

Transition Towards Electric Mobility in Armenia

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10280

Countries

Armenia

Project Name

Transition Towards Electric Mobility in Armenia

Agencies

UNEP

Date received by PM

12/9/2020

Review completed by PM

4/28/2021

Program Manager

Ming Yang

Focal Area

Climate Change

Project Type

MSP

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

12/15/2020 MY:

Yes. It is aligned with "promoting innovation and technology transfer for sustainable energy breakthroughs for electric drive technology and electric mobility."

5/3/2021 MY:

GEF PPO colleagues provided the following comments. Please address them:

1. On the PMC Proportionality: there is no proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 8.58%, for a co-financing of \$4,595,000 the expected contribution to PMC must be around \$395,170 instead of \$240,000 (which is 5.2%). As the costs associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion.

2. On Project Information: Kindly note that the expected implementation start should be corrected as the date stipulated is in the past. In addition, the project duration also needs to be corrected to 36 months.

3. On Table B: note that the Monitoring and Evaluation Component is missing ?Expected Outcomes and Outputs?. Please include this information in the Table where appropriate.

4. On the Budget:

- i. Project Manager has been charged to both M&E and PMC when it should be charged to PMC only (7k+7K).
- ii. Procurement specialist has also been mistakenly charged to the component while it should be charged to PMC.
- iii. M&E & Dissemination consultant should be charged to the M&E Budget but not to Outcome 2.

5/6/2021 MY:

Yes, all comments were addressed and the CEO AR package was revised accordingly.

Agency Response

5/4/2021

1. Thank you for the suggestion. The PMC portion for co-financing has been increased. The revised Co-finance allocations are reflected in in Table B and Annex I-2.
2. Implementation start date is revised in the portal as suggested, as well as project duration.
3. The M&E budget is shown in Table B as a separate row as per the GEF requirement. The issue of defining outcomes and outputs for M&E budget was discussed with Henry Salazar at GEF Sec during a call. At the meeting it was agreed M&E row doesn't need to include outcomes and outputs. These guidance and understanding have been followed in all the projects submitted by UNEP.
4. i. The Project Manager/Transport specialist is no more charged to M&E budget.
4. ii. We have mistakenly named the 'Procurement Specialist'. The specialist's role is to undertake the technical designing of specification for charging infrastructure that will be established as part of the project investment. This is a technical function. These specifications will be used in designing the call for proposal. The title therefore has now been changed to 'Charging Infrastructure Specialist' to better reflect the role and responsibilities of the technical specialist. The change is reflected in Annex I-1 and Annex H.
4. iii. M&E & Dissemination consultant is now charged to the M&E Budget as suggested. The change is reflected in Annex I-1.

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

12/15/2020 MY:

Not completed at this time. In Component 2, please separate the INV funding and outputs from TA. Please detail the demonstration sub-projects.

4/12/2021 MY:

Not finished yet.

Thanks for the split of budget for TA and INV in Component 2. But there are still some issues in Table B. The budget for INV in Component 2 is too small with only \$280,000 GEF funding and \$60,000 co-financing. Please increase budget for it.

The budget for Component 3 is too large. The \$4,500,000 co-financing for a TA is not acceptable for a GEF project with only \$60,000 for INV component.

To resolve this issue, it is necessary to get more tangible co-financing, either grant, or cash or equity financing for the project.

Per GEF operations policy, the PMC should be proportionally budgeted from GEF funding and co-financing funding. Please revise the PMC in Table B.

Also, please relocate the responses to Question 2 to the box below the question. (The responses to this question were put above the question. It is not correct.)

4/28/2021 MY:

Challenged by COVID-19, the project developer has faced difficulty to raise co-financing as much as planned in the PIF. Having carefully reviewed the issues of co-financing for this project, the PPO representative, the CCM team and the GPU manager communicated and reached a consensus: Let the project go with a revision of the \$4.5 million co-financing from "investment mobilized" into "in-kind". A file of emails showing the communications of the GEF PPO, the CCM and the GPU manager is uploaded to the document folder of the project.

