GEF/A.5/07/Rev.01*
May 22, 2014

Fifth GEF Assembly
May 28 – 29, 2014
Cancun, Mexico

Agenda Item 8

REPORT ON THE SIXTH REPLENISHMENT OF THE GEF TRUST FUND

(Prepared by the GEF Secretariat & World Bank as Trustee)

*This revision reflects an update of the Table of Contributions in Attachment 1 of Annex C of the document.

EXTRACT FROM MAIN GEF DOCUMENT, FOCUSING ON CHEMICALS AND WASTE STRATEGY ...

CHEMICALS AND WASTE FOCAL AREA STRATEGY

Background

Status of Chemicals Contamination

1. Contamination by chemicals is a global issue. While toxic chemicals are found practically in all ecosystems on earth, thus affecting biodiversity, agricultural production or water resources, scientists estimate that everyone today carries within her or his body a large number of chemical contaminants, for which the health impact is not precisely known. Many chemicals, such as persistent organic pollutants (POPs) and mercury, have the ability to travel over large distances through air, migratory species or water currents and have been found in high concentrations areas, such as the Arctic, where these chemicals are not used. Some POPs can remain in the body for more than 50 years. Mercury, being an element is infinitely persistent.

2. Sources of chemicals and their releases vary highly. Some of the long-lasting/persistent chemicals residing in our bodies are pesticides and some are intentionally produced, such as pesticides or flame retardants and used in other forms of industrial processes and in many products used daily. Polychlorinated dibenzodioxins and dibenzofurans, are unintentionally generated, from the manufacturing processes in the chemical industry, combustion or high temperature processes in the presence of carbon, oxygen and chlorine. Whatever their sources, harmful chemicals enter the environment and food chain.

3. At the end of their life, chemicals are recycled or disposed as part of waste. For example, the amount of electrical and electronic waste (e-waste) containing harmful chemicals is growing rapidly in developing as well as in developed countries. The inappropriate management of such waste, for example through open burning, poses negative impacts on human health and the environment. It is critical to manage this waste in an environmentally sound manner so that harmful chemicals are not released into the environment.

4. The Global Chemicals Outlook (UNEP 2012) showed that the production, use and disposal of chemicals are rapidly increasing in developing countries and countries in economic transition. These rapid changes increase economic opportunities and also risks to human health and the environment if it is not matched by enhanced programmes and initiatives for sound chemicals and waste management. The cost to national economies of human and environmental exposure to harmful chemicals is often unrecognized, but can be substantial as shown in the UNEP's Cost of Inaction report (UNEP 2013). The Global Chemicals Outlook called for urgent and coordinated actions at an international, national, regional, corporate and civil society level so that the sound management of chemicals is perceived as essential throughout their life cycle to decouple sustainable development advances and to maximize societal benefits from the potential and growing risks of chemicals to human health and the environment.

Global Efforts to Address Harmful Chemicals and Waste

5. In the past decades, governments have established a global regime to address harmful chemicals and waste through the negotiation of a number of Multilateral Environmental Agreements (MEAs) and non-binding instruments. The sixth replenishment period of the GEF

Trust Fund (July 2014 to June 2018; GEF-6) coincides with a period of a rapidly evolving chemical and waste management global agenda and changing needs of developing countries and countries with economies in transition (CEITs). Details of the major developments are described in Annex 3.

6. The last three Conferences of the Parties (COPs) to the Stockholm Convention added 11 new POPs. There are at least three candidate chemicals which could be added at COP 7 in 2015. Urgent global action is required to eliminate the production and consumption of all these chemicals. At its sixth session in May 2013, the COP requested the GEF, in the context of the guidance to the GEF, to consider increasing the overall amount of funding accorded to the chemicals focal area in GEF-6 (decision SC-6/20).

7. The Minamata Convention on Mercury, which designates the GEF as an entity comprising the financial mechanism, was adopted at the Diplomatic Conference in Kumamoto and Minamata, Japan, in October 2013. Ninety-four countries have signed the Convention and one country has accepted the Convention. The convention is expected to come into force before the end of the GEF-6 period. The Diplomatic Conference has invited donors to the GEF Trust Fund to contribute through the sixth and subsequent replenishments additional financial resources adequate to enable the GEF to support activities to facilitate the rapid entry into force and effective implementation of the Convention (Resolution 2 in the Final Act of the Conference of Plenipotentiaries).

8. The Montreal Protocol on Substances that Deplete the Ozone Layer controls about 100 anthropogenic chemicals used worldwide in industrial processes and consumer products. First signed in 1987, the treaty has now achieved universal ratification – all 197 UN Member States – making it the most widely ratified treaty in United Nations history. To date the Montreal Protocol and its financial mechanism, the Multilateral Fund with assistance from the GEF, have enabled reductions of over 97% of all global consumption of controlled ODS.

9. The 27th UNEP Governing Council (decision 27/12) in February 2013 noted an integrated approach to address the financing of the sound management of chemicals and waste, underscoring that the three components of an integrated approach, mainstreaming, industry involvement and dedicated external finance are mutually reinforcing and that they are all important for the financing of sound management of chemicals and wastes. The decision also invited the GEF in the context of the 6th replenishment process to revise its focal area structure and strategy in order to address the chemicals and wastes agenda, and to consider ways of further strengthening its relations with the conventions it serves as a financial mechanism.

10. UNEP's Governing Council decision 27/12 further reiterated its request to the UNEP Executive Director to facilitate and support a country-led process on the challenges of and options for further enhancing cooperation and coordination in the chemicals and wastes cluster in the long term. This process may as part of its efforts also seek to explore avenues towards ensuring the best and most efficient use of increasingly scarce financial resources at the global, regional and national level.

Rationale and Approach

11. The GEF will continue to play a catalytic role in leveraging budgetary resources from national governments and incentivizing the private sector to contribute more to the achievement of elimination and reduction of harmful chemicals and waste.

