GEF GOLD+: Advancing formalization and mercury-free gold in Honduras

Part I: Project Information

Name of Parent Program
Global Opportunities for Long-term Development of artisanal and small-scale gold mining ASGM) Sector Plus - GEF GOLD +

GEF ID
10614

Project Type
FSP

Type of Trust Fund
GET

CBIT/NGI
CBIT **No**
NGI **No**

Project Title
GEF GOLD+: Advancing formalization and mercury-free gold in Honduras

Countries
Honduras

Agency(ies)
UNDP

Other Executing Partner(s)
Secretar?a de Recursos Naturales y Ambiente (MIAMBIENTE+)

Executing Partner Type
Government

GEF Focal Area
Chemicals and Waste

Taxonomy

Focal Areas, Chemicals and Waste, Sound Management of chemicals and waste, Waste Management, Hazardous Waste Management, Mercury, Artisanal and Scale Gold Mining, Best Available Technology / Best Environmental Practices, Influencing models, Transform policy and regulatory environments, Strengthen institutional capacity and decision-making, Demonstrate innovative approache, Deploy innovative financial instruments, Convene multi-stakeholder alliances, Stakeholders, Local Communities, Communications, Awareness Raising, Education, Public Campaigns, Behavior change, Beneficiaries, Indigenous Peoples, Private Sector, Financial intermediaries and market facilitators, Capital providers, Type of Engagement, Partnership, Consultation, Information Dissemination, Participation, Civil Society, Academia, Community Based Organization, Gender Equality, Gender results areas, Capacity Development, Access to benefits and services, Knowledge Generation and Exchange, Access and control over natural resources, Participation and leadership, Gender Mainstreaming, Gender-sensitive indicators, Women groups, Sex-disaggregated indicators, Capacity, Knowledge and Research, Knowledge Generation, Learning, Indicators to measure change, Theory of change, Adaptive management, Knowledge Exchange

Sector

Rio Markers

Climate Change Mitigation

Climate Change Mitigation 0

Climate Change Adaptation

Climate Change Adaptation 0

Submission Date

6/14/2020

Expected Implementation Start

9/1/2022

Expected Completion Date

8/31/2027

Duration

60In Months

Agency Fee($)

360,000.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
CW-1-1	Strengthen the sound management of industrial chemicals and their waste through better control, and reduction and/or elimination	GET	4,000,000.00	19,055,151.00
		Total Project Cost($)	**4,000,000.00**	**19,055,151.00**

B. Project description summary

Project Objective

To reduce the use of mercury and increase incomes in the ASGM sector in the participating countries through a holistic, multisectoral integrated formalization approach, and increasing access to finance leading to adoption of sustainable mercury free technologies and access to traceable gold supply chains.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
1. Formalization optimization of ASGM	Technical Assistance	A. A higher degree of formalization in the sector through multisectoral, integrated approaches and capacity building of formalization actors.	A.1 Government and local municipalities? capacities strengthened to assess, plan, and implement sustainable mercury-free interventions in ASGM zones. A.2 Existing regulatory framework reviewed and validated through multi-sectoral, integrated approaches and capacity-building of formalization actors. A.3 Landscape approach/ Jurisdictional approach to advance formalization in key ASGM zones.	GET	952,380.00	4,536,936.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
2. Financial Inclusion and Responsible Supply Chains	Technical Assistance	B. Improved income for ASGM miners through the attainment of better gold prices facilitated by transparent and responsible supply chains.	B.1 A capacity building program ?gender oriented- to enhance business skills and attain higher gold prices developed. B.2 Innovative sources of funding engaged for the ASGM sector to procure/retrofit mercury-free processing equipment. B.3 Proof of concept for technology-assisted mineral supply chain due diligence developed and tested in target locations	GET	1,066,670.00	5,081,370.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
3. Enhancing uptake of Mercury-free technologies	Technical Assistance	C. Reduced mercury use in ASGM enabled by the increased uptake of mercury-free technologies by miners.	C.1 Assay laboratories and training center(s) established to promote resource efficient gold mining in ASM zones, with clear provisions for sound tailings and waste management. C.2 Three (3) pilot projects of new processes, mercury-free in different departments implemented. C.3 Accredited ASGM-specific education programs scaled up to professionalize mining operations in cooperation with the National University of Honduras/School of Geology (UNAH).	GET	1,409,522.00	6,714,664.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
4. Knowledge sharing and communication outreach	Technical Assistance	D. Knowledge sharing and communication strategies aimed at all ASGM stakeholders to support and increase formalization and mercury reduction developed.	D.1 Knowledge management system for best practices and communication platform at national level established. D.2 M&E and adaptive management applied to capture lessons learned, emphasizing prospecting, sustainable mercury-free gold methods, and sound tailings management applied.	GET	380,952.00	1,814,774.00
			Sub Total ($)		**3,809,524.00**	**18,147,744.00**

Project Management Cost (PMC)		
GET	190,476.00	907,407.00
Sub Total($)	**190,476.00**	**907,407.00**
Total Project Cost($)	**4,000,000.00**	**19,055,151.00**

Please provide justification

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	UNDP	In-kind	Recurrent expenditures	50,000.00
Recipient Country Government	Secretar?a de Recursos Naturales y Ambiente (MIAMBIENTE+)	In-kind	Recurrent expenditures	5,803,659.00
Civil Society Organization	Minas y Cuevas S.A.	In-kind	Recurrent expenditures	2,310,407.00
Civil Society Organization	Centro de Negocios Hondure?o Alem?n	Grant	Investment mobilized	39,882.00
Civil Society Organization	Centro de Negocios Hondure?o Alem?n	In-kind	Recurrent expenditures	381,129.00
Civil Society Organization	Alliance for Responsible Mining	Grant	Investment mobilized	473,391.00
Civil Society Organization	Alliance for Responsible Mining	In-kind	Recurrent expenditures	100,064.00
Civil Society Organization	Empresa de Servicios M?ltiples Mineros del Corpus dos de Julo	Grant	Investment mobilized	500,000.00
Civil Society Organization	Empresa de Servicios M?ltiples Mineros del Corpus dos de Julo	In-kind	Recurrent expenditures	3,750,000.00
Private Sector	ARGOR-HERAEUS	Grant	Investment mobilized	4,800,000.00
Private Sector	Desarrollos Energ?tico y Ambiente	Grant	Investment mobilized	100,000.00
Private Sector	Desarrollos Energ?tico y Ambiente	In-kind	Recurrent expenditures	746,619.00
			Total Co-Financing($)	**19,055,151.00**

Describe how any "Investment Mobilized" was identified

The investment mobilized refers to investments that will be done in the future and does not include any past investments. Activities involve the reduction of releases of mercury in the ASGM sector that are aimed to be eliminated during the Project's implementation period. Among the activities that have been identified there are namely: Elimination of Mercury and Development of National Capacities. Investment mobilized will provide assistance for the implementation of Component 3 of the project, mainly through the upgrade/Retrofit of existing ASGM production plants to eliminate Hg from production processes. Furthermore, Investment mobilized Co-financing will support the improvement of existing Gold Supply chains to promote Hg-free Gold; by allowing formalized ASGM miners fully engaged by this FSP selling their mercury-free gold through formal markets, at fair price and in accordance with Honduran export laws.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
UNDP	GET	Honduras	Chemicals and Waste	Mercury	4,000,000	360,000	4,360,000.00
			Total Grant Resources($)		**4,000,000.00**	**360,000.00**	**4,360,000.00**

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)

PPG Required **true**

PPG Amount ($)

120,000

PPG Agency Fee ($)

10,800

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
UNDP	GET	Honduras	Chemicals and Waste	Mercury	120,000	10,800	**130,800.00**
				Total Project Costs($)	**120,000.00**	**10,800.00**	**130,800.00**

Core Indicators

Indicator 9 Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products (metric tons of toxic chemicals reduced)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00	32.00	0.00	0.00

Indicator 9.1 Solid and liquid Persistent Organic Pollutants (POPs) removed or disposed (POPs type)

POPs type	Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

Indicator 9.2 Quantity of mercury reduced (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
	32.00		

Indicator 9.3 Hydrochloroflurocarbons (HCFC) Reduced/Phased out (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

Indicator 9.4 Number of countries with legislation and policy implemented to control chemicals and waste (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
	1		

Indicator 9.5 Number of low-chemical/non-chemical systems implemented, particularly in food production, manufacturing and cities (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

Indicator 9.6 Quantity of POPs/Mercury containing materials and products directly avoided

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female		44,962		
Male		40,083		
Total	0	85045	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

PlanetGOLD+ Honduras GEB is 8 ton Hg (during project implementation) and replication factor (x 3) is 24 ton Hg. The estimated GEB with the replication factor is 32. This is based on a previous UNDP project recorded a relation of 4.8g Hg per 1g of Au in the El Corpus region. The estimated mercury use in the project?s intervention regions (Quimist?n, Macuelizo and Danl?) is 2.7 t/y. To reach the GEF reduction target an estimated 0.56 t of mercury free gold would need to be produced during the project life span.

Part II. Project Justification

1a. Project Description

1a. *Project Description*.

Activities carried out during the PPG phase were aimed at complementing information and validating the assumptions underlying the Project Identification Form (PIF). The Table below shows an overview of stakeholder additions made in alignment between the project design at the ProDoc stage and the original PIF, as well as defining the role of project counterparts. After an extended participatory process (please refer to Table 2: Summary of PPG Stakeholder Engagement Activities of Annex 9 of the ProDoc), some adjustments were made to the original project strategy (as outlined in the PIF) in order to respond to changes in project institutional context and the identified stakeholders.

Changes in Project?s Strategic Results Framework between PIF and CEO ER	
Additional stakeholders integrated at the PPG stage	**Comments / Rational for additions**
Extended participation of national government entities, state public agencies, International Cooperation agencies, private sector, civil society, academy, other relevant groups (Women and youth and Indigenous and Tribal Peoples)	During the PPG, a wide range of stakeholders will be actively engaged during the execution of the different activities to achieve the foreseen outcomes, depending on the natura of the participating sector. Table 6 of the ProDoc now describes the meaning of these stakeholders for this FSP and their role in the FSP.

1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description);

The global environmental problem

1. Honduras signed the Minamata Convention through the Foreign Affairs Secretariat of the Republic at the 69th United Nations General Assembly on Sept. 24, 2014, being ratified by the National Congress in September 2016 and officially published in January 2017[1][1]. The Minamata Convention is in accordance with the Constitution of the Republic of Honduras, it establishes that the

State has the obligation to protect the health and the environment for its population. In addition, the General Environmental Law establishes that the State has the responsibility of taking all the necessary measures to prevent or correct pollution of the environment as well as population health.

2. ?Artisanal and small-scale gold mining? means gold mining carried out by individual miners or small businesses with limited capital investment and production, mainly through the use of mercury chemical element (Hg) in a liquid form. During mining and processing activities by ASGM, mercury losses to the environment occur at two stages, during the amalgamation process and the amalgam roasting process. Due to poor mining practices in ASGM, mercury is released directly into the environment, contaminating air and soils. Both practices are found in Honduras, where whole ore amalgamation (worst environmental practice under Article 7 on Minamata) is endemic to certain regions and the amalgam roasting process leads to severe contamination issues.

3. Consistent with the GEF Policy on Gender Mainstreaming, the proposed Full Size Project (FSP) recognizes the gender dimensions of mercury use and exposure risks in ASGM as women and children often perform the most toxic jobs (i.e. mixing the mercury in panning) as these activities require less strength.

4. From the gender perspective, the mining activity is stereotyped as male, the work is carried out mainly by adult men (71%), older adults (4%), children (9%), youth (10%) and women (5%). The activity demands a lot of physical effort, which is why such activities are considered male work, such as extraction, carrying materials, crushing and grinding are processes that require a lot of strength and physical effort. Women have a minimum participation of 5% in the value chain, however 89% of them carry out the process where there is a greater probability of exposure to mercury, which is during the burning of the amalgam[2][2]. Around 80% of the mining and general population affirm that children participate in these activities, which causes them to be absent from basic education[3][3].

5. To ensure that gender is mainstreamed effectively throughout the project, the PPG stage and the Social and Environmental Screening Procedure have identified all potential risks. Risks identified in the pre-SESP included, potential reinforcement of discrimination against women and other forms of gender inequality, however, at the PPG stage, this has been examined through extensive engagement with the local communities and a Gender Action Plan was developed to mainstream gender throughout the project?s activities, to upscale the opportunities for women benefit from training and employment opportunities and develop gender-disaggregated data, accounting for multiple factors (i.e., race, ethnicity, nationality, education level) to strengthen their view that ASGM should be mercury-free. To

ensure equality of results, during its implementation, this FSP will actively engage women and other marginalized groups, as change agents and participants, not only as victims of inequalities or forms of discrimination.

Root causes and barriers that need to be addressed

The Development Challenge

6. The development challenge is to overcome a sectorial context that encompasses a series of institutional, behavioral, social, financial and environmental gaps that delay the national capacity to comply with the obligations of Honduras under the Minamata Convention for the ASGM sector, in an environmentally sound management approach.

7. The PPG has estimated an amount of eight (8) tons of mercury used in small mining operations that needs to be eliminated in an environmentally sound manner, as the Global Environmental Benefit of this FSP.

8. The baseline analysis also reflects a major concern amid the coronavirus (COVID-19) that has impacted Honduras in 2020 and it was fully considered during the elaboration of the Theory of Change; an analysis carry out during the PPG has identified critical risks due to this global pandemic which are fully considered in Section IV under the Risk sub-section. The key risks that have been identified ?in this regard- may threat the project?s activities as presented in Annex 7 (UNDP Risk Register), in turn, a risk management strategy to seize them while minimizing harm has been developed.

Barriers to overcome for the strengthening of national capacity to reduce/eliminate the use of Hg in the ASGM sector

9. The analysis of the development challenge carried out at the PPG stage for the preparation of the problem tree has distinguished three different levels of causes for managing the use of mercury

within the framework of national and international guidelines on chemical substances and hazardous waste management, i.e.: immediate causes[4][4], underlying causes[5][5] and structural/root causes[6][6].

10. A group of immediate causes may delay the compliance with the commitments of the Minamata Convention and will maintain over the long-term the poor socio-economic conditions of this sector, a fundamental reasoning for the project. Initially, the following four (4) immediate causes have been identified at the PPG stage and that need to be tackled by the project:

i. Limited enforcement of the existing regulations for the sound environmental management of mercury.

ii. Need to enhance innovative investment opportunities into the ASGM sector.

iii. Essential need to develop alternative, cost-efficient, mercury-free technologies.

iv. Account for the impacts of COVID-19 into the change of the existing paradigm.

11. Five major underlying barriers and its root causes were also identified as the basis of the immediate causes mentioned above. These underlying causes, that prevent the country from achieving the environmentally sound management of mercury in the ASGM sector, are determined by their root causes in the following manner:

Informality[7][7]: It is determined by root causes which refer to the existing structural challenges to be faced. As such, the first root cause identified indicates that the country ?as a whole- has insufficient institutional capacity to ensure a sound management of the ASGM sector in order to comply with the Minamata Convention?s requirement, due to:

? Low awareness of mining laws and regulations.

Regarding knowledge of the legal regime on mining, 90% of the general population lack awareness and an estimated 95% of the mining workforce. Low awareness of mining laws and regulations on ASGM by the Honduran public and mining communities in particular, hinders formalization efforts and transition from mercury.

Low awareness of Honduran mining laws and regulations create daunting challenges for mining authorities to regulate the sector, and provide information to the general public and ASGM communities.

? Limited technical and institutional capacity to enforce regulation[8][8].

The Executive Decree No. 181-2007 was made to modify Decree No. 149-93 of May 1993, authorizing several municipalities to issue environmental licenses, with exception for the granting of environmental licenses to mining projects. In conclusion, no municipality can grant permits for mining. There is a legal figure in the Mining Law (Art.86 & 89), where it allows artisanal mining to be regulated by the municipalities, as long as they have registered an area of no more than 100 hectares for artisanal mining, however, it is clear that they lack both technical and institutional capacities for enforcing these mandates. Specifically, in light of this project, this is revealed in weak controls related to the trade and use of mercury in the artisanal gold markets.

? Informality hinders financial inclusion and social cohesion.

A large percentage of artisanal and small-scale miners are informal, hampering their access to legitimate finance and the best available technologies (BAT) to reduce environmental and occupational risks, while improving miner incomes. In many ways, informality of the ASM sector limits its potential, and due to limited capital investment, miners lack the resources to conduct formal exploration, geologic analysis or invest in BAT, leading to low recovery and high gold losses to mine tailings, disadvantaging artisanal miners. Repeated savaging and reprocessing of gold-rich tailings can enhance pollution hazards and discourage mine rehabilitation and closure.

Further, the labor force in ASGM is fragmented with low levels of social and organizational cohesion, which undermines efforts to organize the men and women who work in the sector, as mining is not carried out collectively. Without social or economic solidarity units, miners lack the capacity for self-regulation and planning, posing a threat to the sustainability of any formal organization founded in the present context.

In general, there is a severe shortage of land allocation and available licenses for artisan or small-scale operators. This means that a large number of economic deposits are already under exploration licenses, generally managed by foreign junior mining companies where assets are regularly bought, sold and traded. In certain cases, mergers and acquisitions in conventional gold mining leads to changes in ownership, which can generate conflict with ASGM actors where cohabitation or other informal, trust-based arrangements are suddenly revoked.

Mining law allows national and foreign junior mining companies to apply for exploration permits on private properties without the prior authorization of their owners. There are areas from 100 to 1,000 hectares with exploration licenses for these companies. Once an organized ASGM group decides to undertake a small-scale mining project, they find the inconvenience that they cannot register their areas in the Mining Register Office in INHGEOMIN, so they are forced to start negotiations with the junior

companies that hold the exploration license. In most cases these negotiations fail due to the excessive claims of the mining companies and the lack of real advice on mining and environmental legislation for these ASGM miners.

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Lack of access to finance: The ASGM activity is undercapitalized by a variety of reasons, even though, compared to other commodities, miners would receive a relatively higher price for the gold, but the numerous intermediaries required to get the gold to the market means that miners receive far lower revenues than the international price of gold. From a finance perspective, the following are root causes which refer to the existing structural challenges to be faced:

? Artisanal miners cannot afford healthier, environmentally-sound alternative solutions to the use of mercury for amalgamation and open-air burning due to the higher capital costs of introducing advanced technologies.

? A lack of formal business skills and the remoteness of their operations create market access challenges, for instance, the perception that commercial lending operations with this sector implies very high risks.

? Likewise, a lack of education within the market means that local banks lack a clear understanding of the ASGM sector and what is required to create financial products to suit their needs and realities.

? Artisanal gold mining is considered as a high-risk financial activity by commercial banks, among other reasons, because ASGM miners do not keep records of their cash flows, with insufficient understanding of bank regulations for credit, loans, insurance or other financial products, hampering their access to finance.

Low technical capacity to support formalization and mercury reduction: The ASGM activity, in general, shows a weak technical capacity due to a wide range of root barriers:

? High upfront costs of alternative, mercury-free technologies.

? Low awareness of free-mercury alternatives, with traditional preference for gravity concentration and amalgamation methods, despite high gold losses to tailings and inefficient economic returns.

? Lack of adaptation of mercury-free technologies to the cultural and social level of most miners.

? Lack of ASGM-specific training to enhance miners? mining skills during transfer of appropriate technology.

? ASGM miners rely on local markets to sell their gold, often resulting in low gold prices.

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Lack of a holistic approach and regional coordination: Despite country level efforts, mercury flows and inter-country migration present challenges to controlling mercury flows and ASGM formalization. Solving individual country mercury reduction targets will require regional coordination amongst neighboring countries, due to the following root barriers:

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? Very low-level of awareness and information outreach on mercury use by the stakeholders engaged in the mercury supply and use chain.

? Capacity of customs regulators and officers at national and regional levels to control illegal mercury flows is limited. The supply and distribution of mercury in ASM communities is mostly illegal, it is obtained in local businesses such as grocery stores and pharmacies or is supplied by gold buyers from large cities.

? Mercury trade is usually associated with other illegal activities, including migrant labor and informality, deforestation and illegal timber harvest, illicit financing and illegal gold exports. Most of the mercury (more than 90%) enters the country through illegal channels of commerce and porous borders (blind spots) with Nicaragua and Guatemala.

? Lack of an integrated holistic approach including all stakeholders[9][9].

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12. In addition, the PPG identified major constraints that emerged in 2020, as a result of the COVID-19 pandemic that have disrupted supply chains and how the ASGM sector operates in Honduras, which has been integrated in this analysis.

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Serious disruptions in the supply chain for artisanal miners due to the COVID-19 pandemic: This pandemic has affected ASGM locations in many ways where supply chains have been interrupted, greatly affecting family income for low-income miners. The current context is determined by the following causes:

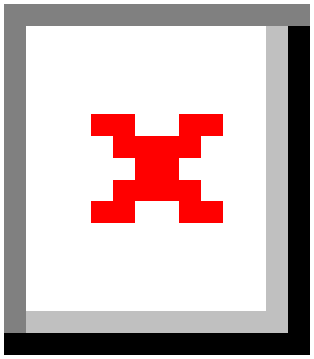
? High health and safety risks, including contagious exposure for stakeholders the FSP will plan to engage with, including institutional partners, plus third party workers where the field project demonstrations will take place.

? Potential delays of anticipated co-financing, both in-kind and cash sources, due to COVID-19 corporate response, especially from the private sector stakeholders that need to react immediately to adjust their cash flows to cover unexpected labor costs and the significant drop in business revenues.

? The health and environmental authorities must address urgent situations related to the COVID 19 pandemic with immediate actions and cannot assume the project's requirements to attend meetings, trainings and the implementation of activities that are required for the timely execution of the Project.

? Longer periods to prepare tenders and purchase some goods and services due to the delay in the delivery of supplies, equipment, laboratory tests, among others, may affect the proposed annual FSP workplan.

13. This set of shortfalls are summarized in the Figure below.



Theory of Change: Problem Tree Analysis Diagram

2) The baseline scenario and any associated baseline projects;

The baseline scenario

14. Artisanal and Small-scale Gold Mining (ASGM) is the largest global source of anthropogenic mercury releases into the environment with about 38% of total releases from a multitude of sites in

over 70 countries[10][10], and accounts for about 15% of the world?s annual gold (Au) production (Metal Focus, 2019)[11][11]. The UNEP Global Mercury Partnership estimates that the amount of mercury used by the sector annually is conservatively evaluated at 1,500 metric tons (MT), making ASGM the largest intentional use sector and leading source of mercury emissions into the environment[12][12]. ASGM occurs almost entirely in developing countries and countries with economies in transition, where Mercury (Hg) is used in separate gold from sediments, whole or concentrated ore using rudimentary processing methods.

15. The GEF Program, ?*Global Opportunities for Long-term development of Artisanal and Small-scale Gold Mining (ASGM) Sector Plus ?GEF GOLD+?,* aims to achieve Global Environmental Benefits (GEBs) by reducing mercury use from ASGM practices by addressing root causes of informality, capacity limitations of ASGM actors to access finance, technology and geologic information required to improve gold extraction and recovery techniques. By professionalizing ASGM operations, GOLD+ targets upstream production issues to improve miner incomes and reduce poverty while building downstream market linkages to bring responsible small-scale mines to market through due diligence measures addressing issues of inequality and exclusion.

16. This Program is directly aligned with the Chemicals and Waste Focal area, Industrial Chemicals Program which seeks to eliminate or significantly reduce chemicals subject to better management, in this case of mercury in the framework of the Minamata Convention. The relevant focal area element is CW-1-1: *?Strengthen the sound management of industrial chemicals and their waste through better control, and reduction and/or elimination?*. A specific objective within the Chemicals and Waste Focal Area, Program 1, is the reduction and elimination of mercury from the ASGM sector, which requires high levels of innovation and integration, and interventions developed to be sustainable beyond the life of the GEF project. It responds to GEF 7 program principles of building on or using existing networks, regional, national and sub-national institutions.

17. Various multilateral environmental agreements and global processes including the Minamata Convention on Mercury also guide the Program. Under the Minamata Convention, the overall objective is to protect human health and the environment from anthropogenic emissions and releases of mercury and mercury compounds. The Convention seeks to reduce mercury levels, but in a flexible manner, recognizing the common but differentiated responsibilities, the circumstances and capacities of each State and bearing in mind the country's development plans. Art. 7 of the Convention applies to artisanal and small-scale gold mining and processing activities in which mercury amalgam is used to extract gold from ore[13][13].

The AGSM Sector in Honduras[14][14]

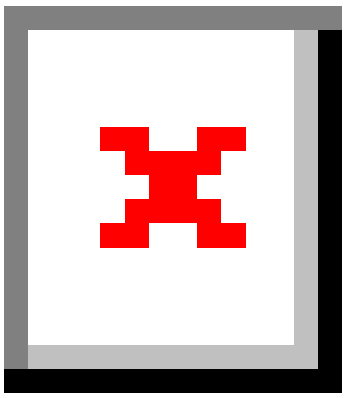
18. Honduras is a global biodiversity hotspot situated at the convergence of tropical and subtropical ecosystems in northern Central America[15][15]. With diverse ecosystems ranging from rainforest and mangroves to montane forests and barrier reefs, Honduras, with a population of about 10 million inhabitants, has significant conservation and world heritage value but remains one of Central America?s poorest countries. In 2016, the mining sector contributed 1% to national GDP (369 million Lempiras or USD 15.6 million) and made up 5% of the country?s exports[16][16]. While the Honduran mining sector is small, there is growing interest in expanding investments and linking to downstream partners[17][17], especially in scaling small and medium scale mining[18][18].

19. Since Honduras became a party to the Minamata Convention, very limited progress has been made to achieve the objective this Convention has foreseen, related to the identification, prevention, reduction and elimination of mercury in the ASGM sector. This activity has provided a modest income to rural communities in Honduras since ancient times. Today the sector is widespread in 61 communities across 48 municipalities, providing direct employment for at least 2,500 miners[19][19], 2,000 of whom use mercury to process gold ore[20][20]. Total mercury use is roughly 9.5 MT per year, with annual gold production estimated at nearly 1.8 MT (1:5 Au:Hg ratio), often utilizing traditional and inefficient mining techniques that use large amounts of mercury. As with most ASGM throughout the world, it is estimated that nearly 100% of all mercury used in ASGM in Honduras is released into the environment.

20. ASGM has been legalized in Honduras since 2013, under the General Mining Law #238/12. However, this sector has proven difficult to regulate due to its wide geographic distribution, diverse mining practices, lack of information and weak institutional context. In Honduras, ASGM is varied in terms of mining techniques, level of mechanization, organization and relations with foreign actors[21][21]. For instance, mechanized operations tending toward the ?small scale? often coexist with local miners (called ?g*?iriseros*?) who pan ore waste (tailings) in nearby rivers. In other areas, hard rock miners use rudimentary tools leading to worst environmental practices; extraction of hard rock ores range from manual (non-mechanized) crushing techniques to the use of jaw crushers, hammer mills, ball mills and modified corn mills. In the rich gold territory of the Choluteca/El Corpus Mining

Site, a traditional whole ore mercury amalgamation technique (called ?*rastras*? ?crushing mills-) is widely used, and therefore involves using significant amounts of mercury[22][22].

21. Honduras is strategically positioned to undergo the systems transformation envisioned under the GEF GOLD+ programme. Within the framework for implementation of the Minamata Convention and through GEF financing, with joint support of UNDP and UN Environment, Honduras has committed to improving ASGM governance. With GEF financing, by 2021 Honduras is finalizing its National Action Plan (NAP) on ASGM where the Government of Honduras (GoH) has set goals to regulate and formalize the ASGM sector over a 6-year term targeting 48 municipalities. To accelerate formalization efforts[23][23] and bring responsible mines to market, Honduras will draft and implement a ?formalization diagnostic? based on the planetGOLD criteria to identify ?Tier 1? priorities[24][24], as shown in the following Figure.



Source: MIA NAP Project, 2019; (with data from Municipal Panoramic Studies 2017, SINIT and INHGEOMIN)

Municipal Sites with Artisanal and Small GOLD Mining by Regions

22. About 90% of artisanal mining families are poor and around 60% remain below the poverty line, which means they have very-low purchasing power, with an average income of one dollar a day, the sources of employment in the rural area are scarce and they are generally landless families, with limited access to public health services and without any other means of life, so they supplement their family income with artisanal gold extraction. This segment of the population is characterized by the lack of capacities due to the absence of education, including the youth population, and training processes, both formal (academic) and informal (technical); about 29% of the miners have not attended primary school at the national level[25][25].

23. For artisanal miners and their families, mercury is the key factor in obtaining gold. Miners burn the mercury-gold amalgam to vaporize the mercury and recover the gold; therefore, they, and probably their families and neighbors, may be exposed to mercury vapors, thus, there is a clear concern in terms of human and environmental risks, since this operation usually occurs in the backyards of the houses, within the vicinity of the crushing mills (*rastras*) ranging from 10 to 600 meters away. Mercury concentrations in the air of up to 60 mg/m3 have been associated with the burning of amalgam at a mining site (UNDP, 2007). In addition, metallic mercury wastes are generally dumped in or near watercourses, because, ore waste treating require more gas, with little economic gain, so they are dumped without any treatment.

24. It is also important to note that not only the miners and their families are exposed to the harmful effects of using mercury, but also shop owners (both men and women) who burn amalgam too often in an open pan after buying gold from miners. Mercury is also handled by store owners to sell in small jars or soft drink bottles[26][26]. Small-scale gold jewelers are also at risk due to their work environment that poses a high risk of mercury contamination from poorly ventilated workshops and the limited use of protective equipment (respirators and gloves). Also, for these gold traders, inhalation of mercury by burning gold with open flames to remove impurities is common.

25. The PPG Team made an approach of the current composition of the ASGM gold value chain in Honduras associated with the intensive use of mercury, including the extraction stakeholders (TIER 1 ASGM activity hotspots), Hg suppliers and transporters, gold merchants and exporters, both domestically and internationally, as shown in the following Table.

ASGM Mercury Lifecycle Approach in Honduras[27][27]

ASGM Main Core Business	Overall Context	Other Features
Main ASGM Sites[28][28]		
Choluteca Department Primary economic activity in El Corpus Municipality	Mining locations: San Juan Arriba, San Judas, Agua Fr?a, San Juan Abajo and placer gold found in Yusguare. Miners: 1,000-1,500 people (estimated) Number of crushing mills (*rastras*): 37 Gold production: 132 Kg/year	- Hard rock gold mining with fairly mechanized practices and high use of mercury and emissions. - Existence also of alluvial mining of tails from abandoned hard rock operations (dumped into the nearby rivers). - There is a mercury recovery plant operated by Raptor mining[29][29], located in El Corpus Municipality, Choluteca Department, where the GoH has planned to develop an ?industrial mining park? along two ASGM groups in the process of formalization, i.e.: *?El Corpus?* and *?Guiseros 2 de Julio?*.

Santa Barbara Department Primary economic activity in the Macuelizo Municipality	Mining locations: San Antonio de Chiquila, Sula, Santa Cruz Mina, La Playa. Miners: Approx. 500 miners transient between the departments of Santa Barbara and Copan Number of crushing mills (*rastras*): 43 Gold production: 126 Kg/year	- Mostly hard rock gold mining, open pit from the abandoned ?Vuelta de Rios? Mine. - Rudimentary extraction techniques with low levels of mechanization. - The ?Minas y Cuevas S.A. Enterprise? in Vuelta de Rios is the first formal ASGM Cooperative through a communal gravimetric processing plant. This operation has received technical assistance since 2018 from the international organization Alliance for Responsible Mining (ARM) and is already exporting ?green gold? to Europe. - Cooperation between the Lundin Foundation with responsive artisanal and small-scale miners to restore land due to past open-pit mine operations.

Cop?n Department Primary economic activity in La Uni?n Municipality	Mining locations: Azacualpa, Aldea Nueva, La Vegona, Ojos de Agua Number of crushing mills (*rastras*): N.A. Gold production: N.A.	- Hard rock gold mining[30][30], using manual and mechanical tools and explosives, where the material is carried to the crushing mills. - ASGM miners are highly transient between the Cop?n and Santa Barbara Departments. - Presence of ASGM miners working in cooperation with the San Andres Mine (MSM).
Olancho Department	Placer gold mining locations: Juticalpa, Gualaco, Guayape, Patuca and Concordia Miners: 500-1,000 people Number of crushing mills (*rastras*): 14 Gold production: N.A.	- Alluvial and hard rock gold mining. - Operated on an individual basis or in small informal groups. - Minimal associativity, however, this has increased since access to land has been threatened by foreign gold concessionaries. - Examples of Conventional-ASM cooperation between the Goldlake and alluvial miners in the Guayape Municipality, to obtain the ?Gold Green? Certification.

El Paraiso Department	Mining locations: Danl? (Villa Santa, Quebrada del Oro, Pajarillos. Agua Fria), Yuscar?n, Trojes, El Para?so Miners: 400 miners estimated (about 50 families) Number of crushing mills (*rastras*): 8 Gold production: 64 Kg/year	- Mostly alluvial gold mining of riverbeds[31][31], where the ore extraction is performed manually. - Examples of ?Best Practices? have been implemented at the Villa Santa mining site, in the ASM Company ?Gold Mines S.R.L.? located in Danli.
Mass balance: Hg aggregation (*amalgama*) and melting		

Once the gold deposit is identified, the extracted ore is separated manually from the sterile mineral and tested to reaffirm the presence of gold. The sterile material is generally turned on the slopes near the mine openings, without any type of stabilization, generating an environmental impact due to the loss of soil cover and silting of water bodies. The ore is transported manually to the crushing mills[32][32]; mercury is added there to produce the *amalgama**[33]***[33] (gold:mercury blend), which is burned outside the mills in the open air and without any protection, or in the kitchens of the households, in this case, with a significant participation of women, throughout a combustion process to produce the gold sponge (mass with incomplete combustion), sometimes in the same space that meals are prepared, or in the nearby backyards, in order to separate the artisanal gold from the mercury.	There is a ratio of 4.8 grams of mercury for every gram of gold produced. At the national level, it is estimated that the reference quantity used is 9.77 tons of mercury per year, to extract about 2.76 tons of gold, releasing this chemical substance to water bodies and the soil, where 6.84 tons (70%) are released in the tailings coming out of the mills and 2.93 tons of mercury in the form of gas emissions to the atmosphere (30%), as a result of the melting of the amalgam.	? Mercury and cyanide pollution: exposure to humans and aquatic life through burning and use near water bodies. ? Water pollution: water is intensively used in several steps of the process and polluted water returns to the stream. ? Poor tailings management also causes both mercury and other exposed heavy metals (lead, etc.) to leach into waterways. ? Air pollution: The crushing and milling release particulate matter into the air. This sometimes occurs in communities, putting vulnerable populations such as small children at risk. ? Child labor[34][34]. Burning in gold shops can cause contamination in communities.

