

# Low Carbon Solutions through Nature Based Urban Development for Kutaisi City

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

10643

**Countries**

Georgia

**Project Name**

Low Carbon Solutions through Nature Based Urban Development for Kutaisi  
City

**Agencies**

UNEP

**Date received by PM**

7/30/2020

**Review completed by PM**

11/28/2020

**Program Manager**

Ming Yang

**Focal Area**

Multi Focal Area

**Project Type**

MSP

**PIF****Part I ? Project Information****Focal area elements**

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 / MY and UA:

Yes, it is aligned with the GEF CC objective 1-2 to promote electric drive technologies and electric mobility. From a LD perspective, the project is eligible for the \$200,000 LD funding and in line with LD strategy and objectives.

However, please double check the Rio Marker. E mobility or EE transport is related to CCM indicator 2 not 1. This project has little to do with climate adaptation. Please consider using 0 for CCA.

10/19/2020 MY:

Yes, the comment was addressed and the PIF was revised.

Please be aware that from October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues. Please check all questions in the review sheet. More questions may come this time.

Agency Response

15/10/2020

We edited the Rio markers and now CCM is 2 and CCA is 0.

**Indicative project/program description summary**

**2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 / MY:

Not at this time.

1. For the outputs of Component 1, please consider the development or enhancement of municipal development policies that will support the implementation of the Spatial Planning, Architectural and Building Code (2018) and Rules for Development of Spatial and Urban Plans (2019);
2. For Component 2, please show any evidence in facilitating investment in low emission electric public transportation and green city development. For example, the evidence can be any meeting memos with the GCF, the EBRD (other IFIs), the government, or the private sector on forthcoming project financing or development.
3. For Component 2 again, please add detailed information on intended demonstration of economic and technical feasibility of integrated municipal pilot projects, such as venues and costs for the demos.

10/16/2020 MY:

Not at this time.

In an independent document, please submit a Table of Agency Responses to GEF Comments to indicate the actions of the agency to address each comment of the GEF and show the revised/highlighted paragraphs and page numbers of the PIF. This will make the reviewers of the PIF easy to read and understand. Thank you.

10/19/2020 MY:

Yes, all comments were addressed and the PIF was revised.

## Agency Response

**15/10/2020**

1. We revised Output 1.1.1 to reflect that municipal development policies will be developed and will support the implementation of the Spatial Planning code and development of spatial plans
2. EBRD recently approved a 29 million USD loan for greening the public transportation system of 6 cities including Kutaisi. This information has been announced on EBRD website. We highlighted this information as evidence of support of IFIs on low emission transportation and green city in Kutaisi. This is mentioned in the baseline on page 26 and with a footnote on the description of Component 2 on page 29. The project is yet on diesel busses, however, at the PPG phase, the support of IFI specifically on electric public transportation will be confirmed.
3. The detailed pre-feasibility will be conducted at the PPG phase. We have provided details of the length of the route, the main elements of the electric busy system, and estimated capital cost under Component 2 on page 27.

**16/10/2020**

We uploaded a separate file titled ?responses to comments matrix Kutaisi Project.docx? explaining the actions taken for each comment provided by the GEF Secretariat.

### **Co-financing**

**3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes.

10/20/2020 MY:

In the PPG stage, please identify and increase any co-financing from the private sector.

11/28/2020 MY:

Yes. Comments were addressed.

Agency Response

05/11/2020

Yes, we will work on identification and increasing of co-finance from the private sector during the PPG.

**GEF Resource Availability**

**4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The project budget of CCM \$1,000,000 and LD \$200,000 is reserved for the project per the GEF Portal information on 8/3/2020.

Agency Response

**The STAR allocation?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The project budget of CCM \$1,000,000 and LD \$200,000 is reserved for the project per the GEF Portal information on 8/3/2020.

Agency Response

**The focal area allocation?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The project budget of CCM \$1,000,000 and LD \$200,000 is reserved for the project per the GEF Portal information on 8/3/2020.

Agency Response

**The LDCF under the principle of equitable access?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

N/A

Agency Response  
**The SCCF (Adaptation or Technology Transfer)?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

N/A

Agency Response  
**Focal area set-aside?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

N/A

Agency Response  
**Impact Program Incentive?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

N/A

Agency Response  
**Project Preparation Grant**

**5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

Yes. It is within the allowable cap and consistent with the amounts in the letter of endorsement.

