

Accelerating the shift towards electric mobility in South Africa

Edit and Submit CEO Endorsement

Basic project information

GEF ID

11044

Countries

South Africa

Project Name

Accelerating the shift towards electric mobility in South Africa

Agencies

DBSA

Date received by PM

9/7/2022

Review completed by PM

Program Manager

Remy Ruat

Focal Area

Climate Change

Project Type

CEO Approval Request

Part I ? Project Information

1. Focal area elements. Is the project aligned with the relevant GEF focal area elements as indicated in Table A and as defined by the GEF 7 Programming Directions?

Secretariat comment at CEO Endorsement Request
Cleared.

9/29/22:

Yes - aligned with Objective 1 of the Climate Change Focal Area to "Promote innovation and technology transfer for sustainable energy break-throughs", through CCM1-2 - Promote innovation and technology transfer for sustainable energy breakthroughs for electric drive technologies and electric mobility. It also aligns with the objective to focus on the demonstration and early deployment of innovative technologies to deliver sustainable energy solutions that control, reduce or prevent GHG emissions and to develop innovative business models that go beyond business as usual.

Agency Response Already Cleared

2. Project description summary. 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
Cleared

11/15/22:

Changes addressed except for the GHG emissions point for which the annex is missing (please see below comments for re-submission).

9/29/22:

Overall the project structure and design is appropriate and in line with the expectations set at PFD stage. However, several key methodological assumptions developed in the answers to comments at PFD stage are not reflected throughout the project design at

CEO endorsement request stage and would benefit from being explicitly included (including on GHG emissions, linkages to the Global project).

Furthermore, as half of the GEF financing is expected to be dedicated to component 2 (procurement of e-buses), it would be relevant to further develop mitigation measures to address risks related to the financial structure in case some of the expected contributions to city budgets do not materialize. Please refer to the comment below.

Agency Response

This comment is noted and based on the subsequent comments, the changes have been addressed in the revised CEO Endorsement document.

GHG Calculations Annex Uploaded.

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

Secretariat comment at CEO Endorsement Request N/A

Agency Response N/A

4. Co-financing. Are the confirmed 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, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat comment at CEO Endorsement Request

11/15/2022:

1. DBSA co-financing : Thank you for the added clarifications and revisions included throughout the CEO ER. Thank you also for clarifying that the in-kind contribution initially flagged for the department of transport is covered by DBSA. Regarding the 70,000,000\$ facility, the understanding that flows from the provided clarifications is that half of it (\$35,000,000) would come from the DBSA and the other half (same amount) would be matched by a prospective GCF contribution under consideration. Please confirm if the understanding above is correct and in such case provide additional justification on why the whole \$70,000,000 amount is considered as a confirmed co-financing from DBSA in the co-financing letter.

2. City of Tshwane: Thank you for the revised letter and details. The clarification elements provided indicate that cities will provide a contribution based on a ?stabilized? financial condition during phase 2 in case co-financing from the national treasury fiscal incentive under development does not materialize in phase 1. However, the current co-financing letter indicates that the city will confirm its contribution on the basis of the

finalization of the financial package, which seems contradictory with this point. A clarification would be useful on this point.

3. City of eThekweni : Thank you for the clarifications and for the added details in the investment mobilized description section. It is noted that a revised letter has been requested to confirm this. In the meantime, it would be also useful to have an estimate of the USD equivalent in the investment mobilized description section.

4. TIA : Thank you for the clarifications and revisions - **cleared**.

5. SANEDI : Thank you for the clarification - the amount now matches on the portal and it is noted that the typos will be corrected in a revised letter.

6. 3rd city: Thank you for the clarifications provided regarding the recentering of phase one on the first two cities which also helps to clarify the questions raised regarding the ability to meet objectives with increased scope of buses. - **cleared**.

9/29/22:

GEF financing of 4,713,224\$ from GEF 7 CCM STAR allocation, with Agency fee of 424,190\$ (9%), for 103,901,996\$, with a co-financing ratio of 1/21 (subject to clarifications below). The co-financing is 2 MUSD higher than expected at PFD stage.

DBSA cofinancing: Yes, the confirmed amounts are supported by co-financing letter which details the types (in-kind and loans) with amounts matching those of the endorsement request (600,000\$ and 18,800,000\$+70,000,000\$ respectively) and associated with their expected utilization (respectively DBSA staff, investment made available to participating municipalities, financing of REIPPP programme for the integration of renewable energy to be connected to the piloting phase of the project, and concessional climate facility to be blended with other funding (Green Climate Fund) for the upscaling component of the project).

