



PROJECT EXECUTIVE SUMMARY

AGENCY'S PROJECT ID: GF/CPR/04/XXX
PIMS NO. 1412
COUNTRY: People's Republic of China
PROJECT TITLE: Building the capacity of the People's Republic of China to implement the Stockholm Convention on POPs and develop a National Implementation Plan
GEF AGENCY: UNIDO
OTHER EXECUTING AGENCY(IES):
DURATION: 27 months
GEF FOCAL AREA: Persistent Org. Pollutants
GEF OPERATIONAL PROGRAM: Persistent Org. Pollutants
GEF STRATEGIC PRIORITY: (A) FOUNDATION CAPACITY BUILDING
ESTIMATED STARTING DATE: September 2004

FINANCING PLAN (IN US\$):	
GEF PROJECT/COMPONENT	
Project	4,056,500
PDF A	
PDF B	349,500
PDF C	
<i>Sub-Total GEF:</i>	4,406,000
CO-FINANCING FOR FULL PROJECT	
Govt. of China (in-kind)	870,000
Govt. of Italy	4,483,750
Govt. of Canada	600,000
UNIDO (in-kind)	195,000
<i>Sub-Total Co-financing:</i>	6,148,750
CO-FINANCING FOR PDF-B PHASE	
Govt. of China (in-kind)	80,000
Govt. of Canada	365,000
UNIDO (in-kind)	70,000
<i>Sub-Total</i>	515,000
<i>Sub-Total Co-financing</i>	6,663,750
FULL PROJECT COST	10,205,250
TOTAL PROJ. FINANCING	11,069,750*
* amount includes PDF-B grant of \$ 349,500 and co-financing of \$ 515,000, total of US\$ 864,500.	

CONTRIBUTION TO KEY INDICATORS OF THE BUSINESS PLAN: This project represents Foundational Capacity Building in the form of the preparation of a National Implementation Plan providing a framework for China to develop and implement priority policies and regulatory reforms in a systematic and participatory fashion. The project will also build related capacity within responsible institutions and identify the financial inputs necessary to support these reforms. These issues are Strategic Priorities within the POPs operational programme and thus represent a direct contribution to Key Indicators of the Business Plan.

RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT(S):

Jinlin YANG, GEF Operational Focal Point for China, International Department, Ministry of Finance Date: 28 June 2001

Gaolai LUO, Deputy Director General, Foreign Economic Cooperation Office, China State Environmental Protection Administration Date: 4 March 2003

Approved on behalf of the UNIDO. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion.

For UNIDO: Mr. A. J. J. Rwendeire Date: 10 March 2004
 Managing Director,
 Programme Development & Technical Cooperation Division

1. PROJECT SUMMARY

a) Project rationale, objectives, outputs, and activities.

The People's Republic of China signed the Stockholm Convention on Persistent Organic Pollutants when it opened for signature and expects to complete the ratification procedures during 2004. Parties to the Convention must transmit a National Implementation Plan (NIP) to the Conference of Parties within two years of the date on which the Convention enters into force for them. To that end, China is committed to completing and delivering its NIP during 2006.

The goal of this project is to protect human health and the environment from persistent organic pollutants – the principal objective of the Convention. The purpose of the project is to enable the People's Republic of China to take the first steps towards implementation of the Convention.

Its principal outputs are: (i) a comprehensive National Implementation Plan setting out the management strategies, action plans and investment needs required by the People's Republic of China to meet her obligations under the Convention; and (ii) a Capacity Building Programme proposal to meet China's longer-term capacity building and institutional strengthening needs.

To achieve these outputs, the activities of the project have been grouped into a series of 'work packages' each focused on a specific objective contributing to the planned outputs. These objectives are:

Objective 1.1: Convention Implementation infrastructure at national and provincial levels:

“to develop a sustainable infrastructure enabling China to implement the Stockholm Convention at national and provincial levels”

Objective 1.2: Measures in relation to the four chemicals currently being produced and used in China (chlordane, mirex, HCB and DDT)

“to develop measures, appropriate to the obligations on Parties set out in the Convention, in relation to the four POPs chemicals (chlordane, mirex, HCB and DDT) currently being produced and used in China”

Objective 1.3: Measures in relation to polychlorinated biphenyls (PCBs)

“to develop measures, appropriate to the obligations on Parties set out in the Convention, in relation to polychlorinated biphenyls (PCBs)”

Objective 1.4: Measures in relation to unintentionally produced POPs

“to develop measures, appropriate to the obligations on Parties set out in the Convention, in relation to unintentionally produced POPs”

Objective 1.5: Measures in relation to wastes and contaminated sites

“to develop measures, appropriate to the obligations on Parties set out in the Convention, in relation to products and articles in use and wastes consisting of, containing or contaminated with intentionally or unintentionally produced POPs”

Objective 2.1: Strategy for capacity building and institutional strengthening

“to devise a strategy, expressed in a costed project proposal, for long-term capacity building and institutional strengthening at national and provincial levels to secure the implementation of the Convention in China”

Objective 3.1: Project management and oversight

“to ensure the proper management and oversight of the project and the close coordination between its national and international actors in order to deliver high-quality project outputs on time and within budget”

The Government of Italy is financing a large proportion of the work packages for Objectives 1.2 (Pesticide POPs) and for Objective 1.3 (PCBs). It has also signed an agreement with the Government of China to co-finance activities related to the reduction of unintentional production of POPs (within Objective 1.4).

The Government of Canada has contributed to the achievement of this project brief through support for a series of awareness-raising workshops attended by stakeholders from national and provincial administrations, academia and industry. Canada has committed itself to provide further assistance for capacity building as well as case studies and demonstration projects related to the health impacts of POPs, to environmentally sound termite control, and to capacity building for PCBs management.

The achievement of a NIP will also benefit from associated financing provided as part of national regular budget actions, and international and bilateral technical cooperation projects in areas such as disease vector control, integrated pest management and hazardous waste management.

b) Key indicators, assumptions, and risks (from Logframe):

The principal indicator for the success of the project is the delivery of a completed NIP to the Conference of Parties within the two year period after entry into force of the Convention for China. It is assumed that China's current progress towards ratification will continue and be completed during 2004.

The success of China's efforts to complete its NIP within this time period rests on the availability of financial resources and the implementation of this full project without delay. China has been successful in attracting a considerable proportion of co-financing but additional resources are required from the GEF as the interim principal entity for the financial mechanism of the Convention.

The project will depend in large measure on the development of successful coordination mechanisms between the national implementing agency and its partner stakeholders within Government, academia, industry and the public. The willingness of stakeholders to provide and share data, information and knowledge will be critical to the preparation of inventories and other status reports required in the NIP and to the consensual development and implementation of national strategies and action plans, and the identification of national priorities.

The success of the project will also depend on the early availability of guidance from the Conference of Parties and its review committees, and on the timely delivery of outputs from component work packages so that an integrated NIP can be prepared.

COUNTRY OWNERSHIP

b) COUNTRY ELIGIBILITY

China is eligible under Paragraph 9 (a) and (b) of the GEF instruments.

c) COUNTRY DRIVENNESS

China has expressed its strong commitment to the Stockholm Convention through its active participation in all preparatory meetings. It signed the Convention on 23 May 2001 and expects to complete ratification procedures in 2004.

