



Sustainable and Efficient Electric Mobility System in Sri Lanka

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10651

Countries

Sri Lanka

Project Name

Sustainable and Efficient Electric Mobility System in Sri Lanka

Agencies

UNEP

Date received by PM

5/26/2022

Review completed by PM

8/5/2022

Program Manager

Ming Yang

Focal Area

Climate Change

Project Type

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is aligned with the GEF CCM 1-2 focal area element: "Promote innovation and technology transfer for sustainable energy breakthroughs for electric drive technology and electric mobility."

8/4/2022 MY:

Not completed yet. Please address the following comments from the GEF PPO Unit:

1. On M&E: Please include the M&E budget in section 9 of the portal.
2. On the table provided for the utilization of PPG: Kindly note that 5k are still committed. Please correct the total of budget consumed and total of budget committed.
3. On Core Indicators:
 - Please include indirect GHG emissions.
 - Neither the M&E Plan, nor the Results Framework in the ProDoc describes the sources, frequency of updates and budget adequate funds for M&E activities. Please include these elements in the M&E plan.
4. On Gender: It is noted that the project has considered gender and outlined in the section on gender analysis and action plan. This indicates that the project will contribute

to relevant results on gender. It seems that there might have been an oversight, however, and they have forgotten to tick the box ? Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? ? Please revise the submission and tick the relevant box.

8/10/2022 MY:

Not completed yet.

Please continue addressing the following comment of the PPO:

- Core Indicators: Neither the M&E Plan, nor the Results Framework, available in the ProDoc describes the sources, frequency of updates and budget adequate funds for M&E activities. Please include these elements in the M&E plan. (Partially addressed? Annex J of the project document includes budgeted activities for M&E, but the document still does not seem to include information on frequency of data collection whereas this aspect is called for in Guidelines. Likewise the source of the data is missing in most instances. Please include those elements. See for reference paragraph 26 on M&E design of Annex 12 of the Project Cycle Guidelines which states: ?To assess the quality of the M&E plan, the evaluators will assess: Was the M&E plan at the point of CEO Endorsement practical and sufficient? Did it include baseline data? Did it specify clear targets and appropriate (SMART) indicators to track environmental, gender, and socio economic results; a proper methodological approach; specify practical organization and logistics of the M&E activities including schedule and responsibilities for data collection; and, budget adequate funds for M&E activities??

8/12/2022 MY:

Yes, comments were addressed and the project document was revised.

Agency Response

Response to Comments made on 8/4/2022

1. M&E Budget is included in section 9 of the portal.
2. Annex C Table on PPG fund utilization updated.
3. Core Indicators

- The indirect GHG Emissions were not included in the PRF as the emissions will occur over a period of 10 years post the project completion. And as such not be captured in the

reports of the project documents (PIRs, Final Reports, etc.) This has been included in the PRF as indicator for the overall objective with the time frame over which these will occur.

- The table with budget for M&E activities is included in Section 9 of the Portal. This also includes the responsible entity for each M&E activity and the timeline.

4. Gender: The Relevant box has been ticked in the relevant section in the Portal.

Response to Comment provided on 10th August

The point is well taken. The Project Result Framework, which outlines the indicators to be monitored for measuring success of the project, now explicitly includes additional columns: Earlier some of this information was in the Verification of information column. One includes information on Data Sources/Collection Method and another on Frequency/responsible persons. This information is added for each of the Indicators to monitor the progress and success of project. Further, a row is introduced in table in the M&E section pertaining to Monitoring of indicators in the PRF, which provides link to the information in PRF table in Annex A.

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not at this time.

1. Please spell out all abbreviations such as E2Ws and E3Ws.
2. For output 2.2, in both Table B and in the text description for Component outputs, please indicate the number of each e-vehicle technology that will be invested and installed by the project, including E2Ws, E3Ws and E bicycles, renewable energy-integrated charging infrastructure etc.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

1. The abbreviation has been spelled out at the first location of appearance . The full expanded version was already included in the Annex Q (Abbreviations).

