



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: MSP
THE GEF TRUST FUND

Submission Date: 05/11/2009

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID: PROJECT DURATION: 32 months
GEF AGENCY PROJECT ID:
COUNTRY(IES): Global
PROJECT TITLE: The Global Fuel Economy Initiative
GEF AGENCY(IES): UNEP, (select), (select)
OTHER EXECUTING PARTNER(S): FIA Foundation for the Automobile and Society, International Energy Agency (IEA), International Transport Forum (ITF), UNEP - Division of Technology, Industry and Economics
GEF FOCAL AREA (S): Climate Change
GEF-4 STRATEGIC PROGRAM(S): CC-SP5 Transport
NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable):

INDICATIVE CALENDAR*	
Milestones	Expected Dates mm/dd/yyyy
Work Program (for FSP)	
CEO Endorsement/Approval	May 2010
Agency Approval Date	July 2010
Implementation Start	Sept 2010
Mid-term Evaluation (if planned)	
Project Closing Date	May 2013

* See guidelines for definition of milestones.

A. PROJECT FRAMEWORK

Project Objective: Stabilize greenhouse gas emissions from the global light duty vehicles fleet through a 50 percent improvement of vehicles fuel efficiency worldwide by 2050. To address this, a global approach will be needed with emphasis on the rapid vehicle fleet growth especially in GEF eligible countries covered in this proposal.								
Project component	Indicate whether Investment, TA, or STA ^b	Expected Outcomes	Expected Outputs	Indicative GEF Financing ^a		Indicative Co-Financing ^a		Total (\$) c = a + b
				(\$ a)	%	(\$ b)	%	
1. Data and Modeling								
1.a Fuel and Vehicles GHG characteristics and data	STA	Guidelines/recommendations on fuel economy policy and policy options for global, regional and national level	Database and report on fuels and vehicles and fleet characteristics to include data on at least 50 countries (including 4 pilot countries)	50,000	42	70,000	58	120,000
1.b Fuel Economy Baseline	STA/TA	Guidelines/recommendations on fuel economy policy and policy options for global, regional and national level	Reports with fuel economy baselines and trends on global, regional and 4 pilot country level (reports to include data for at least 50 countries)	80,000	50	90,000	50	170,000
1.c Technical Policy Data	STA	Guidelines/recommendations on fuel economy policy and policy options for global, regional and national level	Technical Analysis on fuel economy potential and policy options (includes cost and welfare)	80,000	50	90,000	50	170,000
2. Policy Development								

2.a Policy Tools	STA / TA	(I) Policy frameworks and recommendations formulated and adapted at the regional level, (ii) Policies formulated and initiated in 4 pilot countries (iii) Fundaments for a worldwide rollout program.	An interactive Fuel Economy Tool Set (available online, on DVD and in print) as support for development of national fuel economy policies and benchmarks. Tool set to include (i) technical data, (ii) overview of available policy instruments (regulatory, economic, communication) and their costs and benefits, (iii) overviews of all global existing regional and national fuel economy policies (including best practices), (iv) generic fuel economy policy statements, (v) operational programme/ process/ budget recommendations, (vi) support opportunities and contacts	75,000	33	125,000	67	200,000
2.b Regional Programs	TA	(i) Common understanding in 3 regions on approach for regional adaptation and decision making on fuel efficiency policy	(i) Workshops (ii) agreed regional action plans (iii) regional support networks established	40,000	16	210,000	84	250,000
2.c National pilots	STA /TA	4 countries have significant improvement in fuel economy and quantifiable GHC reductions	(i) 4 pilot case studies at national level , including a record of experiences on the development and implementation of national fuel economy policies (ii) record of experiences in testing the GFEI Fuel Economy Tool Set	330,000	47	400,000	53	730,000
2.d Develop global program for GFEI roll-out at national level world wide	TA	Fundaments for a worldwide rollout program	Global program ready for roll out – based on the tool set, pilot cases, and info materials, the subsequent roll out phase of the project will see a global campaign that will support many non-OECD countries in developing and implementing fuel economy policies (target is at least 50 countries)	60,000	38	100,000	63	160,000
3. Outreach and stakeholder support								
3.a global awareness raising programme	TA	Awareness on the importance of fuel economy in a global approach towards reduce GHG emissions with the general public/ stakeholders / decision makers	(i) Dedicated website including interactive query tools, news, Fuel economy toolset; (ii) "Best fuel economy practices" report (iii) Partnerships to promote fuel economy	55,000	18	240,000	82	295,000
3.b GFEI tools/ publications/ awareness materials	STA /TA	Capacity enhancement of policy and decision makers and other stakeholders at national level	Information tools for consumers/ stakeholders and decision makers including (i) Promotional brochures, posters, leaflets, Booklets and interactive DVD (ii) Fuel Economy Handbook Guide for Policy Makers	55,000	20	225,000	80	280,000
3.c national / regional information and communication programs	TA	Awareness of the stakeholders involved in the regional and national pilot projects on the benefits and the possibilities to improve fuel economy	National fuel economy campaigns on TV, radio, print and web media	75,000	23	250,000	77	325,000

