Green Mobility Financing Facility for Africa

Review PIF and Make a recommendation

Basic project information

GEF ID

11671

Countries

Regional (Africa)

Project Name

Green Mobility Financing Facility for Africa

Agencies

AfDB

Date received by PM

9/16/2024

Review completed by PM

11/5/2024

Program Manager

David Elrie Rodgers

Focal Area

Climate Change

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

a) Yes.

b) Consider changing the name to Green Mobility Financing Facility for Africa

November 1, 2024. Name changed, comment cleared.

Agency's Comments Green Mobility Facility for Africa has now been changed in the PIF to Green Mobility Financing Facility for Africa as suggested.

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments

Yes. The project addresses financial needs for a growing and important market of low-carbon e-mobility. This is a positive proposal in terms of focus, geography and connections with the existing GEF portfolio. However, please address this coment:

Given the high heterogeneity of contexts, enabling environments and degree of readiness and players in each country, GEFSEC suggests the project be submitted with Delegation of Authority. The project summary should mention this modality which will require concurrence by the GEF CEO on individual subprojects. See additional guidance in section 5.5

November 1, 2024. The revised PIF adopts the proposed approach for Delegation of Authority. Comment cleared.

Agency's Comments The text has been updated on Delegation of Authority and Concurrence mechanism as requested.

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?
b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

Overall, the Project Summary and project overview are repeated. Please revise by removing duplication. (summary should be short and concise).

Design: component 1 needs work. The focus on policy work and enabling environment is of course needed, however it is not the focus of an NGI. For this initiative to have an added value/comparative advantage, as opposed to the GEF7&8 e-Mobility Programs, which are designed exactly to provide that kind of support (both within and beyond the participating countries) 4 out of 6 the selected countries for GMFA are indeed child projects under the GEF-UNEP Program, the GMFA should be revised for additional efficiency. We recommend to restrict the TA component only to deal flow and pipeline development, business models and structuring of bankable sub-projects. Please revise. When submitting the updated proposal please consider including sequencing considerations on the different activities (grant/ E-mobility program results and use of NGI).

November 1, 2024. Comment cleared

Agency's Comments

The Project Summary (updated Paragraph 1 to 4) has been updated to fit 250 words and avoid duplication with the Project overview (updated paragraph 5-6) which now explicitly presents the GMFA project objectives.

Component 1 has been completely revised to have only 2 activities and focus as suggested on pipeline development, business models and structuring

- Activity 1.1: Partnership and Coordination on GEF-7 and GEF-8 E-mobility Projects in Africa

    - This activity aims to foster an enabling environment for green mobility by building on existing GEF-7 project in South Africa (implemented by DBSA) and GEF-8 projects in Senegal and Rwanda Through close collaboration with UNEP, GMFA will leverage the results and strategies developed in these countries to identify pipeline of private developers and how to unlock private investment. It will provide a common approach and best practices that can be adapted for other GMFA countries (Kenya, Morocco, Nigeria). This approach will enable:

    - 1. Building on Policy and Incentives developed: By building on the policy work results to incentivise e-mobility in Senegal, Rwanda, and South Africa, GMFA aim to build on effective strategies that unlock private sector financing in e-mobility investments and adequate financial instrument and design business models. This process involves creating adaptable frameworks that can serve as models for other GMFA countries, establishing a robust foundation for attracting private investment regional enabling environment.

    - 2. Knowledge Sharing Across Regions: The project will build on accumulated knowledge at the continental and regional levels, identifying key trends and effective measures that can be applied across GMFA countries. This will include consolidating knowledge products, such as business models for e-2wheelers and e-buses as well as project structuring studies. Resources that will be disseminated via UNEP?s e-mobility platform https://emobility.tools/ to ensure broad accessibility.

- 3. Common Aspects and Cross-Country Application: The identified commonalities in e-mobility sector in Senegal, Rwanda, and South Africa such as the gender aspect, stakeholder engagement will be explored for broader applicability within the GMFA without duplication of activities. This shared approach will provide a consistent foundation while allowing flexibility for each country's unique requirements.

- An implementation framework between UNEP, DBSA and AfDB for the overlapping countries as well as to see how to work in the other countries ensure no double GEB counting will be developed for the CEO endorsement:

- Expected Outputs:

  ? policies and Incentives to unlock private investment GMFA countries, a framework developed informed by successful models from Senegal, Rwanda, and South Africa (overlapping GEF-7 GEF-8 e-mobility countries) to be replicated for Kenya, Morocco and Nigeria

  ? A regional knowledge repository with business models, guidelines, and toolkits for private developers on green mobility, available through UNEP?s e-mobility platform.

  ? Identification of best practices for private developers that can be scaled across different contexts within the GMFA, strengthening the enabling environment for green mobility across the continent

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

Yes a gender analysis is included. ?

	However the core indicator 11 is not provided. Also, for gender at the time of CEO Endorsement/ Approval: Please provide some indicative budget for the Gender Action Plan and related gender-specific activities/outputs, and ensure gender related indicators are integrated into the RF. **We would need more Knowledge Management details an deliverables at this stage. Please provide.** **November 1, 2024. The gender action plan is provided, along with a proposed budget. However, Core Indicator 11 was explained in the review sheet, but not in the Core Indicator Table of the PIF. The core indicator should be expressed as number of beneficiaries in each category, not as percentages.** **November 4, 2024. The number of beneficiaries is provided in the review sheet as 117,477 beneficiaries/day, assuming 50% of women using the e-buses and e- 2 wheelers this would represent about 58,739 female passengers. The agency was not able to populate the table in the PIF. However, the number of beneficiaries is provided in passengers per day. At the time of CEO endorsement, we will need a number for the life of the project.**				

Agency's Comments

1) Core Indicator 11 has now been included
- Core Indicator 11: Number of direct beneficiaries disaggregated by gender as a co-benefit of the GEF investment.
The indicator proposed is ?Proportion of additional passengers (by gender) using low-carbon transport per day as a result of GMFA support:

? At PIF: 0%
? At Midterm: 50%
? At Terminal Evaluation: 75%

The activities proposed in annex D in Gender Assessment are drawn from the overall results framework of the facility and therefore reflect gender mainstreaming along the whole green mobility value chain while advocating for a transition of women working in the informal economy to more women in green and decent jobs.

The GEF-7 and GEF-8 e-mobility projects in Rwanda, Senegal (implemented by UNEP and South Africa (implemented by DBSA) have local gender responsive policy and strategies planned. Hence the GMFA through GEF-8 NGI will build on the existing results in the overlapping countries. Only the remaining GMFA countries such as Kenya, Morocco, Nigeria. A portion of the GMFA grant budget of USD 112,500 will be used to create a conducive environment to develop green mobility strategy and policies mainstreaming gender as well as to promote in integrating women at decision level.

The GEF concessionality investment portion will be leveraged to condition gender integration activities in the non-sovereign operation by providing economic incentives to the private sector. In return, the private sector will ensure to mainstream the gender activities scheduled in the facility gender action plan. A clause will also guarantee gender mainstreaming in the call for tenders issued by the government as well as in the term sheets of the loan agreements established with the private sector companies.

