

|  |
| --- |
| **Project title:** Reduce the impact and release of mercury and POPs in Viet Nam through lifecycle approach and Ecolabel |
| Country: Viet Nam | **Implementing Partner (GEF Executing Entity):** Ministry of Natural Resources and Environment | **Execution Modality**: NIM  |
| **Contributing Outcome (UNDAF/CPD, RPD, GPD)**:**UNDAF Outcome***:* OUTPUT 2.2 Accelerated implementation of policies and measures and enhanced awareness and engagement of stakeholders for low-carbon development, circular economy, environmental protection, and reduced environmental pollution.**UNDP Country Program Outcome:** OUTPUT 2.2: Policies and solutions designed and implemented for transformation to low-carbon development, circular economy, and environmental protection |
| **UNDP Social and Environmental Screening Category**: Substantial | **UNDP Gender Marker: (2)**  |
| **Atlas Award ID:** 00128574 | **Atlas Project/Output ID:**00122537 |
| **UNDP-GEF PIMS ID number:** 6491 | **GEF Project ID number:** 10519 |
| **LPAC meeting date:** TBD |
| Last possible date to submit to GEF: 3 Dec 2021 |
| Latest possible CEO endorsement date: 3 Jun 2022 |
| Project duration in months: 48 |
| Planned start date: July 2022 | Planned end date: July 2026 |
| Expected date of Mid-Term Review: July 2024 | Expected date of Terminal Evaluation: May 2026 |
| **Brief project description:** The objective of the project is to protect human health and environment and promote sustainable production and consumption through the reduction of the use of POPs, new POPs and mercury and the release of POPs, U-POPs and mercury throughout the lifecycle in key industrial sectors supported by Ecolabel system, Green Financing, and Procurement mechanisms. The project intends to speed up the elimination of industrial POPs (SCCP, PFOS, PFOAs, HBCDD, PBDEs) from import and use; it will reduce the release of mercury and U-POPs from industrial sources and eliminate the manufacturing and use of mercury containing devices.The project will: (a) establish a Green Financing Mechanism (Grant and Loans) and a Green Procurement Scheme, Ecolabels and Environmentally friendly production; (b) demonstrate the application of POPs-free manufacturing and design; (c) demonstrate air pollution treatment devices for the abatement of U-POPs and mercury from the stack of industrial processes; (d) remove/replace at least 35 tons of POPs, 20,000 fluorescent lamps, and 10,000 medical devices, promoting their environmentally sound disposal; and (e) improve the regulatory framework concerning POPs and mercury control. The project builds on the experience gathered by the previous projects: GEF ID9379 “Application of Green Chemistry in Viet Nam to Support Green Growth and Reduction in the Use and Release of POPs/Harmful Chemicals “; and the GEF ID5067 “Viet Nam POPs and Sound Harmful Chemicals Management Project”. |
| **Financing Plan**(only cash transferred to UNDPs bank account and included in the TBWP for this specific GEF project should be included under this section (1), all others should be included under section (2)). |
| GEF Trust Fund grant *(only the portion approved by GEF CEO under UNDP)* | USD 4,600,050 |
| 1. Total Budget administered by UNDP
 | **USD 4,600,050** |
| 1. Co-financiers that will deliver project results included in the project results framework

(Funds not administered through UNDP accounts)  |
| VIETNAM PLASTICS ASSOCIATION (VPA)  | USD 3,500,000 |
| VIETNAM CORROSION ASSOCIATION (VICORRA) | USD 3,000,000 |
| VINAFOAM VIETNAM CO. LTD | USD 2,000,000 |
| Vietnam Environment Protection fund | USD 5,000,000 |
| Vietnam Environment Administration | USD 11,750,000 |
| Vietnam Environment Administration | USD 200,000 |
| Ministry of Industry and Trade  | USD 2,000,000 |
| Ministry of Health | USD 500,000 |
| Germany -EU/UNDP | USD 600,000 |
| 1. Total confirmed co-financing
 | **USD 28,550,000** |
| 1. Grand-Total Project Financing (1)+(2)
 | **USD 33,150,050** |
| Signatures:  |
| **Signature:** print name below | Agreed by Government Development Coordination Authority | **Date/Month/Year:** within 25 days of GEF CEO endorsement |
| **Signature:** print name below | Agreed by Implementing Partner | **Date/Month/Year:** within 25 days of GEF CEO endorsement |
| **Signature:** print name below | Agreed by UNDP | **Date/Month/Year:** within 25 days of GEF CEO endorsement |
| Key GEF Project Cycle Milestones:**Project document signature**: within 25 days of GEF CEO endorsement**First disbursement date**: within 40 days of GEF CEO endorsement**Inception workshop date**: within 60 days of GEF CEO endorsement**Operational closure:** end date as per the approved duration of the project from date of the Project Document signature**Financial closure:** within 6 months of operational closure |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Risk Description*** | ***Impact and Likelihood (1-5)*** | ***Significance*** ***(Low, Moderate Substantial, High)*** | ***Risk Category*** | ***Description of assessment and management measures for risks rated as Moderate, Substantial or High***  | ***Risk owner*** |
| **Risk 1: Duty-bearers, and other relevant stakeholders do not have the capacity to meet their obligations in the project** |