Mercury Consumption in Honduras		
Legal imports (1999-2016)	1,000 Kg	Mostly imported from the USA and Mexico[35][35].
National consumption by the ASGM sector (estimated)	9,770 Kg/year	Most of it, illegally traded through blind spots along the borders with Guatemala and Nicaragua.
ASGM Gold Production[36][36]		
Hard rock mining (estimated) Alluvial gold (estimated) National and international enterprises	3,000 Kg in 2017 583 Kg in 2017 Estimated number of gold jewelers and exporters:10	Estimated sale value: USD62 Million Estimated sale value: USD12 Million

Source: PPG Team, December 2020.

26. In summary:

? ASGM territories in Honduras are home to a large population of miners who are dependent on gold mining for a livelihood. In addition, the regions are easily accessible, are contiguous to each other and have similar gold hosting geology and mining potential.

? Amalgamation with mercury, known as ?*azogue*?, is the main artisanal technique for gold extraction used by the ASGM sector in Honduras.

? Average amount per crushing is one pound of metallic mercury (liquid), regardless of size or capacity; on average 5 kilograms of mercury are lost for every kilogram of gold produced. Mercury is also used in gravimetric processes, exclusively to amalgamate fine gold of alluvial origin.

? Mercury is traded mainly in local warehouses (57%) and from the same gold buyers (22%), the price remains stable (about US$3.70 per ounce), most imported illegally from Mexico through the borders with Nicaragua and Guatemala[37][37].

27. According to the Extractive Industries Transparency Initiative (EITI), informal mining activities in Honduras are estimated to be three to four times larger than those of the commercial mining sector[38][38]. In the latest EITI reporting, the Government of Honduras (GoH) has demonstrated political will in the creation of an artisanal mining park (El Corpus) through a public-private-community alliance, to organize and improve mineral resource development to increase people?s quality of life in this territory. Advancing ASGM formalization efforts through ASM zones or parks, has been an aspiration yet to be fully realized. Without support from the GEF, the creation of legal ASM zones through Jurisdictional Approaches (JA)[39][39] would not be possible and thus limit the GoH?s ability to achieve its current priorities on formalization.

Institutional and legal framework

28. The environmental sector is led by the *Secretariat of Natural Resources and Environment* (MiAmbiente+), as the entity responsible for formulating and monitoring the national environmental policy and renewable natural resources; in accordance with the challenges of sustainable development.

29. Honduras has consistently demonstrated political commitment to harnessing the potential of the ASGM formalization as a vehicle for sustainable and inclusive development. Within the context of the Landscape Approach (LA)[40][40], Honduras has shown interest and potential in utilizing a territorial governance framework for the management of natural resources including the sustainable production of small-scale gold mining operations.

30. The General Mining Law in Honduras was established according to Legislative Decree No. 32-2013, creating the Honduran Institute of Geology and Mines (INHGEOMIN) and giving the Secretariat of Natural Resources (MiAmbiente+) the authority to oversee the overall compliance with the mining regulations. On the other hand, the General Environmental Law (1993) declares that the State has the responsibility to take all necessary measures to prevent or amend contamination of the environment as well as population health. The Executive Decree No. 181-2007 was made to modify Decree No. 149-93 of May 1993, authorizing several municipalities to issue environmental licenses, with exception for the granting of environmental licenses to mining projects. In conclusion, no municipality can grant permits for mining.

31. There is a legal figure in the Mining Law in Articles 86 and 89 - Legislative Decree 238-2012 where it allows artisanal mining to be regulated by the municipalities, as long as they have registered an area of ??no more than 100 hectares for artisanal mining, however, it is clear that they lack both, technical and institutional capacities, to enforce these mandates. Specifically, in light of this project, this is revealed in weak controls related to the trade and use of mercury in the artisanal gold markets.

32. It is important to note that according to the Health Code, Decree No. 65-1991 on Dangerous Substances (Article 127), the Secretariat of Health (SESAL) must regulate the import, manufacture, storage, transportation, handling, trade, and disposal of dangerous substances, such as mercury. According to Article 10 of the Minamata Convention, temporary storage of mercury or mercury compounds is considered when it is the product of an importation or in transit and implies its transfer or transport from one place to another, a regulation that is not fulfilled with the quantities of mercury traded in the ASGM mining sector in Honduras.

33. INHGEOMIN created an ASM Unit in charge of Mining Regulations specifically related to the ASGM sector, through Executive Decree 088-B-2018, integrating the Special Regulation for Artisanal Mining and Small Mining. The objective is to establish the regulations for the application of the General Mining Law in relation to artisanal mining and small metal mining and not metallic. As a result of this decree, a new set of rules were passed in 2019 with the obligation of all ASGM activities to be regulated by April 2020, at the latest, however, the GoH has lacked the resources and institutional capacity to apply this policy to sustain mercury reductions in the ASGM sector. This Unit is responsible for providing technical assistance and training, both to miners and territorial communities, in research and exploitation of alluvial and eluvial gold formations, enforce safety and hygiene in mines, protection of the environment, as well as setting up the procedures for obtaining mining permits.

34. Policy makers have consistently demonstrated political commitment to harnessing the potential of the ASGM formalization as a vehicle for sustainable and inclusive development. As a result of the Minamata Agreement and along with this national policy, MiAmbiente+, with the support of the United Nations Environment Program (UNEP) and the Global Environment Facility (GEF), in 2015 started the Project "*the Minamata Initial Assessment and Artisanal and Small-scale Gold Mining*?. Likewise, through the UNDP and with GEF funding, a project for the ?*Environmental Sound Management of Mercury*? is under implementation (GEF/UNDP 00090481), as a result, synergies have been carried out between both projects.

35. MiAmbiente+ has also led since 2018 the process of preparing *?the Artisanal and Small-scale Gold Mining National Action Plan?* for the period 2020-2025 (ASGM NAP) within the framework of the Project "*Strengthening National Capacities for the Management and Reduction of Emissions and Releases of Persistent Organic Compounds (POPs) in Honduras*", in compliance with Annex C of the Minamata Convention, which includes actions formulated for the use of mercury regulated by the Convention. It also sets minimum standards for national environmental protection -through decrees and specific resolutions- including those for the mining sector, both initiatives form the basis for strengthening the institutional context in this sector. Pending approval of the Technical Guidelines for ASGM, the GoH plans to accelerate efforts on adapting the *Code of Risk mitigation for Artisanal and small-scale miners engaging in Formal Trade* (CRAFT) to certify the origin and advance mineral-supply chain traceability efforts in Honduras[41][41].

36. This FSP will build upon these ongoing efforts to fulfil its global environmental commitments through the implementation of the Convention of Minamata, in accordance with the *?Minamata Initial Assessment for Honduras?*. This policy has provided guidance for the development of appropriate administrative and regulatory frameworks for the pursuit of an alternative development path through suitable and relevant strategies and actions to address national capacities to the environmentally sound management of mercury in the ASGM sector.

37. Under this policy guidance, two main purposes emerged, i.e.: the first one is to protect human health and the environment from mercury while strengthening collateral socioeconomic and environmental sustainability actions over the small artisanal gold mining production, in order to fully comply with the country?s commitments to phase out all use of mercury in this sector over the long term. The second purpose is to trigger innovative actions for alternative technologies in order to manage gold production in this sector in an environmentally sound manner. However, the baseline actions on this front have a significant limitation; the need to ensure ?jointly- the maximum delivery of Global Environmental Benefits with prevention, reduction and elimination because of the high levels of human exposure to these substances while boosting local development in the gold mining territories;

considering the context of the wide variety of challenges associated with the use of this chemical substance for decades.

38. However, it has been observed throughout the years that the enforcement capacities of the environmental authorities is very limited due to existing gaps, specifically, increase efforts for the application of existing legislation, the need for qualifying staff, and increasing the number of surveillance officers and intensifying surveillance.

Associated baseline projects

39. Also related to institutional partnerships, there is a group of GEF-financed projects and other initiatives currently under implementation related to the development challenge this project is also addressing, which could provide some additional support to strengthening this institutional partnership approach in the Honduras context. Thanks to the involvement of the institutional partners in some of them, under the leadership of MiAmbiente+, the achievement of the outcomes for this FSP appear to be of mutual benefit. Specifically, this FSP will ensure coordination and count on the capacity built and knowledge gathered from the concurrent projects that are already in progress, as shown in the following Table:

Associated relevant projects and initiatives

Project	Agency	Main relevance for this FSP
The planetGOLD Program	GEF/CI	This Program aims to support participating countries in fulfilling their commitments under the Minamata Convention. Cost-effective knowledge management practices related to formalization, technical solutions access to financing, and awareness raising developed by the first group of participating countries will be adapted to the Honduras context through this FSP. One the key inputs of this Program to this FSP is ?innovation?, i.e.: the market does not see mercury usage in isolation, but rather as one of many factors that needs to be tackled if they are to trade gold as ?ethical?. This FSP will build on the GEF planetGOLD Global Program through the use of and further contribution to an existing knowledge platform, lessons learned, capacity building materials, data bases, proven technologies, and market opportunities.

Global Knowledge Management and Exchange of Child Project Results Through Networking and Outreach Activities for the GEF GOLD Program	GEF/UNEP	This GEF project, implemented by UNEP, together with the National Resources Defense Council (NRDC) and UNIDO, aims to facilitate the sharing of technical information and engage in outreach to relevant stakeholders to reduce and where feasible eliminate mercury use in ASGM. It has been initially designed to ensure that lessons learned from the eight individual GOLD+ country child projects will be captured and shared between the child projects and other ASGM stakeholders globally. This knowledge-sharing platform is assisting countries where ASGM is present to increase capacity to formalize ASGM and approach the process in a holistic manner; provide technical advice with respect to access to finance for the ASGM sector; and increase technical capacity to support mercury reduction efforts through a broad range of guidance material for implementing practical projects, which will be consulted during the implementation of the pilot projects of this FSP.
The planetGOLD Global Forum	GEF/UNEP	This FSP will be engaged in the planetGOLD Global Forum by participating in a two-yearly learning and sharing event that will facilitate face-to-face meetings (in line with COVID safety protocols) between ASGM experts and practitioners, governments, gold buyers and miners in support of ongoing experience exchanges and development of global expertise and capacity-building on ASGM issues in Honduras, in order to influence the global ASGM dialogue agenda and policy development.
Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	OECD	OECD, which in 2016 launched the ?Sourcing Gold from Artisanal and Small-Scale Miners? policy, will provide practical guidance on how companies should engage and source gold from ASGM miners; reference material that this FSP will access during its implementation.
Fairmined and Fairtrade Gold	ARM	The Alliance for Responsible Mining (ARM) and Fairtrade International have developed international standards for best ASGM best practices, i.e.: ?Fairmined? and ?Fairtrade Gold?, in a move to raise public awareness on the positive impact of their consumer choices. These standards require communities to be formalized and respect social and environmental minimum requirements. ARM has further developed a Code for Risk Mitigation for ASGM engaging in Formal Trade (CRAFT), which is a code for progressive compliance for ASM producers. The above actions will also serve as guidance to the implementation of the activities foreseen in this FSP.
World Bank Project (Integrating Innovation for Rural Competitiveness in Honduras - Comrural II-)	WB	The project targets agricultural commodities and supply chains, however it has a focus on cooperatives and GOLD+, through its integrated, holistic and multi-sectoral approach to optimizing formalization could benefit from lessons learned.

Source: PPG Team, July 2021

3) The proposed alternative scenario with a brief description of expected outcomes and components of the project;

The proposed alternative scenario

40. In recent years, Honduras has registered the second highest economic growth rates in Central America, following Panama. Honduras possesses multiple strengths with the potential to propel the country towards faster growth and higher shared prosperity, with its strategic location, a growing industrial base, ongoing efforts to diversify its exports, and a young and growing population. Consequently, knowledge sharing, learning, and synthesis of experiences, especially Honduras?s formalization strategies, will be an important tool for financial institutions to understand the risks and opportunities ASGM can offer.

41. The project will trigger adequate investments are made to ensure a miner-centric perspective is captured and viewed through a 360o lens of the community. For example, each mine has a story to tell in land-use history, levels of miner organization, stakeholder relations, especially where site invasion or concession sharing conflicts occur, and resource sharing challenges related to water, forests and other natural assets. To sustainably attract and retain future investments in the ASGM sector, local stakeholders and the investment community of Honduras can find a point of convergence in capturing the lessons learned to date, and those during the project by exploring, documenting and translating the culture of gold mining in Honduras into a positive narrative.

42. Honduras has already taken important steps to comply with the commitments related to the implementation of the Minamata Convention, as presented throughout Section II. Nevertheless, it should be taken into account that there are substantial aspects that need to be explicitly established or complemented, in order to improve the provisions to protect human health and the environment against the use of mercury in the ASGM sector; there are significant challenges that need to be faced to overcome the barriers addressed in the previous section. In this regard, the strategic focus of the project is to support the formalization of the artisanal small scale gold mining sector, improve access to finance, promote technology transfer, knowledge management and communication.

43. The proposed alternative approach seeks to maximize the potential of the ASGM sector in a way that the use of mercury for gold production will be reduced and banned over time. This approach aims at enabling holistic development management and a strong contribution to the reduction in persistent poverty in the ASM territories; by strengthening the quality of human capital and increasing the offer of finance instruments to this segment of the economy. Partnering of public institutions, ASGM and other international initiatives -led by the UNDP and the GEF- should develop the

comparative advantages of each partner and exploit their synergies, in order to achieve sustainability to capitalize on Honduras? development.

44. The alternative scenario is of great significance for human health, environment and sustainable growth; in order to follow the existing national regulation and international guidelines on chemical substances and hazardous waste management, specifically, to comply in due time with the commitments signed by the GoH under the Minamata Convention and in accordance with a National Environmental Policy already in place and the National Policy of Sound Management of Chemicals , which guides the intervention principles of this FSP.

45. The integrated approach proposed for the Honduras Child Project fully responds to and reflects that of the planetGOLD+ Global Programme around the following components:

? Optimizing formalization strategies through integrated, holistic, and multi-sector approaches at the landscape scale through commodity-specific Jurisdictional Approach (JA);

? Accelerating financial inclusion and creation of responsible supply chains;

? Enhancing uptake of mercury-free technologies through sustainable business models.

? Fostering knowledge sharing, learning, and synthesis of experiences.

46. The project?s strategy will be to guarantee that the appropriate policy environment and a regulatory framework governing the extraction of gold are in line with the Minamata Convention requirements, with the ASGM National Action Plan (NAP) process and critical national instruments to strengthen the sound elimination of mercury, are in place. In addition, the project will ensure the cooperation and dialogue between government and the ASGM sector, as well as training and awareness of national enforcement entities to ensure full compliance with the national legal framework under the Minamata Convention.

47. As such, the proposed Child Project offers suitable and appropriate options to tackle systematic challenges for countries like Honduras, where the ASGM sector is a more than significant source of mercury and environmental harm. This FSP, as reflected through the expected outputs and corresponding outcomes will achieve a tangible and desired transformation including a significant global environmental benefit, while contributing to reducing poverty in the ASGM territories. This Child Project will explore various options for financial mechanisms to structure lending opportunities

suited to the ASGM sector; Honduras will have the opportunity to customize strategies for certificate of origin and traceability measures through a technology-assisted mineral supply chain, in line with national priorities and a territorial governance framework based on Jurisdictional Approaches.

48. The GOLD+ Child Project in Honduras aims for the reduction of eight (8) metric tons (MT) of mercury over a four-year period, in alignment with the Honduran NAP on ASGM; through a holistic, multisectoral integrated formalization approach, and increasing access to finance leading to phase-out/phase-down of mercury in the ASGM sector. Nevertheless, it should be taken into account that there are substantial aspects that need to be explicitly established, complemented or in some circumstances even regulated, in order to improve the provisions to protect human health and the environment from mercury releases as a result of the intentional use of mercury in the ASGM sector.

49. Mainstreaming gender is planned for every component of the project, to this end, gender analyses will form part of the socio-economic assessments for child projects; the roles women play in various stages of ASGM process include mining, crushing, processing, mercury use in gold recovery (burning), gold trading, mining support services, leading and organizing and support services. Through these processes mercury exposure happens in varying levels. The unique health risks mercury poses to women due to both their roles on the mine sites and the potential adverse effects of prenatal mercury exposure will be highlighted in community level communications; and women will be strongly encouraged to participate in all ASGM miner training activities, from business skills to mercury-free technology transfer.

50. In order to achieve its outcomes, the project?s strategy will require attention and collaboration (political, technical and financial) with different sectors, in particular, with the small artisanal miners and the direct consumers of mercury. The project will provide technical assistance through the process lifecycle to bring about integrated institutional support and coordination of groundbreaking technology interventions. Contribution from the GEF will add value in many ways, yet three elements are highlighted:

i. This UNDP/GEF project will help to assure that mercury-free activities are done in accordance with national and international standards;

ii. The project will play a leading role along the supply chain of mercury, contaminated equipment and ore residues with this element, in order to identify common alternatives to the business-as-usual context in the ASGM territories, which will lead to lowering the individual disposal costs

through improved coordination among all stakeholders participating in the current ASGM production chain

iii. The Theory of Change analysis for this project should be highly adaptive during project implementation due to the overall circumstances of Honduras, being characterized by a very challenging socio-economic environment, on-going social distress, the hardship impacts of the COVID-19 pandemic, and the high vulnerability due to recurrent climate change events.

51. The alternative path will be based on reliable sources and Best Available Technologies/Best Environmental Practices (BAT/BEP) in order to mitigate potential risks due to the reduction and elimination of the use of mercury in the ASGM sector. Alternatives to the business-as-usual scenario will be evaluated and compared in light of the identified risks, and the safest, most feasible alternatives that fit the intended users will be selected. Pilot projects will be undertaken to identify the required technological changes and business models, as well as social and environmental safeguards in order to mitigate negative impacts, and to establish the necessary control measures; and more challenging, critical risks recently idenfied amid the coronavirus (COVID-19). Criteria for the feasible path will be drawn up and aligned with Honduras? socio-economic reality and specific needs of the intervened territories, recognizing gender needs and implementing ?inclusively- a gender equality action plan under a participatory approach.

52. This FSP is aligned with the nine (9) strategic axes of intervention proposed by the NAP for this sector, as presented in the following Table:

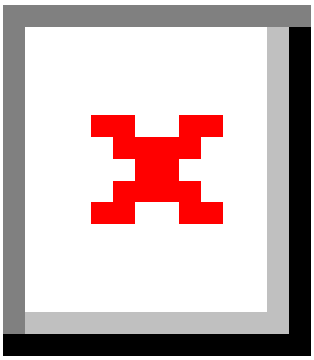
Alignment of the ASGM FSP with Honduras NAP Strategic Axis

FSP Outputs	NAP Strategic Axis
C.1 and C.2	1: Technology innovation
A.1, A.2 and A.3	2: Formalization and regulation
D.1	3: Knowledge management for decision making
C.1 and C.2	4: Reduce mercury emissions and releases from point sources
A.1 and A.2	5: Imports and legal trade
B.1	6: Management of interest groups
B.3	7: Health and labor safety
B.1 and B.2	8: Support to vulnerable groups
C.3	9: Information outreach for education and awareness

Source: MIA-NAP Project 2019

Theory of Change for this FSP

53. As summarized from the Theory of Change analysis, next Figure shows the alternative pathway and solutions to address on the causal chain analysis shown in Section II, based on the entries proposed by the project:



The Theory of Change Diagram

54. In turn, the proposed strategy under this FSP will provide economic support to the ASGM sector in Honduras; and the skills diversification that it provides amongst agrarian workers and rural villages is a fundamentally important feature of the mining territories and one that is providing key support during the economic turbulence of the COVID-19 pandemic.

The project approach

55. The Project?s vision is to proceed with direct interventions on the immediate, underlying and root causes previously identified; recognizing the multi-dimensional impacts of artisanal and small-scale gold mining on the environment, health and poverty. The objective of this FSP is to minimize risk to mercury exposure to human beings and the environment due to the use of mercury in the ASGM sector in compliance with the Minamata Convention. This FSP is aligned with UNDP Strategic Plan related to its Output: *?the population living in conditions of poverty and vulnerability to food insecurity in priority regions has increased their production and productivity, has access to decent work,*

increased income and responsible consumption, although taking into account climate change and the conservation and sustainable management of ecosystems?.

56. For this purpose, the project?s strategy is implemented, as accepted by the GEF and the UNDP, through four project components.

57. The area of focus of Component 1 ?*Formalization optimization of ASGM?* is to enable an ASGM formalization environment through multisectoral, holistic and integrated approaches. As such, commodity-specific Jurisdictional Approaches (JA) to be piloted, accelerating opportunities for ASM-LSM coexistence, in order to ensure that every key stakeholder (policy makers/regulators/miners/financiers) has sufficient capacity to meet the withdrawal of mercury for gold production for artisan gold miners in Honduras.

58. Key stakeholders, at National and Municipal level governments, will have their capacity strengthened through the implementation of a technical training program ?taking into account the gender dimension-, consolidation of the regulatory framework to advance adequate management and disposal of at least eight (8) tons of mercury currently used by the ASGM sector, in order to comply with the obligations under the Minamata Convention, as a key element of the successful FSP?s exit strategy.

59. The area of focus of Component 2 *?Financial Inclusion and Responsible Supply Chains?* is to extend access of ASGM-appropriate, affordable, and timely financial services to enable responsible gold supply chains. This approach is established in two-fold. The first one creates awareness to educate and collaborate with financial institutions at community, national and regional levels, to tailor services and products suited for the ASGM sector; and the second one, to develop capacity-building to assist miners in accessing funds and sustainably grow businesses. Both avenues are interlinked and their establishment is key to the creation of a sustainable ASGM sector.

60. Outcome B. for Component 2 would address the immediate cause *?Need to enhance innovative investment opportunities in the ASGM sector*?; as indicated in Figure 2: Theory of Change: Problem Tree Analysis Diagram.

61. Under Component 3 *?Enhancing uptake of Mercury-free technologies?,* the alternative path will be based on reliable sources in order to mitigate potential risks. Alternatives to the business-as-usual practices will be evaluated and compared in light of the identified risks, and the safest, most feasible alternatives that fit the intended users will be selected. Pilot projects will be undertaken to

identify the required technological approach as well as environmental and health impacts, and to establish the necessary control measures, and more challenging, critical risks recently identified amid the coronavirus (COVID-19). Criteria for the feasible path will be drawn up and aligned with Honduras?s specific needs, recognizing gender needs and implementing ?inclusively- a gender equality action plan.

62. Through this Component, this FSP aims to establish closer interaction and collaboration with the miners who are involved in the use of mercury for gold production. Coordination mechanisms and the implementation of commercially-driven pilot experiences will foster alternative investments; by establishing incentives for the chosen pilot locations and by enhancing dialogue and collaboration along the gold production chain. The ultimate objective of the coordination mechanism will be to balance benefits for each of the participating stakeholders in the mercury elimination chain to deliver maximum gold recovery and transition to mercury-free processes.

63. Outcome C. for Component 3 would address the immediate cause *?Essential need to develop alternative, cost-efficient, mercury-free technologies?*; as indicated in Figure 2: Theory of Change: Problem Tree Analysis Diagram.

64. Lastly, Component 4 of this FSP ?*Knowledge sharing and communication outreach?* will capture lessons learned, monitor the project?s activities and provide the required feedback, through an awareness raising campaign and information strategy, which includes dissemination at municipal, national, Latin America and the Caribbean (LAC) region, and global levels. Annual workshops will be organized to create awareness, allow the request for and capture of feedback. Information on the benefits of sustainable ASGM mining operations ?mercury free-; acting directly, in a transversal manner, on all the immediate causes mentioned above; all of this aligned with the GEF planetGOLD+ Program and with the other GEF planetGOLD child projects in Colombia, Ecuador, Peru and Suriname already under implementation in the LAC region, as well as planetGOLD projects elsewhere in the world facing similar challenges.

Key assumptions

65. The project?s approach is based on various assumptions that will be critical for achieving the expected changes as per the Theory of Change analysis:

? Institutions are willing to receive training on improved environmental management of ASGM and the GoH commits to making the adequate human resources available for the duration of the project and beyond.

? When formalizing mining activities, continuous efforts will be made to integrate consensus-based decision making into local mining communities. An agreement should be reached regarding land use with other women and men users.

? A collaborative approach to policy making that is sustained and continuously improving, integrating gender related issues across the implementation of the proposed activities.

? Implementation of the Gender Action Plan (Annex 11) will help strengthen gender equality and empower women by improving their working conditions when directly participating in the activities related to the environmentally sound management of mercury-free technologies and best practices along the mercury-consumption chain.

? Impacts for the Honduras economy amid the coronavirus situation (COVID-19) will be timely mitigated to guarantee successful completion of the proposed activities and achievement of outcomes.

? A proactive engagement of the PMU with the ASGM miners on the ground will be sustained through FSP implementation in order to ensure that miners and the local mining communities are engaged and willing to adopt the proposed alternative, mercury-free mining techniques.

? Key success features of a Jurisdictional Approach (JA) such as political will, land use spatial mapping, multi-stakeholder processes and the proactive role of the private sector and local communities

? When formalizing mining activities, continuous efforts will be made to integrate consensus-based decision making into existing societal structures. A proactive engagement of the PMU with the ASGM miners will be sustained throughout FSP implementation.

? The selection of the mercury-free technologies considers BAT/BET aspects and affordability (operation costs, maintenance, and waste disposal) as well as the compliance in due time of all the regulations ?at national and municipal levels- for their proper operation.

? This FSP seeks to promote adoption of technologies that are accessible (financially, geographically and culturally) and where possible, procured, locally. The proposed alternative becomes more efficient (greater gold extractions), therefore it will level off the costs associated with alternative solutions.

? Existing mercury traders, both, national and international, who are profiting from the illegal trade and retail commerce of mercury in Honduras, will not stand in the way of the project?s success by any means.

? Success in the implementation of the co-financed planned activities.

? Effective synergies and communication created between public authorities at national and municipal levels and ASGM groups will enable a favorable environment.

Expected outcomes and components of the project

66. The project has four substantive components aligned with four main outcomes and eleven outputs, embracing the *institutional*, *regulatory*, *technological* and *information-outreach* dimensions needed to reach the proposed structural change defined in the Theory of Change analysis, in order to strengthen the national capacity in Honduras to the environmentally sound management of mercury in

the ASGM sector within the framework of national and international guidelines, mainly under the guidance of the Minamata Convention.

Expected Results:

Component 1. Formalization in the ASGM Sector

67. This project will assist Honduras with the policy and institutional planning to address the challenge of a ?weak formalization enabling environment? through supporting frameworks that have a multisectoral, holistic and integrated approach in order to comply with its obligations under the Minamata Convention on mercury use reductions in the ASGM sector. It is proposed that landscape approaches (LA) and jurisdictional approaches (JA) will be used as a framework for structuring interventions in a holistic multisectoral and integrated way.

68. Despite commitment and political will to reducing, and where feasible, eliminating mercury use, achieving this will be a major challenge without inclusive finance and investing in human capital (skills, knowledge abilities) of miners and their representative organizations to achieve legalization and facilitate the process of formalization, of which financial inclusion and business readiness are critical elements.

69. Outcomes A.2 and A.3 of this component will be underpinned by a Strategic Environmental and Social Assessment (SESA) principles and a SESA approach. It is important to note that a SESA process will be applied to the Landscape approach/Jurisdictional approach to advance formalization in those key ASGM zones, focusing on the territories where the TIER 1 pilot projects will be implemented to ensure affected people are engaged and that downstream impacts of its implementation have been taken into account and safeguard measures will be developed; considering also social issues such as labour and child labour risks.

70. Outcome A of Component 1 is: *?A higher degree of formalization in the sector through multisectoral, integrated approaches and capacity building of formalization actors?*.

The proposed outputs under this outcome seek to develop an ASGM governance framework that is bringing together the interests of different stakeholders, policy makers, municipal authorities, community leaders, miners, potential financiers, international NGOs, academics, and by promoting technical and business-like partnerships with the private sector. This outcome proposes capacity building through the different levels of organizations to enable technical assistance in the formalization

process. Formalization propositions will be aligned with the NAP strategy to ensure they are built from stakeholders? propositions.

71. Output A.1: *?Government and local municipalities? capacity strengthened to assess, plan, and implement sustainable mercury-free interventions in ASGM zones?*.

This output aims to advance the capacity of national and municipal entities to assess, plan, support, implement and monitor sustainable, mercury-free interventions in the ASGM sector. It includes interventions at the community level, in those ASM mining territories willing to implement the proposed activities under this FSP.

72. The following incremental activities will be carried out to achieve Output A.1:

i. Strengthening ASGM regulation to implement sustainable and mercury-free interventions in the ASGM sector.

This activity will enhance the role of INHGEOMIN on development, adoption, and/or implementation of a regulatory framework for ASGM, in order to develop stronger compliance requirements for the ASGM sector, adapted to the particular characteristics of each mining territory. At the municipal level, this activity also embraces the implementation of an institutional strengthening program for the municipalities of Danl?, El Paraiso, Macualizo, Santa Barbara and El Corpus, including the creation and strengthening of the mining units in charge of supervision and control at the municipal level.

ii. Defining specific categories of ASGM miners based on territorial mining locations.

Within national regulations and based on the geological, social and entrepreneurial features of the ASGM mining locations, this activity will classify the different levels of ASM operations at the municipal level in order to create incentives for improved organization and permitting.

iii. Supporting community health and safety (mercury-free) through a community-based educational program.

A hands-on training program will provide public health care workers and teachers ?at the community level- with the capacity to assess cases of mercury poisoning in a timely fashion and to effectively manage them, by building proper community preventive health education on neatly supplemented

efforts to raise awareness on the health consequences of mercury use and exposure, mobilizing the community ?through teachers and students-- in order to lead into a more sustained impact.

iv. Supporting the National Strategy for the Trading of Mercury (Hg)[42][42].

There is a group of measures proposed in this Strategy that are directly related to this FSP; the PMU will assist MiAmbiente+ ?through the Center for Studies and Control of Contaminants (CESSCO)- and other national agencies in their elaboration. These measures are:

- ? Include mercury, as a chemical substance, on the list of Controlled Chemical Products and restricted entry to the country.
- ? Elaborate a code for the registration of importers and consumers of mercury.
- ? Elaborate a code for the registration of gold traders.
- ? Prepare a supervision process protocol for the trading of mercury.
- ? Carry out a training program for the personnel of the National Police, Border Police and Prosecutor's Office, about the risks of the illegal trade and use of mercury.

73. Output A.2: *?Existing regulatory framework reviewed and validated through multi-sectoral, integrated approaches and capacity building of formalization actors?*.

Strengthening the policy/regulatory framework at national and municipal levels will make the formalization process (application process for local concessions, and the issuing of environmental licenses and other permits) user-friendly, more efficient, and more affordable so that they are accessible to miners and well-functioning ASGM groups within in a reasonable time frame and at reasonable cost.

74. The following incremental activities will be carried out to achieve Output A.2:

i. Conducting an overall validation of national policies, plans and regulations.

The project, through the PMU, will conduct an assessment of policies, plans, regulations, standards and measures in place pertaining to the formalization of ASGM and mercury phase-out in the ASGM sector. The assessment will identify remaining needs and gaps, overlaps and ambiguities relevant for the ASGM sector, such as needs for gender mainstreaming, land tenure, illegal trading, and

subsequently, it will provide a list of recommendations and proposed actions to address these under the scope of this FSP, including the participation of key national institutions as needed.

ii. Carrying out a formalization diagnostic.

Due to geographic and geologic differences in mine production systems, scale, and stakeholder relationships in Honduras; targeted ASGM communities will be assessed under the project by a ?formalization diagnostic?. This diagnostic will be based on the planetGOLD criteria, developed and implemented to assess the potential of ?Tier 1 and 2? ASGM communities in select jurisdictions, in line with Conservation International (CI) criteria. Honduras can improve its international image by proactively adopting measures on the CRAFT code. The CRAFT code is a tool adapted by the Alliance for Responsible Mining (ARM) to promote a risk-based due diligence approach to domesticating OECD guidelines[43][43].

This activity will perform surveys/inventories that will include the identification and ranking of the different kinds of mining entities in the intervention sites, by degree of formalization, organization, gender dimensions, socio-demographics, land tenure, gold grades, accessibility to ASGM sites, security, land conflict issues, mercury use/contamination, woman participation, work-related-safety, etc. This diagnostic will serve as a transparent selection criterion for project sites and engage stakeholders early on in the project cycle. While potential for mercury reductions will be the key criteria, other factors (i.e., financial access, ore grade, biodiversity, climate change risks, water gains, etc.) will also be considered when selecting priority sites under this FSP.

iii. Preparing and validating Best Available Technologies (BAT) and Best Environmental Practices (BEP) guidelines for the ASGM sector.

This FSP will support INHGEOMIN and the Association of Municipalities of Honduras (AMHON) in preparation and further validation with miners of BAT/BEP operational guidelines ?mercury free- on the management of ASGM, focused on gold-bearing rock mining waste and shallow (dig and wash) alluvial operations. This guide will include a chapter dedicated to the environmentally sound management of waste (tailings) and contaminated sites, as well as a differentiated chapter related to occupational safety of miners.

Simultaneously, and adopting inputs and lessons learned from previous actions, the project will promote the definition of technical standards for reduction, management, and elimination of mercury in this economic activity, as well as the development of guidelines

for introducing best practices within the ASGM production chain, both adapted to the specific conditions of the selected ASGM territories.