2) The GMFA project aims to leverage and expand on accumulated knowledge at both continental and regional levels, focusing on identifying key trends and effective strategies that can benefit green mobility across all GMFA countries. Key elements of this knowledge management approach include:

- **Consolidation of Knowledge Products:** The project will gather and refine critical resources, including business models specifically designed for e-2 wheelers and e-buses, as well as studies on project structuring and financing. These resources will provide stakeholders with practical insights and guidelines for implementing e-mobility projects.
- **Broad Accessibility through UNEP?s Platform:** To maximize the reach and usability of these knowledge products, they will be disseminated via UNEP?s e-mobility platform (https://emobility.tools/). This platform enables easy access for public and private stakeholders across GMFA countries, supporting cross-country learning and the replication of successful e-mobility practices.
-
- November 1, 2024, AfDB

Methodology for Estimating Total Passengers Using EVs

To estimate the average number of passengers benefitting form the project, we proceeded the following:

? The total number of e-buses purchased in the project is 1,675 for a total cost of USD 339 million

? The total number of e-2 wheelers purchased in the project is 45,000 for a total cost of USD 220 million

? Taking the example of Senegal BRT with CETUD, the average number of passengers transported is 300,000 for a total number of 121 e-buses (source: https://itdp.org/2024/03/22/dakar-senegals-electric-brt-leads-the-way-for-african-cities/). This gives an average number of 300,000/121= 2479 passengers per e-bus/day and a total number of 4,152,893 passengers transported per day by the 1,675 e-buses of the project

? We assume that an e-2 wheelers can accommodate two passengers and make an average of 10 trips per day. This represents 900,000 passengers transported per day for the 45,000 e-2 wheelers.

? So

? the total number of passengers transported per day by e-buses and e- 2 wheelers would be: 4,152,893 + 900,000= 5,052,893

? the total number of passengers transported per day by GEF financed e-buses and e-2 wheelers would be: (13,461,468*5,052,893)/(339,000,000 + 220,000,000) = **117,477 beneficiaries/day**

? Assuming 50% of women using the e-buses and e- 2 wheelers this would represent about 58,739 female passengers.

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

For NGI projects 100% of PMC should be covered by co-financing.

The M&E should also be covered with co-financing since this will be a under a broader financing of AFDB.
The component financing tables do not sum correctly to the USD 15 M request. Please revise.
Private sector investment mobilized should be reported in the co-financing table

November 1, 2024. Comment cleared. At the time of CEO endorsement, the presentation of financing breakdown in the term sheet needs to be fine-tuned to ensure non-grant and TA portions are displayed properly. At the time of CEO endorsement we will approve the final amounts to be allocated for TA to beneficiaries and grant for KM activities.

Agency's Comments

? ? The PMC has been removed from the project budget and text.
?

Some budget should be justified for GEF M&E ? a paragraph has been added to explain:

?

Monitoring and Evaluation: AfDB is responsible for and will undertake monitoring and reporting activities of the underlying projects following Bank policies and procedures, and ensures that it monitors and reports on development, climate change, and other relevant indicators/outcomes. The bank will monitor the projects through ?the Project Status Report (PSR) is a document prepared twice a year, depending on the arrangement agreed upon with the sponsor. It is based on the review of the execution report submitted by the sponsor and the inclusion of additional information on the implementation environment, local, sectoral and if relevant regional and/or international. It is also updated after each supervision mission and serves as the basis for preparing a Project Brief for

Senior Management. It is the key tool of monitoring the project?s impact on the Bank, by all concerned stakeholders of the private sector Ecosystem. PSR addresses three important dimensions of a project?s performance: Implementation progress; Financial and socio-economic viability; and Development outcomes. A Project Status Report (PSR) containing accurate data and information allows the Bank to take appropriate conservatives measures in case the project is facing unexpected difficulties. The PSR is instrumental in interacting with the client and the other stakeholders in benefiting country/region and in preparing the field supervision that usually takes place annually. Provisions for Changes in schedules to be documented at the yearly reflow reporting date.

? At the level of the GMFA, each co-financier, such as SEFA, FAPA or KOAFEC, will finance its own monitoring, evaluation and reporting as they have their own established monitoring reporting systems. Hence, GMFA will require GEF a budget line to ensure adequate Monitoring and Evaluation system as per GEF policies. These efforts will be further developed at CEO Endorsement.

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing($)
AfDB	GET	Regional	Climate Change	NGI	Non-Grant			

1

3,461,468 1,211,532 14,673,000

The GEF grant can?t exceed USD 13,461,468 as shown in the table below [PLEASE INCLUDE EXAMPLE ON THE EXCEL SHEET BELOW]. As the maximum amount a project can get from the NGI is USD 15 million, including GEF Agency fees, PPG and PPG fees, items on the above table (GEF grant + Agency fees) can?t sum up to USD 15 million.

	GEFTF/NGI (in USD)
Component 1 - TA	750,000
Component 2 - INV	12,461,468
M&E	250,000
Subtotal	13,461,468
Project Management Cost (PMC)[1]	0
Total Project Cost	13,461,468
Agency Fee	1,211,532
PPG	300,000
PPG fee	27000
Total GEF resources	**15,000,000**

For investment mobilized please see table below.

Indicative Co- financing

Sources of Co- financing	Name of Co-financier		Investment Mobilized
Private Sector	Sponsors	Equity Investment	Investr
GEF Agency	African Development Bank (SEFA)	Grant	Investr
GEF Agency	African Development Bank (JICA-FAPA)	Grant	Investr
Donor Agency	KOAFEC	Grant	Investr
GEF Agency	African Development Bank	Loan	Investr
		Total Co-Financing	

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

The project is designed with strong coordination with a flagship climate change GEF-UNEP Program, GEF7 and GEF8 e-Mobility Program), which is a first for an NGI project. The exit strategy for the e-Mobility Program child projects have always relied on the ability to link up with financiers, especially MDBs in a first step and later/eventually pure-play private companies. This project offers the opportunity to show an evolution of the GEF programming from GEF STAR/grant-based technical assistance to GEF non-grant through MDBs, to private capital/sector mobilization.

This is very positive. Please address the following comments on a general view and mention that each subproject to be submitted for concurrence will describe with more detail the characteristics of each jurisdiction:

1) Background/baseline/barriers: the section of barriers needs work. First, instead of focusing in general on the barriers to e-mobility in Africa, it would be important to focus on the financial barriers specific to the sector as they are being faces by financiers/developers and link them up directly to the specific solutions/products to be offered. This is a bit vague at the moment.

2) Background/baseline/barriers: Second, it is unclear whether the GMFA is already up and running or would be established anew. There are several mentions of ?GMFA is already working on?? (for instance on the section of ongoing projects in Rwanda and Senegal BRT), which are confusing. We need a section that traces back the origins of the idea, its evolution and its current status, so we have a full picture. Also, in case it is already operating, we would need clarity on current status of funding/funders, any achievement and additionality of GEF financing.

3) The proposal identifies several countries where fossil-fuel subsidies may make it unattractive for EVs. Shouldn?t countries with the right policy conditions be prioritized first?

