

Reduction of POPs and UPOPs through integrated sound management of chemicals

Review PIF and Make a recommendation

Basic project information

GEF ID

10686

Countries

Philippines

Project Name

Reduction of POPs and UPOPs through integrated sound management of chemicals

Agencies

UNDP

Date received by PM

9/27/2020

Review completed by PM

10/27/2020

Program Manager

Yuki Shiga

Focal Area

Chemicals and Waste

Project Type

FSP

PIF

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

10.16.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.02.2020:

CW-1-1 in Table A is aligned with 2018-2022 GEFTF Programming Direction. However, there are two CW-1-1 which deserves further explanation.

Agency Response

10.15.2020:

C-W1-1 on the second line refers, in fact, to CW-EA (NIP update-related activities). However, due to the GEF portal’s constraints, the “CW-EA” is not shown in the drop-down list. This is the reason why we tentatively indicated the second line (\$250,000) as CW-1-1.

A. INDICATIVE FOCAL/NON-FOCAL AREA ELEMENTS ⓘ				
Programming Directions	Trust Fund	GEF Project Financing(\$)	Co-Financing(\$)	
CW-1-1	GET	6,312,500.00	41,000,000.00	 
<input type="text" value="CW-1-1"/>	<input type="text" value="GEF Trust Fund"/>	<input type="text" value="250,000"/>	<input type="text" value="1,500,000"/>	 
+ Add New	Total (\$)	6,562,500.00	42,500,000.00	

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion Yes.

Agency Response

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

10.27.2020(2):

Cleared. Earlier comment(s) are appropriately addressed.

10.27.2020:

Please update the numbers '21,000,000 USD' in para 107 and 108.

10.26.2020:

Please update the numbers '14,000,000 USD' in para 107 and 108.

10.16.2020:

Further explanation is provided; however, it is still unclear how 'investment mobilized' was identified for the following co-finance:

- Development Bank of the Philippines (\$2.5 million)
- Land Bank of the Philippines (\$2.5 million)
- Department of Environment and Natural Resources (\$4.0 million)
- Local Government Unit (\$1.5 million)

10.02.2020:

While information on how 'investment mobilized' was identified for that from private sector (FREEME), those from others seem to be lacking.

Recommended action: Please address the above point(s).

Agency Response

10.27.2020 - numbers in para 107 & 108 are now updated.

10.23.2020 - responses to comments dated 10.16.2020:

We kindly note that the co-financing at PIF stage is preliminary, and this be further confirmed and detailed at PPG when commitment letters are provided.

Concerning financial institutions, they are expected to provide the capital for the green loan at a privileged interest rate. As explained in the PIF, the capital is subscribed by the enterprises and counted as investment on their side.

The delta between the commercial interest rate and the privileged green loan rate is the actual investment by the financial institution, as explained in the text under table "C".

- Development Bank of the Philippines (\$2.5 million) as reduced interest rate compared to the market rate
- Land Bank of the Philippines (\$2.5 million) as reduced interest rate compared to the market rate
- Department of Environment and Natural Resources (\$4.0 million): please note the correct classification is as grant resources as the DENR is not a financing institution to mobilize investments, rather funding in support to promotion of green chemistry shall be accorded by the agency.
- Local Government Unit (\$1.5 million) should also be in-kind and grant support to infrastructural improvement on the side of the green chemistry project approved in their jurisdiction together with the private sector

The following information has been added in the PIF, after C: Potential sources of co-financing:

On the public side, it is worth noticing that, beside the in-kind co-financing, the government of the Philippine has already mobilized investment to support the roadmap toward the sustainability of the manufacturing industry.

The project will integrate and further sustain those initiatives. More specifically, the government has established

- "Tax incentives for green jobs. Certification issued by the Climate Change Commission that the enterprise is qualified to avail itself of the incentives, pursuant to Revenue Regulations 5-2019 recently issued by the BIR." Eligible projects are the ones consistent with the State's objective of preserving the environment, conserve natural resources for the future generation and ensure the sustainable development of the country and its transition into a green economy. (<https://businessmirror.com.ph/2019/05/07/tax-incentives-for-green-jobs/>)

- PEPP - Philippine Environmental Partnership Programme. The PEPP seeks to provide a package of incentives and reward mechanisms to industries in effective voluntary self-regulation and improved environmental performance. The PEPP aims at encouraging enterprises to go beyond environmental compliance (<http://pepp.emb.gov.ph/philippine-environment-partnership-program/>).

