



GEF-6 REQUEST FOR PROJECT ENDORSEMENT/APPROVAL

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title: Green Logistics Program			
Country(ies):	Regional (Candidate countries: Albania, Armenia, Azerbaijan, Belarus, Bosnia, Egypt, FYR Macedonia, Georgia, Jordan, Moldova, Montenegro, Morocco Serbia, Tunisia, Turkey, Ukraine)	GEF Project ID: ¹	9047
GEF Agency(ies):	EBRD (select) (select)	GEF Agency Project ID:	
Other Executing Partner(s):		Submission Date:	
GEF Focal Area (s):	Climate Change	Project Duration (Months)	42
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>	Corporate Program: SGP <input type="checkbox"/>	
Name of Parent Program	[if applicable]	Agency Fee (\$)	1,350,000

A. FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES²

Focal Area Objectives/Programs	Focal Area Outcomes	Trust Fund	(in \$)	
			GEF Project Financing	Co-financing
(select) CCM-1 Program 1 (select)	Outcome C. Financial mechanisms to support GHG reductions are demonstrated and operationalized	GEFTF	15,000,000	155,250,000
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
Total project costs			15,000,000	155,250,000

B. PROJECT DESCRIPTION SUMMARY

Project Objective: Enhanced implementation of green logistics in the Black Sea and Mediterranean regions						
Project Components/ Programs	Financing Type ³	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Confirmed Co-financing
Component 1. Investment support and incentives through the provision of structured finance	Inv	Increased access to finance for investments in green logistics in the target regions	Investments eligible for financing identified and screened Investments financed and implemented	GEFTF	15,000,000	153,200,000
Component 2. Capacity building activities for green logistics in the region	TA	Capacity of stakeholders in the target regions to implement green	Framework for calculation of emissions in the logistics sector Curriculum in green	GEFTF	0	400,000

¹ Project ID number remains the same as the assigned PIF number.

² When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#).

³ Financing type can be either investment or technical assistance.

		logistics solutions increased	logistics Final conference			
Component 3. Technical assistance supporting investments in green logistics	TA	Pipeline of investments technically supported	Targeted technical assistance supporting investments in green logistics MRV support for investments in green logistics	GEFTF	0	400,000
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
Subtotal					15,000,000	154,000,000
Project Management Cost (PMC) ⁴				(select)	0	1,250,000
Total project costs					15,000,000	155,250,000

C. CONFIRMED SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Please include evidence for co-financing for the project with this form.

Sources of Co-financing	Name of Co-financier	Type of Cofinancing	Amount (\$)
GEF Agency	EBRD	Loans	49,200,000
GEF Agency	EBRD	In-kind	2,450,000
GEF Agency	EBRD (bilateral donors)	Grants	800,000
GEF Agency	EBRD (private sector - other co-financiers)	Loans	102,800,000
(select)		(select)	
Total Co-financing			155,250,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country Name/Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee ^{a)} (b) ²	Total (c)=a+b
EBRD	GEF TF	Regional	Climate Change	Non-Grant Set Aside	15,000,000	1,350,000	16,350,000
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0

⁴ For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
Total Grant Resources					15,000,000	1,350,000	16,350,000

a) Refer to the [Fee Policy for GEF Partner Agencies](#)

E. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS⁵

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	<i>hectares</i>
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	<i>hectares</i>
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	<i>Number of freshwater basins</i>
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	<i>Percent of fisheries, by volume</i>
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO _{2e} mitigated (include both direct and indirect)	<i>2.6 million direct and 6.9 million indirect metric tons</i>
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	<i>metric tons</i>
	Reduction of 1000 tons of Mercury	<i>metric tons</i>
	Phase-out of 303.44 tons of ODP (HCFC)	<i>ODP tons</i>
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	<i>Number of Countries:</i>
	Functional environmental information systems are established to support decision-making in at least 10 countries	<i>Number of Countries:</i>

F. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? Yes (If non-grant instruments are used, an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF Trust Fund) in Annex D.