November 1, 2024. Comment cleared

Agency's Comments

1) A change at paragraph 26-27 p.11 in the Project Description section to ensure that Financial Barriers are provided with GMFA Targeted Solutions so it is clearer:

I. High Perceived Risk and Upfront Investments:

a. Developers struggle to secure sufficient funding for green mobility infrastructure, which demands significant upfront costs.

b. Solution: GMFA will provide concessional loans to reduce financing risks, improving the bankability of projects.

II. Limited Availability of Long-term Finance:

a. Most financial institutions are unable to offer loans with the extended tenors required for electric vehicle (EV) investments, increasing capital costs.

b. Solution: GMFA will offer long-tenor financing and mobilize funds to match the nature of EV investments.

III. Mismatch between CAPEX and OPEX Savings:

a. High CAPEX investments in EVs often deter investors, despite the potential for lower operational costs through energy and maintenance savings.

b. Solution: GMFA will bridge this gap with credit enhancement instruments and result-based financing, incentivizing private sector participation.

IV. Lack of Tailored Financial Instruments for SMEs and Startups:

a. Small operators lack access to credit and financing products, particularly in countries like Kenya, Rwanda and Nigeria where commercial use of 2-3 wheelers dominates.

b. Solution: GMFA?s investment window will provide specialized financial instruments, including lines of credit through financial intermediary with result-based financing for startups and SMEs.

V. Limited Capacity to Develop Bankable Projects:

a. Developers face difficulties in preparing projects that meet bankability standards due to knowledge and capacity gaps.

b. Solution: GMFA?s technical assistance window will offer project preparation support and develop viable business models tailored to local market needs

VI. Reliance on Fossil Fuels and Associated Market Risks:

a. Public transportation remains reliant on fossil fuels, with financial barriers hindering the adoption of electric alternatives.

b. Solution: GMFA will promote renewable-powered charging infrastructure, reducing carbon emissions and mitigating grid emissions risks.

2) In Project Rationale, a GMFA Background context has been added (in paragraphs 21-23) which explains the Origins, Status, and Need for GEF Concessional Finance: Background context: *The Green Mobility Facility for Africa (GMFA), initiated by the African Development Bank (AfDB) in 2022 when EV project developers were approaching the Bank to seek investment. This market has been fast growing in other continents hence the Bank developed a market assessment across six pilot countries in Africa to understand the key barriers, including fragmented information, policy gaps, and the absence of financial instruments necessary to attract private investment. The 6 GMFA countries were chosen for their diverse economic development and focus on transport in their NDCs. It was clear that this sector was high potential and still in early stages on the African continent.*

Although donors and bilateral partners have shown interest in case-by-case support, this fragmented funding approach limits the ability to scale efficiently. To address these challenges, the AfDB has started to mobilize USD 2.45 million for the technical assistance window, which is currently helping South Africa with its Just Transition Transport Plan and Senegal in expanding EV deployments beyond Dakar?s e-BRT. Since then, the AfDB has been trying to raise concessional finance for the investment window to address the high capital costs, long payback periods, and perceived risks continue to deter in order to expand private sector investments.

To unlock the sector?s potential, GEF concessional finance is essential together with ADB window co-financing to attract other financiers. It will activate GMFA?s investment window, providing concessional loans, and credit lines to de-risk investments and mobilize private sector co-financing. This funding is necessary to overcome high CAPEX demands and enable GMFA to act agilely and efficiently, filling critical gaps in the current financing landscape without market distortion. The AfDB has been in constant communication with UNEP and hence strengthening partnership through GEF financing with an implementation agreement framework to build on the existing GEF projects will further support the policy alignment and capacity-building needed for sustainable green mobility across the continent.

3) While fossil-fuel subsidies can present a challenge to EV adoption, the GMFA approach does not aim to phase out these subsidies, as this lies beyond the scope of its technical assistance. Instead, GMFA will build on existing work from GEF-7 and GEF-8 e-mobility programme initiatives, focusing on the creation of incentive frameworks/policies for electric vehicles (EVs). This approach ensures alignment with ongoing efforts to promote green mobility while respecting country-specific policy contexts. To ensure early wins and fast-tracked deployment, the first projects under the investment window will target countries with supportive policy environments and readiness to adopt EVs such as Kenya, Rwanda. These initial projects will serve as examples for other countries, showing how to structure and implement effective green mobility initiatives.

At the same time, countries with evolving policies (for example, Nigeria fossil fuel subsidy in May 2023[1][1]) will receive tailored support through GMFA?s technical assistance, leveraging UNEP?s existing efforts. The 6 GMFA countries have all prioritized Transport in their NDC as a mitigation measures to reach their GHG reduction target. This balanced strategy ensures that all countries can benefit: leading nations can set replicable examples, while others receive the necessary policy support to align with green mobility goals over time.

---

[1] https://theconversation.com/nigerias-fuel-subsidy-removal-was-too-sudden-why-a-gradual-approach-would-have-been-better-222224

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

a) Yes.

b) No, please provide

c) Yes. Additional work is required on the background section as described on 4.1

d) Partially. Please provide additional details on stakeholders to be involved and mention that additional details on relevant stakeholders at national level will be identified and mapped out at the time of project concurrence.

Agency's Comments

b) This paragraph has been added at the end of section on the TOC in paragraph 40 ***Resilience to Future Changes in Drivers***

The GMFA is designed to remain resilient to changes in key drivers such as technological advancements, market shifts, and evolving policies. By utilizing flexible financial instruments like concessional loans, the project can adapt to changing market conditions, ensuring long-term viability. Capacity-building initiatives will equip stakeholders with the skills to keep pace with new technologies in green mobility, while close collaboration with UNEP ensures that policies and regulatory frameworks evolve alongside the project. Additionally, the involvement of private sector investment fosters innovation, ensuring that the project can adjust to new developments and continue to scale across Africa.

c) Response has been addressed in question 4.1

d) The stakeholder clarity has been added (page 69) . Also, there is an annex (Annex D).

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

Yes. By providing low-cost financing, long a missing piece in e-mobility, the project will build on successful GEF policy investments in the region.

Please address the following comments:

Design: please include sequencing in the overall ToC comments. On component 2, the type of financial instruments/solution being proposed downstream remains vague and will need refining.

?Tailor made financial instruments?: The Facility is said to offer guarantees, senior loans and concessional loans but the financial instrument requested from GEF is a concessional loan. This raises questions on the repayment schedules. You would need to explain how a concessional loan would be repaid by equity/guarantees, At project level, there will need to be a description of how these different financial instruments will be selected vis-?-vis the barriers to tackle, and how each is expected to address specific issues related to each barrier. This degree of detail will be provided in the termsheet of each individual project to be submitted for Concurrence. For this stage, at this stage nevertheless it is required you research state of financing in each country where you have pipeline (and where IP e-mobility should have identified the financing models) and a small set of financial interventions that are in demand by private sector partners, easily replicable, easily rated, and quick to invest.

2) Pipeline: it is positive to see there is already a pipeline of investments that has been identified this early, however it does not appear that the financial tools being proposed match with the private sector partners identified in the pipeline. Please document the types of instruments needed by this pipeline.