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•Requests for clarification:

- 1. How would the financing to the REIPPP be connected as a charging source for the piloting phase of the project ? this is not elaborated upon in the document? The description of the co-financing table in the request indeed points out that this is based on the REIPPP portion that DBSA is already currently supporting (*[emanates] ?from the portion of energy that the Bank is currently financing in the renewable energy independent power producer programme that will be attributed to the charging of electric buses both at demonstration and upscaling of the project?*).
- 2. Would the whole 70,000,000\$ facility be dedicated to electric mobility projects (deployment of 200 e-buses mentioned in the answer to PFD comments) or would the scope of the climate facility be wider? Would the 70,000,000\$ be the total amount including potential resources from the Green Climate Fund or the DBSA contribution?
- 3. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

City of Tshwane: The confirmed amounts are supported by a co-financing letter which details the types (in-kind and investment/loans) with amounts matching those of the endorsement request (944,737\$ and 5,104,080\$ respectively) and associated with their expected utilization (respectively city's staff, infrastructure and resources for the project, and procurement of e-buses).

- Regarding sources: the investment will be sourced from a combination of fiscal incentives from the national government (3,672,064\$) and the city's own budget (rest = 1,432,016\$). The 3,920,000\$ borrowed from DBSA and to be re-paid with future e-Bus revenues are not accounted as part of the Investment which is consistent with the fact that they are already accounted for in the DBSA co-financing (through the 18,800,000 Investment component)

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- Requests for clarification:

- 1. The fiscal incentives contribution seems to be mobilized in a similar modality as the concessional facility: is it consistent to include it as a contribution from the city of Tshwane instead of from the National Government (National Treasury)?
- 2. Follow-up question 1 : would it not be relevant to consolidate this potential input as a contribution from the National Treasury?
- 3. Follow-up question 2 : if the support from National Treasury does not materialize as suggested in the description of the table in the endorsement request, what would be the consequence on the number of buses procured (and hence on the results of the project in terms of GHG emission reductions?) ? section 1.a.b mentions the hypothesis of compensating the lack of financing during phase 2 of the project, however this is not reflected in the co-financing letters and related section so far.
- 4. At PFD stage, the expected investment mobilized was identified as 7 875 000 \$, and is now identified as 5,104,080\$. An explanation for this decrease and clarification on how the project objectives remain achievable in this context would be useful, in particular given that the amount of e-buses to be procured is raised from 15 to 20.
- 5. The reference of the GEF Project ID is marked as 10114 (PFD ID) instead of 11044

City of eThekweni: The confirmed amounts are partially supported by a co-financing letter, although the currency does not match (local currency in the letter) and the in-kind contribution is not quantified in the letter; they are associated with their expected utilization (respectively city's staff for the project and procurement of e-buses)

- Requests for clarification:

- 1. There is no indication in the co-financing letter of the amount corresponding to recurrent expenditures for the in-kind contribution announced in the CEO endorsement request.
- 2. The amounts are indicated in Rand, amounts in dollars are necessary to make the verification of correspondence with confirmed amounts from the CEO endorsement request.
- 3. Similar question regarding the fiscal incentives as for the Tshwane Municipality with regards to the National Treasury.
- 4. At PFD stage, the expected investment mobilized was identified as 6,930,000 \$, and is now identified as 4,677,968\$. An explanation for this decrease and clarification on how the project objectives remain achievable in this context would be useful, , in particular given that the amount of e-buses to be procured is raised from 12 to 19 (in the body of the endorsement request, the co-financing letter mentions 17).
- 5. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

TIA: The confirmed amounts are partially supported by a co-financing letter (amounts do not match) and are associated with their expected utilization on capacity building to accompany sectoral transformation.

•Requests for clarification :

- 1. The reference of the GEF Project ID is marked as 10114 (PFD ID) instead of 11044
- 2. The amounts do not match between the co-financing letter and the endorsement request : 937,500\$ vs 987,500\$
- 3. The amount is indicated as being sourced from a 'Technical assistance' contribution from the uYilo program of the TIA ? a confirmation may be useful to confirm that this would be based on recurring expenditures from the TIA budget.

SANEDI : Confirmed amounts are partially supported by a co-financing letter (amounts do not match) and are associated with their source (recurring expenditure from budget) expected utilization as an execution partner of the project (with details of staff allocated for the project).

•Requests for clarification:

- 1. The co-financing letter indicates an amount of 311,500\$ compared to the 306,000\$ indicated in the table of the endorsement request.
- 2. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

Ministry of Transport :

•Request for clarification :

- 1. The co-financing letter is missing for the in-kind contribution

City of Johannesburg:The city of Johannesburg was identified as a participant to the child project at PFD stage, with a contribution of \$1,889,474 in-kind and \$2,550,000 in public investment. This contribution disappeared at CEO endorsement stage for the child project, with explanation provided in section 1.a.b regarding the impact of the covid19 crisis during project development.

•Requests for clarification :

- 1. An explanation would be useful on the cancellation of the participation of the city of Johannesburg regarding the extent to which project objectives remain achievable in the absence of this contribution. This could be based on the context provided in section 1.a.b.
- 2. The selection of a replacement third city during phase 2 of the project is mentioned in section 1.a.b. with 11 buses to be procured ? is this city expected to benefit from the financing or would this be accounted as part of the upscaling component of the project? In case of selection of Cape Town, what would be the additionality of the project given the cited pre-existing experience of e-bus procurement in the city (and how would reported shortcomings of this previous experience be addressed)?