China established an inter-agency technical coordinating group, comprising 5 ministries, state administrations and commissions, to harmonize the interests and standpoints of different agencies and thus determine the position of the Chinese Government with regard to POPs. This coordination mechanism was significantly strengthened in September 2003 with the formation of a NIP Development Leading Group comprising 11 ministries and state administrations.

The PDF-B grant phase was implemented nationally by the Foreign Economic Cooperation Office of the State Environmental Protection Administration (FECO/SEPA) under a letter of agreement with the United Nations Industrial Development Organization (UNIDO) as GEF Executing Agency with Expanded Opportunities.

The brief has been prepared by integrating work undertaken by national experts engaged during this PDF-B grant phase. Their reports are included as Appendices to the Project Brief. Project activities are developed from the needs assessments prepared by these experts, and from project documents and terms of reference for bilaterally financed activities developed by the national implementing agency. These documents are also included as Appendices to the Project Brief.

Project activities are designed to meet the specific requirements and obligations of Parties to the Stockholm Convention.

2. PROGRAM AND POLICY CONFORMITY

a) PROJECT DESIGN

A range of activities, grouped into a number of work packages, has been designed to meet the project objectives. These activities and work packages have been planned according to the Articles, Paragraphs and Annexes of the Convention using initial guidelines and draft guidance for NIP preparation developed by the GEF and jointly by the World Bank and UNEP.

The modular form of the project design permits the high degree of co-financing that China has secured for the project. The design is efficient as it allows component packages to proceed in parallel thus shortening the time to NIP preparation.

The design requires a high degree of coordination and managerial effectiveness. The national implementing agency has demonstrated these capabilities in over ten years of project management experience with the Multilateral Fund for the implementation of the Montreal Protocol on Ozone Depleting Substances.

The proposed arrangement of work packages, a proposed management structure and an implementation plan are included as Appendices to the project brief.

b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

Sustainability depends not only the commitment of China and its national implementing agency to continue to make provision for Convention implementation, but also on the development of a NIP that provides initiatives to mainstream the objectives of the Stockholm Convention into the nation's broader development policies and strategies, and on the engagement of a wide range of stakeholders.

Various objectives of the full project are directed to address these issues. They seek to remove barriers to the elimination of POPs chemicals by developing the strategies and action plans necessary to provide viable, feasible and realistic alternative measures for users. Methodologies to promote the adoption of BAT in key sectors of industry will, for example, seek to provide positive incentives for enterprises to participate by emphasising both the environmental and economic benefits of participation.

Sustainability will also be enhanced through the dissemination of information and public awareness materials and by the high degree of capacity building included in all the work packages. Nevertheless it is recognized that capacity building and institutional strengthening to ensure that China moves successfully from development to the subsequent implementation of its plans cannot be fully achieved within the duration or financial resources of the project proposed here. For this reason, the full project will develop and invite donor support for a proposal for a longer-term Capacity Building Programme.

c) REPLICABILITY

The experience China gains in developing its first NIP through these 'enabling activities' will be of benefit in the longer term as the Convention requires regular reporting of progress towards the Convention obligations.

China's experience will also be of use and relevance to other developing nations, particularly the more industrialised nations of south and south-east Asia.

Experience within the demonstration and case study components of the project will have direct benefit to other developing countries seeking effective strategies to eliminate the use of POPs chemicals.

d) STAKEHOLDER INVOLVEMENT

Activities to be undertaken during the full project have been planned in accordance with the initial guidelines for POPs enabling activities established by the GEF. These include provision for stakeholder reviews and endorsement at various stages of development of the NIP and its various action plans and strategies. During the PDF-B phase, a directory of principal stakeholders was instigated. It is intended that development of this directory will continue in order to facilitate engagement with appropriate actors at key stages.

Awareness of the Convention amongst stakeholders at national and provincial level has been raised during the PDF-B phase through a series of workshops executed by the World Bank and funded by a trust fund established at the Bank by the Government of Canada. Staff from Provincial administrations and from Environmental Protection Bureaux of all provinces attended workshops held in Beijing, Hangzhou and Kunming. Further workshops held in Beijing were dedicated to stakeholders from Government and key industry sectors.

During the full project, each component work package will include opportunities to engage stakeholders in the development of strategic actions, the ranking of objectives against national and Convention priorities, and in the endorsement of action plans and other outcomes. In many cases, the proposed actions require the active engagement of stakeholders drawn from both the producers and users of POPs chemicals.

The obligations of the Convention require more than the establishment and enforcement of a legal framework. In developing actions to protect human health and the environment from POPs chemicals within the context of a market economy, the Convention stresses the need to develop and promote a range of voluntary actions. Developing successful positive drivers for change will require stakeholders to be involved in their formulation. The full project will take full advantage of the experience of other development activities in order to establish successful initiatives; the broad participation of China's bilateral and multilateral development partners will be of great importance in this regard.

e) MONITORING AND EVALUATION

Provision is made in the proposal for the establishment of a Technical Coordination Group, chaired by SEPA and comprising principal actors engaged in the execution of the project. The group will evaluate the progress of the project, its preliminary findings and final outputs against its objectives and provide guidance to the project managers and operational teams. The Group will report progress to the Stockholm Convention Compliance Office to be established in FECO/SEPA and thus to the NIP Development Leading Group. Similarly, the Group will report through FECO/SEPA to UNIDO and thus to the GEF through the established M&E procedures.

Provision has been made for the establishment of a national expert review group to undertake independent technical reviews at key milestones of the project, for annual Project Implementation Reviews (PIRs), and for a post-project evaluation as required by the GEF.

Ultimately, the success of the project will be measured by the endorsement of its principal product, the NIP, by Government and its successful review by the Conference of Parties of the Stockholm Convention.

3. FINANCIAL MODALITY AND COST EFFECTIVENESS

Managerial responsibilities for the development of China's National Implementation Plan are delegated to a Project Management Group (PMG) established within FECO/SEPA. This office has wide experience in the development, implementation and managerial oversight of projects and programmes funded by various MEAs and their funding mechanisms, including the GEF. It has wide experience of collaboration with various Intergovernmental Organizations and bilateral donors. It has acted successfully as the national implementing agency for the PDF-B phase of this project.

The PMG will, under letter of agreement with UNIDO, manage all local elements of the programme included, for example, the recruitment and supervision of local expert subcontractors preparing component technical investigations and recommendations, and the drafting of the project outputs. It will cooperate with UNIDO for the procurement and delivery of project inputs and the organisation of project activities. The PMG will prepare periodic forward planning, progress and financial reports through FECO/SEPA to UNIDO.

China invited UNIDO to act as GEF Executing Agency with Expanded Opportunities for the development of the NIP. During the PDF-B phase, UNIDO has assisted FECO/SEPA through the provision of timely assistance at key phases, in the review of investigations and reports prepared as outcomes to the project, and in guiding FECO/SEPA in relation to the requirements of the Stockholm Convention and GEF procedures. UNIDO also has responsibility to the GEF for the overall management of the project and its funds.

During the full project UNIDO will establish a letter of agreement with FECO/SEPA, its national implementing agency counterpart, allowing for the release of funds to FECO/SEPA at milestones identified during implementation planning. UNIDO will assist FECO/SEPA in the execution of the project by holding and disbursing those funds necessary for international expenditures where

this is more cost effective. It will provide periodic progress and financial reports to the GEF as required.

