



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

GEF ID:	9206		
Country/Region:	Peru		
Project Title:	Sustainable Industrial Zone Development		
GEF Agency:	UNIDO	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	CCM-1 Program 1; CW-1 Program 1; CW-2 Program 3;		
Anticipated Financing PPG:	\$150,000	Project Grant:	\$4,114,000
Co-financing:	\$44,457,804	Total Project Cost:	\$48,721,804
PIF Approval:	May 04, 2016	Council Approval/Expected:	June 09, 2016
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Evelyn Swain	Agency Contact Person:	Ms. Petra Schwager

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	<p>The project is in line with CW-2 Program 3 for the UPOPs components. Further clarification is needed for what CW-1 Program 1 will be used for.</p> <p>The project is in line with CCM-1 Program 1, but not Program 2. Program 2 is really only for innovative policy and market initiatives, like performance-based financing mechanisms.</p>	

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)?

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		<p>The project does not catalyse investments to balance competing water uses in the management of transboundary surface or groundwaters leading to enhanced multi-state cooperation. Nor will it lead to multistate cooperation and catalyzing investments to foster sustainable fisheries. These objectives are not met by the project as the rivers that will be part of the suggested activities are national rivers, and the activities suggested primarily are focusing on optimizing water usage. Optimizing water usage in both the public and the private sector is indeed important towards ensuring sustainable development, but as such it does not fall under the GEF IW focal areas mandate.</p> <p>Pollution reduction in the receiving coastal waters to lower the impact on transboundary fish species of global concern is important, but the most important financial fish resource in Peruvian waters is Anchovy, and the main pressure on this species is related to fisheries management, not pollution.</p> <p>The rationale behind the project does not fit with the GEF-6 IW strategy. If</p>	

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		<p>IW funding is sought, the rationale needs to follow the IW strategy and deliver directly against some of the programs, their outcomes and outputs.</p> <p>19th of August 2015: NO, the underlying premise has not changed in the resubmitted project proposal, therefore nor has the argument for consistency with the GEF IW strategy.</p> <p>12/17/2015: IW has been removed.</p>	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	This project is consistent with the NIP under the Stockholm Convention to address UPOPs.	
Project Design	3. Does the PIF sufficiently indicate the drivers ² of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	<p>This project takes an innovative MFA approach to dealing with industrial parks in Peru to reduce pollution. The national capacity building and training should lead to sustainability and there is a demonstrated opportunity for scale up to other areas with industrial parks in the country.</p> <p>Green chemistry is also an innovative topic within this project. However, more information is needed on what the Green Chemistry components will actually achieve.</p>	

² Need not apply to LDCF/SCCF projects.

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		12/17/2015: Information has been provided. -Comment cleared	
	4. Is the project designed with sound incremental reasoning?	<p>This project builds off of ongoing and planned activities and policies in the country so there is demonstrated incremental reasoning. However, GHG baseline emissions are not provided. Please provide GHG baseline emissions.</p> <p>12/17/2015: Information provided. - Comment cleared</p>	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	<p>The GHG emissions reductions estimate is quite high, especially since there are no GHG baseline emissions provided. The replication factor of 30 seems high, especially considering only "16 industrial zones are currently under planning". More details on baseline emissions and a more conservative estimate for indirect emissions is needed. Also by CEO Endorsement these estimates should have been revised.</p> <p>The component on "Increased public awareness on issues concerning eco-industrial park development achieved" is not clear. Please provide more information to justify this component or replace.</p> <p>Component 2 indicates that the requirements of SAICM will be taken</p>	

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		<p>into considerations, including lead in paint. There is not enough information to understand exactly how SAICM will be covered. Based on the proposal SAICM funds are not requested, only POPs funding is requested from the chemicals window. Will SAICM be covered from the co-financing?</p> <p>Para 43 refers to cooling systems. Cooling systems include ozone-depleting substances, including CFCs and HCFCs. Will there be a plan in place to deal with end of life ODS containing cooling systems?</p> <p>Chemicals leasing is included in the proposal as an option. At the time of CEO endorsement it should show where this approach might be used.</p> <p>12/17/2015: Information provided. - Comment cleared</p>	
	6. Are socio-economic aspects, 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):		
	<ul style="list-style-type: none"> • The STAR allocation? 	This project would use up the rest of Peru's CCM allocation and with what appears to be high emission	