4. Project Management 8% ¹		To ensure smooth coordination of project activities, both inside the implementing team and with external sponsors and stakeholders. UNEP/ DTIE (Energy Branch) in the lead executing role will be responsible for the overall management, coordination, monitoring, policy development and policy implementation activities.	80,000	18	340,000	82	420,000
Total			A 980,000	34	B 2,140,000	66	3,120,000

^a List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

^b TA = Technical Assistance; STA = Scientific & Technical Analysis.

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution	(select)	
GEF Agency UNEP- DTIE	Grant - 200,000 In-kind – 155,000	355,000
Bilateral Aid Agency(ies) US Government/ Korean Government	Grant	1,100,000
Multilateral Agency(ies)		
Private Sector	Grant	50,000
NGO- FIA Foundation	Grant – 250,000 In-kind - 100,000	350,000
Others , IEA and ITF	In-kind 300,000	285,000
Total Co-financing		B2,140,000

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Previous Project Preparation Amount (a) ²	Project (b)	Total c = a + b	Agency Fee
GEF financing	0	980,000	980,000	98,000
Co-financing	0	2,140,000	2,140,000	
Total		3,120,000	3,120,000	98,000

D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)¹

GEF Agency	Focal Area	Country Name/ Global	(in \$)		
			Project (a)	Agency Fee (b) ²	Total c=a+b
UNEP	Climate Change	Global/ Regional	980,000	98,000	1,078,000
Total GEF Resources			980,000	98,000	1,078,000

¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

² Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

A.I The Issue

¹ Overall budget for project management is as follows (for 32 months):

- Project manager (part time – 50%) – USD 160,000 (USD 60,000/ year)
- Assistant Project manager (full time – to coordinate the 4 pilot projects and policy tool development) – USD 205,000
- Other costs:
 - Travel – USD 25,000
 - Reporting and financial administration – USD 25,000
 - Communication costs, rent – USD 20,000

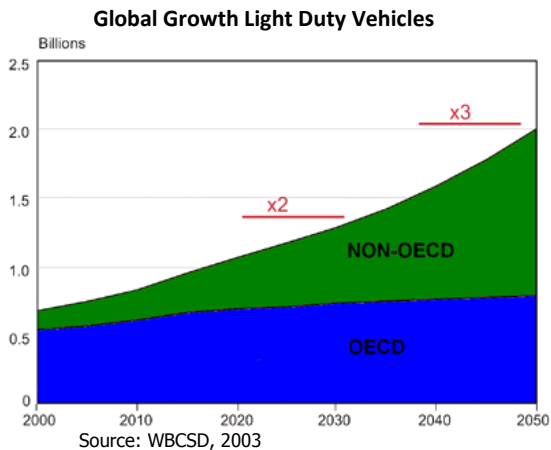
Total - USD 435,000 of which USD 80,000 will be provided by the GEF, USD 70,000 by UNEP/DTIE and USD 285,000 by the other partners.

² Include project preparation funds that were previously approved but exclude PPGs that are awaiting for approval.

*** Road Transport is a key contributor to global climate change**

Transport is responsible for 24% of global CO₂ emissions from fossil fuel combustion, and road transport account for the lion's share (74%). In addition, transport is a major contributor to black carbon emissions, now believed the second most important greenhouse gas (GHG). To date global climate change programs and initiatives in general have not given much attention to the role of transport in climate change (like Kyoto Protocol, CDM, GEF, World Bank).

