

Support the shift towards low-carbon electric mobility in Ecuador

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10630

Countries

Ecuador

Project Name

Support the shift towards low-carbon electric mobility in Ecuador

Agencies

UNEP

Date received by PM

2/28/2022

Review completed by PM

4/27/2022

Program Manager

Patricia Marcos Huidobro

Focal Area

Climate Change

Project Type

MSP

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Project description summary

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

Secretariat Comment at CEO Endorsement Request
4/13/2022 PM:

Cleared.

3/31/2022 PM:

No. Please address the following comment:

- There is a mismatch between the duration of the project (i.e. 48 months), the Implementation Start Date (6/1/2022) and the Expected Completion Date (6/30/2025). Please address this inconsistency.

Agency Response

April 12th, 2022

Kindly note that it was not possible to change the project duration in the GEF portal, where 48 months had been mistakenly entered at the time of submitting the child project's concept note. Hence, we have requested the GEF SEC ITS to assist in changing the duration from 48 to 36 months. The start and end date have been slightly adjusted to reflect the current expected dates (07/01/2022 to 06/30/2025).

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

N/A.

Agency Response

Co-financing

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

Secretariat Comment at CEO Endorsement Request

4/27/2022 PM:

Cleared.

4/21/2022 PM:

No. Please correct the type of co-financier for GIZ from "Other" to "Donor Agency."

4/13/2022 PM:

Cleared.

3/31/2022 PM:

No. Please address the following comments:

- The following Letters of Co-financing are missing: (i) Ministry of Economy and Finance; (ii) Empresa Electrica de Quito; and (iii) Municipality of Quito.
- Provide an explanation (below Table C) on the main changes in the co-financing amounts between the latest version of the CEO Endorsement for the Ecuador electric mobility national child project and the PFD for the parent project.

Agency Response

April 25th, 2022

The type of co-financer has been corrected as indicated.

April 12th, 2022

- The co-finance letter from the Empresa El?ctrica de Quito has been uploaded into the portal.
- During the revision of the project documents, it was noticed that some of the funds in the co-finance letter from the Ministry of Economy and Finance (MEF) were the same as the ones in the co-finance letter from the Ministry of Transport and Public Works, i.e. both were originated in the same loan from the French Development Agency (AFD), which is channeled through the MEF into the respective ministries. Thus, to avoid double counting, the co-finance letter from the MEF has been withdrawn.
- The in-kind co-financing commitment of the Municipality of Quito could not be confirmed at this time and thus was removed from the co-finance table in section B.
- Note that even after these changes the project surpasses the co-finance estimated at project concept stage (USD 5,925,000).
- The explanation for the changes between the co-financing amounts between the CEO Endorsement Request and the PFD for the parent project has been added below Table C in the web portal as requested.

GEF Resource Availability

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response
Project Preparation Grant

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

Secretariat Comment at CEO Endorsement Request
4/27/2022 PM:

Cleared.

4/21/2022 PM:

No. The status and utilization of the PPG has been reported. However, please note that as per guidelines the PPG can't bear costs associated with activities of a GEF Agency. As per the table provided, some funds have been allocated to UNEP. Please provide details on the activities funded by the PPG and confirm that these have not been allocated to a GEF Agency or a Project Executing Entity. Also please cancel and return the spent amount (\$19,625) allocated to UNEP.

3/31/2022 PM:

Yes.

Agency Response
April 25th, 2022

Details on the usage of the PPG funds have been revised and updated. All funds were used to support direct project preparation costs in accordance with GEF policy.

Core indicators

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

Secretariat Comment at CEO Endorsement Request
4/13/2022 PM:

Cleared.

3/31/2022 PM:

No. Please address the following comments:

- There is a mismatch between the GHG reductions reported as part of Core Indicator 6 and the GHG reductions reported across the document, i.e. 452,297 direct tCO₂ versus 800,309 direct tCO₂, and 1,808,500 indirect tCO₂ versus 1,867,004 indirect tCO₂. Kindly address this inconsistency across the document.

- The same applies to the MJ of energy saved under Indicator 6.

- Kindly provide the excel sheet with the GHG estimations so the team can track the calculations and check the assumptions and sources.

Agency Response

April 12th, 2022

The values have been revised accordingly and are now consistent throughout the document (and in the web portal).

The excel spreadsheet (e-mob calculator?) with the calculations was uploaded to the documents? section of the portal, including supporting data (file: GHG ERs calculations.zip). The spreadsheet includes a tab (Data sources?) with links to the main assumptions in the workbook and the model's results.

Kindly note that this is the same model and methodological approach used in all GEF Global E-Mobility Child Projects for assessing the short, medium, and long-term benefits in terms of GHG emission reductions and energy savings.

Part II ? Project Justification

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

4/13/2022 PM:

Cleared.