12. Greater awareness of the impacts, including the health impacts, of harmful chemicals and waste needs to be communicated to policy makers at the national level so that sound management of chemicals and waste is fully integrated into national budgets and sector level plans. Such awareness raising also needs to be made to negotiators and policy makers in the broader field of sustainable development at the global level recognizing the cross cutting nature of sound management of chemicals and wastes in different sectors and its inherent impact of a sustainable future for all. Therefore, efforts are underway by governments to ensure that sound management of chemicals and wastes becomes an integral part of the discussions of the post-2015 sustainable development agenda, including the Sustainable Development Goals. The issue must be taken up not only by ministries of environment but by ministries responsible for planning, finance, industry, technology, innovation, health, women, children, and labour. This shift would systematically increase the visibility of these issues using assessments of the cost of inaction on chemicals and waste and the impact on the productivity and health of impacted communities. The allocation of resources from national budgets, and increased participation and contributions from the private sector will allow GEF interventions to be sustained after the projects and programs are completed. This way the GEF can become a true catalyst for sustainable and sustained behavioural change.

13. To achieve transformational change and be effective in a global market, the GEF interventions need to seek closer integration with global supply chains ensuring that products crossing national borders are free of global priority substances that otherwise enter into markets and recycling chains. These interventions will need to integrate the private sector more closely due to the primary role the sector has in the production and use of chemicals.

14. Another encouraging area of work is Green Chemistry, which is defined as the design of chemical products and processes that reduce or eliminate the use and generation of hazardous substances. Green Chemistry and life cycle analysis of organic and inorganic chemicals are receiving more attention from producers and consumers of potentially toxic chemicals. With the advent of the Green Chemistry Council, greater emphasis, globally, is being placed on sustainable policies, technologies and best practices in the life cycle of toxic chemicals. This area of work can help to address products that contain the chemicals controlled by MEAs.

15. The GEF will also seek to encourage projects that combine multiple focal areas and trust funds to help deliver multiple benefits within the chemical and waste cluster and with other focal areas. For example, with the GEF as the financial mechanism of the Mercury and the Climate Change Conventions, there are opportunities to explore co-benefits of carbon and mercury emissions reduction at coal-fired power plants. Other examples of eligible topics include: Climate-Chemical Nexus (Clean Cities, Green Industry), and Chemical-Natural Resource Nexus (Healthy Ecosystems, Smart Agriculture, Clean Rivers, Lakes and Oceans, sustainable management of forests). Another example is the opportunity for the financial mechanisms of the GEF and Montreal Protocol Multilateral Fund to cooperate on mobilizing resources to maximize the climate benefits of the hydrochlorofluorocarbons (HCFC) phase-out and ODS destruction.

16. In order to incentivize countries and stakeholders to expedite and scale up action to eliminate and reduce chemicals and waste, the following innovative programming options may be used in implementing the strategy: private sector partnerships; performance-based financing and incentives; support for civil society initiatives; consultation with vulnerable and innovative constituencies such as women's groups and indigenous peoples, and encouraging the use of regional centres under the chemical and waste Conventions to execute projects and assist in the development of regional projects. The options complement the traditional GEF financing instruments, and can be applied as appropriate. Examples of how chemicals and waste will take advantage of the innovative programming options are listed in Annex 2.

17. Private sector cooperation and its involvement in projects and programs are important in the GEF chemicals and waste focal area. The chemical focal area has in the past demonstrated successful private sector engagement and has attracted significant private sector co-financing. This focal area will seek more projects that propose innovative engagement models with the private sector, and that complement public sector support rather than replace or minimize its importance. Further descriptions on private sector partnerships are included in Annex 2.

Gender

18. Gender refers to the social roles that men and women play and the power relations between them, which may have a profound effect on the use, management, and exposure to chemicals. Depending on values, norms customs and laws, men and women in different parts of the world may have different exposure to chemicals. Consistent with the GEF *Policy on Gender Mainstreaming* and the GEF-6 approach on gender mainstreaming, GEF projects funded under this strategy will not only acknowledge gender differences within their design but determine what actions are required to promote both women and men's roles in chemical management, disproportionate chemical exposure and vulnerability, as well as sustainable alternatives. This will involve the use of gender analysis as part of the socio-economic assessment during project preparation; and the use of gender disaggregated project-level indicators where relevant. Given that the knowledge base on gender and chemicals management is still evolving and being codified, the focal area will undertake periodic reviews of the portfolio and highlight best practices in mainstreaming gender in chemicals projects. The focal area will also monitor and track the GEF core gender indicators which will be aggregated at the corporate level.

19. Efforts to ensure the sound management of chemicals within a context of sustainable development have important gender dimensions. In daily life, men, women, and children are exposed to different kinds of chemicals in varying concentrations. Levels of exposure to toxic chemicals—and resulting impacts on human health—are determined by social as well as biological factors. Determined by social roles, women, men, and children are exposed differently to toxic chemicals in daily life. The differences include the kinds of chemicals encountered as well as the level and frequency of such exposures. In addition men, women, and children vary in their physiological susceptibility to the effects of exposure to toxic chemicals.

20. It is therefore critical to raise awareness about the linkages between chemical exposure, human health, environmental threats, and gender differences in risks and impacts. Integration of gender considerations throughout all stages of a country's process to strengthen its national chemical management regime will ensure that women's and men's, concerns and experiences are taken into account in the design, implementation, monitoring and evaluation of chemical

management policies and programmes, so that they can benefit equally and gender inequality is not perpetuated. Women's participation in decision-making is seen as a requirement to assure full participation in decision making.

Goal and Objectives

Long-term goal

21. The GEF-6 chemical and waste strategy's long term goal is to prevent the exposure of humans and the environment to harmful chemicals and waste of global importance, including POPs, mercury and ozone depleting substances, through a significant reduction in the production, use, consumption and emissions/releases of those chemicals and waste.