*** The global vehicle fleet is set to triple by 2050**



Despite efforts to develop strong transit and non-motorized transport infrastructure around the world, the world's light duty vehicle fleet is expected to triple by 2050, at which time almost two-thirds of the global vehicle fleet will be found in non-OECD countries. More than 90% of this growth will take place in non-OECD countries (these are conservative estimates – some predict we will have reached 2 billion cars by 2030). A tripling of the global vehicle fleet is expected to more than double vehicle emissions globally. In most countries, transport CO₂ emissions are growing faster than total CO₂ emissions and projections in road transport growth and car ownership for the next few decades show that road transport accounts for by far the largest increase, despite rapid growth in shipping and aviation.

*** This will be a disaster from a climate perspective**

Business as usual scenarios show disastrous consequences for the global and local environment unless urgent action is taken now. Addressing road transport and fuel efficiency must form an integral part of the global climate

solution, as transport emissions form a significant portion of the reductions needed to achieve stabilization of GHG emissions, and subsequent reductions. The next decade presents a window to deflect current trends and determine the trajectory of future emissions. Even though the target is a long term – stabilization at 2050 – changing the trend will depend on the actions that will need to be taken in the next 10 years.

*** And will be disastrous from an economic, urban air quality and development perspective**

Although this project will first and foremost focus on global climate benefits, it has many additional benefits, both environmental and economic. Road transport is also responsible for an estimated 70-90% of air pollution in urban areas, causing millions of premature deaths and reductions in GDP of up to 5%. Promoting more efficient vehicles will also make them lighter and slower and thus safer – both for the occupants and the public. Improving fuel efficiency will also reduce the dependency of many countries on –expensive – oil and fuel imports. In many countries governments play a central role in fuel supply, especially for poor countries the foreign funds needed to pay for oil and fuel imports put a heavy burden on government budgets. All these additional local co-benefits further enhance the case for national governments active participation and in-kind support of the project. Cleaner and more efficient fuels and vehicles will also benefit other efforts, for example, it will provide low sulphur fuels to busses and thus clean public transport systems (like providing the option for BRT and other transport planning systems to also use cleaner and more efficient busses in their projects – several of which are GEF supported). Finally a well designed fuel economy policy, which should be part of an overall transport strategy, can help reducing automobile usage. For example, by removing old, inefficient vehicles from the fleet (and ensuring they will be destroyed and do not re-enter somewhere else).

A.2 How This Project Will Address the Issues

To achieve stabilization of GHG emissions, as per IPCC and G8 recommendations, global fuel economy needs to improve by 50 percent by 2050 (from an average of 8 liters/100km to 4 liters/100km). While most OECD countries have put in place fuel economy policies, only a few non-OECD countries have done so to date. However, as mentioned, the future growth of the global fleet will take place for more than 90% in non-OECD countries. Research shows that there is a real opportunity to improve new vehicles fuel economy by 30% by 2020 and that this can be achieved through the use of currently available, off-the-shelf technologies, further hybridization/ electrification of fleets, and enabling policies at the national level. In addition there are major opportunities, especially in developing countries, to reduce emissions of the in-use fleets, while fleets are being renewed through new vehicles or second-hand imports. UNEP and the International Energy Agency (IEA), The International Transport Forum (ITF) and the FIA Foundation, with support from GEF and other organisations, will launch a new global initiative – the Global Fuel Efficiency Initiative (GFEDI), which combines expertise and resources from all four Partners for a comprehensive program to improve global automotive fuel economy. GEF will support the participation of all non Annex I countries. The objective is to support governments and their partners, including those in the oils and vehicles industry, to work

towards a target of a fuel economy improvement of 50% by 2050. The project scope is light duty vehicles (LDVs - including motorcycles) in developing countries.

A. 3 Expected global environmental benefits

**** If not addressed in the next decade, emissions will get out of hand***

Addressing road transport and fuel efficiency forms an integral part of the global climate solution, forming a significant portion of the reductions needed to achieve stabilization of GHG emissions, and subsequent reductions. Achieving a stabilization of GHG emissions at today's level by 2050 will be a major challenge due to that expected growth of the global vehicle fleet.