Also linked to this activity, and pending approval of the Technical Guidelines for ASGM, the Government of Honduras, through INHGEOMIN, will accelerate efforts on domesticating the planetGOLD criteria-to implement due diligence for compliance with national regulations and best international practices.

iv. Building up an official ASGM Registry.

An efficient and reliable registration system, led by INHGEOMIN, will be set up with the participation of the project, including, among others, the following actions:

? Survey of the cadaster and creation of a directory of artisanal and small-scale miners, gold buyers and mercury sellers at the municipal and national level.

? Registration of the quantities of ore processed/day, processed cake, gold produced by ASM at the municipal, territorial and national levels, as well as the total number of people, including gender composition, who work in the ASGM sector.

? An automated system to record the quantities of mercury and recovered gold.

? Registry of the different sources of direct and indirect information that allows identification of movements of mercury or acquisition, commercialization, forms of trading and sites contaminated with mercury.

? Facilitate the administrative procedures, in accordance with the General Mining Law, the administrative processes for the granting of mining exploitation titles, permits and licenses by the mining authority and territorial municipalities.

75. Output A.3: *?Landscape approach/Jurisdictional approach to advance formalization in key ASGM zones?*.

Under this output, and adapted to the Honduras context, Landscape Approaches/Jurisdictional Approaches (LA/JA) will be piloted to reduce mercury use across the chosen geographic landscapes of intervention (ASGM mining territories). This will involve engaging different actors, such as governments, communities, private sector, financiers, and downstream actors in deploying mercury-free approaches. If needed, the multisector integrated approach of the project will perform climate change vulnerability assessments and implement climate adaptation strategies.

As per the SESP, the Environmental and Social Impact Assessment (ESIA) that will be conducted for the pilot activities will help to bring to light any unexpected risks while the comprehensive Stakeholder Engagement Plan and Gender Strategy and Action Plan, which were prepared during the PPG, provide any interested miners and workers with the opportunity to participate in the project without discrimination. In addition, Risk 4 of the SESP *?Project inadvertently perpetuates or increases risk of*

sexual violence and harassment against women? will be investigated in the Strategic Environmental and Social Assessment (SESA) for upstream activities.

76. The following incremental activities will be carried out to achieve Output A.3:

i. Implementing a Jurisdictional Approach (JA) to advance formalization in key ASGM territories.

A JA into ASGM settings will be proposed in Honduras based on a ?phased approach? that allows the GoH to characterize different mining areas based on their potential to produce responsible, mercury-free gold and align those promising territories with the site criteria promoted by Conservation International (CI), as an implementing agency of the GEF[44][44]. It is expected that this activity will allow the country to create an approach to assessing a formalization diagnostic tool, identify the challenges that may exist in implementing this approach with the ASGM sector, and customize its application beyond the lifetime of the project. This approach includes needs of environmental permits of ASGM in order to comply with Environmental Management Plans.

Specifically, the project will approach AMHON so that the access of information to artisanal miners can be facilitated, and thus the Municipal Mayors in conjunction with the Honduran Institute of Geology and Mines (INHGEOMIN), can support the formalization of artisanal miners and clarify applicant queries, doubts or comments about the formalization process (i.e., payment of taxes, production capacity, product sale, among others).

ii. Carrying out a duly examined climate change risk assessment.

As part of the holistic multisector integrated approach (possibly through JA) the FSP will perform climate change vulnerability assessments and implement climate adaptation strategies. This activity will assess -for the technical design of the facilities- a natural disaster risk assessment that could eventually affect operations in the places where the planned pilot projects will be implemented. This assessment will include four steps, like the STAP guidance on Climate Risk Screening, i.e.: hazard identification, assessment of vulnerability and exposure, risk classification and risk mitigation plans. Risks assessments will consider not only the duration of the FSP but also the lifetime of the expected Global Environmental Benefits.

iii. Promoting access to fair gold markets.

The project will select capable mining entities willing to access differentiated international markets rather than relying on local markets to sell their gold, often resulting in low gold prices; for instance, to promote access to the *CRAFT* guidelines and *Fairmined* and *Fairtrade* types of certifications. These initiatives, respectively, support artisanal workers in the production and marketing of gold that is more respectful of the environment and communities. In addition, those who opt for this certification receive technical assistance and a better price for their gold in international markets, which may result in the recovery of the alternative, mercury-free technological investment in less time.

Component 2. Financial Inclusion and Responsible Supply Chains

77. For miners, one of the most significant and pernicious barriers to the development of a responsible ASGM sector, is access to finance. Finance entities do not commonly provide loans to the ASGM sector as the risks are often perceived too high and such entities do not have the expertise and experience to review ASGM loan applications or develop financial products that are tailored to this financial market niche. On the other hand, legally established mining community organizations do not usually have much experience in record keeping and reporting (e.g. resource exploration and estimation, production tracking, economic modeling, and full life cycle mine planning) nor do they have administrative capacity for the preparation of loan applications, which could increase their access to conventional and new financing options.

78. In this regard, Component 2 follows a two-avenue strategic approach. In one way, it will launch a set of activities to educate and collaborate with key potential financiers to design and provide financial products suited to the ASGM sector, integrating several actors in the investment community, such as local rural savings and credit entities, territorial micro-finance institutions (MIFs), commercial and national development banks, regional development banks, i.e.: CABEI and IDB, among others. On the other hand, it will assist miners with capacity building to access funds, including training miners on business and operations management with tools to not only access the finance but also successfully execute their investment plans to create sustainable and more profitable mining operations.

79. Outcome B of Component 2 is: *?Improved income for ASGM miners through the attainment of better gold prices facilitated by transparent and responsible supply chains?.*

The deployment of ?mercury-free? infrastructure plans ?over the long-term- will require innovative means of accessing inclusive capital markets, willing to enhance global environmental reasons as well as to deliver local socio-economic benefits for those clusters of populations that depend heavily upon this activity. The term capital markets generally refers to platforms for raising long-term capital ?

capital available for more than a year ? in the form of debt or equity, offering a wide variety of options for investors, a pre-condition that does exist in the current context of the ASGM sector in Honduras.

80. Output B.1: *?A capacity building program ?gender oriented- to enhance business skills and attain higher gold prices developed?*.

This output aims to: i. establish partnerships with finance entities and build their capacity and understanding to develop financial products that would be tailored to this sector and better assess loan applications from miners, ii. work with legally-established small organizations (such as cooperatives) and individual miners to build their capacity in developing loan/investment applications for mercury-free processing equipment/investments and subsequently apply for loans, socially-driven investments, or any other legally-binding financial scheme, iii. support vulnerable women with alternative livelihood options, and iv. strengthen integration of environmental and social safeguards across the proposed financial mechanisms.

81. The following incremental activities will be carried out to achieve Output B.1:

i. Educating and collaborating with local and regional financial institutions.

This activity aims at engaging potential/innovative lending sources of green/environmental financing through education and collaboration to provide financial products suited to the ASGM sector, for instance, micro-finance institutions actively operating in the territories of intervention.

It includes training of staff of the financial entity(ies) in the assessment of ASGM records (such as gold sales records, records of ore production, risk assessments, evaluation of legal and technical requirements, etc.) as well as the evaluation of loan guarantees to evaluate the economic case for loans, leases, or even equity participation.

Lessons from the planetGOLD Global Program will be used to improve the process of getting these financial products to market by providing case studies and best practices ?in other planetGOLD participating countries- that can then be adopted to suit the local environment in Honduras. Initiatives that explore new models that assist in the assessment of risks and due diligence are also encouraged.

ii. Assisting with capacity building organized miners in accessing funds.

Training miners on business and operations management will provide miners with the tools to not only access the finance but also to successfully execute their investment plans ?adapted to the local context- to create a sustainable and more profitable mining operation, with the aim of improving income for ASGM miners through the attainment of better gold prices facilitated by transparent and responsible supply chains.

It includes workshops/awareness raising events conducted to increase miners? awareness (including women mining entities) of due diligence, compliance with regulations and access to different types of finance sources.

iii. Establishing due diligence and traceability of the gold value chain in 3 regions.

The project will seek that the ASGM supply chains in the pilot communities adopt due diligence standards to eliminate social and environmental risks that provide traceable and reliable gold value chains.

To achieve eligibility and the sale/trade of minerals and metals from the ASGM, the project will seek to comply with the planetGOLD criteria.

During the due diligence process, ASM organizations will provide documented and reliable information on their organizational structure, their members, the location of their extractive and mineral processing operations, as well as compliance with local and national regulations on mining, environment and occupational safety. In particular, the actions will be in line with the goals to reduce mercury releases and emissions associated with ASGM, defined in the Honduras? NAP in accordance with the Minamata Convention. All activities and commitments will be subject to review until they achieve their affiliation and the possibility of accessing better markets.

82. Output B.2: ?*Innovative sources of funding engaged for the ASGM sector to procure/retrofit mercury-free processing equipment?*.

Risks and return are central considerations for financiers when carrying out investments. A range of variables will have an impact on project success and many that will change over the FSP lifespan need to be understood and managed or mitigated in the context of the deal structure. Before investing, both debt and equity providers will undertake a detailed due diligence assessment of a wide variety of risk factors. Technical experts and advisors will be brought in during this process, where specific technical knowledge or insight is needed, a pre-condition that currently does exist in the local financial markets.

83. The following incremental activities will be carried out to achieve Output B.2:

i. Preparing and validating standard covenants between financiers and organized miners.

This activity will assess existing financial products and lines of credit of financial partners in terms of accessibility and suitability for women and men mining entities and recommendations for their improvement and reconversion processes, like access to local rural savings and credit entities ?*cajas rurales*-, commercial, national, and regional development banks (CABEI, IDB, WB), pre-financing from downstream gold buyers, impact investors, and donors and philanthropic investors.

ii. Setting up solidarity microfinance funds aimed at financing women's ventures in ASM communities.

The project will work with local financiers (for instance, with local rural savings and credit entities) to bring their interest to this sector and at the same time, with formal miners? groups and organizations to build their capacity in developing loan/investment applications for mercury-free processing equipment/investments, based on a variety of financial mechanisms suitable for both parties. This activity includes crafting a guidebook for the gold miners in a user-friendly manner to help them with their loan applications.

84. Output B.3: *?Proof of concept for technology-assisted mineral supply chain due diligence developed and tested in target locations?.*

To build the confidence of financial intermediaries in supporting change through investment (providing financing for upgrading processing plants and eliminating mercury use), while also providing miners with insights into the economic opportunities such upgrades can bring about, the project will develop evidence based on economic models of processing plant upgrades integrating BEP and chemical-free pilot plants installed as part of this project, as well as previously established and well-functioning mercury-free processing plants. The results will present strong economic arguments (including payback periods) to miners and financiers to encourage change through suitable investments.

85. As a first step, the project will train miners and legally-established community mining entities on how to use long-term records miners may already have (such as gold sales records, records of ore production, etc.) and train them on improving the recording and reporting of present production activities as well as other aspects critical to prove the economic case for loans and leases (e.g. how to report on resource exploration and estimation, production tracking, economic modeling, and full life cycle mine planning). Improving this type of reporting can increase the potential access of miners and legally-established mining entities to conventional financing options as well as new financial mechanisms and opportunities.

86. The following incremental activities will be carried out to achieve Output B.3:

i. Assisting JA territories with technical assistance and financial support for the adoption of sustainable practices.

This activity will provide technical assistance and non-reimbursable financial support for the elimination and replacement of BAU mercury-driven technologies.

Interventions along the supply chain will be performed to encourage an understanding and commitment to procuring the benefits of responsible mining. Quantifying and communicating the financial benefits of responsible mining to ASGM miners and gold traders is a crucial incentive and will be used to encourage the adoption of sustainable practices. Engagement with gold traders in deploying gold provenance solutions and associated business benefits to ensure their buy-in will be key to the success of responsible mineral supply chain interventions.

Where jurisdictional/landscape approaches are used, the project will facilitate knowledge sharing on ASGM topics among relevant stakeholders of the landscape.

ii. Designing suitable financial products/mechanisms (including women-friendly financial products) for the ASGM sector.

The project will work with local financiers (for instance, with local rural savings and credit entities) to bring their interest to this sector and at the same time, with formal miners? groups and organizations to build their capacity in developing loan/investment applications for mercury-free processing equipment/investments, based on a variety of financial mechanisms suitable for both parties. This activity includes crafting a guidebook for the gold miners in a user-friendly manner to help them with their loan or financial applications.

The PPG phase identified several financial instruments to enhance the participation and competitiveness of the financial offer to the ASGM sector[45][45], which can be supported during the implementation of the FSP, as shown in the following Table:

Financial mechanisms for access to sustainable, mercury-free markets

Financial Instrument	Description	Feasibility of being implemented under this FSP
Responsible public purchases of gold from formal miners and mining entities.	As part of a sustainable public policy, for example, the Central Bank of Honduras can incorporate mechanisms that facilitate the purchase of gold from formalized artisanal mining through legally-established financial entities.	This FSP will provide technical assistance to the Central Bank of Honduras to incorporate formalized artisanal gold mining associations into the purchase quotas.
Public programs for traceability and mercury-free gold certification.	The GoH, through INGHEOMIN, will support activities to promote certified gold, as well as to cover the cost of traceability that guarantees differentiation to a responsible buyer.	FSP activities associated with initiatives such as the planetGOLD criteria. for miners to produce gold under certain standards (environmental, social and ethical).
Small grants for formal ASGM mining entities.	Provide non-reimbursable resources (grants) for mining entities whose destination is training, formalization and access to differentiated gold markets.	Small grants of up USD150 thousand can be structured per organization and with an accumulated maximum of USD 300 thousand in the execution of the assistance.
Development program for mining suppliers in the artisanal gold production chain.	Creation and consolidation of stable contracting relationships between mining suppliers with small and artisanal miners, generating links of trust that enable processes of specialization and productive complementation, under a win-win scenario.	This FSP will provide technical assistance to enhance links between the mining entities and responsible suppliers.

Source: PPG Team, July 2021.

iii. Assisting ASGM miners and financiers in closing suitable deals.

Although the project will not have full control over the approval process of the loan applications, the project will regularly (on a yearly basis), conduct an assessment of the number of project-supported loan applications that have been approved, the percentage of approvals as well as other relevant statistics (total amount of funding, funding per loan approved, etc.). The results of these assessments will provide an indication of the success of the project in supporting mining entities in the development of their loan applications.

The project will keep track on a yearly basis of the number of loan applications approved with project support. If at the time of the Mid-Term-Review, it appears that insufficient loans are being approved, the project will assess whether it must provide loan application training, or whether additional support to mining communities/groups would be in place, such as using grant funds leveraged by the FSP to selected mining entities actively

engaged in Hg-free alternatives in order to de-risk specific risks of commercially-driven deals. The recommendations coming out of the Mid-Term-Review will then reshape the direction of the project in this regard.

iv. Carrying out a technical-economic analysis of the most feasible technologies.

In addition to completing an inventory of mercury-driven practices in the ASGM sector throughout the country (Output A.2, Act. iii.), the identification of cost-benefit assessments for the alternative technologies more suitable to the Honduras mining sector, risk assessments and management arrangements; this FSP will allow defining a set of criteria for the selection of the most viable substitution alternatives for this chemical substance, in order to define and launch a long-term path, technologically speaking, under Component 3.

Component 3. Enhancing Uptake of Mercury-free Technologies

87. The area of focus of Component 3 is the creation of supportive, ASGM business models. These models will be applicable to different levels of ASGM organizations, financial and technical capacity to achieve high gold recoveries through safe, resource efficient practices. Under a holistic approach, the development of a model operation includes prospecting, environmental licenses, relevant registration, analysis of ore, development of work flows, designing a processing equipment train, and financing of equipment.

88. In order to avoid, reduce, mitigate and manage potential impacts as identified in the SESP (Annex 6) such as worker health and safety and pollution risks resulting from project activities, a targeted assessment and management of potential social and environmental risks through an *Occupational Health and Safety Plan* will be prepared and mitigation measures put in place, prior to the initiation of any project activity that may cause adverse impacts, in particular any actions that may lead to or cause environmental and health effects and impacts on local peoples, as clearly indicated in Annex 10, *?Environmental and Social Management Framework?*.

89. The identification of the current and projected climate vulnerabilities at the project pilot locations is of critical importance ?as indicated in Risk 5 of Annex 7 -including information on overall vulnerability[46][46] (the product of exposure, sensitivity and adaptive capacity) of targeted natural

resources in the pilot?s areas to climate change. The selection of sites will take into consideration short and long term risks associated with climate change and natural disasters.

90. In order for mercury elimination efforts and the adoption of alternative technologies to be cost-effective and sustainable, the project will also support ASGM miners in their regularization and formalizing processes under Outcome A. This is important as miners will need to reach the stage of formalization to be able to access formal financing to access mercury-free technologies. Formalization also leads to more sustainable income opportunities and safer working conditions and this will benefit the sustained phase-out of mercury in the long-term. Finally, to further increase income for ASGM miners who produce mercury-free gold, the project will also work on establishing partnerships with gold buyers and refiners to establish routes to market for mercury-free mined gold.

91. Outcome C of Component 3 is: *?Reduced mercury use in ASGM enabled by the increased uptake of mercury-free technologies by miners?*.

This outcome aims to strengthen national technical capacity for the sound management and elimination of mercury by developing and implementing three pilot projects to demonstrate how to face different technical, financial and logistics gaps and challenges for the environmental disposal of mercury in Honduras?s territory, as a means of deviating from the business-as-usual scenario, in order to:

? demonstrate innovative technologies to reduce and eliminate mercury use in ASGM;
? pilot community mining concept in three selected landscapes;
? pilot remediation of degraded and contaminated mining areas using proven models;
? support community investments in alternative livelihoods enterprises that aim to reduce unsustainable and harmful mining practices;
? Identify opportunities to integrate environmental and social safeguards for sustainability in the assessment of feasible technologies; and
? document knowledge and promote networking to support policy development and influence.

92. These pilot projects aim to conduct a deep assessment for identifying *?the best available techniques****[47]***[47]*?* and determine business models for mercury-free use in the ASGM sector while enabling a sustainable environment beyond project?s duration. This outcome aims to address the challenge that mercury-free technologies exist but largely remain under-deployed by the Honduran miners or hardly used. In addition, it will seek to develop models that are applicable to different levels

of ASGM organizations, financial and technical capacity as well as the achievement of high gold recoveries.

93. Output C.1: *?Assay laboratories and training center(s) established to promote resource-efficient gold mining in ASM zones, with clear provisions for sound tailings and waste management?.*

To develop a sound and sustainable shift in the current paradigm, the project will establish partnerships with existing training centers at the global level and assess the availability of ASGM training materials and resources (the Minamata Convention, the GEF planetGOLD Global Program, UNEP, CI, UNIDO, NRDC, OECD, ARM, etc.) as well as at the national level (e.g. UNAH/School of Geology, private miners, etc.), to identify which materials can be used by the project, and which additional resources/materials should be developed to ensure successful project implementation.

94. The following incremental activities will be carried out to achieve Output C.1:

i. Setting up institutional arrangements with training centers.

Partnerships will be established with training centers that could provide training on sound ASGM practices. These facilities will support the technology-assisted mineral supply chain due diligence and traceability developed and tested in 3 target regions.

ii. Developing a training program for miners for mercury-free BEP.

At least 200 miners will be trained during FSP execution by professional trainers at existing plants and laboratory installations at INHGEOMIN, using existing and newly developed training materials and resources, including the use of practical on-site liberation tests to give them the opportunity to observe results first-hand and learn how to obtain such results themselves. The availability of training materials and resources globally assessed in partnership with training centers can be used by this project, and which new ones should be developed with project support, including a module on gender in ASGM.

Among others, this program will consider the following topics:

? Implement the use of suitable technologies to reduce, and where feasible, eliminate mercury use in ASGM production systems. In accordance with the Honduran NAP on ASGM, this FSP adopts a progressive strategy where concentrate amalgamation in barrels may be deemed as suitable vs. Whole Ore Amalgamation (WOA) in rastras to reduce Hg:Au ratios and encourage pollution prevention measures in accordance with

Article 7, Annex C of the Minamata Convention. Amalgamation in barrels is not a mercury-free technology however due to entrenched cultural norms, this technology offers an interim solution to reduce mercury use and encourage the use of retorts and/or mercury capture devices to avoid open burning of amalgam. In summary, amalgamation in barrels (to eliminate WOA) should be viewed as a reduction strategy to build trust and confidence with miners, on the path to progressively transitioning from mercury use in responsible, small-scale gold production systems.

? Train artisanal miners in the exploration stage to identify quality ore and support efforts to reduce and eliminate the use of mercury, such as ore crushing and concentration.

? Carry out the evaluation of the crushing systems used, such as the crushing mills and implement improvements to the system to reduce losses of mineral, water, time, and release of mercury.

? Promote the use of licenses to crushing mill owners for working with mercury and demonstrate an ability to handle the recommendations

95. Output C.2: ?Three (3) pilot projects of new mercury-free processes in different departments implemented?.

This output aims at eliminating/avoiding the use of mercury in ASGM by supporting miners in the adoption of alternative gold ore processing methods that utilize no mercury. The project will do this by building the capacity of ASGM miners in the use of mercury-free alternative technologies as well as the application of socially and environmentally sound ASGM practices (e.g. sound management of mining tailings).

96. The project will provide technical assistance to the installation of at least three (3) mercury-free ore processing training plants in three (3) different project locations (with funding provided by a financial mechanism or project cofinancier). This training plant will be a full-scale mercury free processing facility where miners can engage in hands-on mineral processing experiments with their own ore, determine the gravity recoverable gold yields of their ore (and prepare samples for analysis in a lab using best practices and technologies), and decide on methods for all the different ores produced. These pilots will serve as a proof of concept for technology-assisted mineral supply chain due diligence developed and tested in target locations.

97. The selection of the project demonstration sites have followed a set of criteria as described in Annex 12, which includes compliance with overall governance, gender, technical requirements, community participation, climate change vulnerability, potential improvement and security and safety; complementing the geological and technical aspects. During the PPG, the analysis of the proposed sites also considered that the project should not infringe on the protection of critical habitats and biodiversity; as well as cultural heritage.

98. It is important to note that the project will not involve construction activities but rather rely on existing facilities and focus on transitioning to new technologies. The FSP will reinforce existing infrastructure at selected production facilities, retrofit equipment to optimize flowsheets and where appropriate, strengthen tailings dam infrastructure in line with site-specific pollution prevention and solid mine waste management plan(s) as well as addressing wastewater management.

99. The following incremental activities will be carried out to achieve Output C.2:

i. "Verifying GOLD+ intervention sites with social and environmental criteria".

Based on the above reviews, and through consultation with stakeholders, the targeted project pilot/demonstration sites will be verified. Due to geographic, geologic and differences in the mine production system, scale and stakeholder relations, mining communities will be assessed under the project by a ?formalization diagnostic? (Output 1.1, Act. iii). Based on the assessment of ?formalization readiness?, the project plans to pilot a commodity-specific approach to reduce mercury use, support inclusive finance of miners organizations, certify origin and enhance mineral supply traceability for responsible gold through simple technology-assisted measures in Tier 1 sites.

ii. Carrying out an Environmental and Social Impact Assessment (ESIA).

An *Environmental and Social Impact Assessment* (ESIA) will be conducted prior to commencement of the field project activities, guaranteeing that no activities that may cause adverse social and environmental impacts are to proceed until assessments are completed and appropriate mitigation and management measures are in place, however, implementation and monitoring of identified risk management and mitigation measures is required throughout the life cycle of the project.

During the ESIA, selection of the location of the proposed processing plants and other facilities will be undertaken considering proximity to protected areas and villages to ensure that they will not be adversely impacted. The ESIA will address the issue of wastewater discharge from project activities including mining operations and each processing plant. Treatment before discharge into any water bodies will be undertaken to ensure the reduction of suspended solids, chemicals, and fuel residues to acceptable limits in line with national or international standards. This will ensure that water quality does not represent a risk for the health and the livelihoods of other water users or a serious ecosystem risk. The impact of suspended solids, chemicals and fuel residues (as applicable) on other water users is evaluated, contamination of wastewater with pollutants that represent a high risk is monitored, and technical improvements to reduce emissions are designed and implemented. This assessment will deal with the temporary storage of by-products of the mining business, specifically for mercury; the ESIA will propose alternative mitigation means of handling this substance along the ASM mercury management cycle.

The ESIA will also assess the likelihood of participation of minors in hazardous activities and the prevalence of child labor within the ASGM sector in the target mining territories, proposing measures to reduce it and ensure working persons under the age of 18 perform tasks appropriate to their age.

iii. Carrying out three (3) pilot interventions.

These field interventions will serve as pilots for commodity-specific focus JAs (responsible gold). Annex 3 includes a summary of findings on TIER 1 ASGM activity hotspots that could serve as potential sites under this GOLD+ Child Project. This activity will consider the following interventions:

a. ASGM *Macuelizo*: Mercury-free artisanal gold mining processing on an alluvial site mined by a formalized group, the *Macuelizo* group. Alternative, mercury-free technologies will be evaluated to select economically viable and resource-efficient alternatives to amalgamating drums, as the process still relies on mercury. In planetGOLD+, ore characterization and mineralogical analysis will assist to select cut-off grades to meet production targets and optimize gravity and direct smelting flowsheets, playing special attention to select pre-treatment measures for sulphidic or refractory ores (observed at certain Tier 1 sites).

b. ASGM *Quimistan*: Processing mercury-free gold based on a cooperation modality between the Santa Cruz mining group and several artisanal small-scale miners already working informally.

c. ASGM *Danli*: artisanal gold mining in an abandoned mine.

This alternative will look for opportunities to create synergism between the artisanal miners of the *Agua Fria* Mineral group to award parts of a past large gold concession, and providing a path to economic formality for unlicensed operators.

iv. Executing on-going field pilot project monitoring and reporting.

The project will keep track on a continuous basis of the risks for human health and the environment due to the implementation of these pilot interventions with project support. If at the time of the Mid-Term-Review it appears that insufficient risk management measures are in place and with a partial revision of the results, the project will assess whether it must provide additional support. The recommendations coming out of the Mid-Term-Review will then reshape the direction of the project in this regard.

100. Output C.3.: *?Accredited ASGM-specific education programs scaled up to professionalize mining operations in cooperation with the National University of Honduras/School of Geology (UNAH) and the Honduran Institute of Geology and Mines (INHGEOMIN)?.*

Embedding an academic partner is an advantage as they are less vulnerable to political turnover. In this regard, the project will enhance the role of the School of Geology of UNAH by setting up accredited ASGM-specific education programs geared toward benefiting community-based mining organizations. It will also include in the curricula other key aspects such regulatory environment, gender equity, among others.

101. The following incremental activities will be carried out to achieve Output C.3:

i. Developing capacity within educational institutions for analyzing gold ore and designing work flows for processing centers.

Work with relevant partners to disseminate information and create a network for ongoing outreach. The global project will assist this country-level child project in working with universities, technology centers and schools to disseminate relevant information, for example, by augmenting existing curricula with an ASGM-specific understanding and knowledge. Audiences for this activity could include miners, mining organizations, ore processors, municipal officers, as well as other educators and committed students.

Specifically, based on Activity C.1.i, this FSP has budgeted GEF financial resources to train national academic mining engineers and geologists to design ore-specific workflows equipment as well as to enhance lab equipment capacity to assay ore, to promote resource-efficient gold mining in ASM zones, with clear provisions for sound tailings and waste management.

The project will also facilitate an agreement with the UNAH Legal Office so that they can be supported and advised on the legal information that artisanal miners and municipal mayors may require to advance the formalization process in their territories.

Component 4. Knowledge Sharing, Communication and Local Capacity Building Support

102. The area of focus of Component 4 provides support on knowledge management and communications, particularly on the topics of formalization, market access, finance and technology transfer to adopt mercury-free recovery technologies. It includes the design of an awareness raising campaign and information strategy and a programmatic monitoring of FSP global indicators (specifically, GEF Core Indicators 9 and 11), the planetGOLD cross-programmatic indicators, together with dissemination of on-going activities to ensure successful project implementation in accordance with UNDP and GEF procedures. Awareness-raising and gender sensitive training materials will be developed and made widely available in Spanish and relevant native languages, as needed.

103. Close coordination and exchange of information and sharing of best practices will be ensured with the planetGOLD Program, d with the planetGOLD child projects in Colombia, Ecuador, Peru and

Suriname, and with other projects in the programme facing similar challenges. Knowledge products and lessons learned at local and national levels will be shared with the global project, which will make these experiences available through the planetGOLD platform and other outreach strategies. This will foster a community of practice among participating countries and will allow for the sharing of successful models with a wide range of global actors and stakeholders. This Child Project will participate actively in international meetings and events, such as the Global Forum (organized by the global project), a two-yearly learning and sharing event that will facilitate face-to-face meetings between ASGM experts and practitioners, governments, gold buyers and miners to support an ongoing exchange of experiences, as well as the development of global expertise and capacity-building on ASGM issues, networking and learning, to influence the global ASGM dialogue agenda and policy development. The project will also participate in the planetGOLD Annual Programme Meeting, an annual event meant to foster knowledge exchange and community building among all planetGOLD child projects. At least two project representatives will participate in each Global Forum and Annual Programme Meeting.

104. The focus of planetGold?s global component ? ?knowledge management, communication and outreach? is to ?unify and coordinate efforts among all the GEF GOLD child projects and disseminate knowledge generated to a wider audience to help Parties achieve the Minamata Convention obligations to reduce and where feasible eliminate mercury use in ASGM. Under this sub-component, a dedicated planetGOLD website has been developed, hosting a knowledge repository which has materials in the knowledge areas of formalization, technical solutions, awareness-raising and access to finance. The website also has links to each of the child project countries, like this FSP, and will be an important platform for disseminating information for the ASGM situation in Honduras. Lessons learned, knowledge products, communication materials and other outputs of the project will be shared through the planetGOLD platform.

105. Outcome D of Component 4 is: ?*Knowledge-sharing and communication strategies aimed at all ASGM stakeholders to support and increase the formalization and mercury reduction developed*?.

The project?s approach will be to design an awareness-raising campaign and information strategy targeting key stakeholders, which includes dissemination at the municipal, national, Latin America and the Caribbean Region, and global levels. Annual workshops will be organized to create awareness, allow request for and capture of feedback.

106. Output D.1: *?Knowledge management system for best practices and communication platform at national level established?.*

This output will support capacity building, knowledge sharing and communication across the different components and will include a focus on maximizing the impact of communications at the local miner

level. This output proposes using online education and digital marketing tools to support the traditional participatory workshop and training model to help institutionalize sustainable mining methods at the community level; given the sanitary measures imposed by health authorities due to the COVID-19 pandemic. It will also incorporate important lessons learned from the Minamata disease, in particular the serious adverse health and environmental effects of mercury contamination, and the need to ensure proper mercury management. The information and communication outreach strategy that will be developed and implemented as part of the project will contain important elements related to gender. Knowledge sharing and best practices on social and environmental risk management and safeguards will be transversally considered as part of this Component.

107. The following incremental activities will be carried out to achieve Output D.1:

i. Designing and implementing an information and communication outreach strategy.

This activity will develop and maintain extensive social media coverage and campaigns for a range of audiences that provide awareness of the social, economic, and environmental dimensions of the sector; in alignment with the planetGOLD Global Communications Strategy[48][48]. Media campaigns and communication tools will be used to inform the general public, ASGM communities, and local schools on the dangers of mercury and possible solutions, also, highlighting the significant development potential of formal ASGM, taking gender-based risks and the unique circumstance of Honduras into account; at the end, public entities, mining communities and the general public will have a shared and more sophisticated understanding of the ASGM sector. Among others, this approach will include:

? Take advantage of different spaces such as local cable/television, community radio broadcast, internet, mobile telephony, written press, and spaces such as community fairs and festivals to share messages with the mining population, and in general, about how to carry out sustainable mining that is friendly to health and to the environment.

? Setting up an interactive platform on artisanal mining (Telecentre) in ASM communities, to be permanently informed, as a knowledge management space where miners and the community have free-access information on artisanal mining technologies, on dangerous effects of mercury, the practical processes to eliminate mercury completely from mining, and the need to undertake collective actions towards reclaiming degraded landscapes in mining territories.

? FSP communications utilize planetGOLD country logo and brand assets for all communication materials, adhere to planetGOLD style guide and messaging guide in production of external materials, adapting global messages to national context, share and store both raw and edited photo files, video

files, graphics, and other visual assets in a timely manner with the global project via a shared Google Drive for global promotion and dissemination.

? Country project communications manager will participate in programme communications network, including regular calls, digital communication platforms, trainings, and notification to the global project of significant communications-related activities or story leads at country level.

? Publish at least one original blog article per year on planetgold.org, notifying global project for incorporation in global editorial calendar.

? Share relevant (non-confidential) project materials, approaches and documents that may provide relevant information or serve as examples/models to other country projects. Examples of such material may include information on selection of Hg processing systems; due diligence pilot results; training materials of common interest (for instance, gender in ASGM).

? Ensure that all public facing documents produced by the country project are either uploaded to the planetGOLD website or link is provided if the document is housed elsewhere.

ii. Creating synergism with the global planetGOLD platform.

The Project Management Unit will ensure that the global project will support the online community of practitioners in Honduras that will be established under the planetGOLD Global Program which promotes and maintains channels of communication among all planetGOLD project teams, and important external but related initiatives on ASGM, in order to share project results and lessons learned from this Child Project.

Under this activity, this FSP will contribute to the planetGOLD knowledge sharing platform and website which will continue to be maintained by the UNEP Global Mercury Partnership, by the following:

o Provide narrative reporting quarterly to the global project on key activities and areas of progress.

o Provide more in-depth narrative reporting annually to the global project on key activities and areas of progress (based on PIR).

o Participate in inception/ implementation orientation with global program staff.

o FSP Manager attend bimonthly programme coordination calls.

o FSP Manager participate in quarterly Programme Advisory Group (PAG) calls, and attend or delegate attendance of relevant staff to PAG subcommittee meetings.

o At least two (2) staff will participate in the planetGOLD Annual Programme Meeting.

iii. Implementing a gender perspective strategy that includes a Gender Action Plan on the elimination of mercury.

