



## GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	9203		
Country/Region:	Ecuador		
Project Title:	National Program for the environmental Sound Management and Live Cycle Management of Chemical Substances		
GEF Agency:	UNDP	GEF Agency Project ID:	5706 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Chemicals and Waste
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	CW-1 Program 1; CW-2 Program 3; CW-2 Program 4;		
Anticipated Financing PPG:	\$200,000	Project Grant:	\$8,490,000
Co-financing:	\$36,113,702	Total Project Cost:	\$44,603,702
PIF Approval:		Council Approval/Expected:	October 01, 2015
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Evelyn Swain	Agency Contact Person:	Mr. Jacques Van Engel

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
<b>Project Consistency</b>	1. Is the project aligned with the relevant GEF strategic objectives and results framework? <sup>1</sup>	<p>CW2 Program 3 and 4 are appropriate.</p> <p>Please provide information on what is CW1 Program 1 being used for?</p> <p>ES, 8/25/15: The use of Program 1 is now appropriate and justified. - Comment cleared</p>	<p>The funding indicated to be financed by CW1 Program 1 as submitted in the initial version of the PIF, was at 650,000 US\$. Unfortunately this was a mistake, as the funding to be covered by CW1 Program 1 should have been indicated to be 350,000 US\$ instead.</p> <p>The amount of 350,000 US\$ under the CW1 Program 1 is to intended to cover the establishment of the ASGM financial</p>

<sup>1</sup> For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

## PIF Review

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			<p>mechanism (project output 3.1.4 "Financial lending arrangements/revolving funds set-up to provide loans to legalized ASGM miners/cooperatives for the purchase of Mercury-free processing equipment", in line with the objective of CW1 Program 1 which is to "Develop and demonstrate new tools and economic approaches for managing harmful chemicals and waste in a sound manner".</p> <p>As such, the PIF has been adjusted to reflect this change.</p>
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	<p>Yes, this is consistent with the Stockholm Convention NIP.</p> <p>Please confirm that the country has made a notification under article 7 of the Minamata convention for ASGM</p> <p>ES, 8/25/15: A notification letter under article 7 has been sent to the convention secretariat. - Comment cleared</p>	
<b>Project Design</b>	3. Does the PIF sufficiently indicate the drivers <sup>2</sup> of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	This project takes a comprehensive life cycle approach to sound chemicals management for POPs and mercury. The national capacity developed through the project should lead to sustainability. There are innovative approaches proposed for	

<sup>2</sup> Need not apply to LDCF/SCCF projects.

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		mercury reduction, especially in the ASGM sector where alternative financing models will be explored.	
	4. Is the project designed with sound incremental reasoning?	Yes, incremental reasoning is used and the project builds on the baseline.	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	<p>More information should be provided on how the ASGM fund will become operational.</p> <p>For the healthcare waste sector the agency has significant experience implementing projects in this area. That experience should be used to remove the barriers that lead to larger scale up of best practices in the sector, not just demonstrating BAT/BEP.</p> <p>Similar activities are proposed for POPs and mercury in products. It may make sense to combined these components to avoid duplication of efforts, for example training of customs officers. Also, according to the PIF products covered will not be identified until the PPG stage. There should at minimum at this stage have been some initial thinking into which products may be considered. Please provide this information.</p> <p>For ASGM it is expected that some activities related to formalization will be undertaken by the Government and</p>	<p>a) The project intends to work with a National Development or Commercial Bank, who will host the financial mechanism.</p> <p>The guiding principles of the proposed approach will be the following (more complex details will be worked out in detail during the PPG phase):</p> <ul style="list-style-type: none"> <li>- Investment in Mercury Free equipment can make the operation more effective and the pay-back time of the investment is relatively short.</li> <li>- Miners will be encouraged to work in corporative / groups in a more formal setting.</li> <li>- Technical Assistance will be provided to better structure their operation / business.</li> </ul> <p>One of the challenges is that both the supply side (banking sector) and demand side (ASGM Miners) have, is a limited understanding of the investment opportunities. Therefore, the project intends to work with both sides in the following proposed manner:</p>