2. The indicative numbers for each e-vehicle technology are included in Table B output 2.2 and Alternative scenario output 2.2 (page 29)

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not at this time.

1. Please ask the Ministry of Transport to issue a co-financing letter for the \$3,400,00 in-kind contribution, or ask the Ministry of Transport to issue a letter which authorizes the Ministry of Environment to write a letter of co-financing on behalf of the Ministry of Transport for the \$3,400,000 in-kind co-financing.

2. In Table C, for at least one co-financier, the co-financing type in its letter is not consistent with that in Table C. Please check and revise it.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

1. A copy of the letter, dated 24th February 2022, issued by the Ministry of Transport (MoT) informing the Ministry of Environment (MoE) of their co-financing contribution is now included in the documents.
2. A new co-Finance letter from the private sector partner (Thermal RI) correcting the language from in-kind to equity investment for investment mobilization has been included in the documents.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed.

To effectively address the comments of the GEF Council, please try it again to bring some non-in-kind co-financing to this project.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

As explained in the CEO Endorsement Document, private sector was closely involved in the project design and is keen to participate as they view this as a business opportunity. As an indication of their commitment, Co-finance from Thermal(R) Industries is in form of equity to establish e-bikes in the City of Anuradhapuram including the project site. David Piers Motor Company has issued a letter of co-finance indicating the areas where they would contribute, such as facilitating access to finance by providing loans in easy installment for 80 E2Ws, 20 conversion kits from ICE to EV and arrange lease for such conversion kits. Other private sector entities such as the supermarkets have shown interest in providing preference to use of EVs for their delivery. Due to the current economic crisis faced by the country, they are not in position to give a firm commitment of value of co-finance. But they have expressed strong interest in continued engagement and make support available at the project implementation stage. This shall be kept in focus and as the situation improves during the project implementation firmer co-finance commitments will be achieved.

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, Annex C is presented in the CEO AR document.

Agency Response

Core indicators

**7. Are there changes/adjustments made in the core indicator targets indicated in Table E?
Do they remain realistic?**

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, the indicator targets in Table F look realistic.

Agency Response

Part II ? Project Justification

**1. Is there a sufficient elaboration on how the global environmental/adaptation problems,
including the root causes and barriers, are going to be addressed?**

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, it is presented in the section of "1) Global environmental and/or adaptation problems, root causes and barriers that need to be addressed of 1b. Project Description".

Agency Response

**2. Is there an elaboration on how the baseline scenario or any associated baseline projects
were derived?**

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed yet. The baseline scenario should also describe any future possible e-mobility projects. In the section of 2) Baseline scenario and any associated baseline projects of 1b. Project Description", please add one paragraph to show what will happen to the transport sector in the country from 2023-2050 if the GEF does not finance the project.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

Following added to the end of the Baseline Section (page 21)

Even though the government has recognized the importance of EVs to mitigate emissions including GHGs and reduce the use of fossil fuels, financial resources for the implementation of those EV projects proposed could not be raised, primarily due to the risks associated with the unfavorable environment and host of challenges, as identified by the project. In instance, Government's plan to introduce electric buses and convert two-stroke 3Ws to electric did not materialize because of a lack of funding and other requirements (regulatory, infrastructure, etc.). In absence of a clear policy and regulatory environment the private sector is reluctant to invest in e-vehicles and e-vehicle infrastructure. Further, the initial enthusiasm of private owners to procure e-vehicles has waned because lack of policy and regulatory environment for creation of charging infrastructure as well as ancillary services, such as availability of batteries, has adversely affected the operations of existing e-vehicles. It is apparent from the number of new registrations of EVs, that there is a downward trend since its notable introduction in 2015, and there is a tendency to convert EVs to ICE due to the challenges in the replacement of batteries. A significant part of effort in developing the policy and regulatory framework is lack of capacity and analysis on designing the strategy, policies, regulations, etc., both, in the government as well as in research organizations. Further, in current economy situation it is unlikely for the Government to allocate additional resources for supporting the work GEF project is supporting.

