



# Greening of the Philippines cement and construction industry

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

11707

**Countries**

Philippines

**Project Name**

Greening of the Philippines cement and construction industry

**Agencies**

UNIDO

**Date received by PM**

9/19/2024

**Review completed by PM**

4/8/2025

**Program Manager**

Anil Sookdeo

**Focal Area**

Multi Focal Area

**Project Type**

## GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

### 1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

Yes

Agency's Comments

### 2. Project Summary

**Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?**

Secretariat's Comments 2024.9.26:

Considering about 70% of the project budget is requested from Chemicals and Waste FA, the project summary needs to be stated throughout in a way that chemicals and waste and its relevant GEBs (in this case mercury) is the center of the project objectives. Most often in the proposal, chemicals and waste is mentioned after climate /GHGs as if chemical is a secondary objective or simply co-benefit. More explicit elaboration on how this project is aligned with the Minamata implementation is required. This seems to be not just a matter of the ?summary? but rooted deeper in the project design and content.

Agency's Comments

Project revised accordingly, highlighting the reduction of mercury as the primary goal of the project. The project seeks to advance the detoxification as well as the decarbonization agenda for the cement supply chain through synergistic actions. Having in mind the focus on GHG emissions in the sector and the Philippines, the GHG emission reduction as a secondary project objective ensures that the importance of the mercury emissions issue is brought to their attention and facilitates the public and private sector's cooperation under the project.

### 3 Indicative Project Overview

**3.1 a) Is the project objective presented as a concise statement and clear?**

**b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?**

## Secretariat's Comments

2024.9.26:

- Objective: The objective is mentioned as follows: Advance Philippine's efforts to increase the use of green construction materials for greater resource efficiency, hazardous chemicals phase-out and decarbonization in the built environment. Related to the earlier comment, suggest to have chemicals in the center and reframe this the other way around. That is, for example, In order to phase out hazardous chemicals etc. in Philippines, the project will advance Philippine's efforts to?.

- Several Outcomes and Output sounds as if chemicals is the secondary objective, if not they appear to address only climate mitigation. For example, ?Outcome 1.1 transformation of the construction sector in the Philippines towards net-zero emissions and resource efficient industry that has low emissions of hazardous chemicals?, ?1.1.1 National policies for low-carbon buildings and industrial decarbonization enhanced and new policies created supporting NDC implementation?, ?2.1 Net-zero path free from hazardous chemicals for construction industry and investment opportunities created?, and, ?2.1.1 Full value-chain technology construction materials roadmap for net-zero by 2050 with climate-smart technologies developed.?, ?Outcome 3.1 with a focus on low-carbon concrete and alternative materials with low environmental impact?, and ?Output 3.1.1. ensure that the projects can deliver the most benefit in various dimensions (emission reduction, potential for scaling up, technology innovation, co-financing etc.)? Please reconsider them.

- 3.1.3 circular approach for recycled concrete and clinker: While the proposal states this output is ?circular?, this output appears to be focusing solely on the end-of-pipe. Please consider a more upstream approach (better design, alternative materials, reduced use etc.) or provide a justification why not.

Apr 7, 2025 - comment cleared

## Agency's Comments

- The objective is simplified to: "Advance Philippine's efforts to reduce mercury releases to the environment, focusing on cement manufacturing, leveraging on the policies and actions for reduction of the GHG emissions."

- The Outcomes and Outputs were revised to highlight the focus on mercury abatement, with decarbonization as a crucially important secondary goal.

- On circular approaches in 3.1.3. the project is focusing on advanced products (i.e. cement mixtures with different composition) and introducing circularity in the cement supply chain mainly through recycling of concrete waste. Following the logic of the project to reduce mercury emissions using the interest of the industry for decarbonization it was considered that this approach to circularity will ensure the highest level of their engagement. Displacing new limestone input with recycled concrete has immediate and measurable effect on the emissions. Working with architects and civil engineers to reduce the use of concrete from the infrastructure and building projects may not lead to tangible reduction of mercury emissions, but would likely not provide an incentive or motivation to the industry stakeholders to actively engage with the project and advance the activities for mercury reduction.

**3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?**

Secretariat's Comments Yes

**Agency's Comments**

**3.3 a) Are the components adequately funded?**

**b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?**

**c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?**

**Secretariat's Comments**

2024.10.1:

- Funds allocated to M&E Component in Indicative Project Overview Table are nearly 5%, when the recommended threshold for projects from US\$ 5 to 10 million is 3% ? please revise.