The project?s gender expert, to be retained by the project, will ensure that all activities meet the differentiated needs of female and male miners. Annex 11 presents the Gender Action Plan. The gender aspect should not only consider triggering entrepreneurial opportunities for women to improve family income and meet basic family needs while avoiding exposure to mercury, but also the protection of populations at risk, especially the most vulnerable (elder population, boys, girls, women of childbearing age and pregnant women), through municipal regulations.

iv. Carrying out technical workshops to disseminate the main findings of the FSP with policymakers, CSOs, academia and miners.

Among others, the following actions will be duly programmed for implementation on an annual basis:

? *Miner-to-miner* exchanges in order to discuss and share experiences related not only to the implementation of sustainable mercury-free interventions in ?Tier 1? jurisdictions, but also to solve grievances related to the enforcement of state and municipal regulations.

? Training workshops so that miners can learn about improvements in the crushing and grinding of the mineral, simple and at the same time more technologically advanced methods to concentrate the ore and eliminate the minerals that are not of interest, appropriate disposal of the by-products, and best management practices to create a safer and more productive mining area.

? Publication of scientific, technical, economic, and legal information on mercury and mercury compounds, including toxicological, eco-toxicological, and safety information (in accordance with Article 17 of the Minamata Convention). This information needs to be adapted to the educational level of the target audience in Honduras.

? Systematization of the experiences of artisanal and small-scale miners, their communities, obtaining lessons learned, rescuing all the knowledge accumulated over the years from testimonies, life stories, and best practices of the sector, for the generation of guides and/or manuals on best practices implemented in the sector, for the knowledge of users.

? Strengthening the capacities of departmental and municipal primary education directorates, teachers, and parents on the risks children run when exposed to mercury.

108. Output D.2: *?M&E and adaptive management applied to capture lessons learned, emphasizing prospecting, sustainable mercury-free gold methods, and sound tailings management applied?.*

The project results as outlined in the Project Results Framework (Section V), will be monitored periodically during implementation to ensure the project effectively achieves these results; these

will be reported in a public Mid-term Review and the Final Evaluation Report. Project-level monitoring and evaluation will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP?s Evaluation Policy.

109. As a standard practice for every UNDP project, continuous monitoring of FSP results and achievements will be ensured, while the application of adaptive project management after conclusion of the Mid-Term Review will be warranted. The Project Management Unit (see Section VII below on Governance and Management arrangements for detailed information) will design the project?s Monitoring and Evaluation (M&E) system and will be responsible for implementing the project?s M&E plan, including the project?s Inception Workshop, annual planning workshops, and the GEF Project Implementation Report (PIR).

110. For M&E, technical and institutional capacity, and information will be needed to address climate vulnerability and enhance project and place-based resilience. This Output will develop a Monitoring, Evaluation and Learning (MEL) strategy, implementing and evaluating the selected climate vulnerability management options in the selected project pilot locations over the project lifetime and evaluating the projected impact uncertainties beyond that period.

111. As indicated in Output C.2 (Act. iv.), implementation and monitoring of identified risk management and mitigation measures is required throughout the life cycle of the project. During project implementation, certain circumstances require the revision of the completed design-stage screening. These include, but are not limited to: (a) where new information becomes available such as through a social and environmental assessment, (b) where there are substantive changes to the project (e.g. changes in design, additional components), or (c) where changes in the project context might alter the project?s risk profile. If the revised screening results in a higher risk category, then the revised SESP needs to be reviewed by the Project Board or a subsequent PAC process (and where relevant by the GEF). The UNDP Risk Register (Annex 7) should be updated accordingly.

112. The objective of this output will be to ensure overall coordination, monitoring and evaluation of the GEF GOLD+ Program as a whole. The following incremental activities will be carried out to achieve Output D.2:

i. Carrying out the Project's Inception Workshop.

ii. Following up on monitoring indicators.

This monitoring will include the Project Results Framework with outcome indicators, GEF Core Indicators, and baseline and annual target indicators. The monitoring will capture and track progress regarding attainment of the program?s results, adherence to the results framework, program functioning as an integrated effort, and how well this Child Project is working together with the other child projects and their complementing of each other.
This activity will also collect and report (quarterly and annually) on the agreed cross-programmatic planetGOLD indicators, specifically on the planetGOLD Programme Indicators stated in the Project Results Framework (Section V).

iii. Carrying out monitoring of the SESP (Annex 6), Project Risk Matrix (Annex 7), Stakeholder Engagement Plan (Annex 9), ESMF (Annex 10) and the Gender Analysis and Action Plan (Annex 11).

iv. Organizing and carrying out Project Steering Meetings.

v. Carrying out annual external financial audits.

vi. Carrying out the ?Mid-term Review? (MTR).

The MTR will be carried out after the second submission of the Project Implementation Report (PIR); it will assess the progress of each project activity and attainment of the project?s indicators presented in the Project Results Framework (Section V) and Multiyear Work Plan (Annex 4). This review will also consider one Gender Assessment of project impact completed as part of the MTR and the disbursement of financial resources and co-financing provided by project partners, and it will monitor and assess administrative aspects for project execution. The MTR will also inform the adaptive management of the project and improve its implementation for the remainder of the project?s duration.

vii. Carrying out the Terminal Evaluation (TE).

The TE aims to evaluate whether all planned project activities have been developed, resources granted by the GEF have been disbursed and spent in line with GEF and UNDP policies and rules, and in accordance with the activities as set out in this Project Document. The Terminal Evaluation will also extract and identify lessons-learned, how to disseminate them most efficiently, and make recommendations to ensure that project results become sustainable.

4) Alignment with GEF focal area and/or Impact Program strategies;

113. This Program is directly aligned with the Chemicals and Waste Focal area, Industrial Chemicals Program which seeks to eliminate or significantly reduce chemicals subject to better management, in this case of mercury in the framework of the Minamata Convention. The relevant focal area element is CW-1-1: *?Strengthen the sound management of industrial chemicals and their waste through better control, and reduction and/or elimination?*. A specific objective within the Chemicals and Waste Focal Area, Program 1, is the reduction and elimination of mercury from the ASGM sector, which requires high levels of innovation and integration, and interventions developed to be sustainable beyond the life of the GEF project. It responds to GEF 7 program principles of building on or using existing networks, regional, national and sub-national institutions.

5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF and co-financing;

114. As follows, these are the expected contributions from the Baseline, the GEFTF and Co-financing for each component.

Component 1: Formalization optimization of ASGM.

5.1 Contributions from the baseline:

? The Government of Honduras (GoH) signed the Minamata Convention and entered into force on September 2016. in accordance with the Constitution of the Republic of Honduras, it establishes that the State has the obligation to protect the health and the environment for its population.

? As noted in the Theory of Change analysis carried out during the PPG, even though ASGM has been legalized in Honduras since 2013, this sector has proven hard to be regulated due to its wide geographic distribution nationwide, lack of information and weak institutional context.

? However, Honduras needs to overcome a sectorial context that encompasses a series of institutional, legal, social, financial, and environmental gaps that delay the national capacity to comply with the obligations under the Minamata Convention, in an environmentally sound management approach.

5.2 Contributions from GEFTF:

? Support capacity building of environmental and mining authorities through the establishment of a programme will provide public authorities with the tools to enhance the reduction/elimination of the use of mercury for ASGM operations over the long term.

? Notwithstanding commitment and political will to reducing, and where feasible, eliminating mercury use, achieving goals of this project will be major challenge without inclusive finance and investing in human capital (skills, knowledge, abilities) of miners and their representative organizations to achieve legalization and facilitate the process of formalization. Of which, financial inclusion, business innovation and technology-assisted mineral supply chain due diligence are critical elements.

? Support, through INHGEOMIN, to the enforcement of new regulations in order to enhance a higher degree of formalization in the sector that are in the process of being issued and/or already released/adopted.

5.3 Contributions from co-financing:

? In Component 1, capacity-building activities, including training and better information management through the promotion of inter-institutional coordination, will allow for the incorporation of innovative approaches along the project continuum not only taking into account the decision making process of the high-level authorities at the national level with policy and regulatory instruments but also including specific actions for the proactive participation of the participating mining entities, in order to level off the ground for putting in place an overall approach for Honduras to comply with the Minamata Convention, Article 7/Annex C.

Component 2: Financial Inclusion and Responsible Supply Chains.

5.4 Contributions from the baseline:

? As described in the Theory of Change, for miners, one of the most significant and pernicious barriers to the development of responsible ASGM practices, is access to finance. The deployment of ?mercury-free? investments ?over the long-term- will require innovative means of accessing inclusive capital markets and capacity building for capital mining investments -under a holistic approach- to enhance global environmental reasons for those clusters of rural populations that depend heavily upon this commercial activity.

5.5 Contributions from GEFTF:

? The GEF funding will assure Global Environmental Benefits in terms of mercury reduction that are additional to the baseline by creating meaningful financial opportunities suitable to the ASGM miners.

? Addressing issues related to small-scale gold mining has required, and will continue to require, mobilization of resources, from government budgets as well as assistance from the GEF. Furthermore, innovative financial mechanisms need to be instituted in order to ensure that miners can purchase mercury-free technologies and maintain financial sustainability. GEFTF resources will be applied to support the advancement of ASGM formalization efforts by piloting a Landscape Approach on responsible sustainable gold production.

5.6 Contributions from co-financing:

? The GoH and project partners, mainly the private sector, will provide substantial and significant co-financing for the execution of pilot projects related to the proposed mercury-free interventions including funding in capacity building for reducing mercury contamination related to the ASGM sector.

Component 3: Enhancing uptake of Mercury-free technologies.

5.7 Contributions from the baseline:

? Notwithstanding commitment and political will to reducing, and where feasible, eliminating mercury use, achieving this will be a major challenge without inclusive finance and investing in human capital (skills, innovative knowledge) of miners and their representative organizations (mining entities) to facilitate the process of formalization, of which financial inclusion, business innovation and technology-assisted mineral supply chain due diligence are critical elements.

? In Honduras, no other technology than the traditional intensive use of mercury for gold amalgamation is known, with inefficient artisanal plants. Therefore, in the current context, economically viable options under the principle of Best Available Techniques/Best Environmental Practices (BET/BEP) for reduction and elimination of mercury and contaminated tailings need to be found, provided and validated.

5.8 Contributions from GEFTF:

? The alternative pathway supported by the GEF should facilitate the lack of access to finance to the deployment of BEP/BAT options. A substantial part of the project resources is budgeted under Component 3, accounting for 34% of the GEF funding (excluding project management) which is dedicated to this Component. This action is justified by the need to level off throughout the different complexities of the ASGM mining communities, requiring the involvement of a variety of technical services, municipal approaches and governance issues in the different places.

? Reduction and elimination costs will be allocated with GEF funding to support the disposal of eight (8) tons of mercury used by the ASGM entities that do not have sufficient capital neither access to alternative means to cover mercury-free alternatives. As such FSP resources will be used in the most cost-efficient way, while optimum effectiveness of the project is achieved by bundling project and private sector resources and efforts.

5.9 Contributions from co-financing:

? In partnership with key stakeholders, the project will establish a support programme to implement pilot projects for individual financially retrained mining entities. The project will subsidize at least three pilot projects identified in the proposal (Annex 3 of ProDoc, TIER 1), but it is important to note that the main share of the costs will be borne by other key stakeholders, like CSOs, and bilateral cooperation partners also enhancing mercury-free alternatives in Honduras.

Component 4: Knowledge sharing, communication and local capacity building support.

5.10 Contribution from the baseline:

? In the diverse context of Honduras, with limited institutional capacity, complex cultural and territorial environments and uneven development within the country, the flow of communication will help public insitutions to identify complementarity at the beneficiary level, in order to make the execution of this project very cost-effective.

5.11 Contribution from GEFTF:

? A knowledge management system will contribute to a cost-effective expansion and reproduction of project results, by unifying and coordinating efforts between this project and all the GEF planetGOLD child projects in Latin America; and disseminate knowledge generated to a wider audience to help Parties achieve the Minamata Convention obligations to reduce and where feasible, eliminate mercury use in the ASGM sector.

? The FSP will build on the GEF planetGOLD program that is currently being implemented, through the use of an existing knowledge platform, lessoned learned, capacity building materials, data bases, proven technologies and market opportunities. It will also build on existing efforts of the UNEP Global Mercury Partnership.

5.12 Contribution from co-financing:

? The proactive participation of stakeholders at all levels will contribute to the cost/effectiveness of the project. A communication and dialogue platform will ensure adequate planning and execution of activities in line with the project's objectives, environmentally sound management and the deployment of mercury-free technologies, as well as the complementarity with national environmental policies.

6) Global Environmental Benefits (GEFTF)

115. The GEF funding will assure global environmental benefits in terms of mercury reduction that are additional to the baseline in each country. The following Global Environmental Benefit (GEB) of the project at the CEO Endorsement stage is the same as presented at the PIF stage, i.e.: eight (8) tons of mercury avoided by the project.

116. The methodology to monitor the Global Environmental Benefits of this project related to this GEB will be implemented as follows. Under Component 3 ?Reduced mercury use in ASGM enabled by the increased uptake of mercury-free technologies by miners?, it is estimated that this amount of mercury will be eliminated during the lifetime of the project. Article 7/Annex C of the Minamata Convention states that each Party should report the measures for the elimination of mercury; on behalf of the GoH is MiAmbiente; and at the same time the Implementing Partner of this FSP. Under this capacity, quantities of mercury eliminated by the mining entities in charge of the pilot projects will be directly reported to the MNR through the monitoring plan carried out by the Project Management Unit, in accordance with Annex 5 ?Monitoring Plan? of the ProDoc.

117. Furthermore, improved mining techniques will reduce negative impacts from unsustainable mining methods on freshwater, globally significant biodiversity (like fresh fish variety) and natural habitats, due to better management of mining processes can reduce erosion and sedimentation.

118. Recognizing that mercury pollution from the ASGM sector is one of several adverse impacts on landscapes, this Child project aims to integrate additional environmental co-benefits through a landscape approach to achieve jurisdictional sustainability. A Jurisdictional Approach (JA) refers to a type of integrated landscape management with one major distinguishing feature: the landscape is defined by policy-relevant boundaries with the underlying strategy to achieve high levels of governmental and multi-stakeholder involvement. Detailed assessments of co-benefits will be carried out through the implementation of the FSP. Where co-benefits are anticipated in Child projects, environmental co-benefit baseline will be established during the first year of FSP project execution in [Honduras] for target areas including data on: Deforestation rates (Hectares per year); Carbon stocks (Tons of CO2 eq); Biodiversity values, and Areas of degraded forests and other lands (Hectares). Measure of these co-benefits will be reported during the MTR and also for the TE.

119. The number of beneficiaries is estimated based on the number of miners that will be targeted and the average family size. It is assumed that all family members of a household with a miner will benefit from the project. The total number of beneficiaries is 278,308 (about 50% women and 50% men). This number will be further revised during the implementation phase and duly reported in the annual PIRs.

7) Innovativeness, sustainability and potential for scaling up. ?

120. For the global environment, the strategy of this FSP for greater results is intended to seize opportunities for higher impact through three manners:

121. Innovation: This is based on a market driven approach based on a holistic approach adapted to the Honduran context, which means taking into account all facets of the gold production and supply chain and how they work together optimally for viable ASGM operations.

122. Sustainability: through integration, this project will harness synergies to trigger local capacity for sustainable change in order to institutionalize efforts to mobilize access to finance for ASGM miners, within the framework of national and international guidelines, in order to sustain the foreseen change for mercury reduction.

123. Scale up: this innovative approach will also reflect the fact that this FSP will generate significant lessons and best practices for knowledge sharing and communications that can be intensified in the planetGOLD Global Program, in a way to increase the potential to deliver significant global environmental benefits (a mercury-free ASGM sector worldwide).

Innovativeness

124. Component 1 with respect to formalization optimization, the innovative project aspects are related to the fact that the project is based on the assumption that most of the necessary public institutional capacity and regulatory structures are in place to manage the use of mercury in the ASGM sector; additional support will be predominantly required for the end-users, i.e.: the miners that do not have the educational, technical and financial capacities to trigger a sustainable change for their current practices.

125. The proposed FSP is unique in its approach to formalization. Jurisdictional Approaches use government administrative boundaries to define the project?s scope to maximize governmental participation. The approach proposed here is based on the notion that holistic multisectoral integrated

formalization innovations can deepen mercury reduction in ASGM operations, considering the following factors:

? Appropriate legal framework, which promotes management of territorial spaces and not people.

? A holistic integrated approach, which means taking into account all facets of the gold production and supply chain and how they work together optimally for viable ASGM operations.

? Multisectoral, which means considering all sectors (e.g. forestry, water, health, environment that are important for enabling an optimally functioning ASGM sector with capacity to reduce mercury-free use and supports sustainability).

? Inclusivity in policy formulation processes that include all stakeholders, including gender mainstreaming.

? Inclusion of local context in the institutional arrangements (i.e. miners? organizations, national and local authorities).

? Local capacity at the municipal and territorial levels for sustainable change.

126. Under Component 2, the project will put in place a programme that will provide financial and technical support to financially deprived individual BAS technology holders (the miners), to enable and allow them to operate mercury-free in an environmentally sound manner. An additional innovative aspect of this Component 2 is the launch of financial schemes targeting the diverse variety of ASGM operations in Honduras.

127. Much of the effort with regards to financial inclusion will be to educate local financial institutions on the opportunity that ASGM presents, de-risking strategies for the sector and how to provide appropriate financial products to the sector. This is important for the long-term sustainability of the project as it institutionalizes access to finance for ASGM miners at the local level and recognizes that GEF donor funds can only go so far.

128. Under Component 3, the innovation related resides predominantly in the aspect that with this FSP?s support, Honduras would be able build the necessary capacity to launch ?for the first time in a holistic manner- very innovative aspects in terms of capacity building and by the implementation of mercury-free pilot projects, following a cost-benefit analysis based on the selection criteria of the Minamata Convention, recommended feasible alternatives and technological requirements that should be put in place.

Sustainability

129. The project has been designed to create an enabling framework for strengthening the national capacity for ASGM industry formalization in Honduras to minimize risk to mercury exposure of human beings, in an environmentally sustainable market approach within the framework of the Minamata Convention. Local stakeholder engagement demonstrated that the priority for action was formalization of the artisan gold mining industry with government support. This step is critical for advancement of community-level issues, advocacy, and long-term sustainability. This is planned through holistic coordination during the implementation, in accordance with Honduras? *National Implementation Plan* (NIP), thus ensuring sustainability.

130. In this sense, the sustainability of interventions proposed as part of Component 1 lie in the fact that after this project has been fully executed, Honduras will have made substantive efforts to ensure that ASGM mining operations in several community-based, officially formalized areas, can be managed in a cost-effective, sustainable way. The approaches provide strategies that will integrate ASGM formalization into community land use planning, biodiversity preservation and livelihood security as well as drawing stronger political and stakeholder commitments. The use of these approaches will provide an additional pathway to ensure the sustainability of the child project over the long-term. The establishment of a support program for individual gold miners who are technically and financially restrained, will be fully engaged; ensuring also a significant reduction in the use of mercury for these stakeholders over the long run.

131. For Component 2, this FSP has considered the fact that current technologies (grinding mills -*rastras*-) will be modified and updated thanks to the availability of fresh and innovative financial schemes with the proactive role of the financiers, guaranteeing the sustainability of the project, which aims to phase out the use of these technologies and replace them with feasible, safe, and cost-effective alternatives, if possible. In accordance with these actions, the project will build the necessary incremental capacity for the validation over time of the alternative technologies, and after the project ends, these financiers will continue to finance treatment in a sustainable way, as stipulated by the Mining Law and other environmental regulation, ensuring sustainability.

132. Through the financial scheme developed under Component 2, legally-established community groups will foster and increase the investment in alternative technologies by fostering their business activities in terms of gold recovery, environmental management, and by enhancing collaboration between these groups and interested financiers. The ultimate objective of this component will be to balance benefits for each of the stakeholders to ensure its sustainability.

133. Under Component 3, the Program should be an opportunity to test new solutions to address the objective of reducing mercury emissions from ASGM, the results of these holistic approaches will be documented in a systematic manner similar to the planetGOLD Program where lessons learned from the interventions of the child projects are made available through the planetGOLD Knowledge

Management Platform. This allows other ASGM participating countries to identify the management and technical options that best fit their local conditions.

134. In short, the sustainability after completion of this FSP depends on three main effects aligned with the Development Challenge:

i. Improve the institutional and regulatory frameworks. This is in tune with commitments under the Minamata Convention and in accordance with the Honduras National Implementation Plan (NIP), in particular its ?*National Action Plan for Artisanal and Small-Scale Gold Mining in Honduras*?;

ii. increase the flow of local and international investment capital to launch alternatives to the deployment of mercury-free technologies to sustain the change over time once this FSP is completed;

iii. Formalisation and mercury-free models linking ASGM with private sector and responsible mining CSOs have greater prospects for sustainability and upscaling, decoupling the intervention from long term donor dependence; and

iv. Mercury-free gold processing units will bring three main benefits to the miners and their communities: 1) It will increase miner?s income by increasing gold recovery rates compared to the current practices and tools used (so more gold from the same amount of rocks), 2) it will decrease health risks by reducing miners' exposure to chemical and physical hazards, and 3) it will eliminate the negative environmental impacts of using mercury for gold processing.

Potential for scaling up

135. The capacity building approach mainstreamed in the components is to ensure knowledge and experiences stay in country within relevant institutions. Under Component 1, to increase the capacity of national and municipal entities to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector and by creating an enabling environment for mercury-free ASGM through improving the national ASGM policy and regulatory framework. When the project comes to an end the increased capacity of national and municipality entities and the improved policy and regulatory enabling environment for mercury-free ASGM will continue to serve the ASGM sector and encourage a continued phase-out of mercury.

136. For Component 2, the project will partner with banks, MFIs and other lenders to make loans/investments for the purchase of mercury-free processing equipment/investments available, more affordable and more easily accessible to formalized ASGM miners. The project will do this by supporting lending institutions/entities to develop or improve financial products for the ASGM sector and build their capacity to undertake financial risks assessments, with the purpose of eventually increasing the amount of financing made available through these new or improved financial mechanisms to the ASGM sector. These financial products/mechanisms will continue to exist after the project comes to an end; banking miners is a private sector sustainability proposition that goes beyond donor funds. Where gold deposits exist and miners are well banked, financiers will be available to provide credit and hence continuity and scaling-up of program results. Additionally, the project will assist miners (MEs) to implement due diligence for linking them with potential equity investors for innovative business developments when opportunities arise.

137. As part of the project, miners will also be trained in how to develop loan/investment applications for their cooperatives/communities and how to apply for loans. Results of this support will be captured in simple lessons-learned flyers so that information can be easily disseminated and replicated by other mining communities.

138. The project will demonstrate, by supporting three (3) pilot projects in Component 3, that it will be possible to eliminate/avoid the use of mercury to extract gold while increasing the income of miners and their communities. The project will achieve this by supporting three (3) community-based groups in introducing more efficient and environmentally-friendly mining and processing practices and supporting miners in their regularization and formalization processes leading to more sustainable income opportunities and safer working conditions.

139. Throughout this process, not only miners and their communities will be trained, but the project will also support the *Training-of-Trainers*. These trainers will be selected from the mining territories supported by the project but also from project partners (including but not limited to MiAmbiente+, academic institutions like UNAH, UPI, ESNACIFOR) as well as relevant CSOs partners who liaise with or provide services to the ASGM sector frequently. These events will take place at the pilot plants built early in the project that will serve as hands-on training facilities, field gravity recovery analysis, and testing laboratories, and will directly eliminate mercury use. This will allow these partners to observe and practice firsthand improved practices and apply gained knowledge and expertise to support other mining communities in the future. Furthermore, the project will help establish a route to market for mercury-free gold which will allow miners to obtain better prices for their mercury-free gold.

140. Even though capacity-building support will come to an end when the project is closed, the project will have demonstrated that more efficient mercury-free processing and mining practices can increase income. An increase in income is by itself the most convincing argument for replication by other mining territories. Furthermore, trainers will have been trained who can pass on hands-on knowledge on more efficient mercury-free processing and mining practices. Results of the support to

the municipalities will also be captured in simple lessons-learned flyers so that information can be easily disseminated and replicated by other mining territories.

141. Throughout the project?s implementation, project results, experiences, lessons-learned and best practices will be captured, published, and taken up by the GEF GOLD Global Dissemination Platform, considering the activities planned under Component 4, Output D.1. The objective of the (UNEP led) GEF planetGOLD Global Dissemination Platform is to unify and coordinate efforts among all the GEF planetGOLD child projects and disseminate knowledge generated (e.g. experiences in formalization, access to finance and market and technology transfer) to a wider ASGM audience to help Parties to the Minamata Convention meet their obligations to reduce and where feasible eliminate mercury use in ASGM. When the project comes to an end these materials and resources will continue to remain available and to serve the wider ASGM community.

142. In summary, scaling up of project results is being ensured by improving the capacity of the GoH, the municipalities in the mining territories, private sector and miners (among others) in more efficient and lucrative ASGM practices (that also happen to be more environmentally friendly and use less or no mercury) and by facilitating the access of miners to financing/loans that allow them replicate these practices that make sense from a financial point of view (social impact investors) and along the ASGM Mercury Lifecycle Approach in Honduras.

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[1] Mercurio-MIA/NAP Project, 2017. *?Inventario Nacional de Identificaci?n y Cuantificaci?n de las Emisiones y Liberaciones de Mercurio N2 de Honduras 2015?*. Project: Environmentally Sound Management of Mercury and Products Containing Mercury and its Residues in Artisanal and Small-Scale Gold Mining and the Health Sector (GAR). GEF, PNUD, ONU Medio Ambiente, MIAMBIENTE+. Honduras.

[2] MIA-NAP Project, 2017. *?Estudio Panor?mico Nacional de la MAPE de Oro en Honduras?*, page 33.

[3] MIA-NAP Project, 2017. *?Estudio Panor?mico Nacional de la MAPE de Oro en Honduras?*, page 34.

[4] **Immediate causes** are the most evident manifestation of the development challenge and determine the current status of the problem to be analyzed.

[5] **Underlying causes** are the consequence of lack of policies and laws, institutional factors and unavailability of resources.

[6] **Root causes** are pervasive and long-standing development performance issues, often related to historical and cultural legacies, which affect development outcomes through attitudes and behavior at different levels, often regardless of policy and legislative changes.
[7] It is important to note that ?*formalization*? refers to the overall governance of the ASGM sector; miners themselves are not licensed but rather the site in which they are operating.

[8] These include, mainly licensing, monitoring, and compliance with other existing regulations.

[9] These include a wide range of stakeholders, including local and national authorities, miners, intermediaries, gold buyers and merchants.

[10] UNEP. 2018. ?Global Mercury Assessment 2018?. Available at:

https://wedocs.unep.org/bitstream/handle/20.500.11822/27579/GMA2018.pdf?sequence=1&isAllowed=y

[11] Metal Focus. 2019. Gold Focus 2019. Available at: https://www.europeangoldforum.org/wp-content/uploads/sites/8/2019/04/Gold-Focus-2019-compressed.pdf

[12] UNEP Global Mercury Assessment, 2018.

[13] Under Article 7, Annex C, of the Minamata Convention, actions to eliminate include:

- Whole ore amalgamation;
- Open burning of amalgam or processed amalgam;
- Burning of amalgam in residential areas; and
- Cyanide leaching in sediment, ore or tailings to which mercury has been added without first removing the Hg.

[14] ASGM, in the context of Honduras, refers to the use of mining resources that miners develop individually or in organized groups, duly registered through the use of exclusively manual techniques (Art. 88 of the General Mining Law #238/12), with a volume no more than 10 cubic meters and 30 cubic meters per day, respectively.
[15] World Bank. 2019. Environmental indicators. Retrieved from: https://www.worldbank.org/en/country/honduras/overview

[16] Central Bank of Honduras: https://www.bch.hn/eng/index.php
[17] World Bank. 2019. Honduras country profile. Retrieved from: https://www.worldbank.org/en/country/honduras/overview

[18] Large scale mining is temporarily banned in Honduras. Foreign owned medium-scale gold mining operations have expanded. For the purpose of this ProDoc, highly mechanized, formal mining operations will be categorized as ?*conventional mining*?.

[19] MIA NAP Project, 2017. *?Estudio Panor?mico Nacional de la MAPE de Oro en Honduras?*, page 15.

[20] Mercury in Honduras, in the mining jargon, is known as ?*azogue*?.

[21] Artisanal Small-scale Mining/Large Scale Mining (ASM-LSM) conflict does not exist per se, as LSM is not currently permitted. However, conflicts exist especially on environmental issues.

[22] Dr. Paul Cordy (*personal communication during the PIF preparation*, *February 19, 2020*), PFD GEF GOLD+.

[23] ?Formalization? can be understood as a long-term process of progressively building the capacity of government and ASM actors (i.e., miners, traders, and all other participants along the gold supply chain) to enable compliance with applicable regulations, and ultimately access and equitably benefit from participation in formal local and global commodity markets.

[24] CRAFT Code: a tool that facilitates gold buyers the application of due diligence in the sector with a focus on development and continuous improvement. It adopts the definitions of ?ASM? and ?legitimacy? offered in the OECD Due Diligence Guide Annex 2 risks as an essential starting point, and also assesses several other important environmental and social risks in ASM, such as mine safety and use of mercury, among other topics.

[25] PCA 00862 Project: Desarrollo de la Evaluaci?n Inicial del Convenio de Minamata y el Plan de Acci?n Nacional para la Miner?a Artesanal y a Peque?a Escala del Oro en Honduras. ?*Estudio de Conocimientos, Actitudes y Pr?cticas (CAP) sobre Miner?a Responsable y Sostenible orientado al desarrollo de una Estrategia de Educaci?n y Capacitaci?n de Mineros Artesanales a ser integrado en el Plan Nacional de Acci?n de Mineros Artesanales y de Peque?a Escala de Oro en Honduras*?, page 20.

[26] MIA-NAP Project, ?Mercury Trade?, 2018

[27] Data were mostly gathered from: ?MIA NAP Project, 2019. ?*Resumen Ejecutivo del Estudio Panor?mico Nacional de la Miner?a Artesanal y Peque?a Miner?a de Oro? Diagn?stico Inicial del Convenio de Minamata (MIA) y formulaci?n del Plan de Acci?n Nacional de la MAPE de Oro en Honduras (NAP)*. GEF, ONU Medio Ambiente, MIAMBIENTE+. Honduras.

[28] These activities include: excavation, crushing, sifting and shanking, washing and sluicing, amalgamation, burning and carrying loads.

[29] https://www.youtube.com/watch?v=U8gAcALmLaQ

[30] Primary extraction techniques of gold-bearing rock (usually quartz) involve sinking of shafts, drifts, and digging pits, with higher overall technical requirements compared to placer (alluvial) deposits.

[31] Shallow (dig and wash) alluvial operations typically have non-mechanized and dredging techniques at a depth of 0-3 meters and deep alluvial ranging from 7-12 meters, provoking severe river siltation, soil erosion and adverse impacts on riparian habitats from dredging operations.

[32] The design of the mill is the same at the national level, but they vary in size depending on the municipal territory. These are handmade equipment built with rudimentary circular material, consisting of large stones chained to a pole that rotates by the action of an engine, where mercury is aggregated into the crushed material.

[33] Metallurgical process for the concentration of gold ores in which a sludge of the milled raw ore comes into contact with mercury and gold is trapped by mercury in the form of amalgam.

[34] GEF. *?EVALUATION OF GEF INTERVENTIONS IN THE ARTISANAL AND SMALL-SCALE GOLD MINING SECTOR?*, GEF/E/C.59/02, page 32, Nov. 13, 2020.

[35] It is important to note that if mercury is still imported from the USA that is illegal, because export of this chemical element from the US has been banned since 2013.

[36] Not official. Data estimated from the number of miners per municipality and the estimated yield in a year of production (2017) by the NAP project.

[37] MIA-NAP Project *?Panorama de la actividad de Miner?a Artesanal y de Peque?a Escala de Oro en el Municipio de Macuelizo, Departamento de Santa B?rbara?*, page 18.

[38] Extractive Industries Transparency Initiative (EITI) Honduras. 2020. Retrieved from https://eiti.org/honduras

[39] Jurisdictional approaches (JA) ?a type of landscape approach- emerged as government-led, holistic approach to land use management across one or more legally defined territories. JAs seek to align interests and coordinate actions among sub-national government, local communities, NGOs and businesses toward shared goals.

[40] Landscape Approaches (LAs) aim to balance competing land-uses in a way that is best for people and the planet through multi-sector, multi-stakeholder, multi-objective interventions at landscape levels.

[41] Please, note that CRAFT does not itself include methods or approaches for traceability.

[42] MIA-NAP Project: *?National Strategy for the Trading of Mercury (Hg), Municipalities of San Marcos de Colon, El Corpus, Macuelizo, Quimist?n y Danl??*, Dec. 2018.

[43] https://www.responsiblemines.org/en/project/model-of-responsible-artisanal-and-small-scale-mining/

[44] For further information, please refer to the following Report: *Review of Jurisdictional Approaches and Considerations for ASGM Programming for the GOLD+GEF Global Program to Reduce/Eliminate Mercury from ASGM. January 2020. NMutemeri Consulting.*

[45] For further description, please refer to the PPG/UNDP/GEF Study: *?PROPUESTA DE INSTRUMENTOS FINANCIEROS PARA EL SECTOR MAPE EN HONDURAS?***,** Mar?a Dolores Almeida S?nchez, July 2021.

[46] Vulnerability encompasses a variety of concepts and elements including sensitivity or susceptibility to harm and lack of capacity to cope and adapt, from *?GEF AGENCY RETREAT: guidance on climate risk screening of GEF projects?*.

[47] ?Techniques? means technologies used, operational practices and the ways in which installations are designed, built, maintained, operated, and decommissioned; as defined by Art. 2, of the Minamata Convention.

