

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

Review PIF and Make a recommendation

Basic project information

GEF ID

10569

Countries

Global (Bolivia, Congo, Ghana, Honduras, Madagascar, Nigeria, Suriname, Uganda)

Project Name

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

Agencies

CI, UNDP, UNIDO, UNEP

Date received by PM

3/23/2020

Review completed by PM

4/20/2020

Program Manager

Anil Sookdeo

Focal Area

Chemicals and Waste

Project Type

PFD

PIF

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

The program seeks to support the elimination of the use of mercury in the ASGM sector in countries that use mercury in the ASGM sector which is consistent with the programming directions for the chemicals and wastes focal area. That being said the identified objective of the program must be met by each participating country, i.e,

the reduction of mercury as this is the basis for GEF support. In the description provided for Zambia it is noted that the GEF funded Minamata Initial Assessment (MIA) has reported no use of mercury in the ASGM sector but that there is a suspected use that is now being investigated as part of the GEF funded National Action Plan (NAP). Please provide the results of this investigation and please clarify if this data is contained in the draft NAP for Zambia. For Gabon the information provided is that there is no use of mercury in the ASGM sector, in this regard Gabon does not meet the criteria for inclusion in the program. Please remove Gabon from this PFD and revise the budgets accordingly. If Gabon can update its information in the NAP that reflects a change in the situation from zero reported use the project can be considered in a program amendment in a future GEF 7 work program. Please note that for all GEF funded mercury projects the estimation of GEBs are done from only three official sources of data, these are the GEF funded Minamata Initial Assessments and the ASGM National Action Plans and the peer reviewed data compiled in the 2018 Global Mercury Assessment.

April 20, 2020 - Gabon and Zambia have been removed from the submission. Comments have been addressed, Comment cleared.

Agency Response

Agency response 04/20/2020:

Gabon has been removed from program for this submission. If Gabon's final NAP (to be completed over the coming months) confirms the use of mercury in ASGM, it will be a good candidate for inclusion in the GOLD+ program in a future GEF-7 work program.

Zambia has been removed from program for this submission. If Zambia's final NAP (to be completed over the coming months) confirms the use of mercury in ASGM, it will be a good candidate for inclusion in the GOLD+ program in a future GEF-7 work program.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion Yes. This program builds on the GEF GOLD program and introduces the formalization of the sector in countries that do not have a formalized sector as a mechanism to allow for the access of finance and technology to phase out the use of mercury by the sector and facilitate access to global supply chains for gold that is produced responsibly. The formalization of the sector will use different approaches including a jurisdictional approach.

Agency Response

Agency response 04/22/2020:

Program commitment deadline included.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

The proposed program is very ambitious and the level of co-financing is lower than what can be expected with the involvement of the private sector in this program. Please clarify if there is an expectation that financing from the private sector and other stakeholders will increase during the PPG phase.

April 20, 2020 - Comment addressed, comment cleared.

Agency Response

Agency response 04/20/2020:

This following clarification has been included in the PIF under the co-financing table: The amounts of co-financing are indicative at this stage, and we will adjust co-financing amounts and sources during the PPG phase. We expect that co-financing from governments, private sector and other actors will increase during the PPG phase.

Agency response 04/22/2020

Private sector co-financiers have been updated.

Large and middle scale gold mining companies tagged as private sector

GEF Resource Availability

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

Secretariat Comment at PIF/Work Program Inclusion

The agency fee is aligned to the GEF policy. The total GEF grant is higher than expected and can be reduced, including dropping countries that have weaker justifications for inclusion. Ghana is requesting comparatively more resources than other countries versus the GEBs that the intervention will deliver. In regard to Ghana what is the justification for this given that there are already ongoing significant investments in the ASGM sector in Ghana by other donors and the GEF. If the information currently available cannot provide a reasonable justification, the project for Ghana should be deferred for consideration in a program amendment in a future GEF 7 work program.

Please also clarify if the budget proposed includes or excludes PPG.

April 20, 2020 - the budget has been reduced. Comment cleared.

Agency Response

Gabon: has been removed from program for this submission. If Gabon's final NAP (to be completed over the coming months) confirms the use of mercury in ASGM, we think it is a good candidate for inclusion in the GOLD+ program in a future GEF-7 work program.

Zambia has been removed from program for this submission. If Zambia's final NAP (to be completed over the coming months) confirms the use of mercury in ASGM, it will be a good candidate for inclusion in the GOLD+ program in a future GEF-7 work program.