Scope of the GEF-6 strategy on chemicals and waste

22. For the purpose of the GEF, "Chemicals" in the strategy refer to chemicals controlled under the Stockholm Convention, Minamata Convention and Montreal Protocol as well as those covered by SAICM. "Waste" refers to waste generated from the production, use and consumption of the chemicals covered by the MEAs for which the GEF is the financial mechanism and other harmful wastes as appropriate in these chemical conventions, the Montreal Protocol and SAICM.

23. The GEF-6 chemicals and waste strategy targets harmful chemicals and waste regulated, or, in other ways covered under legally binding MEAs for which the GEF is the financial mechanism. The strategy is based on the guidance to the financial mechanism, as adopted by the conferences of the parties of the respective MEA[60], and takes into account activities regarding the environmentally sound management of chemicals and waste under non-binding instruments, with a view of supporting the implementation of legally binding instruments. For example, the GEF, on a voluntary basis, provides funding to assist CEITs to phase out ozone depleting substances under the Montreal Protocol and indirectly supports the implementation of the Basel Convention through addressing POPs waste under the Stockholm Convention and the Rotterdam Convention through addressing information exchange on trade and movement of POPs and POPs waste.

Strategic Objectives and Programs

24. The GEF-6 chemicals and waste strategy encompasses a broad range of opportunities. The strategy seeks to combine environmentally safe technologies and systems with financial and organizational mechanisms, policies, and practices that help countries move towards innovative, rapid, transformational change. The GEF-6 strategy is based on two strategic objectives that in combination will build and sustain capacity, opportunity, and means to meet the goals of eliminating harmful chemicals and waste. These two strategic objectives contain six programs, which encompass activities to be supported by GEF funding (Figure 1). An integrated approach to cover multiple programs would be supported as well as being based on a single program.

[60] The programming of activities under the Stockholm Convention in GEF-6 will be based on the consolidated guidance to the financial mechanism, as adopted by the Conference of the Parties at its sixth meeting pursuant to decision SC-6/20 (available at: http://chm.pops.int/Implementation/FinancialMechanism/GuidanceGuidelines/tabid/682/Default.aspx).

25. Contents of each objective and program are described below. Outcomes, outputs and indicators of each program are described in the Results Framework.

CW Figure 1 - Strategic Objectives and Programs

CW 1: Develop the enabling conditions, tools and environment for the sound management of harmful chemicals and wastes	Program 1	Develop and demonstrate new tools and economic approaches for managing harmful chemicals and waste in a sound manner
	Program 2	Support enabling activities and promote their integration into national budgets and planning processes, national and sector policies and actions and global monitoring
CW 2: - Reduce the prevalence of harmful chemicals and waste and support the implementation of clean alternative technologies/substances	Program 3	Reduction and elimination of POPs
	Program 4	Reduction or elimination of anthropogenic emissions and releases of mercury to the environment
	Program 5	Complete the phase out of ODS in CEITs and assist Article 5 countries under the Montreal Protocol to achieve climate mitigation benefits
	Program 6	Support regional approaches to eliminate and reduce harmful chemicals and waste in LDCs and SIDS
INNOVATIVE PROGRAMMING OPTIONS		

CW 1: Develop the enabling conditions, tools and environment for the sound management of harmful chemicals and wastes

26. This objective will help countries develop and strengthen the enabling conditions, tools, and environment to remove the barriers that prevent or slow the adequate management of harmful chemicals and wastes. This objective will develop policy, legislative, financial, economic, technical and technological tools that will remove barriers to scaling up interventions, including access to finance. The objective will contribute to helping countries develop effective systems for ensuring occupational safety and health. The respect for fundamental worker rights are given due consideration as well, with particular attention paid to the working conditions of women (as child-bearers) given the high rate of birth defects in many of these communities. This objective, through sound data, analysis, and policy frameworks, also seeks to address the need for enabling conditions to mainstream chemicals and waste management concerns into the national budgets, national planning and policies, and development agenda as well as sector policies.

Program 1: Develop and demonstrate new tools and regulatory along with economic approaches for managing harmful chemicals and waste in a sound manner

27. This program applies to all chemicals and waste included under this strategy, with priority placed on actions required under the Stockholm and the Minimata Conventions. It will support the development, testing and demonstration of technologies, alternatives, techniques, best practices, legislative and policy tools, finance models, private sector engagement models and economic tools.

28. Demonstration and validation for new, environmentally-sound, and climate-resilient technologies will be encouraged, based on the guidance on BAT/BEP from the Stockholm and Minimata Conventions.

29. The GEF may support the following initiatives under this program:

(a) Demonstration and transfer of effective and where appropriate innovative environmentally safe chemical and waste reduction and elimination technologies, including emerging chemical and waste issues of global concern (e.g. lead in paints, endocrine disruptors, hazardous substances within the life cycle of e-products, nanotechnology and manufactured nanomaterials, and chemicals in products)

(b) Development and demonstration of private sector partnerships, economics instruments and financing models that can achieve large scale and long-term investment in the reduction of production and use and emissions of harmful chemicals, including cleaning up contaminated sites, closure and/or repurposing of hazardous chemical manufacturing and waste management

(c) Promotion of sustainable production and consumption practices to de-couple economic growth and resource use from the use of POPs and other chemicals of concern (e.g. heavy metals including mercury and lead, and e-waste generation)

(d) Action on new POPs particularly in the context of e-waste and chemicals in products

(e) Promotion of Green Chemistry particularly in the context of SAICM

(f) Development of frameworks for cost recovery from the private sector for environmental clean up

Program 2: Support enabling activities and promote their integration into national budgets, planning processes, national and sector policies and actions and global monitoring

30. This program will help countries report to the conventions and develop plans for meeting their obligations under the conventions. This program only applies to the Stockholm Convention and the Minamata Convention. The following enabling activities are eligible for funding under this program:

