



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

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

10614

**Countries**

Honduras

**Project Name**

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

**Agencies**

UNDP

**Date received by PM**

12/3/2021

**Review completed by PM**

4/25/2022

**Program Manager**

Evelyn Swain

**Focal Area**

Chemicals and Waste

**Project Type**

## PIF

### CEO Endorsement

#### Part I ? Project Information

##### Focal area elements

**1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Project description summary**

**2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?**

Secretariat Comment at CEO Endorsement Request Yes. The project structure is well designed and consistent with the GOLD+ PFD and the other GOLD+ child projects.

Agency Response

**3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?**

Secretariat Comment at CEO Endorsement Request NA

Agency Response

**Co-financing**

**4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-**

**financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat Comment at CEO Endorsement Request Co-financing is a good mix of source types, inclining the private sector and significant investment mobilized.

Agency Response  
**GEF Resource Availability**

**5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response  
**Project Preparation Grant**

**6. Is the status and utilization of the PPG reported in Annex C in the document?**

Secretariat Comment at CEO Endorsement Request Yes, PPG utilization is included on Annex C.

Agency Response  
**Core indicators**

**7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?**

Secretariat Comment at CEO Endorsement Request  
Core indicator 9 indicates 6 MT of mercury. This number is lower than the 8 MT of mercury which was included during PFD development. Please explain this lower GEB.

Also, co-benefits of land degradation and climate benefits are missing. Please provide this information in Core indicators 4 and 6.

ES, 2/16/22: The replication factor should follow the format of the program as should the description of the core indicator. Please correct and add a description below the table. Also add information on the co-benefits below the table.

ES, 3/30/22: Please check that 36 is the correct GEB number.

ES, 4/3/22: Core indicator 9 shows GEBs of 8 MT mercury. Based on the replication factor this should be 32. The GEBs section should also be updated and consistent to show the 32 MT with the replication factor.

ES, 4/8/22: Core Indicator 9 is now correct. Comment cleared.

### Agency Response

Core indicator 9 and PRF have been updated.

Under Component 1, optimizing land allocation with known geologic potential for ASGM activities is expected to result in improved land management. This FSP addresses drivers of land degradation through measures that aim to prevent adverse change of land quality in non-degraded lands and confer resilience. Unfortunately, due to the pandemic it was not possible to organize field visits to quantify the co-benefits that will be resulting from land management. The PPG team has explored some initial approaches on land management co-benefits and they will be further quantified during the project's first PIR.

Answer Feb. 2022: Adjusted. 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. GEF Portal, CEO Endorsement Request & PRODOC adjusted.

Answer April. 2022: Core indicator 9 adjusted to 32 MT

### Part II ? Project Justification

**1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?**

Secretariat Comment at CEO Endorsement Request

Yes, this information is well documented.

Agency Response

**2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?**

Secretariat Comment at CEO Endorsement Request

Yes, the baseline is elaborated.

Agency Response

**3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?**

Secretariat Comment at PIF/Work Program Inclusion

Yes, the alternative scenario is well described.

Agency Response

**4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?**

Secretariat Comment at CEO Endorsement Request

Yes, this is clear.

Agency Response

**5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?**

Secretariat Comment at CEO Endorsement Request

See question on core indicators above.

Core indicator 9 indicates 6 MT of mercury. This number is lower than the 8 MT of mercury which was included during PFD development. Please explain this lower GEB.

Also, co-benefits of land degradation and climate benefits are missing. Please provide this information in Core indicators 4 and 6.

ES, 2/16/22: This section lists mercury benefits at 6 tons which is different from core indicator 9 which is 8 tons. The replication factor should follow the format of the program as should the description of the core indicator. Please add information of the replication factor. Also add information on the co-benefits to land degradation and climate.

ES, 4/8/22: Comment cleared.

### Agency Response

Core indicator 9 and PRF have been updated.

Under Component 1, optimizing land allocation with known geologic potential for ASGM activities is expected to result in improved land management. This FSP addresses drivers of land degradation through measures that aim to prevent adverse change of land quality in non-degraded lands and confer resilience. Unfortunately, due to the pandemic it was not possible to organize field visits to quantify the co-benefits that will be resulting from land management. The PPG team has explored some initial approaches on land management co-benefits and they will be further quantified during the project's first PIR.

Answer Feb. 2022: Adjusted (see section 6, paragraph 118)

**7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?**

Secretariat Comment at CEO Endorsement Request

Yes, this is well elaborated.