|  |
| --- |
| I = 4 |
| L = 2 |
|  |
|  |
|  |
|  |
|  |

 | **Moderate** | SocialHuman Rights: P4, P5 | **This risk is being addressed/mitigated by Project Design.****(Components 1 and 4)**1. The project will deploy training to ensure that the relevant Governmental Officials are assisted. The training will focus on the improvement of knowledge, capacities and practical actions to enforce the enhanced regulatory framework related to green supply chains of chemicals industries, Ecolabel and environmentally sound management principles of Mercury and Mercury/POPs emissions control. The training will also allow the Officials to understand their new extended responsibilities arising from the improved institutional and regulatory frameworks being developed by the project in terms of new legislation, guidelines and mandatory standards.
2. & (c) Consultation meetings with Banks and financial institutions will held during the development of the project document to engage their participation. Training, capacity building, communication will be carried out. The project will support these stakeholders to develop the eligibility criteria for the application to the Green Financing mechanism and demonstration activities under Components 2 and 3 will provide practical experinces in the application of the Financing Mechanism.
3. During design phase, initial agreement was achieve with the Commitment has been already achieved with *the Vietnam Environmental Protection Fund (VEPF) and the Banks BIDV, SacomBank* for applications of resources to the Green Financing Mechanism. GEF grant will provide seed funding in the form of micro-grants to faciliate scale up and the Co-finance Letters will be attached to the Project submission and the realizaiton of the co-finance will be monitored under the Component 4 in several strages of the Prioject cycle (including, but not limited to: Annual PIRs, Mid-term review and Terminal Evaluation).
 | MONRE/MOIT |
| **Risk 2: Adverse impacts on workers in the recycling sector who could not be included in the project activities** | I = 4L = 2 | **Moderate** | Health and EnvironmentHuman Rights: P5Accountability: P13, P14Standard 7: Labour and Working Conditions: 7.5 | **This risk is being addressed/mitigated by Project Design.****(Components 1 and 4)**1. The project will deploy training to ensure that the relevant Governmental Officials are assisted. The training will focus on the improvement of knowledge, capacities and practical actions to enforce the enhanced regulatory framework related to green supply chains of chemicals industries, Ecolabel and environmentally sound management principles of Mercury and Mercury/POPs emissions control. The training will also allow the Officials to understand their new extended responsibilities arising from the improved institutional and regulatory frameworks being developed by the project in terms of new legislation, guidelines and mandatory standards.
2. & (c) Consultation meetings with Banks and financial institutions will held during the development of the project document to engage their participation. Training, capacity building, communication will be carried out. The project will support these stakeholders to develop the eligibility criteria for the application to the Green Financing mechanism and demonstration activities under Components 2 and 3 will provide practical experinces in the application of the Financing Mechanism.
3. During design phase, initial agreement was achieve with the Commitment has been already achieved with *the Vietnam Environmental Protection Fund (VEPF) and the Banks BIDV, SacomBank* for applications of resources to the Green Financing Mechanism. GEF grant will provide seed funding in the form of micro-grants to faciliate scale up and the Co-finance Letters will be attached to the Project submission and the realizaiton of the co-finance will be monitored under the Component 4 in several strages of the Prioject cycle (including, but not limited to: Annual PIRs, Mid-term review and Terminal Evaluation).
 | MONRE |
| **Risk 3: Adverse economic impacts to small and medium sized industries and their workers due to banning of imports or restricting the use of certain chemicals used as baseline raw materials** | I = 3L = 2 | **Moderate** | **Environmental**Accountability: P13, P14- Standard 5; 5.2.Standard 8: Pollution Prevention and Resource Efficiency: 8.1; 8.2; and 8.3 | **This risk is being mitigated by Project Design. (Components 1 and 2)*** Under the Component 1, the Green Financial Mechanism aims to mitigate the financial impact of the Convention´s implementation by mitigating the financial burden for the enterprises compared to the baseline.
