

Environmentally Sound Management and Disposal of PolyChlorinated Biphenyls[PCBS] in the Republic of South Africa

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

9576

Countries

South Africa

Project Name

Environmentally Sound Management and Disposal of PolyChlorinated Biphenyls[PCBS] in the Republic of South Africa

Agencies

DBSA

Date received by PM

6/14/2019

Review completed by PM

12/6/2019

Program Manager

Ibrahima Sow

Focal Area

Chemicals and Waste

Project Type

FSP

PIF ☐

CEO Endorsement ☐

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Yes.

(1) PCB inventory data: The PIF stated that the PCB inventory data was limited. At the CEO ER, the PCB inventory data has been updated to include the NERSA-licensed municipalities and more accurate data have been provided to DEA.

(2) PPP framework: The PIF stated that the existing treatment facilities of hazardous wastes in the country will be evaluated and upgraded through technology transfer process based on a PPP initiative. At the CEO ER, the Public-Private Partnership has been elaborated to outline the possible roles of each key player, identify the required technology and skills.

(3) Combustion technology: The PIF stated that "as a means of achieving this goal, a non-combustion technology transfer will be obtained through an open international tender process, local authorization and permits and PPP model. At the CEO ER, based on identification of PCB treatment facilities and their current capacity, it is more efficient to undertake technology transfer for high temperature incineration. This will also produce greater added value in the future environmental sound management of other hazardous waste as well as possible PCB waste identified after completion of the project.

(4) Technical specifications of PCB treatment and disposal facilities: The PIF states that "no PCB decontamination facility has been established, and the absence of national PCB disposal options continues to pose a major challenges for South Africa to accelerate its efforts to meet the obligation of the Stockholm Convention" and "existing treatment facilities of hazardous wastes will be evaluated and upgraded". At the CEO ER ,two PCB treatment facilities. At the CEO ER, The PCB treatment facilities have been identified; A-Thermal and Enviroil. Since the PIF, treatment technology in South Africa, including the thermal desorption technology which is available at A-Thermal has been significantly improved.

Response to Secretariat comments

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Mostly appropriate, but further justification is needed.

[Comment]

National PCB treatment facilities play essential roles to achieve the goal of this project. The CEO ER states that there has been significant progress on the thermal desorption technology has been upgraded by A-thermal, and it is likely that will this facility much contribute to the implementation of this project. On the other hand, there is fewer description on the other certified facility, Enviroil. There is uncertainty on the role of Enviroil for this project because it has yet submitted a letter to confirm the co-financing to this project. However, for sustainability and scaling up and transparency, it is essential that this project will collaborate with multiple PCB treatment facilities which own quality technology for treatment of the PCB.

(1) CEO ER states that Enviroil owns PCB decontamination technology using a propriety reagent which is capable of detoxifying and dehalogenating PCB in transformer oil with an efficiency of 99.9%. However, there is less information whether this technology is effective for the promotion of this project. Please add more information on the feasibility of utilizing this PCB treatment technology for the project.

(2) Please justify how this project will collaborate with the two facilities, in particular Enviroil, for maximizing impacts from the context of sustainability, scaling up and transparency.

AT, 10/22/19: Comments cleared.

Response to Secretariat comments

Response to comment 1. During the PPG, the Department of Environmental Affairs (DEA) of the Government of South Africa contacted Enviroil and invited its representatives to participate in the PPG process. Enviroil was invited to attend the PPG inception, consultation, and validation meetings. DEA also requested a visit to Enviroil's premises to introduce the PCB project, learn more about Enviroil's current PCB treatment operations, and discuss Enviroil's possible involvement in the project. Enviroil did not respond to these invitations. However, in order to ensure transparency and inclusion of all key stakeholders, and based on information previously provided by Enviroil (including past correspondence, presentations, application for a waste management licence, and current website), it was decided to include Enviroil in the project design. The participation of Enviroil would then be confirmed during the early stages of the project implementation phase.