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		reductions and a focus on industry that has not been addressed by the other two projects CCM project in Peru.	
	<ul style="list-style-type: none"> The focal area allocation? 	<p>Yes, it is within the CW resources available.</p> <p>No, IW funds will not be available.</p>	
	<ul style="list-style-type: none"> The LDCF under the principle of equitable access 		
	<ul style="list-style-type: none"> The SCCF (Adaptation or Technology Transfer)? 		
	<ul style="list-style-type: none"> Focal area set-aside? 		
Recommendations	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	<p>Not at this time. This project is not eligible for IW funding as it is designed in addition to other issues mentioned above.</p> <p>19th of August 2015: No, the project will not be eligible for IW funding, please remove and resubmit</p> <p>12/17/2015: IW has been removed. PIF clearance is recommended.</p>	
Review Date	Review	August 11, 2015	
	Additional Review (as necessary)	August 18, 2015	
	Additional Review (as necessary)	December 17, 2015	

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?	<p>The UPOPs GEBs have significantly decreased since PIF stage with no justification.</p> <p>March 6, 2018: Comment cleared. The project has reduced the resources it is requesting from the Chemicals & Waste focal area to account for the reduction in benefits. Information has been added to explain that at PIF the replication assumption was too ambitious.</p>	<p>UPOPs savings stated in the PD submitted in October 2017 only reflected the projected savings from a first sample of companies. This has been revised and the correct amount has been included in the present document.</p> <p>The expected UPOPs GEBs from the lifetime of the project are 8.92 g/a TEQ. This includes UPOPs GEBs that will derive from project implementation and indirect UPOPs GEBs from the replication in specific sectors from five industrial zones.</p> <p>The u-POPs reductions calculated at PIF level amounted to 28.4 g TEQ with a replication factor of 30, a factor that seems too optimistic after full development of the project, consequently, leading to a lower total emission reduction.</p> <p>Budget reduced by USD 750,000 to reflect the lower emission reduction. More detailed explanations are given under question 3. Changes are made in page, 5, 6, 30 and Annex H</p>
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?	<p>The project design and structure follows what was included in the PIF design.</p> <p>For output 2.1.2.2 on the training module for RECP will mercury be</p>	<p>Activity 2.1.3.1 foresees the adaptation of the training modules to meet national needs and priorities. As mercury is a key issue in Peru, it could be incorporated into the training modules on sound chemicals management.</p>

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
		<p>included in the knowledge for chemicals waste?</p> <p>For output 2.2.1 Please clarify what will happen to the sustainable industrial zone technical unit at the end of the project once the PMU for the pilot project in Callao is dissolved.</p> <p>Please clarify what industries will be targeted.</p> <p>March 6, 2018: Comments cleared.</p> <ul style="list-style-type: none"> - Mercury will be including in the training module on sound chemicals management. - The Technical Unit will be transferred to either CER or ITP to ensure its sustainability past the lifespan of the project. - Targeted industries have been listed. 	<p>The Technical Unit (TU) will initially be established within the PMU. Over the lifespan of the project, the TU will be transferred to the industrial area. Activities 2.2.1.1 and 2.2.1.2 are designed to develop the capacities of the project stakeholders with a view to have one of these partners (e.g. CER or ITP) take over the operation of the TU. Furthermore, a model will be developed for replication of the TU for sustainable industrial zones in other industrial areas.</p> <p>Please refer to page 25 In order to achieve the expected GEB, companies from the following industrial sectors will be targeted: foundries; metal processing; plastics; textiles; food; ship building; fish processing; chemistry; repair workshops; and paints. Please refer to page 18, paragraph 63. Chemistry, foundries and metal processing are prioritized for u-POPs reductions (Table H.2 on page 67) and the remaining sectors are prioritized for GHG reductions (Table H.3 on page 69).</p>
	<p>3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?</p>	<p>Additional information is needed on the GEBs for CW. The UPOPs GEB's seem to be significantly less than at PIF stage. At PIF the estimate was 28.4 g/TEQ now it's an order of magnitude less at 36 mg/TEQ. Please explain this difference in scale of GEBs and if/how the project remains cost effective.</p>	<p>During PPG phase, visits to companies and industrial zones as well as additional information received from the government revealed that uPOPs reduction at 8.92 g/a TEQ can be achieved by replication of BAT/BEP in 20% of the foundries and metal processing companies in five industrial zones. This will be possible due to the elaboration of policies on financial and nonfinancial mechanisms and technical guidelines for the increased adoption</p>