* A roadmap for banning of imports or restricting the use of certain chemicals will be introduced through a clearly identified timeline, which is agreed by stakeholders.
* Under the Component 2 (Outcome 2.1). The project will engage all stakeholders to identify win-win design or engineering solutions aimed at reducing the need for chemicals whose uses will be restricted and finding affordable and effective alternatives for chemicals that will be banned;
* A specific category of “eco-labelled products” will be identified so the design, manufacturing and placing on the market of products fulfilling the labelling requirements will be eligible under the green-financing mechanism that will be developed under the project.
* The Project will also engage with the government and seek additional support or conversion financing can be made available to such companies.
* During project implementation, Risk Assessment will be undertaken for the pollution control technologies application and the new production BAT/BEP used taking into consideration their impacts on workers. The industries will consult with trade unions or other workplace representatives to avoid or reduce redundancies, the method of selection and mitigating the effects, integrating outcomes into the final restructuring plan. This includes potentially training qualified existing staff on other roles or skills that may be needed at the industry. Where no viable alternatives are identified, a **Restructuring Plan** will be developed to reduce and mitigate adverse impacts of retrenchment on workers, including the following:
* Ensuring that any collective dismissals are carried out in accordance with the provisions of national law and applicable collective agreements.
* Ensuring that the criteria for selection for redundancy are objective, fair and transparent and aim to be gender-neutral; and implement a procedure which provides individuals with the right to challenge their selection.
* Ensuring that all outstanding back pay, social security benefits and pension contributions and benefits are paid to those affected by retrenchment in a timely manner.
* In the case of large-scale redundancies, provide UNDP with a copy of the restructuring plan, ahead of any dismissals.
 | MONRE / MOIT |
| **Risk 4: Inadequate participation of women in consultations, policy decision making and design of modalities for capacity building in uptake of BAT/BEP in the targeted industries** | I = 4L = 2 | **Moderate** | **Social**Gender Equality and Women’s Empowerment; P.10,  | **This risk is being managed by a Targeted Plan developed and attached to the Project Document.**The Gender Action Plan (GAP) is addressing potential risks and included measures to mainstream gender in all project components, with specific focus on encouraging women representation in the following:* In line with the Risk Mitigation Strategy associated in Risk #2, women will be encouraged in the engagement with the project through their participation in the marketplace roundtables to prevent that the opportunities generated by the project will translate in the consolidation of existing situations of inequality, discrimination or unlawfulness.
* Adequate inclusion of women employees in the project decision making process and the BAT/BEP selection processes;
* Training and supporting more women employees to management positions including being middle and senior managers;
* Supporting all the women and men who could potentially lose their jobs to be appropriately relocated;
* Making sure the project results dissemination materials be gender sensitive;
* The project publicity targets proportionally toward relevant women and girls; and
* Collection of sex-disaggregated data wherever relevant.
 | MONRE |
| **Risk 5: Risk of accidental release of hazardous substances during handling, treatment, transport between facilities, storage, disposal or testing of substances and wastes contained-chemicals***.* | I = 4L = 2 | **Moderate** | **Related to risks:**Standard 1: Biodiversity Conservation and Sustainable [Natural](#SustNatResManGlossary) Resource Management; 1.1, 1.7, 1.14Standard 3: Community Health, Safety and Security: 3.1, 3.4, 3.5Standard 7: Labor and Working Conditions; 7.6Standard 8: Pollution Prevention and Resource Efficiency; 8.1, 8.2 and 8.3 | **This risk is being addressed/mitigated:*** **Partially by Project design**
* **Partially by ESMP and additional Target Plans**