China has been successful in attracting a considerable proportion of funding for this proposal from bilateral donors. Cash co-financing from this source comfortably exceeds the funding required from the GEF. The Governments of Italy and Canada have agreed to finance, or co-finance the principal technical work packages of the project. Additional co-financing in-kind is offered by the Government of China and by UNIDO as GEF Executing Agency with Expanded Opportunities.

4. INSTITUTIONAL COORDINATION AND SUPPORT

a) CORE COMMITMENTS AND LINKAGES

Commitment of China

China signed the Convention on the date when it opened for signature and expects to complete the ratification procedures in mid 2003. China recognises its obligation, under Article 7 of the Convention, to develop and transmit a National Implementation Plan (NIP) to the Conference of Parties (CoP) within two years of entry into force of the Convention.

China is committed to start the compilation of the NIP as soon as the necessary technical and financial support from the international community is provided in accordance with Article 13 of the Convention. A preparatory project, to identify the requirements for developing the NIP, has been successfully implemented during 2002 by FECO/SEPA with the assistance of the United Nations Industrial Development Organization (UNIDO) under a Project Development Facility Block B (PDF-B) grant from the Global Environment Facility (GEF).

Commitment of UNIDO

UNIDO is committed to assisting its developing country Member States in regard to the Stockholm Convention. The GEF has approved Enabling Activities proposals submitted by UNIDO for 37 countries including China and India that have opted to undertake NIP development via the GEF full project cycle. In addition, UNIDO is executing or developing a range of demonstration and capacity building projects geared to support Convention implementation. UNIDO has committed considerable effort to build this assistance programme. This commitment is based on a clear understanding that these activities are compatible with UNIDO's mandate and corporate strategy and lead towards the Millennium Development Goals.

China is UNIDO's largest recipient of technical cooperation assistance. Activities undertaken in China by UNIDO include a range of measures related to investment, industrial efficiency and waste management. The experience gained in these projects will be of relevance in the development of China's NIP. UNIDO is willing to establish a small project focal point to ensure the effective implementation of the project. In addition, it is willing to provide the part-time assistance of senior staff within its Cleaner Production and Environmental Management Branch to support project implementation as part of its in-kind contribution to the project.

Commitment of co-financing partners

The commitment of the Governments of Italy and Canada to provide substantial co-financing to support the NIP development work is demonstrated by the range of project agreements already signed by these governments and by the Government of China.

b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND EXAS, IF APPROPRIATE.

During the PDF-B phase, UNIDO facilitated a coordinating mechanism drawing together China's donor and development partner communities. The purpose of the group was to ensure that the

activities towards NIP development could take full advantage of the findings and experience of associated projects and programmes executed by intergovernmental organisations and bilateral donors.

During the implementation of the full project, an Inter-ministerial Technical Coordination Group (ITCG) will meet formally twice a year to report and review project progress. The Group will comprise; FECO/SEPA (Chair), the World Bank, UNIDO, UNDP, the Governments of Italy, Canada, and other interested bilateral development partners, together with agencies such as UNEP, WHO and FAO that are not directly involved but are recognised as having important experience of benefit to the project. Meetings have been planned as far as possible to match planned milestones in implementation and represent formal points against which UNIDO will transfer funds to continue implementation under its subcontracting agreement with FECO/SEPA.

Of course, such formal meetings are not intended as an alternative to necessary, frequent and regular meetings of those engaged in the technical work and management of the project.

ANNEX A: INCREMENTAL COST ANALYSIS

The project has been designed to incorporate actions required to meet the obligations of the Stockholm Convention within the institutional and regulatory frameworks that exist in China. The costs of doing so thus represent incremental costs that would not be incurred if the Convention had not prompted them. This incrementality may be considered as permitting a series of efficient precautionary actions that will reduce future costs likely to be incurred in China and globally addressing human health problems and remediating an environment damaged by POPs chemical pollution.

For most developing countries, the costs of such enabling activities are fully borne by the international community through the GEF in accordance with Article 13 of the Convention. China, undertaking its enabling activities through the full GEF project cycle, has achieved a considerable degree of co-financing support from its bilateral development partners. Financing from the GEF will ensure that components not so supported can be undertaken in a timely manner and provide support for essential coordination, integration and capacity building activities.

The cost of inaction is the continued use, disposal and release of POPs chemicals to the environment with consequent risks to the environment and to human health both in China and globally. Inaction with regard to a major Party such as China will also weaken the global accord established in the Stockholm Convention with a knock-on effect in other developing countries that lack the capacity to manage POPs chemicals in a safe and environmentally sound manner.

Inaction will also result in China being unable to fulfil its requirement to provide a NIP to the Conference of Parties within the time limit specified in Article 7 of the Convention. The lack of a NIP, and its component strategies and action plans, and the investment portfolio it is expected to contain, will delay the implementation of subsequent actions jeopardising China's ability to meet its many obligations under the Convention.

China has disbursed considerable sums of baseline expenditure in preparing to become a Party to the Convention. It has established coordination and administrative arrangements at Government level and invested in laboratories and research centres undertaking analysis and research on POPs chemicals and their alternatives.

China has also expended considerable sums, and benefitted from multi-million dollar programmes of technical cooperation from which this project can benefit. This associated expenditure includes, for example, the World Bank China Health 5 programme completed in 2002, ongoing disease control work with the WHO, continuing work on integrated pest management with FAO, and continuing work on cleaner solid waste management with UNIDO and funded by the Government of Switzerland. The experiences from these and other such programmes will be valuable inputs to the project proposed here.

ANNEX B: PROJECT LOGICAL FRAMEWORK

Hierarchy of Objectives (Intervention logic)	Objectively verifiable Indicators of Achievement	Means (Sources) of Verification ¹	Assumptions
Goal			
Human health and the environment protected from Persistent Organic Pollutants	Human and environmental burdens of POPs decline with time	Global, national and provincial health and environmental status reports	Reliable monitoring continues over suitable timeframe
Purpose			
Stockholm Convention obligations met by China	Convention targets for national production, use, and trade; Specific exemption conditions fulfilled Fewer sources and reduced emissions of POPs meeting Convention targets	Periodic reports to Conference of Parties; National environmental status reports; Industry performance measures	Financial and human resources available to implement management and support invests identified as national priorities in the NIP
Outputs/Results			
1. National Implementation Plan (NIP)	NIP submitted to Secretariat within 2 years of Convention entry into force for China	NIP available at Secretariat	China ratifies Convention; Government endorses NIP
2. Partnership Programme for Capacity Building	Partnership Programme proposal submitted to GEF by project completion date	Partnership Programme entered to GEF Work Programme database	Capacity Building remains a GEF eligible/donor funding priority
Activities			
1.1 Convention Implementation infrastructure at national and provincial levels			
1.1.1 Develop and implement national management system for Convention compliance	Management and information management systems functioning at national levels and instigated at provincial level by project end	Project reviews; progress reports; CoP participation; reports to Secretariat and to Government	Government stakeholders willing to participate and cooperate; CoP & Secretariat provides reporting standards and formats
1.1.2 Draft the NIP	NIP finalised and accepted by stakeholders; NIP submitted to government for endorsement by project end (early 2006)	NIP, action plans and strategies, priority investment portfolio	CoP & Secretariat provides reporting standards and formats
1.1.3 Develop national & provincial policy, legal, regulatory and promotional frameworks to meet Convention requirements	Recommendations for policy & regulatory frameworks & management instruments, with CBA, accepted by stakeholders by project end	Contributions to sustainable development policies; Country Assistance Strategy; NIP; submissions to legislative bodies	Official support for mainstreaming of POPs/chemicals issues into development strategies

¹ Most activities deliver outputs that form component of the National Implementation Plan (NIP). It follows that the NIP is a principal source of verification for project activities.