(a) Minamata Convention initial assessment activities, including assessment of legislation and policies in regard to the implementation of the Convention, initial inventory of Mercury, identification of emission/release sources of Mercury, and assessment of the institutional and capacity needs

(b) Artisanal and Small Scale Gold Mining (ASGM) National Action Plans (NAPs)

(c) Stockholm Convention National Implementation Plans (NIPs) and NIP updates

31. This program will also promote integration of the findings of enabling activities and convention reporting into national and sector level development planning. Such integration will help inform countries on establishing reduction targets and leveraging resources from all sectors for the sound management of harmful chemicals and waste. It is envisaged that the embedding of the findings and processes of the enabling activities will rely on and be complementary to the foreseen institutional structures of the special program component of the integrated approach in UNEP Governing Council decision 27/12.[61]

32. This program will also support global monitoring that help to measure the effectiveness of the Conventions to which the GEF is the financial mechanism. This program will also integrate gender analysis where appropriate.

CW 2: Reduce the prevalence of harmful chemicals and waste and support the implementation of clean alternative technologies/substances

33. While CW 1 focuses on the development of enabling conditions, this objective will help countries reduce and eliminate harmful chemicals and waste, i.e. POPs, Mercury, and their waste, along with other chemicals of global concern, thereby reducing the exposure of humans and the environment to harmful substances. Specifically, this objective will support the implementation of environmentally-safe, low-carbon technologies, techniques, and practices that

[61] In February 2013, The UNEP Governing Council decided to invite governments to consider establishing, through an existing institution, a special programme, funded by voluntary contributions, to support institutional strengthening at the national level for implementation of the Basel, Rotterdam and Stockholm conventions, the future Minamata Convention and the SAICM, noting that each respective governing body would have to determine the participation of its entity in the special programme (GC 27/12).

will be necessary for chemicals and waste elimination and management. The integration of sound management of chemicals and waste into other focal areas would be supported under this objective.

Program 3: Reduction and elimination of POPs

34. This program will assist eligible parties to reduce and eliminate POPs listed in the Stockholm Convention. Projects in this program must propose activities that bring about measurable reduction of POPs. The program will support the application of technologies, techniques and approaches for eliminating stockpiles of POPs, POPs in products, and POPs containing waste, including e-waste. In addition, the impacts of climate change on the effectiveness of these technologies, techniques, practices, and approaches will need to be considered as appropriate, as well as any adverse impacts on vulnerable populations such as the poor, women, and children, the disabled and indigenous communities.

35. In accordance with Convention Guidance, the programme will take into account the specific deadlines set forth in the Convention, including the following areas[62]:

(a) Elimination of the use of polychlorinated biphenyls in equipment by 2025

(b) Environmentally sound waste management of liquids containing polychlorinated biphenyls and equipment contaminated with polychlorinated biphenyls, having a polychlorinated biphenyls content above 0.005 per cent, in accordance with paragraph 1 of Article 6 and part II of Annex A of the Convention, as soon as possible and no later than 2028

(c) Elimination or restriction of the production and use of newly listed persistent organic pollutants

(d) Elimination of the production and use of DDT, except for parties that have notified the Secretariat of their intention to produce and/or use it

(e) For parties that produce and/or use DDT, restriction of such production and/or use for disease vector control in accordance with World Health Organization recommendations and guidelines on the use of DDT and when locally safe, effective and affordable alternatives are not available to the party in question

(f) Use of best available techniques for new sources in the categories listed in part II of Annex C of the Convention as soon as practicable but no later than four years after the entry into force of the Convention for a party

36. In addition to time bound areas above, in response to Convention Guidance, and in areas where the activity has a direct benefit to a convention obligation, the GEF may support the following initiatives under this program:

(a) Elimination of stockpiles, and were applicable production of DDT, obsolete pesticides and new POPs (Article 6)

(b) Management and phase out POPs

[62] See paragraph 4 of decision SC-6/20

(c) Environmentally sound management of POPs-containing wastes in accordance with the Basel Convention and its relevant technical guidelines

(d) Reduction of emissions of unintentional POPs (UPOPs) (Article 5)

(e) Introduction of alternatives to DDT for vector control including approaches to improve their safe and rational use for public health

(f) Introduction of non-chemical alternatives

(g) Integrated pesticide management including in the context of food security

(h) Application of green industry, or sound chemicals management along the supply chain

(i) Design of products and processes that minimize the use and generation of hazardous substances and waste

37. Projects with significant investment, for example, treatment technologies such as alternatives to large-scale incineration, implementation of supply chain management and Green Chemistry, may be considered when there are both large-scale leveraging of national and bilateral resources and strong long-term national commitments.

Program 4: Reduction or elimination of anthropogenic emissions and releases of mercury to the environment[63]

38. The GEF has supported a number of projects intended to inform the intergovernmental negotiation process that led to the adoption of the new Mercury treaty. This program will extend the work done in GEF-5 to demonstrate the reduction of mercury in key sectors where urgent actions are required.

39. In GEF-6, this program will address the following issues in a manner consistent with the Convention. The Intergovernmental Negotiating Committee (INC) and the COP may accord priority actions of these through guidance to the GEF.

(a) Reduction, and where feasible elimination, of the use of mercury and mercury compounds in ASGM, and emission and releases to the environment of mercury from such mining and processing, consistent with Article 7 of the Minamata Convention on Mercury.

(b) Control, and where feasible reduction of mercury from emissive sources listed in Annex D of the Minamata Convention

(c) Control of mercury in the global trade, where appropriate, including mercury in products

(d) Reduction, phase out or elimination of mercury used in certain industrial processes

(e) Sound management of mercury storage

[63] Guidelines on the use of GEF 6 funding will be further defined once the COP defines further guidance as per Article 13 of the Minamata Convention and Resolution 2 of the Final Act of the Conference of Plenipotentiaries.