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
		<p>Also, it is not clear what the estimate for POPs reductions is for. If the project will remove POPs the unit measure is typically measured in metric tons not TEQ. Please provide additional information on what the TEQ for POPs GEB is.</p> <p>Also, the CW GEB section lists CoHC benefits please provide additional information on what this is, and also what the intervention of IACM is. What does this acronym stand for and what is the IACM methodology?</p> <p>Overall, the project presents a variety of environmental and industrial development needs outside of the CW and CCM strategic objectives. For example, there is mention of water pollution as one of the major concerns of the industrial area of Callao, and there are some activities that make reference to improvements in this regard (activity 3.2.1.1). There is also mention of feasibility studies for improvements of the physical infrastructure and utility services (activity 3.2.1.1). While we fully support the integrated nature of the project, please note that GEF resources should be focused on supporting, replicating and scaling up</p>	<p>and diffusion of low-carbon and clean technologies and practices to reduce uPOPs in industrial zones in Peru.</p> <p>The calculations carried out during the PPG Phase indicated that the potential for direct u-POPs emissions reductions in the industrial zone of Callao are higher than originally estimated, while the number of possible zones where this is possible to replicate are fewer than expected.</p> <p>Considering that the potential for replication is determined by the activities carried out in components 1 and 2, the budget for these two components has been reduced by a total of USD 750,000 in relation to the previous submission, dated 16/10/2017. This ought to cover the fixed costs for the development of policies and training material, considering the lower costs for replication IACM stands for "Innovative Approaches for the Sound Management of Chemicals and Chemical Waste". It is a methodology developed by UNIDO to improve sound chemicals management across industry value chains while increasing business performance of companies and reducing risks related to chemical accidents. The respective toolkit is available on-line (http://www.iamctoolkit.org) and is part of the IOMC toolbox that guides countries that wish to set up or improve their chemicals management system.</p>

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
		<p>GHG mitigation and reduction of UPOPs and POPs through incremental reasoning. While local environmental and socioeconomic co-benefits are important, those activities should be financed by the baseline and cofinancing, while the GEF resources are to be used to finance the incremental cost to address GEBs.</p> <p>Therefore, please clarify if all capacity building and pilot demonstration outputs that will be supported by the GEF resources are aligned with CW and CCM strategic objectives and provide additional information on the criteria with regards to technologies and processes and their GEB impact for the selection of the pilot projects. Will all projects address POPs and GHG emissions together or is there an expected proportion that will be focused on POPs vs. GHG emissions?</p> <p>March 6, 2018: Comments cleared. - The changes in expected u-POPs GEB's have been clarified as being due to an overestimation of potential replication in other industrial zones and the budget has been reduced accordingly.</p>	<p>The CoHC (Chemicals of High Concern) will be co-benefits of the project. These activities will be co-financed by project stakeholders. All activities not related to direct GEB for CW and CC (e.g. water pollution and infrastructure) will be co-financed by project stakeholders. In all pilot projects u-POPs reduction will be considered. In a minimum of 40% of the projects, GHG emissions will be targeted.</p>

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
		<ul style="list-style-type: none"> - The estimate for u-POPs is for emissions reduction, thus the units are not in tons. - The IACM methodology and Chemicals of High Concern referenced in the CW GEF section has been clarified. - The scope of the project has been clarified to utilize GEF resources for CW (all projects will be considered u-POPs reduction) and CC (40% of projects will target GHG emissions reductions) GEBs complemented by co-financing to support other types of activities. 	
	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)	Yes, risks have been considered.	
	5. Is co-financing confirmed and evidence provided?	Co-financing letters have been provided.	
	6. Are relevant tracking tools completed?	Yes, POPs and CCM tracking tools have been provided.	
	7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented?	NA	
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?	Yes, the project is coordinated with other related initiatives.	

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?	Yes.	
	10. Does the project have descriptions of a knowledge management plan?	Yes.	
Agency Responses	11. Has the Agency adequately responded to comments at the PIF ³ stage from:		
	<ul style="list-style-type: none"> • GEFSEC 	NA	
	<ul style="list-style-type: none"> • STAP 	STAP consented with the project and their comments have been addressed.	
	<ul style="list-style-type: none"> • GEF Council 	<p>Germany provided 5 comments which have been mostly addressed; however, please address the following:</p> <p>Germany made a comment regarding the introduction of climate risk management into the design of industrial parks. While it is mentioned in the Risks section as well as under Activity 1.1.1.5, please consider further mainstreaming the incorporation of climate risk concerns into Component 1 as a criteria for the development of sustainable industry zones in Peru when assessing the regulatory framework, developing a road map, assessing baseline information.</p>	The climate risk concerns and management are explicitly included in developing guidelines for assessing policy frameworks and the planning and management of sustainable industry zones in Peru. Please refer to 66,67,69,73 of the PD.

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.

CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
		March 6, 2018: Comment cleared. Climate risks will be included in the guidelines for policy frameworks and planning and management of sustainable industry zones.	
	<ul style="list-style-type: none"> • Convention Secretariat 	NA	
Recommendation	12. Is CEO endorsement recommended?	<p>Not at this time, additional clarification is required.</p> <p>March 6, 2018: All comments have been adequately addressed. P.M. recommends CEO Endorsement.</p>	
Review Date	Review	December 12, 2017	
	Additional Review (as necessary)	March 06, 2018	
	Additional Review (as necessary)		