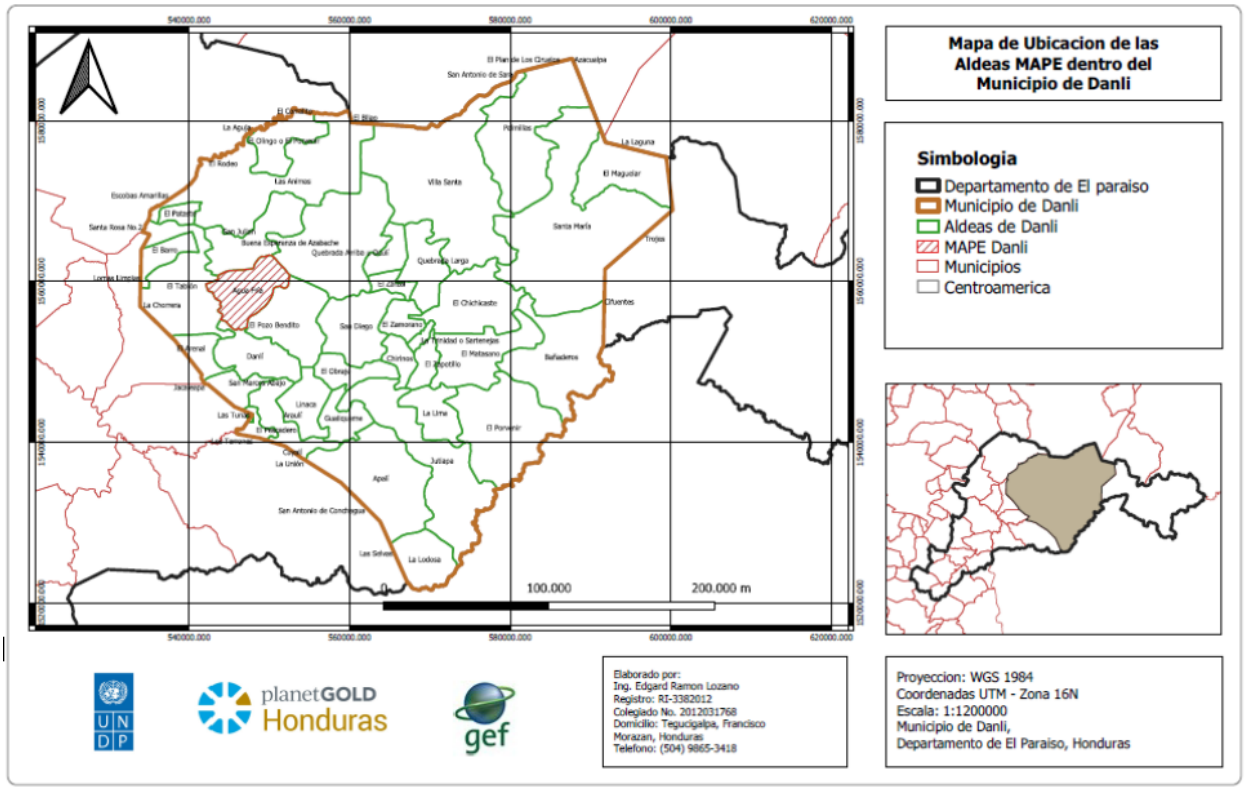
[48] Please, refer to *?planetGOLD Communications Strategy 2020?* Report.

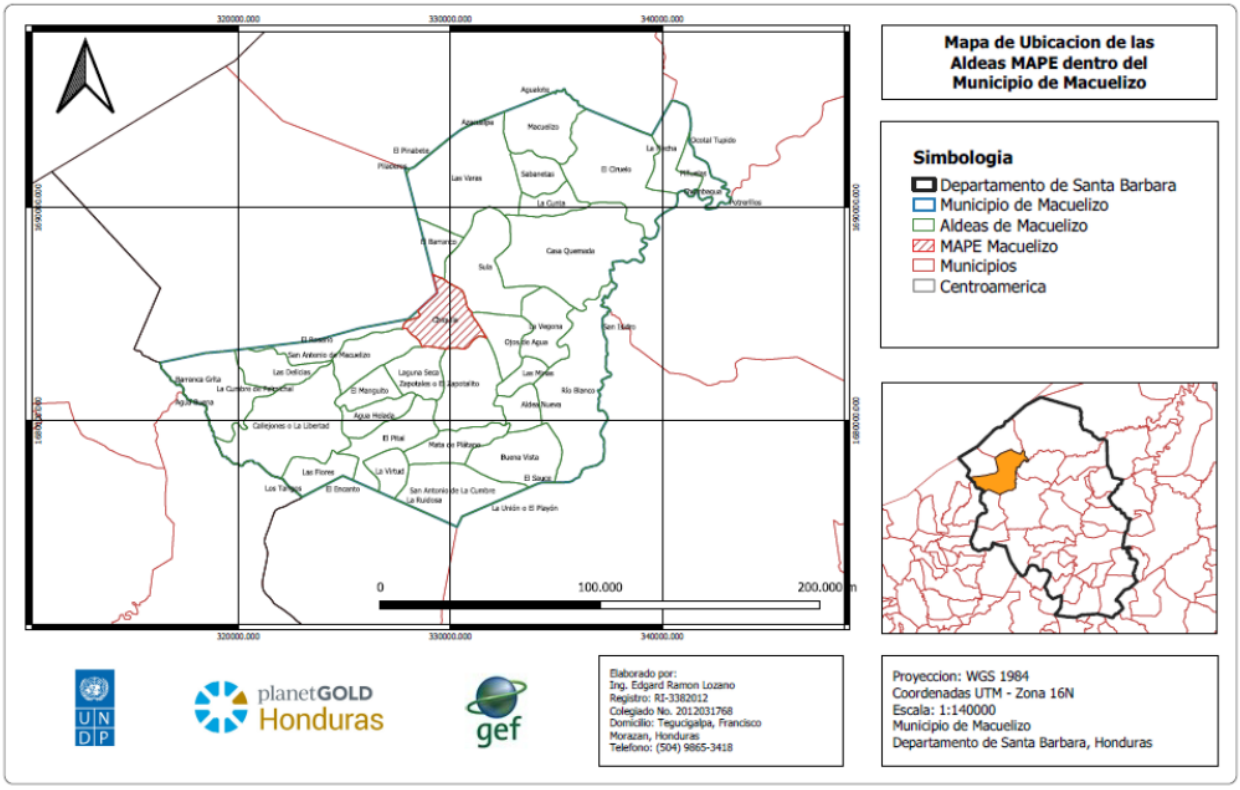
1b. Project Map and Coordinates

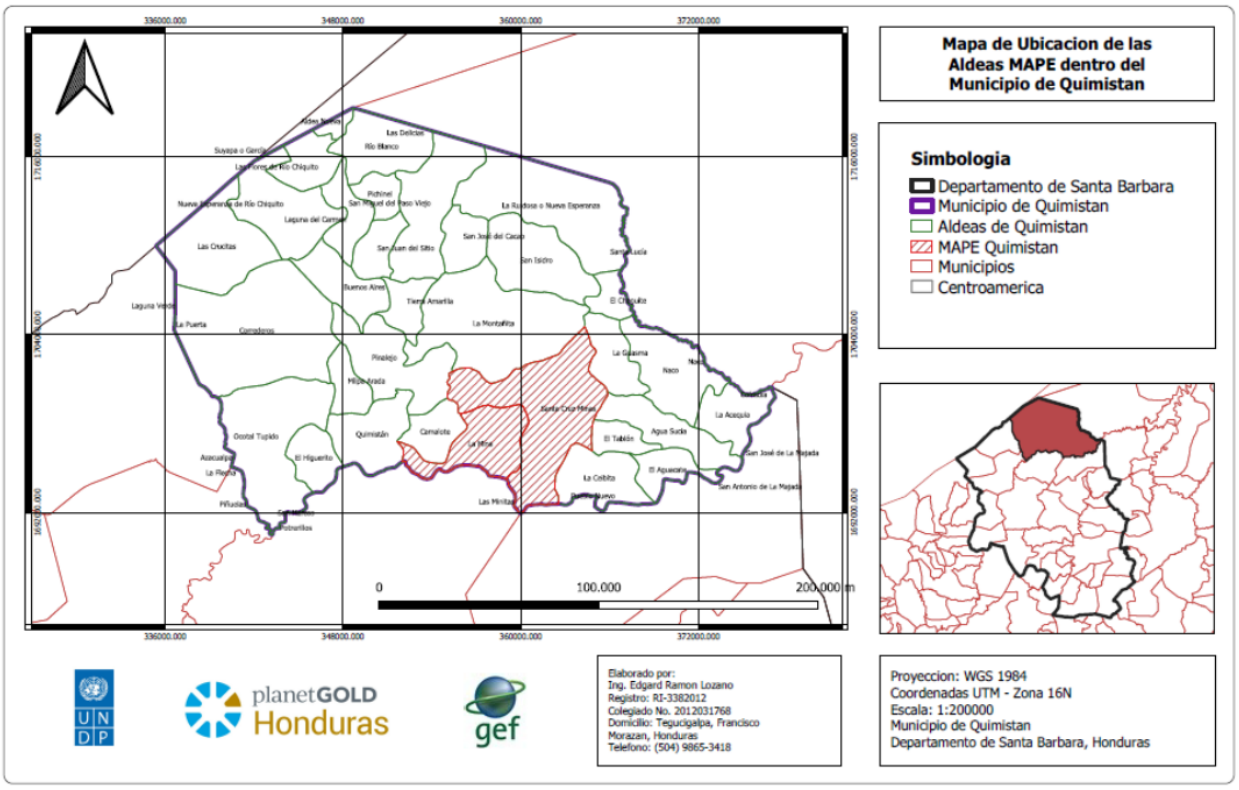
Please provide geo-referenced information and map where the project interventions will take place.

143. Please, refer to Annex E of this document for detailed geo-referenced information and map where the project interventions will take place.

Locations of TIER 1 Project Sites for Mercury-free Pilot Projects to be carried out under Component 3.







1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

144. The integrated approach proposed for the Honduras Child Project fully responds to and reflects the planetGOLD+ Programme?s ToC as can be deducted from the child project?s results framework, around the following components:

- Optimizing formalization strategies through integrated, holistic, and multi-sector approaches at the landscape scale through commodity-specific Jurisdictional Approach;
- Accelerating financial inclusion and creation of responsible supply chains;
- Enhancing uptake of mercury-free technologies through sustainable business models;
- Foster knowledge sharing, learning, and synthesis of experiences.

145. All Honduras? project components fully align with the programme components, and the child project outputs directly contribute to the PFD and child project outcomes as described in the project?s results framework (Section V of the ProDoc). As such the proposed child project proposes suitable and appropriate options to tackle systematic challenges for Honduras where the ASGM sector is a more than significant source of mercury and environmental harm.

146. This child project will achieve tangible and desired transformation including multiple global environmental benefits, highlighting co-benefits of environmental management and compliance of the

gold mining sector toward accelerating progress on the Minamata Convention, REDD+, the United Nations Convention on Biological Diversity (UNCBD) and the United Nations Framework Convention on Climate Change (UNFCCC). As mentioned above, gender mainstreaming will be critical to all project activities, and a Gender Action Plan has been developed to support this.

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations Yes

Indigenous Peoples and Local Communities

Private Sector Entities Yes

If none of the above, please explain why:

147. UNDP has formed mutually beneficial long-standing relationships with senior policy makers at the national level and has assisted the strengthening of MiAmbiente during the formulation of the PIF and in the implementation of the PPG. It has also created a synergy with key stakeholders in the private sector, academic and CSO sectors during the formulation of the ProDoc and will continue in the upcoming execution phase.

148. A stakeholder engagement plan was undertaken in order to identify key stakeholder institutions and relevant beneficiaries to be involved in the project implementation process. Annex 9 of the ProDoc ?Stakeholders Engagement Plan- describes the process of assessing the project's key stakeholder?s interests and the ways in which these stakeholders may influence the project?s outcomes, how stakeholders will be consulted in project execution, the means and timing of engagement. This Plan is important because it enhances local ownership, strengthens project integrity and design, and helps to create foundational relationships that may contribute to constructive problem solving if difficulties or challenging issues arise.

Stakeholder Engagement Plan attached.

149. The ?Stakeholder Engagement Plan? seeks to strengthen UNDP institutional partner capacities for managing social and environmental risks and ensuring full and effective stakeholder engagement, including appropriate mechanisms to respond to complaints from project-affected people. This Plan follows the Guidance Note UNDP Social and Environmental Standards (SES) as well as regulations for the import, use and disposal of mercury. In this specific context, for the use of mercury for artisanal mining operations, mercury importers are responsible for classifying the hazards, labelling and generating the respective Safety Data Sheet. Thus, given the regulatory framework in which the project will be implemented, it is fully recognized that there are inherent risks for the beneficiaries that FSP interventions will deal with decisions by other stakeholders that may affect them.

150. Due to the presence of this high risk in Honduras, a diverse group of stakeholders was engaged during the project preparation stage and their roles clearly stated during its execution, as described in Annex 9. Stakeholders are the miners and public institutions with an interest in the project or the ability to influence project outcomes, positively or negatively and which are directly or indirectly affected by the project. This Annex also provides an overview of stakeholder interests, importance and influence on project outcomes. Transversally, from the gender perspective, the ?Stakeholder Engagement Plan? provides an overview of stakeholder interests, importance and influence on project outcomes or operations that were validated at the PPG stage through a participatory exercise with stakeholders.

151. The grievances will be geared directly to MiAmbiente, through the institutional mechanisms by which people concerned with or potentially affected by the project can express their grievances to the following address:

http://www.miambiente.gob.hn/transparencia/participacion

152. It is also possible for the municipal authorities to expand its citizen service channels, improving its services and, thus, offering the citizen personalized service, in the mining communities participating in this FSP.

153. To achieve the planned outputs and outcomes of this FSP, it will be necessary to engage various stakeholders, i.e.: National policymakers (mainly the MiAmbiente with support from other ministries; as well as INHGEOMIN. Their main interest is the achievement of the project?s overarching objective of development by carrying out the necessary implementation of national policies, under the mandate of the Minamata Convention, already ratified by Honduras and timely reporting of the Global Environmental Benefits (GEBs) to the GEF, private sector players (mining companies, impact investors, and participants in the ASGM mercury market) committed to becoming greener partners as well as integrating gender equality, socio-economic issues and considering relevant risks, including those amid the coronavirus (COVID-19) pandemic.

154. In short, the implementation of this FSP requires the active participation of numerous and diverse partners. The responsibility of these partners in project implementation and their support for the FSP?s development challenge, are presented in the Table below.

Partnerships of the FSP

Type	Group	Stakeholder	Role

Type	Group	Stakeholder	Role
Public Entities	National Government	Secretariat of Natural Resources and Environment (MiAmbiente+)	MiAmbiente+ -as the focal point of the Minamata Convention and other MEAs- is the lead public partner responsible for development, detailed design and overall implementation of this FSP, and as such, member of the Project Board/Steering Committee. It is also responsible for liaison work with the other ministries (SESAL, INHGEOMIN, Secretary of Labor, Secretary of General Coordination of the Government, Secretary of Agriculture, Institute of Forestry Conservation). On behalf of the GoH, MiAmbiente+ will be the Implementing Partner for this project. It is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project outputs and outcomes, and for the effective use of GEF and UNDP resources. The Project Management Unit (PMU) will be located in their premises at the Projects Coordination Office.
		The Center for Studies and Control of Contaminants (CESCCO)	CESCCO ?an associated public entity to MiAmbiente+- is in charge of the authorization of mercury imports, the preparation of technical guides for Hg handling and temporary storage, the receipt of applications for registration in the Single Registry, the preparation of inventories, preparation and coordination of the National Plan for the reduction of pollutant emissions and releases and to support the remediation actions of contaminated sites, as well as the assessment of environmental risks associated to the above duties; it is the Official Contact Point for the International Chemical Agenda.
		Secretariat of Finance	This entity will develop technical assisted supply chain due diligence; microfinance funds aimed at financing microenterprises in ASM communities under Component 2.

Type	Group	Stakeholder	Role
		Secretariat of Health (SESAL)	SESAL is involved in Health Surveillance, Regulatory Framework Surveillance, and Environmental Health in mining territories. SESAL will also be an official member of the Project Board/Steering Committee and will directly support capacity-building for Chemical Risk Evaluations related to the use of mercury in the ASGM sector.
	Public Agencies	Honduran Institute of Geology and Mines (INHGEOMIN)	INHGEOMIN will be in charge of the implementation of an action plan for the gradual elimination of mercury and mercury compounds in the extraction of gold, and will participate in the management of contaminated sites and the evaluation of risks for health and the environment and will be the responsible entity for the application of the Special Regulation of Artisanal and Small-Scale Mining by the implementation of Best Environmental Practices and Best Available Techniques described in the Technical Guide, through: ? Regulation for the control of ASM in Honduras. ? Strengthening of the ASM Unit within the organizational structure of INHGEOMIN. ? Knowledge outreach of BAT and BEP in the use of mercury in ASM in mining territories. ? Legalization and formalization of mining cooperatives. ? Strengthening management and technical staff capacities of the Laboratory for the determination of mercury in ore, water, soil and other elements.

Type	Group	Stakeholder	Role
		Central Bank of Honduras (BCH)	BCH will participate in the project's activities to design and explore financial, fiscal and other economic incentives for environmentally responsible management of mining sites, as well as related to increasing the demand for ER gold that meets international standards and activities targeting gold buyers.
		National Bank for Housing and Production (BANHPROVI)	A public bank, it offers tailor-made financing in the housing, production, Micro, Small and Medium Enterprise (MiPyME) and real estate sectors. As a first-tier bank, it can offer financial products available in the market for ASGM miners to access softer loans.
		Association of Municipalities of Honduras (AMHON)	AMHON will represent Tier 1 and Tier 2 project sites. It is responsible in supporting local capacities for the implementation of Environmental Management Plans within the Territorial Development Plan (PDM-OT).
	Municipalities	Municipalities of Concordia, Juticalpa (Olancho), Corpus (Choluteca), Macuelizo and Quimist?n (Santa Barbara), Danl? (El Paraiso)	Municipal Authorities that administrate local development including the emission of operational permits for Artisanal and Small Scale Mining Operations, including gold processing plants. Honduran law ? through the General Mining Law allows them to emit mining permits for Artisanal Mining exclusively.
International organizations	Cooperation Agencies	UNDP	UNDP is accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services and is also responsible for the Project Assurance role of the Project Board/Steering Committee.
		Norwegian Ministry of Environment	Through the local Embassy, it could finance the project of remediation of mercury contaminated sediments in a Tier 2 project site.

Type	Group	Stakeholder	Role
		Embassy of Germany	Can support potential technical assistance in mining processes and linkage with other potential buyers of ethical gold in Germany.
Non-governmental organizations	Civil Society Organizations (CSOs)	Lundin Foundation	This NGO is the main financer in the take-off of the Minas y Cuevas community enterprise that currently extracts and processes artisanal gold.
		Heimerle and Meule Foundation	This Foundation is the main gold buyer of the Minas y Cuevas gold production, as a Germany-based gold refinery. It has bought three shipments of gold from Minas y Cuevas since 2019 and has shown interest as a potential gold buyer from other ASGM communities.
		Artisanal Gold Council (AGC)	AGC will develop of a mercury free processing plant in one of the Tier 1 sites; information and knowledge sharing of other projects implemented in other regions.
		Alliance for Responsible Mining (ARM)	ARM is already providing technical assistance to Minas y Cuevas in organization and administrative aspects; it is an important ally in the preparation of the EPRM project in Honduras.
		Norwegian Exchange House (Sammlerhauset)	It is a potential ASGM gold buyer for other locations, and also supporting Minas y Cuevas regarding the certification under Fairmined.
Academy	Universities	National University of Honduras (UNAH)	Considering the on-going activities carry out by this public university, this FSP will engage on-going activities of the School of Geology related to the mining sector, enhancing a more favourable academic environment towards the ASGM sector. This academic center will participate on the testing of ore for gold grading, participation in the implementation of the pilot projects and the development of the associated learning curve in order to support knowledge management.
		Polytechnic University of Engineering (UPI)	UPI has a Technical Career in Geology; it will contribute in the dissemination of BAT and BEP related to reduction of mercury releases and emissions in the ASGM sector.

Type	Group	Stakeholder	Role
		National University of Forest Sciences (UNACIFOR)	UNACIFOR has a Master Degree in Environmental Structures; it will contribute in the dissemination of BAT and BEP related to reduction of mercury releases and emissions in the ASGM sector.
	Vocational Education and Training	National Institute of Professional Training (INFOP)	INFOP, created by Decree Law No. 10-72, is the governing institution of professional training policies aimed at the economic and social development of the country and for all sectors of the economy, it could provide support related to education, training and certification for fair trade in minerals.
Private sector	Mining Companies	Appel Global	This is an international consortium promoting the development of a mercury-free technology under the sponsorship of the Danish Government.
		LSM: Raptor Mining (El Corpus)	This group is made up by medium and large scale gold processing companies. They can represent a direct alternative for the ASGM miners to process gold at the project sites of interest. However, within the supply chain there are other actors such as operators of artisanal mills (*rastras*) that play an important role and can provoke resistance to change. Each alternative will be analyzed in more detail in the execution phase.
		Sociedad Aguila Dorada (El Corpus, Choluteca), Compa?ia Cerros del Sur, S.A. (El Corpus Choluteca), Compa?ia Minera La Moloncosa, S.A. (El Corpus, Choluteca), Cobra Oro (Choluteca, Choluteca), AURA MINOSA (Minerales de Occidente, S.A.) La Union, Copan.	
Beneficiaries	Artisanal Miners	For the purposes of the project, the beneficiaries are the ASGM miners, i.e.: *Guirisero* / Extractor / Carrier / Crawler	This FSP will support the reduction of mercury consumption currently used in vulnerable and low-income communities by individual artisanal miners in the departments of Choluteca, Santa Barbara, and El Paraiso.

Type	Group	Stakeholder	Role
		Small Miners / Community-based mining companies	These are small groups, rarely formalized, located in the ASM territories, holding land rights for gold extraction issued by INHGEOMIN and for the most part have not yet comply with all the existing regulations. The project will benefit the ASGM mining groups and their local communities, especially those which are located in the places to intervene the departments of Choluteca, Santa Barbara, Copan, Olancho and El Paraiso, specifically in the municipalities of El Corpus, Macuelizo, La Uni?n, Juticalpa, Gualaco, Guayape, Patuca y Concordia, Danli, Juticalpa, Gualaco, Guayape, Patuca y Concordia.
Relevant Groups	Women, Youth and Elderly	In daily life, people are exposed to mercury in varying concentrations. Biological factors ?notably size and physiological differences between women and men and between adults and children? influence susceptibility to health damage from exposure to this toxic chemical.	From a gender perspective, Honduras needs more gender and sex disaggregated information related to the level and frequency of exposure to toxic chemicals, like mercury, and their impacts on human health; and to develop indicators to measure hazardous chemical impacts on women and men. Especially data related to the labor market and health because gender-determined occupational roles have a direct impact on the exposure to these kinds of chemicals that is urgently needed to build specific policies focused on gender and the hazards of this polluting substance. The project will carry out the evaluation of alternative technologies for the replacement of mercury in the ASGM sector, considering the risk of exposure by sex (Component 3), integrating the mainstreaming of gender perspective into the development of activities in order to overcome existing gender gaps in the current use of mercury for gold extraction and sound management of hazard waste and the design of strategies to reduce these gaps (Gender Action Plan).

Type	Group	Stakeholder	Role
	Local Communities	Considering the geographic context of Honduras, and the municipal territories to intervene, local populations are predominantly located in the departments of Santa Barbara and Olancho (*Lencas* and *Pech*, respectively) and these groups are not involved in mining activities of the ASGM sector.	Local communities, through the ESMF, will be who decide their participation in the project and eventual activities within their mining territories. This decision will be expressed through a prior informed consent (FPIC) in written form in accordance with the existing protocols set up by INHGEOMIN. Local representatives in partnership with CSOs and environmental authorities will supervise activities related to the mercury-free demonstrations sites carried out in their territories.

Please provide the Stakeholder Engagement Plan or equivalent assessment.

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

155. As indicated above, Outcome 4 of this FSP is fully dedicated to raise awareness of project stakeholders on the elimination of mercury in the ASGM sector. Planned outputs D.1 and D.2 to achieve this outcome include the design of an awareness raising campaign and information strategy and a programmatic monitoring of FSP global indicators (specifically, GEF Core Indicators 9 and 11), together with a review of on-going, activities to ensure successful project implementation in accordance with UNDP and GEF procedures, integrating awareness raising and gender sensitive training materials. As well noted above, these actions will be implemented considering a interactive communication with the GEF planetGOLD program, the UNEP Global Mercury Partnership, and other knowledge management platforms worldwide through the support of the UNDP Regional Coordination Unit/Chemicals for LAC.

Select what role civil society will play in the project:

Consulted only;

Member of Advisory Body; Contractor;

Co-financier; Yes

Member of project steering committee or equivalent decision-making body;

Executor or co-executor; Yes

Other (Please explain)

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

156. This FSP presents an opportunity to educate women on gender-related risks and maximize the potential benefits from participation in the ASGM sector. The project will mainstream gender equality and women?s empowerment throughout its components by ensuring that formalization efforts, access to finance and responsible markets and access to mercury-free technologies benefit both men and women. Capacity building of ASGM actors will target both men and women through training and skills transfer.

157. To ensure that gender is mainstreamed effectively throughout the project, the PPG stage and the Social and Environmental Screening Procedure have identified all potential risks. In the PPG, this aspect was examined through extensive engagement with host communities and a Gender Action Plan developed to mainstream gender throughout the project?s activities, to upscale the opportunities for women to benefit from training and employment opportunities and develop gender-disaggregated data, accounting for multiple factors (i.e., race, ethnicity, nationality, education level, and citizenship status). To ensure equality of results, the project will actively engage women and other vulnerable groups, as change agents and participants, not just as victims of inequalities or forms of discrimination.

158. Gender equality is intrinsically linked to sustainable development and fundamental in transforming the ASGM sector into a vehicle for inclusive growth. Gender is an overarching variable, in the sense that it is often an intersection of identity factors, including sex, race, class, age, ethnic group, education level etc. Gender norms are established in different socio-cultural contexts, which ultimately determine what is expected, allowed and valued in a woman/man and girl/boy in specific settings. In ASGM systems, gender roles are learned through socialization processes that can change over time. Gendered perspectives will be captured, including data collection through baseline surveys documenting risks and opportunities for men, women, elders, boys and girls, affected by the project.

159. From the gender perspective, women and men in Honduras participating in the ASGM sector need more information on environmental stresses and more data?disaggregated by sex, age and other factors?is urgently needed to build policies that are more comprehensive. ASGM markets, specifically in the context of this project, are usually male oriented, from the supplier and the producer perspectives, however, the final treatment of the amalgam demands a high level of protection of women from hazardous fumes and this end-use needs to be strengthened. Annex 11 (Gender Analysis) of the ProDoc describes the process of assessing the gender challenges for the project and how these may influence the project?s outcomes.

160. The gender analysis (centered on sex and gender variables) is presented in Annex 11, allowed for the identification of the different roles and tasks that men and women perform in daily life and in the ASGM sector that put them at risk of exposure to mercury. The gender assessment also identified irregularities and power relations, inequities and inequalities and helped to recognize the causes of these inequalities.

161. Based on the outcomes of the Gender Analysis, a Gender Action Plan was formulated to help design project interventions (component/outcomes and activities) that would contribute towards women empowerment and to overcoming gender inequality. The findings from the gender analysis and the project interventions proposed as part of the Gender Action Plan, have been integrated into the overall project?s approach and the Project Results Framework. The main elements of the gender action plan, as related to the project?s four components, are summarized below:

Component 1: Formalization optimization of ASGM
? Outcome A.1: The development of workshops and training programs on gender empowerment and leadership, help the GoH and participating municipalities to implement sustainable and inclusive interventions.

? Outcome A.2: Analysis of the gaps, barriers and proposals for legal reforms for the formalization of women, their associations or their micro-enterprises in the ASGM sector.

? Outcome A.3: Establish strategic alliances with government and municipal entities, for the setting up of a regulation process aimed at the creation of artisanal mining microenterprises of women.

Component 2: Financial Inclusion and Responsible Supply Chains
? Outcome B.1: Development of programs for business skills and entrepreneurship for women related to the ASGM sector to improve their economic autonomy.

? Outcome B.2: Integrate the gender approach in innovative financing schemes, taking into account the differentiated needs of men and women in the ASGM sector.

Component 3: Enhancing uptake of Mercury-free technologies
? Outcome C.2: Support for the establishment of artisanal mining micro-enterprises for women with the support of UNAH and INHGEOMIN.

? Outcome C.3: Development of workshops and programs to mainstream the gender approach in the ASGM sector.

Component 4: Knowledge sharing and communication outreach
? Outcome D.1: Exchange of good practices on the participation and empowerment of women as agents of change in the ASM sector.

? Outcome D.2: The project will conduct a Gender Assessment of project impact as part of the Mid-Term Review. Based on the results of the Gender Assessment and other recommendations coming out of the MTR, the project might further improve its gender related interventions.

162. The project will conduct a Gender Assessment of project impact as part of the Mid-Term Review. Based on the results of the Gender Assessment and other recommendations coming out of the MTR, the project might further improve its gender related interventions. On a quarterly basis, project results and information on project progress will be communicated to the GEF planetGOLD Global component. The project?s gender expert will support the project in identifying gender specific results and how to present these in reports and publications that summarize results, lessons-learned, best practices and experiences.

163. For this purpose, and in accordance with the proposed Gender Action Plan:

? Each activity was analyzed to include the necessary elements to guarantee the reduction of identified gaps and establish more pro-active actions when appropriate.
? Specific activities that focus on the empowerment of women have been included (capacities, and access to planning and decision-making processes).
? Two indicators have been included to help measure progress in this field and will be monitored as part of the M&E process .
? A budget has been included to guarantee the measures and actions to be taken. The strengthening of the project team's capacities is planned to ensure the adequate mainstreaming of the gender perspective into all project activities.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes
Closing gender gaps in access to and control over natural resources; Yes

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Does the project?s results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

164. The project has a significant number of private sector partners (please, refer also to Section 2 ?Stakeholders?). A good sign of private sector engagement in the project?s implementation is that 30% of the project?s co-financing (USD5,46 million) is being provided by the private sector; as such it can be concluded that Private Sector Engagement for this project is substantial.

165. The involvement of the private sector in the project will be two-fold. Firstly, regulatory, enforcement and awareness raising activities supported by the project will have as the main target the private sector through various avenues including ongoing ASGM mining operators, financiers, technology suppliers, among others. The private sector partners who are engaged in the project?s implementation along the ASGM supply chain can be grouped as follows:

Gender Action Plan Attached
Private sector and sectors to intervene:
? Environment and Energy Development Company
? Gold refineries, like ARCOR-HERAEOUS

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

166. A group of risks has been identified and must be taken into account during the execution of the project. As per standard UNDP requirements, the National Project Coordinator will monitor risks quarterly and report on the status of risks to the UNDP Country Office (CO) in Honduras. The UNDP CO will record progress in the UNDP ATLAS risk log (UNDP Risk Register). Risks will be reported as critical when the impact and probability are HIGH (i.e. when impact is rated as 5, and when impact is rated as 4 and probability is rated at 3 or higher). Management responses to critical risks will also be reported to the GEF in the annual Project Implementation Report (PIR).

167. The key risks that could threaten the achievement of project results have been summarized in the Table below. For further details of this analysis, please refer to the UNDP Risk Register in Annex 7, and an assessment of the social and environmental risks identified in the SESP (Annex 6).

Risk Class	Risk	Risk Management Response (Summary)

Social and Environmental	The project could inadvertently exacerbate or reinforce existing inequalities or discrimination on affected populations, particularly people living in poverty or marginalized individuals.	A comprehensive Stakeholder Engagement Plan (Annex 9) and Gender Strategy and Action Plan (Annex 11) have also been prepared during the PPG. During the selection of contaminated sites for mercury avoidance, surrounding communities will be closely involved and engaged through these plans, by ensuring effective engagement among stakeholders by preparing and disseminating information, fostering cooperation and enhancing capacities at the local-municipal level.
	Exclusion of certain groups of miners from participating in project demonstrations, exacerbating human rights issues and leading to conflict.	The project does not foresee a displacement or resettlement risk and it is not anticipated that the project would lead to a restriction in access to land or resources that are important to means of livelihood or economic well-being. Therefore, while Standard 5 is not triggered, a precautionary approach is applied as there is a chance that some miners and workers may experience a loss of livelihoods because they decide not to participate in the project activities or otherwise transition to sustainable mining practices.
	Project inadvertently perpetuates or increases risk of sexual violence and harassment against women.	This issue will be investigated in the ESIA for the pilot demonstrations and if applicable, measures incorporated into the site-specific ESMPs to mitigate these conditions.
	Project inadvertently limits women?s ability to use mineral resources.	During the PPG phase, a Gender Action Plan was prepared based on a Gender Analysis.
	Potential loss of income for miners who decide not to take part in the Project or otherwise transition to sustainable mining practices.	A comprehensive Stakeholder Engagement Plan (Annex 9) and Gender Strategy and Action Plan (Annex 11) were prepared during the PPG. These plans will ensure that all interested miners and workers (both formal and informal) have been given the opportunity to participate in the project without discrimination.

	Natural disasters could eventually affect the locations and operations where the planned pilot interventions are carried out.	Within the framework of the project, it is planned to build capacity with the involved stakeholders, as well as with the project staff, for the immediate response to manage this climate change-related risk, primarily in the surroundings of the facilities of the pilot projects, including vulnerability factors to natural events and climate change.
	Negative impact of upgrading and operation of new processing plants and other facilities supported through the project on natural areas.	Even though there are no significant civil works planned for the project, in accordance with the ESMF, selection of the location of the proposed processing plants and other facilities will ensure that the project does not infringe on the critical habitats and sites of biodiversity importance
	Pollution and emission risks from mining operations or processing plants supported through the project.	The ESIA (Output C.2, Activity ii) for each pilot project (Output C.2, Activity iii) will address the issue of wastewater discharge from project activities including mining operations and processing plants. Treatment before discharge into any water bodies will be undertaken to ensure the reduction of suspended solids, mercury and other chemicals and fuel residues to acceptable limits in line with local or international standards.
	Health and safety risk for the workers in mines and processing plants whose upgrading and operation is supported by the project.	As an ESIA will be conducted prior to commencement of the pilot activities (Output C.2) to assess occupational health and safety risks. Based on this assessment, the site-specific ESMPs will be developed to include an Occupational Health and Safety Plan to ensure that miners and workers are safe during mining activities and during upgrading and operation of the processing plant or any facility developed by the project.
	Participation of minors in hazardous activities and other working conditions in contravention with national standards and ILO conventions at pilot sites.	The ESIA will assess the likelihood of this risk and prevalence of child labour within the ASGM sector in the target area and propose measures to reduce it and find working persons under the age of 18 perfiorm tasks appropriate to their age.