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		<p>not supported using GEF resources. Issues such as land tenure and formation of cooperatives should be supported by the government.</p> <p>Contaminated site demonstrations should draw on lessons learned in similar projects in other countries.</p> <p>ES, 8/25/15: The questions above have been adequately addressed in the agency response. - Comments cleared.</p>	<p>Supply Side (Bankers): The project will provide technical information to the bankers regarding the potential benefits of the investments and a realistic assessment of the pay-back times. This will allow the bankers to better assess the real Risk associated with the loan to ASGM miners.</p> <p>Demand Side (ASGM Miners): The project will assist the ASGM miners in preparing the technical proposals and investment plans in a way that they can be presented to a bank.</p> <p>The project will also be willing to include some Risk-sharing (Partial Risk Guarantee) in the first investments projects that will be presented to the banks, so that the full risk will not fall on the banks. Extensive Technical Assistance will be provided in the process.</p> <p>b) Indeed, UNDP has significant experience in implementing projects in the area of Healthcare Waste Management (HCWM), such as the 8-country Global Medical Waste project (Argentina, India, Latvia, Lebanon, Philippines, Senegal, Tanzania and Viet Nam) and HCWM GEF-5 projects, which have started implementation in Egypt, Honduras, Kazakhstan,</p>

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			<p>Kyrgyzstan, and Uruguay.</p> <p>In Ecuador, HCWM related project activities supported by the GEF, will be the first of its kind supported by this donor, as such in the project proposal these activities are referred to as demonstration/pilot activities.</p> <p>However, in reality, the country has already established an important baseline pertaining to substitution of low-technology incineration by non-incineration technology for the treatment of HCW (both in terms of the legal and policy framework in place as well as related to technical capacity and expertise in the operation and maintenance of non-incineration technologies).</p> <p>In particular Healthcare Facilities (HCFs) located in large cities have taken steps to adopt non-incineration practices. Building on the baseline/capacity/expertise already in place, the proposed project aims to remove remaining barriers and support the country in scaling up best practices in the treatment of HCW, which is expected to expand best practices and technologies to rural and more remote areas to ensure a more harmonized use of BAT and BEP throughout the country.</p>

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			<p>c) Indeed project output 2.5 "POPs releases reduced by 30 tonnes through the gradual phase-out of POPs containing products" and project output 3.2 "Mercury releases from priority sectors reduced through the gradual phase-out of Mercury containing products and introduction of improved waste management and storage practices", are intricically the same, even though these activities aim to address different products containing either new POPs, Mercury or other chemicals of concern.</p> <p>As it is the first time the Government of Ecuador is submitting such a large chemicals proposal, it felt more at ease by spelling out all project activities, rather than combining some of the project outcomes and outputs. That said, it is envisaged that during the project's development phase a number of the outputs of a similar nature, will be combined to ensure synergies and consistency throughout the project's implementation in particular when dealing with the phase-out of products containing chemicals covered under chemicals related MEAs (product assessments, capacity building for Cost-Benefit Analysis, policy development to support phase out, training of customs</p>

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			<p>officials, etc.) This will also ensure better coordination, simplify the project's results framework, lead to cost reductions, among else.</p> <p>At this stage (even though this preliminary list will be reviewed/expanded during the project's PPG phase) the Government of Ecuador aims to address the following products:</p> <p>Mercury containing products (this list will be adjusted and revised based on the outcomes and priorities identified as part of the MIA):</p> <ul style="list-style-type: none"> <li>• Mercury containing lamps for general lighting purposes</li> <li>• Mercury containing batteries</li> <li>• Mercury containing measuring devices</li> <li>• Dental amalgam</li> </ul> <p>POPs containing products (this list will be adjusted and revised based on the outcomes and priorities identified as part of the NIP update):</p> <ul style="list-style-type: none"> <li>• PBDE containing products (certain electric and electronic equipment, vehicle foams used in the transport sector and possibly furniture).</li> <li>• PFOS containing products (potentially carpets, impregnated textiles, leather, furniture, paper).</li> </ul> <p>d) UNDP and the Government recognize</p>

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			<p>the importance of the activities that support the formalization of ASG miners and ASGM activities as a critical component for improving mining practices in this sector. However, at the same time, UNDP and the Government of Ecuador would like to indicate that activities supporting the formalization of miners (e.g. through the establishment of cooperatives) and issues related to land tenure (e.g. streamlining and reforming legislation to make it easier for miners to acquire land title and harder for inactive titleholders to hold on to large titles), will not be supported with GEF resources.</p> <p>Instead the proposed project will collaborate with the Ministry of Mining (formerly the Ministry of Non-Renewable Resourcesâ€™ MRNR which was split into the Ministry of Hydrocarbons and the Ministry of Mining, the project will collaborate with the latter) which released in 2011 the National Plan for Mining Sector Development (2011 â€™ 2015). Among its objectives, the plan takes into account the formalization of the mining sector. Furthermore, the project will work with the ministry's National Research Institute for Geology, Mining and Metallurgy (INIGEMM), which is supporting a 5-year project on the "Improvement of</p>



