

## Green Production and Sustainable Development in Secondary Aluminum, Lead, Zinc and Lithium Sectors in China

### Basic Information

**GEF ID**

10673

**Countries**

China

**Project Title**

Green Production and Sustainable Development in Secondary Aluminum, Lead, Zinc and Lithium Sectors in China

**GEF Agency(ies)**

UNDP

**Agency ID**

UNDP: 6492

**GEF Focal Area(s)**

Chemicals and Waste

**Program Manager**

Anil Sookdeo

# PIF

## Part I – Project Informatic

### 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

Yes, the project address the production of UPOPs and use of POPs in the industrial sector.

#### Agency Response

### 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

The components are clear. For core indicator 10 there is no value for expected reductions of UPOPs. Please address. Please also estimate the tons of contaminated material and include a value for sub-indicator 9.6. The project is also likely to have co-benefits to climate, please estimate expected reductions for CO2 emissions and fill out the associated core indicators.

October 23, 2020 - the comment on core indicator 10 has not been addressed. Please add the value for gTEQ into core indicator 10.

October 26, 2020 - comment addressed.

**Agency Response 10.19.2020:** Core indicators 6 and 9 are now updated.

## 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

Co-financing: please describe the definition/ approach used to differentiate between "investment mobilized" and "recurrent expenditures".

October 28, 2020 - Comments addressed.

### Agency Response

**2020.10.28:**

#### Recurrent Expenditures:

The project will develop policies and standards at the national level, and carry out capacity building at the local level. Therefore, the MEE and the local ecological environment department (EPBs) will incur in expenditures that include personnel, site, office expenses, etc.

The private sector partners are also expected to incur in the same type of expenses while participating in the demonstration activities promoted by the project.

#### Investment Mobilized:

The investment mobilized will mainly come from financial investment related to the project. The project will select one secondary aluminum enterprise and one secondary zinc enterprise to carry out BAT/BEP demonstration, and select two regions to establish and improve the life cycle recycling system of lead acid batteries and lithium ion batteries.

Therefore, in these demonstration activities the partners will mobilize investment to cover the equipment purchase cost, construction cost, etc.

The explanations above were included in the proper section of the Table C of the PIF.

### **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

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

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 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

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Yes, however please fill in the estimated value for core indicator 10 , the estimated amount of contaminated material for sub-indicator 9.6 and if applicable estimate appropriate core indicators that related to reduction of GHGs.

October 26, 2020 - Comment addressed

**Agency Response 10.19.2020:** Core indicator 9 has been updated.

### **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

### **art 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

Yes

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

Yes

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, however please fill in the estimated value for 10, estimate the value of contaminated material for sub-indicator 9.6 and estimate as appropriate core indicators related to GHG emissions.

October 23, 2020 - Comment on core indicator 10 not addressed.

October 26, 2020 - Comment addressed.

**Agency Response 10.19.2020:** Core indicators 6 and 9 have been updated.

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

**Secretariat Comment at PIF/Work Program Inclusion**

Yes. The project will work through China's process for scaling the results throughout the entire sector.

## Agency Response

### 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

No. Please include or clarify why this has not been included.

October 23, 2020 - comment addressed.

**Agency Response 10.19.2020:** The Pre-selection/identification of the pilot plants will be carried out during the PPG stage, utilizing established evaluation and selection criteria and taking into account findings of the characterization study on the secondary non-ferrous metal production sector, allowing the information on the project site interventions to be provided.

### 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

Stakeholder engagement: Please provide a description of the stakeholder consultations that took place with Indigenous Peoples and Local Communities, civil society organizations and private sector entities, as indicated in the Stakeholders section (#2). Please note that the GEF Policy on Stakeholder Engagement (Nov 2017) requires that that at PIF stage 'Agencies provide a description of any consultations conducted during project development...'

October 23, 2020 - Comments addressed

## Agency Response

### 2020.10.28:

The project has been submitted to the Social and Environmental pre-screening process, in line with UNDP's SES Policy, which, in principle, has not identified indigenous peoples present in the Project area (including Project area of influence).

In regards to the consultations with Local Communities, CSOs and Private Sector, the project deployed the consultation process in two folds:

- (a) Taking advantage of the consultation mechanism implemented through the GEF Project 6966 "Secondary copper", FECO has consulted the stakeholders in the secondary non-ferrous metal industry, such as industry associations and enterprises departing from the experiences of the GEF 6966 project and looking into expanding the reach to the secondary metals sector..
- (b) Additionally, through the annual technical coordination meeting for Stockholm Convention, an annual meeting organized by the association, various training meetings and technical exchange meetings were organized by FECO and the association, and the stakeholders actively supported inputs and guidance to the development of this Project Proposal

These communication platforms played an important role in the design of this project proposal by consolidating experiences in baseline projects with field actions, assessing the needs of the secondary metals sector and helping to shape the outline of the project proposal as well as its ambitions and feasibility.