(f) Introduction of frameworks for the environmentally sound management of mercury-containing wastes taking into account any relevant guidelines developed under the Basel Convention

(g) Development of inventories of mercury emissions.

(h) Introduction of life cycle management of mercury

Program 5: Complete the phase out of ODS in CEITs and assist Article 5 countries under the Montreal Protocol to achieve climate mitigation benefits

40. For Program 5, which covers the work of the GEF on the Montreal Protocol, replacement of ODS dependent technology should aim to be with energy efficient and low carbon technology, preferably using near-zero global warming potential (GWP) substances. The GEF currently provides assistance under this program for the completion of the phase-out of HCFCs in countries with economies in transition (CEITs). This program will support HCFC phase-out management plans (HPMPs) and production sector plans. Based on data reported to the Ozone Secretariat, it is projected that 303.44 ODP tons remain to be phased out in these countries.[64]

41. Under GEF-5, consideration of the nexus and potential synergies between ozone protection, climate mitigation, and chemicals program was initiated (e.g. GEF/C.42/09), and in 2013 the Secretariats of the GEF and Multilateral Fund have made substantial progress in discussions on cooperation between the two financial mechanisms to mobilize future resources to maximize the climate benefits of the HCFC phase-out and ODS destruction. Such cooperation could extend to other developing country Parties operating under Article 5 of the Montreal Protocol ("Article 5 countries"), with possible GEF assistance forming complementary financing to that being provided under the Multilateral Fund.

42. There are significant climate benefits from replacing HCFCs with climate friendly alternatives and replacement of HCFC dependent technology with more energy efficient technologies. Work is underway to phase out HCFCs in countries considered Article 5 Parties in the Montreal Protocol. The Multilateral Fund provides financial assistance to these countries, as per the guidelines of the Executive Committee, the most cost-effective alternative that may or may not fully address the most climate benefits that could potentially be achieved from this process. As a result, Article 5 Parties have approached the GEF to co-finance additional activities in HCFC phase-out program which could cover climate co-benefits that are not eligible for funding under the Multilateral Fund, and would introduce those elements that would maximize climate and ozone benefits. For this purpose, special programs will be established to promote linkages in Article 5 countries to assist in the phase-out of HCFCs. This will only apply to manufacturing of appliances and foams, and the refrigeration servicing sector and will cover only energy efficiency gains, i.e. climate mitigation benefits, associated with action being taken using

[64] The GEF will continue to support the following seven countries (Azerbaijan, Belarus, Kazakhstan, Russian Federation, Tajikistan, Ukraine and Uzbekistan) that are eligible to receive funding for the phase out of ozone depleting substances in GEF-6 to meet the 2020 control measures of the Montreal Protocol. The remaining eligible consumption of HCFCs in these countries in ODP tons is 303.44 ODP tons, of which 267.24 ODP tons is from the Russian Federation.

other funding sources by the Article 5 countries, only when these elements are clearly not eligible for funding under the Multilateral Fund.

43. "Banks" of ODS are the total amount of these substances contained in existing equipment (e.g. refrigeration, air conditioning), chemical stockpiles, insulating foams and other products not yet released to the atmosphere. Emissions of ODS banks by leakage or at their end of use damage the ozone layer and contribute significantly to global warming since the ODS concerned, mainly chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), have high global warming potentials (GWPs). Emissions due to releases of ODS from banks are not covered by either the Montreal Protocol or the United Nations Framework Convention on Climate Change (UNFCCC).

44. The Multilateral Fund has financed a limited number of ODS destruction projects in Article 5 countries, mainly pilot projects. That financial mechanism does not have the mandate to fund projects to address ODS destruction in a comprehensive manner, therefore it is evident that tackling the bulk of ODS banks will require additional sources of funding. The opportunity to benefit from the most cost effective approach to this problem is before 2020-2025, therefore other contributions and forms of non-MLF will help catalyze ODS bank destruction activities in Article 5 Parties. The GEF may support the destruction of ODS banks in GEF-6 to leverage ozone and climate benefits which are not funded by the Multilateral Fund. .

Program 6: Support regional approaches to eliminate and reduce harmful chemicals and waste in LDCs and SIDS

45. The least developed countries (LDCs) and small island developing states (SIDS) typically have limited capacity to deal with harmful chemicals and waste. In many instances, they are also geographically isolated and remote. These countries have historically had difficulty leveraging sufficient resources from their own budgets, the private sector, and other bi-lateral donors to deal with harmful chemicals and waste. They also have difficulties in accessing GEF funds in comparison to other countries. Given these facts, different approaches for solutions are required for these types of countries.

46. This objective will allow programming for resources to LDCs and SIDS to help them create the enabling environment, and to take action to eliminate and reduce harmful chemicals and waste. The objective will encourage regional and sub-regional cooperative action and south-south cooperation for developing regional approaches. This objective will also encourage civil society participation in enabling activities to ensure broad recognition of public needs and requirements.

47. The program will raise awareness of the linkages between chemical exposures, the effects on human health and the environment, and gender differences in risks and impacts. In most communities, people are unaware of their routine, even daily, exposure to toxic chemicals in the workplace, at home, and in the general environment. Thus, raising awareness of the immediate health risks of toxic chemicals used in agriculture, mining, health services, manufacturing, and household activities in least developing countries is a necessary, overarching intervention that informs work at all subsequent stages of the policy process.

48. It is intended that a programmatic approach be used in utilizing resources in this objective so that economies of scale can be achieved which would otherwise make programming in these countries difficult and in some cases prohibitive.