Monitoring and Evaluation (M&E)						
M&E	Technical Assistance	5.1. Project monitored and evaluated	5.1.1 Ongoing project monitoring 5.1.2 Mid-term project review 5.1.3 Terminal evaluation	GET	300,000.00	1,200,000.00

- On PMC proportionality: if the GEF contribution is kept at 5%, for a co-financing of \$42,295,000 the expected contribution to PMC must be around \$2,114,750 instead of \$1,500,000 (which is 3.5). As the costs associated with the project management must be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion. A more definitive estimation of PMC will be presented and adjusted at CEO Endorsement stage.

	Sub Total (\$)	5,897,804.00	42,295,000.00
<b>Project Management Cost (PMC)</b>			
	GET	294,890.00	1,500,000.00
	Sub Total(\$)	294,890.00	1,500,000.00
	<b>Total Project Cost(\$)</b>	<b>6,192,694.00</b>	<b>43,795,000.00</b>

April 14, 2025 - The issue of proportionality in the allocation of co-financing resources to the PMC remains unaddressed. The explanation provided in the review sheet indicates that the co-financing figure for PMC will be amended during the PPG stage, once there is greater clarity on co-financing modalities and amounts. However, as noted in the original comment, costs associated with project management must be supported proportionally by both the GEF and co-financing contributions. This implies that the current GEF contribution to PMC may need to be reduced, while the co-financing share should be increased accordingly to achieve a balanced allocation. Please revise the figures?either by increasing the co-financing allocation or reducing the GEF allocation?to ensure proportionality. A more definitive estimation of PMC can be presented and adjusted at the CEO Endorsement stage. In this context, the co-financing contribution should be increased to \$2,114,750 rather than maintaining the current figure of \$1,500,000, with the understanding that both figures may be reviewed and adjusted during the PPG phase.

April 16, 2025 - Comment Cleared

#### Agency's Comments

M&E costs adjusted to 186,000 USD. Co-financing figure for PMC will be amended during PPG Stage once there is a clarity/confirmation on co-financing modalities and amounts

April 15 2025:

PMC Cofinancing adjusted; PPG phase to provide further clarity on this funding.

## 4 Project Outline

### A. Project Rationale

#### 4.1 SITUATION ANALYSIS

**a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?**

**b) Are the key barriers and enablers identified?**

#### Secretariat's Comments

2024.9.26:

Related to the earlier comments, please further elaborate on the project rationale for the chemicals. Currently, mercury is mentioned in just a couple of sentences towards the end of the section.

April 8, 2025 - Comment cleared

Agency's Comments Revised as suggested, highlighting the project rationale and approach logic for reduction of mercury emissions from the cement sector.

#### 4.2 JUSTIFICATION FOR PROJECT

- a) **Is there an indication of why the project approach has been selected over other potential options?**
- b) **Does it ensure resilience to future changes in the drivers?**
- c) **Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?**
- d) **are the relevant stakeholders and their roles adequately described?**

Secretariat's Comments Yes

Agency's Comments

### 5 B. Project Description

#### 5.1 THEORY OF CHANGE

- a) **Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?**
- b) **Are the key outputs of each component defined (where possible)?**

Secretariat's Comments

2024.9.26:

- Related to reviews in the above sections 2, 3 and 4, several Components/Outcomes/Outputs do not seem to explicitly have chemicals in the center despite 70% of the project budget being requested from CW FA. For example: ?Outcome 1.1. ?net-zero emissions and resource efficient industry that has low emissions of hazardous chemicals?, ?Output 1.1.4. ?incentives schemes for the production and use of low carbon construction materials?, ?Outcome 2 ?establishment of a technology roadmap and new business models that address net-zero carbon emissions...?, and ?Outcome 3.1. focus on low-carbon concrete and alternative materials with low environmental impact?.
- Demonstration sites: Please discuss how demonstration sites will be selected/identified.
- In TOC and in ?detailed descriptions by project components?, please clarify how the outputs help to address each of the barriers (especially the economic barriers).
- Please clarify what construction materials are covered by each of the outputs, i.e. whether materials other than cement are covered. Some parts of the project description refer to net zero

steel. If steel, glass or other construction materials are not covered by any project component, please clarify as well.

- Component 2 and/or Component 4 should include support to major players in the sector to develop and publish investment roadmaps and corporate targets similar to those identified in Table 2.

April 8, 2025 - Comment cleared

#### Agency's Comments

- The Outputs were revised to explicitly include mercury as the main target for the project intervention, while stressing the synergies with the decarbonization agenda.

- The demonstration sites will be identified during the PPG phase, after scoping the innovative solutions that are in planning as well as their need for support and ability to contribute to the reduction of mercury from the cement sector.