Following comments from the GEF Secretariat on the project documents and role of Enviroil, DEA reached out to Enviroil again. On 15 August 2019, Enviroil responded positively with a letter, reporting that it is still operational and expressed an interest in having its services considered for the PCB project. Enviroil confirmed that it "currently has certification for SANS 555 which includes the processes and requirements pertaining to SANS 290 which incorporates the handling and management of PCBs". It also reported that it has "experience across South Africa and the Democratic Republic of Congo for the removal of PCB contaminated material (transformers, equipment and soil)". Upon receipt of Enviroil's letter, DEA made several additional attempts to communicate further with Enviroil, to learn more about its current PCB treatment operation, past activities, potential role in the project, and possibility of co-financing, but there has been no response to date. This has been reported in a 13 September 2019 letter from DEA to the DBSA GEF Coordinator.

Therefore, given these constraints, it is not possible at this time to elaborate on the current technology available at Enviroil, the feasibility of utilizing its technology for the project, or its potential role in the project. However, during the project implementation phase, all PCB treatment companies in South Africa (and abroad, where appropriate) will have an opportunity to submit a bid to participate in the project, complementing the potential role of A-Thermal. The evaluation of PCB treatment service providers will be determined by the appropriateness of their technology, technical capabilities of their staff, cost-benefit analysis, among other criteria. If Enviroil is interested during that time, it will be subject to a third-party assessment of its services regarding PCB treatment, and the appropriateness of its technology will be assessed against the findings of the comprehensive inventory.

Response to comment 2: Please see the response to comment no. 1 above.

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Yes. If this project receive the co-financing as listed in the CEO ER. Moreover it will be more effective if this project could be financially and technically supported by Enviroil, the other facility which owns certified PCB treatment technology.

Response to Secretariat comments Please see response for comment number 2 above.

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat Comment at CEO Endorsement

AT, 06/28/19:

[Comment] Part II. A.5. Risk: Please add the following Risk analysis in Risk and Mitigation Measures Table.

(1) Please add the risk on monopolization by single private company for the PCB treatment in the country. For example, please consider measures how to replicate and scale up eliminating PCB in the country in sustainable and transparent manners if only A-thermal is selected as a final PCB treatment facility under the project.

(2) Please add analysis on climate risk.

AT, 10/22/19: Comment (1) cleared. Please respond Comment (2), adding the climate risk and its mitigation measures.

AT, 11/19/19: Comment (2) has been cleared. Thank you.

Response to Secretariat comments

The comment on considering the risk of monopolization by a single private company has been added in Part II A.5

Climate risk analysis and mitigation done and discussed with GEFSEC. Please see Part II. A.5. (please see Table 3: "Risks and Mitigation measures") page 28 of CEO endorsement document

5. Is co-financing confirmed and evidence provided?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Not yet.

[Comment]

There is no signature and date in the the confirmation letter sent by the Department of Environmental Affairs (DEA).

Please resubmit the letter with co-financier's signature and date.

AT, 10/22/19: Comment cleared.

Response to Secretariat comments

Please see Annex G: Co-financing Letters.

6. Are relevant tracking tools completed?

Secretariat Comment at CEO Endorsement AT, 06/28/19: Yes.

Response to Secretariat comments

7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat Comment at CEO Endorsement N/A

Response to Secretariat comments N/A

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Yes.

South Africa has also specifically prioritised the effective management of POPs chemicals (and PCBs) to reduce, and ultimately eliminate, the use and release of POPs in accordance with the requirements of the Stockholm Convention and national sustainable development objectives and strategies such as the Government of South Africa-United Nations Strategic Cooperation Framework 2013-2017 and South African National Development Plan (NDP) 2030, which provides a broad strategic framework to guide key choices and actions for South African development for the coming years. Environmental sustainability through pollution control and cleaner/green processes with climate change mitigation take the top position. This project is aligned with South Africa's commitments at the international level, such as the Stockholm Convention, and builds on the country's national efforts to comply with such obligations. This includes consistency of the project with the NIP on POPs, submitted in May 2006, as well as the draft updated NIP; the 2014 South Africa PCB Regulations; and South African National Standard on "Mineral insulating oils – Management of polychlorinated biphenyls (PCBs)" (SANS 290).

Response to Secretariat comments

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

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Not yet.

[Comment]

Part II. C. Describe the budgeted M&E Plan.