Ghana justification:

Ghana is the largest gold producing country in Africa. In 2018, the ASGM sector contributed 43% of total gold production, accounting for nearly 2,100,000 ounces (65 tonnes) where mercury use (largely in concentrate amalgamation) accounts for 42.5-62 tonnes per year, and the vast majority of miners operate illegally or

informally. Ghana's ASGM sector has seen progressive reductions in worst environmental practices and efforts to increase donor coordination, yet the sector's potential is hindered by informality and limited access to finance.

Existing and planned World Bank and GEF investments aimed at formalization of the entire ASM sector (e.g., IDA credit of around \$40 million) where ASGM only represents a minor fraction and mercury abatement (e.g., EHPMP, of which around \$4 million is allocated to ASGM) complement the GOLD+ child project in various ways. However, both of these investments lack a dedicated focus on financial inclusion, a central tenet to the GEF GOLD and GOLD+ programmes, which recognize access to finance as being critical to accelerate the adoption of mercury-free technologies and facilitate the formalization process. In addition, the World Bank IDA credit does not have a commodity-specific or decentralized focus towards formalization optimization nor does it appear to address models for symbiotic ASM-LSM coexistence, which would be a key focus of GOLD. Thus, both lack a holistic and integrated approach to ASGM in the country which would be achieved under GOLD+. To ensure resource efficiency and avoid overlaps in activities, UNDP has proactively initiated dialogue with the World Bank. Through these discussions, UNDP and the World Bank have identified synergies and complementary components between the EHPMP, IDA credit loan and the GOLD+ child project. UNDP and the World Bank have agreed to cooperate on (1) harmonized selection criteria for ASGM sites for EHPMP and GOLD+, (2) formalization activities where the WB IDA project leads national efforts while GOLD+ optimizes formalization of gold supply chains through landscape/jurisdictional approaches (LA/JA), whereby JAs pilots target sub-national mining areas, thus complementing the WB project's national focus on formalization and (3) empowering the GOLD+ project to lead on financial inclusion. Considering the importance of Ghana's ASGM sector and the promising potential for World Bank and UNDP cooperation, UNDP and UNIDO would like to propose an overall budget reduction of \$1 million for Ghana GOLD+, while maintaining mercury reductions of 9 metric tons. UNDP and UNIDO would like to propose a reduction of the child project budget from \$8,200,000 (including agency fees + PPG) to approximately \$7,200,000. Given the planned World Bank and GEF investments on formalization and technical assistance activities in Ghana, the \$1 million reduction would mainly impact the Ghana GOLD+ Component 1 on Formalization and Component 3 on Enhancing Uptake of Hg-free technologies.

This would bring the cost-efficiency from 1,025.00 to 900.00, in line with acceptable ranges as seen by the GEF for other African, and Latin American GOLD+ countries. Total budget for the program presented in the revised PFD:

Budgets for all country-level child projects were further reduced, bringing the total project budget and agency fees (excluding PPG) to at USD 47,777,785

Concerning PPG funding:

Table D, which is Trust Fund Resources Requested by Agency, Trust Fund, Country, Focal Area and the Programming of Funds does not include PPG and its related fees. In the first submission, CI provided a supplemental PPG table in the portal to show those additional costs.

The revised total amount of PPG funds (including PPG fees) that is requested after reduction of the budget in this resubmission is USD 1,406,100.

Table D in the PFD and the PPG funding combined amount to a total of USD 49,183,895

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

Please see comments on the overall budget of the program.

April 20, 2020 - comment cleared.

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

Please indicate if the total finance package includes PPG or not.

April 20, 2020 - Comment Cleared

Agency Response

Agency response 04/20/2020:

The total finance package in table D does not include PPG costs. The total amount of PPG funds (including PPG fees) that is requested after reduction of the budget in this resubmission is USD 1,406,100. The PPG request will be submitted by each agency separately in accordance with the GEF guidelines for Programs.

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

Please clarify how the GEB's were calculated for this program, including the data sources used (noting the comment in review question 1). There is an expectation that this program will have co-benefits for core indicators related to the biodiversity and land degradation focal areas. While it is noted that this will be examined at PPG stage since the indicators will be dependent on the selection of sites, please provide an analysis of which indicators are likely to be addressed by the program and how the estimation will be done.

April 20, 2020 - Comments have been addressed. Comment cleared.