Agency Response

04/23/2021

The co-finance for component 2 has been increased by 268,800 USD from the tax subsidy that will benefit the 28 pilot e-vehicles from the tax waiver on value added tax (VAT, 20% ad valorem) and import duty (10% ad valorem) for the importation of new and used electric vehicles. In addition to this, as part of the e-mobility project in Armenia, a fleet of up to 28 electric vehicles will be demonstrated by city governments. In this pilot it is expected that the project will be able to leverage additional resources of up to USD 22,000 per vehicle, while these amounts have not been portrayed in the project co-finance table, these amounts will be accounted for and reported as leverage in the PIR reports when realized during project implementation.

Further, as per last submission we had informed that ADB is developing USD 880 Million project from GCF plus own funds, of which Armenia is a part. ADB is currently collecting letter of endorsements from the participant countries. This funding too is very likely to materialize during project implementation. As this point as the project is under consideration of GCF, ADB is not in a position to issue a firm letter of co-finance. This contribution too will be captured through PIR reporting as leveraged resources.

Component 3 co-finance is significant as the policy component is expected to enable higher uptake of e-vehicles. The increased e-vehicles are expected to benefit from the tax waiver on value added tax (VAT, 20% ad valorem) and import duty (10% ad valorem) for the importation of new and used electric vehicle. This is reflected as co-finance.

The co-finance for PMC has been increased to 230,000 USD.

3/16/2021

In Component 2, outputs 2.1 and 2.2 refer to TA and output 2.3 refer to Investment. The budget has been separated, as follows: 57,865USD (GEF) for TA and 280,000USD (GEF) for INV respectively.

Under Outcome 2 pilot national EV procurement program will be designed and implemented to demonstrate technical, financial and environmental feasibility of e-vehicles. The program will pursue the following specific demonstration objectives:

- Demonstrate cost-effectiveness of publicly used e-vehicles on a total cost of ownership (TOC) basis;
- Demonstrate approaches to managing environmental risk associated with e-mobility, specifically the e-waste and batteries;
- Demonstrate approaches to public procurement of e-vehicles which maximizes cost-effectiveness while ensuring high quality standards and environmental risk management;
- Demonstrate how public sector can lead by example when promoting e-mobility.

National EV procurement program will be implemented in two batches in Year 2 and year 3. Two requests for expression of interest will be issued by EPIU to solicit applications from public sector entities with budgets and procurement plans for the purchase of government 4-wheelers vehicles. Based on received applications specifications for the procurement of e-vehicles will be elaborated and tender procedures organized. It is anticipated that at least 28 electric vehicles will be procured and in addition, at least 20 charging stations will be installed in three main Armenian cities to stimulate participation in the pilot procurement program. Further details on the pilot procurement programme is provided below ? see description of Output 2.1, 2.2, and 2.3.

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

Secretariat Comment at CEO Endorsement Request

12/15/2020 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

12/15/2020 MY:

Not completed at this time. Three co-financing letters are uploaded onto the GEF Portal. But the co-financing amounts are short of cash or capital. Please try to get some cash from the government or the private sector for tangible investments for the sub-component of INV in e-vehicle and the infrastructure demonstration. For example, the costs of government or the private sector in purchasing second hand vehicles for demonstration activities, as indicate in the CEO RE document package, can be accounted as co-financing by the government or the private sector for the project.

4/12/2021 MY:

Not completed at this time.

The ADB letter shows the strong willingness of the ADB to work with UNEP on e-mobility. But it does not commit any co-financing resources. Please kindly try to ask the ADB to indicate the amounts of co-financing that can be used for this project.

The co-financing amount indicated in the letter of the Ministry of Environment (\$4,500,000) is a kind of government policy related recurrent subsidies or expenditures to firms if they participate in e-mobility development. Per GEF's co-financing policy, Investment Mobilized Co-Financing excludes recurrent expenditures. See page 6 of the linked document: http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.10.Rev_.01_Co-Financing_Policy.pdf

Please raise capital co-financing to enlarge the co-financing amount of INV sub-component. \$60,000 grant from UNEP is not enough to match the GEF grant in INV.

4/28/2021 MY:

Challenged by COVID-19, the project developer has faced difficulty to raise co-financing as much as planned in the PIF. Having carefully reviewed the issues of co-financing for this project, the PPO representative, the CCM team and the GPU manager communicated and reached a consensus: Let the project go with a revision of the \$4.5 million co-financing from "investment mobilized" into "in-kind". A file of emails showing the communications of the GEF PPO, the CCM and the GPU manager is uploaded to the document folder of the project.

