



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF TRUST FUNDS

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|--|--|------------------------------|--------------------------|
| GEF ID: | 4446 | | |
| Country/Region: | Indonesia | | |
| Project Title: | Introduction of an Environmentally Sound Management and Disposal System for PCBs Wastes and PCB Contaminated Equipment in Indonesia | | |
| GEF Agency: | UNIDO | GEF Agency Project ID: | |
| Type of Trust Fund: | GEF Trust Fund | GEF Focal Area (s): | POPs |
| GEF-5 Focal Area/ LDCF/SCCF Objective (s): | CHEM-1; Project Mana; | | |
| Anticipated Financing PPG: | \$0 | Project Grant: | \$6,000,000 |
| Co-financing: | \$24,000,000 | Total Project Cost: | \$30,000,000 |
| PIF Approval: | December 21, 2011 | Council Approval/Expected: | February 01, 2012 |
| CEO Endorsement/Approval | | Expected Project Start Date: | |
| Program Manager: | Anil Sookdeo | Agency Contact Person: | M. Eisa |

| Review Criteria | Questions | Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹ | Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP) |
|--------------------------------|--|--|--|
| Eligibility | 1. Is the participating country eligible? | Yes. Indonesia has ratified the Convention in 2009 and submitted its NIP in 2010 | |
| | 2. Has the operational focal point endorsed the project? | Yes, Letter signed October 2010 by the OFP July 28, 2011 - the revised PIF contains a re-endorsement. | |
| Agency's Comparative Advantage | 3. Is the Agency's comparative advantage for this project clearly described and supported? | Yes. UNIDO has conducted a number of PCB management Projects already including in Asia. | |
| | 4. If there is a non-grant instrument in the project, is the GEF Agency | No | |

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

¹ Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 11-22-2010

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|-----------------------|--|---|--|
| | capable of managing it? | | |
| | 5. Does the project fit into the Agency's program and staff capacity in the country? | <p>This project is inline with the program of UNIDO, however some clarification is needed on the staff capacity in the country.</p> <p>July 28, 2011 - UNIDO has clarified that there is a country office in Indonesia that will be actively engaged in the implementation of this project - Comment Cleared.</p> | |
| Resource Availability | 6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply): | | |
| | • the STAR allocation? | | |
| | • the focal area allocation? | | |
| | • the LDCF under the principle of equitable access | | |
| | • the SCCF (Adaptation or Technology Transfer)? | | |
| | • Nagoya Protocol Investment Fund | | |
| Project Consistency | 7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework? | Yes | |
| | 8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified? | Yes | |
| | 9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, | Yes. The activities are identified in the National Implementation Plan of Indonesia. | |

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| | NAPA, NCSA, or NAP? | | |
| | 10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes? | <p>The Project needs to clarify, to whom and how will capacity be developed. From the PIF it is only clear that laboratory capacity will be strengthened, but it does not give a clear indication of where the capacity building efforts are targeted to.</p> <p>July 28, 2011 - UNIDO has elaborated that an expert will provide training to technicians etc on identification of PCB and PCB containing and/or contaminated material. In the elaboration of the FSP Document please identify how institutional capacity of utilities, laboratories etc will be developed through the project and maintained. It is not sufficient to provide training to selected staff of institutions, the training and Operating procedures must be codified to ensure sustainability.</p> <p>Comment cleared.</p> | |
| | 11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions? | <p>It is unclear what will be included in the Feasibility Study and why there is a need for the component to be so large. There are already established, environmentally sound means of disposing of PCB and safe handling, repackaging and interim storage are also well established. For Indonesia due to its geography it would be necessary to consider centralised or regional storage. In terms of destruction options, why is</p> | |

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| Project Design | | <p>non-combustion being considered given that the amount of PCBs will be finite and therefore could the investment in the technology be justified. Additionally in the NIP there is stated there that a company already disposes of PCB in cement kilns. Has the Government been able to assess the environmental and health impacts of this to make it considered as a means of disposal?</p> <p>July 28, 2011 - The revised PIF and responses to the 1st review has indicated that other than the NIP there has been no action taken at the Government Level on POPS. There is no indication given on what activities are being undertaken by or are planned to be undertaken by Government or industry to compliment the work on strengthening the ability of Indonesia to deal with POPS, for example, it is not clear if PCBs contained in equipment still in use will be replaced/retrofitted/maintained in situ. It is also unclear if the project intends to look at treatment of high concentration PCBs in country at appropriate facilities or if there is a plan to introduce such a treatment facility. Of the 3000 tonnes....is it already known what portion is high concentration and what percentage is low concentration.</p> <p>August 30, 2011 - The Baseline Project is still not clear. It is not possible to</p> | |