For the Project Contractors/Service providers: the project will engage a number of service providers/contractors to support the operationalization of several activities. These will be engaged using procurement (tendering) processes against clear Terms of Reference and Technical Specifications as approved in the Procurement Plan.1. Under Outcome 3.1, the project will ensure that qualified waste management companies will be recruited through public tendering process. Clear criteria will be set to ensure strong track records and compliance with relevant National and International regulations and standards for handling, treatment and disposal of hazardous waste.
2. The Contractors in charge of transportation, storage and handling of hazardous chemical must comply with Environmental Protection Law and Circular 36/2015/TT-BTNMT on hazardous waste management (applying for Environmental License and Workers certification and training).
3. Targeted **Spill Prevention and Management Plan** will be developed and implemented at sites for safe handling and disposal of chemicals and mercury-containing obsolete devices and safely cleanup of accidental mercury releases.

For the Industries that will participate in BAT/BEP Demonstration Activities: The project will provide technical assistance and oversee the deployment of technologies for the recycling of mercury containing equipment with segregation and storage of mercury. The Industries/Companies will implement such technologies through using their co-finance (not part of Project Budget.1. Eligible Industries and Enterprises were pre-screened during design phase. While final selection and engagement (including due diligence and contractual arrangements) will be carried out during implementation phase, it is confirmed that all eligible companies are located in industrial (legal) areas with no Heritage/Cultural Sites in these areas, therefore, Standard 4 is not triggered.
2. **Environmental and Social Impact Assessment (ESIA)** for each selected Industry/Company will be developed so to assess the potential social and environmental impacts in their area of influence. A **scoped** **Environmental and Social Management Plans (ESMP)** will be prepared to avoid and monitor any potential risk related to the demonstration activities co-financed by the Companies and that will be subject of oversight by the Project.
3. Targeted **Spill Prevention and Management Plan** will be developed and implemented at demonstration sites for safe handling and disposal of chemicals and mercury-containing obsolete devices and safely clean up of accidental mercury releases.

For the Company(ies) that willoperate mercury treatment facilities for fluorescent lightbulbs and mercury amalgam. The project will provide technical assistance for the operationalization and waste management strategy for the mercury treatment facilities, while capital investment for the establishment of the facility will be undertaken by the partner company. No new land will be availed for this project, existing baseline structured will be used.1. Eligible Industries and Enterprises were pre-screened during design phase. While final selection and engagement (including due diligence and contractual arrangements) will be carried out during implementation phase, it is confirmed that all eligible companies are located in industrial (legal) areas with no Heritage/Cultural Sites in these areas, therefore, Standard 4 is not triggered.
2. **Environmental and Social Impact Assessment (ESIA)** for each selected Industry/Company will be developed so to assess the potential social and environmental impacts in their area of influence. A **scoped** **Environmental and Social Management Plans (ESMP)** will be prepared to avoid and monitor any potential risk related to the demonstration activities co-financed by the Companies and that will be subject of oversight by the Project.
3. Targeted **Spill Prevention and Management Plan** will be developed and implemented at demonstration sites for safe handling and disposal of chemicals and mercury-containing obsolete devices and safely clean up of accidental mercury releases.
4. A **Risk Management Strategy** inclusive of technical guidance and training materials for the sound management of mercury stockpiles and obsolete mercury-containing equipment, with specific reference to mercury lamps and medical devices, will be developed;
 | MONRE |
| **Risk 6: Risk of flooding at mercury treatment and storage facilities** | I = 4L = 2 | **Moderate** | **Health**Standard 2: Climate Change and Disaster Risks, 2.2 | **This risk is being addressed/mitigated:*** **Partially by Project design**
* **Partially by Target Plan**