Agency Response

? Requests for clarification:

- o 1. How would the financing to the REIPPP be connected as a charging source for the piloting phase of the project ? this is not elaborated upon in the document? The description of the co-financing table in the request indeed points out that this is based on the REIPPP portion that DBSA is already currently supporting ([emanates] *?from the portion of energy that the Bank is currently financing in the renewable energy independent power producer programme that will be attributed to the charging of electric buses both at demonstration and upscaling of the project?*).

Agency Response: The financing of the REIPPP programme with the earmarked \$9,000,000 will assist in increasing the supply of clean energy in the country. The renewable energy from the REIPPP will be channeled toward the grid, which will in turn help supply the energy required to charge electric buses. South Africa currently battles limited energy supply, hence increased supply from the REIPPP programme will improve electricity supply and ensure that electric buses do not cause further electricity demand on an already constrained supply from the grid.

- o 2. Would the whole 70,000,000\$ facility be dedicated to electric mobility projects (deployment of 200 e-buses mentioned in the answer to PFD comments) or would the scope of the climate facility be wider? Would the 70,000,000\$ be the total amount including potential resources from the Green Climate Fund or the DBSA contribution?

Response: 70 million USD would be dedicated to the deployment of 200 e-Buses during the scale-up phase. The \$70million facility will be equally capitalised by DBSA and the GCF (ie each contributes \$35,000,000 towards the facility).

- o 3. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

Agency Response: Updated in the letter .

City of Tshwane: The confirmed amounts are supported by a co-financing letter which details the types (in-kind and investment/loans) with amounts matching those of the endorsement request (944,737\$ and 5,104,080\$ respectively) and associated with their expected utilization (respectively city's staff, infrastructure and resources for the project, and procurement of e-buses).

? Regarding sources: the investment will be sourced from a combination of fiscal incentives from the national government (3,672,064\$) and the city's own budget (rest = 1,432,016\$). The 3,920,000\$ borrowed from DBSA and to be re-paid with future e-Bus revenues are not accounted as part of the Investment which is consistent with the fact that they are already accounted for in the DBSA co-financing (through the 18,800,000 Investment component)

Agency Response: Yes, the mentioned understanding is correct. Please see the breakdown below for clarification.

The entire \$9,994,080 is contribution from the City of Tshwane. The breakdown of sources of funds is as follows:

- * \$3,672,064 : A grant incentive from the National Treasury to be used towards purchasing of equipment. This incentive is yet to be approved and committed by the National Treasury

- * \$3,920,000 : A concessional loan from GCF (through DBSA) to be repaid. This facility is yet to be approved and committed by the DBSA
- * \$970,000 : GEF grant
- * \$1,432,016 : To be contributed by the City of Tshwane. These funds have been committed

- - The \$18,800,000 consists of:
 - the \$9,800,000 from the DBSA which was meant to support the three cities (City of Johannesburg, City of Tshwane and the eThekweni municipality), however now that only 2 cities will be supported, the sum becomes (\$3,920,000 and \$3,720,000 = \$7,640,000). This is already included in the investment allocation of \$5,104,080 (CoT) and \$4,677,968 (eThekweni)
 - \$9,000,000 is the DBSA contribution towards the REIPPP programme aimed to finance the EV charging infrastructure.
- The \$18,800,000 therefore is not supposed to have reflected in the table of funds as it has already been incorporated into the respective budgets of the municipalities.

? Requests for clarification:

- o 1. The fiscal incentives contribution seems to be mobilized in a similar modality as the concessional facility: is it consistent to include it as a contribution from the city of Tshwane instead of from the National Government (National Treasury)?

Agency Response: Yes, fiscal incentives from the National Treasury may be considered as contribution from the City of Tshwane

- o 2. Follow-up question 1 : would it not be relevant to consolidate this potential input as a contribution from the National Treasury?

Agency Response: It would be relevant to consolidate all contributions as contribution from the City of Tshwane, not the National Treasury.

- o 3. Follow-up question 2 : if the support from National Treasury does not materialize as suggested in the description of the table in the endorsement request, what would be the consequence on the number of buses procured (and hence on the results of the project in terms of GHG emission reductions?) ? section 1.a.b mentions the hypothesis of compensating the lack of financing during phase 2 of the project, however this is not reflected in the co-financing letters and related section so far.

Agency Response: In baseline section introduction in CEO Endorsement document, it is indicated that the City will cover any financial shortfalls should the contribution from the National Treasury not materialise.

- o 4. At PFD stage, the expected investment mobilized was identified as 7 875 000 \$, and is now identified as 5,104,080\$. An explanation for this decrease and clarification on how the project objectives remain achievable in this context would be useful, in particular given that the amount of e-buses to be procured is raised from 15 to 20.

Agency Response: At PFD stage, the fiscal incentive from the National Treasury had not been included, hence the figures are higher than those that appear in the CEO

Endorsement. The Fiscal incentive reduces the project value since the grant from the National Treasury (aka incentive) is used to purchase some of the assets.

