list-style-type: none"> See above.

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
SC-GEF Relations Guidance	<ul style="list-style-type: none"> A listing of projects approved by the council and total financial resources allocated 	<ul style="list-style-type: none"> Included in Annex C [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> A synthesis of projects approved by the Council 	<ul style="list-style-type: none"> Included in annexes A and C [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Overview of projects not approved by the Council and the reasons for not being approved 	<ul style="list-style-type: none"> No mention of projects not approved not included in the report [Report of the GEF to the 2nd COP] 	<ul style="list-style-type: none"> No projects have been "not approved by the Council"
	<ul style="list-style-type: none"> Include in its regular reports to the COP a more in-depth analysis of its financing, including co-financing 	<ul style="list-style-type: none"> The report holds a detailed assessment of the POP financing, including POP financing [Report of the GEF to the 3rd COP] 	<ul style="list-style-type: none"> Not applicable

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
SC-GEF Relations Guidance	<ul style="list-style-type: none"> • GEF should clarify its approach to the application of the concept of incremental costs 	<ul style="list-style-type: none"> • This is work in progress and the GEF will report more fully on the outcomes of this work in its report to COP4. <i>[Report of the GEF to the 3rd COP]</i> 	<ul style="list-style-type: none"> • The GEF Council approved a document that greatly simplifies the application of the IC concept – June 2007
	<ul style="list-style-type: none"> • GEF should inform the COP on the ways in which the GEF might support the procurement of scientific equipment 	<ul style="list-style-type: none"> • "Past experience with GEF and other projects shows that the procurement of scientific equipment and the development of scientific and technical capacity is best conducted in the framework of larger programs where procurement or capacity is not the end in itself." [...] GEF cites 5 specific project examples. <i>[Report of the GEF to the 3rd COP]</i> 	<ul style="list-style-type: none"> • Unchanged.
	<ul style="list-style-type: none"> • The GEF is invited to provide information gathered through its operations relevant to assistance needs in eligible Parties; 	<ul style="list-style-type: none"> • <i>Have not received GEF report to the 4th meeting of the COP to the Stockholm Convention]</i> 	<ul style="list-style-type: none"> • <i>Done.</i> The GEF has provided information to the people working on needs assessment.

ASSESSMENT OF GEF RESPONSIVENESS TO GUIDANCE FROM COP

Not directly actionable guidance

	COP Guidance	GEF Response in Report to the COP	GEF response in strategies and programs
SC-GEF Relations Guidance	<ul style="list-style-type: none"> • The SCC shall be invited to comment on the project proposals related to POPs under consideration 	<ul style="list-style-type: none"> • The Secretariat is regularly invited to comment on all project proposals before they are approved by the GEF, and on the development of the POPs focal area. <i>[Report of the GEF to the 3rd COP]</i> 	<ul style="list-style-type: none"> • Unchanged
	<ul style="list-style-type: none"> • Official documentation of GEF, including information on project activities, shall be made available on its web site 	<ul style="list-style-type: none"> • Information on all GEF projects is available at the GEF website under "project database and documents" <i>[Report of the GEF to the 3rd COP]</i> 	<ul style="list-style-type: none"> • Unchanged
	<ul style="list-style-type: none"> • The COP invites the GEF to consult with the SCC with regard to its future work on the RAF 	<ul style="list-style-type: none"> • During the reporting period, a first meeting to increase familiarity with the RAF was held with the POPs inter-agency task force, to which the Stockholm Convention Secretariat participated. <i>No further directly related activities took place during the reporting period.</i> The GEF Secretariat will continue to consult with the Stockholm Secretariat on this matter" <i>[Report of the GEF to the 3rd COP]</i> 	<ul style="list-style-type: none"> • No further activity – SCS will be consulted on further developments