3) If public sector beneficiaries are intended, additional justification is required on what cash-flow business models are being considered.

b) The GEBs should be delivered as an output of the TOC- please include.

November 1, 2024. Comment cleared

Agency's Comments

Design: The type of instruments that will be used will be designed as per the needs of each underlying projects. GEF funds will be used in the form of concessional debt to reduce risks and improve the financial returns of the project, hence, improving the bankability of projects for private sector investments. The Bank recognizes that each project may require the use of different instruments which will be used to maximize the use of these instruments. Therefore, in the design of the ToC the financial instrument of blended concessional loan has been added to component 2.

Tailor-made financial instrument: the request to the GEF is for concessional loan only. The AfDB will provide co-finance to GEF at least 1:1 per transaction and is expected to crow-in other lenders. The repayment schedules in Annex G 1 & 2 will reflect same. Each project will be presented during concurrence mechanism for approval. The Bank provides a wide range of instruments and will seek other lenders to provide other instruments.

2) Pipeline: The indicative pipeline is still at a very early stage, therefore the type of instrument that will be applicable to each project will be determined at a later stage. However, to ensure clarity the instrument of blended loan has been added in Table 3 in the PIF.

3) Public sector beneficiaries are not intended. However, State-Owned Enterprise (SOE). These are companies or entities that are owned or controlled by the government. SOEs can operate in various sectors, including energy, transport, finance, and more. They are often established to provide public services, manage natural resources, or maintain strategic industries under government oversight. While they may be run as commercial businesses, their objectives often align with public policy goals rather than pure profit motives. In this case, this can be municipalities or public bus companies.
b) the GEB output has been added to the updated ToC in the PIF

5.2 INCREMENTAL/ADDITIONAL COST REASONING

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

Secretariat's Comments

Need better explanation of why GEF funding will be financially additional to very significant AfDB loans. Annex G provides generalities. Replace that with an explanation of the financial additionality of GEF?s investment.
4) Will lending amounts be determined based on incremental cost of EVs? That is operators will be responsible for the base cost of a fossil fuel powered bus, and receive lending for the incremental cost of the EV? Or is another business model proposed?

Ignore the fragment above. Use this section:

Need better explanation of why GEF funding will be financially additional to very significant AfDB loans.

The mobilization goal with GEF/AFDB resources is not quantified and we need that ratio. Percentages are provided (IFIs 30%, equity 15-20%) we need absolute values and co-financing ratios both general and private sector mobilization only.

Please explain where the equity will come from. If the financing will only invest 80% of the project and expects the recipients to sponsor 20% with own resources, please explain so.

Please include criteria that will exclude SEFA-GEF financing from the projects to be supported (you can find language in the AFDB COVID-19 project

Annex G provides generalities. Replace that with an explanation of the financial additionality of GEF?s investment: what degree of concessional funding is required? How GEF financing would help achieve it without crowding out other financiers?

4) Will lending amounts be determined based on incremental cost of EVs? That is operators will be responsible for the base cost of a fossil fuel powered bus, and receive lending for the incremental cost of the EV? Or is another business model proposed?

November 1, 2024. Comment cleared

Agency's Comments

1) AfDB will come at commercial terms as the Bank cannot provide loans on concessional terms. GEF funding will come to complement Bank resources providing a blended finance package that will improve the financial bankability of the projects with the aim to attract private sector investments in the sector in a sustainable way.

Added a paragraph (paragraph 39 page 14) on the financial Additionality of the GEF following the guidelines GEF/C.31/12:

? *Concessionality and Risk Mitigation: The GEF?s concessional funding plays a critical role in addressing the high-risk profile of early-stage investments in green mobility, which AfDB loans alone cannot fully mitigate. GEF concessional finance will help de-risk investments by addressing market barriers, such as high capital expenditure (CAPEX) and long payback periods, that hinder private sector participation. AfDB's loans, while significant, do not offer the same level of concessionality and flexibility as GEF grants, making GEF funding essential for reducing financial risks and crowding in private sector investments?*

? *Incremental Global Environmental Benefits (GEB): GEF funding is specifically designed to cover the incremental costs needed to achieve global environmental benefits (GEBs), which would not be possible under a purely business-as-usual scenario with AfDB loans alone. The GEF's funding supports activities that go beyond the national benefits of mobility infrastructure by ensuring climate benefits such as* *reduced GHG emissions and enhanced policy frameworks for sustainable transport, which AfDB loans, without GEF's input, would not sufficiently address?*

? *Leveraging and Scaling Impact: While AfDB is providing substantial financing through loans, the GEF?s role is to leverage these funds to mobilize additional private and public sector investments. By providing concessional finance through GEF, the project can attract further co-financing, ensuring that the overall financial resources available for the GMFA are scaled up to meet the ambitious targets of the project.*

2) The indicative table of pipeline has a breakdown of the numbers to clarify the amounts. According to internal rules, AfDB can finance up to 30% of a project cost. The Bank is expected to co-finance the GEF. Given the concessional nature of GEF finance, we expect the Bank to finance with at least the same ratio of GEF if not higher. It is expected that at least 30% of the project cost to be financed from private sector resource. AfDB is expected to co-finance USD 169 million, other indicative lenders USD 240,000,000, project developers with equity participation USD 136,000,000.

? GEF with AfDB 1:12

? GEF with private sector 1:14

? GEF with all lenders 1:37

3) SEFA-GEF financing exclusion language has been added as per AfDB COVID-19 project ? need to indicate where in the PIF (paragraph xx page xx)

Annex G ? has been updated as suggested and provided best, worst and middle scenario tables for reflows.

4) Yes, the lending amounts will not be determined based on the incremental cost of electric vehicles (EVs) and the charging infrastructure where necessary the RE component compared to fossil fuel-powered buses.

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

Need better documentation on how private businesses currently finance their vehicle acquisitions ? do they use local banks, private lenders, family lenders? Is AfDB currently lending to bus and 2/3 wheel operators? If not, what retail lending mechanism will AfDB employ?

Need better documentation on how private businesses currently finance their vehicle acquisitions ? do they use local banks, private lenders, family lenders? Is AfDB currently lending to bus and 2/3-wheel operators? If not, what retail lending mechanism will AfDB employ?

B) it is unclear how the execution arrangements will take place in each country: i.e. the GEF-AFDB-IFI-Equity will be materializing. If this is to be defined in each country please say so and provide details during Concurrrence.

Yes.

Yes.

Agency's Comments

The current private businesses raise funds from private equity, commercial banks with high interest commercial rate and reticent in financing innovative technologies.
The AfDB has financed

- Tanzania : Dar Es Salam Bus Rapit Transit ? debt instrument
- South Africa : SA Taxi for mini bus ? asset back financing ? debt instrument

B) The GMFA execution arrangements will indeed vary across countries to align with each country's unique context. These arrangements will be further defined and detailed during the Concurrence mechanism. Key factors influencing the execution approach per country include local regulatory environments, existing institutional capacities, and specific financing needs. AfDB?s contribution could potentially encompass senior loans, while GEF will focus on concessional loans, as no equity or guarantees are planned within the GEF financing request. GMFA will ensure that these execution plans are customized for optimal alignment with each country?s development priorities

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

b) Are the project?s indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

Core indicators are identified but seem low for a period of 15 years. Please clarify the methodology

Core indicators are identified but seem low for a period of 15 years. Please clarify the methodology.
Additionally, there are CCA indicators in pages 8-9 ? we only track CCM indicators with co-benefits in adaptation. Please address.
Please include core indicator 11 with gender breakdown.