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| | | <p>separate out the activities that would produce national benefits only if only co-financing were available. Without a clear baseline the arguments for incremental costs cannot be made. Please look into the description of the baseline and improve it.</p> <p>November 14, 2011 - The Baseline project is yet to be defined and described. The revised PIF contains a the baseline scenario which is not the same as the baseline project. Please address this comment.</p> <p>December 12, 2011 - The Baseline project has been defined properly and sufficiently described. - Comment cleared</p> | |
| | <p>12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?</p> | | |
| | <p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?</p> | <p>Unable to access until issues with the project design are addressed.</p> <p>July 28, 2011 - Still needs to be clarified after revisions/questions raised in question 11 are clarified.</p> <p>November 14, 2011 - comment pending</p> <p>December 12, 2011 - The activities are incremental - comments cleared</p> | |

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| | 14. Is the project framework sound and sufficiently clear? | <p>No. See comment 12 and 13</p> <p>July 28, 2011 - The revised PIF clarifies the framework, however please clarify the following:</p> <ol style="list-style-type: none"> 1. Will high concentration PCBS be treated in country and if so what are the available options for doing this. 2. What percentage of the proposed 3000 tonnes to be disposed is high concentration PCB. 3. What are the plans of the utilities in regard to the phase out of PCB containing equipment. <p>November 14, 2011 - Comment cleared</p> | |
| | 15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate? | <p>Same as 15 above (please note the review sheet template has been changed so this is from the old template 28/07/11)</p> <p>July 28, 2011 - see comments on project design and baseline</p> <p>August 30, 2011 - Comment still not addressed.</p> | |
| | 16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/additional benefits? | <p>The socio-economic benefits are explained and the project is expected to create jobs in use of non-combustion technology.</p> <p>Please elaborate on part b of this question.</p> | |

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| | | November 14, 2011 - Comment Cleared | |
| | 17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly? | <p>The description given in the PIF indicates that the transfer of non-combustion technology will create new jobs, however there is need to clarify if there is a case to transfer technology that has limited application and will require additonal safeguards to be put into place before it can provide the required destruction of PCB while not further impacting the environment.</p> <p>July 28, 2011 - Comment addressed - Cleared</p> | |
| | 18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience) | <p>There is a conflicting risk described in the Risk table that is not consistent with proposing to introduce non-combustion technology. The 4th risk in the table indictes emissions of dioxins and furans emission. Please clarify if a number of disposal techniques will be used and also if these methods have proven environmental performance standards.</p> <p>July 28, 2011 - Comment has been addressed. Comment Cleared.</p> | |
| | 19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region? | <p>This needs to be further elaborated.</p> <p>July 28, 2011 - Elaborated - comment cleared.</p> | |
| | 20. Is the project implementation/ execution arrangement adequate? | <p>Not Clear from the PIF</p> <p>November 14, 2011 - Comment Cleared</p> | |

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| | 21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes? | | |
| | 22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included? | | |
| Project Financing | 23. Is funding level for project management cost appropriate? | <p>Yes within acceptable levels (6.7%)</p> <p>July 28, 2011 - further to the GEF Sec's email to implementing agencies on project management cost, please justify why the project management cost needs to exceed 5%.</p> <p>August 30, 2011 - PM costs adjusted - Comment Cleared</p> | |
| | 24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs? | <p>No. Please see comments above on this.</p> <p>July 28, 2011 - the level had been raised with additional cash contributions, however the levels are still not appropriate. UNIDO may wish to explore the how planned activities of the industries may contribute to the achievement of the phase out goals of the project.</p> <p>August 30, 2011 - UNIDO has made efforts to increase the level of co-financing, but it is still not at an appropriate level.</p> <p>November 14, 2011 - The efforts made so far in leveraging baseline funding are to be appreciated, however additional</p> | |

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| | | <p>effort is needed.</p> <p>December 12, 2011 - additional inputs from the Government have been provided. The baseline is now acceptable. Comment cleared.</p> | |
| | 25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided. | The Co-financing is only indicative at this time | |
| | 26. Is the co-financing amount that the Agency is bringing to the project in line with its role? | <p>No. For the size of the project being proposed it would be expected that UNIDO's contribution both in cash and in kind would be higher.</p> <p>July 28, 2011 - please clarify if the support costs from the projects will be part of the salary of the program managers mentioned in the agency co-financing.</p> <p>November 14, 2011 - Comment Cleared</p> | |
| Project Monitoring and Evaluation | 27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable? | | |
| | 28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets? | | |
| Agency Responses | 29. Has the Agency responded adequately to comments from: | | |
| | • STAP? | | |
| | • Convention Secretariat? | | |
| | • Council comments? | | |
| <p>• Other GEF Agencies?</p> | | | |
| Secretariat Recommendation | | | |