- The Department of Trade and Industry-Bureau of Investments have a number of initiatives to support the roadmap of the manufacturing industry, including the one on the sustainable copper industry. On January 31, 2019, the Philippines Board of Investment announced the development of the Masterplan for the Leyte Ecological Industrial Zone (LEIZ).

10.15.2020:

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GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion Yes.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion Yes.

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion Yes. PPG has been requested and is within the allowable cap.

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion Yes.

Agency Response

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion Yes.

Agency Response

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

10.23.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.16.2020:

Root causes/ barriers, assumptions, activity/outputs etc. are now clearly articulated in the ToC diagram. However, interlinkages or pathways in achieving GEB/results are still unclear. Is it a straight pathway from left to right in the table? It is recommended to delineate pathways /linkages between each item by adding an arrow that leads to GEB/results (does not have to be single straight pathway).

In addition, a narrative on environmental problems (i.e., POPs and hazardous chemicals in the manufacturing sector) for the Philippines need to be more clearly addressed, either before Para56 under ToC section, before Para15 under 'POPs and manufacturing industry in the Philippines' section, or under 'The manufacturing sector in the Philippines' section.

10.02.2020:

ToC is not clear enough. While different root causes/ barriers, assumptions, activity/outputs etc. are identified and mentioned in the text, and some are (not all) in the ToC (Figure 1), linkages between each item is not fully delineated. For example, root causes/ barriers are not in the ToC and it is also unclear how root causes/ barriers, assumptions, activities and outputs are interlinked.

In addition, Output 2.1.1 states that FREEME will be established as proposed financial mechanism for green recovery without detail explanation. Further elaboration is requested, particularly on how.

Recommended action: Please address the above point(s).

Agency Response

10.23.2020 - responses to comments dated 10.16.2020:

Arrows have been placed in the TOC table.

Orange arrows: negative impact of existing barriers.

Green arrows: project technical or financial contributions to solve existing barriers.

Purple arrows: logical interconnections between project activities.

Blue arrows: contributions from the stakeholders or assumptions.

The section on environmental issues associated to the manufacturing in the Philippines (paragraphs 15 to 54) has been further expanded.

10.15.2020:

Please note we changed the Diagram for the table below, included in the PIF, hoping to further clarify the TOC.

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
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Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
<p>No ban against new POPs is in place.</p> <p>Current regulation not compliant with post-2013 amendments of the SC.</p> <p>Issues in enforcement the POPs related regulation, especially use and import/export and new POPs.</p>	<p>"End of pipe approach".</p> <p>Lack of technical and financial resources.</p> <p>Lack of awareness.</p> <p>No rules or technical guidelines for preventing the import of POPs</p>	<p>DENR and DTI can work in coordination toward the goal of sustainability.</p> <p>Customs Authority is interested in partnering and receiving technical support from the project.</p>	<p>Technical assistance to update of the existing regulation to make it compliant with the SC.</p> <p>Capacity building of custom officers</p>	<p>Government, Regulators and Enforcement Officials</p>	<p>Project will collaborate to completely phase out the import, export and use of all new POPs which are currently directly or indirectly used in the industrial manufacturing.</p> <p>This will also require technical support to the custom authority for the identification of chemicals, either as such or in products or mixtures, that may contain POPs and which should therefore be banned for import or export.</p>	<p>1.1.3 and 1.1.4</p>	<p>POPs use and import completely banned.</p>

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
The National Implementation Plan need to be updated with the POPs listed under the SC after 2013;	Other priorities and lack of resources have hindered the updated of the NIP after 2013.	DENR committed to implement the SC amendments and updated the NIP with the support from the GEF	Technical and financial assistance to update of the National Implementation Plan of the Stockholm Convention. The recent amendment to the SC are particularly relevant for the manufacturing sector	Government, regulators	The project intends to provide technical support for the second upgrade of the NIP, which will include inventory update of all the POPs already covered by the Stockholm Convention in 2013, plus the additional new POPs listed under the Convention Annexes up to 2020	1.1.1 and 1.1.2	Commitment to address current and future POPs issued through a sound planning process