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			<p>Working Conditions of Small Scale and Artisanal Miners" (US\$ 4,800,000) which also contains project components related to land planning, formalization of the ASGM sector, among else.</p> <p>It is expected that during the project's formulation stage, collaboration between the project and formalization and land tenure related activities to be supported by the Government of Ecuador will be worked out in further detail, for example through the provision of co-financing by the Ministry of Mining.</p> <p>e) The proposed project will draw on lessons-learned from a number of UNDP GEF funded projects, which contained components related to the remediation of contaminated sites, as well as similar projects implemented by other UN agencies with GEF or bi-lateral donor funding.</p> <p>Lessons-learned from the following projects will be considered (list not exhaustive):</p> <ul style="list-style-type: none"> <li>• World Bank "Nura River Clean-up Project" in Kazakhstan (Mercury)</li> <li>• World Bank "Contaminated Site Management Project" in China (POPs and hazardous chemicals)</li> <li>• UNDP/GEF "Environmental remediation of Dioxin Contaminated</li> </ul>

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			<p>Hotspots in Viet Nam"</p> <ul style="list-style-type: none"> <li>• UNDP/GEF "Building Capacity to Eliminate POPs Pesticides Stockpiles"</li> <li>• World Bank/GEF China "PCB Management and Disposal Demonstration"</li> <li>• World Bank Belarus "POPs Stockpile Management Project"</li> <li>• World Bank Moldova "POPs Management and Destruction Project"</li> <li>• UNDP/GEF Georgia "Disposal of POPs Pesticides and Initial Steps for Containment of Dumped POPs Pesticides"</li> <li>• UNDP/GEF Armenia "Elimination of Obsolete Pesticide Stockpiles and Addressing POPs Contaminated Sites within a Sound Chemicals Management Framework"</li> <li>• UNDP/GEF Turkey "POPs Legacy Elimination and POPs Release Reduction Project"</li> </ul>
	6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?	<p>Gender and indigenous people should be given significant consideration in the ASGM sector. During project development a plan for addressing gender issues should be developed.</p> <p>ES, 8/25/15: A gender plan will be developed during the PPG stage. - Comment cleared.</p>	<p>UNDP and the Government of Ecuador recognize the importance of giving sufficient attention to socio and economic aspects of the project, in particular when it concerns ASGM project related activities.</p> <p>During the development of the project (PPG phase), a plan for addressing gender issues throughout project implementation will be developed as well as a plan for addressing issues and</p>

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			concerns related to indigenous inhabitants in the areas where ASGM project related activities are to be implemented.
<b>Availability of Resources</b>	7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• The STAR allocation?		
	• The focal area allocation?	Yes.	
	• The LDCF under the principle of equitable access		
	• The SCCF (Adaptation or Technology Transfer)?		
	• Focal area set-aside?		
<b>Recommendations</b>	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	Not at this time a number of issues remain pending.  ES, 8/25/15: The Program Manager recommends CEO PIF Clearance.	
<b>Review Date</b>	Review	July 31, 2015	
	Additional Review (as necessary)	August 25, 2015	
	Additional Review (as necessary)		

## CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
<b>Project Design and Financing</b>	1. If there are any changes from that presented in the PIF, have justifications been provided?		
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?		
	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?		
	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)		
	5. Is co-financing confirmed and evidence provided?		
	6. Are relevant tracking tools completed?		
	7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented?		
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?		
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

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	10. Does the project have descriptions of a knowledge management plan?		
<b>Agency Responses</b>	11. Has the Agency adequately responded to comments at the PIF <sup>3</sup> stage from:		
	• GEFSEC		
	• STAP		
	• GEF Council		
	• Convention Secretariat		
<b>Recommendation</b>	12. Is CEO endorsement recommended?		
<b>Review Date</b>	Review		
	Additional Review (as necessary)		
	Additional Review (as necessary)		

<sup>3</sup> If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.