November 1, 2024. The GHG estimates have been better described. At the time of CEO endorsement, a full analysis based on vehicle type, number of trips and other usage factors should be presented. Core indicator 11 should be presented with number of people in each category.

Agency's Comments

1) The Core Indicator for GHG calculation has been updated. Here is the methodology

the GMFA will contribute to significant cost reductions resulting from reduced expenditures by the underlying projects on fuel imports, since the consumption of petroleum-based fuels will be reduced due to the increased deployment of electric vehicles. Therefore, the GMFA is also expected to improve energy security within the Country having underlying projects financed, since the share of local energy resources used in the transport sector will grow and dependency on imported fuels will decrease.

Environmental benefits are attributed to the projects under the programme as part of the following categories: 1) Direct benefits; 2) Secondary direct emission benefits; and 3) Indirect benefits. These categories are in line with those defined in the GEF ?Manual for Calculating Greenhouse Gas Benefits of Global Environment Facility Transportation Projects? (prepared by the Institute for Transportation and Development Policy).

The various mitigation contributions are calculated as follows:

•***Total Direct benefits*** *correspond to the GHG emission reductions and energy savings obtained from:*
1.) Direct Benefits: The investments that are planned and executed during the project lifetime, i.e. the emission and energy use savings stemming from the demonstration of electric vehicles and EV supply equipment such as chargers purchased as part of the project.; and 2.)

2.) Secondary direct benefits: emission reductions and energy savings as a result of investment in replication and upscaling. Assuming that each GMFA financed projects will be replicated at least twice.

The table XX below provides the estimated Total direct tCO2

•***Indirect benefits*** *correspond to the GHG reductions and energy savings obtained during and beyond the project as the result of outputs and outcomes of the project. This includes in particular the adoption of policies, capacity business models and financial mechanisms, which incentivize the scale-up of electric mobility. The indirect benefits are calculated by the GEF-7 and GEF-8 e-mobility e-mobility child projects and therefore not taken into consideration to avoid any double count the GEBs.*

- *Rwanda: Indirect CO2 emission mitigation at Concept stage - 750,823 tCo2eq*
- *Senegal: Indirect CO2 emission mitigation at Concept stage - 1,472,640 tCO2eq*
- *South Africa - Indirect CO2 emission mitigation at CEO Endorsement - 496,364 tCO2eq*

Table XX overview of GHG emission reductions achieved by GMFA excluding

	Direct tCO2 emission reductions	***Secondary direct tCO2 emission reductions****	***Total estimated direct tCO2 emission reductions***
e-buses	*687,926*	*2,063,778*	*2,751,704*
e-2 -wheelers	*1,680,928*	*5,042,784*	*6,723,712*
Total	*2,368,854*	*7,106,562*	***9,475,416***

**assuming replication X3*

2) there are indeed co-benefits on adaptation but not tracked for the GEF, hence no indicators.

3) The Gender indicator has been added and addressed in question 3.2 above.

November 1, 2024, AfDB

Methodology for Estimating Total Passengers Using EVs

To estimate the average number of passengers benefitting form the project, we proceeded the following:

? The total number of e-buses purchased in the project is 1,675 for a total cost of USD 339 million

? The total number of e-2 wheelers purchased in the project is 45,000 for a total cost of USD 220 million

? Taking the example of Senegal BRT with CETUD, the average number of passengers transported is 300,000 for a total number of 121 e-buses (source: https://itdp.org/2024/03/22/dakar-senegals-electric-brt-leads-the-way-for-african-cities/). This gives an average number of 300,000/121= 2479 passengers per e-bus/day and a total number of 4,152,893 passengers transported per day by the 1,675 e-buses of the project

? We assume that an e-2 wheelers can accommodate two passengers and make an average of 10 trips per day. This represents 900,000 passengers transported per day for the 45,000 e-2 wheelers.

? So

? the total number of passengers transported per day by e-buses and e- 2 wheelers would be: 4,152,893 + 900,000= 5,052,893

? the total number of passengers transported per day by GEF financed e-buses and e-2 wheelers would be: (13,461,468*5,052,893)/(339,000,000 + 220,000,000) = **117,477 beneficiaries/day**

? Assuming 50% of women using the e-buses and e- 2 wheelers this would represent about 58,739 female passengers.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments

Please use the correct Annex G.1 and G.2 templates as published in the fourth call for proposals. The overall conceptual need for a financing facility for e-mobility is well justified overall. However, the financial structure is not well suited given the many question marks at this stage. Please address the following comments:

1) To further document financial additionality, replace generalities with clear and detailed financial figures.

2) The proposed project has different types of recipients, from private sector operators to financial intermediaries and asset companies that currently do not exist raises existential questions for viability of this project. It seems doubtful that new intermediaries can be both created, become eligible for AfDB financing, satisfy ESS and financial safeguards, identify credible vehicle purchases, and then be funded within the timeframe of a GEF project. Rather than create new intermediaries or asset companies, wouldn?t a more prudent approach be to utilize existing financing intermediaries?

3) In any case the final recipient/sponsors may be the providers of the equity portion- this information is implied in the document but not clearly stated, please clarify. In each of the financial arrangements for each type of recipient, we would need to know the specific of the terms and conditions of the financing including maturity, type of financial instrument used, [interest rate/premium/irr] and GEF seniority to other financiers (to AFDB, other IFIs and to sponsors]

4) The GEFSEC prefers this project be implemented under the delegation of authority modality identified in GEF Non-Grant Policy ((GEF BLENDED FINANCE GLOBAL PROGRAM AND NON-GRANT INSTRUMENTS POLICY UPDATE, GEF/C.63/12, November 1, 2022. See section paragraph 13). That is, each proposed country specific investment?s financial model will be presented to the GEFSEC for concurrence at the time of investment readiness. Please revise.

5) Add the following provisions to the sequencing in TOC and also in the M&E section.

a) Provision for establishment critical institutional partnerships and investment mechanisms within 12 months with grants or input from existing IP.

b) Provisions for investment disbursement schedule following sequencing to be defined per country at the time of Concurrence.

c) Provisions for Changes in schedules to be documented at the yearly reflow reporting date.

November 1, 2024. Comment cleared

Agency's Comments

1) Annex G has been updated to refine the financial additionality. Also addressed at question5.2 on incremental cost above.

2) The AfDB will prioritize the use of **existing financial intermediaries** to ensure alignment with the project timeline and compliance with GEF requirements. The Technical Assistance (T.A.) component will support project preparation if a new Special Purpose Vehicle (SPV) or intermediary is deemed necessary. However, creating new intermediaries is not the primary goal of the GMFA.