49. The regional and sub-regional approaches will cover:

(a) Enhanced capacity to manage harmful chemicals and waste at a regional/sub-regional level

(b) Regional-level plans for the management of harmful chemicals and waste

(c) Technologies and techniques suitable to LDCs and SIDS

(d) Innovative management practices suitable to LDCs and SIDS

Chemicals and Waste Resource Envelope

CW Table 1 - Focal Area Objectives and Programming Targets by Program

			GEF-6 Programming Targets ($ million)
CW 1	Program 1	POPs	20
		Mercury	10
		SAICM etc	8
		sub-total	*38*
	Program 2	POPs	20
		Mercury	30
		sub-total	*50*
	Total CW 1		***88***
CW 2	Program 3	POPs	307
	Program 4	Mercury	78
	Program 5	ODS	25
	Program 6	POPs	28
		Mercury	23
		SAICM etc	5
		sub-total	*56*
	Total CW 2		***466***
Total Chemicals			**554**

Target by Convention

Convention	**GEF-6 Programming Targets ($ million)**
POPS	375
Mercury	141
SAICM	13
ODS	25
Total Chemicals	**554**

.

Results Framework

Goal:

(a) Promote the sound management of chemicals throughout their lifecycle to minimize adverse effects on the global environment and health of both women and men.

Impact:

(a) Phase out and reduction of Persistent Organic Pollutants, Mercury and Ozone Depleting Substances and other chemicals of global concern.

Indicator:

(a) Tons of Persistent Organic Pollutants, Mercury and Ozone Depleting Substances and other chemicals of global concern phased out or reduced over the investment or impact of the project.

Corporate Level Indicator:

(a) 80,000 tons of Persistent Organic Pollutants including PCB, obsolete pesticides and DDT disposed of in an environmentally sound manner.

(b) 1000 tons of mercury reduced.

(c) 303.44 ODP tons of HCFC phased out.

Gender Indicators:

(a) Focal Area projects will use and incorporate GEF Gender Indicators, which will be monitored and aggregated at the Focal Area portfolio and Corporate levels. [65]

[65] Refer to the core GEF Gender Indicators identified under the gender section of the Strategic Positioning Paper for GEF-6 replenishment. The five Gender Indicators are:
i) Percentage of projects that have conducted gender analysis during project preparation.
ii) Percentage of projects that have incorporated gender sensitive project results framework, including gender sensitive actions, indicators, targets, and/or budget.
iii) Share of women and men as direct beneficiaries of project.
iv) Number of national/regional/global policies, legislations, plan, and strategies that incorporates gender dimensions (e.g. NBSAP, NAPA, NAP, TDA/SAP, etc).
v) Percentage of Project Implementation Reports (PIR), Mid-term Evaluation (MTE) and Terminal Evaluation Reports (TER) that incorporate gender equality and women's empowerment and assess results/progress.
Projects will use gender-sensitive indicators and sex-disaggregated data, and it will be systematically recorded, reported and integrated into adaptive management responses at the project level. GEF will undertake periodic reviews of the portfolio and highlight best practices in mainstreaming gender in projects, including through Annual Monitoring Review and Learning Missions.

Focal Area Objectives	Programs	Expected Outcomes and Indicators
CW 1 *Develop the enabling conditions, tools and environment to manage harmful chemicals and wastes*	**Program 1:** Develop and demonstrate new tools and regulatory along with economic approaches for managing harmful chemicals and waste in a sound manner	Outcome 1.1: Countries have appropriate decision-making tools and economic approaches to promote the removal of barriers preventing the sound management of harmful chemicals and waste *Indicator 1.1.1: Number of demonstrated tools for Mercury, new POPs and emerging chemicals and waste issues* *Indicator 1.1.2: Prioritized list of actions for reducing/eliminating chemicals and waste* Outcome 1.2: Innovative technologies are successfully demonstrated, deployed and transferred *Indicator 1.2: Number of technologies demonstrated, deployed and transferred*
	Program 2: Support enabling activities and promote their integration into national budgets, planning processes, national and sectoral policies and actions, and global monitoring	Outcome 2.1: Countries have undertaken Minamata Convention initial assessments activities and ratified the Minamata Convention *Indicator 2.1.1: Number and quality of initial assessment activities completed* *Indicator 2.1.2: Number of ratifications of the Minamata Convention* Outcome 2.2: Countries have assessed their ASGM sector and developed a National Action Plan (NAP) to address the Mercury use in the ASGM sector. *Indicator 2.2: Number of NAPs completed* Outcome 2.3: All countries have completed their NIP updates under the Stockholm Convention and have established a sustainable mechanism to update them in the future *Indicator 2.3.1: Number of NIP updates completed* *Indicator 2.3.2: Number of countries that have integrated the NIP updated process into their own budget.* Outcome 2.4: Global monitoring for POPs strengthened and established for Mercury *Indicator 2.4: Number of baseline monitoring stations established and number of laboratories strengthened.*
CW 2 *Reduce the prevalence of harmful chemicals and waste and support the implementation of clean alternative technologies/substances*	**Program 3:** Reduction and elimination of POPs	Outcome 3.1: Quantifiable and verifiable tonnes of POPs eliminated or reduced *Indicator 3.1: Amount and type of POPs eliminated or reduced*
	Program 4: Reduction of anthropogenic emissions and releases of mercury to the environment	Outcome 4.1: Mercury is reduced *Indicator 4.1: Amount of Mercury reduced*

Focal Area Objectives	Programs	Expected Outcomes and Indicators
	Program 5: Complete the phase out of ODS in CEITs and assist Article 5 countries under the Montreal Protocol to achieve climate mitigation benefits	Outcome 5.1: Countries have phased out Ozone Depleting Substances and replace them with zero ODP, low GWP alternatives *Indicator 5.1.1: Tonnes of ODS phased out* *Indicator 5.1.2: Tonnes of CO_2 equivalent phased out*
	Program 6: **S**upport regional approaches to eliminate and reduce harmful chemicals and waste in LDCs and SIDS	Outcome 6.1: Capacity of LDCs and SIDS to manage harmful chemicals and waste is enhanced *Indicator 6.1: The extent to which countries have successfully mainstreamed chemical priorities into national budgets.* Outcome 6.2: LDCs and SIDS regional/sub-regional plans include and account for the management of harmful chemicals and waste. *Indicator 6.2: Number of regional/sub-regional level plans developed that account for chemicals and waste issues*

Annex I. Innovative Programming Options in the GEF-6 Chemicals and Waste Strategy

Private sector partnerships

1. In GEF-6, all focal area strategies will be identifying and establishing stronger partnerships with the private sector to attract and retain private sector investment. For chemicals and waste this has been an area that has not been fully explored but it will be a robust area of activity in GEF-6. In some cases, for example in PCB management projects where private utilities are involved the utilities sustain the reduction and management of PCB while in others where disposal equipment or facilities are provided the sustainability ends when resources for disposal ends with the project. Another example is Green Chemistry, which may benefit from private sector partnership as leading multi-national corporations are expanding research and development into green chemistry and pursuing greater partnerships for management of chemicals.