1.1.4 Develop public awareness and education strategies	Dissemination centre established; and operational; sustainable business plan for centre developed; strategy for provincial information dissemination developed; public awareness campaigns devised and implementation started by project end	Dissemination centre; Sustainable business plan for centre; Targeted public information materials and campaigns	User networks (public health, agricultural extension, etc.) willing to participate
1.1.5 Develop R&D and monitoring strategies	Reviews of national R&D capacity; recommendations for strengthening national R&D	Reports to Government and stakeholders; NIP	R&D centres and networks will to participate and collaborate
<i>1.1.5.1 Undertake a toxicity study of POPs on women and children</i>	Quantification of impact of current POPs burden on human health and its implications for national development and poverty alleviation by mid 2005	General status report on health impacts of POPs; report of clinical examination and blood analysis; preliminary assessment of health impact	Suitable cohort identified and recruited
1.2 Measures in relation to the four chemicals currently produced and used in China (chlordane, mirex, HCB, DDT)			
<i>1.2.1 Develop measures to eliminate production, use and trade of chlordane, mirex, HCB and DDT</i>	Inventories and information system components, reduction and phase-out strategies and capacity building completed by project end (early 2004)	Inventories of production use and trade; Information management system; Reduction and phase-out strategy; Findings disseminated to stakeholders	Inventory information forthcoming; effective alternatives or integrated methods to replace POPs identified and viable; industry and market acceptance of improved products with reduced POPs residues
1.2.2 Develop measures in relation to stockpiles of, or containing, intentionally produced POPs	Preliminary inventory of stockpiles completed; Guidelines for stockpile management developed	Stockpile inventory; Information management system; Management guidance documents	Stock holders willing to participate and report
<i>1.2.3 Undertake a case study of termite control without POPs chemicals</i>	Environmentally-sound techniques to control termites without POPs chemicals developed by mid 2005	Termite control guidelines for Ministry of Construction and other stakeholders;	Efficacy of available non-POPs and non-POPs-like termiticides and IPM techniques proven in variety of circumstances; civil engineering, forestry, watershed management
1.3 Measures in relation to polychlorinated biphenyls (PCBs)			
1.3.1 Prepare a preliminary national inventory of PCBs and equipment containing PCBs	Preliminary national inventory of PCB wastes and equipment in use	PCB inventory; Information management system NIP	Records of equipment in use kept and shared; safe-keeping sites traced and recorded

<p><i>1.3.2 Develop and demonstrate a PCB detailed inventory methodology and a draft strategy on PCB reduction and disposal</i></p> <p><i>1.3.3 Build capacity in PCB management</i></p>	<p>Strategies for the phased removal from use of equipment containing PCBs; Detailed inventories of PCB wastes, equipment and potentially contaminated sites for two pilot areas; Environmentally sound waste management strategies developed by mid 2005</p> <p>Pilot training programme established; national training programme developed</p>	<p>Draft regulatory instruments; Preliminary inventories within NIP; Environmentally sound waste management strategies disseminated to stakeholders; Priority investment portfolio within NIP</p> <p>National training programme proposal</p>	<p>Techniques for environmentally sound waste management are viable and can be implemented within Convention targets</p> <p>Stakeholder participation secured</p>
<p>1.4 Measures to reduce or eliminate releases of unintentional production</p>			
<p>1.4.1 Develop measures for the progressive reduction of releases and elimination of sources of unintentionally produced POPs</p> <p><u>1.4.2 Demonstrate methodologies to promote implementation of BAT/BEP & determine incremental costs in reducing unintentional production of POPs in key industry sectors</u></p>	<p>Inventory of sources and estimates of releases prepared; Legal, regulatory & promotion schemes developed and disseminated to stakeholders; Key sectors identified for action & investment plans developed</p> <p>BAT/BEP/Incremental costs and preliminary emission factors determined for 2-3 key sectors of industry by mid 2005</p> <p>Nationals trained in BAT/BEP & incremental costs assessment</p>	<p>Preliminary inventory entered in information management system; Draft regulatory instruments & industry promotion schemes; Releases & elimination inventory reports to CoP; Material disseminated to stakeholders; Priority investment portfolio within NIP</p> <p>Demonstration project report; Published case studies; Unintentional production inventory; Information management system</p> <p>National and sector industrial development plans; Submissions to BAT/BEP review committee;</p>	<p>BAT & BEP Review Committee provides acceptable guidance to Parties</p> <p>Active participation of suitable enterprises secured</p>
<p>1.5 Measures in relation to wastes and contaminated sites</p>			
<p>1.5.1 Develop and implement strategies for identifying and managing wastes consisting of, containing or contaminated by POPs</p> <p>1.5.2 Develop measures to identify sites contaminated by POPs</p>	<p>Inventory methodology, risk assessment and environmentally sound management and disposal options developed and endorsed by stakeholders</p> <p>Capacity to develop management strategies built at national level</p> <p>Inventory and risk assessment methodology developed and disseminated to stakeholders; Management framework agreed by stakeholders</p>	<p>Wastes inventory; Information management system</p> <p>Management guidelines; Disposal strategy; Education and awareness media</p> <p>Training reports</p> <p>Inventory methodology; Contaminated site identification and management guidelines</p> <p>Action plan and priorities</p>	<p>Information from waste owners and site operators forthcoming; liability issues clarified; Viable and practical techniques for environmentally sound management accepted by CoP</p> <p>Information from stakeholders forthcoming</p>

2.1 Strategy for capacity building and institutional strengthening			
2.1.1 Devise strategy for capacity building and institutional strengthening to meet national needs for Convention compliance	Proposal meeting China's needs for POPs-related capacity building and institutional strengthening developed by project end; Outline funding support secured	Proposal for long-term Capacity Building entered to GEF pipeline and/or programmes of other donors	Donors willing to assist in long-term programme
3.1 Project Management and Oversight			
3.1.1 Establish project management and implementation arrangements	Technical Coordination Group and Project Management Unit operational	Letters of agreement between UNIDO and FECO; implementation plans; progress reports	Project approved and funds transferred from GEF without delay; agreement over implementation arrangements
3.1.2 Operate project review, monitoring and evaluation regime	Project components (i) progressing according to implementation plan; (ii) delivering reports of good quality; (iii) operating within budget	Progress and financial reports; monitoring and evaluation reports; Post-project evaluation report	Components implemented on time and do not impact on overall delivery; Good coordination between components
Key		Preconditions	
<i>Donor-funded components in italics</i>		GEF & Government endorse project brief and implementation plan	
<u>Co-financed component underlined</u>		GEF and co-financing funds released without delay Interministerial coordination continues and expands	
		Technical Coordination Group and Project Management Unit (within FECO) in place by start of full project.	

ANNEX C: RESPONSE TO EXTERNAL REVIEWS

a) Council

Comments from France during or after the May 2003 meeting of the GEF Council:

1. The project is a classic project to assist a country to meet its obligations under the Convention of Stockholm. However, China did not ratify this Convention yet and it would very difficult to justify the implementation of this Convention without a robust and well-established domestic legal framework.
2. Based on the situation of the Country with respect to the importance of each kind of POP, we wonder if the activities should not be prioritized: for instance, the activities related to the unintentionally released POP should be reduced: this is a very difficult sector which poses many problems in developed countries. It would be therefore more sensible to keep this activity at more modest level and to revisit it at later stage, when the other most important activities will be successfully implemented.