## Agency Response

### Core indicators

#### **6. Are the identified core indicators in Table F calculated using the methodology included in the corresponding Guidelines? (GEF/C.54/11/Rev.01)**

#### Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY and UA:

Yes, but more work needs to be done. For CCM focal area, the project aims at mitigating 0.1 million metric tons CO<sub>2</sub> eq. This amount of GEBs is not significant given that the project budgeted \$1,000,000 CCM funding. Overall, in GEF 6 and GEF 7, one dollar of CCM funding investment in energy efficiency and transport targeted mitigating two tons of CO<sub>2</sub> eq. The agency needs to re-evaluate its data and methodology, and redo the calculation. The PIF uses data in 2014; please use the updated data. Please take into account indirect GHG emissions as well.

Also, for the LD focal area, the GEB targets (200 ha) are quite low even for a small project. The PIF mentions that there are 700 ha of natural forest within the city boundaries, including 480 ha of high value conservation forest (HCVF), the Sagoria Forest. The GEF would expect that the entire forest area within the city boundaries are addressed and will benefit from this project. The targets under core indicator 4 should reflect that and if HCVF is included, the respective area needs to be entered under 4.4 (and not only 4.1).

10/19/2020 MY:

The above comments were addressed and the PIF was revised.

However, there is still a minor mistake. Since this project has climate change mitigation activities, Indicators 4, 5 and 6 cannot be all blank. 2,396,695 tonnes of CO<sub>2</sub> reduction should be split and put in both Indicators 6.1 and 6.2. In addition, energy savings due to low carbon transportation must be put in the indicator.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

#### Agency Response

**15/10/2020**

We re-calculated the CO2 benefits and estimated the indirect benefits as well. The CCM target is now 2.40 million metric tons.

We revised the LD target and included the entire forest area (700 ha). we included 480 ha under indicator 4.4 and mentioned under indicator 4.1 that 480ha of 700 ha is HCVF and this amount is recorded under indicator 4.4.

**05/11/2020**

Based on the interventions, we assigned 2.4 million CO2 reductions to Ind 6.1 and Ind 6.2:

Ind 6.1: 100,000 tons

Ind 6.2: 2,296,695 tons

Based on low carbon transportation, we estimated about 32,976,541 MJ energy savings (Ind 6.3)

#### Project/Program taxonomy

#### **7. Is the project/program properly tagged with the appropriate keywords as requested in Table G?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. It is on page 7 of the PIF.

#### Agency Response

#### **Part II ? Project Justification**

#### **1. Has the project/program described the global environmental/adaptation problems, including the root causes and barriers that need to be addressed?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Not at this time.

Please use updated information to describe the global environmental problems, including the root causes and barriers that need to be addressed. Please re-generate all tables and figures in the PIF using updated data. Almost all tables and figures use information of year 2014 or 2016 to project BAU scenario up to 2020. We are now in August 2020. The BAU projection should be extended to 2030 and beyond.



Please use updated data to estimate GHG emission reductions for the project.

10/19/2020 MY:

Yes, the comments were addressed and the PIF was updated.

#### Agency Response

We were relying on the latest reports available for Kutaisi city. Therefore, figures date 2014 or 2016. We worked with the municipality and updated all figures and tables, and we used the updated data and estimated GHG emission reductions.

**2. Is the baseline scenario or any associated baseline projects appropriately described?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Not at this time. Please see the comments in the previous question.

10/19/2020 MY:

Yes, the comments were addressed and the PIF was revised.

#### Agency Response

**15/10/2020**

We updated the figures and tables.

**3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Not at this time.

The alternative scenario is based on dated data. Please use updated data. Please see the comments in the previous two questions.

10/19/2020 MY:

Yes, the comments were addressed and the PIF was updated.

Agency Response

15/10/2020

We updated the data.

**4. Is the project/program aligned with focal area and/or Impact Program strategies?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes, it is.