Eligible Location and Company were pre-screened during design phase. While final selection and engagement (including due diligence and contractual arrangements) will be carried out during implementation phase, it is confirmed that the company is located in industrial (legal) area with no Heritage/Cultural Sites in these areas, therefore, Standard 4 is not triggered.An **Environmental and Social Impact Assessment (ESIA)** for the selected Industry/Company will be developed so to assess the potential social and environmental impacts in their area of influence. A **scoped** **Environmental and Social Management Plans (ESMP)** will be prepared to avoid and monitor any potential risk related to the interim storage location sponsored by the Project.No new land will be availed for this project, existing baseline structured will be used. Therefore, Standard 5 is not triggered. The **ESIA** will also ensure that the interim storage facilities (Output 2.1.1, Output 3.1.1, Output 3.1.3) are referring to the Minamata Convention’s Guidelines [on the environmentally sound interim storage of mercury](http://www.mercuryconvention.org/Portals/11/documents/forms-guidance/English/Guidelines_Environmentally-sound-interim-storage_Nov2018.pdf) by confirming the following:* Site is appropriate and abides by local zoning requirements, Climate Risk assessment of the location will be carried out to consider the risk of flooding, and also incorporating flooding mitigation measures.
* Facility is designed to facilitate the safe handling of containers.
* Indoor air is vented outside, and where levels of mercury call for venting via activated carbon or other mercury capture systems, system is installed and operational.
* Site is equipped with a fire protection system.
* Emergency response plan in place and local fire department, where available, is sufficiently informed, trained, equipped and otherwise prepared to safely handle any fires at the facility.
* Facility is constructed of non-combustible materials and non-combustible materials should be used for pallets, storage racks and other interior furnishings.
* A drainage and collection system for discharged water exists enabling mercury monitoring from the site.
* Floors of storage facilities are covered with mercury-resistant materials and have no cracks.
* The facility is clearly marked with warning signs and secured to avoid theft and unauthorized access.

Should any of these requirements not be met, then Project will support their introduction, including retrofitting of the storage facility. | MOH / DOH MONRE |
| **Risk 7: Health and safety risk for the workers involved in the activities of handling, treatment, transport between facilities, storage, recycling, disposal or testing of substances and wastes contained-chemicals** | I = 4L = 1 | **Moderate** | **Health**- Standard 3: Community Health, Safety and Security, - Standard 7: Labour and Working Conditions,  | **This risk is being addressed/mitigated by Project Design.****(Components 2, 3 and 4)****This risk will ne mitigated by additional ESIA/ESMP.**The project will only engage with formally established and licensed enterprises, and will not carry out new construction. Prior to engage with any Company (Service Provider, Contract and/or Co-financier) the project will carry the appropriate **ESIAs** and prepare the **ESMP** in line with Risk Mitigation Strategies 2, 5 and 6 which will also consider that occupational health and safety measures are applied (through an **Occupational Risk Assessment**)For activities related to handling, treatment, transport between facilities, storage, disposal or testing of wastes1. Implement modern Air Pollution Control Systems to prevent the release of mercury and U-POPs suitable also for small enterprises; (Output 2.1.3)
2. Implement Relevant international guidelines and BEP on operational safety procedures for hazardous chemicals waste handling, transport, storage and disposal in accordance with international practice will be adopted during the first and second year of implementation (Output 3.1.1);
3. Develop and deploy training program involves provision of the necessary operational and safeguards exercise to the staff that are to be directly involved in the work on the treatment and storage area, and will be delivered in advance of starting actual site work and be updated throughout the period of work on the site as required. The scope of the training would cover overall hazardous waste and contaminated site management with specific emphasis on the packaging, physical handling procedures, inventory control and record keeping, site monitoring, emergency response and overall safeguards‐related EHS practices and procedures. The curriculum for the training will utilize the various international guidance materials available (Outputs 3.1.1, 3.1.2 and 3.1.3).;
4. Monitoring and evaluation will be conducted to ensure that enterprises and workers are conducting their work under safe conditions (Outcome 4.2, , and also technical supervision activities carried out under Output 2.1.2 – activities. 2.1.2.3 and 2.1.2.4 and 2.1.3 – activities. 2.1.3.3 and 2.1.3.4 )

For activities related to handling and recycling wastes1. The project will include awareness raising initiatives and training specifically tailored to inform and equip recycling workers with the appropriated PPE as well as Best Practices in handling of waste. Risk Management Measures will be adopted when dealing with such kind of waste, including the identification of waste material potentially contaminated by POPs, the properly use of PPE, norms related to the management of non-recyclable material to prevent open burning of waste which may generate U-POPs (dioxins).