Recommendation:

To support the approval of the project, mainly because of the high co-financing level, with condition to reduce to a more realistic level the activity 4, because the tonnage of POPs involved is not very high and the implementation of successful measures in this sector seems unlikely.

UNIDO Response

We thank France for its comments and recommendation on the Project Brief and provide the following responses.

Domestic legal framework: We fully agree with comment 1. China, like many developing and transition economy countries, is now engaged in the parallel processes of ‘enabling activities’, to meet the obligations of the Stockholm Convention at national and international levels, and ratification, requiring the drawing up of legal instruments demonstrating China’s commitment to playing a full and active role as a Party to the Convention.

The legal instruments of ratification will be supported at national and provincial levels by additions or modifications to the domestic legal framework. Defining the legal and regulatory requirements represents a key component of the national implementation planning to be undertaken during this project with GEF support. It forms Activity 1.1.3 of the project and is supported by about 8% of the total GEF support for the project. This approach is in common with the enabling activities procedures being followed by developing and transition economy countries.

An initial assessment of the existing legal and regulatory framework was prepared during the PDF-B phase and included in the project brief as Appendix 4. This represents a useful starting point for the identification of the further measures that may now be required. Priorities requiring attention may also be derived from the inventory and action planning work related to particular groups of POPs chemicals.

We would also argue that the successful implementation of the Convention in any country will require not only a robust and well-established domestic legal framework but also promotional, voluntary, and management instruments that provide positive drivers for change within relevant industries. Such instruments are included in Article

5 and Annex C of the Stockholm Convention and their definition in China has been built into the Activities of the project in section 1.1.3.3.

Unintentionally released POPs: The following are our responses on comment 2 and the recommendation in relation to project priorities and the relative importance of unintentionally produced POPs:

- a. Article 7 of the Convention requires complete National Implementation Plans to be delivered by Parties within 2 years of the Convention's entry into force for them. In a country of the scale and complexity of China, this very short timescale does not permit a meaningful phasing. Furthermore, expert teams engaged for activities in relation to unintentional production will have different expertise to those engaged in other activities and thus can be recruited to work in parallel;
- b. The commentator suggests that 'the tonnage of (unintentional) POPs involved is not very high'. The figures included in Table 1 of the project brief were calculated using the UNEP toolkit. The total flux estimated in this way is broadly equivalent to the total dioxin/furan emissions of the European Union where significant efforts are being made to reduce emissions.
- c. Furthermore, as noted in the commentary to this table, in paragraphs 40-52 of the project brief, the toolkit may significantly underestimate the releases of unintentionally produced POPs in China. This conclusion arises from the observations that China employs different technologies, operating procedures, raw materials and industry structures from those used in OECD countries where the emission factors used in the toolkit were developed;
- d. The rapid industrialization of China means that such estimated total emissions are likely to be increasing, particularly where industrial investment is not linked to the adoption of BAT and BEP;
- e. The Convention requires countries to institute fundamental changes to their investment and industrialization policies in regard to the adoption of BAT in key sectors. Furthermore, the Convention sets challenging targets for these changes so that preparatory actions are required immediately;
- f. While all the POPs chemicals listed in the Convention have the potential for global transfer, and are thus of proper concern for the GEF, those emitted directly to air might be considered as contributing most immediately to transboundary burdens. It follows that this area of work should be a priority for GEF support under the global incremental cost principle.

For these reasons, the work to plan for meaningful and realistic reductions in unintentional production and release of POPs should be considered as one of the priorities in other areas of the NIP preparation.

To agree, and to exclude determined efforts to implement such measures on the statement 'the implementation of successful measures in this sector seems unlikely', is to accept that a fundamental part of the Convention is irrelevant.

The recommendation also underestimates the significant efforts and advances being made in China in relation to industrial pollution and the implementation of the precautionary principle through, for example, the Clean Production Promotion Law (2002) and a series of regulations and agreements with specific industry sectors. These initiatives are linked to China's 10th 5-year (2001-2005) Economic and Social

Development Plan, which gives priority to environmental protection and is supported by the National 5-year Plan for Environmental Protection covering the same years. Continuing restructuring efforts in industry and the preparatory work for China's 11th 5-year (2006-2010) Economic and Social Development Plan, and accompanying Plan for Environmental Protection, represent significant opportunities to mainstream the objectives and obligations of the Convention into the national policy and legal frameworks. It follows that national implementation planning for the Stockholm Convention should not be delayed or phased in such a way that opportunities to integrate these national planning initiatives are lost.

During detailed project planning we have identified savings that can be made in the budget for sub-activity 1.4.2 without impairing the performance of that work package. The changes we have made to that budget reduce GEF support from 29% to 24% of the total for that work package. GEF support for Activity 1.4 as a whole is reduced from 51% to 47% of its total budget.

Comments from Germany during or after the May 2003 meeting of the GEF Council

The indicators of the project objectives and outcomes are rather vague and described in general terms. The outcomes are seen to be mainly indirect and diverse in effect. This is reasonable, but some visions and concrete outlook should be developed for better description of the medium and long-term project effects.

Recommendation:

It is recommended to taken the above comments into account during further project planning and implementation.

UNIDO Response

We thank Germany for its comments and recommendation on the Project Brief and provide the following response.

The goal of the project is to protect human health and the environment from persistent organic pollutants – the principal objective of the Stockholm Convention.

The purpose of this project is to develop China's National Implementation Plan, enabling China to move towards implementation of the Convention.

Thus, the principal indicator of the success of the project is a National Implementation Plan endorsed by the Government and accepted by the Conference of Parties to the Convention. A subsidiary indicator is that the NIP should be delivered to the Conference of Parties within the permitted deadline; that is, within two years of the entry into force of the Convention for that party.

In view of the likely scale and complexity of implementing the Convention in China, it is clear that capacity building efforts within this NIP development project will be concentrated in national institutions. For this reason, we have opted for a second principal output – that of developing a proposal for further capacity building to ensure that the Convention can be implemented at both national and provincial levels. A second indicator of the success of the project may be expressed as the submission to

the GEF and other donors of a proposal for a long-term programme of capacity building.

The NIP is, of course, not an end in itself but merely the instrument by which China can begin moving towards full compliance with the Convention and any specific exemptions it may hold. This implies that definitive targets and deadlines set out in the Convention are met. The NIP will include an assessment of the current situation, based on a series of inventory and review activities, together with strategies and action plans to address issues perceived to be national priorities. These actions are supported by the donor-financed or co-financed case studies and demonstrations that provide methodologies, feasible approaches and alternative techniques and substances that can be applied in China to meet Convention obligations.

The various articles of the Convention set out the required components of the NIP. These represent the various Objectives set out in Section 2.3 of the Project Brief. In the text that comprises Section 3.0 of the Project Brief, the obligations of Parties towards these objectives is set out using text taken from the Convention. The project activities have been prepared to meet these objectives.

The logical framework forming part of the executive summary to the Project Brief provides a convenient recapitulation of the project parameters.