Again, today's average vehicle in OECD countries has an average fuel economy of 8 liters per 100 kilometers. Fuel economy will have to be improved *globally* to an average of 4 liters per 100 kilometers to meet stabilization targets (or about 180 g/km CO₂ currently, improving to 90 g/km). When coupled with action to reduce vehicle usage (for example through improving public and non motorized transport like BRT/NMT programs in cities), meeting this target can result in a stabilization or even reduction of global GHG emissions from the global vehicle fleet rather than the 2x-3x increase expected in the baseline projections. However, measures to improve fuel economy must be seen as part of overall transport strategies, both at regional and national level. Vehicular fuel economy should not be addressed in isolation. For global vehicle emissions to stabilize or decrease, vehicle usage will also need to decrease. The GFEI will promote the improvement of fuel economy as one of the major elements needed to reduce local and global environmental impacts of vehicles. The GFEI aims at supporting non-OECD countries make a significant contribution to meeting the stabilization target of GHG emissions at today's level, by 2050 as expressed by G8 and IPCC. The GFEI will support the development of policies in non-OECD countries at the regional and national level with a focus on improving fuel economy (while ensuring that these measures are part and parcel of an overall strategic approach towards transport and the environment – for example by ensuring that vehicle use will not further increase). This can be done through e.g. revenue neutral measures (use tax cuts for clean vehicles and tax increase on more pollutive vehicles) and ensuring that old, inefficient and pollutive vehicles will indeed be removed from the streets, by replacing old, heavy, inefficient and polluting vehicles with smaller, modern, fuel efficient vehicles. The UNEP based PCFV program is already working with many developing and transition countries on clean vehicles, a program that supports the development of a vehicle scrappage policy while concurrently addressing vehicle and vehicle emission standards. Thus the GFEI can provide flanking measures to other transport policies.

**** Existing Technologies can achieve stabilization***

A combination of existing off-the-shelf technologies and measures can achieve the 50 by 50 target - widespread hybridization and introduction of electric vehicles will assist even farther and can help with ultimately reducing the GHG emissions from the global vehicle fleet. Planning for stabilization by 2050 means commencing the set up of intermediate steps and technology transfer frameworks now. With an average vehicle age of up to 20 years in some non-OECD countries, the next 5 to 10 years are crucial if the 50 x 50 target required is to be met to deflect the curve of vehicle GHG emissions downwards. The GFEI will be technology – neutral – it will not promote specific technologies, but rather promote and support policy development aimed at reducing the GHG emissions of vehicles in countries. The GFEI will support the exchange of technologies, if priorities by governments and their partners, for example the introduction and dissemination of new technologies such as [plug-in] hybrids and electric vehicles, which can result in additional reductions of GHG emissions.

**** Major GHG emissions reductions with global stabilization***

Enacting these measures will mean that, building up annually large reductions in CO₂-equivalent GHG emissions can be achieved. This will begin within a year or two of the first program impacts and quickly yield tens of millions of tones per year of GHG reduction. By 2025, on the order of 1 gigatonne (= 1 billion ton) CO₂ reduction per year is achievable, reaching 2 gigatonnes or more per year by 2050. In addition, reduced fuel use will reduce other emissions of pollutions that also have a negative climate impacts, including NO_x and especially black carbon emissions. Reducing Black Carbon emissions will have an immediate impact on reducing global warming. Measures can often be introduced with negative cost, due to fuel savings, but this requires longer term thinking and overcoming of market barriers.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

**** Using the Successful PCFV Approach and Network***

The leading global programme to promote cleaner fuels and vehicles is the UNEP-based Partnership for Clean Fuels and Vehicles (PCFV). The PCFV has 116 members, including all major oil and vehicles organizations or their representative organizations. The PCFV has been successful in implementing global clean fuels programs – the phase out of leaded gasoline (for which the PCFV was awarded the UN21 Award by the UN Secretary General), a campaign to promote cleaner vehicles and a campaign to reduce fuel sulphur levels. The PCFV has developed a global network and approach that has been very successful and will be used by UNEP for the design and implementation of this GFEI-GEF proposal. The PCFV has developed global

mechanisms for major global stakeholders – governments, the oil and vehicles industry, civil society organizations and international organizations – to support global campaigns. The PCFV has developed regional frameworks and partnerships and has been supporting many countries in the development of clean fuels and vehicles policies.

