

Improvement of the environmental performance of the foam sector: Phase out and management of hexabromocyclododecane (HBCD) in China

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10163

Countries

China

Project Name

Improvement of the environmental performance of the foam sector: Phase out and management of hexabromocyclododecane (HBCD) in China

Agencies

UNIDO

Date received by PM

7/10/2020

Review completed by PM

1/11/2021

Program Manager

Anil Sookdeo

Focal Area

Chemicals and Waste

Project Type

FSP

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, the project has minor changes from the PIF which helps to strengthen the intervention.

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, however please see the comment below on knowledge management.

Sept 2, 2020 - Comment addressed and cleared.

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 N/A

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 Yes. There is also an increase in the proposed co-financing.

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

While the cost estimates in table D appear to be adequate, an examination of the more detailed project budget presented in Annex I of the submission raises the following observations and questions:

1. There are no staff costs indicated in the Project Management Unit. How will dedicated daily supervision of the project be achieved?
2. In each of the budgeted activities there is significant costs associated with consultants both international and national. There are also vague line items such as 'sundries' which exceed 600,000 in some cases. Please clarify what is covered under these expenses.
3. It is unclear if the project staff budget lines in the activities are PMU staff or something else. All PMU staff costs are confined to the PMU costs, including travel. Please clarify.

4. Please provide a consolidated, annotated budget clearly defining what the expectation and contribution to the project is. Also please clarify if the executing agency, i.e. FECO is responsible for all contracting of consultants including CTAs etc.

Sept 2, 2020 - The revised budget table along with responses addresses the comments - comments cleared.

Agency Response

24 August 2020

The GEF Grant budget table (Annex I) has been substantially revised (and uploaded in the portal) to fully reflect the needs of the project per output. Major budget allocations were made for subcontracts (including support to demonstration facilities with a 68.14% allocation, while recruitment of international experts takes 7.6% of the total budget, 6.63% is allocated for national experts and workshops/training/ conferences takes 7.21%).

1. The PMC budget has been revised to reflect the requirement for project management including the recruitment of project staff who will be recruited by MEE-FECO to perform the daily supervision of the project. The project staff will comprise of a project manager and 3 project administrative staff as outlined in rows 208-211 of the budget table.

2. The project budget has been revised substantially and reallocated amongst the different cost items. The budget now allocates 7.60% of the total budget to international experts and 6.63% to national consultants. The overall budget for sundries was also reduced to only 0.88% of the budget which will cover eligible items including translation, printing and consumables.

3. 3. Project staff costs under the activities have also been clarified. All staff costs have been confined to the PMC.

4. An output-based table clearly reflecting the consolidated budget based on the required outputs and activities is uploaded in the portal. FECO will be responsible for the recruitment of both international and national consultants, in consultation with UNIDO.

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

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 There is an increase from the proposed tonnage in the PIF for core indicator 9 and core indicator 6. The assumptions to calculate the new figures are sound.

Agency Response

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. The project will work on the one hand to phase out production of the HBCD and on the other work to introduce alternatives in the manufacturing of projects that use/contain HBCD. The project additionally proposes to introduce de-bromination technology to deal with end of life material containing HBCD.

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

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, this is well elaborated in the project.

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

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

Yes

Agency Response

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

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

N/A

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

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

Yes

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. The private sector is key stakeholder as the main producer and user of the HBCD in China. During PPG the criteria for private sector engagement was developed.

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, including on the risks raised by the German council member.

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, however the project should also coordinate with the UNIDO implemented HBCD project in Turkey as pointed out in the knowledge management comments below.

Sept 2, 2020 - Comment cleared

Agency Response

24 August 2020

The comment is noted. As mentioned in paragraph 126, coordination with the project "Enhancing environmental performance in the expanded and extruded polystyrene foam industries in Turkey" (GEF ID 10082) will be ensured. Please refer to the knowledge management section for more details of the planned coordination.

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.

Agency Response

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

Please provide additional information on the deliverables for the work on knowledge. Additionally the knowledge seems to be centered only on the work of this project, however UNIDO is also working on a similar project in Turkey and as such there needs to be not only the means for these two projects to learn from each other but also a mechanism to extract lessons learned and best practices from both projects so that other countries can benefit from the knowledge developed. In this regard please elaborate in the project proposal of who this will be achieved including specific use of the clearing house mechanism of the Stockholm Convention.

Sept 2, 2020 - Comment cleared.

Agency Response

24 August 2020

The project has always envisaged coordination with other initiatives on HBCD, including the Turkey project, and contribution to the global body of knowledge on HBCD management. The project foresees partnership with the Stockholm Convention Secretariat and Basel and Stockholm Conventions Regional Centre in China ((BCRC-SCRC China), fully utilizing available resources including the clearinghouse mechanism. Conference papers and side events maybe organized during Conference of Parties to allow for global information sharing. Several knowledge products (project website, conference papers, technical reports, videos, informative materials, etc) will be produced to showcase project results. This will ultimately allow a proper extraction of lessons learned and best practices that could be beneficial to other countries as well.