	Potential community spread of COVID-19 during project implementation.	While this FSP will be implementing in a very dynamic and evolving situation due to this pandemic, regular monitoring of this risk by the PMU and carry out period assessment of changing the market context, both at the national and international levels, to ensure the project remains a relevant and trusted partner of the participating stakeholders and also able to adapt in response accordingly.
Political	Unsteady institutional context aggravated by the global pandemic COVID-19	In the situation that this institutional context would happen, technical personnel from MiAmbiente, UNDP CO staff and the UNDP Panama RTA will do their utmost to inform and convince policy makers on the relevance of this FSP, the reasons why it was developed and the positive impact it will have on human health and environment, in tune with the SDGs and current obligations under the Minamata Convention
Financial	Uncertainties due to cost recovery	The project, under Output B.2, will prepare agreements between financiers and mining entities so that beneficiary groups will validate the proposed mercury-free alternatives.
	Stressful national economic context.	For FSP expenses, UNDP monitors expenditure on a regular basis. Further UNDP HQ provides global oversight of project delivery minimizing the risk due to economic unrest.
	Corruption as collateral practice in the ASGM value change	This FSP will implement a landscape approach to ensure strong operational credibility by building strong partnerships with all interest groups and *legitimate actors*, with a focus on formal governance institutions.
Operational	Limited capacity for communicating.	As part of the implementation of the Stakeholder Engagement Plan (Annex 9), briefings with stakeholders were organized during the PPG phase and will continue during the implementation of the FSP.
	Lack of political will at the State and Municipal levels.	During the implementation of the FSP, awareness-raising, training and technical training programs will be developed and implemented, as well as capacity building in national and municipal authorities and other public parties who are working on issues related to the use of mercury in the ASGM sector, to ensure the knowledge and experience needed to carry out their tasks properly (Activities for Outputs A.2 and C.1).
Organizational	Limited capacity in project monitoring.	The project foresees in its Component 4 a series of activities aimed at a periodic monitoring and follow-up on the development of the project and a comprehensive reporting during the MTR, where possible deviations from the programmed actions can be identified early, as well as compliance with the proposed objectives (Output D.2).

Strategic	Poor information outreach throughout the project implementation.	As part of the implementation of the Stakeholder Engagement Plan, briefings with stakeholders were organized during the PPG phase and will continue during the implementation of the FSP.

168. It is important to note that, if required, the risk analysis should be adjusted when more information becomes available during project implementation.

169. This FSP has also considered, as part of its risk management assessment carried out during the PPG, several coronavirus (COVID-19) pandemic threats. Incremental project activities will require, by the PMU, regularly scanning for emerging risks across the FSP?s activities to ensure to continue delivering the expected outputs, prevent unintended harm because of the planned activities, and proceed quickly with adaptive management response under this rapidly changing context.

170. For this project, the following three risks have been identified due to this pandemic:

Social (COVID-19) risk: Potential harm to people and the environment.
Description: Potential health and safety, including contagious exposure for stakeholders the FSP has planned to engage with, including the staff of the PMU and institutional partners, plus third party workers where the field project demonstrations will take place.
Management strategy: This strategy will be implemented in twofold: i. develop innovative virtual and remote methods for working and implementation, as much as possible, and ii. since the World has not yet found a vaccine for this virus, for the implementation of those activities that require social gathering, the FSP?s PMU, with assistance from the UNDP CO, will look at COVID-19 as a public health crisis, implementing the solutions for which are social distancing, careful sanitization, widespread testing, access to safety equipment, and immediate competent medical care, if needed.

Financial (COVID-19) risk: Reduce the committed cofinancing by the project partners.
Description: Potential delays of anticipated cofinancing, both in kind and cash sources, due to COVID-19 corporate response, especially from the private sector stakeholders that need to react immediately to adjust their cash flows to cover unexpected labor costs and significant drop of business revenues.
Management strategy: Regular monitoring of this risk by the PMU and carry out period assessment of changing the market context, both at the national and international levels, to ensure the project remains a relevant and trusted partner of the private sector stakeholders.

Organizational (COVID-19) risk: Limited domestic travel.
Description: Immediate impacts from domestic travel restrictions per United Nations and the Government of Honduras requirements and unavailability of land and air transport means.
Management strategy: Develop innovative virtual and remote methods for working and implementation, as much as possible.

171. During the project implementation, these three COVID-19 related risks should be regularly screened, managed and reported to ensure the Project Coordinator has relevant data from across all activities for timely and effective decision-making and to determine when escalation is required. As part of its track-monitoring role of GEF projects, UNDP, through the Country Office, will track and monitor this global outbreak and its immediate implications for this FSP; if necessary, the UNDP Atlas Risk Register (Annex 7) will be updated consequently. Likewise, indicators convened under the Project Results Framework (Section V) will be adjusted. These two actions will be also tracked, monitored and reported in the Mid Term Review.

172. Environmental and social risks have been discussed with the executing partners and with a variety of stakeholders through the workshops held during the PPG . These risks were discussed and were analysed in the ?Social and Environmental Screening Procedure? (SESP, Annex 6) and the ones rated as MODERATE have been reviewed in more detail within the ?Environmental and Social Management Framework? (ESMF, Annex 10). An assessment and ESMP (and site-specific plans if necessary) must be prepared and mitigation measures in place, prior to the initiation of any project activity that may cause adverse impacts, in particular any actions that may lead to or cause environmental and health impacts and impacts on indigenous peoples.

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

173. Implementing Partner: The Implementing Partner for this project is MiAmbiente (Secretariat of Natural Resources and Environment).

174. The Implementing Partner is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth in this document.

175. The Implementing Partner is responsible for executing this project. Specific tasks include:
? Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.
? Risk management as outlined in this Project Document;
? Procurement of goods and services, including human resources;
? Financial management, including overseeing financial expenditures against project budgets;
? Approving and signing the multiyear workplan;
? Approving and signing the combined delivery report at the end of the year; and,
? Signing the financial report or the funding authorization and certificate of expenditures.

176. Responsible Parties: Does not apply for this project.

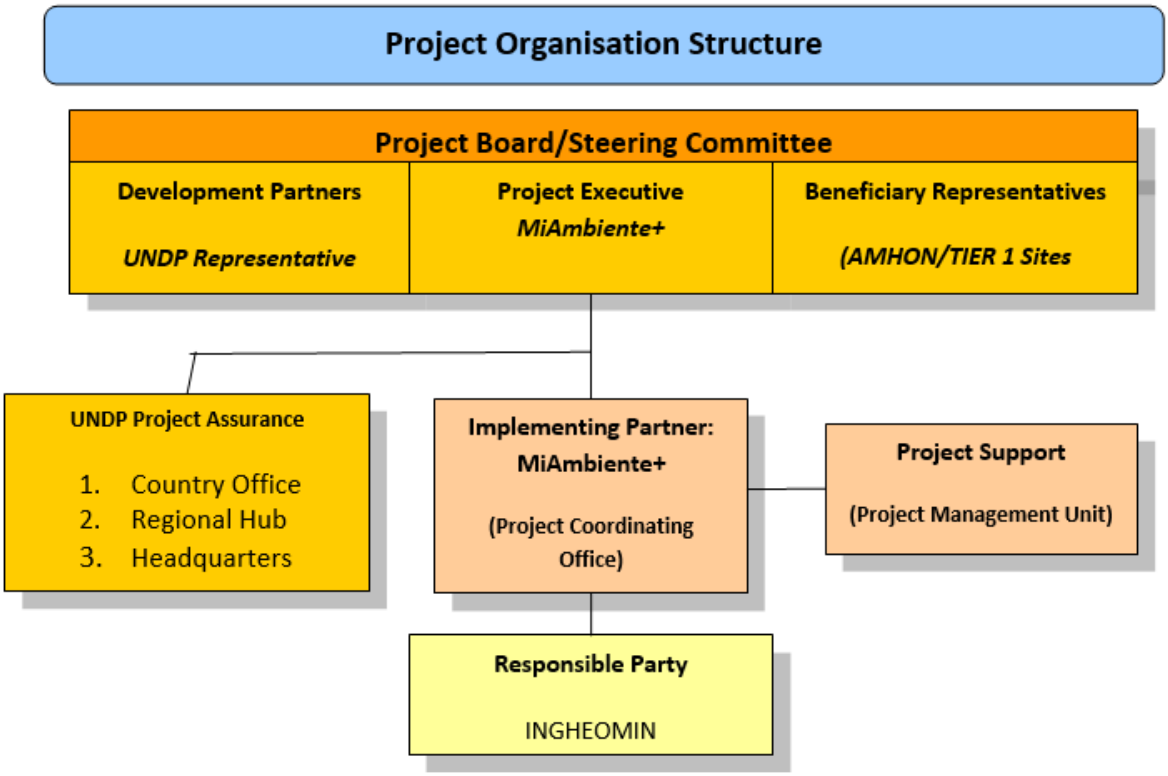
177. Project Stakeholders and Target Groups: The stakeholders of the project correspond to a diversity of public entities, as indicated in Table 8. Partnerships of the FSP, such as:

? Secretariat of Natural Resources and Environment (MiAmbiente)
? Secretariat of Finance
? Secretariat of Health
? Honduran Institute of Geology and Mines (INHGEOMIN)
? Central Bank of Honduras (BCH)
? National Bank for Housing and Production (BANHPROVI)
? Municipalities of Concordia, Juticalpa (Olancho), Corpus (Choluteca), Macuelizo and Quimist?n (Santa Barbara), Danl? (El Paraiso)

178. Stakeholders of this project are also the private sector such as ASGM and medium-sized mining organizations, national development bank (BANHPROVI) and other CSOs and academic entities, which will support FSP activities aiming at the compliance of mercury elimination as per the Minamata Convention.

179. UNDP: UNDP is accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. UNDP is also responsible for the Project Assurance role of the Project Board/Steering Committee.

180. Project Organisation Structure: The project organization structure is as follows:



181. The Project Board (also called Project Steering Committee) is responsible for taking corrective action as needed to ensure the project achieves the desired results. In order to ensure UNDP?s ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

182. In case consensus cannot be reached within the Board, the UNDP Resident Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

183. Specific responsibilities of the Project Board include:
? Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
? Address project issues as raised by the project manager;
? Provide guidance on new project risks, and agree on possible mitigation and management actions to address specific risks;
? Agree on project manager?s tolerances as required, within the parameters set by UNDP-GEF, and provide direction and advice for exceptional situations when the project manager?s tolerances are exceeded;
? Advise on major and minor amendments to the project within the parameters set by UNDP-GEF;
? Ensure coordination between various donor and government-funded projects and programmes;
? Ensure coordination with various government agencies and their participation in project activities;

? Track and monitor co-financing for this project;
? Review the project progress, assess performance, and appraise the Annual Work Plan for the following year;
? Appraise the annual project implementation report, including the quality assessment rating report;
? Ensure commitment of human resources to support project implementation, arbitrating any issues within the project;
? Review combined delivery reports prior to certification by the implementing partner;
? Provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
? Address project-level grievances;
? Approve the project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses;
? Review the final project report package during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

184. The composition of the Project Board must include the following roles:

a. Project Executive: It is an individual who represents ownership of the project and chairs the Project Board. The Executive is normally the national counterpart for nationally implemented projects. The Project Executive is the Minister of MiAmbiente, who will chair the Steering Committee.

b. Beneficiary Representatives: Individuals or groups representing the interests of those who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project beneficiaries. Often civil society representative(s) can fulfil this role. The Beneficiary Representatives are the large power utilities, large private industries and sensitive sites. If necessary, and in face of specific contexts, other institutions could be invited to collaborate on time with Board.

c. Development Partner: Individuals or groups representing the interests of the parties concerned that provide funding and/or technical expertise to the project. The Development Partner is UNDP.

d. Project Assurance: UNDP performs the quality assurance role and supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. The Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. UNDP provides a three ? tier oversight services involving the UNDP Country Offices and UNDP at regional and headquarters levels. Project assurance is totally independent of the project execution.

185. Project extensions: The UNDP Resident Representative and the UNDP-GEF Executive Coordinator must approve all project extension requests. Note that all extensions incur costs and the GEF project budget cannot be increased. A single extension may be granted on an exceptional basis and only if the following conditions are met: one extension only for a project for a maximum of six months; the project management costs during the extension period must remain within the originally approved amount, and

any increase in PMC costs will be covered by non-GEF resources; the UNDP Country Office oversight costs during the extension period must be covered by non-GEF resources.

186. There is a group of GEF-financed projects and other initiatives in Honduras currently under implementation related to the development challenge that this project is also addressing, which could provide some additional support to strengthening this institutional partnership approach. Thanks to the involvement of the institutional partners in some of them, under the leadership of the Ministry of Natural Resources, it seems of mutual benefit the achievement of the outcomes for this project Specifically, this FSP will ensure coordination and count on the capacity built and knowledge gathered from the concurrent projects that are already in progress, as shown in the Table below:

Project	Agency	Main relevance for this FSP
The planetGOLD Program	GEF/CI	This Program aims to support participating countries in fulfilling their commitments under the Minamata Convention. Cost-effective knowledge management practices related to formalization, technical solutions access to financing, and awareness raising developed by the first group of participating countries will be adapted to the Honduras context through this FSP. One the key inputs of this Program to this FSP is ?innovation?, i.e.: the market does not see mercury usage in isolation, but rather as one of many factors that needs to be tackled if they are to trade gold as ?ethical?. This FSP will build on the GEF planetGOLD Global Program through the use of an existing knowledge platform, lessons learned, capacity building materials, data bases, proven technologies, and market opportunities.
Global Knowledge Management and Exchange of Child Project Results Through Networking and Outreach Activities for the GEF GOLD Program	GEF/UNEP	This GEF project, implemented by UNEP, together with the National Resources Defense Council (NRDC) and UNIDO, aims to facilitate the sharing of technical information and engage in outreach to relevant stakeholders to reduce and where feasible eliminate mercury use in ASGM. It has been initially designed to ensure that lessons learned from the eight individual GOLD+ country child projects will be captured and shared between the child projects and other ASGM stakeholders globally. This knowledge-sharing platform is assisting countries where ASGM is present to increase capacity to formalize ASGM and approach the process in a holistic manner; provide technical advice with respect to access to finance for the ASGM sector; and increase technical capacity to support mercury reduction efforts through a broad range of guidance material for implementing practical projects, which will be consulted during the implementation of the pilot projects of this FSP.

The planetGOLD Global Forum	GEF/UNEP	This FSP will be engaged in the planetGOLD Global Forum by participating in a two-yearly learning and sharing event that will facilitate face-to-face meetings (in line with COVID safety protocols) between ASGM experts and practitioners, governments, gold buyers and miners in support of ongoing experience exchanges and development of global expertise and capacity-building on ASGM issues in Honduras, in order to influence the global ASGM dialogue agenda and policy development.
Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	OECD	OECD, which in 2016 launched the ?Sourcing Gold from Artisanal and Small-Scale Miners? policy, will provide practical guidance on how companies should engage and source gold from ASGM miners; reference material that this FSP will access during its implementation.
Fairmined and Fairtrade Gold	ARM	The Alliance for Responsible Mining (ARM) and Fairtrade International have developed international standards for best ASGM best practices, i.e.: ?Fairmined? and ?Fairtrade Gold?, in a move to raise public awareness on the positive impact of their consumer choices. These standards require communities to be formalized and respect social and environmental minimum requirements. ARM has further developed a Code for Risk Mitigation for ASGM engaging in Formal Trade (CRAFT), which is a code for progressive compliance for ASM producers. The above actions will also serve as guidance to the implementation of the activities foreseen in this FSP.
World Bank Project (Integrating Innovation for Rural Competitiveness in Honduras - Comrural II-)	WB	The project targets agricultural commodities and supply chains, however it has a focus on cooperatives and GOLD+, through its integrated, holistic and multi-sectoral approach to optimizing formalization could benefit from lessons learned.

187. UNDP organizes on a yearly basis face-to-face South-South exchanges among all UNDP GEF Chemicals and Waste projects and programmes in the Latin American and the Caribbean region. These allow government counterparts, project coordinators and experts to exchange experiences and lead to long-term collaboration, exchanges and partnerships between projects and countries. Projects that participate in these exchanges include UNDP/GEF projects like those implemented in Colombia, Ecuador, Suriname and Uruguay (among others), which also focus specifically on Mercury issues and other POPs.

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assesments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

188. This project is consistent and aligned with National Priorities taken up in the Minamata Initial Assessment Report of Honduras (MIA) under the Minamata Convention, published in 2017, which represents an important opportunity to address mercury pollution problems in the country, by putting un place emission and release control measures of mercury containing mercury containing waste, and reduce and where feasible, phase out the use of mercury and mercury compounds in, with particular focus on the Artisanal and Small-Scale Gold Mining (ASGM) sector.

189. For the global development agenda, this FSP is aligned with the recently developed Agreement of the Principle 10 of the Rio Declaration, which states that environmental issues are best handled with the participation of all concerned citizens, at the relevant level, recognizing that information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes.

190. Improving the sound life-cycle management of chemicals and, in particular, the management of Hg, and other hazardous chemicals will help the Government of Honduras to work towards achievement of the Sustainable Development Goals (SDGs). The SDGs most relevant to this project are:

SDG	Relevance to this FSP
SDG 1: End poverty in all its forms everywhere.	By introducing alternatives, best practices and techniques to minimize the use and release of mercury, and also address the underlying socio-economic challenges that are at the core of existing practices that use mercury in the ASGM sector.
SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	By decreasing the use of mercury and its release into the environment from the ASGM sector, indirectly halting and reducing the build-up of mercury in the food chain.
SDG 3: Ensure healthy lives and promote well-being for all at all ages	By reducing the use of mercury in the ASGM sector, and minimize its releases, to ultimately protect human and environmental health.
SDG 5: Achieve gender equality and empower all women and girls.	At the policy formulation level, inclusivity and gender mainstreaming have been included to highlight that women, children and the elderly should be a part of this process and have their interests and concerns accounted for in ASGM related policies. This FSP provides an opportunity to ameliorate some of the inequities in political power that women in this sector encounter.
SDG 6: Clean water and sanitation.	By protecting water resources from mercury contamination, especially nearby rivers, fresh water community intake facilities and marine zones.
SDG 8: Decent work and economic growth.	Through supporting the development of workplace safety standards and procedures, introducing personal protective measures, and addressing the underlying socio-economic causes that led to the use of mercury in the ASGM sector. More recently, of relevance is to contribute to the mitigation of the COVID-19 impacts in ASGM mining communities.
SDG 12: Ensure sustainable consumption and production patterns.	Through the reduction of mercury pollution and mercury-containing wastes by introducing alternative processes and technologies that are mercury-free, cost-effective and in line with best available technologies.

SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	Through decreasing the use and release of mercury from ASGM activities, preventing mercury from entering water sources, and reducing the build-up of mercury in the food chain.

191. The project is also consistent with national strategies and plans or reports and assessments under relevant conventions from below:
- National Action Plan for Adaptation (NAPA) under LDCF/UNFCCC
- National Action Program (NAP) under UNCCD
- ASGM NAP (Artisanal and Small-scale Gold Mining) under Mercury
- Minamata Initial Assessment (MIA) under Minamata Convention
- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD
- National Communications (NC) under UNFCCC
- Technology Needs Assessment (TNA) under UNFCCC
- National Capacity Self-Assessment (NCSA) under UNCBD, UNFCCC, UNCCD
- National Implementation Plan (NIP) under POPs
- Poverty Reduction Strategy Paper (PRSP)
- National Portfolio Formulation Exercise (NPFE) under GEFSEC
- Biennial Update Report (BUR) under UNFCCC

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

192. The global project of planetGOLD focuses on knowledge management and increased access to information among project partners and the wider ASGM community, particularly on the topics of formalization, market access and technology transfer; this Child Project falls under this guidance. Through the implementation of communication strategies and activities, it will also inform and educate the general public and decision makers in Honduras on the mayor issues, challenges and solutions related to the ASGM sector.

193. The knowledge management approach will build on the planetGOLD platform, which will continue to be the hub of the knowledge gathered by the planetGOLD and GOLD+ child projects. Learning and exchange amongst different country projects will be enabled by global events supported by the GOLD+ global project, such as the Global Fora (continuing the Global Fora that are organized by planetGOLD). The Knowledge and Communication component of GOLD+ will also include an increased focus on maximizing the impact of communications at the local level within countries through the implementation of Component 4 of this FSP. This component proposes using online education and digital marketing tools to support the traditional participatory workshop and training model to help institutionalize sustainable mining methods at the community level.

194. Under the foreseen activities in Output D.1, the project will implement a ?M&E and adaptive management applied to capture lessons learned, emphasizing prospecting, sustainable mercury-free gold

methods, and sound tailings management?, making use of social media, the preparation of publications, scientific papers, articles, lessons learned reports, among else, (detailed in Annex 9 ?Stakeholder Engagement Plan?). In particular, knowledge ?both at the national and international fora- will be gathered, managed and disseminated through the list of incremental activities which will capture lessons-learned and experiences and publish them in publications and lessons-learned reports (Output D.1, Activities i. and ii.). The timeframe for the implementation of these activities can be found in Annex 4 -Multi-year Work Plan- (attached to the UNDP Project Document).

195. This FSP in Honduras will provide access to information and opportunities for exchange among Parties and other ASGM Practitioners by informing the GEF planetGOLD projects as well as the wider ASGM community about experiences in formalization, access to finance and market and technology transfer, including but not limited to access and use information, technical materials, guidance, and lessons learned to assist the development and implementation of the Global Program.

196. Component 4, Output D.1, will also help educate the general public in Honduras about ASGM as a global issue. This output will use targeted communication to garner support among the public, gold consumers, governments, and the financial sector, for sector reforms, increased access to finance and improved markets for ASGM gold. It will create outreach materials that are highly accessible to both specialized and general audiences, and deploy these assets through a carefully planned media strategy. This Output will also coordinate a specific public relation campaign in conjunction with a downstream user or users of gold, specifically jewelers, to increase awareness and demand for responsible gold trade.

197. The communication strategy should serve as a platform for dissemination, providing lessons learned and technical information material for other countries to implement large-scale, best practices for the elimination of PCBs, with broad dissemination at the state level. All knowledge management activities will be gender mainstreamed; this includes integration of gender dimensions into the FSP?s training activities, for instance, through the presentation of sex-disaggregated data, activities related to reducing gender, and gender mainstreaming in training programs in line with the Gender Action Plan.

198. In addition to that, it should be noted that UNDP annually organizes meetings for Government Officers and Project Coordinators of all the UNDP-GEF funded Chemicals and Waste Projects in Latin America and the Caribbean. In these meetings, lessons learned, and best practices are shared among all the projects in this region.

199. Finally, UNDP will ensure that relevant information and lessons learned will be collected as input for the Mid-term Review and Terminal Evaluation.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

200. The project results, corresponding indicators and mid-term and end-of-project targets in the project results framework will be monitored annually and evaluated periodically during project implementation, supported by Component 4: (Output 4.1, Activities i.). If baseline data for some of the results indicators is not yet available, it will be collected during the first year of project implementation. The Monitoring Plan included in Annex 5 details the roles, responsibilities, and frequency of monitoring project results.

201. Project-level monitoring and evaluation will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP Evaluation Policy. The UNDP Country Office is responsible for ensuring full compliance with all UNDP project monitoring, quality assurance, risk management, and evaluation requirements.

202. Additional mandatory GEF-specific M&E requirements will be undertaken in accordance with the GEF Monitoring Policy and the GEF Evaluation Policy and other relevant GEF policies . The costed M&E plan included below, and the Monitoring plan in Annex 3, will guide the GEF-specific M&E activities to be undertaken by this project.

203. In addition to these mandatory UNDP and GEF M&E requirements, other M&E activities deemed necessary to support project-level adaptive management will be agreed during the Project Inception Workshop and will be detailed in the Inception Report.

204. The project results as outlined in the Project Results Framework (Annex A) will be monitored annually and evaluated periodically during project implementation to ensure the project effectively achieves these results.

205. In addition to these mandatory UNDP and GEF M&E requirements, other M&E activities deemed necessary to support project-level adaptive management will be agreed during the Project Inception Workshop and will be detailed in the Inception Report.

Monitoring and Evaluation Plan and Budget

GEF M&E requirements	Indicative costs (US$)	Time frame

Inception Workshop	*$10,000*	Within 60 days of CEO endorsement of this project.
Inception Report	None	Within 90 days of CEO endorsement of this project.
M&E of GEF core indicators and project results framework	*$8,000*	Annually and at mid-point and closure.
GEF Project Implementation Report (PIR)	*$8,000*	Annually typically between June-August
Monitoring of *Environmental Social and Management Framework and Plan*	*$50,000*	On-going.
Supervision missions	None	Annually.
Independent Mid-term Review (MTR)	*$22,000*	March, 2024
Independent Terminal Evaluation (TE)	*$22,000*	January, 2027
TOTAL indicative COST	*$120,000*	

[1] See https://www.thegef.org/gef/policies_guidelines

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

206. The project?s goal is to minimize risks to mercury exposure to human beings and the environment due to the use of mercury in the ASGM sector in compliance with the Minamata Convention, recognizing the multi-dimensional impacts of artisanal and small-scale gold mining on the environment, health and poverty.

207. At the municipal level, the implementation of coordinated demonstration actions with the private sector in the field will show the opportunities of institutional integration and coordination, private-driven investments, will demonstrate that the positive results of these pilot interventions would serve to improve and enforce current regulation for environmentally sound management of mercury in the ASGM sector. Innovative market interventions offer alternative solutions to other LAC parties of the Minamata Convention and will follow and integrate these strategies in their efforts to phase out chemical hazardous substances. For this, a public awareness and communication strategy for the elimination of mercury, related wastes and safer alternatives should result in direct gains for the citizens and the environment.

208. Additional economic and social benefits that will be brought on by the project:

? Reduced health impact from the exposure to hazardous chemicals, particularly the use of mercury for the amalgamation of gold for gold mining as well as for gold extraction. The project estimates to increase awareness of about 280,000 people, of which 139,727 women and 138,581 men.
? Considered newly identified risks related to the global pandemic amid the COVID-19 virus that may affect the implementation of the project.
? Job creation through opportunities enhanced in the deployment of mercury-free technologies.
? Improved policy, regulatory, monitoring and analysis frameworks, to safeguard human health and the environment.

209. In the BAU national context of the Honduras economy, limiting the country?s capacity on elimination of mercury in the ASGM sector will put a heavy burden in the compliance of international regulations committed by this country with the Minamata Convention. The Global Environmental Benefits (GEB) of the project at the CEO endorsement stage, are the same as presented at the PIF stage. The positive impacts of the project will include the following reduction:

Eight (8) tons of mercury avoided.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
	High or Substantial		

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

Social and Environmental Screening (2021 SESP Template, Version 1)

Project Information

Project Information	

1. Project Title	*GEF GOLD+: Advancing formalization and mercury-free gold in Honduras*
2. Project Number (i.e. Atlas project ID, PIMS+)	*PIMS+ 6556 - GEFID Number to be determined*
3. Location (Global/Region/Country)	Global Programme ? Child project: Honduras
4. Project stage (Design or Implementation)	Design
5. Date	XXXX

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the project mainstreams the human rights-based approach

Based on Article 25, of the UN Human Right Declaration *?Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family?.?*. A healthy environment without toxic chemicals is a pre-condition for the full enjoyment of human right. The lack of an adequate management of chemical hazards, like mercury, is a threat for human kind. This chemical substance pollute air, water and soil that enters into direct contact with populations and its direct resources (food production systems), potentially contaminating and threatening their lives and well-being. Under this overarching principle, this project recognizes the important lessons learned from the Minamata disease, in particular the serious adverse health and environmental effects of mercury contamination, and the need to ensure proper management of mercury in the Artisanal Small Gold Mining (ASGM) sector.

This child project is a continuation of the UNDP efforts to reduce the use of mercury in and the long-term development of the ASGM sector. The approach proposed for this project is based on the notion that holistic multi-sectoral integrated formalisation innovations can deepen mercury reduction in this sector. It will adopt the following key success factors:

? Appropriate legal and policy framework, that promotes management of ASGM spaces not people.

? A holistic integrated approach, which means taking into account all facets of the gold production and mercury supply chain and how they work together optimally for viable ASGM operations.

? Multisectoral, which means considering all sectors, e.g. forestry, water, health, environment, that are important for enabling an optimally functioning ASGM sector with capacity to reduce mercury-free use and supports sustainability.

? Inclusivity in policy formulation processes that include all stakeholders, including gender mainstreaming.

? Inclusion of local context in the institutional arrangements (i.e. miners? organizations, traditional and local-municipal authorities).

This project aims to minimize the risk to mercury exposure in human beings and environment for AGSM in Honduras that do not have the technical and financial capacities to manage and mitigate this environmental risk, in compliance with the Minamata Convention, following an environmentally sustainable market approach, which will deliver multiple benefits at the local, national and global levels through institutional strengthening, elimination of mercury in this sector and generating and disseminating information.

Strengthening local institutions and actors through joint implementation will be one of the engagement strategies of the project. Local communities and other economic actors within the landscape will be engaged for integrated land use planning, developing road maps and monitoring plans.

ASGM miners and their representatives will be core partners of this GEF planetGOLD+ and will be involved throughout the project. Their willingness to participate in mercury-free interventions is naturally important. To attain maximum buy-in, the miners have been involved in the identification and implementation of locally defined solutions. They will also be the recipients of training, finance and technology transfer at the child project level.

Through this approach, the project will contribute to several SDGs including:

? **SDG 1: End poverty in all its forms everywhere** by introducing alternatives, best practices and techniques to minimize the use and release of mercury, and also address the underlying socio-economic challenges that are at the core of existing practices that use mercury in the ASGM sector.

? **SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture** by decreasing the use of mercury and its release into the environment from the ASGM sector, indirectly halting and reducing the build-up of mercury in the food chain.

Briefly describe in the space below how the project is likely to improve gender equality and women?s empowerment

An estimated 30% of the world?s artisanal miners are women and they occupy a number of roles ranging from labor-intensive mining methods to the processing aspects of artisanal mining. Consistent with the GEF Policy on Gender Mainstreaming, the UNDP Gender Equality Strategy (2018-2021) and UNDP Guidance Document: *?Gender and Chemicals?*, the proposed Full Size Project (FSP) recognizes the gender dimensions of mercury use and exposure risks in ASGM as women often perform the most toxic jobs (i.e. mixing the mercury in panning and Hg:Au burning) as these activities require less strength. This Project presents an opportunity to educate women on the related health risks and maximize the potential benefits from participation in the ASGM sector.

The Project includes gender dimensions that are key to its success. At the policy formulation level, inclusivity and gender mainstreaming have been included to highlight that women should be a part of this process and have their interests and concerns accounted for in ASGM related policies. This provides an opportunity to ameliorate some of the inequities for an integrated policy-making that women in this sector encounter.

Mainstreaming gender is planned for every component of the project, to this end, gender analyses will form part of the socio-economic assessments for child projects; the unique health risks mercury poses to women due to both, their roles on several ASGM mining tasks and the potential adverse effects of prenatal mercury exposure, through community level communications; and women will be strongly encouraged to participate in all ASGM miner training activities, from business skills to clean technology skills transfer. These efforts should provide the basis for healthier and more empowered women in the ASGM sector.

The project will thus contribute to **SDG 5: Achieve gender equality and empower all women and girls**.

A Gender Analysis and Action Plan has been developed for the project with the following actions in mind that will improve consideration of women in decision-making and strengthen the monitoring of gender-related information:

? Focus on the structure and improve the knowledge of the project's technical team and key stakeholders concerning gender mainstreaming that allows for effective monitoring and participatory evaluation mechanisms.

? Guarantee the participation of women in decision-making processes of public policies and in the activities of the project, taking into account their needs and expectations not only within the spaces of family and community dialogue, but also within the schemes of formal and informal labor, as well as to working conditions to which they contribute.

? Consider quantitative and qualitative research methods to strengthen the information of the project with data disaggregated by gender, age, roles and other related data, which allows effective decision making regarding the environmentally sound management of PCBs in Brazil.

The following are key indicators which include a gender dimension:

? Number of direct project beneficiaries for which the risk of mercury exposure has been reduced.

? Number of miners supported in their formalization process (disaggregated by gender).

? Amount of funds (in USD) made available to ASGM through financial mechanisms (disaggregated by gender).

? Number of miners trained in mercury-free processes (disaggregated by gender).

? Number of people reached with awareness raising materials, by mode of communication (e.g. online, in-person, via SMS, WhatsApp, etc.) and by gender.

Boosted with the implementation of a communication strategy, this FSP anticipates reducing the direct

Briefly describe in the space below how the project mainstreams sustainability and resilience

This FSP aims to achieve the long-term goal *?to prevent the exposure of humans and the environment to harmful chemicals and waste of global importance?* through reducing and eliminating the use of mercury in the ASGM sector and minimizing mercury releases to the environment from mining and gold processing.

As designed, the project is consistent with the GEF-7 Chemicals and Waste elements CW-1-1: *?Strengthen the sound management of industrial chemicals and their waste through better control, and reduction and/or elimination?* and CW-2-4: *?Strengthen the capacity of countries to report to the Minamata Convention?*.

In this regard, this FSP will achieve Global Environmental Benefits in terms of reduction and elimination of six (6) tons of mercury, it will contribute to the achievement of the Sustainable Development Goals and will enable more favorable national and municipal environmental policies. Under this Principle, this FSP contributes to the following SDGs:

? **SDG 6: Clean Water and Sanitation** by protecting water resources from contamination.

? **SDG 12: Ensure sustainable consumption and production patterns** through the reduction of mercury pollution and mercury-containing wastes by introducing alternative processes and technologies that are mercury-free, cost-effective and in line with best available technology guidelines.