? **Utilizing Existing Intermediaries**: AfDB?s extensive experience with financial structures, allows it to leverage existing intermediaries who already meet financial and environmental safeguards. This approach minimizes delays and maximizes effectiveness within the GEF project timeframe.

? **Diverse Financial Instruments:** The project will use a range of financial tools, such as junior equity participation, debt co-financing, or concessional loans. These instruments will be adapted to market needs to ensure accessibility for SMEs and other project participants. Mobilizing resources from partners, including AfDB, will ensure that financing structures align with project goals and timelines.

The AfDB will leverage existing financial intermediaries wherever feasible, with the T.A. component stepping in to support project readiness only when necessary, to align with the project?s timeline and viability requirements.

3) Annex G provides the detail of this. The Bank can extend financing to projects to up to 15 years of tenor. Interest rates are in line with Bank policies for NSO which take into consideration risk, commercial pricing and others. We suggest to have same conditions applicable to GEF in terms of tenor and seniority. As for interest rate applicable, the Bank will apply the OECD blended finance principles for each GEF cofinanced projects. This to ensure that there is a need for the use of concessional financing by ensuring the additionality for the use of concessional financing, to apply the right level of concessionality and crowding in other investors (public and private) through the application of minimum concessionality. Interest rates will applicable as per project needs to ensure the bankability of the project and reduce any perception of over subsidy. IRR are usually defined by the Bank modeling team. GEF will provide concesssional debt alongside Bank own resources. Other type of financial instruments may be used by the Bank or other co-financing partners.

4)The language concerning the delegation of authority has been added in the PIF. each proposed country specific investment?s financial model will be presented to the GEFSEC for concurrence at the time of investment readiness

5.6 RISKs

a) Is there a well-articulated assessment of risk and identification of mitigation measures under each relevant risk category?

b) Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?

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

Secretariat's Comments

Climate risks will be reduced if this project is successful. Please address the following comment:

The proposal aims to use GEF resources to attract additional financing from IFIs. The proposal does not adequately explain the downside risk that GEF resources will be inadequate and underperform if that additional financing does not materialize. Will other private sector investors fill in the gap? Please justify.

The financial arrangements will depend on the type of vehicle/recipient. There is an execution risk that needs to be identified and addressed.

c) We note that the overall ESS risk of the project is classified as ?moderate? and the project attached Environmental and Social Safeguards Screening and Rating (ESSS, Annex D). The projects will also be required to obtain local ESIA approval and provide an ESMP plan to maintain compliance with AfDB, GEF and local E&S requirements prior to approval. However, the environmental and social risk section of the Key risks table in the Portal is ?low?, and it is not consistent with ESSS.
- Please revise the environmental and social risk rating in the table consistent with ESSS.
Please adjust the rating under the ?Environmental and Social? risk category in line with the ESS risk category.
The ratings are not in line. Doing so would be in line with the description of the ?Environmental and Social? risk category in Annex B of the GEF Risk Appetite document (GEF/C.66/13) stating that: ?The rating reported by project under this category is identical to the Overall Safeguards Risk rating provided at PIF, CEO Endorsement, MTR and TE stage.?

- Please describe how the Overall risk rating was identified.

November 1, 2024. Comment cleared. The review sheet explains that risks stated in the PIF are fully aligned with AfDB ESS, although the details are somewhat confusing. At the time of CEO endorsement we expect a very clear explanation of risks and AfDB approach to monitor and minimize risks.

Agency's Comments

The main objective of using GEF concessional financing is to ensure the bankability of projects, making them more attractive to both private sector investors and other financial institutions. The concessional nature of GEF resources helps de-risk the investments, thereby encouraging private investors to participate. This participation could come in various forms, such as equity participation from project promoters or financing from private sources like financial institutions.

In terms of managing the downside risk, if the expected additional financing from international financial institutions (IFIs) does not materialize, the project is designed to still attract private investors. These investors can fill the gap through different mechanisms such as debt or equity co-financing, as the concessional funds from GEF lower the risk threshold, making the projects more viable even in challenging conditions.

The proposal anticipates a GEF leverage ratio of approximately 1:37 (with all the lenders) on the portfolio level meaning that for every dollar of GEF funding, thirty seven dollars of private sector funding could be mobilized. This ratio ensures that even if some IFI financing falls short, the private sector?s involvement will help bridge the gap, ensuring the project?s success.

The Risk on financial arrangement in the Execution section of the Risk Table P.61 has been updated to address the comment on the financial arrangements :

We have identified two types of recipients for the GMFA project: financial intermediairies and private entities. The financial arrangements will be defined based on the type of recipient and the instruments used, as the conditions applicable to private entities may differ from those for financial intermediairies. This will be defined at concurrence approval stage.

However, some general terms and conditions?such as seniority of debt, procurement processes, and disbursement procedures?will apply to all types of financial arrangements, regardless of recipient type. The key execution risk lies in ensuring that these different financial instruments are properly aligned with the needs and capacity of the recipients while maintaining adherence to AfDB and GEF standards. By carefully defining these financial arrangements upfront, the project can mitigate execution risks and ensure smooth implementation.

c) The Environmental and Social (E&S) risk rating has been updated to **high** to align with the details provided in the Annex on Environmental and Social Safeguards (ESS). The risk category has also been adjusted in the portal to reflect this **high-risk classification**, ensuring consistency across all documentation and systems. The rationale for the high-risk classification is based on the **Precautionary Principle of Sustainable Development.** This adjustment reflects the uncertainties and potential risks associated with:

- The safety and environmental impact of green mobility initiatives, which lack comprehensive scientific validation.

- Physical infrastructure supporting green mobility, as well as the end-of-life management of electric vehicle components (such as batteries, motors, and engines), which may pose hazards to human health and the environment.

- Some of these risks are not easily reversible by the E&S requirements of the benefiting countries.

In line with the **AfDB Integrated Safeguards System (ISS),** the high-risk classification corresponds to **Category FI-A projects**. This adjustment ensures that the project remains fully compliant with the AfDB, GEF, and local environmental and social standards throughout all project stages, including PIF, CEO Endorsement, Midterm Review (MTR), and Terminal Evaluation (TE).

- Overall risk rating:

For the GMFA project, which is aimed at transformative urban mobility in six countries across Africa, various risks were evaluated across the following dimensions:

? Context Risks: This includes factors like climate risks, environmental and social risks, and political and governance risks. The project specifically takes into account the diverse country contexts, including their renewable energy capabilities and existing automotive industries. Risks in this category have been partly mitigated through careful selection of countries with varied levels of renewable energy development and a mix of industrial contexts (e.g., Kenya's strong renewable energy production and South Africa's automotive industry). This mitigated the context risks to a manageable level.

? Innovation Risks: As the GMFA relies on innovative solutions such as electric vehicles (EVs) and green public transport, the technological risks are significant. However, GEF actively promotes innovation and addresses risks related to technology and business models through strategic collaboration with UNEP and leveraging learnings from prior GEF-7 projects. This mitigation reduces innovation risks.