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
<p>Reduced environmental awareness, and significant environmental impact of the manufacturing industry. Some manufacturing sectors may still be using POPs in their process.</p>	<p>Lack of awareness, no proactive behavior of enterprises, financial and operational cost of the implementation of environmentally safe procedures including Green Chemistry.</p>	<p>Enterprises are interested to apply for Green Loan to undertake environmental investments and demonstrate GC and PRTR in their factories</p>	<p>Technical assistance, training and financial support for the implementation of GI technologies and processes, and to promote environmentally friendly and intrinsically safe design; financial and technical support for piloting GC in 4 factories.</p>	<p>Enterprises, private sector</p>	<p>The experience achieved through other GEF/UNDP project in the implementation of Green Chemistry in other ASEAN countries will be an asset in the implementation of the “Green Chemistry component” of this project for the implementation of the “Greening Roadmap” already started in 2015, which however did not materialize due to the absence of continuous technical assistance and a financial mechanism.</p>	<p>(Outputs 1.2.1, 2.1.1, 2.2.1, 2.2.2)</p>	<p>Reduction of POPs and U-POPs from key manufacturing sectors achieved and made sustainable through Green Chemistry implementation, linking national COVID-19 economic recovery strategies with the “greening” of targeted chemicals industries in order to sustain jobs and avoid enterprises closure.</p>

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
Previous industrial accidents and workplace exposure caused environmental impacts and a negative sentiment against industry;	Enterprises underestimating the importance of sharing of environmental information. Lack of coordination with govt bodies	General public seeking more transparency on environmental data and communications	Technical and financial assistance to pilot a PRTR system to facilitate the reporting of pollutant release and transfer by the industry and the access of environmental data to the public, including POPs.	General public	The project, based also on the experience gathered in other countries (i.e. Vietnam) will develop and pilot the implementation of a PRTR in a number of selected manufacturing enterprises, with the purpose to pave the way for the endorsement of the nation-wide PRTR regulation already in the pipeline.	(Outputs 3.1.1, 3.1.2 and 3.1.3)	Public access to environmental information improved
A plan for the roadmap toward sustainability of manufacturing industry has been developed in 2015 by BOI, but it has not been implemented;	Although the plan has been developed by BOI with support from bilateral donors, the lack of a financial tool and limited involvement of enterprises has substantially prevented its implementation	Bilateral donors and BOI / DTI willing to sustain their previous efforts and to partner with the project Financial institutions are interested in supporting FREEME	Establishment and funding of a Green Financing mechanism (FREEME) enhanced by training on Green Chemistry to support industrial initiatives aimed at the production of POPs free products with a green chemistry approach	Financial institutions	It is envisaged that in the absence of the GEF intervention, the initiatives currently in place will not materialize or will be not sustained. The role of the GEF with this respect is therefore not only to provide financial support,	(outputs 2.1.1 and 1.2.2)	POPs use prevented and Green Chemistry supported through a sustainable financial mechanism

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
Some existing international cooperation projects (like the SWITCH program (EU) and the GIZ projects on sustainability roadmaps, as well example of existing Green Funds) have been implemented or are in the course of implementation.	These plan need to be further supported and integrated with initiatives related to POPs which are lacking.	Bilateral donors willing to sustain their previous efforts and to partner with the project	Establishment of a coordination mechanisms with initiatives carried out under bilateral cooperation or other GEF projects. Lesson learned and best practices disseminated, awareness raising initiatives put in place	Donors	but to launch a sustainable technical and financial mechanism which will be in place for the years to come to support the development of a environment-friendly manufacturing sector in the country.	(Outputs 4.1.2, 4.1.3 and 4.1.4)	Synergy with other initiatives ensured through coordination and communication