Agency Response

**5. Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Not at this time.

Again, the PIF was developed on the bases of dated data. For example, from the Incremental /additional cost section, the following statement is copied:

"Despite the fact that in 2014 City of Kutaisi approved its Sustainable Energy Action Plan (SEAP)[1]<sup>1</sup> under the Covenant of Mayors, the City government has yet to develop a consistent policy on sustainable transport, which should integrate land use, urban planning, traffic management, and intelligent low emission transport systems into one comprehensive plan. Under the SEAP so called "business as usual" (BAU) scenario was selected for Kutaisi and anticipated changes in the consumption of energy were taken into account. According to the above baseline scenario, fuel consumption will increase by 80% for 2020.

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**[1] Sustainable Energy Action Plan (SEAP) of Kutaisi City for 2015- 2020 /** Approved by the City Council (*Sakrebulo?*) of Kutaisi on 26 November, 2014, Ordinance No.90 / Developed within Enhancing Capacity for low Emission Development Strategies (EC-LEDS) and supported by Clean Energy Program, USAID - COP Winrock International - Georgia EC-LEDS Program.

[https://mycovenant.eumayors.eu/docs/seap/15784\\_1419252832.pdf](https://mycovenant.eumayors.eu/docs/seap/15784_1419252832.pdf) "

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We are now in August 2020, please use the 2019 or 2020 data to project future scenario in 2030.

10/19/2020 MY:

Yes, the comments were addressed and the PIF was updated and revised.

#### Agency Response

**15/10/2020**

The baseline, and the alternative scenario sections, so the Section 6: Global environmental benefits have been updated.

**6. Are the project/s/program?s indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

#### Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY and UA:

Not at this time, again,

For the CCM focal area, the project budgeted \$1,000,000 CCM fund and targeted to mitigate 100,000 tonnes of CO<sub>2</sub>, meaning a ratio of 0.1 tonne of CO<sub>2</sub> reduction per GEF dollar. When compared with GEF average ratio of 2 tonnes of CO<sub>2</sub> reduction per dollar, this ratio is not efficient nor effective. The data or the methodology of GHG accounting might be wrong. Please check them and redo the calculation. Please be aware that indirect GHG emission reductions should also be taken into account. In addition, please indicate the amount of energy to be saved due to the GEF project.

For the LD focal area, the GEB targets (200 ha) are quite low even for a small project. The PIF mentions that there are 700 ha of natural forest within the city boundaries, including 480 ha of high value conservation forest (HCVF), the Sagoria Forest. The GEF would expect that the entire forest area within the city boundaries are addressed and will benefit from this project. The targets under core indicator 4 should reflect that and if HCVF is included, the respective area needs to be entered under 4.4 (and not only 4.1).

10/19/2020 MY:

Yes, comments were addressed and the PIF was revised.

Agency Response

**15/10/2020**

As we wrote in our response to Section II Question 6:

We re-calculated the CO2 benefits and estimated the indirect benefits as well. The CCM target is now 2.40 million metric tons.

We revised the LD target and included the entire forest area (700 ha). we included 480 ha under indicator 4.4 and mentioned under indicator 4.1 that 480ha of 700 ha is HCVF and this amount is recorded under indicator 4.4.

**7. Is there potential for innovation, sustainability and scaling up in this project?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The potential is stated on pages 31-32 of the PIF.

Agency Response

**Project/Program Map and Coordinates**

**Is there a preliminary geo-reference to the project?s/program?s intended location?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes, there is project map on page 33 to show the location.

10/20/2020 MY:

Please reconfirm that the project will not cause any territory dispute with any neighboring countries.

11/28/2020 MY:

Yes, issues were cleared.

Agency Response

**05/11/2020**

No, Kutaisi city is in the center of Georgia and there is not any territorial dispute with any neighbouring country.

## Stakeholders

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

Yes. It is stated on pages 12-13, and 33-34.

10/20/2020 MY:

More work needs to be done.

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to Stakeholder Engagement.

Please put the names of project stakeholders to match the outputs of the project in Table B. In the description of project components, please indicate which organizations or project stakeholders will execute the sub-components of capital investments for technology demonstrations. Please be aware that approval of the PIF does not imply that the GEF Implementing Agency will execute the Project. The implementing agency cannot be an executing agency in the project. There must be specific project stakeholders to execute the project.