Agency Response

4/21/2021

ADB is currently collecting letter of endorsements from the participant countries for submitting the final proposal to the GCF. This funding is very likely to materialize during the course of the project. As the project is under consideration of GCF, ADB is not in a position to issue a firm letter of co-finance. This co-finance will be captured through PIR.

We have reclassified the financing as in-Kind for this project. Please see the explanation to comment in 2 above.

3/16/2021

At the concept note very tentative estimates of the co-financing have been provided, in particular the evaluation of the size of the financial incentives. At CEO Endorsement State the value has been re-assessed taken into account the latest trend in EV imports to Armenia in 2020. In addition, the project will leverage substantial amount of co-financing from ADB, the Bank is working on a portfolio of new e-mobility initiatives through which GEF pilot initiative can be replicated and scaled-up ? please refer to provided Letter from ADB.

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

12/15/2020 MY:

Yes. The GEF budget is small and the project target is significant.

Agency Response

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

12/15/2020 MY:

Yes. It is on page 61. Please consider using the left amount of PPG to conduct a couple of workshops with the private sector, so that some private investments as co-financing can be mobilized for the project.

Agency Response

3/16/2021

A third stakeholder workshop has been conducted on December 23, 2020, to solicit feedback from and engage further with stakeholders, predominantly from private sector. Please refer to attached workshop report for further details . In addition, a series of bilateral meetings with private sector stakeholders have been conducted to discuss the possibility of co-financing. Details on the outcomes of the workshop are provided below in 'Private Sector Engagement?' section. There is still remaining amount of US\$ 185.25 which will no longer be utilized.

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

12/15/2020 MY:

Not at this time.

Please explain why the targeted direct CO2 emission reduction is reduced from 330,864 tonnes in the PIF stage to 2,180 tonnes in the CEO ER stage.

4/13/2021 MY:

Yes, comments were addressed and the document was revised.

Agency Response

Direct and indirect GHG emissions have been re-calculated to align with approach adopted at PIF stage for GHG emissions . The revised numbers are as follows (please refer to revised Annex M, attached, for details) in the CEO ED:

Total direct emissions reduction, tCO2	197,450
Total indirect emissions reductions, 2025-2035, tCO2	43,202
Total project related emissions reductions, tCO2	240,653

The resulting direct emissions reduction are at 197,450 tCO2e are lower than estimates at PIF, i.e. 330,864 tCO2e. This is due to more conservative assumptions on the EV uptake in Armenia compared to the ones used at PIF stage due both to COVID-19 impact and the implications of the military conflict in Armenia on country's economic development, which were not foreseen a year ago. Nevertheless, the resulting cost-effectiveness of GEF financing stands at 3.0 USD GEF/tCO2e for direct GHG emission reduction which is well below appropriate benchmark for climate change mitigation measures in the transport sector.

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
12/15/2020 MY:

Yes, it is stated on pages 8-17.

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
12/15/2020 MY:

Yes, it is stated on pages 18-23.

Agency Response

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

12/15/2020 MY:

Yes, it is stated on pages 24-32.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

Yes, it is well aligned with the CCM focal area.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

Yes, they are stated on pages 32-34..

Agency Response

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

12/15/2020 MY:

Yes, it is stated on pages 34-35 and 87-92.

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

12/15/2020 MY:

Yes, innovativeness, sustainability and potential for scaling up are updated on page 35.

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

12/15/2020 MY:

Not completed at this time.

On page 36 (the map), please mark the project boundary and indicate if the boundary overlaps with any other boundary that has national territory disputes.

4/13/2021 MY:

Yes, comments were addressed and issues were cleared.

Agency Response

3/16/2021

Please refer to the Map of Armenia provided in the Annex with marked project locations i.e. the cities of Yerevan, Gyumri and Vanadzor, all clearly outside of the disputed territories.

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

12/15/2020 MY:

Yes, it is stated on pages 37-38.

Agency Response

3/16/2021

The section content was updated to align it with the Global e-mobility project, recently revised based on GEF secretary's review.

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

12/15/2020 MY:

Yes, it is stated on pages 39-41.

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

12/15/2020 MY:

Yes, it is stated on pages 42-44.

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

12/15/2020 MY:

Not completed at this time.

On page 45, please indicate any possibility to mobilize private investments in e-mobility with this project. The PM believes that the country must have some private firms or individuals who want to invest in e-vehicles or EV-charging stations. Private investments in e-mobility have happened in other countries in the region such as Belarus, Serbia and Ukraine.