Baseline	Root Causes / barriers	Assumptions	Project Inputs	Stakeholders	GEF Intervention	Project outputs	Desired results / GEB
<p>Some existing initiatives (like the ones on “Sustainable copper industry”, “Sustainable chemical industries”, “Plastic Bank” which may integrate project activities, are in place.</p>	<p>There is the need to further support these initiatives that can be a valuable source of co-financing for the project</p>	<p>Financial institutions are interested in supporting FREEME Recyclers willing to participated in training and other project activities</p>	<p>Coordination with bilateral donors, NGOs and national and international Financial Institution to involve them in the establishment of FREEME and in project implementation / results.</p> <p>Special eligibility criteria to support social aspects will be included in the FREEME</p>	<p>Governmental agencies, associations, NGOs, Fis</p>	<p>The GEF intervention would indeed help to catalyze the interest of enterprises to subscribe the FREEME fund, therefore that would ensure an estimated 14,000,000 usd of grant co-financing in form of investments to support project targets.</p> <p>Moreover, through the FREEME mechanism an additional amount of 5,600,000 grant would materialize as co-financing provided by financial entities to provide loan at a competitive interest rate.</p>	<p>Horizontal (all outputs) (Outputs 4.1.2, 4.1.3 and 4.1.4)</p>	<p>Cooperation with NGOs, bilateral donors and IFI established to replicate the FREEME approach.</p> <p>Gender mainstreaming.</p> <p>Better working conditions for recyclers</p>

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

Yes. The proposal is aligned with CW-1-1 (Industrial Chemicals Program).

Agency Response

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

10.16.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.02.2020:

PIF states it is expected that the FREEME will be sustained after the project. However, it is unclear how the proposed project can and will further ensure this.

Recommended action: Please address the above point(s).

Agency Response

10.23.2020: Noted with appreciation.

10.15.2020:

The following text was added in the section “INNOVATION, SUSTAINABILITY AND POTENTIAL FOR SCALING UP., paragraphs 114 to 115.

114. The FREEME mechanism - or similar mechanisms – are to be designed and implemented in a manner that assures its sustainability catalyzed by the project. This stems from the consideration that any incentive mechanism, to be successful and sustainable, need to bring a net benefit to a. the donor, b. the beneficiary, and c. the community through the following pillars:

a. On the side of the donor, the government and financial entities will benefit from FREEME through a reduced, although not null, interest rate, and to reduction of expenditures related to the reduced risk of chemical accidents and, last but not least, the reduced healthcare expenditure associated to exposure of the public and workers to POPs. Indeed, there are already a number of financial mechanism in place (the PEPP, the tax reduction for green jobs, the BOI support for the Leyte Ecological Industrial Zone) testifying that the government sees the policy of environmental incentives as a promising one, key in promoting a more environmentally friendly manufacturing.

b. An incentive mechanism is not sustainable if the beneficiary does not achieve a direct benefit from it. Beneficiaries are the clients, and if they don't apply for the incentive, the mechanism fail. For enterprises, there will be an obvious benefit in accessing loan for investment at a convenient interest rate. However this could be not enough: the project will therefore ensure that enterprises applying to FREEME will achieve a significant facilitation in accessing to credit, and will benefit from a range of training technical assistance support to ensure that their benefit will also include how to reduce their operational cost (through, for instance, reduced generation of hazardous waste, reduced cost for the purchase of raw material, reduced illness rate of the workers, reduced energy consumption, reduced cost associated to insurance or liabilities). This support to enterprise is probably the most important tool to ensure the success of the FREEME

c. The third pillar of the sustainability of FREEME as incentive mechanism lies in its public acceptance, which depends on the presence of a net benefit (environmental, health, social) for the community and the way this benefit is communicated. The implementation of GC initiatives would have obvious environmental and health benefits, for both the general public (reduced releases of POPs and toxic chemicals in the environment), the consumers (reduced toxicity of products) and workers (better workplace conditions). Greening manufacturing factories also mean a greater stability for the enterprises which will achieve an improved relationship with local communities, with a positive social impact in term of job opportunities and social inclusion. Public acceptance also implies a benefit for the government as a donor. These benefits will be communicated through a range of targeted awareness raising initiatives.

115. Therefore, although the sustainability of FREEME is not automatic, the project will look into deploy the steps and actions ensure its long term sustainability after project ends are clear and feasible.