### Agency Response

**Project Map and Coordinates**

**Is there an accurate and confirmed geo-referenced information where the project intervention will take place?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Child Project**

**If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?**

Secretariat Comment at CEO Endorsement Request

Yes, this project is well aligned with the GOLD+ program.

Agency Response

**Stakeholders**

**Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request

Yes, there is a detailed list of stakeholder, including the private sector, COS, and others which is key to this project

Agency Response

**Gender Equality and Women's Empowerment**

**Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

Secretariat Comment at CEO Endorsement Request

A gender analysis has been completed.

Agency Response

**Private Sector Engagement**

**If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?**

Secretariat Comment at CEO Endorsement Request

Yes, there is significant engagement with and co-financing from the private sector.

Agency Response

**Risks to Achieving Project Objectives**

**Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?**

Secretariat Comment at CEO Endorsement Request

Yes, risks including pandemic risks have been addressed.

Agency Response

**Coordination**

**Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?**

Secretariat Comment at CEO Endorsement Request

Yes, the institutional arrangements are appropriate.

Agency Response

**Consistency with National Priorities**

**Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?**

Secretariat Comment at CEO Endorsement Request

Yes, this project is consistent with the NAP. However, the NAP is not published on the Minamata Convention's website. The NAP should be submitted and published prior to CEO endorsement.



<https://www.mercuryconvention.org/en/parties/national-action-plans>

#### Agency Response

Comments from UNEP have been received and currently being incorporated into the Document. Target submission date is January 15, 2022.

#### Knowledge Management

**Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?**

#### Secretariat Comment at CEO Endorsement Request

Yes, KM is adequate.

#### Agency Response

##### Monitoring and Evaluation

**Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?**

#### Secretariat Comment at CEO Endorsement Request

Yes, an M&E plan and budget is included.

#### Agency Response

##### Benefits

**Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?**

#### Secretariat Comment at CEO Endorsement Request

Yes, this is well described.

#### Agency Response

##### Annexes

**Are all the required annexes attached and adequately responded to?**

Secretariat Comment at CEO Endorsement Request  
Council and STAP comments need significant work.

ES, 4/8/22: STAP comments have been addressed. Comment cleared.

Agency Response **Updated**  
**Project Results Framework**

Secretariat Comment at CEO Endorsement Request Yes, this is adequate.

Agency Response  
**GEF Secretariat comments**

Secretariat Comment at CEO Endorsement Request NA

Agency Response  
**GEFSEC Comments / 14 April 2022**

1. On Project information: Given the 4 week circulation please request the agency to change the expected implementation start to a future date

UNDP Response 18 April 2022: modified to a later date

2. On the Budget table: the table, in Annex E, is missing the header so it's not possible to know which column corresponds to which components. In addition, all the numbers are misaligned and cross over the columns so it's very confusing. Please request the agency to include the header and make sure the numbers are aligned in the table. The project table will be able to be reviewed once these corrections are made.

UNDP Response 15 April 2022: Budget table re-pasted on the GEF Portal. Please note that an excel file with GEF budget table on the project's attachments section. Furthermore, for additional details, please see UNDP budget and its budget notes as each budget line is directly linked to an output from the PRF.

3. On the PPG utilization: it looks like the table has been included twice. Please request the agency to remove one. In addition, the table, in Annex C, lacks detailed information on the activities that were funded through the PPG. Please request the agency to provide details on how the \$120,000 budgeted were spent and committed.

UNDP Response 18 April 2022: CEO Endorsement request document Annex C re-pasted on GEF Portal.

Activities performed during the PPG are:

**Component A: Preparatory Technical Studies & Reviews**

- a. Desktop and field-based studies and data collection
- b. Gender Analysis
- c. Social and Environmental Standards: Screening and Assessments
- d. Identification of project sites
- e. Financial planning, co-financing and investment mobilized
- f. Stakeholder analysis
- g. Appraise and formulate the most appropriate project implementation and execution modality
- h. Other required studies

**Component B: Formulation of the UNDP-GEF Project Document, CEO Endorsement Request, and Mandatory and Project Specific Annexes**

- a. Stakeholder Engagement Plan:
- b. Gender Action Plan and Budget
- c. Social and Environmental Standards: Screening and Management Measures
- d. GEF and LDCF/SCCF Core Indicators
- e. Completion of the required official endorsement letters
- f. Mandatory Annexes
- g. Project Management Arrangements

**Component C: Validation Workshop and Report**

4. On co-financing:

a. On the co-financing from 'Empresa de Servicios Múltiples Mineros del Corpus dos de Julio': Looking at the letter it's not clear that the \$500,000 can be categorized as Grant (cash contribution). Please request the agency to review. If these are not cash contributions please request to change to In-kind recurrent expenditures. In addition, it would seem that 'Empresa' might be better categorized as 'private sector' than 'CSO', please request the agency to confirm.

