GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS*
THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	**4603**		
Country/Region:	**Colombia**		
Project Title:	**Low-carbon and Efficient National Freight Logistics Initiative**		
GEF Agency:	**IADB**	GEF Agency Project ID:	
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Climate Change**
GEF-5 Focal Area/ LDCF/SCCF Objective (s):		**CCM-4; CCM-4; Project Mana;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$3,000,000**
Co-financing:	**$16,200,000**	Total Project Cost:	**$19,200,000**
PIF Approval:		Council Approval/Expected:	**February 01, 2012**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**Hiroaki Takiguchi**	Agency Contact Person:	**Carlos Mojica**

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion [1]	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	HT September 1, 2011: Yes.	
	2. Has the operational focal point endorsed the project?	HT September 1, 2011: Yes, by letter on August 9th 2011, but the amount endorsed for PPG (US $ 120,000) is higher than the PPG request (US $ 74,000). HT December 28, 2011: Attached letter was probably signed by the former focal point. Please submit a letter signed by the current operational focal point. HT January 6, 2012:	

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

[1] Work Program Inclusion (WPI) applies to FSPs only . Submission of FSP PIFs will simultaneously be considered for WPI.

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		Taking into consideration the fact that the change in OFP is very recent (November in 2011), the current endorsement letter is still valid. Comment cleared.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	HT September 1, 2011: Yes, generally.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	HT September 1, 2011: N/A HT January 6, 2012: The redesign of the project has included a non-grant instrument (Component 3). IDB has the capacity to manage it.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	HT September 1, 2011: Yes, generally.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	HT September 1, 2011: Yes.	
	• the focal area allocation?	HT September 1, 2011: Yes.	
	• the LDCF under the principle of equitable access	N/A	
	• the SCCF (Adaptation or Technology Transfer)?	N/A	
	• Nagoya Protocol Investment Fund	N/A	
	• focal area set-aside?	N/A	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	HT September 1, 2011: No. It is not understandable why CCM-1 is used for the project, as the approach does not appear to be innovative.	

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		Taking into consideration the concept of the project, CCM-4 (Transport/Urban) should be the main objective. HT December 28, 2011: The PIF has identified CCM-4 as the focal area objective. Comment cleared.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	HT September 1, 2011: No. Please see the comment in Box 7. HT December 28, 2011: Comment cleared.	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	HT September 1, 2011: Yes. Columbia is implementing the National logistics Policy to develop a more efficient national logistics system. HT December 28, 2011: With regard to the national strategies and plans, please refer to the UNFCCC National Communication, which includes the GHG inventory in the freight sector, the Technology Needs Assessment (if available), and the GEF National Portfolio Formulation Exercise (NPFE) document. Please describe how the proposal is consistent with them. HT January 6, 2012: The PIF has referred to and described consistency with the UNFCCC National Communication, the Technology Needs Assessment and the NPFE document. Comment cleared.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability	HT September 1, 2011: Not clear. The project includes the design of the political and institutional	

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	of project outcomes?	framework as one of its outcomes. However, commitment to the framework is unclear. Please clarify. HT December 28, 2011: Not clear. While Component #1 is designed for capacity building and institutional strengthening, it is unclear whose capacities are developed and how they will contribute to the sustainable fleet renewal network. Please explain it. HT January 6, 2012: The activities for capacity building have been described. Comment cleared.	
Project Design	11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	HT September 1, 2011: No. The scenario without the GEF project is not clear. It seems that addressing the barriers described in the PIF is possible in implementing the National Logistics Policy. Please explain. HT December 28, 2011: a) The PIF has identified the implementation of the National Logistics Policy and the National Policy for Public Road Freight Transport as the baseline project. Please add explanations about the scenario without the GEF financing. b) The co-financing from IDB ($600K) is very low. On the other hand, in section C.1, IDB has indicated the loan ($15M) as co-financing but it does not appear in the Table C. Please clarify and add the loan as co-financing if it is	

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		justifiable, taking into account some (if not all) of the loan is supposedly going to support the Vehicle Renovation Fund (scrap program). HT January 6, 2012: a) The scenario without the GEF financing has been added. Comment cleared. b) The co-financing from IDB has been raised to $2M as part of the IDB loan ($15M). Comment cleared.	
	12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	HT September 1, 2011: No. The incremental/additional cost reasoning is not clear (See the comment in Box 11). For example, the GEF project includes analysis of the Columbia logistics and freight transport sector. This kind of activity should be implemented in the baseline project. HT December 28, 2011: The incremental/additional cost reasoning has been explained. Comment cleared.	
	14. Is the project framework sound and sufficiently clear?	HT September 1, 2011: No. The following comments should be addressed. 1) The expected outcomes of the project include successful demonstration, deployment and transfer of energy	