The CEO ER states that "The Project Manager will develop annual work plans based on the multi-year work plan included in annex I, including annual outputs targets to support the efficient implementation of the project (see Annex J for TOR)." However, Annex I attached in the Project Document is "Environmental and Social Safeguards Scoping Report" and either "multi-year work plan" nor Annex J is attached. Please submit these documents.

AT, 10/22/19: The PM confirmed submission of the necessary documents.

[Comment] Among the M&E activities, "Financial audit" should be implemented through resources from the Project Management Cost (PMC) and should not through the M&E component budget. Please revise the M&E Plan Budget appropriately.

AT, 11/19/19: Comment [dated 10/22/19] has been cleared. Thank you.

Response to Secretariat comments

The Annex numbering has been corrected and annexes included in the CEO ER. This includes:

- Annex I: Environmental and Social Safeguards Scoping Report
- Annex J: Multi-year work plan
- Annex K: Terms of Reference for Project Personnel

10. Does the project have descriptions of a knowledge management plan?

Secretariat Comment at CEO Endorsement AT, 06/28/19: Yes.

Response to Secretariat comments

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat Comment at CEO Endorsement AT, 06/28/19: Yes.

Response to Secretariat comments

STAP

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

GEF Council

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

Convention Secretariat

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

Recommendation

12. Is CEO endorsement recommended?

Secretariat Comment at CEO Endorsement

AT, 06/28/19: Not at this time. Please address all comments stated above (Box 2, 4, 5, 9). In addition, please address the following comments;

(1) Part I: Project Information/Other Executing Partner(s): Please add Department of Environmental Affairs and Municipalities (DEA is stated as an executing partner in the CEO ER). Executing Partner Type: Please revise to "Government(DEA), Others (AI)".

(2) Part I/ Rio Marker on climate change mitigation and adaptation is indicated '1'. However, there is no description how this project will contribute to the CCM and CCA. Please justify. If not, please revise to indicate '0' for CCM and CCA.

(3) Par II/A.4. Gender Equality and Women's Empowerment. Annex H is not attached (Annex H just states "See page 24-27"). Please submit the Annex H.

AT, 10/22/19:

Comment (1), (2), (3) above in this box have been cleared.

Please address the remaining comments in **Box 4 and Box 9** stated above. *In addition, please **address the following comment (4)**.*

[Project Document: A.6. Institutional Arrangement and Coordination and Annex J – Multi year Work Plan.]

(4) In A.6. Institutional Arrangement and Coordination, there are some phrases (highlighted in yellow) which might mean DBSA is actually planning on perform some execution activities for the project.

The Project Steering Committee (PSC) is responsible for making management decisions, by consensus, when guidance is required by the Project Manager, including recommendations for the Executing Partners' approval of project plans and revisions. In order to ensure DBSA's ultimate accountability, the PSC's decisions should be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency, and effective international competition. In case consensus cannot be reached within the PSC, the final decision shall rest with the DBSA Programme Manager. The PSC comprises the following individuals:

- *DEA*
- *Eskom*
- *South African Local Government Association (SALGA)*
- *Department of Energy*
- *Department of Cooperative Governance and Traditional Affairs (COGTA)*
- *NGO representative*
- *DBSA*
- *AI*

The Project Manager will run the project on a day-to-day basis on behalf of the Implementing Partner (DBSA) within the constraints laid down by the PSC. The Project Manager's function will end when the final project terminal evaluation report and other documentation required by the GEF and DBSA have been completed and submitted to DBSA (including operational closure of the project). DBSA will hire the Project Manager. A Responsible Party will also be contracted to provide technical support to the project.

DBSA also has the role of project quality assurance. This role will be exercised by the DBSA Project Manager.

Also, the Multi year Work Plan does show DBSA is responsible for many project activities in addition to M&E activities:

According to the GEF's Guidelines on the Project and Program Cycle Policy (paragraphs 7 to 9 pages 37 and 38), the GEF Fee Policy explicitly precludes the merging or crossing over the implementing functions of the GEF Agencies and the execution functions undertaken by a project executing entities (EAs). If there is an in **'exceptional situations'** where there are no other viable options for the execution of the project. the conditions for this exception to be considered by the GEF secretariat. The GEF SEC judges that there is no "exceptional situation" for this project.