Please be aware that engaging private investment is a key for success for this project, as many GEF council members pointed out in their PIF comments. Please take actions to engage the private sector.

4/13/2021 MY:

Thanks for the information of SHTIGen's survey. For subcomponent 2.3 INV, (2.3. Electric vehicles are procured, demonstration projects are implemented), please visit the private stakeholders of E-vehicles in the country, and ask them to co-finance the subcomponent. Henan Derry New Energy Automobile Co, for example, is an excellent candidate to be engaged for this project. The GEF sub-component will greatly promote their business of EVs. This should provide a win-win-win situation in Armenia.

4/28/2021 MY:

Challenged by COVID-19, the project developer has faced difficulty to raise co-financing as much as planned in the PIF. Having carefully reviewed the issues of co-financing for this project, the PPO representative, the CCM team and the GPU manager communicated and reached a consensus: Let the project go with a revision of the \$4.5 million co-financing from "investment mobilized" into "in-kind". A file of emails showing the communications of the GEF PPO, the CCM and the GPU manager is uploaded to the document folder of the project.

Agency Response

3/16/2021

Please see below additional information on the potential and constraints for private sector engagement in e-mobility in Armenia. This information has been obtained

through the additional consultation with private sector at the workshop conducted in December 2021. Materials from the workshop are also available.

SHTIGen, one of the first Armenian renewable energy project developers, has conducted a survey on public awareness about and willingness to pay for electric vehicles. Results of the study have shown that O&M services, charging infrastructure, and financing conditions are among the most dominant factors affecting the willingness to buy and electric vehicle among Armenian consumers, whereas 53 percent of respondents said they would buy an electric vehicle only if they live in a private house.

I will buy EV if. . .



If I have the whole money of the car

If there are convenient credit terms

If I live in my own house



If there is a charging station in Yerevan

If there is a charging network in the country

If there are corresponding services



I will buy EV if. . .



If I have the whole money of the car

If there are convenient credit terms

If I live in my own house



If there is a charging station in Yerevan

If there is a charging network in the country

If there are corresponding services



Regarding O&M's and charging infrastructure developers, it is worth mentioning Plug.AM and a licensed service centre of Henan Derry New Energy Automobile Co. In January 2019, 'PLUG.am' project, aimed at installing 25 charging points around the country, focusing mainly on Yerevan and the transport corridor with Georgia. The licensed service centre of Henan Derry New Energy Automobile Co. was founded in 2020 and offers technical service of conventional, hybrid, and electric vehicles. For HEVs and EVs, the center also has a spare parts store for all key EV models run in Armenia. It also has a parking space with five fast charging stations. These two companies will serve as catalysers for the ongoing transition to EVs in Armenia.

In other words, these survey results mean that consumers tend to think about the state of charging infrastructure and repair services before even considering an electric vehicle as an option. Then, when they are satisfied with these factors and ready to consider an EV, they realize the lack of convenient financial credit options for both new and used EVs which are required due to higher CAPEX costs. Eventually, the majority of Armenians end up buying an ICEV.

Regarding the willingness to pay for EVs, the same survey has found out that 96 percent of respondents are ready to pay about US\$20,000 for an EV, with the remaining 4 percent being ready to pay more. This means that not a lot of Armenians can't afford a new EV as their upfront costs start from US\$25,000, and what they are ready to pay is basically the usual upfront cost for a new ICEV, meaning that consumers will only pay for an EV when its pricetag is the same as for a comparable ICEV. On the other hand, a small share of change agents (i.e. early-adopters, 4 percent) is ready to buy an EV and thus start creating a second-hand market in the country, raising technological awareness and creating more demand for infrastructure and O&M services.

Another important part of the transition where the role of the private sector is vital is vehicle dealership. Currently, a relatively small number of official EV dealerships can be found present in the country. EVs popular in, for instance, EU and US, such as Chevrolet Bolt, Renault ZOE, and VW e-Golf, are still not being officially sold in the country. This also reflects in the lack of consumer awareness and marketing. The proposed project will help to gain market's attention towards Armenia.

Vehicle manufacturing can be considered as a long-term goal of the project and overall transition to EVs. At the moment, Armenia does not have any vehicle assembling companies - only automotive parts and mechanical equipment manufacturers. EVs are not manufactured in the neighboring countries either. This project would help to demonstrate Armenian EV market potential, as well as the Government's intentions and quality human resources to key and emerging EV market players.