We recognise that in many cases the indicators for the various objectives are somewhat vague and described in general terms. In many cases, this reflects the nature of the obligation set out in the Convention. In other cases it reflects the planning nature of the project. Issues for priority attention will be identified during the course of the project but not general addressed within the project. Rather, action plans and an investment portfolio to address these priority concerns will be included in the NIP.

Implementation of these strategies and action plans represents the stage beyond the life of the current project and is likely to depend not only on the implementation of actions recommended in the NIP but on the availability of further technical and financial assistance to support priority investments. It seems likely that these plans and 'investment' projects will have closely defined technical, temporal and financial targets.

In reviewing and revising the project brief into the project document now submitted we have made a number of changes and revisions to the text, not least to address the recommendation from Germany. A full list of the changes made to the text is submitted separately.

b) Convention Secretariat

**UNIDO response to the GEF Secretariat review of project:
“Development of a National Implementation Plan Enabling the People's
Republic of China to Implement the Stockholm Convention on POPs”**

We welcome the GEF Secretariat’s positive review of the project and have carefully considered its helpful comments.

The GEF Secretariat’s review expresses concerns in four particular areas:

- Activities, Outputs, Phasing and Overall Budget
- Monitoring and Evaluation
- Financing Plan, Implementing Agency Fees and Core Commitments
- Coordination and collaboration

We have made changes to the Project Brief as recommended in GEF Secretariat’s review and provide the comments below in response of these areas of concern:

1. Activities, Outputs, Phasing and Overall Budget

GEFSEC:

“In light of 1) the total budget foreseen, which greatly exceeds the amounts normally granted for enabling activities, even for large countries (see also precedents of other Conventions); and 2) the list of activities that would be covered by the project, it is recommended to adopt a phased approach, which would include as a first phase the Enabling Activities s.s.. Follow up actions/phases would emerge from priorities identified, and would be presented as separate projects (capacity building, structural strengthening, inventories etc.).”

“The GEF Secretariat would recommend that elements of the proposal be revised to better reflect outputs and work beyond the actual planning process.”

“Similarly, we would recommend a change in the title of the proposal in the line of: ‘Building capacity of the People's Republic of China to implement the Stockholm Convention and Development of a National Implementation Plan’.”

UNIDO RESPONSE:

Outputs beyond the Enabling Activities s.s.

It is agreed that the project brief proposes activities towards outputs beyond the Enabling Activities s.s. to include a number of demonstrations of methodologies and techniques that may be appropriate in China, and the preparation of a proposal for long-term capacity building.

[It should be noted, however, that NIP activities are not restricted to Objective 1.1 as suggested in the GEFSEC comment

“The project has at its core the development of the NIP and action plans s.s., including their endorsement by government and other stakeholders and public awareness activities (objective 1.1 with a proposed GEF allocation of US\$ 1.3 million).”

Activities under Objectives 1.2, 1.3, 1.4 and 1.5 provide the measures required for the NIP in relation to POPs currently in production and use, PCBs,

unintentional production, wastes and contaminated sites while activities in Objective 1.1 provide; measures in relation to a number of cross-cutting issues; the collation of all inventories, proposed measures, strategies, and action plans into a comprehensive NIP; formal review of the document; and for its formal endorsement by Government and other stakeholders prior to its transmission to the Conference of Parties.

To make this clear, I have amended Paragraph 133 (new numbers)]

UNIDO accepts the suggestion of the GEFSEC to revise the Brief better to reflect the outputs and work of activities beyond the actual planning process. To this end, the Project Brief has been amended in the following paragraphs: 5, 12, 106-108, 122, 123, 141. The logical framework and executive summary have been modified accordingly.

Similarly, the title of the project is revised as recommended by the GEFSEC.

UNIDO recognises, however, that these activities provide outputs of considerable value to the NIP. The case studies and demonstrations will, for example, provide information and experience relating to methods for POPs elimination that can be included in NIP action planning and in the preparation of an investment portfolio and in the calculation of incremental costs. Where some activities go beyond planning to include the establishment of facilities at national level, these must be recognised themselves as only a preliminary phase or demonstration of approaches that will need to be more extensively developed in an industrialised developing country comprises 32 provinces and a total population in excess of 1200 million people.

Phased approach

The co-benefits provided by these additional project outputs militate against the adoption of a phased approach. The advancement of all the project components in parallel provides for a greater degree of integration and experience sharing between the various elements although it is recognised that this will entail a higher degree of coordination between the various actors.

Proceeding as planned in the Brief will also allow for a faster start-up of implementation actions in China once the NIP has been transmitted to the Conference of Parties. This is important if China is to meet its obligations under the Convention.

[For example, new sources of unintentional production of POPs in priority source categories (initially those listed in Part II of Annex C) are required to use BAT no later than 4 years after the entry into force of the Convention (Article 5 (d)). This deadline is likely to be sometime in 2008 if, as presently anticipated, the Convention enters into force in 2004. With the long lead time in industrial planning, it follows that China, with one of the largest industrial investment influxes worldwide, needs to amend its investment and industrial development planning and licensing procedures without delay.]

A fast start-up of implementation actions is not only of national benefit but also important to the global objectives of the Convention. Initial inventory work undertaken during the PDF-B phase indicates that China plays a significant role in the intentional and unintentional production of POPs and in their use and trade.

Total project budget

UNIDO accepts that the total proposed budget exceeds the amounts normally granted for Enabling Activities. The greater financial requirement of China, and a small

number of other industrialised developing countries, was recognised at the outset and was a prime consideration in China opting to develop its NIP through the full project cycle.

The activity costs set out in the Project Brief are based on estimates of the work needed to address the situation in China and have not been constrained by GEF practice with regard to the Stockholm Convention or other multilateral environmental agreements.

While Enabling Activities are typically fully funded by the GEF, China does not expect its full project to be fully funded in this way. It has been successful in attracting a considerable proportion of co-financing to support the activities set out in the Project Brief. Indeed, cash and in-kind co-financing will meet 60% of the total project budget.

A summary table (Table 3) has been added in the Project Brief (after Paragraph 203, Section 6) to show the proportion of co-financing and incremental cost for each project Objective.

2. Monitoring and Evaluation

GEFSEC

“Provisions are made for an independent mid-term evaluation and a post-project evaluation of the project, as well as for independent technical expert review of the main outputs of the NIP development process.”

“Explicit reference should be made to the GEF M&E framework.”

UNIDO RESPONSE

The comments of the GEFSEC reviewer are accepted and the Brief has been amended at Paragraphs 167, 209 and Activity 3.1.2.2 to reflect the GEF M&E framework as set out in its Policies and Procedures (Jan 2002) document.

In this regard it is noted that no mid-term evaluation is required for this project as it has duration of less than the 5-year minimum set out in the GEF M&E document. For this reason, reference to a mid-term review in the Project Brief has been removed and replaced by explicit references to the annual Project Implementation Reviews and to the Terminal Evaluation.

3. Financing Plan, Implementing Agency Fees, Core Commitments

3.1 Financing Plan

GEFSEC

“The incremental costs discussion, also reflected in the presentation of the budget table, seems to imply that all the costs in the present project are incremental. However, even if traditionally the GEF has covered the full costs of countries meeting their reporting obligations under a global Convention, it is clear that many of the activities proposed here will bring about national benefits and are not intended solely to meet Stockholm Convention reporting requirements.”

“The budget table and incremental costs annex should be amended to reflect this.”

UNIDO RESPONSE

The budget table has been amended to show the full cost of activities, any co-financing support that has been won for the various activities and the remaining, incremental, costs for which China seeks GEF funding.