In this regard, please clarify if there is proper segregation of the executing functions by the African Institute and the Department of Environmental Affairs with the implementing functions by DBSA, in compliance with our GEF policies. If not, please delete all descriptions mentioning the executing functions by DBSA from the documents such as those yellow-highlighted above.

AT, 11/12/19: Thank you. Comment (4) dated on 10/22/2019 has been cleared. However, the Agency has not yet responded comments in Box 4 and Box 9. Please address these comments.

Box 4: Please add the climate risk and its mitigation measures to Table 2.

Box 9: Among the M&E activities, "Financial audit" should be implemented through resources from the Project Management Cost (PMC) and should not through the M&E component budget. Please revise the M&E Plan Budget appropriately.

AT, 11/12/19: Comments on Box 4 and Box 9 have been cleared. It is found that the entry of code on "Focal area objective and Program" is incorrect. That should be corrected to "CW-2, Program 3" (Reduction and elimination of POPs). Please revise.

AT, 11/25/19: Comment 11/12/19 has been cleared. Thank you. However, we found there are additional comments in Part 1/Project Information as follows;

1. Executing partner is “Africa Institute” (Africa Institute for the environmentally sound management of hazardous and other wastes (AI)). It’s a NGO, however, entry of “**Executing Partner Type**” is “GEF Agency” that should be revised to “CSO”.

2. Taxonomy: There is no-entry of Taxonomy. Please enter Taxonomy in the Portal utilizing the GEF-7 taxonomy sheet.

AT, 12/06/19:

1. Comment noted. confirmed Executing Partner Type has been revised to ""Government".

2. Confirmed taxonomy was with attachment in the Portal. Comment cleared. Thank you.

AT, 12/16/19: Please address the additional two comments as follows;

3. The project budget in the CEO Endorsement has direct project costs of \$30,000. Please clarify what this budget item is to cover and who the recipient of this will be, and revise the table if necessary.

Components & costs		20,000	20,000	20,000	20,000	20,000	20,000	
Project management unit	Local Consultants	63,000	63,000	63,000	63,000	63,000	315,000	18
	Equipment and Furniture	6,000	1,250	1,250	1,250	1,250	11,000	19
	Communications (phone, fax, internet)	3,000	3,000	3,000	3,000	3,000	15,000	20
	Professional services - Audit	2,000	2,000	2,000	2,000	2,000	10,000	21
	Supplies	3,500	2,000	2,000	2,000	2,000	11,500	22
	Direct Project Costs	6,000	6,000	6,000	6,000	6,000	30,000	23
	Project management total	83,500	77,250	77,250	77,250	77,250	392,500	
PROJECT TOTAL		4,110,816	2,190,934	672,375	634,425	633,950	8,242,500	

4. As indicated in the GEF's Project and Program Cycle Policy, by the time of CEO Endorsement submission, the Agency also needs to submit a Project Document, which is the official document that the **agency uses internally for decision-making and management purposes of GEF**. The document submitted by DBSA is the GEF format for CEO Endorsement template which may (or may not) be the document that the agency uses internally. While we know the practice for other Agencies (i. e. UNDP uses a ProDoc, World Bank uses a PAD), we don’t know DBSA’s internal requirements. In this regard, **please clarify whether the DBSA has a specific format for the Project Document that their Board uses to internally approve a project. If that is the case, the Project Document has to be uploaded in the project’s Portal page.**

AT, 01/18/2020

Thank you for your response.

In terms of your response (1), the GEF financing cannot cover the administrative cost, therefore we will ask you to delete this budget line \$30,000 and revise the budget table accordingly.

In terms of your response (2), you mentioned the DBSA has a template of ERR, on the other hand, CEO ER template is deemed sufficient for provision of all information about the project. These sentences look contradictory making us confused. First, please directly answer to our previous comment; if DBSA uses a specific template for internal process (such as ERR), please use this template, If not, you can utilize the GEF template. Thank you.

IS: 15 Feb 2020

1.