Due to geographic conditions and mobility patterns of Armenian drivers, range anxiety of EVs, especially of second-hand ones which seem to be a more popular option for Armenian consumers in the future due to its affordability, does not seem to be an issue, with 88 % of respondents willing to obtain a second-hand EV with a 250-300km range.

4/21/2021

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

12/15/2020 MY:

Yes, they are stated on pages 45-49, including climate risk and COVI-19 risk.

Agency Response

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

12/15/2020 MY:

Yes, it is stated on pages 49-51.

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

12/15/2020 MY:

Yes, it is stated on page 51.

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
12/15/2020 MY:

Yes, it is stated on page 52.

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
12/15/2020 MY:

Yes, it is stated on pages 52-54.

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
12/15/2020 MY:

Yes, it is stated on pages 54-55.

Agency Response
Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request
12/15/2020 MY:

Yes, Annexes are attached to the CEO RE document and the project folder in the GEF Portal.

Agency Response
Project Results Framework

Secretariat Comment at CEO Endorsement Request
12/15/2020 MY:

Yes, it is shown in Annex A on pages 58-59.

Agency Response
GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request
12/15/2020 MY:

N/A

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request
12/15/2020 MY:

Not at this time.

Many council members requested the agency to engage the private sector for co-financing the project. Please see more comments from the PM in the Box of "**Private Sector Engagement**" and take more actions to get co-financing accordingly.

4/13/2021 MY:

Not completed yet.

Please engage the private sector such as Henan Derry New Energy Automobile Co in this project for co-financing.

4/28/2021 MY:

Challenged by COVID-19, the project developer has faced difficulty to raise co-financing as much as planned in the PIF. Having carefully reviewed the issues of co-financing for this project, the PPO representative, the CCM team and the GPU manager communicated and reached a consensus: Let the project go with a revision of the \$4.5 million co-financing from "investment mobilized" into "in-kind". A file of emails showing the communications of the GEF PPO, the CCM and the GPU manager is uploaded to the document folder of the project.

Agency Response

3/16/2021

Details on additional consultation with private sector have been provided in the previous response.

4/21/2021

STAP comments

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

Yes, it is stated in Annex B.3 - Responses to STAP comments (at the GEF Portal).

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

N/A

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

N/A

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

It is stated on page 61. The PM suggests that the agency should use the remainder of the PPG budget to engage the private sector and the government for cash or capital co-financing.

Agency Response

3/16/2021

Third stakeholder workshop has been conducted on December 23, 2020, to solicit feedback from and engage further with stakeholders, predominantly from private sector. Please refer to attached agenda and summary of the workshop for further details. The main conclusions reached are that there is strong interest among various private sector stakeholders to engage and support e-mobility, but a range of barriers have to be addressed first.

However, there is an unutilized amount of USD185.25 in the PPG budget which will no longer be used.

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

12/15/2020 MY:

Not completed at this time.

On page 61, please clearly mark the project boundary and clarify if the project will cause any territory dispute with any other countries.

4/13/2021 MY:

Yes, comments were addressed and issues were cleared.

Agency Response

3/16/2021

Please refer to attached map for illustration of the project boundaries. The project sites are in undisputed territory of the country.

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

12/15/2020 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

12/15/2020 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

4/13/2020 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

12/15/2020 MY:

Not at this time.

Please address the comments above.

4/13/2020 MY:

Not at this time. Please address the comments above.

5/3/2021 MY:

GEF PPO colleagues provided the following comments. Please address them:

1. On the PMC Proportionality: there is no proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 8.58%, for a co-financing of \$4,595,000 the expected contribution to PMC must be around \$395,170 instead of \$240,000 (which is 5.2%). As the costs associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion.
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- i. Project Manager has been charged to both M&E and PMC when it should be charged to PMC only (7k+7K).
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- iii. M&E & Dissemination consultant should be charged to the M&E Budget but not to Outcome 2.

5/6/2021 MY:

Yes, all comments were addressed and the CEO AR package was revised accordingly.