*** *Global – Regional – National approach***

UNEP, and its partners, plan to use a similar approach; agree on global targets and develop support materials and data/information; develop and organize regional partnerships, agreements and implementation support modalities; and promote and support the implementation at the national level.

At the global level the GFEI will facilitate the setting of targets, involvement of all key stakeholders and the development of information and products to support regional and national implementation. This will include trying to get the car industry to agree on the GFEI targets; to develop data, models and policy toolkits - showcasing the options available to improve fuel economy and the cost-benefits of these options. At the regional level this will include development of regional modeling/databases, regional agreement on targets (political), regional implementation plans, regional campaigns (like information and awareness campaigns), partnering with regional institutions, and implementation of pilot projects.

With the support from the global and regional level, countries should be ready, on their own or with GFEI support, to start developing fuel economy policies based on the GFEI targets, using GFEI products and linking into sub-regional, regional and global GFEI networks for support and sharing of information and experiences. Wide-spread roll out of the project at the national level – to support many countries world wide based at the global and national work done - will be the next phase of the GFEI project (not included in this project).

*** *Working with Partners***

Activities at all levels will be developed with the involvement of all key stakeholders (governments – industry- civil society – international and regional organizations) and will be demand driven. By using the existing networks and contacts (PCFV and existing regional networks and national contacts of all four partners), the project will be able to commence with minimum start up time.

For example the GFEI will work with leading regional environment organizations such as the Mario Molina Centre in Latin America and the Caribbean, the Regional Environment Centre in Central and Eastern Europe, the Clean Air Initiative for Asia, the Air Pollution Information Network for Africa in Southern Africa etc. Already cooperation agreements exist between UNEP and these organizations. These will be extended to include fuel efficiency work.

*** *Pilot country projects***

As part of the regional implementation of the GFEI four pilot country projects are proposed. We have commitments from three countries already secured who have indicated their interest to work with the GFEI to address fuel efficiency – in Asia Indonesia, in Africa Ethiopia and in Latin America and the Caribbean Chile. A fourth pilot country will be identified. The rationale for selecting these countries, in addition to the fact that they requested UNEP for support, is that these countries are among the medium sized in their specific regions – they are not the biggest nor the smallest countries in their specific regions, thus they are ideal for piloting. In addition

Indonesia - This project is consistent with Indonesia's National Environment and Health Action Plan (Chapter 7 – Atmospheric Pollution) as well as with the agreement from the 2nd Governmental Meeting on Urban Air Quality in Asia. In addition the Indonesian Government has formally asked UNEP for support to develop a fuel economy strategy.

Chile - This project is also consistent with Chile's national and regional priorities in Latin America. At the Sixteenth Meeting of the Forum of Ministers in Latin America and the Caribbean ministers agreed to prioritize cleaner and more efficient fuels and vehicles for better air quality and reduced GHG emissions. Ministers asked UNEP for support in implementing this decision.

Ethiopia - This project is also consistent with Ethiopia's regional and national priorities as agreed by Ministers in the Eastern Africa Regional Framework Agreement on Air Pollution to explore and adopt modern technologies that promote vehicle fuel efficiency. Ethiopia has made a request to UNEP to help in developing a fuel economy policy.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

The overarching goal under GEF-4 is to reduce GHG emissions through transforming markets. That is exactly what the GFEI will do – through a global/ regional/ national approach - transform markets resulting in major global GHG reductions at the long term (reduction of 1 Giga ton or more per year in 2025 and beyond and 2 Giga tons CO2 reduction per year by 2050) and short term (though reduction of black carbon emissions). The project is within the scope of 3 strategic objectives of GEF, SP5-

Transport-Promoting Sustainable Innovative Systems for urban transport as a mitigation; SP8-Reduction of GHG emissions through transforming markets, which support pilot and demonstration projects for adaptation to climate change; and SP9-stabilization of GHG concentration through reduction of GHG emission, which looks to improve the efficiency of energy production and utilization.