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		efficient freight transport technologies. However, there is no clarity on which technologies are targeted. HT December 28, 2011: In the listed technologies, what do you mean by "dual gas/gasoline engine" and how would such retrofits be done? What is the prospect of the technology in Columbia, given a large number of freight vehicles are operating on diesel in many countries? HT January 6, 2012: The technology has been corrected to dual gas/diesel engine. Comment cleared. HT September 1, 2011: 2) The project focuses on the adoption of low-carbon freight logistics practices. However, there is no description on which kind of practices (e.g. reverse logistics, development of logistics platforms, etc.) are envisaged to reduce GHG emissions from the sector. HT December 28, 2011: The PIF has focused on retrofitting the aging fleet to reduce GHG emissions from the road freight transport, while the Renovation Fund (supported by the IDB loan) will focus on fleet renewal. For retrofitting 80 vehicles on a pilot basis and then 560 additional trucks, how would the ESCO model be financially viable? Furthermore, 560	

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		trucks are much smaller than the Renovation Fund target of 5,000 vehicles per year. How is the GEF financing likely to be a transformative game changer for the Columbian freight sector? Please explain. HT January 6, 2012: Comment addressed but please note that the following issues should be clarified at the CEO Endorsement stage. In Component 1, the activity to reflect the results of the pilot projects into the Colombian logistics policies has been added. This activity should be elaborated in detail at the CEO Endorsement stage. In Component 3, the non-grant instrument (lending) has been included. This instrument should be clarified at the CEO Endorsement stage with detailed descriptions of a concrete target of number of vehicles, CO2 mitigation potential and cost-effectiveness. The 560 trucks should be the minimum initial number of vehicles to benefit, and the lending programme should service a significantly higher number of vehicles and achieve large CO2 emission reduction. HT September 1, 2011: 3) Numbering Components is confusing. In the PIF, there are Component 2 in "Design" and Component 3 in "Implementation." (page 9) HT December 28, 2011:	

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		Numbering of Components has been corrected. Comment cleared. HT September 1, 2011: 4) in the Component 1of the GEF Project, the analysis of the Columbian logistics and freight transport sector duplicates with the baseline project (See the comment in Box 11). Furthermore, the Component 1 expects five outcomes (B1 to B5) as the Clean and efficient national Logistics Initiative. It is questionable to materialize them in the proposed project duration. In addition, it should be noted that the allocated GEF financing (US$ 2.2 million) for these TA activities is too high. HT December 28, 2011: The proposal has been redesigned to address the comments. Comment cleared. HT September 1, 2011: 5) The project covers broad activities (design, implementation and evaluation) in the duration of three years. It should be explained how these activities can be achieved in such limited time. HT December 28, 2011: The project duration has been changed from 36 months to 48 months. Comment cleared. HT September 1, 2011: 6) Component 3 of the GEF Project	

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		(Reform of national freight transport policies ...) duplicates with Component 1 (Analysis, Design and Implementation...). Please revise it. HT December 28, 2011: The proposal has been redesigned to address the comments. Comment cleared. HT December 28, 2011: Please address the following comments. a) Please follow the PIF format. Some pieces of information (e.g. Project type, type of trust fund, agency fee) are missing. In addition, the submission date is incorrect. b) Please be more specific about the activities of Component #1. c) Please explain how each component interacts with the others to achieve the objective of the project. HT January 6, 2012: a) The PIF has been revised in line with the format. Comment cleared. b) The activities of Component #1 have been described in detail. Comment cleared. c) Component 1 has included the activity to reflect the results of Components 2 and 3 into the Colombian logistics policies. Comment cleared.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	HT September 1, 2011: No. The applied methodology and assumptions to estimate global environmental benefits are not provided.	

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		HT December 28, 2011: The comprehensive GHG reduction estimation is to be performed with the Project Preparation Grant. This should be elaborated by the CEO endorsement stage if the PIF is cleared. At the CEO endorsement stage, a clear CO2 emission reduction target for GEF financing and descriptions of its cost-effectiveness are expected. Also, please take note of the "GEF/STAP manual for Calculating Greenhouse Gas Benefits of Global Environment Facility Transportation Projects."	
	16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?	HT September 1, 2011: Yes. In addition to socio-economic benefits described in the PIF, reduction of local environmental pollutants (e.g. air pollutants) might be an important benefit.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	HT September 1, 2011: Yes. The PIF identifies the key stakeholders. However, significant commitments by trucking association, truckers and government agencies will be necessary to achieve the objective of the project. HT December 28, 2011: The PIF indicates that the Columbian Ministry of Transport will engage all stakeholders. Comment cleared.	