Please note that the number of e-Buses for City of Tshwane are 20 (and not 15) from PFD stage and the same is mentioned in CEO Endorsement document. The details have been explained in "Project Overview" section.

- o 5. The reference of the GEF Project ID is marked as 10114 (PFD ID) instead of 11044

Agency Response: Updated COT letter provided

City of eThekweni: The confirmed amounts are partially supported by a co-financing letter, although the currency does not match (local currency in the letter) and the in-kind contribution is not quantified in the letter; they are associated with their expected utilization (respectively city's staff for the project and procurement of e-buses)

? Requests for clarification:

- o 1. There is no indication in the co-financing letter of the amount corresponding to recurrent expenditures for the in-kind contribution announced in the CEO endorsement request.

Agency Response: We have communicated to the city to add it and the revised letter will be shared as soon as it is available.

- o 2. The amounts are indicated in Rand, amounts in dollars are necessary to make the verification of correspondence with confirmed amounts from the CEO endorsement request.

Agency Response: We have communicated to the city to add it and the revised letter will be shared as soon as it is available.

- o 3. Similar question regarding the fiscal incentives as for the Tshwane Municipality with regards to the National Treasury.

Agency Response: In baseline section introduction in CEO Endorsement document, it is indicated that the City will cover any financial shortfalls should the contribution from the National Treasury not materialise.

- o 4. At PFD stage, the expected investment mobilized was identified as 6,930,000 \$, and is now identified as 4,677,968\$. An explanation for this decrease and clarification on how the project objectives remain achievable in this context would be useful, in particular given that the amount of e-buses to be procured is raised from 12 to 19 (in the body of the endorsement request, the co-financing letter mentions 17).

Agency Response: At PFD stage, the fiscal incentive from the National Treasury had not been included, hence the figures are higher than those that appear in the CEO Endorsement. The Fiscal incentive reduces the project value since the grant from the National Treasury (aka incentive) is used to purchase some of the assets.

The number of e-Buses for eThekweni Municipality at PIF stage were 17 and has increased to 19 in CEO Endorsement document.

Please see a breakdown of funds below

The entire \$9,5 million is contribution from the City of Tshwane. The breakdown of sources of funds is as follows:

- * \$2.99million : A grant incentive from the National Treasury to be used towards purchasing of equipment. This incentive is yet to be approved and committed by the National Treasury
- * \$3,72million : A concessional loan from GCF (through DBSA) to be repaid. This facility is yet to be approved and committed by the DBSA
- * \$1.46million : GEF grant
- * \$1.33million : To be contributed by the City of Tshwane. These funds have been committed
- Kindly note that an updated letter from the eThekweni municipality will be provided.

- o 5. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

Agency Response: We have communicated to the city to add it and the revised letter will be share as soon as it is made available.

TIA: The confirmed amounts are partially supported by a co-financing letter (amounts do not match) and are associated with their expected utilization on capacity building to accompany sectoral transformation.

? Requests for clarification :

- o 1. The reference of the GEF Project ID is marked as 10114 (PFD ID) instead of 11044

Agency Response: The Project ID has been updated and the revised letter is submitted.

- o 2. The amounts do not match between the co-financing letter and the endorsement request : 937,500\$ vs 987,500\$

Agency Response: There was an error. The correct amount is \$937,500. The amount has been updated in line with co-financing letter and also appropriate changes in total co-financing has been updated in CEO Endorsement document based on this revision.

- o 3. The amount is indicated as being sourced from a ?Technical assistance? contribution from the uYilo program of the TIA ? a confirmation may be useful to confirm that this would be based on recurring expenditures from the TIA budget.

Agency Response: Agreed, the technical assistance contribution is a recurrent expenditure from the TIA budget. The same has been updated in the revised co-financing letter.

SANEDI : Confirmed amounts are partially supported by a co-financing letter (amounts do not match) and are associated with their source (recurring expenditure from budget) expected utilization as an execution partner of the project (with details of staff allocated for the project).

? Requests for clarification:

- o 1. The co-financing letter indicates an amount of 311,500\$ compared to the 306,000\$ indicated in the table of the endorsement request.

Agency Response: The correct amount is \$311,500. The amount has been updated in line with co-financing letter and also appropriate changes in total co-financing have been updated in CEO Endorsement document based on this revision.

- o 2. The reference of the GEF Project ID is marked as 10898 (PPG ID) instead of 11044

Agency Response: The corrected and updated letter has been uploaded.

Ministry of Transport :

? Request for clarification :

- o 1. The co-financing letter is missing for the in-kind contribution

Agency Response: A co-financing letter has not been obtained from the Ministry of Transport, as a result, the co-finance from the ministry has been removed from the co-financing table.

City of Johannesburg: The city of Johannesburg was identified as a participant to the child project at PFD stage, with a contribution of \$1,889,474 in-kind and \$2,550,000 in public investment. This contribution disappeared at CEO endorsement stage for the child project, with explanation provided in section 1.a.b regarding the impact of the covid19 crisis during project development.