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| Recommendation at PIF Stage | 30. Is PIF clearance/approval being recommended? | <p>Not at this stage. Please address the comments above and provide a revised PIF for consideration. The following summaries the main issues;</p> <ol style="list-style-type: none"> 1. The co-financing ratio is too low 2. Please provide an indicative list of costs to be included under Project Component 1. 3. There is replication of activities in Project component 1, 3, 4 where these components include labeling and registry. In 1 and 3 especially there is a clear replication. Please align these and adjust the associated budgets. 4. Please clarify what types of technical options will be considered for the PCB containing equipment and waste? There are already established protocols from other projects for this. 5. Please clarify what possibilities to upgrade existing disposal facilities are? 6. Please clarify what will be the extent of the public awareness. 7. Para 17 indicates the project will look at non-combustion technology to be transferred and used in Indonesia to treat PCB oil and PCB contaminated waste. Please clarify if there is a business case for transferring this | |

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| | | <p>technology after the PCBs are dealt with and also would the technology be capable of treating other POPs waste?</p> <p>8. In the risks table there is a risk concerning combustion products. This is in conflict with transferring non-combustion technology to Indonesia. Please clarify.</p> <p>9. The Project seeks to accomplish two main objectives, the first being the collection and disposal of PCB and PCB containing waste from equipment already out of service and an ESM for managing PCB in equipment still in service. For the former, there should not be any legislative barrier to prevent this activity and inventory and identification, safe collection, interim storage and destruction would only be required. For the latter, there will be a need to plan the phase out of the PCB from equipment in service and put mechanisms in place at the industry level to prevent leakage and cross contamination as well as safe handling and storage and eventual disposal. Given these main objectives there are a number of proposed activities that while will assist in the general outcomes are not necessarily needed at this point. The Project could focus in the first instance on identifying and collecting all PCB oil and contaminated oils and waste that is not contained in equipment in service and develop mechanisms to allow for</p> | |

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| | | <p>management of existing equipment containing PCB to prevent leakage and ensure proper maintenance.</p> <p>It is not clear what type of feasibility studies are being envisioned for the project and how such a large investment would accomplish the disposal and management of PCB since other projects already implemented in the POPs focal area would have demonstrated cost effective handling, packaging and safe storage. A cost benefit analysis would be more appropriate to determine if it makes sense to establish a disposal capacity for just PCBs in Indonesia versus packaging and interim storage in Indonesia with Final Disposal in already established facilities that meet environmental standards required when dealing with POPs waste.</p> <p>10. One issue of concern is that all the activity is focused on the capital island of Indonesia. The geography of Indonesia is a likely factor in determining where and how to store PCB and PCB contaminated equipment and waste and on the eventual success in delivering a program that assists the country in over time dealing with its PCB still in equipment and storage and disposal of PCB in equipment out of service and in waste. How will the project propose to deal with this barrier?</p> | |

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| | | <p>July 28, 2011 - The project requires further revision before a recommendation can be made.</p> <p>August 30, 2011 - The PIF is still lacking in the description of the baseline project and adequate incremental cost reasoning. The co-financing is also below what is expected. The agency should revise the project and submit a revised PIF addressing the design of the baseline project and effort has to be made in clearly identifying the co-financing for this project.</p> <p>November 14, 2011 - The PIF still requires a clear description of the baseline project and an increase in co-financing.</p> <p>December 12, 2011 - The comments have been sufficiently addressed however the project budget can be reduced through cost savings. Please reduce the budget to 6M.</p> <p>December 20, 2011 Comment above cleared. PM recommends approval of the PIF.</p> | |
| | 31. Items to consider at CEO endorsement/approval. | 1. description and implementation plan for having the project replicated on islands in Indonesia not included in this project. | |
| Recommendation at CEO Endorsement/ Approval | 32. At endorsement/approval, did Agency include the progress of PPG with clear information of | | |

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| | commitment status of the PPG? | | |
| | 33. Is CEO endorsement/approval being recommended? | | |
| Review Date (s) | First review* | February 28, 2011 | |
| | Additional review (as necessary) | July 28, 2011 | |
| | Additional review (as necessary) | August 30, 2011 | |
| | Additional review (as necessary) | December 12, 2011 | |
| | Additional review (as necessary) | | |

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

| Review Criteria | Decision Points | Program Manager Comments |
|----------------------------|---|---|
| PPG Budget | 1. Are the proposed activities for project preparation appropriate? | <p>Not Reviewed pending revised PIF</p> <p>December 12, 2011.</p> <p>The Baseline situation is already described therefore there is no need for this to be covered in the PPG.</p> <p>Please revise the PPG request to no more than 150,000.</p> <p>The co-financing in the PPG should follow the PIF. Please revise.</p> <p>December 22, 2011 - Comments addressed - cleared</p> |
| | 2. Is itemized budget justified? | <p>Pending revision of the co-financing.</p> <p>December 22, 2011 - Co-financing revised to appropriate levels. Comment Cleared</p> |
| Secretariat Recommendation | 3. Is PPG approval being recommended? | <p>The level of co-financing needs to be revised in the PPG.</p> <p>December 22, 2011 - PPG can be recommended</p> |

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| | 4. Other comments | |
| Review Date (s) | First review* | December 12, 2011 |
| | Additional review (as necessary) | |

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