? Execution Risks: These risks relate to institutional capacity, fiduciary management, and stakeholder engagement. The GMFA plans to work closely with local operators and leverage financial instruments like concessional loans, ensuring private sector engagement. GEF?s established procedures, including environmental and social safeguard mechanisms, further help reduce these risks.

Given the substantial efforts in risk mitigation across the above dimensions, the residual risks for GMFA are considered moderate. In addition, since the ESS category is the only risk that was rated high contextually (with the 9 other categories rated as moderate or low risk) , the overall risk rating for GMFA is estimated to be moderate.

-

5.7 Qualitative assessment

a) Does the project intend to be well integrated, durable, and transformative?

b) Is there potential for innovation and scaling-up?

c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's CommentsYes. If successful, the green mobility financing facility will attract significant demand and funding to foster growth in e-mobility market in Africa.

Agency's Comments

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments

Yes

Agency's Comments

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's CommentsThe project prioritizes Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa where e-mobility is vital to help address national priorities.

Agency's Comments

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's CommentsN/A

Agency's Comments

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments

Section D has been completed.

Please address the following comments:

1) Related to private sector engagement, the focus seems to be on beneficiaries. Please document the role for private sector financing partners (i.e., investors) that can help scale the initiative.

Section D has been completed.
Please address the following comments:
1) Related to private sector engagement, the focus seems to be on beneficiaries. Please document the role for private sector financing partners (i.e., other banks, IFIs, PS investors) that can help scale the initiative.

Agency's Comments

The Role of Private Sector Financing Partners in Scaling the GMFA Initiative has been added to Section D.

1. **Blended Finance Opportunities**: In the GMFA project, blended finance instruments can be employed to attract investment from private banks, development finance institutions (DFIs), and impact investors who are looking to support green mobility solutions like electric vehicles (EVs) and charging infrastructure.
2. **Partnership with International Financial Institutions (IFIs)**: IFIs such as the African Development Bank (AfDB), which is already involved in the GMFA initiative, can facilitate co-financing and provide credit guarantees, thus reducing the perceived risk for commercial banks and private investors?. The role of IFIs also involves offering financial products tailored to support projects that align with environmental sustainability goals, particularly for capital-intensive infrastructure like e-bus fleets and charging stations.
3. **Private Sector as Catalysts for Market Transformation**: For instance, vehicle manufacturers and energy companies could contribute through strategic investments, providing capital and expertise to scale production, infrastructure, and distribution networks for EVs. This would reduce the reliance on public sector funding and enhance project sustainability and transform the market.

4. **Engagement of Local Commercial Banks** : To extend financing to small and medium enterprises (SMEs) involved in e-bus manufacturing or operating charging stations or e-2-3 wheelers , local financial institutions can play a critical role in providing tailored financial products?. This ensures that financing options reach smaller actors in the value chain who are pivotal to the overall success of the GMFA initiative.

The role of the private sector financing partners involve providing co-financing, investment in innovative solutions, and ensuring the financial sustainability of the project, aligned with GEF?s vision of transformative market change.

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's CommentsNovember 1, 2024. The stakeholder engagement document was very detailed. Dates of consultation are still lacking. At the time of CEO endorsement, please include dates on all stakeholder and project preparation documentation.
Yes, though dates are lacking.

Agency's Comments

8 Annexes

Annex A: Financing Tables

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

STAR allocation?

Secretariat's CommentsThis is proposal is requesting funds from the blended finance window.

Agency's Comments

Focal Area allocation?

Secretariat's CommentsN/A

Agency's Comments

LDCF under the principle of equitable access?

Secretariat's CommentsN/A

Agency's Comments

SCCF A (SIDS)?

Secretariat's CommentsN/A

Agency's Comments

SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's CommentsN/A

Agency's Comments

Focal Area Set Aside?

Secretariat's CommentsN/A

Agency's Comments

8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

PPG is requested, but not fully justified. Given the extensive work already done, PPG as is cannot be approved.

November 1, 2024. The PPG is much better focused and will not duplicate work done under prior GEF funded UNEP projects. Comment cleared.

PPG is requested, but not fully justified. Given the extensive work already done, PPG as is cannot be approved.

Agency's Comments

AfDB requires to secure funding for the Project Preparation Grant (PPG) to ensure a structured, strategic approach toward establishing the investment platform and aligning all stakeholders. More specifically,

? **Formalizing the Implementation Framework with UNEP , DBSA and Structuring Coordination Across Countries:**
Securing the PPG will enable the AfDB to recruit a consultant to finalize a formal agreement with UNEP and establish effective coordination frameworks across the shared target countries. This alignment will ensure seamless collaboration among partners and facilitate the smooth deployment of the Investment Facility.

? **Conducting Market Assessments for the state of financing and Engaging Stakeholders:**
The PPG will fund a consultancy firm to conduct market assessments in each country, analyzing the current financing supply for EVs. These insights will guide the development of the Investment Facility by identifying trends, gaps, and opportunities addressing many comments of the GEFSec. Additionally, the assessments will include up to date active engagement with key stakeholders across the six countries to ensure their involvement and support and country ownership.

8.3 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?

Secretariat's Comments

No. Please address following comments:

1) Claimed co-financing in % is not fully justified-there is no explanation of the various AfDB funding commitments and how they relate. How is US$ 201 M as figure reached as total figure? Unclear with the information shared.

2) SEFA is a GEF funded project, therefore no co-financing can be claimed from SEFA.

3) While there is an expectation of mobilizing other lenders, there is no indication of an eventual target size/close for the facility, which has an impact on the calculation of GHG emission reductions, and total co-financing. Please justify.

4) Please revise the source of cofinancing for KOAFEC from ?donor agency? to the relevant category. Donor agency refers to Multi-lateral or bilateral aid agency

November 1, 2024. Comments cleared

Agency's Comments

1) The claimed co-financing percentage and the total figure of USD 186.45 million and not 201 USD million, with the latest updates about AfDB and SEFA contributions, here is the revised explanation:

Breakdown of AfDB Contributions:

? **Flexible Financial Instruments from AfDB**: AfDB's contribution includes a range of potential financial instruments beyond senior commercial loans, such as Partial Credit Guarantees (PCG) and other mechanisms, depending on the project needs. The total amount of **up to USD 169 million** has been calculated based on indicative demand from 15 pipeline projects under the GMFA, as shown in Table 2 of the PIF. The flexibility in AfDB?s approach ensures that financial support can be tailored to meet the evolving requirements of these projects. The PEN (Project Eligibility Note) for the GMFA has already been approved, and the Project Concept Note (PCN) is currently under development. The Project Appraisal Report is expected to be submitted to the AfDB Board for consideration in **Q2 2025**, ensuring that the necessary financial commitments are in place for the project?s timely execution.

? **Technical Assistance (TA) Grants**: AfDB has mobilized **USD 2.45 million** in grants for the technical assistance window from two internal trust funds (FAPA and SEFA) and external bilateral fund KOAFEC. These grants are already approved and being utilized for key initiatives like South Africa?s Just Transition Transport Plan and the expansion of electric vehicle (EV) deployments in Senegal. These TA funds help bridge policy and capacity gaps, laying the groundwork for broader project implementation.