? Requests for clarification :

- o 1. An explanation would be useful on the cancellation of the participation of the city of Johannesburg regarding the extent to which to project objectives remain achievable in the absence of this contribution. This could be based on the context provided in section 1.a.b.

Agency Response: It is anticipated that the third city will be secured during phase 2 of the implementation phase. It is likely that the potential outputs could be higher than the originally anticipated.

- o 2. The selection of a replacement third city during phase 2 of the project is mentioned in section 1.a.b. with 11 buses to be procured ? is this city expected to benefit from the financing or would this be accounted as part of the upscaling component of the project? In case of selection of Cape Town, what would be the additionality of the project given the cited pre-existing experience of e-bus procurement in the city (and how would reported shortcomings of this previous experience be addressed)?

Agency Response: The third city will not benefit from the GEF grant as it will participate during phase 2 of the scale-up phase. The City of Cape Town has deployed only 2 e-Buses (out of 11 e-Buses procured) and the operations has started recently with very limited experience. The City of Cape Town is not the only option for a third city to participate during implementation phase. Other municipalities have also been approached, and their prospective participation will be confirmed during implementation phase.

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

Secretariat comment at CEO Endorsement Request
Cleared.

9/29/22:

Yes, 4,713,224\$ is requested from GEF 7 CC STAR allocation, with Agency fee of 424,190\$ (9% - in line with GEF policies and guidelines)

Agency Response Already cleared
STAR allocation?

Secretariat comment at CEO Endorsement Request
Cleared.

9/29/22:

Yes,.

Agency Response Already cleared
Focal Area allocation?

Secretariat comment at CEO Endorsement Request
Cleared

9/29/22:

Yes, from CCM

Agency Response Already cleared
LDCF under the principle of equitable access?

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A
SCCF (Adaptation or Tech Transfer)?

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A
Focal Area Set Aside?

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A
Impact Program Incentive?

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A
6. Project Preparation Grant. If PPG is requested in Table E.1, has its advanced programming and utilized been accounted for in Annex C of the document?

Secretariat comment at CEO Endorsement Request
Cleared

11/15/22:

The GEFSEC obtained confirmation from the GEF Trustee that the resources indicated in the Letter of Endorsement from the South Africa OFP will be made available for this project upon CEO Endorsement.

9/29/22:

A PPG seems to be requested, and a table is presented in Annex C presenting expected activities such as a site visit in South Africa ? however no amounts are accounted for in section F nor annex C the attachment mentions that a PPG was not allocated which would be consistent with comments at PFD stage. A clarification would be relevant at this stage (and possibly a deletion of references to related activities if no PPG is to be used).

Agency Response
DBSA is in discussion with GEFSEC on allocating a PPG for this project as it appears this was an oversight during PIF stage. Current CEO Endorsement reflects PPG amount as zero.

7. Non-Grant Instrument. If this an NGI, are the expected reflows indicated in Annex D?

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A

8. Core Indicators. Are the targeted core indicators in Table E calculated using the methodology in the prescribed guidelines? (GEF/C.54/Infxxx)

Secretariat comment at CEO Endorsement Request
11/15/22:

The annex H mentionned in the review sheet is not enclosed in the submission so far. In case this refers to the annexes of the agency project document, please submit the revised agency project document that includes this annex.

9/29/22:

As the results differ from the calculations provided at PFD stage, it would be useful to provide the updated calculation sheet as an annex

Agency Response

The GHG emission reduction calculations are explained in "Annex H: Estimates of Direct and Consequential Greenhouse Gas Emission Reductions" in CEO Endorsement document.

GHG uploaded on the portal

9. Project taxonomy. Is the project properly tagged with the appropriate keywords as in Table G?

Secretariat comment at CEO Endorsement Request
Cleared

9/29/22:

Yes.

Agency Response Already cleared
Part II ? Project Justification

1. Project Description. Is there 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
Cleared

11/15/22:

Thank you for the added clarifications and revisions throughout the CEO ER regarding how barriers will be addressed and linkages with the global project.

9/29/22:

The contribution of the transport sector in global and country-level GHG emissions is outlined as well as the role of electric mobility in the country's national strategy for reducing emissions, including through its Green Transport Strategy. The identification of barriers and how they will be addressed is consistent with the approach presented at PFD level.

However, how the development of e-mobility will be associated with renewable energy integration and related charging and battery re-use challenges would benefit from further emphasis as these issues are at this stage mostly flagged for a benchmarking exercise drawing from the global project. Please address this in the resubmission.

Agency Response The comment is addressed in the section "Part II: A1.3?

Component 1 in the document. Output 1.4 already explains how battery re-use and Output 2.1 RE source for low carbon charging would benefit from this project.

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

Secretariat comment at CEO Endorsement Request
Cleared.