Similarly, the discussion of incremental costs in Section 6 has been revised with the addition of text in paragraphs 202, 203 and the insertion of Table 3: budget summary showing the costs and proportions of co-financing and incremental costs for each activity.

We suggest that there is considerable cash or in-kind co-financing support for all activities that go beyond the enabling activities s.s.,

While additional demonstration and capacity building activities will undoubtedly have national benefits, they have been developed to allow China to move quickly towards compliance with the Convention. This has global benefits as noted earlier.

We are unclear as to which activities are considered to be "... not intended solely to meet Stockholm Convention reporting requirements." We suggest that:

- the Convention itself requires strategies and action plans included in the NIP to take into consideration obligations under other multilateral agreements (for example, Rotterdam and Basle Conventions) and to be integrated with national sustainable development strategies;
- the Project Brief has been developed not simply to provide a single 'snapshot' of the current situation in China but to provide a sustainable capability to continue reporting requirements to the Convention. We believe this to be the intention also of the GEF and implicit in its initial guidelines; and
- the demonstration, case study and capacity building activities included in the Project Brief assist in the identification of appropriate and feasible management options, build capacity to identify priority POPs issues and to report to the COP, support communication, information exchange and awareness raising. All components of the NIP as set out in the GEF's initial guidelines.

3.2 Implementing Agency Fees

GEFSEC

" Costs under activity 3.1.1.2 for establishing project focal point in UNIDO (US\$ 394,850) should be covered by the Implementing Agency fee."

UNIDO RESPONSE

We agree and have removed these costs from the project budget, reducing the total request accordingly.

3.3 Core Commitments

GEFSEC

"UNIDO is committing US\$ 240,000 in-kind. Since it is stated that UNIDO has an important program in China, one would have expected a greater contribution from the Agency, including some cash contribution."

UNIDO RESPONSE

UNIDO, as a specialised agency of the UN system, does not have its own cash resources available to support technical cooperation activities. Indeed its constitution formally restricts the use of its regular budget in this regard. Rather, it undertakes technical cooperation using funds voluntarily contributed to UNIDO from external sources.

UNIDO's cash contribution to this project is represented by the Euros 1,000,000 Trust Fund to be established at UNIDO by the Italian Government for the purposes of co-financing Activities 1.4.2 that have been developed by UNIDO to demonstrate methodologies to promote implementation of BAT/BEP and to determine incremental costs of reducing unintentional production of POPs in key industry sectors.

A Trust Fund Agreement for this purpose is signed in April 2004.

4. Coordination and collaboration

GEFSEC

“The proposal has been prepared to make the best use of on-going related activities. Coordination with the WB is ensured through the Bank's participation to the project steering group. Coordination with UNDP also is ensured through UNDP's role in the ‘pesticides package’.

“The potential role of and coordination with other Agencies, and particularly FAO on pesticides issues, should be clarified.”

UNIDO RESPONSE

SEPA, as the leading administration for implementing the Stockholm Convention in China, has always consulted with other government departments involved in INC negotiations for POPs issues. The Inter-Agency Technical Coordination Group, described in the Project Brief, provides a formal basis for this interaction. Coordination between SEPA and its governmental partners is reflected in the following ways:

- **Consultation:** All through the implementation of the PDF-B and the Sino-Italian Pesticidal POPs project SEPA has kept in close communication and consultation with those related departments by workshops, meetings and providing reports. They are informed of the progress and results and their corresponding suggestions and comments have been reflected in the implementation of the projects;
- **Participation:** Most of the technical work under these projects has been done by institutions and experts recommended by partner departments. In many cases, the institutions and experts are assigned to these departments. In this way, they are familiar with associated projects and have provided relevant experience that could be integrated into the POPs-related projects; and
- **Cooperation:** We agree that the Agriculture Extension Network (AEN) - and any similar networks related, for example, to primary health care - could play an important role in the phase-out of POPs use and the reduction of risks to human health and the environment. For example, we envisage a tripartite role for the AEN during the implementation of strategies and action plans after endorsement of the NIP:

- dissemination of the NIP objectives;
- awareness raising integrated with the POPs awareness raising and education strategy; and
- extension and dissemination of alternatives techniques and collection of indigenous solutions.

The greater part of ongoing project funded from bilateral sources is linked to project agreements with one or other international agency. The legal agreements for these funds make wider direct participation by other international agencies difficult. Nevertheless, agencies not directly engaged have been invited to project meetings and discussions and to awareness raising workshops. Coordination with international agencies that assist and support governmental institutions has been managed during the PDF-B phase as follows:

- UNIDO has organized a number of inter-agency meetings at its Beijing office throughout the PDF-B project cycle. It has reported progress and solicited advice and experience-sharing through this process. A draft project brief was shared with this community for their comments and advice; FAO has attended all of these meetings and both FAO and WHO have provided valuable input;
- FAO and WHO are in close contact with their corresponding departments (MoA, MoH respectively) in China. Their activities and outputs are reported to SEPA and the project management unit via the Inter-Agency Technical Coordination Group;
- Integrated Pest Management, pioneered in China by FAO in support of the Ministry of Agriculture, may represent a suitable approach to reduce or eliminate the consumption of POPs chemicals used as pesticides. It is one of the strategic options for reduction and phase-out being investigated by the Sino-Italian pesticidal POPs project being executed by UNDP.
- MoA and FAO experts will be invited to give their technical assistance to the investigation of POPs stockpiles and wastes.
- The experience of MoA and FAO with regard to the Agricultural Extension Network will be sought to ensure that best use of the network can be made during the implementation of strategies and action plans after the NIP preparation phase (see also above).

The Project Brief has been amended in paragraphs 137, 143 and 199 to clarify these arrangements.

UNIDO response to GEFSEC review sheet of 3 September 2004 on project “Building the capacity of the People’s Republic of China to implement the Stockholm Convention on POPs and develop a National Implementation Plan”

GEFSEC comments

The UNIDO managed budget includes US\$ 574,600 for “international experts”. This seems high. Note that it is acceptable for UNIDO to manage the “international experts” line only if this is for the convenience of FECO/SEPA.

UNIDO response

The preparation of a comprehensive NIP describing the actions required by China to meet its obligations is a major undertaking. International support provided to China within this project is of critical element. Recognised international experts will assist and train the national executing agency, its subcontractors and national experts to prepare the NIP in accordance with management instruments used in other countries to promote or facilitate compliance with Convention obligations. The issue has been discussed several times with the Chinese counterparts and both believed that the budget has reached its lowest limit. FECO/SEPA is in agreement with UNIDO managing the international consultancy component of the project.

GEFSEC comments

Please clarify the intent of the US\$ 176,000 set aside for the “study tour”.

UNIDO response

Study tours are meant for the travel abroad of local experts and project staff as well as national counterparts involved in the implementation of the project. Three study tours will be undertaken during project implementation as follows:

1. Study tour for national experts developing national and provincial policy, legal, regulatory and promotional frameworks to review the development and operation of similar frameworks in one or more OECD countries (Activity 1.1.3v);
2. Study tour to examine successful and suitable approaches to the revision of regulatory and management instruments, their incremental costs, and their integration to meet Convention requirements (Activity 1.1.3.5v) as it has been the case in the selected countries of study tour; and
3. Study tour to learn about best practice approaches to the disposal of POPs and the identification of appropriate strategies for remediation of sites contaminated by POPs (Activity 1.5.1.3iii).