UNDP Response 18 April 2022: The funds identified as Grant will act as Co-investment in the upgrading of the existing ASGM production plant (towards mercury-free technologies) and through the gold supply chain (Component 3) by selling mercury-free gold through formal markets, at fair price and in accordance with national export laws.

Article 330 of the Honduras Constitution establishes a figure of Social Sector of the Economy (SSE): Group of socially-oriented companies and organizations formed by their workers that uphold the primacy of work, opt for social ownership of the means of production and establish that the surplus generated is a means to raise the standard of living of its members. In 2018, Empresa de Servicios Mineros del Corpus 2 de Julio was established through this legal figure (SSE/CSO); due to this reason, it is not considered as a private sector entity for this project.

b. Please request the agency to describe, in the paragraph below table C, how all the co-financing categorized as investment mobilized was identified.

UNDP Response 18 April 2022: The paragraph below has been added to the existing text to provide additional claritu.

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.

5. On Core Indicators: The target for core indicator 9.2 is not aligned with the target reported in the results framework in the annex A. Agency is reporting 6 tons of Hg avoided by the project in the results framework but in core indicator table indicated 32.0. please revise accordingly.

UNDP Response 18 April 2022: Expected GEB for the Honduras planetGOLD+ child project is 8 ton of Hg avoided during the 5 years of implementation of the project. The replication factor for the subsequent 10 years is 24 ton of avoided Hg. The total GEB (project implementation plus replication) is 32 ton avoided Hg (8 ton + 24 ton). As requested by the GEFSEC on February 22, Core indicator 9.2 includes GEB with replication factor, that is, 32 ton of Hg.

PRF indicator refers to the 8 ton of Hg avoided during the project implementation. The footnote on PRF includes details on calculation of expected GEBs with replication factor (Footnote: *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.*)

**ES, 4/28/22: PPO has the following comments:**

Project to be returned to the Agency because some of the comments were addressed, but others were not ? however, those not addressed are easy to fix (see below):

1. On Project Duration: not addressed - the elapsed time between start date and completion date is 59 months instead of 60 ? please ask the Agency to amend the expected completion date (to 5/30/2027)

UNDP Response April 28: Amended.

2. On budget table: not addressed ? the numbers are misaligned and cross over the columns so it's very confusing (see example below) (note: there will be no further comments on the content of the budget)

UNDP Response April 28: GEF Budget re-pasted on the Portal.

3. PPG utilization ? not addressed. There is no detailed information on the activities that where funded through the PPG. Please request the agency to provide details on how the \$120,000 budgeted where spent and committed (please do so specifying the expenditures that are financed such as consultants, workshops, etc. instead of per outputs such as stakeholder engagement plan, preparation of ProDoc, etc.) We need to assess whether the expenditures are eligible per Guidelines.

UNDP Response April 28: detail added into the portal. Information on initial budgeting and expenditures have been added and all follow GEF and UNDP Guidelines. Please note that ?BUDGET NOTES? include details on Account description and nature of the tasks that have been agreed upon with the EA upon initiation of the PPG.

#### **Council comments**

##### **Secretariat Comment at CEO Endorsement Request**

The Council comments need significant work. Overall this section is confusing. The Council comments and responses should have consistent labeling (along with the STAP comments) on what is the question asked and what is the agency response.

The responses include other countries, like Suriname, in the responses. Please make the responses Honduras specific.

ES, 2/16/22: Please indicate what country council member is asking which question.

ES, 4/8/22: Comment cleared.

##### **Agency Response**

**Updated**

Answer Feb. 2022: #1 Q#2: United States. #1 Q#2: Germany.

#### **STAP comments**

##### **Secretariat Comment at CEO Endorsement Request**

The STAP comments need significant work. Overall this section is confusing. The Council and STAP comments and responses should have consistent labeling on what is the question asked and what is the agency response.

ES, 2/16/22: Comment cleared.

##### **Agency Response **Updated****

##### **Convention Secretariat comments**

##### **Secretariat Comment at CEO Endorsement Request NA**

##### **Agency Response**

##### **Other Agencies comments**

Secretariat Comment at CEO Endorsement Request NA

Agency Response

**CSOs comments**

Secretariat Comment at CEO Endorsement Request NA

Agency Response

**Status of PPG utilization**

Secretariat Comment at CEO Endorsement Request A PPG status has been provided.