The Knowledge Management (KM) section of the CEO Endorsement document has been further strengthened to fully elaborate the KM products and KM activities planned.

Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at CEO Endorsement Request

Yes

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

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

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

Yes

Agency Response

Project Results Framework

Secretariat Comment at CEO Endorsement Request A detailed and clear project results framework is presented.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Dec 1, 2020 - the PPO comments have been fully addressed.

Agency Response

12/17/2020

2. PPG box has been duly ticked in the portal (please see below screenshot).

F. Project Preparation Grant (PPG)

PPG Required

PPG Amount (\$) 300,000

PPG Agency Fee (\$) 27,000

GEF Agency	Trust Fund	Country	Focal Area	Programming of Funds	PPG(\$)	Agency Fee(\$)
UNIDO	GET	China	Chemicals and Waste	POPs	300,000.00	27,000.00
Total PPG Amount(\$)					300,000.00	27,000.00

4. Kindly note that Project Management Cost (PMC) has been further detailed to also show co-financing amounts. A revised budget has been uploaded in this regard.

The PMC covers only applicable cost associated with project execution, including staff costs, travel, workshops/meetings and office equipment. FECO, as the executing agency, and Shandong DEE, responsible for the demonstration province, will each recruit personnel with GEF grant financing. In addition, as part of their co-financing commitment, FECO and Shandong DEE will also assign staff to ensure smooth implementation of the project and assist in project management.

The staff recruited to constitute the Project Management Unit (PMU) will not be charged to other project components. For the technical outputs, national experts will be recruited according to the needs of each task under the appropriate budget allocation.

10 November 2020

1. Council comments have been appropriately addressed in Annex B of the portal. As indicated in the 'Compilation of Comments submitted by Council Members on the GEF June 2019 Work Programme' (https://www.thegef.org/sites/default/files/work-program-documents/GEF_C.56_compilation_council_comments_0.pdf), Japan has not provided comments on the project.

2. PPG in the amount of USD 300,000 was duly selected and a PPG report was shared in Annex C of the CEO endorsement document.

3. Revised letters clearly indicating the cash and in-kind distribution of the co-financing commitment from the private sector have been secured and uploaded to the current submission. Shandong DEE's commitment revised letter has also defined their in-kind contribution (12,950,000 RMB) and cash contribution (2,350,000 RMB).

Please note that the equity part of the co-financing was calculated based on the actual proposals received from the companies during the call for Expression of Interest (EoI). The proposals contained the actual budget the participating companies have earmarked for HBCD elimination and substitution activities envisaged in the project. The distribution has been explicitly stated in the revised commitment letters.

Investments mobilized from both national (FECO-MEE) and local (Shandong DEE) authorities are sourced from the budget allocation of each entity.

4. The co-financing commitments as well as the types of costs included have been outlined in 'Annex Ib Indicative Budget Table Cofinancing China HBCD' (uploaded). Co-financing for the PMO comes from FECO and Shandong DEE.

Council comments

Secretariat Comment at CEO Endorsement Request All Council comments have been satisfactorily addressed.

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request STAP comments have been satisfactorily addressed.

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request The BRS Secretariat did not provide comments.

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request

Agency Response
CSOs comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request All funds have been either utilized or committed.

Agency Response
Calendar of expected reflows (if NGI is used)

Secretariat Comment at CEO Endorsement Request

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

Agency Response
Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating

reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at CEO Endorsement Request
Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

Please address comments on the budget and knowledge management, revise and re-submit for an additional review.

Sept 25, 2020 - 1- Council Comments from Germany are addressed in Portal - Annex B ? however, the comment from Japan was not addressed

2- PPG was not selected.

3- On co-financing: Translations of the co-financing letters from private sector (6 out of 7 different companies) do not provide the break-down of the type of co-financing (in-kind and cash). Please provide additional information on how the equity (cash) share of the co-financing was calculated. Similarly, for the Department of Ecology and Environment, their letter does not provide the break-down between cash and in-kind contribution. This break-down of different types of co-financing is required for each letter. Please also provide a description how the investment mobilized from the recipient government was identified.

4- On the Budget there is not much information on what each item includes - hence, PPO were unable to analyze it. It is unclear whether the main budget items associated with the project's execution (project staff, office supplies, etc.) were adequately charged to the GEF Portion and the co-financing portion of the PMC. For that reason, we cannot provide any meaningful comment on it until we gain access to the details. Please ask the Agency to provide a more detailed budget.

Dec 1, 2020 -The comments have not been fully cleared.

Review Dates

**Secretariat Comment at
CEO Endorsement**

**Response to
Secretariat
comments**

First Review	8/4/2020
Additional Review (as necessary)	9/2/2020
Additional Review (as necessary)	9/25/2020
Additional Review (as necessary)	12/1/2020
Additional Review (as necessary)	

CEO Recommendation

Brief reasoning for CEO Recommendations