There are very few externally supported initiatives. GGGI is supporting study on feasibility of e-buses in Colombo. USAID has recently announced support to promote local manufacture of EVs. In an agreement signed in June 2022, USAID Sri Lanka's Energy Program agreed to provide technical assistance to support VEGA Innovations' efforts to promote the adoption of electrical vehicles, including E3Ws. It will also help pilot a charging network for electric vehicles and support the manufacturing of locally designed batteries and inverters. While this project focus on technology, it lacks a comprehensive approach for electric mobility related policies and institutional coordination.

Therefore, without the GEF funding, a Long-term Strategy (LTS), key elements required for EV uptake, such as -policy coherence, inter-ministerial coordination, incentives, infrastructure, training, and public outreach,- would not be possible. This coupled with lack of demonstrable public-private partnerships or coordinated introduction of EVs into city planning efforts will lead to a further deterioration of public trust in EVs. . Public confidence eroding further would pose a significant problem to the re-introduction of EVs in the future. Therefore, no significant progress will be made in the country to promote EVs despite the recognition of its importance and public?s increased demand for non-fossil fuel-based vehicle options. Further, this will create significant challenges in achieving the country?s transport sector NDC targets by 2030 and economy-wide Net-Zero Carbon by 2050.

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

5/26/2022 MY:

Not completed yet. In the section of "3) Proposed alternative scenario with a description of project components, outcomes, outputs and deliverables of the Project Description.", please add one paragraph to describe any future possible e-mobility projects that can be incorporated with the GEF project.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

Following added to at the beginning of Alternative Scenario (end of page 22)

MoT is currently working with GGGI to understand the feasibility of introducing electric buses in selected routes. The activities identified under the Component 1 of the GEF project to develop a LTS and MAP will incorporate the findings of GGGI work for aligning the electric bus introduction with other necessary infrastructure, policy, and regulatory requirements. Recently announced (June 2022), USAID support work will be aligned with the GEF projects, specifically on development policy and regulations to promote manufacturing of components/vehicles in Sri Lanka. The GEF project also work closely with the USAID project in expanding the pilots for both E3Ws and chagrining infrastructure as well as use the lessons learned in policy and regulatory design.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, the project is well aligned with the GEF CCM 1-2 objective.

Agency Response

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed yet.

The baseline scenario is all about what happened in the past. In the baseline scenario, please also describe what will happen to the transport sector in the country from 2023-2050 if the GEF does not finance the project.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

Following added to the end of the Baseline Section (page 21)

Even though the government has recognized the importance of EVs to mitigate emissions including GHGs and reduce the use of fossil fuels, financial resources for the implementation of those EV projects proposed could not be raised, primarily due to the risks associated with the unfavorable environment and host of challenges, as identified by the project. In instance, Government's plan to introduce electric buses and convert two-stroke 3Ws to electric did not materialize because of a lack of funding and other requirements (regulatory, infrastructure, etc.). In absence of a clear policy and regulatory environment the private sector is reluctant to invest in e-vehicles and e-vehicle infrastructure. Further, the initial enthusiasm of private owners to procure e-vehicles has waned because lack of policy and regulatory environment for creation of charging infrastructure as well as ancillary services, such as availability of batteries, has adversely affected the operations of existing e-vehicles. It is apparent from the number of new registrations of EVs, that there is a downward trend since its notable introduction in 2015, and there is a tendency to convert EVs to ICE due to the challenges in the replacement of batteries. A significant part of effort in developing the policy and regulatory framework is lack of capacity and analysis on designing the strategy, policies, regulations, etc., both, in the government as well as in research organizations. Further, in current economy situation it is unlikely for the Government to allocate additional resources for supporting the work GEF project is supporting.

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Therefore, without the GEF funding, a Long-term Strategy (LTS), key elements required for EV uptake, such as -policy coherence, inter-ministerial coordination, incentives, infrastructure, training, and public outreach,- would not be possible. This coupled with lack of demonstrable public-private partnerships or coordinated introduction of EVs into city planning efforts will lead to a further deterioration of public trust in EVs. . Public confidence eroding further would pose a significant problem to the re-introduction of EVs in the future. Therefore, no significant progress will be made in the country to promote EVs despite the recognition of its importance and public's increased demand for non-fossil fuel-based vehicle options. Further, this will create significant challenges in achieving the country's transport sector NDC targets by 2030 and economy-wide Net-Zero Carbon by 2050.

