



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

GEF ID:	9576		
Country/Region:	South Africa		
Project Title:	ENVIRONMENTALLY SOUND MANAGEMENT AND DISPOSAL OF POLYCHLORINATED BIPHENYLS [PCBS] IN THE REPUBLIC OF SOUTH AFRICA		
GEF Agency:	DBSA	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Chemicals and Waste
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	CW-2 Program 3;		
Anticipated Financing PPG:	\$200,000	Project Grant:	\$8,242,500
Co-financing:	\$40,250,000	Total Project Cost:	\$48,492,500
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Ogawa Masako	Agency Contact Person:	Nomsa Zondi

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
Project Consistency	1. Is the project aligned with the relevant GEF strategic objectives and results framework? ¹	MO August 4, 2016 Yes. This project proposal is aligned with CW2 Program 3.	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	MO August 4, 2016 Its regulation has a target to phase-out the use of PCBs in electrical equipment by 2023 and to dispose off the resulting wastes by 2026. Please explain if there is a plan for DBSA or other banks to provide financing for upgrades to the electric	The DBSA is already involved in energy generation and transmission infrastructure development of South Africa and the region. The DBSA does not only provide finance to develop infrastructure to both Eskom (the country's only utility company) and municipalities but also funds maintenance and service advisory

¹ 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)?

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		<p>grid which will enable a faster phase out of PCBs.</p> <p>MO August 29, 2016 Comment cleared.</p>	<p>projects. In line with its Environmental and Social Standards safeguards, which are aligned to GEF, all funding proposals which are approved and financed by DBSA should meet environmentally sound management of POPs including PCBs.</p>
Project Design	3. Does the PIF sufficiently indicate the drivers ² of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	<p>MO August 4, 2016 The major challenge of South Africa to achieve the target is the absence of national PCB disposal options. Strengthening implementation of the policies and engagement of the stakeholders, especially utility company, will ensure sustainability and scaling-up. On innovation, the PIF discusses the regional cooperation. If the GEF financing will support other countries, please revise this project to the regional project (please see box 5).</p> <p>MO August 29, 2016 Comment cleared.</p>	<p>Component 2 of the project which proposed "Regional Outreach" has been removed. The project now has 3 components instead of 4.</p>
	4. Is the project designed with sound incremental reasoning?	<p>MO August 4, 2016 The government has already developed the regulation under the environmental act. And it has developed and being updating NIPs without GEF supports. The GEF grant will be used to ensure</p>	<p>South Africa is not only facing challenges with the ESM of PCB oils and PCB contaminated equipment that comes from its own operations but POPs that are coming from neighboring countries. Due to its technological advancement, South Africa has become a regional sink for the</p>

² Need not apply to LDCF/SCCF projects.

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		<p>environmentally sound management of PCB with the procedure to track PCB inventory and stockpiles. However this project is not cost-effective, as GEB is very small comparing with the requested amount of the GEF financing, and incremental reasoning does not justify this request.</p> <p>MO August 29, 2016 Cost effectiveness has improved. It is \$3,297/ton, which is the similar level with the project in Philippines and Sri Lanka. Comment cleared.</p>	<p>majority of hazardous waste including PCBs waste. Most of the PCB contaminated equipment in the region comes to the country for repair and refurbishment. In some cases, such equipment is irreparable and hence becomes a PCB contaminated waste while in South Africa.</p> <p>The total tonnes PCB to be managed by this project has been revised from 2,0000 to 2,500 tons PCBs taking into consideration PCBs that are already in South Africa having been brought into the country from other countries in the region for maintenance purposes. With the removal of Component 2 "Regional Outreach" (which was allocated \$1,000,000) and reduction of the cost of Component 3, now Component 2 "Final treatment and disposal of PCB contaminated oils and wastes" (from \$8,700,000 to \$6,000,000), and the total cost of the project has been brought down from \$12,022,500 to \$8,242,500.</p>
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	<p>MO August 4, 2016 Table B and Table F (1) Please elaborate if this project is cost effective (\$12 million of GEF grant for 2000 tonnes of PCB contaminated equipment, oil and waste). The previous PCB projects have planned to dispose PCB more cost effectively, and please increase GEBs of this proposal;</p>	<p>(1) Please see response in box 4 above. In addition to response above, it is argued that the implementation of this project is a long term and sustainable approach through which the South African government will address the challenge it faces towards ESM of PCBs. Through this project, there will be procurement of advanced technology for treatment and destruction of PCBs through a PPP model.</p>