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	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	HT September 1, 2011: Partially. In response to the identified risks, the proposed measures seem insufficient. HT December 28, 2011: Taking into consideration the redesign of the project, please add environmental and social risks and mitigation measures. Without enforcing import restriction measures for older freight vehicles as well as functioning registry and emission testing scheme, the Colombian market could be flooded with older vehicles from neighboring countries to take advantage of the proposed freight retrofitting/renewable initiatives, leading to environmental and social risks. Exporting older vehicles to other countries cannot be a solution to global environmental problems. What will be done to address those risks? This is critical to the success of the proposal. HT January 6, 2012: Potential increase of imported old vehicles and the mitigation measures have been added. The potential risk of exports of retrofitted vehicles outside Colombia has not been addressed. These policy measures should be addressed in detail at the CEO Endorsement stage. Comment cleared.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the	HT September 1, 2011: As pointed out in the above comments, there is no clear distinction between the	

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	region?	baseline project and the GEF project. HT December 28, 2011: Please address the comment in box 9. HT January 6, 2012: Comment cleared.	
	20. Is the project implementation/ execution arrangement adequate?	HT September 1, 2011: No. It is questionable to complete the project in the proposed duration. HT December 28, 2011: The project duration has been changed from 36 months to 48 months. Comment cleared.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	HT September 1, 2011: No. GEF funding for the project management is 9% of the total GEF grant. It should not exceed 5% for the proposed project scale. In addition, the share of management costs assigned to GEF is out of proportion to the amount assigned to co-financing. HT December 28, 2011: As for the GEF financing, the percentage of the Project Management Cost (PMC) before PMC is 4.9% (= $140,000/$2,850,000). This number is	

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		below the threshold percentage (5% for projects with more than $2 million GEF financing). In addition, the share of management costs assigned to GEF has been proportional to the amount assigned to co-financing. Comment cleared.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	HT September 1, 2011: No. GEF funding is considered much higher than needed for the proposed activities and outcomes. Furthermore, no investment funding is identified. For demonstration of technology, invest funding is necessary. HT December 28, 2011: 1) As a result of redesigning of the project, investment funding is included. Please consider the co-financing for Component #2. Because the energy saving leads to cost saving, some of the cost in the demonstration project can be shared. For example, payment for drivers involved in the retrofit demonstration seems to be counted as co-financing (ex. in-kind support). 2) In Table A, the indicative GEF grant amounts don't add up to the sub-total (400K + 2,860K = 3,260K). Please justify it. 3) In Table C, the indicative co-financing amounts don't add up to the total (600K + 3,700K + 10,000K = 14,300K). Please justify it. HT January 6, 2012: 1) The co-financing for Component #2	

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		has been added. Comment cleared. 2) The indicative GEF grant amounts have been corrected. Comment cleared. 3) The indicative co-financing amounts have been corrected. Comment cleared.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	HT September 1, 2011: Please address the following comments. 1) Co-financing is too high for the proposed activities and outcomes. Please provide documentation to support co-financing by private sector. 2) The IADB plans to assist the baseline project through a loan operation of US $15 million. The co-financing (US $7 million) is included in this loan. What about the remainder of the loan (US $7 million)? Does the remainder have nothing to do with the baseline/GEF project? Please explain. 3) Co-financing by private sector is investments. Therefore, please revise the project framework to separate investments and technical assistance. HT December 28, 2011: The proposal has been redesigned to address the comments. Please address the comment in box 24. HT January 6, 2012: Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	HT September 1, 2011: Please address the above comments. HT December 28, 2011: Please address the comment in box 24.	

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		HT January 6, 2012: Comment cleared.	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	**30. Is PIF clearance/approval being recommended?**	HT September 1, 2011: No. The proposal requires major redesign. In particular, the project requires clearer explanation of incremental benefits and investments. HT December 28, 2011: While the proposal has been redesigned and improved, there are some remaining issues to be resolved. For further development, please discuss with the GEFSEC. HT January 6, 2012: The proposal has been redesigned in terms of funding allocation, some activity design and increased co-finance. The project is recommended for PIF approval.	

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	31. Items to consider at CEO endorsement/approval.	HT January 6, 2012: Please address the following items at the CEO Endorsement stage: a) A clear description of the activities to transform the Colombian logistics industry to the low-carbon and efficient one based on the pilot projects; b) A sound and appropriate description of GHG emission reduction and cost-effectiveness; c) An analysis and countermeasures to the change of the numbers of older freight vehicles after the implementation of the project; d) Detailed descriptions of the non-grant instrument on the vehicle retrofit scale-up, including a concrete target of number of vehicles, CO2 mitigation potential, cost effectiveness, etc.; e) Enforcement of freight fleet management and vehicle registry systems, so as to minimize imports of older fleet and to restrict exports of retrofitted vehicles.	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	September 01, 2011	
	Additional review (as necessary)	December 28, 2011	
	Additional review (as necessary)	January 06, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	HT September 1, 2011: The following comments should be addressed. a) The completion date of PPG should be revised. b) The activity of "A. Baseline definition and definition of barriers, goals and milestones" should be discriminated from the baseline project. HT December 28, 2011: The proposal has been revised to address the comments. Comment cleared.
	2. Is itemized budget justified?	HT September 1, 2011: Please address the above comments. HT December 28, 2011: Comment cleared.
Secretariat Recommendation	**3. Is PPG approval being recommended?**	HT September 1, 2011: Not before the recommendation of the PIF. HT January 6, 2012: The PPG approval is recommended.
	4. Other comments	
Review Date (s)	First review*	September 01, 2011
	Additional review (as necessary)	January 06, 2012

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