GEF guidelines state that support in the climate change focal area is most effective when it is used to facilitate, leverage and complement other sources of financing. This project will promote and support the issue of fuel efficiency and thus facilitate regions and countries to take action to reduce the GHG emissions of their vehicles. The project will provide information, case studies, technical data, contacts and networks, technical support, -some- financial support to allow stakeholders to agree on common action and develop and implement policies that will result in measurable reductions in GHG emissions. This project, although still to be launched, has attracted interest from major stakeholders and has already received co-funding for several partners. GFEI partners, UNEP, IEA, ITF and the FIA Foundation have committed for this phase of the GFEI a total of USD 1 million in-kind and USD 1 million in financial contributions to the GFEI. Additional donor support is expected.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

The GFEI project is a 6 year project with a two phase approach. GEF support is sought for Phase I which will be implemented within 3 years. Phase I will focus at the global and regional level with four components:

**** Data and Modeling***

To include research and data collection such as identification of cost effective technologies, technology transfer opportunities, measure trends and fuel economy improvement potentials, evaluate policy options as well as support the development of a Fuel Economy “Toolset”. This project component will be led by IEA.

**** Harmonization***

A global approach is required for harmonization and comparison of national and regional approaches. Eg. To promote vehicle labeling ensuring consumers are aware of the fuel economy of vehicles. It is important that labeling is harmonized both between countries and manufacturers, to allow comparison of vehicles. Another area for harmonization is efficiency testing standards and drive cycles. The project will engage auto manufacturers in voluntary global standards and approaches that will contribute to achieving the 50 x 50 target. This component will be led by ITF.

**** Policy Development***

Research and data from the first component as well as results from the harmonization efforts will allow for the development, by GFEI, of a practical set of tools. These tools will contain an overview of available fuel economy interventions (standards, economic incentives, legislation, outreach, labeling, etc.) for use by countries. These tools will be presented as an interactive DVD that will allow policy makers to choose possible policy options, consider their implementations and get cost benefits estimations (in terms of economic costs, health benefits and economic benefits). Also included on the DVD will be examples and best practices from other countries that have already developed fuel efficiency policies, using different approaches. The interactive DVD will be designed in such a way that policymakers can use the tools on the DVD to develop their own fuel efficiency policy, with minimal support from the GFEI partners. The interactive fuel efficiency policy DVD (“GFEI DVD”) will be an important GFEI output and will provide governments and other stakeholders with information and assessment systems to develop fuel efficiency policies.

This project component will also include the launch of regional initiatives by UNEP to get governments around the table to consider approaches and discuss common actions. Establishment of at least three regional research/networking partnerships for building capacity in governments and in regional research centers in the developing world will also be undertaken. Four national projects will also be piloted during this period in Indonesia, Chile, Ethiopia and a fourth country to be identified. If needed, regional adaptations will be made of the GFWEI DVD (for example using local examples and language).

It is important that governments develop fuel economy policies in close cooperation with stakeholders, such as the local oil and vehicles industry. For example, it does not make sense to promote the import of the newest and cleanest vehicles of the fuels that they need are not available. Also, outreach activities to mobilize public support will be essential.

**** Information dissemination, education, and communication***

For the other project components to be successful, they will need to be accompanied by a global awareness campaign to provide consumers and decision makers with information that enables behavioral change and market dynamics. A global communication and dissemination effort is therefore planned to accompany actions on fuel economy at all levels. This will build on the involvement of consumer and industry groups. FIA Foundation will take the lead on this project component.

Already GFEI partners have been able to secure close to USD 3,5 million for the GFEI (both phase I&II). For Phase I, the USD 1 million GEF contribution would be matched with USD 1,5 million in funds and USD 1 million in-kind. This GEF project will support phase I of the GFEI – the global and regional phase (including pilots at the national level and product development for use at the national level). Phase II will see support to a large number, e.g. 40 or 50, countries to promote and support the

development of fuel efficiency policies. As the GFEI partners have already received significant long term funding from partners Phase II will commence immediately after completion of Phase I.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