Agency Response

Agency response 04/20/2020:

We have increased the target for mercury use reductions from 61 tons to 280 tons. We have adjusted the text under the table with core indicators as follows (changes highlighted in yellow):

Mercury reduction targets in each country are estimated based on mercury use in the national ASGM sector in final or draft versions of National Action Plans, Minamata Initial Assessment (MIA), and the Global Mercury Assessment. Several variables were used to estimate current mercury use in each country, such as yearly volume of gold production by ASGM, and the mercury to gold ratios given the type of amalgamation technologies used. Mercury reduction targets are furthermore estimated based on variables such as number and location of ASGM sites, number of ASGM miners, current practices, capacities, and distribution of achievable reductions over the years of project implementation. The sum of mercury use reductions that will be achieved in the participating countries during the 5-year program implementation phase amounts to 70 metric tons. While the countries have a very specific ASGM related context, they also have in common a widespread distribution of ASGM sites over their territories. In line with the program's theory of change that is designed to remove barriers to access to finance and adoption of mercury-free technologies, to enhance formalization, and to share knowledge and lessons learned at the national and global level, mercury use reduction will be replicated after the program is finalized. A replication by a factor 3 is expected over the 10 years following completion of the program. This represents an additional 210 metric tons of mercury use reductions. The total reduction of mercury use in ASGM achieved through the program is therefore 280 tons of mercury.

It is expected that contributions to other core indicators will be achieved, for example under core indicators 3 (area of land restored),4 (area of landscapes under improved practices) and 6 (greenhouse gases mitigated). The targets for those contributions will depend on the specific sites that will be selected for the country-level child projects, and will be quantified during the PPG phase. This will involve a selection of the intervention sites through a participatory process with key stakeholders. For these sites a baseline will be established related to deforestation rates, carbon stocks, biodiversity values, and areas of degraded forests and other lands. Based on these baselines and planned activities and interventions, targets will be quantified.

The number of beneficiaries is for each country- level project 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 69,500 (of which 50% women and 50% men).

This number will be further refined during the PPG phase.

Agency response 04/22/2020

Beneficiaries disaggregated by gender updated.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

The program is proposing to use a jurisdictional/landscape approach in the activities on formalization. In this regard please assign the relevant taxonomy that apply.

April 20, 2020 - comment cleared.

Agency Response

Agency response 04/20/2020:

Addressed

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

Yes. The program has a well defined and well articulated theory of change.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

Overall the core indicators relevant to mercury is achievable, however these figures seem too conservative compared to the level of mercury use in some of the proposed countries and the proposal does not describe how the program will lead to future reductions. Given the theory of change provided please elaborate on how the activities will lead to future reductions. On the co-benefits for core indicators related to other focal areas please refer to question 6 of Part I of the review.

April 20, 2020 - Comment cleared

Agency Response

Agency response 04/20/2020:

We have increased the target for mercury use reductions from 61 tons to 280 tons. and have included text on co-benefits for other core indicators.

Mercury reduction targets in each country are estimated based on mercury use in the national ASGM sector in final or draft versions of National Action Plans, Minamata Initial Assessment (MIA), and the Global Mercury Assessment. Several variables were used to estimate current mercury use in each country, such as yearly volume of gold production by ASGM, and the mercury to gold ratios given the type of amalgamation technologies used. Mercury reduction targets are furthermore estimated based on variables such as number and location of ASGM sites, number of ASGM miners, current practices, capacities, and distribution of achievable reductions over the years of project implementation.

The sum of mercury use reductions that will be achieved in the participating countries during the 5-year program implementation phase amounts to 70 metric tons. While the countries have a very specific ASGM related context, they also have in common a widespread distribution of ASGM sites over their territories. In line with the program's theory of change that is designed to remove barriers to access to finance and adoption of mercury-free technologies, to enhance formalization, and to

share knowledge and lessons learned at the national and global level, mercury use reduction will be replicated after the program is finalized. A replication by a factor 3 is expected over the 10 years following completion of the program. This represents an additional 210 metric tons of mercury use reductions. The total reduction of mercury use in ASGM achieved through the program is therefore 280 tons of mercury.

It is expected that contributions to other core indicators will be achieved, for example under core indicators 3 (area of land restored),4 (area of landscapes under improved practices) and 6 (greenhouse gases mitigated). The targets for those contributions will depend on the specific sites that will be selected for the country-level child projects, and will be quantified during the PPG phase. This will involve a selection of the intervention sites through a participatory process with key stakeholders. For these sites a baseline will be established related to deforestation rates, carbon stocks, biodiversity values, and areas of degraded forests and other lands. Based on these baselines and planned activities and interventions, targets will be quantified. The number of beneficiaries is for each country- level project 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 69,500 (of which 50% women and 50% men).