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes. It is presented in Table 6: Global Environmental Benefits and an Annex to show the GHG accounting for the project.

Agency Response

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is presented in the section of 7) Innovativeness, sustainability and potential for scaling up.

Agency Response

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is presented in Annex E.

Agency Response

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is reflected in the section of "1d. Child Project".

Agency Response

Stakeholders

**Does the project include detailed report on stakeholders engaged during the design phase?
Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, a detailed report on stakeholder engagement and a stakeholder engagement plan are presented in the section of "2. Stakeholders"

Agency Response

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, gender analysis and activities are embedded throughout the project document, and gender-sensitive indicators are included in the results framework.

Agency Response

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed yet.

There is no cash or investment co-financing from the private sector. Please try it again to bring some private capital, equity or cash co-financing to this project. This is to effectively address the comments of the GEF Council.

8/4/2022 MY:

Yes, comments were addressed.

Agency Response

Two private sector agencies have shown their commitment to invest. Thermal IR is providing equity investment, this has been clarified in a revised letter. DPMC listed their financing commitment in providing financing in the co-financing letter issued previously. Though there has been a keen interest in partnering, due to the current economic crisis faced by the country, investors are hesitant to make a firm financial commitment.

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed yet.

Please add one paragraph on the risk to engage the private sector in contributing capital or equity investment in the project.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

Following added to the risks table in Risk section

During the stakeholder discussion, private sector organizations showed interest in moving to electric mobility. This was mainly due to the low operating cost, green image and integrated technologies in the vehicle that facilitates their operational requirements. However, an unstable policy and regulatory environment and lack of necessary infrastructure have hindered the adoption of electric mobility. While the fuel crisis escalated by the economic crisis has made the public move for fossil-fuel-free technologies, depreciation of the local currency has limited the capacity of the private sector for investment in new areas and expansion. The government is currently working with International Monetary Fund and Foreign governments to solve the economic issue. Therefore, moving forward private sector will be more likely to use fossil-fuel-free technologies and move to renewable energy sources to reduce its dependence on oil

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is presented in the section of "6. Institutional Arrangement and Coordination".

Agency Response
Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, the project is consistent with the national priorities of Sri Lanka as shown in section of "7. Consistency with National Priorities".

Agency Response
Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, the KM is elaborated with a timeline and deliverables as shown in section "8. Knowledge Management".

Agency Response
Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, Monitoring and Evaluation (M&E) activities and related costs are presented in the costed M&E Plan (Annex J) and integrated in the overall project budget.

Agency Response

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, the social and economic Co-benefits of the project are described in Section "10. Benefits".

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, they are all attached to the CEO AR document.

Agency Response

Project Results Framework

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, it is attached in Annex A.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not completed at this time.

Annex B.4 (? Responses to Council comments) needs more information.

The US council member specifically commented the following for this [project](#):" Within Sri Lanka, there was very minimal reference to the project?s stakeholders. We look forward to seeing much more clearly defined information on stakeholders and their engagement in the next stage of proposal development."

The following Response of UNEP is dated "Comment taken and shared with UNEP project proponents in charge of the Sri Lanka child project. Engagement of project stakeholders will be further elaborated during the proposal development phase of the Sri Lanka e-mobility project."

Please address the US comment with updated information and with supporting materials or evidence.

The German council member commented the following: "Germany welcomes that the project foresees a clear role for the private sector as a supplier for electro mobility technologies. However, given that private sector investments in electric mobility will be key, Germany would welcome the inclusion of activities that specifically directed at spurring private investments in electric mobility (from the demand side). For instance, some firms have switched parts of their operations to electric fleets. These types of opportunities could be considered within the PIF."

Please write a section to address the comment of the German council member with particular respect of Sri Lanka.

7/29/2022 MY:

Yes, comments were addressed and the project doc was revised.