To avoid risk of engaging with minors in the targeted industries.1. The project will only engage with companies or legal/ofrmal institutions fully compliant to local laws: the Labor Law (2019), the Children's Law (2016) and all documents guiding the implementation clearly stipulate the employment conditions of workers of under aged children.
2. Accordingly, the project will not engate with any company/partner that use workers under 18 in anyactivities of producing, using or transporting chemicals (Labor Law, (Article 147).
3. The Project will only engage to companies that are licensed following the Circular 36/TT-BTMTMT on the area of hazadous waste management.
4. Except for awareness raising actions (which indeed will be also aimed at preventing child employment), the project will not conduct any direct activity with informal operators.

Additional avoidance measures in the engagement activities with the stakeholders under the Outcome 2.1 and 3.1 will be managed through the **ESMP.** | MOH / MONRE |
| **Risk 8: Participation of minors in hazardous activities** | I = 4L = 2 | **Moderate** | Health- Standard 7: Labour and Working Conditions, Question 3 | Following the Vietnam’s Labor Law, the Children's Law and all documents guiding the implementation, it is forbidden to use workers under 18 and child labor in all activities of producing, using or transporting chemicals. Furthermore, Circular 36/TT-BTMTMT on hazadous waste management not only requires a licence for companies dealing with hazadous waste, but also requires workers in the company must obtain proper certificates. This requirement ensure that child labour will not be employed in hazadous waste activities. The risk is rated medium. **Risk mitigation/management measures (partially addressed by Project Design, partially to be addressed by Planned ESMP):*** The project will only engage with companies, cooperatives, associations and/or similar CSO institutions fully compliant to local laws: the Labor Law (2019), the Children's Law (2016) and all documents guiding the implementation clearly stipulate the employment of workers under the age of 18 as well as child labor under the age of 15. Accordingly, it is forbidden to use workers under 18 and child labor in all activities of producing, using or transporting chemicals (Labor Law, (Article 147).
* The Project will only engage to companies that are licensed following the Circular 36/TT-BTMTMT on hazadous waste management.
* Except for awareness raising actions (which indeed will be also aimed at preventing child employment), the project will not conduct any direct activity with informal operators.
* **Additional mitigation measures in the engagement activities with the stakeholders under the Outcome 2.1 and 3.1 will be managed through the ESMP.**
 |  |
| **Risk 8: Increased GHG emissions or consumption of raw materials, energy, water…** | I = 3L = 1 | **Low** | Human Climate ChangeStandard 2: Climate Change and Disaster Risks: 2.4Standard 8: Pollution Prevention and Resource Efficiency: 8.1, 8.2 and 8.3 | **This risk is being addressed/mitigated by Project Design.****(Components 2, and 33)**Based on experience on previous GEF project in Vietnam, energy and water consumption in production processes of chemicals companies were reduced. Therefore, POP reduction is usually accompanied by the savings of energy and resources.When selecting the processes and technologies for the transition of industries, the level of GHG emissions and use of raw materials of the considered alternatives will be assessed as the criteria to be evaluated for best environmental practice.* The ESMP (under Risks 5 and 6) will also incorporate the relative aspects of Standards 8 triggered and incorporate SES requirements where applicable.
 | MONRE / MOIT / beneficiary enterprises |
| **Risk 9: The COVID-19 Pandemic may inhibit the smooth implementation of this project, especially the sharing of the foreign experiences** | I = 2L = 2 | **Low** | OperationalHealth | Vietnam Government at different levels has taken measures to prevent COVID-19, including recent widespread vaccination in the country. The last wave of COVID-19 during July – September 2021 provided lots of experience to the Vietnam Government and counterparts in coping with difficult situation, improving its resilience and agility to adapt to different context. The project plans to carry out continuous monitoring and assessment of the impact of COVID-19 on the progress of project implementation and undertake appropriate adaptive management. Project management and implementation supervision can be undertaken through various means such as online and telephone interactions, international experiences may be shared through web seminars. | MONRE |
| **Risk 10: Organizational structure changed at the IP (Vietnam Environment Administration)** | I = 1L = 3 | **Low** | Operational | The new Vietnam Prime Minister introduce a new directive, in which the government is planning to reduce the number of government entities in ministries. This can result in the change of organizational structure in some ministries, agencies including Vietnam Environment Administration. Such any re-arrangement of structure could lead to delay in project implementation. UNDP will keep monitoring the process closely, and share this risk to Project Steering Committee led by the Vice Minister of MONRE, to ensure the smooth continuation of the project if the organizational structure changed happens.  | MONRE |