3/31/2022 PM:

Yes, with suggestions. If possible, please provide a more updated figure for the number of charging stations installed in the country. The document states that by 2020 there were 32 charging stations in the country. Given that the technology is rapidly advancing, the CEO endorsement document would benefit for a more updated figure (from 2021) if available.

Agency Response

April 12th, 2022

An informal estimate updated up to 2022 is now included in the revised text. Kindly note that the official figures for 2021 (i.e. the ones in the Transport Statistics Yearbook published by the statistics bureau of Ecuador, INEC) will only be available in November of this year.

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

Secretariat Comment at PIF/Work Program Inclusion

3/31/2022 PM:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

4/13/2022 PM:

Cleared.

3/31/2022 PM:

Yes, with comments. As stated above, please ensure consistency across the document in the GHG reductions and the MJ of energy saved.

Agency Response

April 12th, 2022

The figures have been revised in the portal and in the word document.

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

Project Map and Coordinates

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Child Project

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes. Tables 21 and 23 are off-margin, please amend if possible.

Agency Response
April 12th, 2022

Tables 21 and 23 have been re-sized in the web portal. Kindly note that reducing the size further makes the images illegible.

Stakeholders

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

Secretariat Comment at CEO Endorsement Request
4/13/2022 PM:

Cleared.

3/31/2022 PM:

Yes. More detailed information on the consultations conducted during the project preparation phase has been provided under Annex P of the Agency Project Document. Kindly add a summary (or copy/paste from Annex P, whichever is easier) in the GEF Portal Entry (CEO Endorsement) of the consultations and bilateral meetings conducted.

Agency Response

April 12th, 2022

The description of the consultations and bilateral meetings held during the project preparation phase are now available in the GEF portal entry.

Gender Equality and Women's Empowerment

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

Private Sector Engagement

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

Secretariat Comment at CEO Endorsement Request

4/13/2022 PM:

Cleared.

3/31/2022 PM:

No. The proposal has rightly pointed out the relevance of the financial sector in the effort to increasing the adoption of electric vehicles particularly in countries such a

Ecuador. However, both the Private Sector Engagement and the Stakeholder Engagement Plan failed to identify and further engage during the implementation phase with financial institutions in Ecuador which could play a key role financing EV, for instance through leasing agreements. Grateful if the Agency could elaborate further on this important point.

Agency Response

April 12th, 2022

The project will engage with two key industry actors that include banks and financing institutions among their associates, namely, the Association of Automobile Enterprises of Ecuador (AEADE) and Corporent (chamber of renting companies). Both AEADE and Corporent were actively engaged during the design phase and contributed to the project's proposal; both entities will act as liaison during project execution to efficiently engage with key players in the automotive sector, including car dealers, logistic and services companies, and financial institutions. In particular, AEADE includes 8 of the top financing institutions in the country, and Corporent has among its associates the main renting companies in Ecuador, most of which are subsidiaries of larger financial institutions. Moreover, the two most active banks with an interest in sustainable mobility at the present (the National Financial Corporation, CFN, Ecuador's Public Development Bank; and Banco Pichincha, one of the largest private banks in the country) have been engaged during the project design phase and are expected to be among the key stakeholders involved during project execution.

As project implementation takes place (and as a result of the project's communication and engagement actions), it is expected that other banks in the public and the private sector (i.e. banks not directly affiliated to AEADE or Corporent) show increased interest in the financing of electric vehicles (either through direct loans or through leasing/renting/subscription contracts).

Banks are now listed explicitly among the key actors to be engaged during project execution (see Table 22 in the stakeholder's subsection).

Risks to Achieving Project Objectives

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

Coordination

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Consistency with National Priorities

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Knowledge Management

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Monitoring and Evaluation

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

Benefits

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

Secretariat Comment at CEO Endorsement Request

3/31/2022 PM:

Yes.

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

4/27/2022 PM:

Co-financing for the CTA hasn't been confirmed by the Agency.

4/21/2022 PM:

No. Please address the following comments:

- Chief Technical Advisor and Junior Technical Officer are charged to the project's components and PMC. Per Guidelines, the costs associated with the project's execution have to be covered by the GEF portion and the co-financing portion allocated to PMC. Please utilize both portions allocated to PMC (GEF portion and co-financing portion).

As the co-financing portion to PMC is 950 K, and considering that the grants portion of co-financing is 1.3 million, there should be room to cover the costs of the International Chief Technical Advisor and the and Junior Technical Officer from co-financing.

- ?Unspecified Coordinating body operating costs? and ?Other Administrative costs? are activities that can?t be covered with GEF resources. Please charge these to the co-financing resources.

3/31/2022 PM:

No. As per the GEF Guidelines, the costs associated with the project's execution (i.e. PMC) have to be covered by both the GEF portion and the co-financing portion allocated to PMC. We noticed the costs of the Chief Technical Advisory has been charged to both the components and the PMC (which is fine and in line with the Guidance provided by the GEF policies). However, we also noticed that the full PMC for the Chief Technical Advisory are covered by the GEF. In this regard, we are wondering whether the Agency could modify the distribution of the PMC for the Chief Technical Advisor, so it is covered by both the GEF and other co-financing sources.