Agency Response

Response to US Council member: During the project design phase, the consultant team had in-depth discussions with different stakeholder groups such as government institutions, the private sector, CSOs and professional organizations as discussed in Section 2 (Stakeholders) of the CEO endorsement document. These discussions were held on one to one basis as well as in group settings. A vast range of scope was covered by different stakeholders with respect to their mandates such as policy, EV technologies and social impacts.

Response to German Council Member: During the stakeholder discussions, private sector organizations were contacted, and in-depth discussions were held to understand their problems/ concerns and interests. For EV technologies discussions were held with the following organizations: Thermal IR, David Peris, Vega Innovations, SL Mobility, Nevorp Motors, LAUGFS Holdings Limited. They were interested in the project and have expressed their willingness to work with the project to demonstrate their Technologies. Thermal IR has issued a formal cofinance letter in this regard as well. In addition, supermarket chains were contacted to use the EV fleets for their delivery services, and they are willing to add EV vehicles to their delivery fleet.

STAP comments

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Yes, STAP comments are addressed in Annex B.3 - Responses to STAP comments.

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response
CSOs comments

Secretariat Comment at CEO Endorsement Request
N/A

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, it is presented in Annex C.

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

Yes, it is presented in Annex C.

Agency Response
Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request
5/26/2022 MY:

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

5/26/2022 MY:

Not at this time. Please address the comments above.

8/4/2022 MY:

Not completed yet. Please address the comments of the GEF PPO that are shown in Box 1 of this review sheet.

8/10/2022 MY:

Not completed yet.

Please address the PPO's comment that is specified in Box 1 of this review sheet.

8/12/2022 MY:

Yes, comments were addressed and the project document was revised.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	5/26/2022	
Additional Review (as necessary)	7/29/2022	
Additional Review (as necessary)	8/10/2022	
Additional Review (as necessary)	8/12/2022	
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

Fuel and food shortages caused by COVID-19 have been triggering economic, financial, political and social crises in Sri Lanka. Recently, the country's new prime minister, Ranil Wickremesinghe, told Sri Lanka's parliament that the country will need \$5 billion over the next six months to import necessities to ensure daily life in the country, including large part of the funds for fuel import. Therefore, assisting the country to switch from internal combustion engine vehicles to electric vehicles will effectively help the country emerge from the crisis and reduce greenhouse gas emissions.

The goal of the project is to reduce greenhouse gas and air pollutant emissions by accelerating the introduction of electric vehicles in Sri Lanka, as well as reducing fuel import costs and associated foreign exchange risks. The project consists of four components: 1. Strengthening the enabling environment; 2. Facilitating technologies, investments and public-private partnerships for EV transition; 3. Sharing knowledge and building capacity to support low-carbon, e-mobility strategies; 4. Monitoring and Evaluate. With \$1 million in GEF funding, the project could potentially raise \$25 million in co-financing from the government and other stakeholders, including the private sector. The project aims to reduce 12 million tonnes of CO2 equivalent and save 40,449,254,110 MJ of energy over its life cycle operation.

COVID risk and opportunity analysis

Sri Lanka has been through four waves of COVID-19 lockdowns from March 2020 to October 2021. These lockdowns have severely impeded movement between provinces and participation in employment and educational activities. In the short term, the COVID-19 pandemic poses several risks, which can negatively affect project implementation. These include: (1) travel restrictions between districts and provinces; (2) restrictions with regards to meetings and meeting size; (3) restricted access to offices; (4) shift of government priorities. Fortunately, Sri Lanka's vaccination rate is quite high. 95% of over 60s are now vaccinated while vaccination rates from 30-60 hover at around 75%. Vaccination rolled out for younger age groups; even school children began in August 2021. So far, more than 85% of the eligible population (over 16) has been vaccinated. As a result, international travel has been operational since the fourth quarter of 2021 with practically no restrictions for vaccinated individuals. Meetings with up to 50 participants are allowed. New working arrangements including part-time telecommuting are fully adapted and cause no additional inefficiencies. Under this scenario, the implementation of the project will not be significantly delayed by COVID -19.

The PM recommends technic clearance for the project.