This number will be further refined during the PPG phase. This number will be further refined during the PPG phase.

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

Secretariat Comment at PIF/Work Program Inclusion

Yes. This program is an escalation of the GEF 6 GOLD program that proposed the achievement of mercury reductions in the ASGM sector by removing the barriers to the access to finance and technology to facilitate the phase out. This program introduces an additional element of removing the barriers to formalization, which is the case in the majority of the countries with ASGM, which is postulated will allow for formal sources of financing in the sector. A number of formalization processes will be piloted including the use of the jurisdictional/landscape approach which will through a robust knowledge platform be scalable in other countries.

Agency Response

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

Yes. This program is aligned with the private sector engaged along the gold supply chain and builds upon an already strong partnership that has been created by the GEF GOLD program.

April 20, 2020 - Comment cleared.

Agency Response Agency response 04/20/2020: private sector engagement will be elaborated during the PPG phase.

Risks

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

With the exception of Gabon and Zambia, for which clarification is being requested.

April 20, 2020 - comment cleared.

Agency Response

Agency response 04/20/2020:

Gabon and Zambia have been removed from the program

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

Yes. This program will build on and strengthen the knowledge platform and practice established by GEF GOLD as well as will leverage platforms relevant for jurisdictional/landscape approaches.

Agency Response

Part III – Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

Yes except for Uganda and the Republic of Congo where letters have not been provided. Please note that countries can only be considered if an endorsement letter is present before the work program is constituted. In this regard, countries that fail to provide these letters will have to be dropped from the program.

April 20, 2020 - All endorsement letters for the countries included in the PFD have been provided.

Agency Response

Agency response 04/20/2020: Letters of Endorsement have been obtained for all participating countries

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

Not at this time. Please respond to the review, amend the documentation and resubmit for additional consideration. Also please ensure:

1. All child projects should include GOLD+ in the title. It is currently missing from the global child, Gabon, and Zambia projects.
2. The Suriname child project includes a different format, with table B of the PIF which should be removed for consistency.
3. All endorsement letters are submitted.

April 20, 2020 - Please address the following:

1- Program Commitment Deadline is missing, should be December 5, 2021.

2- On Core Indicators (Comment provided by Minna): Please add the target beneficiaries (69,500) for the GEF indicator 11.

3- On Co-financing (comment provided by Minna):

(i) Several co-financing sources have been identified as sources from “beneficiaries”. For private sector co-financing (e.g. Registered Artisanal Gold Mining Company), please use "private sector" rather than "beneficiaries" in the "source" column.

(ii) Please complete the entry for two co-financing sources from the private sector and add “source”.

April 22, 2020 - All comments have been addressed and program is being recommended for technical clearance.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

1. Engagement of the private sector is considered a key factor for the success of work in this sector and committed involvement must be demonstrated by the time of CEO endorsement.
2. Core indicators needs to be defined for other focal areas and those relevant to chemicals needs to be refined by the time of CEO endorsement.

Review Dates

	PIF Review	Agency Response
First Review		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

The artisanal and small scale gold mining sector represents the largest global anthropogenic source of mercury emissions and is controlled by the Minamata Convention on Mercury.

The sector is comprised of over 20 million miners world wide distributed in over 70 countries. The majority of the sector are either informal or illegal so while the sector produces about 20% of gold annually, the sector is outside of the formal economy which means even if mercury free technologies can be introduced miners would be unable to access formal sources of finance to change their production methods to non-mercury. In GEF 6 the GEF funded the GEF GOLD program that seeks to address the barriers to access to finance in 8 countries that are already on a pathway to formalizing their ASGM sector.

This new GEF GOLD+ program proposes to also address access to finance but in countries that either have non-formalized sectors or that have very nascent levels of formalization. Formalization along with access to finance and markets, and access to mercury free technology form the basis of transitioning away from the use of mercury in the ASGM sector. This work in this next phase of the work started in GEF GOLD will identify and support pathways to formalization at sub-national and national levels utilizing policy, legislative and institutional tools including for the first time using a jurisdictional/ landscape based approach for achieving formalization in the target countries.

This program will continue to build a strong knowledge practice so that best practices developed in these 8 countries along with the existing 8 in first GEF GOLD program will build the basis for future interventions in other countries so that work to phase out mercury can be achieved.

The program also continues to strengthen private sector engagement by bring more gold into formal supply chains.