In each study tour a Chinese delegation comprising of at least 10 or more people will be involved covering decision making groups, socio-economic and groups of technicians on BAT/BEP.

GEFSEC comments

Please clarify the intent of the US\$ 85,000 for workshops/meetings and US\$ 26,633 for reporting, publication in the UNIDO managed budget and confirm that the proposed activities are not of a type covered by the Agency fee.

UNIDO response

Considering the complexity of the project, experts and other project personnel will be involved in various consultations at different levels with government and national authorities, principal stakeholders, etc., which entails additional costs to what could be anticipated in a country of smaller size. Needless to mention, China is a large country with 31 geographical and economic regions, which have different POPs related problems as well as associated socio-economic impact emanating from it. The amount allocated under workshops/meetings will support these wide scopes of activities.

Taking into account the size of audience and stakeholders, the amount of US\$ 26,633 for reporting and publication will be used to reproduce and distribute the outcome of studies and reports resulting from and related to other UN and bilateral agencies' POPs projects in order to consolidate it in a single compendium of all POPs studies and findings in the country.

GEFSEC comments

There is a budget line for a subcontract for US\$ 3,192,000 for national execution by FECO/SEPA. This is further broken down by output in table 7. One would, however, also have expected a detailed budget line by input for the national execution subcontract.

UNIDO response

In accordance with the GEF Guidelines for NIP preparation, country driven is being encouraged. For this reason, UNIDO will enter into a single contractual agreement with FECO/SEPA, national executing agency assigned by the Government of China to manage large-scale multilateral projects related to environment protection including those for the country's compliance with the Stockholm Convention on POPs. The draft Terms of Reference (TOR) for this subcontract is given in Appendix 17 of the project document. As National Executing Agency, one of FECO/SEPA's responsibilities is to subcontract relevant national institutes, public industries, associations, etc. in China to deliver other outputs required in the TOR. As requested, detailed budget by input for the national execution is given in Appendix 20 of the project document.

c) Review by expert from STAP Roster

Development of A NATIONAL IMPLEMENTATION PLAN ENABLING THE PEOPLE'S
REPUBLIC OF CHINA TO IMPLEMENT THE STOCKHOLM CONVENTION ON POPs

STAP REVIEW REVIEW OF GEF PROJECT PROPOSALS

Subject of the Review:

Project name: Development of a National Implementation Plan enabling the People's Republic of China to implement the Stockholm Convention on POPs

Requesting country: People's Republic of China

Background:

Project supposes that China will ratify the Stockholm Convention (SC) in mid 2003. Based on this, the National Implementation Plan (NIP) will be prepared and finalized in 2005. Success of this depends on financial resources.

Evaluated project summarizes a preliminary assessment of the current situation with regard to each of chemicals listed in the SC. Overview of legal and regulatory framework for POPs chemicals management in China is given, too.

Up to date, China has no POPs specific legislation to the control of POPs, but similarly as in many others countries, there is a lot of other acts, regulation, rules and standards providing a national regulation and regime for environmental protection, human protection and the sound management of chemicals including the POPs.

Current POPs situation:

Important for implementation of the SC is the situation, that China still produces and uses chlordane, mirex, hexachlorobenzene (HCB) and DDT (chlordane and mirex for termite control, HCB as an intermediate in the production of pentachlorophenols and DDT largely as an intermediate for dicifol).

China announced to register country specific exceptions for these applications and to produce and use DDT in malaria control programmes. PCBs are no longer produced or traded, but a certain volume of PCBs oils is still use (electrical supply equipments).

As far as unintentional products under the SC, country has a significant industrial base including all the source categories listed in the SC.

Project Proposal:

Project Proposal includes a complete set of activities, grouped into a number of work packages and covers all articles, paragraphs and Annexes of the Stockholm Convention. Project is very well prepared with very good analysis of present POPs problems and situation in the country.

Financing of project:

Main parts of project will be covered from international sources (Italy, Canada), UNIDO, the rest from national sources (less than 10 %).

Project overview:

Project Brief summarizes the current situation in the country and a lot of additional information is given in Annexes (1-15).

1) Project Description, Background

Project is focused on the development of NIP for PRC and will establish inventories, strategies and action plans for reduction and elimination of POPs listed in the SC, assess infrastructure capacity and propose management options and finally formulate a NIP.

As initial institutional arrangements for NIP development, Inter-agency Technical Coordination Group (ITCG) was established. Project is based on broad cooperation with various international bodies such as for example UNIDO.

Current situation as overview of up to date country POPs activities is done and situation in the cases of main POP chemicals which were/are produced or are produced as by products of various technologies, is briefly described.

Basic estimation of PCDDs/Fs emissions from some major Chinese sources is included to this Chapter. Also stockpiles, wastes and sites contaminated by POPs are introduced.

Other parts of this Chapter describe China's regulatory framework for the safe management of hazardous chemicals including detailed description of establishing of a legal framework to meet the obligations of the SC and barriers to effective operation.

2) Rationale and Objectives

This part defines rationale for GEF Intervention and long-term and specific project objectives.

3) Project activities/components and expected results

The first part clearly described Convention implementation infrastructure at national and provincial levels, developing and implementation of national management system for the SC compliance, contents of NIP draft and developing of national and provincial policy, legal,

regulatory and promotional frameworks. Public awareness and education, research and development, and monitoring strategies are also defined.

Other objectives concerning to measures in relation to the four chemicals currently produced and used in China (chlordane, mirex, HCB and DDT) are summarized. More detailed specifications is done in Annexes, which are parts of the Project and they are very well prepared. Description of all measures are very detailed prepared and will be very good base for preparation of national inventory and development of NIP.

Important part of project activities is planned as model case studies which will be performed for example in two provinces (case of PCBs detailed inventory methodology). This approach is very suitable in such large country such as China. Model testing and validation of inventory methodology will be suitable example for the rest of countries as education of new approaches with confirmation of this under national conditions. Similar approach will be used in the case of demonstration of methodologies to promote implementation of Best Available Techniques (BAT) and BEP (Best Environmental Practices) and determine incremental costs in reducing unintentional production of POPs in this case in key industry sectors. It is again very useful approach of this phase - the definition of national priorities, preliminary national POPs inventory and detailed application in key, most problematic and relevant sectors.

Project management is defined reasonable based on the experiences from other countries with enabling activities.

4) Risk, sustainability and commitments

Part concerning to possible risks describes political willingness, completion of the NIP, availability of reporting formats and guidance and participation of stakeholders. As far as sustainability, the existing infrastructure, experiences, a lot of international project are good starting position not only for development of NIP, but also for broader development policies and strategies. Various activities directly connected with project objectives were already performed as far as inventories or in the case of industrial changes (applications of BAT, Cleaner Production programme).

National implementing agency has a long-term experiences in the development, implementation and managerial of various relevant projects and broadly cooperates with various international organizations and institutions.

But basically, country needs for realization of this project international financial support.

5) Stakeholders Participation and Implementation Arrangements

Stakeholders participation, training and capacity building and implementation arrangements are described on the acceptable level.

Conclusions

Based on my professional experiences, I consider this project as very well prepared. Project is a suitable base for the management of POPs problems in the country. The development of National Implementation Plan based on this project is realistic.

I recommend this project to accept.

Brno, 06/03/2003

Prof. Dr. Ivan Holoubek