Please elaborate whether this project will benefit or impact any Indigenous or minority Peoples and Local Communities. If so, please show evidence that they have been consulted with the project impacts. Please indicate which stakeholders will be affected by the project on ground and how they have been consulted.

Please ensure that the PIF includes information about the future roles of stakeholders and proposed means of future engagement. Please check if the future roles of stakeholders have been identified. Please demonstrate how the project keeps engaging stakeholders through adequate means.

11/28/2020 MY:

Yes, issues were cleared.

## Agency Response

5/11/2020

We provided a short summary of consultations organized to formulate the PIF. We also updated the stakeholders.

We clarified that there is not any indigenous or ethnic minority group in the pilot area.

Please note UNEP will not execute the Project.

We clarified which stakeholders will be involved in each component in the "Alternative Scenario" section, and we included these stakeholders in Table B.

## Gender Equality and Women's Empowerment

**Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The issue is addressed on pages 36-37. The Agency has also uploaded a document entitled "Environmental, Social and Economic Review Note" in the Portal.

10/20/2020 MY:

More work needs to be done.

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to Gender equality.

Please double check and elaborate preliminary issues or findings on gender-specific context of the project, describe plans to address gender issues during the project development phase. For example, please show any planned gender responsive measures/activities to address gender gaps and promote gender equality and women's empowerment that is related to the project.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

## Agency Response

5/11/2020

We have a brief gender assessment, which we will further enhance at the PPG phase. However, we clarified how we will address gender issues during the PPG phase.

## Private Sector Engagement

**Is the case made for private sector engagement consistent with the proposed approach?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes, it is stated on page 37 of the PIF.

10/20/2020 MY:

More work needs to be done.

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to private sector engagement.

Please elaborate the possibility to engage the private sector to actually invest in this project. For example, if the project encourages private taxi vehicles to be changed from fossil fuel cars to electrical cars, the investment can be counted as private investment as co-financing for this project.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

## Agency Response

5/11/2020

The Local Self Government Law of Georgia allows policy interventions at the local level. We will further analyze how private sector can be engaged more and make part of the project. We plan to work with private sector to increase the proportion of electric cars in Kutaisi through policy guidance and incentives. We will further work on this policy option and formulate together with the stakeholders.

## Risks to Achieving Project Objectives

**Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes, it is stated on pages 38-39.

10/20/2020 MY:

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to risks.

Risks related to novel Coronavid-19 pandemic and post-pandemic restrictions as shown on page 35 of the PIF are not sufficient. Please brief the measures to cope with COVID-19 by responding the following three questions:

1.1 General: Describe briefly how the pandemic overall is addressed in the project, including associated impacts, risks and opportunities. Projects are required to identify and establish likely impacts and risks from COVID-19, and how they will be dealt with in the context of delivering global environment benefits and climate adaptation and resilience benefits;

1.2 Risk analysis: Please consider any risks and measures to deal with the risks that are caused by COVID-19 and post-COVID-19. These risks include (1) availability of Technical Expertise and Capacity and Changes in Timelines in the selected provinces; and (2) any expected financing from the government and co-financing from all stakeholders. Please describe further how risks from COVID-19 have been analyzed and mitigation strategies incorporated into the design of this project. The PIF is expected to include consideration to the risks that COVID-19 poses for all aspects of project design and eventual implementation.

1.3 Opportunity analysis: Describe further how the project has identified potential opportunities to mitigate impacts (if any) caused by COVID-19 to deliver GEBs and/or climate adaptation and resilience benefits, and contribute toward green recovery and building back better.



## For Climate Risk Screening

Please double check the PIF to ensure that climate risks are identified, listed and described. This can include:

1. Outlining the key aspects of the climate change projections/scenarios at the project locations, which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc.).

1.1 please include time horizon if feasible/data available (e.g. up to 2050).

1.2 please look at list of examples from STAP guidance.

<https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>

2. Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above. This means elaborating a narrative that describes how the climate scenarios indicated above are likely to affect the project, during 2020-2050.

3. Describing plans for climate change risk assessment and climate risk mitigation measures during PPG. Please see the STAP guidance.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

## Agency Response

5/11/2020

Thanks for the advice and guidance, we re-wrote the mitigation plan of the COVID-19 and climate risks on pages 38-40.