- link between the outputs and the barriers included, outlining the logic for their implementation.

- Cement is the main target for mercury reduction, due to its market share in the construction sector in the Philippines - which is much higher than steel. This also enables focused intervention and impact of the resources available to the project.

- The major stakeholders from the private sector in the Philippines cement industry (e.g. Holcim and CEMEX) regularly publish their environmental reports and targets. It is noticeable that the main focus is on carbon emission and water use, but in the context of the 2.1.4 Output, the project will work with them as well as the financing institutions to recognize the importance of reducing hazardous emissions of mercury, facilitating the establishment of specific targets.

#### **5.2 INCREMENTAL/ADDITIONAL COST REASONING**

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

#### Secretariat's Comments

- please mention and highlight the incremental/additional cost reasoning.

April 8, 2025 - Comment Cleared

#### Agency's Comments

The project will try to remove some of the economic barriers, particularly when it comes to the demonstration pilots, where the market transformative technology introduction costs impede

the desired environmental. The project intervention will allocate the budget resources to the outputs which lead to removal of identified barriers and secure the achievement of the GEBs.

### **5.3 IMPLEMENTATION FRAMEWORK**

**a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?**

**b) Comments to proposed agency execution support (if agency expects to request exception).**

**c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area**

**d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?**

Secretariat's Comments Yes

Agency's Comments

**5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?**

**b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?**

Secretariat's Comments

2024.9.26:

- Core Indicator 9 /Indicator 9.2 (mercury reduction) appears to be very small against the size of chemical and waste investment (project financing of \$4.4+ million plus \$31+ million).
- Indicator 9.6: Can Indicator 9.6 on mercury containing materials and products directly avoided considered?
- GHG emission reduction calculation spreadsheets are missing, and justifications and references for any input and assumption used in the calculations should be provided.

April 8, 2025 - Comment cleared

Agency's Comments

- Indicator 9.2 revised, based on the DENR forecast for cement production, the emissions factor and the potential of innovative practices and technologies to reduce the use of clinker (limestone) in the cement mixture.
- As for directly avoided products that contain mercury, the BAT/BEP for reduction of mercury in cement cannot result in mercury-free product, so the indicator is not relevant in this project.
- GHG reduction calculations are revised and clarified: based on information submitted by DENR, assuming a clinker reduction in the cement mixture due to a variety of technological

possibilities, a 5% emission reduction is assumed. Clinker is the most important factor behind the cement, both mercury and carbon.

**5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?**

Secretariat's Comments

Agency's Comments

#### 5.6 RISKS

**a) Is there a well-articulated assessment of risk and identification of mitigation measures under each relevant risk category?**

**b) Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?**

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

Secretariat's Comments

2024.10.1:

- Please adjust the rating under the 'Environmental and Social' risk category in line with the ESS risk category. The ratings are not in line as is. Doing so would be in line with the description of the 'Environmental and Social' risk category in Annex B of the GEF Risk Appetite document (GEF/C.66/13) stating that: 'The rating reported by project under this category is identical to the Overall Safeguards Risk rating provided at PIF, CEO Endorsement, MTR and TE stage.'

- The project states as a high risk that 'Stakeholders do not engage appropriately, leading to inadequate project design and implementation, adversely impacting project outcomes'. Please further elaborate on its approach and plan to consult and engage stakeholders, including civil society, during project development and implementation.

April 14, 2025 - The response only partially addressed the comment on stakeholder engagement. While the project initially identified stakeholder engagement as a 'high risk' area, it subsequently revised this rating to 'moderate' without further elaboration. It would be important for the agency to provide additional detail on its planned approach for stakeholder consultation and engagement including with civil society throughout project development and implementation, or to provide a clear justification for the adjusted risk rating.

April 16, 2025 - Comment cleared.

Agency's Comments

Adjusted as advised. Stakeholder risk lowered to "moderate" with the reasoning included in the table.

April 15 2025:

Mitigation measures were introduced which meant that the change from "high risk" to "moderate" was to reflect the residual risk level, aligned with the GEF risk strategy. These were based on the additional discussions with the relevant national stakeholders, including private sector as well as CSOs.

#### **5.7 Qualitative assessment**

- a) Does the project intend to be well integrated, durable, and transformative?**
- b) Is there potential for innovation and scaling-up?**
- c) Will the project contribute to an improved alignment of national policies (policy coherence)?**

Secretariat's Comments Yes

Agency's Comments

#### **6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities**

**6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?**

Secretariat's Comments Yes

Agency's Comments

**6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)**

Secretariat's Comments Yes

Agency's Comments

**6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?**

Secretariat's Comments

Agency's Comments

**7 D. Policy Requirements**

**7.1 Is the Policy Requirements section completed?**

Secretariat's Comments Yes

Agency's Comments

**7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?**

Secretariat's Comments Yes

Agency's Comments

**8 Annexes**

**Annex A: Financing Tables**

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

**STAR allocation?**

Secretariat's Comments

- Why is BD STAR allocation listed?