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

10.16.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.02.2020:

It is recommended to develop a map at the PPG phase, as project sites will be identified during the PPG phase (Output1.2.1.), which then if needed can be updated at the implementation phase.

Agency Response

10.23.2020: Noted with appreciation.

10.15.2020:

We agree. A map will be developed at PPG stage. This has been properly reflected in the PIF.

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

10.16.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.02.2020:

Consultations that took place during the project identification phase is not clear. PIF states there were consultations with indigenous people /local communities, CSO and private sector; however, there are no further description on how, whom etc.

Recommended action: Please address the above point(s).

Agency Response

10.23.2020: Noted with appreciation.

10.15.2020:

In the early stage of the development of this project, around 4th quarter 2019 and before the COVID-19 outbreak, the team of consultants in charge had several meetings and consultations. There were meetings and consultations held with several industries (automotives, fire extinguisher distributors), with the PMU of the World Bank I-POP project, meeting with the Fertilizer and Pesticide Authority and with EMB/DENR representatives, with UNDP representatives.

Due to the restrictions to movement and meetings during the COVID-19 outbreak, several meetings were hold directly through Skype or other video-conferencing tools by DENR and UNDP. These involved discussion with organizations, private sector entities, and talking among Ministries (DENR and DTI).

During the PIF stage no meetings with local communities and indigenous people were carried out due to difficulties in arranging on site meetings during the pandemic. However it is anticipated that the project will take place in established and legalized industrial zone, and UNDP's SESP procedure identified low risk of impact on indigenous people and their lands/culture. However, PPG phase will continue this engagement with indigineous people as part of the Social and Environmental Safeguards Mechanism of UNDP. (adjusted in PIF)

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

10.23.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.16.2020:

COVID: While additional explanation is provided, further consideration is requested. For example, PIF states that Agency has faced ‘restrictions to movement and meetings’ during the development of the project proposal. If this is foreseen to continue, would this be a risk to the project (at the PPG and/or implementation phase)? If so, what would be a possible measure to address this? Please consider and reflect these in the PIF.

10.02.2020:

While the PIF states that the extent of COVID impacts is not totally clear, it is recommended to discuss potential/possible impacts to the proposed project, including opportunities strengthened /created, if any (PIF states that FREEME could be financial mechanism for green recovery so this could be opportunity due to COVID?).

In addition, the PIF indicates that the project would be intrinsically neutral or positive in terms of generation of GHG or energy consumption, and also states that alternative processes/materials in terms of energy consumption and the release of GHG will be assessed in the selection of interventions. However, it is requested to conduct basic climate risk screening at the PIF stage. At a minimum, at PIF stage, the climate risks should be identified, listed and described. This can include:

- a.) Outlining the key aspects of the climate change projections/scenarios at the project location (or as close to it with data available), which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc).
- b.) Time horizon if feasible/data available (e.g. up to 2050). Please refer to list of examples from STAP guidance.
- c.) Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above (describe how the climate scenarios identified above are likely to affect the project, during 2020-2050).
- d.) Describing plans for climate change risk assessment and mitigation measures during PPG
(<https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>)

In addition, as similar to what has been recommended to the GEFID:10519 PIF, it is requested to carry out climate risk assessment further and more rigorously at the PPG stage and note that the lifecycle approach, which the project intends to implement if adequately done, can help achieve this goal (the intention to include the resilience of manufacturing plants to climate impacts as one of the plant selection criteria is welcomed).

Recommended action: Please address the above point(s).

Agency Response

10.23.2020 responses to comments dated 10.16.2020:

Although it is difficult to anticipate what would be the situation at PPG stage, if the COVID-19 pandemic is not yet solved by the time the PPG have to start, the following could be expected:

At PPG:

- 1) Project staff, including national and international consultant will be required to work from home whenever possible;
- 2) Due to possible travel restrictions and quarantine requirements, if needed, international consultant will be required to stay in the Philippine for a period of at least 2 months including the compulsory quarantine period instead of multiple short visits. The PPG schedule will be arranged accordingly.
- 3) Virtual meetings and consultations will be held in place of face to face meeting.
- 4) Activities requiring presence in the field will be arranged adopting all the measures to prevent the infection. Use of proper PPE will be promoted by the PPG and specific safety guidelines to be deployed.