## Coordination

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

Yes, it is stated on pages 35 and 36.

10/20/2020 MY:

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to coordination.

In the section of project coordination, please use a diagram to present the institutional structure with major stakeholders of the project including monitoring and evaluation coordination at the project level. Please describe possible coordination with other relevant GEF-financed projects and other similar initiatives that are financed by other institutions.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

#### Agency Response

5/11/2020

We provided a diagram on page 40.

We defined the institutional structure and the M&E coordination responsibility.

We also included the other GEF financed projects, which the project will coordinate.

#### Consistency with National Priorities

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

Yes, but not completed. Please update the data on pages 42-43. Please be aware that Georgia has updated its INDCs with NDCs to the UNFCCC.

10/19/2020 MY:

Yes, the comment was addressed and the PIF was updated.

### Agency Response

**15/10/2020**

Pursuant to the decision 1/CP.21 paragraph 22, the INDC becomes the first Nationally Determined Contribution (NDC) when a country ratifies the agreement unless it decides to submit a new NDC at the same time. Georgia submitted its INDC on 25 September 2015. The date of accession to the Paris Agreement is 8 May 2017 without any additional communication on NDC. Hence, Georgia's INDC is automatically considered as the country's 1st NDC with the same mitigation targets.

In accordance with the National Environmental Action Programme Georgia works on an updated NDC document with more ambitious targets. The paper is under development reaching the public hearing stage. We will consider the new NDC at the PPG phase in case it is approved by the Government of Georgia.

### Knowledge Management

**Is the proposed knowledge management (KM) approach in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?**

### Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes, it is stated on page 43. The GEF appreciate it if the Agency shares the knowledge of this project with other countries which are participating the GEF S.C. IP and the GEF e-mobility program.

10/20/2020 MY:

Please do the following to make the PIF with higher quality in KM:

1. Provide an overview of existing lessons and best practice that inform the project concept;
2. Develop a time-linked plan to learn from relevant projects, programs, initiatives & evaluations;

3. Describe processes to capture, assess and document information, lessons, best practice & expertise generated during project implementation;
4. Show how to develop knowledge exchange, learning & collaboration among different stakeholders that have been selected for technology demonstrations. Please consider knowledge platforms and websites.
5. Consider a long term plan for strategic communications and knowledge sharing all over the country.

11/28/2020 MY:

Yes, comments were addressed and issues were cleared.

#### Agency Response

5/11/2020

We provided a knowledge management plan in line with the provided 5 recommendations (pages 45-52).

#### Environmental and Social Safeguard (ESS)

**Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Not completed at this time.

Please explicitly elaborate how the environmental and social risks, impacts and management measures are adequately consistent with requirements in the GEF Policy on Environmental and Social Safeguards (SD/PL/03).

10/19/2020 MY:

Yes, the comments were addressed; the ESS Supporting Document was uploaded to the folder of Document for this project.

Agency Response

**15/10/2020**

Environmental and social risks are assessed on UNEP's 'Environmental, Social and Economic Review Note', which is in line with the GEF's ESS requirements, and this document has been uploaded on the Portal.

**Part III ? Country Endorsements**

**Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

Yes. The LoE is submitted to the GEF Portal.

Agency Response

**Termsheet, reflow table and agency capacity in NGI Projects**

**Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat Comment at PIF/Work Program Inclusion

8/3/2020 MY:

N/A

11/28/2020 MY:

Yes, the TOC has been received.

Agency Response

**10/11/2020**

We provided an updated Theory of Change and the narrative of the ToC in Annex E at the end of the PIF (refer to pdf attachment named UNEP project document dated 10/11/2020).

10/02/2021 The five comments below under "Recommendation" have been addressed in the uploaded and submitted PIF. Please refer to the "responses to comments no. 6 matrix" document (attached) for further information.

#### **GEFSEC DECISION**

#### **RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

Secretariat Comment at PIF/Work Program Inclusion  
8/3/2020 MY:

Not at this time.

Please address the comments above.

10/16/2020 MY:

Not at this time.