**Sources of Funds for Country Star Allocation**

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total(\$)
UNIDO	GET	Philippines	Biodiversity	BD STAR Allocation	2,000,000.00
Total GEF Resources(\$)					2,000,000.00

April 8, 2025 - comment cleared

Agency's Comments This is at the request of the OFP, and the letter of endorsement reflects this noting the flexibility of the STAR utilization by the Philippines. The BD funds are to be used for CC.

**Focal Area allocation?**

Secretariat's Comments

Agency's Comments

**LDCF under the principle of equitable access?**

Secretariat's Comments

Agency's Comments

**SCCF A (SIDS)?**

Secretariat's Comments

Agency's Comments

**SCCF B (Tech Transfer, Innovation, Private Sector)?**

Secretariat's Comments

Agency's Comments

**Focal Area Set Aside?**

Secretariat's Comments

Agency's Comments

**8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?**

Secretariat's Comments Yes.

Agency's Comments

**8.3 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?**

## Secretariat's Comments

2024.9.26:

- Please discuss how investment mobilized were identified.

April 8, 2025 - Comment addressed.

## Agency's Comments

Investment mobilized identified as a result of detailed analysis of the private sector involved in the cement production sector or transformation, including existing capacities and ongoing initiatives and strategies of the producers, service providers and financing institutions. Amount evaluated as a result of experience from country stakeholders, UNIDO and private partners in activities related to the cement value chain and monitoring of emissions.

### **Annex B: Endorsements**

**8.4 Has the project been endorsed by the country's(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?**

Secretariat's Comments Yes

## Agency's Comments

**Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?**

Secretariat's Comments

## Agency's Comments

**Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?**

Secretariat's Comments

## Agency's Comments

**8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?**

Secretariat's Comments

Agency's Comments

**Annex C: Project Location**

**8.6 Is there preliminary georeferenced information and a map of the project's intended location?**

Secretariat's Comments Yes

Agency's Comments

**Annex D: Safeguards Screen and Rating**

**8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?**

Secretariat's Comments

2024.10.1:

We note that UNIDO attached the Environmental and Social Screening Template (ESST), and the overall ESS risk of the program is classified as moderate. ESMP will be developed, and some mitigation measures are integrated into output 3.1.1 and 3.1.2. However, the environmental and social risk section of the Key risks table in the Portal is "low", and it is not consistent with ESST.

- Please revise environmental and social risk rating in the table consistent with ESST.

April 8, 2025 - Comment cleared

Agency's Comments Revised to "moderate", to match the ESS.

**Annex E: Rio Markers**

**8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?**

Secretariat's Comments Yes

Agency's Comments

**Annex F: Taxonomy Worksheet**

**8.9 Is the project properly tagged with the appropriate keywords?**

Secretariat's Comments

Agency's Comments

**Annex G: NGI Relevant Annexes**

**8.10 Does the project provide sufficient detail (indicative term sheet) 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 to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat's Comments

Agency's Comments

**9 GEFSEC Decision**

**9.1 Is the PIF and PPG (if requested) recommended for technical clearance?**

Secretariat's Comments

9.26.2024:

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

April 8, 2025 - Comments addressed

April 16, 2025 - All comments addressed, and project is recommended for technical clearance.

Agency's Comments

PIF updated, figures and tables have been re-uploaded and additionally submitted as a separate annex (Philippines PIF Annex 1 Tables and Visuals).

PIF resubmitted, with fundamental changes to the approach, as recommended.

**9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval**

**Secretariat's Comments** Once the gender analysis has been conducted and the Gender Action Plan developed, the Agency is requested to incorporate the findings to strengthen the reflection of gender perspectives in the project components. The agency is also requested to provide some indicative budget for the Gender Action Plan and related gender-specific activities/outputs.

**Agency's Comments** Well noted.

**Review Dates**

	<b>PIF Review</b>	<b>Agency Response</b>
<b>First Review</b>	<b>9/26/2024</b>	
<b>Additional Review (as necessary)</b>	<b>4/8/2025</b>	
<b>Additional Review (as necessary)</b>	<b>4/14/2025</b>	
<b>Additional Review (as necessary)</b>	<b>4/16/2025</b>	
<b>Additional Review (as necessary)</b>		