At project implementation:

- 1) Project staff, including national and international consultant will be required to work from home whenever possible;
- 2) Due to travel restrictions and quarantine requirements, if needed, international consultant will be required to stay in the Philippine for a period of at least 2 months including the compulsory quarantine period instead of multiple short visits. The PPG schedule will be arranged accordingly.
- 3) Virtual meetings will be held in place of face to face meeting.
- 4) All the activities to be carried out in the field, including installing and testing of new equipment, building of infrastructures, environmental monitoring etc. will be carried out following the national rules for the prevention of COVID-19 infection.

10.15.2020:

Based on World Bank estimates, in the Philippines, measures to contain the spread of Covid-19 such as travel restrictions and quarantines have severely affected small firms and their workers especially in sectors such as tourism, transport, agriculture, retail, and construction: 77 percent of micro and small firms and 62 percent of medium-sized firms had to close due to the enhanced community quarantines. Those that remained open suffered a 66.5 percent drop in sales. Government assistance to these firms can help prevent businesses from closing permanently and in the process save millions of jobs as the economy starts to recover. Two loans approved by the World Bank also include the support to urgent needs created by the pandemic: The Third Disaster Risk Management Development Policy Loan of US\$500 and the US\$100 million loan for the Philippines COVID-19 Emergency Response Project to help meet urgent healthcare needs in the wake of the pandemic and bolster the country's public health preparedness.

Currently, for enterprises, it is not possible anymore to distinguish between COVID-19 measures to prevent infections and other occupational health measures. Preventing COVID-19 infection has become a mandatory requirement to ensure workplace safety and reduce the risk of closure of factories. Additional waste generated during the process of COVID-19 prevention need also to be properly managed. The project will therefore proactively identify and suggest to enterprises additional financial tools (like the ones promoted by the World Bank above) and allocate a quota of the FREEME for the adoption of COVID-19 prevention measures in enterprises.

Furthermore, UNDP will consider, during the PPG Phase, the principles of the UN framework for the immediate socio-economic response to COVID-19, as well UNDP's Guidelines on UNDP's integrated response to COVID-19 potential linked and or parallel actions that could help decision-makers look and design beyond recovery, towards 2030, making choices and managing complexity and uncertainty in the green economy area to support the recovery from COVID-19 impacts, as described in Paragraph 122.

Therefore the following text has been added in the paragraph 121 of the PIF:

121. However, minding that the project aims to work in close partnership with the private sector, it is anticipated that its activities will contribute to industries in the targeted sectors to join the green recovery process by internalizing best practices and techniques linked to green chemistry. The increased access to green and low cost financial mechanism may be critical to maintain the economic activity of targeted industries while transitioning to greener processes and products. This action is expected to be linked that the national efforts of recovery after COVID-19 and is expected to support to maintain jobs in the targeted industries. This will be critical to position the industrial sectors of Philippines in the path of an environmentally responsive participation but also to alleviate some economic impacts on livelihoods of the people employed in these sectors, as well as the health impacts of the pandemic.

Agency response: Climate change.

A short summary of the Philippine Climate Change Risk profile has been added in paragraphs 49 to 54 of the baseline scenario section. The analysis testifies that, except the cases of industries located near landslide-prone or coastal areas, the manufacturing sector is not the sector with the higher climate change risk. The proposal to include climate change resilience in the eligibility criteria for FREEME was already included in the PIF.

Pre-SESP procedure carried out by UNDP identified moderate risks of:

- Industrial plants, products and infrastructure and supply chain disruptions resulting from extreme weather events (such as heat waves, floods, droughts, cyclones and storms), leading to accidents and/or environmental contamination.
- Project sites may be affected by natural disasters such as earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions (i.e. tropical cyclones)

- The proposed Project could support an industry that requires significant consumption of energy and causes significant greenhouse gas emissions

Therefore, it is agreed that at PPG stage, detailed SESP will be carried out to identify and address plans for climate change risk assessment and mitigation measures will be described in detail, and a climate risk assessment carried out.