9/29/22:

Yes. The baseline scenario details the key barriers faced in the South African contexts in alignment with those identified at PFD and Global project level, including on issues of institutional structure and capacity, local supply, lack of awareness, investment and integration of policies. The status of both confirmed participating cities is outlined, with a focus on electric buses.

Agency Response Already cleared

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

Secretariat comment at CEO Endorsement Request

11/15/22:

The annex H mentionned in the review sheet is not enclosed in the submission so far. In case this refers to the annexes of the agency project document, please submit the revised agency project document that includes this annex.

9/29/22:

The alternative scenario focuses on most of the outputs and activities described initially in the PFD, including on awareness raison, de-risking of investments, policy integration through a National Strategic e-Bus Roadmap, gender mainstreaming, marketplace development, demonstration projects, preparation of scaling up, and to some extent (through a benchmarking) on renewable energy integration related charging and re-use of batteries.

The project however only focuses on electric buses and does not describe the case of 2/3 wheelers and mini-taxis ? given that the initial GHG calculation was in part based on the latter, it would be relevant to elaborate on this point (the answer to GEFSEC comments at PFD stage would be a relevant source for such details as they elaborate how the knowledge related activities would indirectly contribute to this segment). Please address this in the resubmission.

Agency Response

This project is focused only on e-Buses deployment and hence GHG calculation is undertaken for that vehicle segment. Other vehicle segments (2/3 wheelers and mini taxis) were not part of this project as clarified at the start with DBSA.

GHG calculations uploaded

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

Secretariat comment at CEO Endorsement Request

Cleared

11/15/22:

Thank you for the revisions.

9/29/22:

Yes.

However, Some minor typos are noted throughout the endorsement request (reference to the Paris ?Protocol?, ?Green? Environment Facility among others). Please revise them.

Agency Response We have updated the ?typos/ spell checks? in the section ?Part II: A1? of the revised CEO Endorsement document.

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

Secretariat comment at CEO Endorsement Request

Cleared.

Yes. The contribution from the baseline is clearly elaborated as past e-bus demonstration attempts have so far resulted in only 2 e-buses currently in operation in the country according to the project description ? the four components all outline additional measures building on existing national and city-level strategies and initiatives. Co-financing would benefit from some clarifications as detailed above.

Agency Response Already cleared

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

Secretariat comment at CEO Endorsement Request

11/15/22:

The annex H mentionned in the review sheet is not enclosed in the submission so far. In case this refers to the annexes of the agency project document, please submit the revised agency project document that includes this annex.

9/29/22:

There are changes in the calculation methodology (the causality factor is different) and outcome (lower GHG emission reduction expected, from 1,439,165t direct and 2,082,917t indirect to 238,665t direct and 496,364t indirect) which would warrant the submission of an updated calculation sheet based on a similar format as the one transmitted at PFD stage. The current Annex I of the attachment indeed provides a summarized breakdown of the various contribution to these figures in a word format which do not allow to verify how they were calculated. Furthermore, how the likelihood

of reduced e-buses procurement impacts this calculation would also benefit from a clarification.

Please see also elements related to STAP/GEFSEC comments below, and address them in the resubmission.

Agency Response

GHG emission reduction calculations are explained in the "Annex H: Estimates of Direct and Consequential Greenhouse Gas Emission Reductions". The project strongly envisages 50 e-Buses deployment in two phases among 3 cities. If reduced e-Buses are deployed, then there will be equivalent emission reduction impact.

GHG calculations provided

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

Secretariat comment at CEO Endorsement Request
Cleared.

9/29/22:

The 4th component of the project focuses on preparing for a scaling up of electric buses based on the capitalization of demonstration projects from component 2, the national knowledge hub from component 3 and on the integrated policy environment fostered by component 1.

Agency Response Already cleared

8. 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
Cleared.

9/29/22:

Yes, a map and geo-referenced information is provided in the body of the endorsement request with regards to the two participating cities.

Agency Response Already cleared

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

Secretariat comment at CEO Endorsement Request

Cleared

11/15/22:

Thank you for the revisions which outline in more detail how the child project contributes to the overall program impact.

9/29/22:

Output 3.1 describes linkages with the global project in terms of structuring of the national knowledge hub. Component 1 also outlines how the global benchmarking on renewable energy integration and charging of e-buses as well as battery re-use and recycling will rely on the results of the global project. The SANEDI will be expected to provide data for the monitoring component of the global project during the PIR process.

Overall, several examples are given on how the child project will be impacted by the global programmatic approach but more explicit emphasis would be relevant on how the child project will contribute to the overall program impact. Linkages with the investment platform component of the global project could also be outlined as they are not addressed at this stage. Please elaborate further on this.

Agency Response

In the section ?Part II: A1? of the CEO Endorsement document, Component 1, Output 3.1 have been updated on how the child project will impact overall program. GEF Global ?Investment platform? linkage also included in Component 2 and Component 4.

10. 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

Cleared.

11/15/22:

Thank you for adding more details to the summary of stakeholder engagement during design phase

9/29/22:

Yes. A stakeholder engagement plan is detailed.