Agency Response May 30th, 2022

Project re-submitted for further consideration.

April 25th, 2022

- Unfortunately, there is no cash co-financing available to cover part of the salary of the Chief Technical Advisor (CTA) and the Junior Technical Officer. The participating Ministries in the Government of Ecuador have provided in-kind contributions (i.e. not cash) that therefore cannot be used to pay salaries. Furthermore, the portion of PMC from KIA is already allocated for supporting the administrative and management costs of its own investment. Moreover, as co-finance is non-binding in nature and is subject to modifications due to external factors (e.g. economic crises, pandemic, etc.) it is considered risky to assign a portion of salaries of project staff to funds which have a higher level of uncertainty.

On proportionality, in accordance with GEF/C.59/Inf.03, annex 8, paragraph 5, the policy states that *?The spirit of this decision is that the GEF trust funds should not bear a disproportionate burden of the total management costs for GEF-financed projects, when co-financing is included?.* Therefore individual lines within PMC do not need to necessarily follow the same proportionality as long as the total meets the requirement, i.e. depending on available resources, individual costs are covered with GEF funds or through co-financing.

In the context of this co-financing distribution and content, it is noted that the overall PMC co-financing adheres to the GEF policy and unfortunately no changes were able to be made to the distribution of the CTA and the Junior Technical Officer salaries.

- The budget lines have been revised to include specific provisions for the usage of funds in alignment with GEF guidelines.

April 12th, 2022

For the proposed project, total costs associated with the project's execution (i.e. PMC) are covered by both the GEF portion and the co-financing portion allocated to PMC. On proportionality, in accordance with GEF/C.59/Inf.03, annex 8, paragraph 5, the project has maintained proportionality between the PMC covered by co-financing and the PMC covered by the GEF funding. The ratio of PMC GEF funding to total PMC costs is approximately the same as overall GEF funding to total (consolidated) project cost (11% and 17%, respectively). Individual costs within the PMC, however, do not necessarily follow the same proportionality, i.e. depending on available resources, individual costs are covered with GEF funds or through co-financing.

Unfortunately, there is no cash co-financing available to cover part of the salary of the Chief Technical Advisor (CTA). The participating Ministries in the Government of Ecuador have provided in-kind contributions (i.e. not cash) and therefore cannot be used to pay salaries. Likewise, the portion of PMC from KIA is already allocated for supporting the administrative and management costs of its own investment.

In the context of this co-financing distribution and content, it is noted that the overall PMC co-financing adheres to the GEF policy and no changes were made to the distribution of the CTA's salary.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

4/13/2022 PM:

Cleared.

3/31/2022 PM:

Yes, with suggestions. Please clearly indicate in the Results Framework that Indicators A and B correspond to GEF Core Indicators 6 and 11 respectively. Also, as mentioned earlier, make sure the GHG reductions are consistent across the document.

Agency Response

April 12th, 2022

The project's Results Framework has been revised as suggested. GHG reductions are now consistent throughout the document and the web portal.

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
STAP comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

Yes.

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response

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

Secretariat Comment at CEO Endorsement Request
3/31/2022 PM:

N/A.

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request
4/27/2022 PM:

Co-financing for the CTA hasn't been confirmed by the Agency.

4/21/2022 PM:

No. Please address the following comments as stated above:

Annex C: The status and utilization of the PPG has been reported. However, please note that as per guidelines the PPG can't bear costs associated with activities of a GEF Agency. As per the table provided, some funds have been allocated to UNEP. Please provide details on the activities funded by the PPG and confirm that these have not been allocated to a GEF Agency or a Project Executing Entity. Also please cancel and return the spent amount (\$19,625) allocated to UNEP.

Co-Financing: Please correct the type of co-financier for GIZ from 'Other' to 'Donor Agency'.

Budget: (a) Chief Technical Advisor and Junior Technical Officer are charged to the project's components and PMC. Per Guidelines, the costs associated with the project's execution have to be covered by the GEF portion and the co-financing portion allocated to PMC. Please utilize both portions allocated to PMC (GEF portion and co-financing portion). As the co-financing portion to PMC is 950 K, and considering that the grants portion of co-financing is 1.3 million, there should be room to cover the costs of the International Chief Technical Advisor and the and Junior Technical Officer from co-financing; (b) 'Unspecified Coordinating body operating costs' and 'Other Administrative costs' are activities that can't be covered with GEF resources. Please charge these to the co-financing resources.

4/13/2022 PM:

Cleared.

3/31/2022 PM:

No.

Review Dates

Secretariat Comment at
CEO Endorsement

Response to
Secretariat
comments

First Review
Additional Review (as necessary)
Additional Review (as necessary)
Additional Review (as necessary)
Additional Review (as necessary)

CEO Recommendation

Brief reasoning for CEO Recommendations