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Knowledge Management

Is the proposed "knowledge management (KM) approach" in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Part III – Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

10.16.2020:

Cleared. Earlier comment(s) are appropriately addressed.

10.02.2020:

The endorsement letter from the GEF OPF seems to be lacking.

Agency Response

10.23.2020: Noted with appreciation.

10.15.2020:

URL is now provided in the relevant section.

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

10.27.2020(2):

This PIF is recommended for technical clearance.

10.27.2020 /10.26.2020 /10.16.2020 /10.02.2020:

Not yet. Please refer to the review items and resubmit for consideration (please highlight the update).

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

- Please explore and elaborate further on the GHG emissions reduction, with quantitative figures and targets.

Review Dates

	PIF Review	Agency Response
First Review	10/2/2020	10/15/2020
Additional Review (as necessary)	10/16/2020	10/23/2020
Additional Review (as necessary)	10/26/2020	10/27/2020
Additional Review (as necessary)	10/27/2020	
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

CONTEX:

This project is aligned with C&W strategic objectives CW-1-1 (Industrial Chemicals Program).

The manufacturing industry, through its products, is a fundamental pillar of the well-being of the today's society and its economy, including those of the Philippines. At the same time, when a proper strategy linking the economic interest of the industry with the need to protect the health and the environment is missing, the risk of externalization of the environmental costs can be high; particularly for hazardous chemicals, including POPs, as the risk associated with chemicals is often fully appreciated and prevented only years after chemicals have been used and placed on the market. As such, this project will aim to address several manufacturing sectors, that are identified as having a larger environmental impact and thus identified that the roadmap toward sustainability had to be implemented in the Philippines, through green chemistry. These are: copper, plastic, paper, furniture and automotive sectors.

COMPONENTS AND RESULTS:

The project intends to address the intentional or secondary contamination of POPs, with the general objective to protect human health and the environment. This will be ensured through several interventions including: 1. Design and implementation of a financial scheme (to be disbursed as a loan under a competitive interest rate; FREEME: Financing the Roadmap for the Environmental Enhancement of Manufacturing Enterprises); 2. Demonstration of green chemistry with POPs reduction; 3. Updating and enforcement of the POP downstream regulation; 4. Design of a Green Chemistry Roadmap; 5. Technical guidance and training; and, 6. NIP update.

The project is structured around four Components that will result in Global Environmental Benefits of more than 190 MT of chemicals of global concern avoided along with over 2 million direct beneficiaries, of which half are female:

Component 1:

Comprehensive roadmap for greening the manufacturing sector

Component 2:

Demonstration of Green Chemistry implementation

Component 3:

Enhancing the chemical management and reporting of POPs countrywide

Component 4:

Knowledge management

INNOVATION, SUSTAINABILITY, SCALE-UP & GENDER:

The innovativeness of green chemistry lies in the fact that it shifts from the concept of “substance replacement” to a more wide approach which involves the design of product and processes to reduce the environmental footprint of the manufacturing of chemicals and of chemically intensive products. In the Philippines, the green chemistry approach itself is totally innovative. In addition, the financing scheme (FREEME) which is envisaged under the project may be also considered as an innovative as applicants are expected to receive a double benefit: from the financial side, the access to a competitive loan to implement their investments; from the technical side, the technical assistance needed to develop projects.

The FREEME is to be designed and implemented in a manner that assures its sustainability catalyzed by the project through bringing a net benefit not just to donor and beneficiary, but also to community, as this scheme is intended to reduce environmental impacts. In addition, various pilot projects to be conducted are expected to ensure replication throughout the country and subsequent up-scaling by actually demonstrating potential positive outcomes and impacts.

In the course of the project design, a specific gender mainstreaming work plan, with gender-sensitive targets and indicators, will be developed and integrated in the project results framework. In addition to that, in the course of project design and implementation, UN policies on equal opportunities will be considered with the purpose to ensure that the project supports women's capabilities and their enjoyment of rights, and women's equal and meaningful participation as actors, leaders and decision makers.

It is aligned with country priorities and will coordinate with relevant baseline initiatives on the ground. The project will deliver additional global environmental benefits within \$42.5 million of co-financing.