Agency Response Already cleared

11. 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
Cleared.

9/29/22:

Yes, the gender analysis is completed in section 2.3. and a gender action plan is provided as an annex. Identified opportunities are integrated in program activities and related result framework.

Agency Response Already cleared.

12. 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
Cleared.

Private sector is not identified as a financier. Its role and future engagement in the supply chain as well as in the capacity building activities undertaken as part of the knowledge hub development are elaborated upon. Private sector is also expected to be a stakeholder in the component related to e-bus procurement, with regards to operation and maintenance activities.

Agency Response Already cleared.

13. Risk. 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
Cleared

11/15/22:

Thank you for the added clarity in the risk section - this will be monitored at MTR stage.

9/29/22:

1. The risks related to a failure to materialize expected co-financing would benefit from more detailed mitigation measures as the co-financing letters referenced to not elaborate on measures to be taken during phase 1 in case the fiscal incentives do not materialize in order to fully contribute to phase 2.
2. Impacts of the covid19 context have been outlined but mitigation measures could be further detailed, in particular if it could be expected that further impacts could be observed that may hinder the smooth participation of mentioned cities in the project.
3. The risks related to limited GHG savings are not elaborated upon in sufficient details. How would the integration of renewable energy be linked to new usages related to e-fleet development and how low carbon charging stations will be identified is not explained in details.
4. Given the substantial risk identified regarding battery re-use, activities related to this issue could be further strengthened as they are addressed so far mainly through a global benchmarking exercise.
5. Climate risks are not yet identified ? a methodology is planned for November 2022 and will be applied to this project (to be confirmed with evaluation reports).

Agency Response

Updated this risk in the ?Part II: A6 risk section? based on the comment.

Climate risks are not yet identified ? a methodology is planned for November 2022 and will be applied to this project (to be confirmed with evaluation reports).

Agency Response: The methodology is still under consideration by the DBSA. It is expected that it would be finalized by 31 March 2023 and applied to the project at that point.

14. 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

Cleared

11/15/22:

thank you for the added details on operational modalities - as detailed in section I.4 of this review sheet pn co-financing, further clarification would be needed in that section on the confirmed amounts.

9/29/22:

The scaling-up component includes the perspective of a climate facility that would blend funding with the green climate fund.

As detailed in the co-financing section, it would be relevant to clarify the operational modalities of this mechanism.

Agency Response

In the section ?Part II: A1? Operational modality is explained in Output 4.2 under Component 4.

15. Consistency with national priorities. Has the project described the consistency of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat comment at CEO Endorsement Request

Cleared

11/15/22:

Thank you for the added clarity on the revised targets.

9/29/22:

The project mentions how the activities will align and build on national strategies and assessments. Regarding the Nationally Determined Contribution, the impact of the revised NDC submitted at the end of year 2021 on project development would be relevant to highlight (and linkages to its new targets). The same would be applicable to the recently developed Long term low emission development strategy. Please revise in the resubmission.

Agency Response In the section ?Part II: B1? we have updated the linkage of revised NDC and Low Emission Development Strategy into the section of the revised document.

16. 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

11/15/22:

Thank you for the clarification. the referenced Annex I is however absent from the revised submission (it was included as annex J as part of the agency project document in the initial submission, please re-submit this revised document if this is still the document that contains the referenced annex).

9/29/22:

The approach relies on the development of the National strategic Roadmap developed for Electric Buses growth in public transportation, the National e-Mobility Knowledge Hub, and the e-Bus scale-up strategic roadmap.

A timeline is however not provided apart from the two-phased approach to e-bus procurement. This could be inferred based on annex J of the attachment titled Child CEO Endorsement_Accelerating shift towards electric mobility in South Africa GEF ID 10898.

Agency Response

The timeline for knowledge management activities is in sync with Annex I: Project Workplan

Updated workplan uploaded

17. 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

11/15/22:

Thank you for the clarification - our understanding is that the PMC costs related to coordination include M&E costs. The referenced Annex D is however absent from the revised submission (it was included as part of the agency project document in the initial submission, please re-submit this revised document if this is still the document that contains the referenced annex). Also, the PMC component of this annex is not reflected in the portal CEO ER (annex E: budget table) which only shows the budget related to project components. Please revise in the re-submission in order to show the whole PMC budget.

9/29/22:

Yes. Some indicated budget are however not detailed (a reference is made to PMU budget which is detailed in annex D of the attachment titled ?Child CEO Endorsement_Accelerating shift towards electric mobility in South Africa GEF ID 10898?)

Agency Response

The PMU budget is provided in ?Annex D: Detailed GEF Budget? and that is sufficient.

Detailed budget including PMC uploaded.

18. 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
Cleared.

9/29/22:

Yes including terms of local industry development, air quality, affordability and acceptability of public transport.

Agency Response Already cleared.

19. Annexes:

Are all the required annexes attached and adequately responded to?

