

Part I: Project Information		Response
GEF ID	10328	
Project Title	Circular Economy Regional Programme Initiative (Near Zero Waste)	
Date of Screening	13-Dec-19	
STAP member Screener	Saleem H. Ali	
STAP secretariat screener	Sunday Leonard	
STAP Overall Assessment		Concur
		<p>STAP welcomes the EBRD's Circular Economy Regional Programme Initiative (Near Zero Waste) project which aims to catalyze the scale-up of circular economy initiatives by addressing barriers to investments in circular economy technologies and processes, and adoption of circular economy strategies and business practices in Albania, Bosnia-Herzegovina, Montenegro, North Macedonia, Serbia, and Turkey.</p> <p>This is a well prepared PIF that provides relevant descriptions of the problems, barriers, and alternative scenarios backed with useful regional data and references, including the leading publications on circular economy as well as STAP recent paper on plastics and the circular economy.</p> <p>Although the implementation of circular economy projects is relatively new, STAP thinks this project has a reasonable likelihood of success given EBRD experience in implementing the circular economy in the region and because the project will build on important lessons learned from an earlier project implemented in Turkey. The fact that the project focuses on the full scope of the circular economy including redesign, life extension, reuse, recycling and value recovery, also provides some assurance on the possibility of project success. If well implemented, the project could be an excellent demonstration of how to move from the theory of circular economy to the practical implementation of its principles in GEF type projects.</p>

		<p>Overall, this project promised to be innovative, given that it seeks to create a relatively new way of doing business (circular economy) in the target countries and, if successful, could lead to transformative change in the targeted sectors. The focus on SMEs is also commendable, given that many of the existing implementations of the circular economy have been mainly by large corporations. Furthermore, the planned engagement of the private sector and proposed finance mechanism may also help facilitate project durability and scale-up.</p> <p>However, STAP wishes to bring to the issue of “circular rebound” to the attention of the project proponent. Circular rebound occurs when the implementation of circular economy activities leads to an overall production increase due to the savings and efficiency created by the success of the circular economy. This can partially or fully offset circular economy benefits. STAP, therefore, recommends that the proponent review relevant literature on this topic and build in knowledge from this into this project. Examples of relevant literature include Zink and Geyer, 2017. Circular Economy Rebound, Journal of Industrial Ecology. https://www.researchgate.net/publication/313371834_Circular_Economy_Rebound; Figge and Thorpe, 2019. The symbiotic rebound effect in the circular economy, Ecological Economics, 163. https://doi.org/10.1016/j.ecolecon.2019.04.028; Hovarth et al. 2019. The Ecological Criteria of Circular Growth and the Rebound Risk of Closed Loops, Sustainability. https://www.mdpi.com/2071-1050/11/10/2961/pdf. We also wish to bring the work of the International Resource Panel on Resource Efficiency (https://www.resourcepanel.org/reports/resource-efficiency) to the attention of the project proponent, which could provide guidance on maximizing the impact of the project.</p> <p>Although the problem statement, barriers, planned interventions, and expected outcomes were provided in the PIF, no theory of change was presented and it is difficult to appreciate the underlying assumptions and how the project will address issues if the expected result does not turn out as planned. STAP recommends that the proponent review its recent publication on theory of change for further guidance on developing theory of change for GEF type projects: http://stapgef.org/theory-change-primer</p>
		<p>It is encouraging that this project will generate global environmental benefits across 3 GEF focal areas – Climate Change Mitigation, Chemicals and Waste, and International Waters; and still have other environmental and social benefits. STAP also thinks that the project could also contribute to the GEF land degradation focal area given its focus on agriculture and plastics. Plastics are now being recognized as a source of land pollution, including in Europe. See the following publications for more details: IEEP, 2018. Plastic Pollution in Soils, https://ec.europa.eu/eip/agriculture/en/find-connect/project-ideas/plastics-pollute-soil; Machado et al. 2018. Microplastics as an emerging threat to terrestrial ecosystems. Global Change Biology, 2018; DOI: 10.1111/gcb.14020.</p> <p>STAP recommends that a detailed analysis of the expected global environmental benefits from the project be carried out at the project preparation stage. The current estimates of GEBs are mainly based on assumption given that the specific sectors, businesses, or products that the project will focus on have not been concretely identified.</p>
Part I: Project Information	What STAP looks for	
B. Indicative Project Description Summary		
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Yes
Project components	A brief description of the planned activities. Do these support the project’s objectives?	Well described with clear goal
Outcomes	A description of the expected short-term and medium-term effects of an intervention.	These are adequately provided.
	Do the planned outcomes encompass important global environmental benefits/adaptation benefits?	

	Are the global environmental benefits/adaptation benefits likely to be generated?	
Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	Adequately provided
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	
1. Project description. Briefly describe:		
1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	A good discussion and table provided on barriers and lesson-drawing from past experiences
	Are the barriers and threats well described, and substantiated by data and references?	
	For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	
2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	Baselines are provided and project aims to build on past projects
	Does it provide a feasible basis for quantifying the project's benefits?	
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	
	For multiple focal area projects:	
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	
	are the lessons learned from similar or related past GEF and non GEF interventions described; and	
	how did these lessons inform the design of this project?	
3) the proposed alternative scenario with a brief description of expected outcomes and components of the project	What is the theory of change?	Alternative scenario presented but no theory of change provided. See STAP overall comment above for further comments on theory of change
	What is the sequence of events (required or expected) that will lead to the desired outcomes?	
	· What is the set of linked activities, outputs, and outcomes to address the project's objectives?	
	· Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions?	
	· Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?	Cost reasoning is well defined.
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits, and are they measurable?	GEBs across 3 focal areas. Other environmental, social and economic benefits possible from the project. However, the rebound effect can negate benefits from implementing a circular economy and this needs to be addressed in project design. Please see STAP's overall comments above for more details

	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	
	Are the global environmental benefits explicitly defined?	
	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits will be measured and monitored during project implementation?	
	What activities will be implemented to increase the project's resilience to climate change?	
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	Implementing circular economy is innovative. Focus on SMEs and propose financial model and private sector engagement could help ensure sustainability and scale-up
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		Not georeferenced but overall map provided.
2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?	Adequate presentation of stakeholders engagement is provided.
	What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?	
3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /tbd	Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?	Yes – there is a fairly detailed section on gender aspects of this project.
	Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?	
5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design	Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control?	Identified and relatively well addressed

	Are there social and environmental risks which could affect the project?	
	For climate risk, and climate resilience measures:	
	· How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately?	
	· Has the sensitivity to climate change, and its impacts, been assessed?	
	· Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with?	
	· What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures?	
6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	
	Is there adequate recognition of previous projects and the learning derived from them?	
	Have specific lessons learned from previous projects been cited?	
	How have these lessons informed the project's formulation?	
	Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	
8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.	What overall approach will be taken, and what knowledge management indicators and metrics will be used?	
	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	
STAP advisory response	Brief explanation of advisory response and action proposed	
1. Concur	STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.	
	* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that <i>"STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design."</i>	
2. Minor issues to be considered during project design	STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:	
	(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;	

	(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.	
	The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.	
3. Major issues to be considered during project design	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:	
	(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.	