In an independent document, please submit a Table of Agency Responses to GEF Comments to indicate the actions of the agency to address each comment of the GEF and show the revised/highlighted paragraphs and page numbers of the PIF. This will make the reviewers of the PIF easy to read and understand. Thank you.

10/20/2020 MY:

From October 2020 onwards, the GEF started to use revised review criteria with higher standards. To meet the standard, the agency needs to address more issues that are related to Theory of Change (TOC).

Referring to STAP's primer on the issue of TOC - <https://www.stapgef.org/theory-change-primer>, Please draw a chart to demonstrate TOC for this project and write a couple of paragraphs to explain the TOC. Thank you.

12/7/2020 MY

Not completed at this time.

Please address the following issues that were raised by the PPO Unit of the GEF.

PIF to be returned to the Agency due to:

- 1- Table A break-down by FA doesn't match with table D's break-down;
- 2- PMC is not proportionate between GEF funding and co-financing;
- 3- Portal entry is a mix of faulty fonts and images, and format, plus highlighted text here and there ? please harmonize the files.
- 4- OFP Endorsement letter did not include fees for PPG. If included, the total fee should be \$104,522 and the Total GEF resources should be \$1,204,752. OFP letter needs revision to include PPG fees of the PPG fees need to be removed.
- 5- Co-financing: The share of co-financing that originates from EBRD should be included as co-financing from ?Donor Agency?, and EBRD should be correctly labeled as the name of the co-financier.

2/16/2021 MY:

Yes, all comments were addressed and issues were cleared. The PM recommends technical clearance for this PIF.

#### **ADDITIONAL COMMENTS**

**Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.**

Secretariat Comment at PIF/Work Program Inclusion

11/28/2020 MY:

In the PPG stage, please identify and increase co-financing from the private sector.

2/16/2021 MY:

Regarding the PPO's last bullet of comments to UNEP (5- Co-financing: The share of co-financing that originates from EBRD should be included as co-financing from ?Donor Agency?, and EBRD should be correctly labeled as the name of the co-financier.), UNEP can use City of Kutaisi as the co-financer (see below), as long as the co-financing letter will be from the City of Kutaisi, rather than from the EBRD.

Recipient Government	City of Kutaisi	Grants	Investment mobilized
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**Review Dates**

	PIF Review	Agency Response
<b>First Review</b>	<b>8/4/2020</b>	
<b>Additional Review (as necessary)</b>	<b>10/16/2020</b>	<b>10/15/2020</b>
<b>Additional Review (as necessary)</b>	<b>10/19/2020</b>	<b>10/19/2020</b>
<b>Additional Review (as necessary)</b>	<b>12/7/2020</b>	<b>11/10/2020</b>
<b>Additional Review (as necessary)</b>	<b>2/16/2021</b>	<b>2/10/2021</b>

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

The basic elements of the urban infrastructure systems such as roads, water and sewer mains, power and telephone lines in urban areas of Georgia were built during the first decades after World War II. Subsequent extensions and upgrades were made during the



1970s. However, since 1980s investment has become inadequate and covered only a minor share of needs to maintain and improve the urban infrastructure. As a result, Georgia's infrastructure is not efficient in operation and nor sustainable. The objective of the project is to enable a transformative shift towards sustainable urban development within and outside of Kutaisi City of Georgia. It will strengthen planning and institutional frameworks, demonstrate and scale-up investments in integrated low-carbon electric solutions in transport and sustainable land management practices. The project consists of three major components: (1) Strengthening planning and institutional frameworks enabling sustainable development in the City of Kutaisi; (2) Facilitating investment in low emission electric public transportation and green city development; and (3) Capacity development, knowledge management and M&E for integrated low carbon city development. This project is innovative since it is the first project in Georgia that will integrate the development of sustainable green city with sustainable transport and sustainable land use. The project is likely scaled up in other municipalities of the Imereti region including Chiatura, Tkibuli, Tskaltubo, Baghdati, Vani, Zestafoni, Terjola, Samtredia, Sachkhere, Kharagauli and Khoni. With GEF grant of \$1.05 million, this project aims at mobilizing \$12.7 million co-financing, mitigating 2.4 million tonnes of CO<sub>2</sub>, and improving 700 ha of urban land.