Total co-financing Amount	
AfDB?s flexible financing instruments, which may include senior loans, partial credit guarantees, and other mechanisms.	**Up to USD 169 million**:
Grants for technical assistance.	**USD 2.45 million**
Total commitments	**USD 171.45 million**,

Justification of Co-financing Percentages:

The co-financing strategy aligns with GEF?s co-financing policy, leveraging concessional finance from GEF and AfDB to attract further investments. AfDB?s diverse financial instruments and SEFA?s concessional finance enable the GMFA to address financing gaps and reduce risks, making the project more attractive to private investors

2) Clarification on SEFA?s Co-financing: SEFA is a **fund** and not a GEF-funded project. While SEFA is involved in co-financing a project that is related to COVID-19 recovery in collaboration with the GEF, the co-financing being claimed for the GMFA comes from the **SEFA fund** itself, not from the COVID-19 recovery project. This ensures that there is no overlap or misattribution of funds between SEFA and GEF-related activities.
Some language of exclusion will be added in the PIF to ensure that SEFA-GEF projects will not finance GMFA.

3) The target size of the GMFA facility remains flexible, driven by ongoing engagement with private sector lenders and international financial institutions. While the facility is designed to scale, its eventual size will depend on the financial instruments deployed by AfDB, such as senior loans and Partial Credit Guarantees (PCG), and on the success of mobilizing other lenders based on the indicative demand from 15 pipeline projects (refer to table 2 in the PIF).

The GHG emission reductions and total co-financing will grow proportionally as the facility scales and attracts more private sector investments. The current commitment of USD 201 million is based on existing contributions and upcoming ones (GEF, SEFA, AfDB), but further co-financing will be mobilized as the facility evolves, allowing for greater emission reduction impacts. The flexibility ensures that the facility can adapt to evolving market conditions while still achieving its environmental and financial goals.

4) KOAFEC is a bilateral co-financing partnership between the Bank and the republic of Korea.

Annex B: Endorsements

8.4 Has the project been endorsed by the country?s(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's CommentsN/A

Agency's Comments

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's CommentsN/A

Agency's Comments

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's CommentsN/A

Agency's Comments

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments

Please provide documentation.

November 1, 2024. Comment cleared. Thank you for providing copies of the emails to the OFPs should be uploaded as an attachment in Portal.

Agency's Comments

Yes, an email was sent to the OFPs of Kenya, Morocco, Nigeria, Rwanda, Senegal, and South Africa informing them of the project to be submitted.

AfDB, 1 November 2024

A copy of the email sent to the OFPs is uploaded in the "Record of Endorsement of GEF Operational Focal Point (s)" section of the portal.

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project?s intended location?

Secretariat's Comments

Countries are identified

Agency's Comments

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments Yes.

Agency's Comments

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments Yes.

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments Yes.

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) 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 to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

The agency is eligible to administer concessional finance. Please address the following comments:

1) Annex G section on financial additionality vague and full of generalities. Please simplify, shorten and focus on proposed financial interventions. The termhseet is a document for the terms and conditions of the financing and not to elaborate on the logic /wording which should be provided in the proposal.

2) The use of proceeds section does not provide any details on how GEF?s resources will be invested, what rate of return will be earned, the waterfall of other investments, equity share by beneficiary, maximum investment size, number of investments, , etc. If this to be defined at project level please make sure that whatever financing arrangements in the future will match the overall terms of the financing you are asking now (i.e. concessional loan with interest rate of [ ] and maturity of [15 years]). Any future project financing will need to be designed to comply with the overall terms asked for now. Please also note that the termsheet mentions principal repayment in 5 years ? which may be a mistake.

3) Insufficient detail is provided on how the AfDB loans will be structured, the size per investment,
the expected returns, tenors, safeguards.

4) Reflow schedule should separate between Grant portion and non-Grant portion. That is, none of the TA grant should be reported in the principal expected to be reflowed.

5) The termsheet should be simple for a general application in the different countries.
Please add wording in the termsheet section of terms and conditions that states that each project sent for concurrence will have definite terms and conditions of the financing that will ultimately meet the overall GEF financing established asked for at this level.

6) Add a section on Seniority: please also add a section that states how the GEF priority of repayment (seniority/waterfall of payment if for a vehicle) will be established at projecte/country level. This should be aligned with the overall terms of financing asked for in this termsheet.

7) Please confirm that the recipient of the GEF financing (so our counterparty) is AFDB- we will not have direct exposure to projects. We want to ensure how default provisions, safeguards, risk management AML etc. are applied.

November 1, 2024. The comments have been addressed sufficiently for PIF stage in the revised Annexes. With the use of delegation of authority for concurrence, the GEFSEC will be able to evaluate each individual investment at the concurrence stage for the details requested in the comments. At the time of CEO endorsement, please include sufficient details on the range of investments likely to be deployed with associated returns.

Agency's Comments

Annex G1 and G2 has been updated to address all the comments

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

Not yet. Please address the comments.

November 1, 2024. Comments cleared, except for Core Indicator 11.

November 4, 2024. The agency has provided the number of beneficiaries in the text of the review sheet, but is not able to fill in the Core Indicator 11 in the PIF. The estimate number of beneficiaries is acceptable for this stage of the PIF but improvements to the methodology and presentation are needed at CEO Endorsement. The program manager has completed the review and recommends this project for clearance.

November 5, 2024. The term sheet and reflows Annex G have been updated. Core Indicator 11 table is filled in. Comments Cleared. The program manager has completed the review and recommends this project for clearance.

November 7, 2024. The ESS risk is now marked High on page 53 of the PIF. The overall risk rating of Moderate is justified in the key risks section of the PIF pages 43-46. Comments cleared. The program manager has completed the review and recommends this project for clearance.

Agency's Comments

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

1) Please add additional details to the budget for the Gender Action Plan and related gender-specific activities/outputs, and ensure gender related indicators are integrated into the RF.

2) A full GHG analysis based on vehicle type, number of trips and other usage factors should be presented.

3) The presentation of financing breakdown in the Annex G term sheet and reflows table needs to be fine-tuned to ensure non-grant and TA portions are displayed properly. Please consult with the GEFSEC team on best way to show these figures. At the time of CEO endorsement we will

approve the final amounts to be allocated for TA to beneficiaries and any grant amounts for KM activities.

4) Please consult with GEFSEC staff on how best to include sufficient details on the range of investments likely to be deployed with associated returns appropriately reflected in the term sheet and reflows table. Also additional narrative on the delegation of authority concurrence mechanism should be provided.

5) Please provide a very clear explanation of risks and AfDB approach to monitor and minimize risks.

6) Please include dates on all stakeholder and project preparation documentation.

7) Please refine the beneficiaries estimate based on the life of the project.

Agency's Comments

Review Dates

	PIF Review	Agency Response
First Review	**10/2/2024**	**11/1/2024**
Additional Review (as necessary)	**11/1/2024**	
Additional Review (as necessary)	**11/4/2024**	
Additional Review (as necessary)	**11/5/2024**	
Additional Review (as necessary)	**11/7/2024**	