Agency Response

**Project maps and coordinates**

Secretariat Comment at CEO Endorsement Request Maps and coordinates are provided.

Agency Response

**Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request

NA

Agency Response

**Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)**

Secretariat Comment at CEO Endorsement Request NA

Agency Response

**Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request NA

## Agency Response

### GEFSEC DECISION

### RECOMMENDATION

#### Is CEO endorsement recommended? (applies only to projects and child projects)

#### Secretariat Comment at CEO Endorsement Request

Not at this time. Some issues need to be addressed.

ES, 2/16/22: Some issues remain on the core indicators, GEBs, and Council Comments.

ES, 3/30/22: Please check GEBs.

ES, 4/3/22: Please check GEBs again.

ES, 4/14/22: PPO has the following comments:

1. On Project information: Given the 4 week circulation please request the agency to change the expected implementation start to a future date
2. On the Budget table: the table, in Annex E, is missing the header so it's not possible to know which column corresponds to which components. In addition, all the numbers are misaligned and cross over the columns so it's very confusing. Please request the agency to include the header and make sure the numbers are aligned in the table. The project table will be able to be reviewed once these corrections are made.
3. On the PPG utilization: it looks like the table has been included twice. Please request the agency to remove one. In addition, the table, in Annex C, lacks detailed information on the activities that were funded through the PPG. Please request the agency to provide details on how the \$120,000 budgeted was spent and committed.
4. On co-financing:
  - a. On the co-financing from "Empresa de Servicios Múltiples Mineros del Corpus dos de Julio": Looking at the letter it's not clear that the \$500,000 can be categorized as Grant (cash contribution). Please request the agency to review. If these are not cash contributions please request to change to In-kind recurrent expenditures. In addition, it would seem that "Empresa" might be better categorized as "private sector" than "CSO", please request the agency to confirm.
  - b. Please request the agency to describe, in the paragraph below table C, how all the co-financing categorized as investment mobilized was identified.

5. On Core Indicators: The target for core indicator 9.2 is not aligned with the target reported in the results framework in the annex A. Agency is reporting 6 tons of Hg avoided by the project in the results framework but in core indicator table indicated 32.0. please revise accordingly.

ES, 4/28/22: PPO has the following comments:

Project to be returned to the Agency because some of the comments were addressed, but others were not ? however, those not addressed are easy to fix (see below):

1. On Project Duration: not addressed - the elapsed time between start date and completion date is 59 months instead of 60 ? please ask the Agency to amend the expected completion date (to 5/30/2027)
2. On budget table: not addressed ? the numbers are misaligned and cross over the columns so it?s very confusing (see example below) (note: there will be no further comments on the content of the budget)
3. PPG utilization ? not addressed. There is no detailed information on the activities that where funded through the PPG. Please request the agency to provide details on how the \$120,000 budgeted where spent and committed (please do so specifying the expenditures that are financed such as consultants, workshops, etc. instead of per outputs such as stakeholder engagement plan, preparation of ProDoc, etc.) We need to assess whether the expenditures are eligible per Guidelines.

ES, 4/29/22: PPO comments have been addressed. CEO Endorsement is recommended.

**Review Dates**

	<b>Secretariat Comment at CEO Endorsement</b>	<b>Response to Secretariat comments</b>
<b>First Review</b>	<b>12/16/2021</b>	
<b>Additional Review (as necessary)</b>	<b>2/16/2022</b>	
<b>Additional Review (as necessary)</b>	<b>3/30/2022</b>	



**Secretariat Comment at  
CEO Endorsement**

**Response to  
Secretariat  
comments**

<b>Additional Review (as necessary)</b>	<b>4/8/2022</b>
<b>Additional Review (as necessary)</b>	<b>4/29/2022</b>

**CEO Recommendation**

**Brief reasoning for CEO Recommendations**

This project supports Honduras joining the planetGOLD program umbrella. The objective of the program is to reduce the use of mercury 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. The planetGOLD program works in partnership with governments, the private sector, and ASGM communities in countries to significantly improve the production practices and work environment of artisanal and small-scale miners. By working to close the financing gap, supporting formalization, raising awareness, and connecting mining communities with mercury-free technology and formal markets, the program aims to demonstrate a pathway to cleaner and more efficient small-scale gold mining practices that benefit everyone, from mine to market. GEBs from the project will contribute to 32 Metric Tons of mercury reduced.