2. A major aim in GEF-6 for this focal area will be to explore and develop and demonstrate models that integrate the private sector in chemical and waste projects thereby achieving the scale of engagement and investment that is needed to scale up action on chemicals and waste.

3. Consistent with the GEF-6 private sector strategy, partnerships may take several forms, including assessment and fortification of enabling environments; certification and standards programs; engagement across global supply chains; application of risk-mitigation tools; and engagement of institutional investors. Each of these forms will provide options for GEF agencies and countries to apply the best tools to the situation at hand when designing a project. As identified in the private sector strategy, each model may be used in different ways across several categories of private sector players, including capital providers, financial intermediaries, and industry partners (large corporations, SME, and innovators).

4. Recent GEF intervention in hospitals and the way they manage waste is one example. Another innovative approach will invite private sector project ideas that can be submitted and cleared through agency processes. Countries will be encouraged to hold competitive bidding for innovative projects as appropriate. In some cases, countries will be encouraged to provide endorsement letters to agencies in advance to allow rapid approval and project launch. This approach enables the GEF network to engage with potential private sector partners with innovative ideas that need demonstration and validation. Examples of projects that would be amenable to this approach include:

(a) Innovative environmentally sound waste reduction projects

(b) Technology demonstrations

(c) Recycling and waste-management through micro, small and medium enterprises

(d) Green development - industries and cities

(e) Innovative approaches to cleaning up and remediation of contaminated sites

(f) Economic instruments and business models to facilitate income generation for chemicals and waste management including waste recycling and extraction of valuable constituents of waste

(g) Life cycle and green chemistry investments

5. For risk-mitigation and structured financing tools, the GEF Chemicals Network will explore the development of non-grant instruments. For example, innovative e-waste technologies do not have a proven track record and may be perceived as too risky for commercial investors. The GEF and its agency partners will explore what types of risk-mitigation tools could help catalyze investment in e-waste technologies.

6. Furthermore, chemicals and waste projects will need to ensure that small and medium-sized enterprises (SMEs) are prepared to properly manage POPs and ODS, and to take up new technologies for reduction and disposal. SMEs could use small grants or loans to promote for example, to improve waste management practices, encourage recycling and reuse of plastics, e-waste, adopt integrated pest and vector management, improvements in preventing contamination from ASGM through provision of low cost technological solutions. Chemicals and waste projects will certainly be considered for the SME Small Grant/Loan Program.

Performance-based financing and incentives

7. The GEF may introduce performance-based financing and incentives, where countries/agencies receive GEF resources based on successful project implementation and demonstration of results. For chemicals and waste, this option may be applied in cases including the following:

(a) *Project-based:* Performance-based financing could be utilized on individual projects. Projects that require strong measurement and verification to ensure global environmental benefits, such as phase out of chemicals, may be suitable. This would be at the invitation of the country and would be subject to a performance based agreement between the GEF and the country which may specify phase out targets.

(b) *Sector or economy-wide:* Countries or cities that commit to national or sector-based emission reduction targets (in toxic equivalents (TEQ/g) for UPOPs, ODP for Ozone, and Tons for Mercury and POPs) may utilize performance-based financing. Countries commit to the measurement and verification of meeting the targets, and are paid if the targets are achieved. Countries will have flexibility in project design, implementation modalities and selection and implementation of emission/release reduction options. This approach offers flexibility for countries and agencies to develop programs and reduces the review process in the GEF since the details of project design will be left to the country and agency.

Support for civil society initiatives

8. In GEF-6, civil society organizations can submit, through one of the GEF implementing agencies, and receive approval for projects focused on elimination of hazardous chemicals and waste. Projects where CSO's and NGO's are included as executing partners may be given priority for funding in GEF-6. Additionally partnership with this sector will also be supported through GEF Small Grant Program (SGP) where a proportion of funding given to initiatives on

chemicals and waste will be shared equally with other GEF SGP national priorities such as climate change and biodiversity.

Support for Convention Regional Centers

9. The GEF has received guidance from the COP of the Stockholm Convention to provide the opportunity for Regional Centers set up under the Stockholm Convention and Basel Convention to execute projects. The GEF is cognizant of the country driven approach for project identification and development and recognizes that the regional centers can only be involved on the invitation of countries. The GEF encourages countries to use the regional centers either as executing agencies or providers of technical assistance in the development and implementation of their projects particularly in regional projects where these centers would have a comparative advantage

.

Annex II. Development of Multilateral Environmental Agreements in the Harmful Chemicals and Waste Area

1. Governments recognize that concerted action at the international level is required to address certain substances or practices of global concern. Over the past 30 years, governments have agreed a number of multilateral environmental agreements (MEAs) that regulate harmful chemicals and waste. Most governments have ratified these conventions. The GEF-6 (2014 to 2018) coincides with a period of a rapidly evolving chemical and waste management global architecture and changing needs of developing countries and CEITs. The following are the conventions relevant to the GEF and their major developments.