The PM recommends technical clearance for this project.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	12/15/2020	
Additional Review (as necessary)	4/12/2021	
Additional Review (as necessary)	4/28/2021	
Additional Review (as necessary)	5/6/2021	
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

The objective of the project is to reduce transport sector GHG emissions by promoting transition to e-mobility. The project has three components: (1) Institutionalization and strategic planning for low-carbon e-mobility components; (2) Short term barrier removal through low-carbon e-mobility demonstrations; (3) Policy development for scale-up and replication of low-carbon electric mobility based on lessons learned from the pilot. The project has several innovative aspects. First, national e-mobility strategy will be developed for the first time in the country. Second, the demonstration pilot also contains several innovative elements. It will be the first example of public EV procurement in Armenia. Various public sector stakeholders will be exposed to e-mobility sector and familiarize themselves with various aspects pertinent to the sector, including measures related to environmental and safety risk management. The project also puts a special attention on gender-related aspects of e-mobility and more broadly of sustainable transportation. Gender-transport nexus has also not been yet looked upon systematically and the project offers an opportunity not only to better understand gender-related nuances of e-mobility but also involve women more actively in the implementation of transport initiatives. More specifically the project will demonstrate innovation in the following areas: (1) demonstrating the use of EVs in publicly used fleets; (2) putting in place provisions for sustainable disposal and management of e-waste; (3) mobilizing a wide range of stakeholders to participate in the public procurement program for EVs; (4) establishing new institutional framework to govern the development of e-mobility in the country. With \$592,202 of GEF cost, this project aims at reducing 240,653 tonnes of CO₂.

Climate risk analysis

Armenia is indeed increasingly exposed to climate-induced natural hazards, particularly, floods, mudflows, landslides, rockfalls and avalanches. These climate hazards can lead to major devastations and cause damages to settlements, roads, nearby structures and infrastructures in their respective areas which are related to the GEF project. The project is promoting a sustainable transport infrastructure based on e-mobility, public transport, and non-motorized transport. The impact of climate risks on the project-created infrastructure is the same as those on other built environment infrastructure in Armenia. The government of Armenia has, as defined in its climate risk assessment, put policy and strategic framework in place to reduce the climate vulnerability of its infrastructure which will be the basis of designing the infrastructure for the GEF project. During project preparation, a range of measures have been taken to reduce and prevent the risks of hazardous natural phenomena aimed at identifying, assessing, mapping, and preventing hazardous events, as well as developing resilience to them. In addition, this project will try to help the country to strengthen policy and regulations for e-mobility related transportation that will better cope with climate risks. For example, the e-mobility strategy to be developed in this project will help the country to establish strategical vision for long-term e-mobility development in the country; it will take into account identified climate risks when assessing and planning for the development of charging infrastructure, in both the rural and the suburban areas, as well as in intracity

transport network. The project will also map dangerous natural phenomena and development of resilience capacities, which is an important first step to gather relevant information and inform decision-making.

Impact of the COVID-19 pandemic

The COVID-19 pandemic presents several risks and challenges to the Armenia Electric Mobility Child Project. These risks and challenges include travel restrictions, restrictions with regards to meetings and meeting size, restricted access to offices, shift of government priorities, and losses of national gross products and lives, which in turn might require changes in project design. For example, the government might not want to implement any incentives for this project. In this case, focus needs to be shifted to purely market-oriented interventions. In addition, project partners might not have the resources to expand / renew their vehicle fleet which can impact the feasibility of the demonstration project.

Challenged by COVID-19, the project developer has faced difficulty to raise co-financing as much as planned in the PIF. Having carefully reviewed the issues of co-financing for this project, the PPO representative, the CCM team and the GPU manager communicated and reached a consensus: Let the project go with a revision of the \$4.5 million co-financing from "investment mobilized" into "in-kind". A file of emails showing the communications of the GEF PPO, the CCM and the GPU manager is uploaded to the document folder of the project.

Opportunities of the COVID-19 pandemic

There seems to be a correlation between air quality and COVID-19; where there are higher COVID-19 incidence and mortality, there are higher levels of local air pollution. This pollution includes particulate matters (e.g. PM2.5, PM10), N2O from both mobile (e.g. trucks and cars), and stationary emission sources. Since electric mobility has the potential to significantly contribute to better urban air quality, the GEF project will play an important role in Armenia's strategy to respond to the COVID-19 pandemic and future pandemics. Furthermore, a shift to electric mobility will significantly reduce the dependency of Armenia to import petroleum fuels. It therefore will increase resilience against restrictions or price spikes resulting from international oil crisis. Finally, in terms of green recovery, clean mobility is expected to play a key role in getting the country's economy back on green track.