Secretariat comment at CEO Endorsement Request
11/15/22:

See comments on missing annexes

Agency Response

20. Environmental and Social Safeguard (ESS):

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

Secretariat comment at CEO Endorsement Request
Cleared

11/15/22:

Thank you for the clarifications - this will be monitored at MTR stage.

9/29/22:

Not yet :

An Environmental Impact Assessment is planned and will be matched with an Environmental and Social Management Plan.

Agency Response

An EIA and ESMO will be conducted during the implementation of the project as they are more applicable at the demonstration phase of the project.

Project Results Framework

Secretariat comment at CEO Endorsement Request
Cleared.

Provided in annex A of the attachment titled "Child CEO Endorsement _Accelerating shift towards electric mobility in South Africa GEF ID 10898"

Agency Response Already cleared
GEF Secretariat comments

Secretariat comment at CEO Endorsement Request
11/15/22:

The annex H mentioned in the review sheet is not enclosed in the submission so far. In case this refers to the annexes of the agency project document, please submit the revised agency project document that includes this annex.

9/29/22:

The answers to GEFSEC comments are gathered in an annex.

One of the main comments pertains to the GHG impact. The answers to GEFSEC at PFD stage on that regard (are however not reflected in details in the CEO endorsement request. Further clarification would be useful as detailed in other sections of the review sheet.

Agency Response

We have elaborated the GHG emission reduction calculation in "Annex H: Estimates of Direct and Consequential Greenhouse Gas Emission Reductions"

GHG Calculations uploaded

Council comments

Secretariat comment at CEO Endorsement Request
Cleared

11/15/22:

Thank you for the revisions throughout the project structure.

9/29/22:

The answers to Council comments are gathered in an annex.

While the answers provided at PFD level indicated that lessons learned from South Africa would be shared with regards to the development of tools to introduce e-buses in developing country environment, this is not reflected at this stage in the CEO endorsement request (see comment on item 9 of this review sheet).

Agency Response The reference of this project on overall impact has been incorporated in revised CEO Endorsement submission (based on reference of comment on item 9).

STAP comments

Secretariat comment at CEO Endorsement Request
Cleared

11/15/22:

Thank you for the revisions throughout the CEO ER.

9/29/22:

The answers to STAP comments are gathered in an annex.

The only comment directly related to South Africa in this table relates to how ?projects have been designed in a way to ensure that sufficient amount of low carbon power will be integrated in the electricity mix used to power the demonstration vehicles to yield net climate benefits.? See GEFSEC comments above for the answer.

Agency Response

In the section ?Part II: A1.3? The comment has been addressed in Output 2.1 under component 2.

Convention Secretariat comments

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A

Other Agencies comments

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A

CSOs comments

Secretariat comment at CEO Endorsement Request NA

Agency Response N/A

Status of PPG utilization

Secretariat comment at CEO Endorsement Request

11/15/22:

The GEFSEC obtained confirmation from the GEF Trustee that the resources indicated in the Letter of Endorsement from the South Africa OFP will be made available for this project upon CEO Endorsement.

Please note however that the preparation and submission of the CEO endorsement document per se is not an eligible expense. Please clarify what the lines for "GEF Expert Contract Value" and "Extension of Contract Value" refer to and revise the table by listing detailed activities in line with eligible expenditures items as per the guidelines.

9/29/22:

No PPG allocated at this stage. As mentioned above, a clarification would be useful as some unclear references are still noted.

Agency Response

At PID stage, a PPG should have been applied for by the Agency but this was erroneously not submitted. The Agency is in the progress of discussing with GEFSEC on whether a PPG can be allocated to the project as a consultant was procured to assist in developing the CEO endorsement document.

Project maps and coordinates

Secretariat comment at CEO Endorsement Request **Cleared.**

Agency Response Already Cleared

Part III ? Country and Agency Endorsements

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

Secretariat comment at CEO Endorsement Request

Cleared

11/15/22:

Thank you for the clarifications. The GEFSEC obtained confirmation from the GEF Trustee that the resources indicated in the Letter of Endorsement from the South Africa OFP will be made available for this project upon CEO Endorsement.

9/29/22:

Yes but updates may be required as some inconsistencies/typos are noted : (Agency fee is noted as 442,190\$ instead of 424 190, and a PPG of 200 000 is requested while the CEO endorsement request is based on a situation with no PPG).

Agency Response

This Agency fee was a typo and has been updated in portal update. The DBSA is in discussion with GEFSEC on the PPG amount.

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

NA

Agency Response

N/A

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 NA

Agency Response N/A

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 NA

Agency Response N/A

GEFSEC DECISION

1. RECOMMENDATION.

Is CEO endorsement/approval recommended?

Secretariat comment at CEO Endorsement Request Not at this stage. Agency is requested to address the comments and resubmit asap, in particular regarding co-financing, referenced annex on GHG emissions, work plan and full PMC costs., and PPG expenses.

Review Dates

	1SMSP CEO Approval	Response to Secretariat comments
First Review	9/27/2022	
Additional Review (as necessary)	11/15/2022	
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		