? **SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development** through decreasing the use and release of mercury from ASGM activities, preventing mercury from entering water sources, and reducing the build-up of mercury in the food chain.

Based on Principle 15 of the Rio Declaration on Environment and Development (1992), ??.*where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation?,* this planetGOLD+ Child project aims at managing the environmental dimensions of chemical exposure of mercury in artisanal mining operations to humans and the environment. As a precautionary approach, mercury accumulates in the food chain, leading to ecosystem impacts worldwide and exposure of people who are not involved in gold mining activities.

In response to the SES Programming Principle of *?Vulnerability and Resilience?*, this project is also pertinent to be proactive to reduce vulnerability and to strengthen resilience of the involved local communities to emergency situations, conflicts, anticipated impacts of climate change, and disaster risks. Due to the geographic location of Honduras in the Central American Isthmus, sensitivity of the project, especially for the pilot projects and the surrounding communities, may be affected by the occurrence of increased natural disasters due to landslides, erosion, floods or extreme weather conditions or greater vulnerability thereto, generating environmental, social and operational complications for the execution of the planned field activities, in consequence, this FSP fully considers the implication of climate change in the design and its implementation..

Briefly describe in the space below how the project strengthens accountability to stakeholders

This FSP will implement ?downstream activities? with physical interventions through the pilot projects as well as ?upstream? through policy and regulatory strengthening and capacity building, both present social and environmental risks that may adversely impact the achievement of the proposed outcomes. In overall, the project strengthens accountability for both, upstream and downstream stakeholders, by implementing a ?*Stakeholder Engagement Plan*? and an ?*Environmental Social Management Framework*? to ensure a thorough understanding of the sector and roles of the various stakeholders, and to inform them of progress on the work undertaken under this project.

UNDP remains accountable for ensuring application of its Social and Environmental Standards for the project activities implemented, nevertheless, accountability -in the context of Honduras- should be highlighted in two fold, one is the timely response of grievances or objections from potentially affected stakeholders, in particular marginalized individuals and local communities participating in artisanal mining activities in specific territories, which are characterized by their low-poverty levels and informality; and second, UNDP adherence to quality assurance by using GEF funds that flow through UNDP accounts.

The project will engage all relevant stakeholders through implementing the Stakeholder Engagement Plan that has been prepared for the project. In addition, the Project Board will ensure that the project?s Grievance Redress Mechanism is in place, accessible to the public and to project stakeholders and that all grievances are addressed in a timely and acceptable manner in line with the UNDP SES. UNDP?s

UNDP is also accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services and is also responsible for the Project Assurance role of the Project Board/Steering Committee.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? *Note: Complete SESP Attachment 1 before responding to Question 2.*	**QUESTION 3: What is the level of significance of the potential social and environmental risks?** *Note: Respond to Questions 4 and 5below before proceeding to Question 5*	**QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High**

Risk Description *(broken down by event, cause, impact)*	*Impact and Likelihood (1-5)*	*Significance* *(Low, Moderate Substantial, High)*	*Comments (optional)*	*Description of assessment and management measures for risks rated as Moderate, Substantial or High*

Risk 1: The project could inadvertently exacerbate or reinforce existing inequalities or discrimination on affected populations, particularly people living in poverty or marginalized individuals **Related to:** - Human Rights; P.3, P5, P.6, P.7 - Accountability; P.13, P.14	I = 5 L = 3	**Substantial**	This FSP could have adverse effects in terms of inequality or discrimination on affected populations, particularly people living in poverty or marginalized individuals. This could be the result of resource conflicts regarding land use. It could also result in resource conflicts regarding the extraction of mineral resources or use of water use such as that required for mineral processing in mining. This water may also be demanded by nearby stakeholders for drinking purposes. In general, conflicts with other stakeholders affected by mining activities tend to escalate quickly. This could generate tension in the surrounding communities, hindering the execution of some project activities associated with the elimination of mercury.	Activities related to advancing formalization in key ASGM zones (Output A. 2 and A.3) will incorporate a **Strategic Environmental and Social Assessment (SESA)** process to ensure that all potential environmental and social impacts, including the risk of discrimination, have been taken into account. In addition, a comprehensive Stakeholder Engagement Plan (Annex 9) and Gender Strategy and Action Plan (Annex 11) have also been prepared during the PPG.

Risk 2: Exclusion of certain groups of miners from participating in project demonstrations, exacerbating human rights issues and leading to conflict **Related to:** - Human Rights; P.3, P5, P.6, P.7 - Accountability; P.13, P.14, P.15	I = 4 L = 2	**Moderate**	The Project?s pilot activities, however, will not lead to physical displacement or resettlement of people because pilot projects sites have been selected by a rigorous screening of existing ASGM operations willing to switch to mercury-free processing techniques, following the due diligence regarding selection and validation.	In accordance with the GOLD+ global component and programmatic expectations, the project in Suriname will ensure that all planetGOLD beneficiary MEs conform with the planetGOLD Criteria for Environmentally and Socially Responsible Operations through review of the planetGOLD Environmental and Social Risk Assessment Report and the Mitigation Report. MEs must demonstrate respect, the individual and collective culture, cultural heritage sites, views, and livelihoods of mining communities. Criterion B and means of verification for are provided in Annex A (see below). It is worthy to note, planetGOLD+ site selection criteria were developed based upon these requirements for MEs. For this reason, sites require verification as a safeguard requiring additional due diligence, recognizing that the specific means of implementation. As this has been rated as a Substantial Risk project, an **Environmental and Social Management Framework** (ESMF) has been carried out in the PPG (Annex 10) and accordingly, an **Environmental and Social Impact Assessment** (ESIA) will be undertaken such that a site-specific Environmental and Social Management Plan (ESMP) will be developed for each pilot at the Project Inception (Output C.2). The ESIA/ESMP process will take place ahead of the start of any of the pilot demonstrations (Output C.2, Activity ii) such that an ESMP will be in place prior to commencement of the respective pilot. Based on the findings of the ESIA, the ESMPs will likely include a Occupational Health and Safety Plan, a Water Management Plan and other plans as necessary. When formalizing mining activities , continuous efforts will be made to integrate consensus-based decision making into existing societal structures. An agreement should be

Risk 3: Project inadvertently perpetuates or increases risk of sexual violence and harassment against women **Related to risks:** - Gender Equality and Women?s Empowerment; P.9	I = 5 L = 4	**Substantial**	According to the WHO, in contexts where artisanal mining occurs outside of formal governmental regulation, especially when carried out in remote locations, woman can face additional risks due to their social isolation and vulnerability to physical and sexual abuse. Lack of access to safe and equitable employment opportunities in the ASGM sector can further enhance these vulnerabilities[1]. These conditions may persist during and after project implementation if not specifically addressed.	This issue will be investigated as part of the SESA for the JA and ESIA for the pilot demonstrations and if applicable, measures incorporated into the site-specific ESMPs to mitigate these conditions. In addition, the Stakeholder Engagement Plan (Annex 9) and Gender Strategy and Action Plan (Annex 11) were prepared during the PPG. These plans will outline ways to combat sexual violence and harassment against women and include measures to raise awareness that sexual violence and harassment is unacceptable, and promote the development of measures to combat sexual violence and harassment, protect victims and encourage them to denounce aggressors to the competent authority.

Risk 4: Project inadvertently exacerbates or reinforces existing discrimination against women. **Related to risk:** - Gender Equality and Women?s Empowerment; P.10, P.11	P = 3 L = 3	**Moderate**	Social factors, mainly the occupational roles determined by the gender, affect the type of exposure to mercury for ASM gold extraction, and the differentiated impacts on the health of men, women and young children. This could be interpreted as a situation of discrimination and affect fair participation, yet with a gender perspective. Also, women?s income opportunities are limited by restricting or prohibiting them from accessing gold resources, from engaging in gold producing activities, or from joining miners? organizations.	The SESA that will be undertaken during Output A 2 and A.3 will take this risk into consideration. In addition, during the PPG phase, a Gender Action Plan was prepared based on a Gender Analysis. This plan focuses on four lines of work (Annex 11): (i) Strengthening capacities to understand and apply the approach of gender mainstreaming by providing gender training for PMU, other governance structures and relevant local leadership (ii) Protection from gender-differentiated exposure to mercury and other hazardous wastes. (iii) Participation and empowerment of women promoting women?s participation in decision-making in general and monitor the effectiveness of gender mainstreaming during project implementation. (iv) Introduce gender aspects in project monitoring, communication and evaluation actions.

Risk 5: Potential loss of income for miners who decide not to take part in the Project or otherwise transition to sustainable mining practices. **Related to risks:** - Human Rights; P.3, P5, P.6, P.7 - Accountability; P.13, P.14, P.15 - Standard 5: Displacement and Resettlement, Q5.2, Q5.4	I = 2 L = 2	**Low**	The project does not foresee a displacement or resettlement risk and it is not anticipated that the project would lead to a restriction in access to land or resources that are important to means of livelihood or economic well-being. Therefore, while Standard 5 is not triggered, a precautionary approach is applied as there is a chance that some miners and workers may experience a loss of livelihoods because they decide not to participate in the project activities or otherwise transition to sustainable mining practices.	A comprehensive Stakeholder Engagement Plan (Annex 9) and Gender Strategy and Action Plan (Annex 11) were prepared during the PPG. These plans will ensure that all interested miners and workers (both formal and informal) have been given the opportunitiy to participate in the project without discrimination. This risk will be mitigated by carrying out the following activities: Component 1, Outcome A, Output A.2, Activity ii.: During the implementation of the FSP, compliance with the guidelines established by international protocols (CRAFT) will be enhanced, as well as national legislation and applicable international agreements signed by Honduras in light of Minamata Convention. The Code of Risk mitigation for ASM engaging in Formal Trade (CRAFT) aims to facilitate the relationship between the gold industry and the ASM sector, as an enabling tool to advance OECD Due Diligence Guidance while laying out a progressive path toward the mitigation of risks and promotion of responsible mining. Component 2, Outcome B, Output B.3: The project will provide training and capacity building of the FSP stakeholders to build confidence prior to carry out any field intervention based on the Overarching Principle: *Leave No One Behind*.

Risk 6: Natural disasters could eventually affect the locations and operations where the planned demonstration projects are carried out. **Related to risk:** Standard 2: Climate Change Mitigation and Adaptation; Q2.1, Q2.2	P = 3 L = 3	**Moderate**	Sensitivity of the project may be affected by the occurrence of natural disasters due to landslides, erosion, floods or extreme weather conditions or greater vulnerability thereto, generating environmental, social and operational complications for the execution of the planned field activities. More frequent and intense extreme weather events might also slow down the rate of environmental recovery in the ASGM areas.	Within the framework of the project, it is planned to build capacity with the involved stakeholders, as well as with the project staff, for the immediate response to manage this climate change-related risk, primarily in the surroundings of the facilities of the pilot projects, including vulnerability factors to natural events and climate change. The verification of sites for the implementation of the pilot and demonstration projects (Output A.3, Activity ii) will consider that the infrastructure to be built is not situated in areas classified as high risk due to landslides, erosion, floods or extreme weather conditions. As described in Act. ii, Output A.3 of the ProDoc, the FSP will perform climate change vulnerability assessments and implement climate adaptation strategies. This activity will assess - for each technical design of mercury-free processing facilities - a natural disaster risk assessment that could eventually affect operations in the geographic location where pilot projects will be implemented. It will include four steps, as the STAP guidance on Climate Risk Screening, i.e.: hazard identification, assessment of vulnerability and exposure, risk classification and risk mitigation plans. Risk assessments will consider not only the duration of the FSP but also the lifetime of the expected Global Environmental Benefits; again, for each of the pilot project sites. Furthermore, climate change risk management in Latin America and the Caribbean, has risen on the banking sector?s agenda. For example, a recent survey of 78 financial institutions holding 54% of the total assets managed by the banking sector in the region, revealed that 38% of banks now incorporate guidelines on climate change in their operational

Risk 7: Negative impact of upgrading and operation of processing plants and other facilities supported through the project on natural areas **Related to:** - Standard 1: Biodiversity Conservation and Sustainable Natural Resources Management; Q1.1, Q1.2, Q1.3, Q1.7, Q1.14	I = 3 L = 3	**Moderate**	The gold processing plants may be located on or near natural habitats or protected areas or near areas with important biological significance (e.g. areas with many endangered species/unique habitats, restricted range endemics, etc.).	Even though there are no significant civil works planned for the project, in accordance with the ESMF, selection of the location of the proposed processing plants and other facilities will ensure that the project does not infringe on the critical habitats and sites of biodiversity importance. This will be done during site validatation at the first year al project implementation as per Act. i. for Output C.2. In addition, the ESIA that will be undertaken for the pilots (Output C.2, Activity ii) will analyze this risk such that the site-specific ESMPs will include measures to protect biodvierstiy and natural resources from disruption and pollution resulting from operation of the processing plants and to improve mining practices that aim to reduce impacts on surrounding forests and natural areas.

Risk 8: Pollution and emission risks from mining operations or processing plants supported through the project **Related to risks:** - Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management; Q1.1, Q1.2 and Q1.3 - Standard 3: Community Health, Safety and Security; Q3.2, Q3.4, Q3.5 - Standard 8: Pollution Prevention and Resources Efficiency; Q8.1, Q8.2, Q8.3, Q8.4 and Q8.6	I = 5 L = 3	**Substantial**	The main environmental risks and health risks are posed by the use of mercury in the ore extraction process, in tailings, and in siltation of rivers. Wastewater from ASGM mining operations or processing plants directly discharged into water bodies may contain a high content of suspended solids, high concentrations of mercury or of lubricating and fuel oils used for combustion engines. Elevated contamination of any of the above pollutants puts at risk the health and livelihoods of others who use this water for human consumption or fishing and to the natural ecosystem. It is important to note the special vulnerability of mining communities due to the bio-magnification of mercury and the contamination of their foods, like increased mercury levels in fish, one of their main sources of protein. The project's interventions for the elimination of mercury without control may result in negative impacts near the	The ESIA (Output C.2, Activity ii) for each pilot project (Output C.2, Activity iii) will address the issue of wastewater discharge from project activities including mining operations and processing plants. Treatment before discharge into any water bodies will be undertaken to ensure the reduction of suspended solids, mercury and other chemicals and fuel residues to acceptable limits in line with local or international standards. This will ensure that water quality does not represent a risk for the health and the livelihoods of other water users or a serious ecosystem risk. The impact of suspended solids, mercury and fuel residues (as applicable) on other water users will be evaluated, contamination of waste water with pollutants that represent a high risk will be monitored, and technical improvements to reduce emissions will be designed and implemented. Based on the ESIA, the site-specific ESMPs to be developed will thus include pollution prevention and waste management measures.

Risk 9: Health and safety risk for the workers in mines and processing plants whose construction and operation is supported by the project **Related to risks:** - Standard 7: Labour and Working Conditions; Q7.6	I = 4 L = 3	**Substantial**	This could occur if miners and workers do not abide by a safety protocol and use the essential Personal Protective Equipment (PPE) appropriate for the work they perform. Miners may also be exposed to a range of emergency and non-emergency health issues that result from working conditions and the social context of work. In addition, health and safety of workers may be impacted during construction and operation if proper measures are not implemented and adequate PPE are not worn by the workers.	As an ESIA will be conducted prior to commencement of the pilot activities (Output C.2) to assess occupational health and safety risks. Based on this assessment, the site-specific ESMPs will be developed to include an Occupational Health and Safety Plan to ensure that miners and workers are safe during mining activities and during construction and operation of the processing plant or any facility developed by the project. This Plan will include conditions under which the use of PPE is mandatory. It will ensure that first aid kits are available on site with trained workers, if not health staff, prepared to care for minor injuries. For major injuries, emergency, primary and preventative care miners will have access to health facilities. Likewise, compliance with health, work and environmental regulations, as well as safety standards for the development of activities that include exposure to physical and chemical hazards will be promoted with the beneficiary groups.

Risk 10: Participation of minors in hazardous activities and other working conditions in contravention with national standards and ILO conventions at pilot sites **Related to risks:** - Standard 7: Labour and Working Conditions; Q7.1, Q7.3, Q7.5 and Q7.6	I = 5 L = 3	**Substantial**	Child labour is common in poor and rural areas in general and in the ASGM sector in particular. If not specifically addressed, persons below 18 years of age in the perimeter of the mine may be engaged in hazardous work, which is classified as ?worst forms of child labour?. In addition, persons younger than 15 years old may also be employed or allowed to work in the mines or on the construction site of the processing plant and other facilities.	The ESIA will assess the likelihood of this risk and prevalence of child labour within the ASGM sector in the target area and propose measures to reduce it and find working persons under the age of 18 perform tasks appropriate to their age. In order to prevent the use of child labour, forced labour and other working conditions in contravention with the new UNDP/ILO new labour standard and integrate aspects into the planetGOLD+ Honduras, including but not limited to the following actions: i) ESIA to assess risks to project workers and develop labour management procedures at the project pilot sites as part of the site-specific ESMPs, in addition to. ii) Highlight workers? fundamental rights, their fair treatment, and the provision of safe and healthy working conditions through developing and implementing an Occupational Health and Safety Plan as part of the site-specific ESMPs. iii) Ensure sound worker-management relationships and cooperation in their design and implementation through putting in place a workplace grievance redress mechanism at all sites. vi) Improve the capacity of Mining Entities (MEs) engaged in the pilot demonstrations to comply with employment and labour laws, rules and regulations and international commitments.

Risk 11: Potential community spread of COVID-19 during project implementation **Related to risk:** - Standard 3: Community Health, Safety and Security; Q3.4 - Standard 7: Labour and Working Conditions; Q7.6	I = 4 L = 3	**Substantial**	Due to the ongoing Covid-19 pandemic, project activities may increase exposure of the local community and workers to the disease.	While this FSP will be implementing in a very dynamic and evolving situation due to this pandemic, regular monitoring of this risk by the PMU and carry out period assessment of changing the market context, both at the national and international levels, to ensure the project remains a relevant and trusted partner of the participating stakeholders and also able to adapt in response accordingly. Preventive and mitigation measures, such as adequate outreach and awareness activities, utilizing traditional methods and materials in local languages, combined with provisions of handwashing and other sanitary and hygiene facilities in addition to the already government-enforced human traffic stop to and from the interior may help prevent a full-blown spread of the COVID-19 virus among the local community. In addition, the program budget will cover recurrent costs for purchasing hand sanitizers, face masks, gloves, etc. for project staff. It will create a COVID-19 repository for disseminating information related to COVID-19 with program teams and stakeholders.

	QUESTION 4: What is the overall project risk categorization?		
	Low Risk	**?**	
	Moderate Risk	**?**	

	Substantial Risk	**X**		As this has been rated as a Substantial Risk project, an ESMF was put together in the PPG. Based on this, an ESIA with site specific ESMPs will be carried out at the start of Project Inception for all pilot interventions before commecning with them. Based on the results of the ESIA, the site-specific ESMP will likely include an Occupational Health and Safety Plan, a Water Management Plan and others, as deemed necessary. A comprehensive Stakeholder Engagement Plan and Gender Strategy and Action Plan were prepared during the PPG and will complement, both, the ESMF and the ESIA/ESMP. A Grievance Redress Mechansim for both the community and workers at pilot sites will be developed and put in place during project Inception	
	High Risk	**?**			
	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)				
	Question only required for Moderate, Substantial and High Risk projects				
	Is assessment required? (check if ?yes?)	**x**			***Status? (completed, planned)***
	if yes, indicate overall type and status		**?**	Targeted assessment(s)	
			x	ESIA (Environmental and Social Impact Assessment)	ESIA (Planned for pilots)
			x	SESA (Strategic Environmental and Social Assessment)	Integrated in Outputs A.2 and A.3 (Planned)
	Are management plans required? (check if ?yes)	**?**			

	If yes, indicate overall type		**x**	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)	Gender Action Plan (Completed) Climate risk assessment (planned) Relevant targeted management plans to be incorporated into site-specific ESMPs (planned)
			x	ESMP (Environmental and Social Management Plan which may include range of targeted plans)	ESMP (Planned)
			x	ESMF (Environmental and Social Management Framework)	ESMF (Completed)
	Based on identified <u>risks</u>, which Principles/Project-level Standards triggered?		**Comments (not required)**		
	Overarching Principle: Leave No One Behind				
	Human Rights	**x**			
	Gender Equality and Women?s Empowerment	**x**			
	Accountability	**x**			

	1. Biodiversity Conservation and Sustainable Natural Resource Management	**x**	
	2. Climate Change and Disaster Risks	**x**	
	3. Community Health, Safety and Security	**x**	
	4. Cultural Heritage	**?**	
	5. Displacement and Resettlement	**?**	
	6. Indigenous Peoples	**?**	
	7. Labour and Working Conditions	**x**	
	8. Pollution Prevention and Resource Efficiency	**x**	

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included

Signature	***Date***	***Description***
QA Assessor		UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have ?checked? to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have ?cleared? the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks	
INSTRUCTIONS: The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the project, and (3) determine required level of assessment and management measures. Refer to the SES toolkit for further guidance on addressing screening questions.	
Overarching Principle: Leave No One Behind **Human Rights**	**Answer (Yes/No)**
P.1 Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	NO
P.2 Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	NO
P.3 Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	YES
Would the project potentially involve or lead to:	
P.4 adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	NO
P.5 inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? [3]	YES
P.6 restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	YES
P.7 exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	YES
Gender Equality and Women?s Empowerment	
P.8 Have women?s groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	NO
Would the project potentially involve or lead to:	
P.9 adverse impacts on gender equality and/or the situation of women and girls?	YES
P.10 reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	YES

P.11 limitations on women?s ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? *For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being*	YES
P.12 exacerbation of risks of gender-based violence? *For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc*.	NO
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below	
Accountability	
Would the project potentially involve or lead to:	
P.13 exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	YES
P.14 grievances or objections from potentially affected stakeholders?	YES
P.15 risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	YES
Project-Level Standards	
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management	
Would the project potentially involve or lead to:	
1.1 adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes*	YES
1.2 activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	YES
1.3 changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	YES
1.4 risks to endangered species (e.g. reduction, encroachment on habitat)?	NO
1.5 exacerbation of illegal wildlife trade?	NO
1.6 introduction of invasive alien species?	NO

1.7 adverse impacts on soils?	YES
1.8 harvesting of natural forests, plantation development, or reforestation?	NO
1. 9 significant agricultural production?	NO
1. 10 animal husbandry or harvesting of fish populations or other aquatic species?	NO
1.11 significant extraction, diversion or containment of surface or ground water? *For example, construction of dams, reservoirs, river basin developments, groundwater extraction*	NO
1.12 handling or utilization of genetically modified organisms/living modified organisms?[4]	NO
1.13 utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)[5]	NO
1.14 adverse transboundary or global environmental concerns?	YES
Standard 2: Climate Change and Disaster Risks	
Would the potentially involve or lead to:	
2.1 areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	YES
2.2 outputs and outcomes sensitive or vulnerable to potential impacts of climate change? *For example, through increased precipitation, drought, temperature, salinity, extreme events*	YES
2.3 direct or indirect increases in vulnerability to climate change impacts or disasters now or in the future (also known as maladaptive practices)? *For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population?s vulnerability to climate change, specifically flooding*	NO
2.4 increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	NO
Standard 3: Community Health, Safety and Security	
Would the potentially involve or lead to:	
3.1 construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	NO
3.2 air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	YES
3.3 harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	NO

3.4 risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	YES
3.5 transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	YES
3.6 adverse impacts on ecosystems and ecosystem services relevant to communities? health (e.g. food, surface water purification, natural buffers from flooding)?	NO
3.7 influx of project workers to project areas?	NO
3.8 engagement of security personnel to protect facilities and property or to support project activities?	NO
Standard 4: Cultural Heritage	
Would the project potentially involve or lead to:	NO
4.1 activities adjacent to or within a Cultural Heritage site?	NO
4.2 significant excavations, demolitions, movement of earth, flooding or other environmental changes?	NO
4.3 adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	NO
4.4 alterations to landscapes and natural features with cultural significance?	NO
4.5 utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	NO
Standard 5: Displacement and Resettlement	
Would the project potentially involve or lead to:	
5.1 temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	NO
5.2 economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions ? even in the absence of physical relocation)?	YES
5.3 risk of forced evictions?[6]	NO
5.4 impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	YES
Standard 6: Indigenous Peoples	
Would the project potentially involve or lead to:	
6.1 areas where indigenous peoples are present (including project area of influence)?	NO
6.2 activities located on lands and territories claimed by indigenous peoples?	NO

6.3 impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? *If the answer to screening question 6.3 is ?yes?, then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk*	NO
6.4 the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	NO
6.5 the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	NO
6.6 forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? *Consider, and where appropriate ensure, consistency with the answers under Standard 5 above*	NO
6.7 adverse impacts on the development priorities of indigenous peoples as defined by them?	NO
6.8 risks to the physical and cultural survival of indigenous peoples?	NO
6.9 impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? *Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.*	NO
Standard 7: Labour and Working Conditions	
Would the project potentially involve or lead to: (note: applies to project and contractor workers)	
7.1 working conditions that do not meet national labour laws and international commitments?	YES
7.2 working conditions that may deny freedom of association and collective bargaining?	NO
7.3 use of child labour?	YES
7.4 use of forced labour?	NO
7.5 discriminatory working conditions and/or lack of equal opportunity?	YES
7.6 occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	YES
Standard 8: Pollution Prevention and Resource Efficiency	
Would the project potentially involve or lead to:	

8.1 the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	YES
8.2 the generation of waste (both hazardous and non-hazardous)?	YES
8.3 the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	YES
8.4 the use of chemicals or materials subject to international bans or phase-outs? *For example, DDT, PCBs and other chemicals listed in international conventions such as the Montreal Protocol, Minamata Convention, Basel Convention, Rotterdam Convention, Stockholm Convention*	YES
8.5 the application of pesticides that may have a negative effect on the environment or human health?	NO
8.6 significant consumption of raw materials, energy, and/or water?	YES

[1] WHO (2016). Artisanal and small-scale gold mining and health. Technical Paper #1: Environmental and Occupational Health Hazards Associated with Artisanal and Small-scale Gold Mining

[2] UN Environment. (2020). How the Banks of Latin America and the Caribbean incorporate climate change in their risk management. Available online.

[3] Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to ?women and men? or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

[4] See the Convention on Biological Diversity and its Cartagena Protocol on Biosafety.

[5] See the Convention on Biological Diversity and its Nagoya Protocol on access and benefit sharing from use of genetic resources.

[6] Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
PIMS_6556_GEFID_10614_PlanetGOLD2_Child_Honduras_Annex 10 ESMF	CEO Endorsement ESS	
PIMS_6556_GEFID_10614_PlanetGOLD2_Child_Honduras_Annex 6 -SESP	CEO Endorsement ESS	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

This project will contribute to the following Sustainable Development Goal (s):

SDG 1: End poverty in all its forms everywhere by introducing alternatives, best practices and techniques to minimize the use and release of mercury, and also address the underlying socio-economic challenges that are at the core of existing practices that use mercury in the ASGM sector.

SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture by decreasing the use of mercury and its release into the environment from the ASGM sector, indirectly halting and reducing the build-up of mercury in the food chain.

SDG 3: Ensure healthy lives and promote well-being for all at all ages by reducing the use of mercury in ASGM sector, and minimize its releases, to ultimately protect human and environmental health.

SDG 5: Achieve gender equality and empower all women and girls. At the policy formulation level, inclusivity and gender mainstreaming have been included to highlight that women, children and the elderly should be a part of this process and have their interests and concerns accounted for in ASGM related policies.

SDG 6: Clean Water and Sanitation by protecting water resources from mercury contamination.

SDG 8: Decent work and economic growth through supporting the development of workplace safety standards and procedures, introducing personal protective measures, and addressing the underlying socio-economic causes that led to the use of mercury in the ASGM sector.

SDG 12: Ensure sustainable consumption and production patterns through the reduction of mercury pollution and mercury-containing wastes by introducing alternative processes and technologies that are mercury-free, cost-effective and in line with best available technology guidelines.

SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development through decreasing the use and release of mercury from ASGM activities, preventing mercury from entering water sources, and reducing the build-up of mercury in the food chain.

This project will contribute to the following country outcome (UNDAF/CPD, RPD, GPD): The population living in conditions of poverty and vulnerability to food insecurity in priority regions has increased their production and productivity, has access to decent work, increased income and responsible consumption, although taking into account climate change and the conservation and sustainable management of ecosystems.

	Objective and Outcome Indicators **(no more than a total of 20 indicators)**	**Baseline** *Must be determined during PPG phase*	**Mid-term Target** *Expected level of progress before MTR process starts*	**End of Project Target** *Expected level when terminal evaluation undertaken*

Project Objective: To reduce the use of mercury and increase income in the ASGM sector in compliance of the Minamata Convention, in an environmentally sustainable market approach in Honduras.	*Indicator 1* (Mandatory GEF Core Sub-indicator 9.2) Tons of mercury avoided. *(In accordance with Indicators 1.1.1 and 3.2.1 of the planetGOLD Programme Indicators)*	9 tons of Hg used annually	One (1) ton of Hg avoided by the project	Eight (8) tons of Hg avoided by the project
	Indicator 2 (Mandatory GEF Core Indicator 11) Number of direct project beneficiaries disaggregated by gender as co-benefit of GEF investment.	In the framework of the PPG phase workshops, 72 direct project beneficiaries have participated: Female: 39 Male: 33	25,514 *direct project beneficiaries for which the risk of mercury exposure has been reduced.* Female: 13,489 Male: 12,025	85,045 *direct project beneficiaries for which the risk of mercury exposure has been reduced.* Female: 44,962 Male: 40,083
Component 1	**Formalization optimization of ASGM**			
Project Outcome A A higher degree of formalization in the sector through multisectoral, integrated approaches and capacity building of formalization actors.	*Indicator 3* Number of miners supported in their formalization process (disaggregated by gender). *(In accordance with Indicators 2.1.1 of the planetGOLD Programme Indicators)*	Insufficient institutional capacity at the regional and local levels for the implementation of policies and regulations that support formalization in the ASGM sector.	215 miners (162 men/53 women) have strengthened their capacities to assess, plan and implement formal mercury-free interventions in the ASGM sector of the Tier 1 sites.	529 miners (423 men/106 women) have strengthened their capacities to assess, plan and implement formal mercury-free interventions in the ASGM sector of the Tier 1 sites.

	Indicator 4 Number of policies, policy instruments, or regulatory frameworks influenced (at national or sub-national level) to improve ASGM formalization. *(In accordance with Indicators 2.1.2 of the planetGOLD Programme Indicators)*	The General Mining Law #238/12 provides for ASGM, however, policy instruments to make it operational are yet to be put in place and fully implemented.	2 BEP (Best Environmental Practices) Manuals for Artisanal and Small Scale Gold Mining, Certificate of Origin and CRAFT Codes.	4 BEP (Best Environmental Practices) Manuals for Artisanal and Small Scale Gold Mining, Certificate of Origin and CRAFT Codes.
Outputs to achieve Outcome A	A.1 Government and local municipalities? capacity strengthened to assess, plan, and implement sustainable mercury-free interventions in ASGM zones. A.2 Existing regulatory framework reviewed and validated through multi-sectoral, integrated approaches and capacity building of formalization actors. A.3 Landscape approach to advance formalization in key ASGM zones.			
Component 2	**Financial Inclusion and Responsible Supply Chains**			
Outcome B Improved income for ASGM miners through the attainment of better gold prices facilitated by transparent and responsible supply chains. ***2 indicators maximum***	*Indicator 5* Loans/investments for the purchase of mercury-free processing equipment/investments are accessible to legitimatized ASGM miners.	*0*	1 new improved investment for the purchase of mercury free processing equipment (including women friendly financial products) are accessible for legitimized ASGM miners.	3 new improved investments for the purchase of mercury free processing equipment (including women friendly financial products) are accessible for legitimized ASGM miners.

	Indicator 6 Amount of funds (in USD) made available to ASGM through financial mechanisms (disaggregated by gender). *(In accordance with Indicators 3.2.1 and 4.1.1 of the planetGOLD Programme Indicators)*	ASGM selected pilot project areas (TIER 1), none of the ASGM miners have been trained on how to access financing. 0 ASGM loan applications developed. 0 ASGM loan applications approved.	USD50,000 made available to ASGM through financial mechanisms (disaggregated by gender). 5 loan applications developed (with technical support of the project). 30% of loan applications (developed with technical support of the project) approved.	USD150,000 made available to ASGM through financial mechanisms (disaggregated by gender). 15 loan applications developed (with technical support of the project). 50% of loan applications (developed with technical support of the project) approved.
Outputs to achieve Outcome B	B.1 A capacity building program ?gender oriented- to enhance business skills and attain higher gold prices developed. B.2 Innovative sources of funding engaged for the ASGM sector to procure/retrofit mercury-free processing equipment. B.3 Proof of concept for technology-assisted mineral supply chain due diligence developed and tested in target locations.			
Component 3	**Enhancing uptake of Mercury-free technologies**			
Outcome C Reduced mercury use in ASGM enabled by the increased uptake of mercury-free technologies by miners.	*Indicator 7* Number of miners trained in mercury-free processes (disaggregated by gender). *(In accordance with Indicators 1.1.3 of the planetGOLD Programme Indicators)*	*0*	*500 miners* Female: 100 Male: 400	*1,829 miners* Female: 300 Male: 1,529

	Indicator 8 Number of pilot projects implemented and operationalized in target jurisdictions.	*0*	*1*	*3*
	Indicator 9 Amount of responsible gold produced without mercury.	*0*	*300* Kilograms of gold produced without mercury.	*800* Kilograms of gold produced without mercury.
Outputs to achieve Outcome C	C.1 Assay laboratories and training center(s) established to promote resource efficient gold mining in ASM zones, with clear provisions for sound tailings and waste management. C.2 Three (3) pilot projects of new processes, mercury-free in different departments implemented. C.3 Accredited ASGM-specific education programs scaled up to professionalize mining operations in cooperation with the National University of Honduras/School of Geology (UNAH).			
Component 4	**Knowledge sharing and communication outreach**			
Outcome D Knowledge sharing and communication strategies aimed at all ASGM stakeholders to support and increase formalization and mercury reduction developed. ***2 indicators maximum***	*Indicator 10* Number of people reached with awareness raising materials, by mode of communication (e.g. online, in-person, via SMS, WhatsApp, etc.) and by gender. *(In accordance with Indicators 5.1.1 of the planetGOLD Programme Indicators)*	To date none of the inhabitants of the project priority sites and local communities have been made aware of the dangers of mercury and ways to eliminate/avoid its use in ASGM.	83,492 people (41,738 females and 41,655 males) of whom awareness has been raised on the dangers of mercury and ways to eliminate/avoid its use in ASGM.	278,308 people (139,127 females and 138,851 males) of whom awareness has been raised on the dangers of mercury and ways to eliminate/avoid its use in ASGM.
	Indicator 11 Percentage of project expenditure spent on the FSP planned activities.	0%	40%	100%

Outputs to achieve Outcome D	D.1 Knowledge management system for best practices and communication platform at national level established. D.2 M&E and adaptive management applied to capture lessons learned, emphasizing prospecting, sustainable mercury-free gold methods, and sound tailings management applied.