2. **Legally-binding instruments where the GEF serves as the financial mechanism**

(a) **The Stockholm Convention on Persistent Organic Pollutants (POPs)**

This convention controls the production and use of POPs. The convention originally had 12 controlled POPs substances including DDT, PCB and Dioxins and Furans. The convention also has a process for adding new substances when there is scientific evidence that the substances exhibit persistent organic pollutant characteristics. As the financial mechanism for this convention the GEF finances programs and projects to assist developing country parties and CEITs to meet their convention obligations.

During the last three Conferences of the Parties to the Stockholm Convention, 11 new POPs have been added to the Stockholm Convention (nine at COP 4 and one each at COP 5 and COP 6). There are candidate chemicals, which are expected to be added at COP 7. Urgent global action is required to eliminate the production and consumption of all these chemicals. At its sixth session in May 2013, the COP requested the GEF to consider increasing the overall amount of funding accorded to the chemicals focal area in GEF-6 (Decision SC-6/20).

(b) **The Minamata Convention on Mercury**

The Minamata Convention on Mercury was adopted and opened for signature at the Diplomatic Conference in Kumamoto and Minamata, Japan, in October 2013. Ninety-two countries and the European Union have signed the Convention so far of which more than 50 are developing countries and CEITs. The Convention is expected to come into force before the end of GEF-6 period. The Convention identifies the GEF as an element comprising the financial mechanism of the Convention.

The Diplomatic Conference adopted resolutions on arrangements in the period prior to the coming into force of the convention (the 'interim' period). In the resolutions on financial arrangements, the Conference invites donors to the GEF Trust Fund to contribute through the sixth and subsequent replenishments of the GEF Trust Fund additional financial resources adequate to enable the GEF to support activities to facilitate the rapid entry into force and effective implementation of the Convention.

3. **Legally binding instruments where the GEF does not serve as the financial mechanism but has provided support up to today**

(a) **The Montreal Protocol on Substances that Deplete the Ozone Layer**

The Montreal Protocol controls ozone depleting substances (ODS) which are the substances that created the hole in the Earth's protective ozone layer. This Protocol has its own financial mechanism, the Multilateral Fund, which aids developing countries (Article 5 Parties) with Protocol compliance. The GEF, since its pilot phase, provides support to parties with economies in transition to meet their obligations under the Montreal Protocol.

4. **Legally binding instruments where the GEF provides indirect support through its programming in POPs**

(a) **The Basel Convention on Controlling Transboundary Movements of Hazardous Wastes and their Disposal**

This Convention pre-dates the Stockholm Convention and deals with the international movement of hazardous waste and its disposal. All POPs waste are treated as Basel Wastes so that in providing support to the parties to the Stockholm Convention for disposal of obsolete POPs and POPs waste, the GEF has indirectly supported the implementation of the Basel Convention.

(b) **The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade**

This convention deals with the control in trade of hazardous and harmful chemicals. All POPs for the purposes of trade are controlled under this convention so the GEF in providing support to parties to control the trade of POPs through import and export bans has indirectly supported the implementation of this convention.

5. **Non-legally binding instruments: Strategic Approach to International Chemicals Management (SAICM)**

(a) The development of multiple chemical conventions was recognised as creating fragmentation in the global management of harmful chemicals and waste particularly since the conventions are not uniformly ratified. In 2006 governments adopted the SAICM in an attempt to harmonise global management of harmful chemicals and waste through a cradle to grave approach. The SAICM process identifies emerging chemical issues of global concern and provides a framework to operationalize the implementation of an integrated approach to managing harmful chemicals and waste. The GEF has been invited at each of the International Conference on Chemicals Management to support the priorities identified by the SAICM. The GEF has provided support to the management of e-waste, lead in paints and chemicals in products.

(b) In September, 2012, the 3rd International Conference on Chemicals Management (ICCM 3) invited the GEF in the process of the 6th replenishment to consider the priorities and activities identified in the SAICM in support of the achievement of

its objectives. This invitation was without prejudice to the on-going process on the UNEP Executive Director's draft proposal on an integrated approach to the financing of the sound management of chemicals and wastes.

6. **Integrated Approach for Financing Chemicals and Waste**

(a) Given the increased need for sustainable, predictable, adequate and accessible financing for the chemicals and wastes agenda, the consultative process on financing options for chemicals and waste was launched by the UNEP Executive Director at COP 4 of the Stockholm Convention. After the consultation, the Executive Director presented an integrated approach that was noted by the 27th UNEP Governing Council (decision 27/12) in February 2013. The decision underscores that the three components of an integrated approach, mainstreaming, industry involvement and dedicated external finance, are mutually reinforcing and are all important for the financing of sound management of chemicals and wastes. The decision also invites the GEF in the context of the 6th replenishment process to revise its focal area structure and strategy in order to address the chemicals and wastes agenda, and consider ways of further strengthening its relations with the conventions if serves as a financial mechanism.

(b) Furthermore, Decision 27/12 of the UNEP Governing Council invites the conference of the parties to the Basel, Rotterdam and Stockholm conventions to take steps to implement, and the Conference of Plenipotentiaries of the Minamata Convention to consider, an integrated approach for the purposes of the respective conventions, as appropriate. In May 2013, the COPs to the Basel, Rotterdam and Stockholm conventions noted with appreciation the invitation made by the UNEP Governing Council to the GEF and invites donors to increase their financial contributions during the sixth replenishment, taking into account the increasing needs for the sound management of chemicals and wastes.

(c) In addition to the above global architecture, other emerging chemicals and waste issues will require interventions geared towards the priority needs of countries. The Scientific and Technical Advisory Panel (STAP) of the GEF has identified a number of priority emerging chemical issues of global concern not yet covered or adequately addressed by MEAs. These include heavy metals (other than Mercury), polycyclic aromatic hydrocarbons (PAHs), mixture effects, open burning, endocrine disruption and marine debris, followed by a range of other issues. Interactions between issues (such as PAHs and open burning) allows for multiple possibilities of interventions at various levels.