Response to Secretariat comments

Response to comment 1: This has been revised to "Government (DEA), Others (AI)".

Response to comment 2: Rio maker has been revised to indicate a zero (0)

Response to comment 3: Annex H: Mainstreaming Gender: Gender Analysis and Gender Action has been included in the CEO ER.

Response to comment 4:

Please see pages 28 - 29, responsibilities between DBSA and AI clearly defined. DBSA strictly takes role of implementing agency and AI acts as executing agency.

Response to Box 9:

Financial audit has been removed from M&E budget and CEO endorsement document amended accordingly, please see pages 35-36.

1. It is noted that in Part 1 in the portal, Africa Institute has been mistakenly marked as a GEF agency. It is not a GEF agency. This has been corrected by portal administrator (this area was grayed out before, not editable).

Response to description of Africa Institute as a "CSO" - it is hereby clarified that this is not a CSO. It is an Intergovernmental Organization (IGO). Please see <https://africainstitute.info/>

This has been clearly indicated in A.3 in the Stakeholders table page 22

2. Response on the Taxonomy:

The text on taxonomy has been included in the portal. It is also attached as a separate document. Please also refer to pages 70-74 of the CEO endorsement document.

Response to additional comments dated 12/06/19

1. The wording "project direct costs" has been replaced by "administration costs". These costs (indicative amounts) will cover services provided by the project executing agency such as procurement and recruitment. The table on page 118 of CEO endorsement has been revised.
2. The DBSA does have a template called an Early Review Report (ERR) which is used for internal approval processes. However, the GEF CEO endorsement template that has been completed is deemed sufficient for provision of all information about this project.

Additional response for comments dated 01/18/2020

1. The admin costs indicated will fall under the Project Management Unit which will be based at the executing agency.
2. It is not necessary for the DBSA to submit both the ProDoc and CEO Endorsement document. The GEF CEO Endorsement template provides sufficient information.

Review Dates

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief Reasoning for CEO Recommendations

The Stockholm Convention banned production of PCBs. It obliges Parties to take actions to phase-out use of PCBs oils and equipment contaminated with PCBs by 2025, and recovered PCBs must be treated and eliminated by 2028. Although PCBs were never produced in South Africa, PCB and PCB-contaminated oil and equipment were imported for the power generation and distribution sector.

There are several barriers to phase out PCBs in South Africa such as lack of specific schemes or administrative mechanisms, lack of means to identify PCBs and PCB contaminated oil, equipment and waste, insufficient national PCB inventory, lack of awareness of threats on PCBs, lack of systematic investment mechanisms to support the ESM of PCBs, and lack of detailed assessment on the PCB treatment facilities.

This GEF-6 project aims to reduce and eliminate the use and release of PCBs to the environment in South Africa. The proposed alternative scenario will support South Africa with the necessary technical and financial assistance to ensure that at least 2,640 tons of PCBs and PCB-contaminated oil, equipment, and waste are identified, properly managed, and treated. The project will also ensure that adequate capacity for the sound management of PCBs is built for addressing any further PCBs identified after the project closure.

The project is comprised of three components; 1) Institutional capacity building and awareness raising, 2) Final treatment and disposal of PCBs and PCB-contaminated oil, equipment, and wastes, 3) Monitoring, evaluation, and replication. The project will undertake technology transfer for high temperature incineration. This will also produce greater added value in the future environmental sound management of other hazardous waste as well as possible PCB waste identified after completion of the project. As a result of feasibility study and consultation with the identified PCB treatment facilities, A-Thermal was selected for the pilot on the final treatment and disposal of PCBs. If the other candidate facility, Enviroil, is interested during that time, it will be subject to a third-party assessment of its services regarding PCB treatment, and the appropriateness of its technology will be assessed against the findings of the comprehensive inventory.

The project will be funded from the GEF-6 Trust Fund amounting to \$8,242,500, leveraging \$56,432,558 of co-financing from the Government (Equity: \$15,639,142, in-kind: \$8,000,000), the private sector (Equity: \$12,383,416), Executing partner (African Institute, in-kind: \$1,200,000) and DBSA (Loans; \$19,210,000). Co-fi ratio is 1: 6.8.