[1] Baseline, mid-term and end of project target levels must be expressed in the same neutral unit of analysis as the corresponding indicator. Baseline is the current/original status or condition and needs to be quantified. The baseline can be zero when appropriate given the project has not started. The baseline must be established before the project document is submitted to the GEF for final approval. The baseline values will be used to measure the success of the project through implementation monitoring and evaluation.

[2] *Target is the change in the baseline value that will be achieved by the mid-term review and then again by the terminal evaluation.*

[3] *PlanetGOLD+ Honduras GEB is 8 ton Hg (during project implementation) and replication factor (x 3) is 24 ton Hg. The estimated GEB with the replication factor is 32. This is based on a previous UNDP project recorded a relation of 4.8g Hg per 1g of Au in the El Corpus region. The estimated mercury use in the project?s intervention regions (Quimist?n, Macuelizo and Danl?) is 2.7 t/y. To reach the GEF reduction target an estimated 0.56 t of mercury free gold would need to be produced during the project life span.*

[4] Provide total number of all direct project beneficiaries expected to benefit from all project activities until project closure. Separate the total number by female and male. This indicator captures the number of individual people who receive targeted support from a given GEF project and/or who use the specific resources that the project maintains or enhances. Support is defined as direct assistance from the project. Direct beneficiaries are all individuals receiving targeted support from a given project. Targeted support is the intentional and direct assistance of a project to individuals or groups of individuals who are aware that they are receiving that support and/or who use the specific resources.

[5] Please, refer to Table 1 of Annex 9: Stakeholder Engagement Plan.

[6] Estimated 30% as at the End of Project Target.

[7] Please, refer to the analysis: *?Indicadores de Poblaci?n para ProDoc?*, dated July 15th, 2021.

[8]*Outcomes are medium term results that the project makes a contribution towards, and that are designed to help achieve the longer-term objective. Achievement of outcomes will be influenced both by project outputs and additional factors that may be outside the direct control of the project.*

[9] Estimated number of miners for TIER 1 sites.

[10] Estimated number of miners for TIER 1 and TIER 2 sites.

[11] Estimated 30% as at the End of Project Target.

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ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Honduras: Responses to the PIF Review at the Council Approval Stage

Introduction:

This document submits the responses to the different reviewers of the screening process for the *Global Opportunities for Long-term Development of artisanal and small-scale gold mining ASGM) Sector Plus- GEF GOLD+*, specifically for Honduras PIF, in the following order:

#1. GEF Council Members,
#2. STAP, and
#3. Minamata Secretariat.

#1. Responses to GEF Council Members.

Q. #2 from the GEF Council: Please see the US comments on the GOLD+ program below which will need to be addressed at CEO Endorsement.

? *Overall, for Program component 6, Global coordination, knowledge management and outreach, there seems to be a lack of focus on the private sector gold buyers and users. Large companies (refiners, jewelers and electronics) can benefit from GOLD+ data and other insights as they increase implementation of gold sourcing due diligence programs. If this program can better consider and be sensitive to ongoing private sector due diligence policies and programs, then the program?s sustainability can be greatly amplified. Eventually, funding for these types of projects, and demand for responsible mercury free gold, will come from the downstream supply chain.*

R: Comment well received. Indeed, this comment has been fully acknowledged in the design of the Honduras project. With an outreach communication strategy, the design of this planetGOLD+ FSP makes a clear differentiation between upstream and downstream stakeholders. For the latest, private sector engagement has been triggered during the PPG by engaging gold buyers and users through a large company, ARGOR-HERAEUS Group, that it is a key interested partner in the value chain for all those engaged in the precious metal business: mines, traders, bullion houses, central and commercial banks, mints and jewelry, as well as industrial consumers. This Group has committed a cofinancing amount of at least USD4,800,000 in investment mobilized for the purchase of responsible produced gold over the duration of the planetGOLD+ Honduras project.

#2. Responses to STAP Comments

? *What activities will be implemented to increase the project's resilience to climate change?*

R: This is a key topic for Honduras, a country located in the Central American region. As a matter of fact, Risk 6, identified during the PPG (please refer to Annex 7: UNDP Risk Register, of the ProDoc), is described as *?Natural disasters could eventually affect the locations and operations where the planned pilot interventions are carried out?*. Risk and management measures were proposed in Output A.3, Activity ii of the ProDoc to be implemented during the FSP execution in order to mitigate this risk.

? *1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.*

R: Please, refer to Annex 3 of ProDoc, i.e.: ?Annex 3 Project Map and Project Sites -Honduras-? for full description of the project interventions.

? *What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?*

R: A Stakeholder Engagement Plan was fully developed during project preparation. Please, refer to Annex 9 of ProDoc.

? *What overall approach will be taken, and what knowledge management indicators and metrics will be used?*

R: As a Child Project, the Knowledge Management for the Honduras FSP is a key element ?under Component 4- in coordination with the global knowledge management component of planetGOLD

Program. A group of activities has been integrated under the following two outputs for Outcome D for the Honduras Child project:

Output D.1: *?Knowledge management system for best practices and communication platform at national level established?.*

Output D.2: *?M&E and adaptive management applied to capture lessons learned, emphasizing prospecting, sustainable mercury-free gold methods, and sound tailings management applied?.*

The indicator associated to this outcome is Indicator 10 ?*Number of people reached with awareness raising materials, by mode of communication (e.g. online, in-person, via SMS, WhatsApp, etc.) and by gender*?, which is also in accordance with Indicator 5.1.1 of the planetGOLD Programme Indicators.

Q. #3 from the GEF Council:

Related comment: ?*In Honduras, the German Civil Peace Service (CPS) works on environmental conflicts and might be a relevant stakeholder/partner for cooperation?.*

R: This German agency will be approached once the implementation of the project starts.

#3. Responses to the Minamata Secretariat

Related comment: *?Because improved health awareness and health surveillance can be strong incentives for formalization and technology uptake, and will be ever more important in light of Covid-19, it will be important to include community-based health and social actors in all aspects of the program?.*

R: The ProDoc has developed full stakeholder engagement plans during the PPG phase and has taken this recommendation into account. Please, refer to Annex 9 of ProDoc.

Related comment: *?Barriers - This section presents a very good discussion of formalization. It would be useful to also include the Minamata Convention definition of ASGM for the purposes of the Convention: "gold mining conducted by individual miners or small enterprises with limited capital investment and production".*

R: This definition has already included in the ProDoc, Page 11.

Related comment: *?Gender - Is the gender distribution noted here a widely used metric when very specific community-based data is not available? Or is it simply a placeholder? We note that gender impacts will be more thoroughly evaluated in the child projects. It would also be useful to ensure good estimates of populations "directly" involved (working in ASGM) as well as impacted by ASGM?.*

R: The ProDoc has developed a thorough gender analysis and has developed action plans during the PPG phase and has taken this recommendation into account. Please, refer to Annex 11 of ProDoc.

Related comment: *?Component 2: The activities on collaborating with local financial institutions should also involve linkages with the formalization efforts, such that formalization schemes and financial products are mutually reinforcing?.*

R: We agree with this observation and will ensure that this is the case. The Honduras Child project has integrated this comment under the activities to be carried under Component 2.

Related comment: *?Component 3: In section on enhancing uptake of mercury-free technologies, we note that cyanide is appropriately listed as one of the technologies in the chart. However, no mention is made of the Convention?s requirement that ASGM National Action Plans elaborate actions to eliminate ?cyanide leaching in sediment, ore or tailings to which mercury has been added without first removing the mercury.? This requirement should be prominently featured such that any support for cyanide operations focuses on this critical need?.*

R: Indeed, the use of cyanide to process mercury-contaminated tailings is an emerging risk to human health and the global environment. While the environmental fate of cyanide has been well studied, the risks associated with mercury-cyanide complexes remain largely unknown. Techniques for mercury removal from tailings prior to cyanidation are outlined in UN Environments forthcoming guidance document on tailings (in prep). PlanetGOLD Criteria A: Mercury-Free Processing and Management of Chemicals and Wastes (cyanide, mercury tailings) requires that all Mining Entities (ME) operate without mercury and align with Annex C of the Minamata Convention on Mercury (UNEP 2013), including elimination of the worst practice of using cyanide on mercury-contaminated tailings, which may remain from previous operations that used mercury. Responsible cyanide use for small-scale operators is part of technical guidance in development by the planetGOLD global knowledge component, which emphasizes mining principals and standards of practice as defined by the International Cyanide Management Code.

As a highly regulated substance in gold mining, cyanide risk management, emergency response, operations and waste management are well documented. Responsible cyanide use in GOLD+ will require appropriate capacity building support for governments, policy makers, MEs and the public to understand major risks and mitigation strategies. To avoid unintended consequences, in the specific circumstances of Honduras during the implementation of the pilot projects, if pilot responsible cyanidation and leaching circuit is needed, the project will be required to develop clear standards of practice for responsible sourcing, transport, handing and storage, use in leaching circuits, disposal and decommissioning in accordance with planetGOLD cyanide guidance (in preparation).

ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: **120,000**	
Project Preparation Activities	***GETF/LDCF/SCCF Amount ($)***

Implemented	*Budgeted Amount*	*Amount Spent Todate*	*Amount Committed*
GEF GOLD+: Advancing formalization and mercury-free gold in Honduras	120,000.00	70,262.54	49,737.46
Total	120,000.00	70,262.54	49,737.46

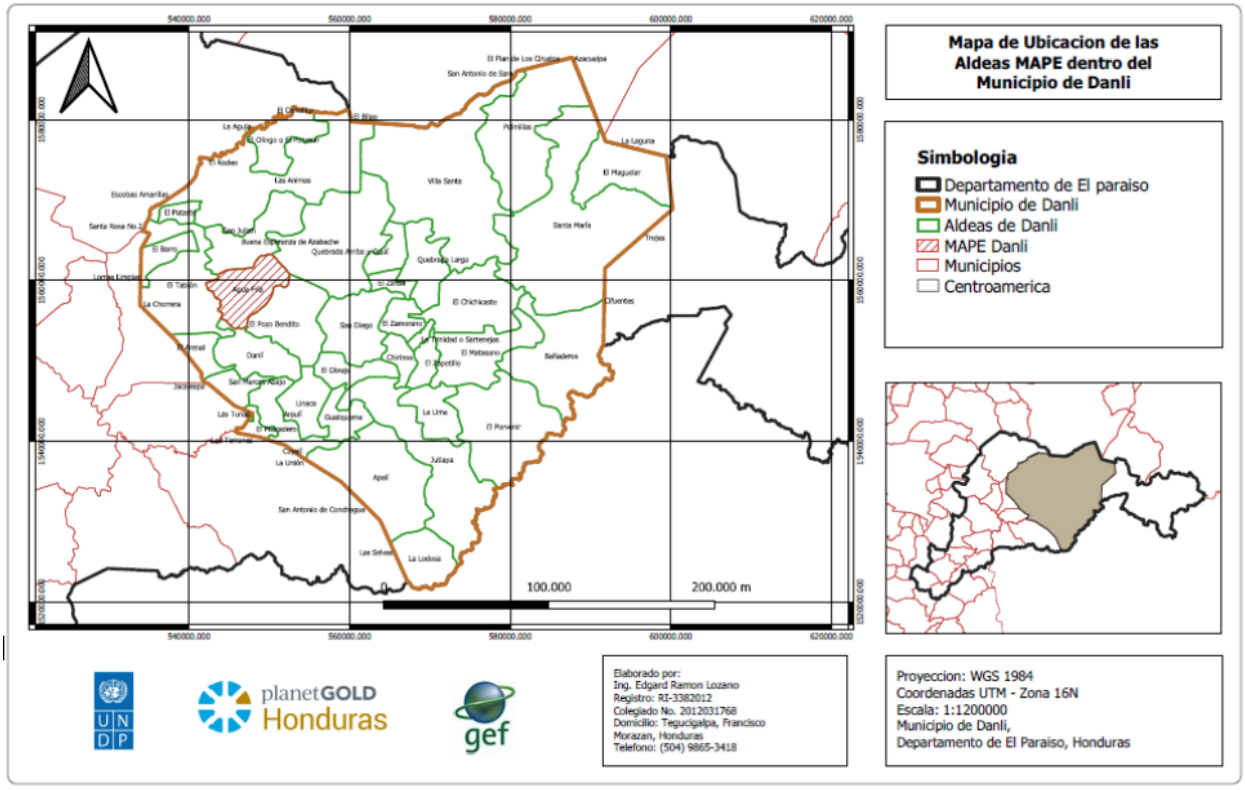
GEF Outcome/Atlas Activity	Responsible Party	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount 2020	Amount 2021	Total	Budget Notes	Expenditure	Commitments
Project preparation grant to finalize the UNDP-GEF project document for project *Global Opportunities for Long-term Development of ASGM Sector Plus - GEF GOLD + in Honduras*	**UNDP**	**62000**	**GEF TRUSTEE**	71200	International Consultants	**50,000.00**	**10,500.00**	**60,500.00**	**A1-A5**	**51,205.59**	**9,294.41**
				71300	Local Consultants	**15,000.00**	**11,000.00**	**26,000.00**	**B1-B3**	**12,078.44**	**13,921.56**
				71600	Travel	**12,000.00**	**7,000.00**	**19,000.00**	**C**	**1,884.00**	**17,116.00**
				74200	Audio Visual&Print Prod Costs	**2,000.00**	**3,000.00**	**5,000.00**	**D**	**5,094.51**	
				74500	Miscellaneous Expenses	**1,000.00**	**1,000.00**	**2,000.00**	**E**		**0.00**
				75700	Training, Workshops and Confer	**4,500.00**	**3,000.00**	**7,500.00**	**F**		**9,405.49**
					PROJECT TOTAL	**84,500.00**	**35,500.00**	**120,000.00**		**70,262.54**	**49,737.46**

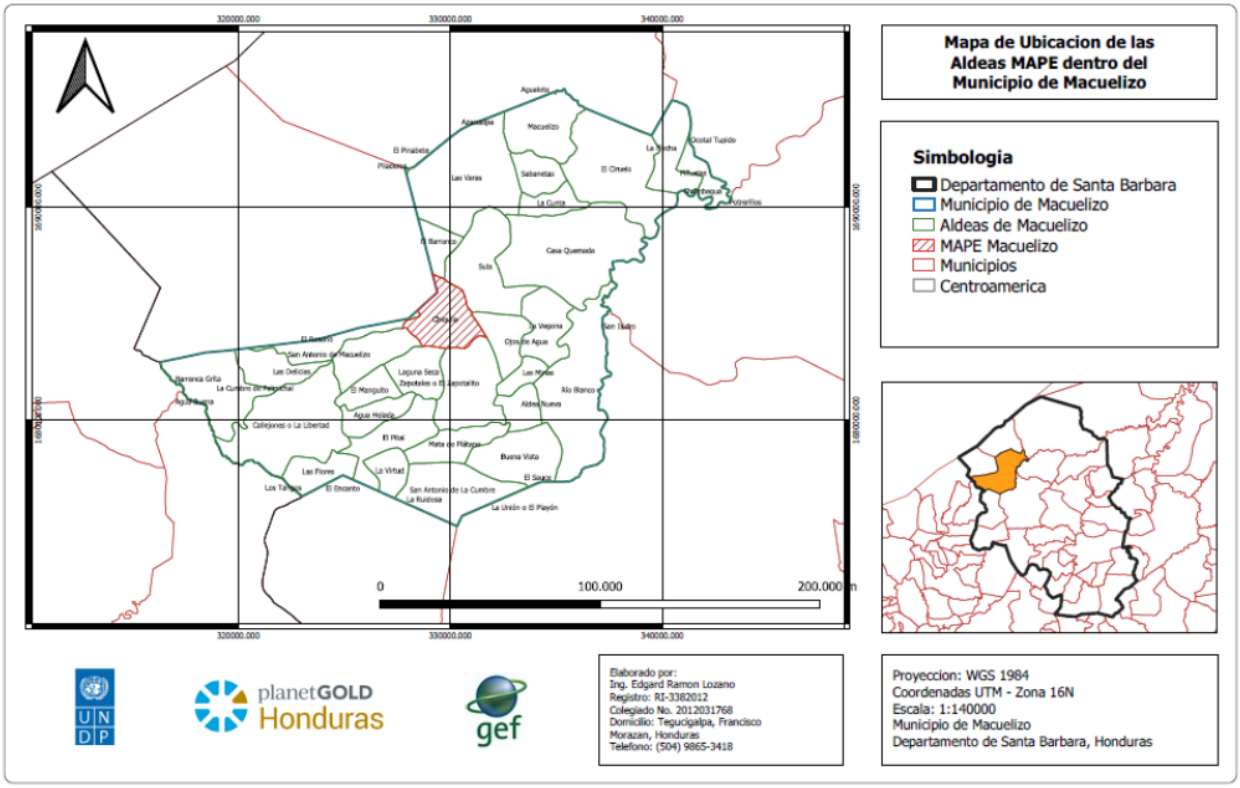
Budget Note	Items	Total estimated person weeks	Budget US$	Budget Note
A1	71200 - International Consultants	14	28,000.00	International Expert to provide overall guidance on project preparation to National Consultants engaged by the project and preparation of the UNDP-GEF Project Document, the GEF CEO Endorsement, the SESP, the GEF Tracking Tools). Costs of the **International Project Development Specialist** (GEF PPG Team Leader) are estimated to USD$ 28,000.00 and includes one (5) day mission (travel and DSA).
A2	71200 - International Consultants	10	20,000.00	International ASGM Specialist to provide key expertise and technical inputs on ASGM issues required to assess the baseline situation and support the design and preparation of the GEF/UNDP project and other supporting documents to the National ASGM Expert engaged by the project. Costs of the **International ASGM Expert** are estimated to USD$ 20,000.00 and includes one (5) day mission (travel and DSA).
A3	71200 - International Consultants	4	5,000.00	International Expert to provide overall guidance on project preparation to National Consultants engaged by the project and preparation of the UNDP-GEF Project Document, the GEF CEO Endorsement, the SESP, the GEF Tracking Tools). Costs of the **International Gender Specialist for ASGM** are estimated to USD$ 5,000.00. No travel is foreseen for this consultancy.
A4	71200 - International Consultants	4	2,500.00	International Expert to provide overall guidance on project preparation to National Consultants engaged by the project and preparation of the UNDP-GEF Project Document, the GEF CEO Endorsement, the SESP, the GEF Tracking Tools). Costs of the **International Safeguards Specialist for ASGM** are estimated to USD$ 2,500.00. No travel is foreseen for this consultancy.
A5	71200 - International Consultants	4	5,000.00	International Expert to provide overall guidance on project preparation to National Consultants engaged by the project and preparation of the UNDP-GEF Project Document, the GEF CEO Endorsement, the SESP, the GEF Tracking Tools). Costs of the **International Financial Expert for ASGM** are estimated to USD$ 5,000.00. No travel is foreseen for this consultancy.
B1	71300 - National Consultants	10	12,000.00	National Consultant for the oversight and coordination of the PPG process throughout its entire duration and be responsible for the overall coordination of processes and consultations needed for project development and the preparation of the UNDP-GEF Project Document and the GEF CEO Endorsement Form, in direct collaboration with the international coordinator and national/international consultants. Costs of the **National PPG Coordinator**, institutional and policy Expert are estimated to USD$12,000.00and includes one (5) day mission (travel and DSA). Travel costs related to travel for fieldwork and exchange of experiences.
B2	71300 - National Consultants	10	10,000.00	National Consultant for the oversight and coordination of the PPG process throughout its entire duration and be responsible for the overall coordination of processes and consultations needed for project development and the preparation of the UNDP-GEF Project Document and the GEF CEO Endorsement Form, in direct collaboration with the international coordinator and national/international consultants. Costs of the **National ASGM Expert** are estimated to USD$10,000.00 and includes one (5) day mission (travel and DSA). Travel costs related to travel for fieldwork and exchange of experiences.
B3	71300 - National Consultants	4	4,000.00	National Consultant for the oversight and coordination of the PPG process throughout its entire duration and be responsible for the overall coordination of processes and consultations needed for project development and the preparation of the UNDP-GEF Project Document and the GEF CEO Endorsement Form, in direct collaboration with the international coordinator and national/international consultants. Costs of the **National Gender Specialist** are estimated to USD$4,000.00 and includes one (5) day mission (travel and DSA). Travel costs related to travel for fieldwork and exchange of experiences.
C	71600 - Travel	N/A	19,000.00	Travel costs related to travel for fieldwork and exchange of experiences
D	74200 - Audio Visual&Print Prod Costs	N/A	5,000.00	Includes the translation relevant documents (PRODOC, SES…) from English to Dutch to facilitate consultation and validation process
E	74500 - Miscellaneous Expenses	N/A	2,000.00	Miscellaneous expenses
F	75700 - Training, Workshops and Confer	N/A	7,500.00	Includes the organization of the two Workshops (PPG Inception Workshop and Project Document Validation Workshop), training of national experts on establishing the project's baseline as well as four working meetings with national stakeholders.

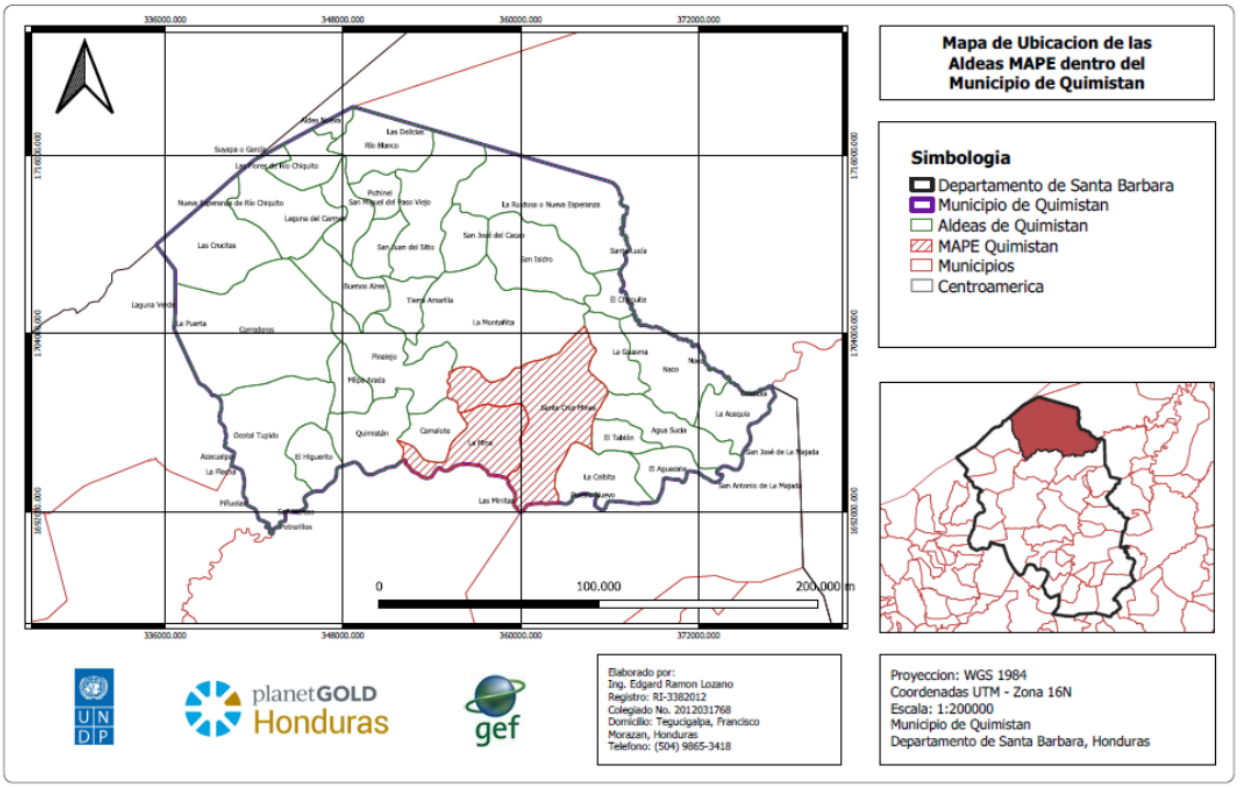
ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

Locations of TIER 1 Project Sites for Mercury-free Pilot Projects to be carried out under Component 3.







ANNEX E: Project Budget Table

Please attach a project budget table.

Expenditure Category	Detailed Description	Component (USDeq.)			Total (USDeq.)			Responsible Entity		
		Component 1	*Component 2*	*Component 3*	*Component 4*	*Sub-Total*	*M&E*	*PMC*		**(Executing Entity receiving funds from the GEF Agency)[1]**
Equipment	Equipment to support Output C.1: ?Assay laboratories and training center(s) established to promote resource-efficient gold mining in ASM zones, with clear provisions for sound tailings and waste management?.			637,272		637,272			637,272	Secretariat of Natural Resources and Environment (MiAmbiente+)
Equipment	Standard office equipment					-		3,000	3,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Equipment	Standard IT equipment					-		13,000	13,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Grants	Grants with Training Centers for the development of Output C.2: ?Three (3) pilot projects of new mercury-free processes in different departments implemented?. Output C.3.: ?Accredited ASGM-specific education programs scaled up to professionalize mining operations in cooperation with the National University of Honduras/School of Geology (UNAH) and the Honduran Institute of Geology and Mines (INHGEOMIN) ?.Grants will follow UNPD's LVG policy.			300,000		300,000			300,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Grants	Maximum 3 Grant instruments for Output B.2: ?Innovative sources of funding engaged for the ASGM sector to procure/retrofit mercury-free processing equipment?.Grants will follow UNPD's LVG policy.		600,000			600,000			600,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Individual	One KM assistant to document and share, in a user-friendly manner, information, lessons, best practices, and expertise generated during implementation; plans for strategic communications; and knowledge outputs at USD$18,000 / yr				90,000	90,000			90,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Contractual services - Individual	One Project Administrative Assistant at USD$20,000/yr for 5 years, and 25% of the Project Manager's costs: the Project Manager will undertake day-to-day project implementation, administration, procurement and management activities at USD$35,000 per year (USD$8,750 per year will be charged to this component)					-		143,750	143,750	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Individual	One National Individual to support enforcement of the law for mercury abatement in the ASGM sector at USD$30,000/year. See annex 8 for additional details, and 25% of the Project Manager's costs: the Project Manager will undertake day-to-day project implementation, administration, procurement and management activities at USD$35,000 per year (USD$8,750 per year will be charged to this component)	193,750				193,750			193,750	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Individual	One National Individual to support the Financial Inclusion and Responsible Supply Chains at USD$30,000/year, and 25% of the Project Manager's costs: the Project Manager will undertake day-to-day project implementation, administration, procurement and management activities at USD$35,000 per year (USD$8,750 per year will be charged to this component)		193,750			193,750			193,750	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Individual	One National Individual to support the reduction of mercury use in ASGM sector by enabling the increased uptake of mercury-free technologies by miners at USD$30,000/year, and 25% of the Project Manager's costs: the Project Manager will undertake day-to-day project implementation, administration, procurement and management activities at USD$35,000 per year (USD$8,750 per year will be charged to this component)			193,750		193,750			193,750	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Individual	One Project Monitoring & Evaluation Officer engaged for the coordination, implementation, oversight and follow-up of the Gender Action Plan, Social and Environmental Risks Management and the Stakeholder Engagement Plan follow-up as well as Mandatory reports production at USD$13,200/year. Activities include M&E of GEF core indicators and project results framework, GEF Project Implementation Report (PIR), and Monitoring of Environmental Social and Management Framework and Plan. See M&E table for additional details					-	66,000		66,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Contractual services - Company	Consulting firm for the development of Output B.3: ?Proof of concept for technology-assisted mineral supply chain due diligence developed and tested in target locations?.		55,000			55,000			55,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Contractual services - Company	Consulting firms to support: Development of policies, policy instruments, or regulatory frameworks influenced (at national or sub-national level) to improve ASGM formalization USD$96,000, FPIC Protocol instruments aligned with policy and procedures of MiAmbiente for the issuance of mining concessions at USD$115,000, Sustainable Landscape Approach (SLA) to advance formalization in key ASGM territories at USD$80,000, Climate change vulnerability assessments and implement climate adaptation strategies at USD$100,000	391,000				391,000			391,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Contractual services - Company	One Environment and Social Impact Assessment Consulting Firm at USD$52,250. See annex 8 and annex 10 for additional details			52,250		52,250			52,250	Secretariat of Natural Resources and Environment (MiAmbiente+)

International Consultants	One International Consultant on Formalization at USD$100,000. See annex 8 for additional details	100,000				100,000			100,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
International Consultants	One International Consultant for the MTR $15,000 and One International Consultant for the TE $15,000. See M&E budget table on PRODOC section VI					-	30,000		30,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
International Consultants	One International Specialist on Enhancing uptake of Mercury-free technologies at USD$60,000. See annex 8 for additional details			60,000		60,000			60,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
International Consultants	One International Specialist on Financial Mechanisms at USD$60,000. See annex 8 for additional details		60,000			60,000			60,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Local Consultants	One Local consultant for MTR $7,000 and one Local Consultant for TE $7,000. See M&E budget table on PRODOC section VI					-	14,000		14,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Local Consultants	One Local Consultant for the development of a gender-oriented Capacity-building program to enhance business skills at USD$17,250. See annex 8 for additional details		17,250			17,250			17,250	Secretariat of Natural Resources and Environment (MiAmbiente+)
Local Consultants	One Local Consultant for the development of ASGM-specific education programs at USD$15,000. See annex 8 for additional details			15,000		15,000			15,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Local Consultants	One Local Consultant for the promotion of Mercury-free interventions in ASGM zones at USD$34,000. See annex 8 for additional details	34,000				34,000			34,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Training, Workshops, Meetings	Inception workshop (see M&E budget table for additional details)					-	10,000		10,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Training, Workshops, Meetings	Training and Workshops aimed to increase formalization and mercury reduction				55,952	55,952			55,952	Secretariat of Natural Resources and Environment (MiAmbiente+)

Training, Workshops, Meetings	Training on mercury-free processes for Gold mining for ASGM miners and Awareness raising for National and district government institutions to support sustainable mercury reductions and invest in mining organizations.			50,000		50,000			50,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Training, Workshops, Meetings	Training to strenghten capacities to assess, plan and implement formal mercury-free interventions in the ASGM sector.	75,000				75,000			75,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Training, Workshops, Meetings	Training workshops, seminars and meetings to strengthen project management capabilities					-		15,730	15,730	Secretariat of Natural Resources and Environment (MiAmbiente+)
Training, Workshops, Meetings	Training, workshop and conferences on access to finance for the promotion of Mercury-free Gold		40,000			40,000			40,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Travel	Travel to support Output 3.1. National and district government institutions strengthened to support sustainable mercury reductions and invest in mining organizations, Output 3.2. Assay lab, processing plant and training center(s) established to promote resource efficient gold mining in ASM-LSM zones/areas, with clear provisions for sound tailings and waste management, and Output 3.3. Accredited ASGM-specific education programs scaled up to professionalize mining operations in cooperation with the University of Applied Sciences and Technology/ school of Geology & Mining Technology (UNASAT/SGMT).			66,250		66,250			66,250	Secretariat of Natural Resources and Environment (MiAmbiente+)

Travel	Travel to support activities carried out under Component 4. Knowledge sharing, communication and local capacity building support				75,000	75,000			75,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Travel	Travel to support Outcome B of Component 2: ?Improved income for ASGM miners through the attainment of better gold prices facilitated by transparent and responsible supply chains?.		66,000			66,000			66,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Travel	Travel to support Output A.1: ?Government and local municipalities? capacity strengthened to assess, plan, and implement sustainable mercury-free interventions in ASGM zones?, Output A.2: ?Existing regulatory framework reviewed and validated through multi-sectoral, integrated approaches and capacity building of formalization actors?, and Output A.3: ?Landscape approach/Jurisdictional approach to advance formalization in key ASGM zones?.	100,000				100,000			100,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Office Supplies	Basic office supplies for duration of project period					-		5,000	5,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Other Operating Costs	Mandatory Audit Services (USD$2,500 per year for 4 years)					-		10,000	10,000	Secretariat of Natural Resources and Environment (MiAmbiente+)

Other Operating Costs	Audio Visual and Print Production Costs to raise stakeholders' awareness on the dangers of mercury and ways to eliminate/avoid its use in ASGM				40,000	40,000			40,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Other Operating Costs	Audio Visual and Print Production Costs for Education Programs in Cooperation with Training Institutions (Output 3.3)			35,000		35,000			35,000	Secretariat of Natural Resources and Environment (MiAmbiente+)
Other Operating Costs	Audio Visual and Print Production Costs to support awareness-raising on access to finance for Merucry-free Gold		34,666			34,666			34,666	Secretariat of Natural Resources and Environment (MiAmbiente+)
Other Operating Costs	Audio Visual and Print Production Cots to support the development of policies, policy instruments, or regulatory frameworks influenced (at national or sub-national level) to improve ASGM formalization.	58,630				58,630			58,630	Secretariat of Natural Resources and Environment (MiAmbiente+)
Grand Total		**952,380**	**1,066,666**	**1,409,522**	**260,952**	**3,689,520**	**120,000**	**190,480**	**4,000,000**	

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencys is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies? capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).