UNEP will execute a major part of its project component through the Partnership for Clean Fuels and Vehicles (PCFV) for which UNEP serves as the Clearing-House. See text above under B. The PCFV has active clean fuels and vehicles programs in over 50 developing and transition countries. The PCFV also has experience with developing interactive DVD programs for national policy development. The PCFV will develop a fuel economy campaign that will take the lead in the Policy Development component of the GFEI. The other GFEI partners will take the lead in the other three components as indicated. All four GFEI partners will be involved in the implementation of all four components.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:

Without a global initiative to address the GHG emissions of vehicles in non OECD countries, there is a risk that this issue will not be sufficiently addressed. As mentioned earlier, a window of opportunity of about one decade exists to address this issue, after which it will be very difficult to influence the way the global car fleet is going to grow in the coming decades. This will be a disaster from a climate change and human health point of view. The project will also ensure that fuel economy policies promoted by the project will be linked to existing transport policies to ensure that the project will not result in additional car use compared to the baseline thus avoiding possible rebound effects in case policies would result in reduced cost of car ownership. GEF funding will ensure that measures are taken 'in use' both to improve on-road fuel economy of existing vehicles that link to other low-GHG transport measures.

There is a demand for support from countries to help them develop fuel economy policies, both for environmental and economic reasons. Non-OECD countries, especially the least developed, lack the capacity, knowledge and network that will allow them to develop these policies on their own. In addition, often it makes little sense for a country to adopt these policies in isolation – often only a regional, or at least sub-regional, approach can work when it comes to promoting cleaner and more efficient fuels and vehicles, given the trade and cross border nature of road transport.

To start the full implementation of Phase I of the GFEI – the global and regional phase - approximately 3 million USD is needed. The GEF support will ensure the full and timely implementation of the first phase of this project that is to start in March 2009.

Given the huge contribution of the global vehicle fleet to global GHG emissions, the expected huge growth of these emissions, and the lack of a global approach or programme to address this, not addressing this issue will threaten the success of any global climate effort. The GEF, as a global facility working on climate change, has the mandate and is ideally suited to support the GFEI.

In addition, as mentioned earlier, having clean and more efficient fuels and vehicles available in countries will also support other GEF supported projects – especially those aimed at promoting better and more efficient public transport.

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

Possible risks are:

- * Lack of global data and information
- * Lack of political interest in countries on the issue of fuel efficiency
- * Lack of the implementation of global, regional and national commitments made by involved stakeholders
- * Lack of support from vehicle manufacturers
- * Lack of political will to reduce /eliminate less inefficient vehicles (typically larger luxury ranges)

These issues have been included in the project design and thus will be actively addressed within the project. It is estimated that these risks are low as the issue of climate change and promotion of cleaner vehicles will be high on the agenda because the issue has both a global (climate change) and local (air pollution) dimension and in addition also has economic and developmental dimensions that will ensure it will be highly relevant, especially for non-OECD countries. It is expected that civil society and consumer will support this initiative, as they are keenly in favor of cleaner and more efficient vehicles. Governments will be interested because the initiative will combine climate, health and economic issues. Already several governments have contacted GFEI for support. While some governments may have reservations on some possible elements of a fuel economy policy (eg promotes smaller more efficient vehicles), it is expected, as evidence has shown in the case of Indonesia and Ethiopia that the project will attract a lot of positive political interest as it reduces oil dependency and expensive oil imports. Creating public awareness of the benefits of a national fuel economy policy will enhance civil society support expected by this initiative. It is

expected that the reaction of vehicle manufacturers will be mixed. Some will be careful as the project is promoting, cleaner and more efficient vehicles while others will be keen to collaborate in this initiative as they are already planning smaller, cleaner, more efficient vehicles. This will be the case in both existing and new vehicle companies in developed and developing countries.

H. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

This project is extremely cost effective – comparing the funds requested and the potential benefits in terms of global action and GHG emissions reductions. The project is also designed to be cost effective with the four major components of the initiative to be designed and implemented by the four involved organizations – each having expertise and experience in their specific areas - with UNEP taking the lead in policy development, IEA taking the lead in research, data and modeling, ITF taking the lead on harmonization while the FIA Foundation has the lead in communication development & management.

I. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

UNEP has a comparative advantage in the areas of climate change, sustainable transport, capacity building/technical assistance and scientific and technical analysis, assessment, monitoring/tools, standards and norms..


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE (Month, day, year)
N/A			

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
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