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		<p>ID 5314 Sri Lanka, \$3.4 million of GEF grant for 1000 tonnes of PCB oil and equipment; ID9045 Montenegro \$2.55 million GEF grant for 900 tonnes of contaminated equipment and soil; ID9078 Philippines \$2.3 million GEF grant for 600 tonnes of PBC oils; and ID9236 Nigeria \$2.2 million GEF grant for 1700 tonnes of PCB oils and equipment.</p> <p>Table A, B and C (2) Please revise the total amount of co-financing.</p> <p>Component 1 and 3 (3) Output 1.3 and 3.1 are overlapping. Please clarify and address duplication.</p> <p>Component 2 (4) The regional cooperation and coordination is important, especially with the on-going PCB project in SADC sub-region. However, the beneficiaries of Component 2 is not South Africa. Please provide the rationale and justification of the regional component of this national project. Please revise component 2 so that GEF grant will support South Africa, or please change this project to the regional project.</p>	<p>It is for this reason that the total cost of the South African project is slightly higher than those of other countries. However, the total tonnes PCB to be managed by this project has been revised to 2,500 taking into consideration PCBs that are already in South Africa having been brought into the country from other countries in the region for maintenance purposes. The total cost of Component 2 "Final treatment and disposal of PCB contaminated oils and wastes" which was initially Component 3, has been revised from \$8,700,000 to \$6,000,000.</p> <p>(2) Co-financing calculations recalculated</p> <p>(3) Cancelled 3.1 under Component 3 (now component 2)</p> <p>(4) Component 2 "Regional Outreach" has been removed. The project now has 3 components instead of 4.</p> <p>Component 3 (5) This is now Component number 2, following the removal of the "regional outreach" component. The project proposes technology transfer which will be used by South Africa and the region beyond the lifespan of the project. This will ensure sustainability of this PCB management initiative since South Africa does not only maintain equipment from its</p>

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		<p>Component 3 (5) Please provide the justification for technology transfer vs shipping out for disposal.</p> <p>Component 4 (5) Please change this component to implement Monitoring and Evaluation. And please explain how monitoring and evaluation will be implemented. Project management cost (\$572,500) is already allocated in the different section, which is not the project component.</p> <p>Risk (6) Please include the delay of PPP arrangement and delay of procurement, and provide risk mitigation measures.</p> <p>Coordination The project being implemented by UNEP in 12 southern African countries has already been CEO endorsed and implementation has begun, and the timeline of this regional project and the proposed project is very different. Please update the status of the regional project. Also please discuss with UNEP how the two projects could collaborate, and revise the PIF.</p>	<p>own operations but those from the region. Audits of existing plants have shown that there is need for improvement to ensure compliance with international standards. This project communicates the preference of the South African government to rather upgrade one of the existing facilities to ensure improved capability of the country to manage PCBs in ESM instead of shipping the current tonnage for disposal, a decision which would provide a short-term solution. Lower and medium range PCBs coming the regional countries will be bringing in their PCBs for treatment and destruction and in this way the technology transfer project will be economically viable. The local facility that will be upgraded through the technology transfer will also be expected to treat other POPs and chemicals, this will ensure its sustenance and economic viability.</p> <p>Component 4 (5) This is now component 3 and has been changed to Monitoring and Evaluation and the project management aspect has been removed. Please see revised PIF.</p> <p>(6) Risks added (see revised PIF)</p> <p>Coordination The SADC PCB elimination project for the 12 countries has been approved by</p>

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		MO August 29, 2016 Comments are cleared.	GEF, the Executing Agency (Africa Institute) and the Implementing Agency (UNEP) have completed their contractual agreement and the inception workshop for the project will be held in early October 2016. It is planned that in the first two years of the project, baseline activities (inventory validation, procurement of service providers, legislation review and training activities) will lead, while collection of PCBs will be done in the 3rd year followed by destruction in year 4. The South Africa project is expected to commence two years later, and the technology transfer would be in the forefront, so that at the time of disposal of PCBs from SADC countries, there is adequate technology in the region to absorb greater amounts. This would allow for regional PCB treatment to be done in South Africa in the 4th year. The SADC project already foresees that a significant amount of PCB destruction will be done in South Africa utilizing the same facility that is going to be upgraded using this project. The two projects are completely complementary in nature. It is for this reason that the countries participating in the SADC region must be exposed to the facilities that exist in South Africa and how they operate and equally South Africa must be exposed to the expectations and the needs of the region.
	6. Are socio-economic aspects,	MO August 4, 2016	

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	including relevant gender elements, indigenous people, and CSOs considered?	Yes.	
Availability of Resources	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?	MO August 4 2016 Yes.	
	• The LDCF under the principle of equitable access		
	• The SCCF (Adaptation or Technology Transfer)?		
	• Focal area set-aside?		
Recommendations	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	MO August 4, 2016 Not at this time. Please address comments in box 2-5. MO August 29, 2016 All comments are cleared. Program Manager recommends CEO PIF clearance.	
Review Date	Review	August 04, 2016	
	Additional Review (as necessary)	August 29, 2016	
	Additional Review (as necessary)		

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Project Design and Financing	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?		

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

³ 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.