During the PPG Phase, FECO and UNDP will continue to use, and will expand, these communication platforms to encourage more stakeholders to support the design of the full project as well as to endorse its targets. The mechanism is expected to also be incorporated in the project implementation, taking into consideration the formal Project Board/Steering Committee structure, so all parties to be involved (either as suppliers or beneficiaries of the project) can be actively the implementation of the project and make the outputs better applied.

In addition, during the future implementation process, the project is expected to carry out a variety of study tours according to the actual needs, listen to the opinions and suggestions of various stakeholders, enterprises and communities, so as to make the project meet the interests of all parties..

**The information above was included in the Question 2, paras 73-77, of the PIF.**

**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

Yes, however please elaborate on risks of Covid-19 on implementation of the project is approved. For climate not risks are identified. Please see STAP guidance on climate risk screening (link below) and provide at least a basic climate risk screening at 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>)

October 23, 2020 - comments addressed.

## Agency Response

### 10.19.2020:

On COVID-19:

The PIF has identified the “Failure to promote the project affected by COVID-19” as a moderate risk, and plans to continuously monitor and assess the impacts of the COVID-19 on the PPG phase and implementation of the project.

When necessary, the project will carry out the proper impact assessments of COVID-19 on the PPG phase of the project, and during implementation, taking into consideration the experiences of UNDP and the Implementing Project during the hardest phase of the 2020 pandemic, tools will be used to allow project implementation follow the plan through various means, such as online meeting, telephone, etc.

Additionally, 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.

Please note paragraphs 36 to 39 were included in the PIF to further address this risk.

On Climate Change Profiling:

In accordance to its Social and Environmental Standards (SES), a pre-Social and Environmental Screening Procedure (pre-SESP) was carried out and the following climate change related risks was identified as Moderate: “the proposed Project may result in significant greenhouse gas emissions or may exacerbate climate change”.

Additionally, during the PPG phase an in depth climate change risk assessment will be carried out as part of the environmental and social impact assessment (ESIA). to assess current status of selected industries, assess the resilience of these plants and the required adaptation measures upon potential effect due to climate change. These factors will provide the selection criteria to the participating industries since the project, for example, would not invest in area prone to flooding.

Finally, additional climate profiling was added in the PIF, paragraphs 61 to 67.

## 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?**

**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

### art 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

Yes

Agency Response

### 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

N/A

## **Agency Response**

## **EFSEC 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**

Please address comments in the review.

October 23, 2020 - Please address the comment on core indicator 10.

October 26, 2020 - Please see PPO comments on co-financing and stakeholder engagement.

October 28, 2020 - All comments addressed and the project is recommended for technical clearance.

## **ADDITIONAL COMMENTS**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

**Review Dates**

	PIF Review	Agency Response
First Review	10/7/2020	10/19/2020
Additional Review (as necessary)	10/22/2020	10/28/2020
Additional Review (as necessary)	10/26/2020	
Additional Review (as necessary)		
Additional Review (as necessary)		

## PIF Recommendation to CEO

### Brief reasoning for recommendations to CEO for PIF Approval

The project, proposes to address the following barriers to the adoption of environmental sound management in the secondary non-ferrous metal industry which emits UPOPs as a result of the nature of the scrap material that is included with the scrap:

- a) Incomplete legal/regulatory framework and lack of capacity in policy enforcement at national, industrial and local level;
- b) Recycling disorder has always been an important problem affecting the recycling of non-ferrous metal scrap. Limited access to international experience in implementing and sustaining a recycling value chain both financially and operationally;
- c) Limited access to international BAT/BEP related to secondary non-ferrous metal processing technologies and limited ability/capacity to pilot and demonstrate it; and
- d) Insufficient capacity to undertake monitoring of the UP-POPs and BFRs pollution caused by the secondary non-ferrous metal smelting and recycling and dealing with both socio-economic and environmental legacies.

The project results will be scaled up through China's upscaling mechanism and will also inform work in this sector in other countries. The project has multiple benefits above and beyond the core indicators for chemicals as follows:

- Core Indicator 9: 16.12 tons of brominated flame retardant contained in 2000 tons of material

- Core indicator 9 - 16.12 tons of brominated flame retardant contained in 3000 tons of material
- Core Indicator 10 – 16.13 g/Teq during the 5-year period of implementation and an additional 354 g/Teq due to the scaling effect of the project.
- Core Indicator 6 - 4752.6 tons CO2 (direct)

The project will cost \$17.167M with a co financing of \$327M or a ratio of 1:19.