⁵ Update the applicable indicators provided at PIF stage. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN WITH THE ORIGINAL PIF⁶

A.1. *Project Description.* Elaborate on: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, GEF focal area⁷ strategies, with a brief description of expected outcomes and components of the project, 4) [incremental/additional cost reasoning](#) and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and [co-financing](#); 5) [global environmental benefits](#) (GEFTF) and/or [adaptation benefits](#) (LDCF/SCCF); and 6) innovativeness, sustainability and potential for scaling up.

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed

No changes since the PIF, please refer to the EBRD Project Document Sections 1.1 to 1.4.

2) the baseline scenario or any associated baseline projects

No changes since the PIF, please refer to the EBRD Project Document Section 1.5.

3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project

1. There have been no major changes in alignment of the Project's design at the objective, outcome and indicator levels as compared with the original PIF. The design of Component 2 of the Project has been elaborated and clarified, based partly on consultations conducted during RCE preparation. The description of Component 2, providing additional clarifications and detail, is provided below.

Component 2. Capacity building activities for green logistics in the region

Component costs: USD 400,000 from EBRD donors as co-financing

2. The objective of Component 2 is to increase the capacity of stakeholders in the target regions to implement green logistics solutions.
3. The expected outputs of this Component are:
 - i) the implementation of good emissions monitoring frameworks and MRV in selected companies and projects in the freight transport sector;
 - ii) the existence of training activities that will transfer skills on green logistics to the region; and
 - iii) a final conference at which these outcomes will be brought to the attention of a wider audience.

Output 2.1 Development of framework for calculation of emission reductions by projects in the logistics sector

⁶ For questions A.1 –A.7 in Part II, if there are no changes since PIF, no need to respond, please enter “NA” after the respective question.

⁷ For biodiversity projects, in addition to explaining the project's consistency with the biodiversity focal area strategy, objectives and programs, please also describe which [Aichi Target\(s\)](#) the project will directly contribute to achieving..

4. Including the carbon footprint as a factor in business decisions (alongside costs, time and reliability) is of crucial importance for the implementation of green policies, but this will be possible only with a consistent and harmonized calculation framework that enables shippers and carriers that transport goods across the global supply chain to compare and select more fuel efficient modes and carriers, and to identify ways to increase efficiency and reduce costs.
5. While there are initiatives to strengthen MRV and understanding of emissions from the logistics sector at the global level, the issue has received little to no attention in the target region. This Output aims to change this situation and to promote the implementation of good methodologies for GHG emissions monitoring and MRV in the logistics sector of the target countries.
6. The GLEC is a partnership of industry initiatives, associations and leading multinationals involved in freight movement. It was established in 2014 by SFC to develop a common framework for measurement of carbon emissions in logistics. The GLEC Framework builds on existing methodologies, such as EN 16258, Clean Cargo Working Group, IATA RP 1678 and SmartWay, as well as outputs from the EU funded project COFRET and the US National Cooperative Freight Research Program and the ongoing Green Freight Action Plan led by the CCAC in UNEP.
7. GLEC is developing methodologies that assess the carbon footprint of companies in the logistics sector and compare the carbon footprint of different modes of transport used to complete a leg of a transport route. In this Program, the GLEC methodology will be customized taking into account local conditions and adapted to assess ex-ante the effect of investment projects in the logistics sector. This link with GLEC will provide an opportunity for interested Governments in the region to start developing requirements for MRV in the logistics sector.
8. The methodology developed will be compatible with the GEF methodology to calculate GHG benefits, and specifically with the approach described in the ‘Manual for Calculating Greenhouse Gas Benefits of Global Environment Facility Transportation Projects’⁸. This manual currently focuses on passenger transport and does not give full guidance for freight transport projects.
9. In addition, the methodology used in the Program will be in line with the Sustainability Reporting Framework developed by the Global Reporting Initiative (GRI), the Greenhouse Gas Protocol developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), and the recently published ISO Workshop Agreement on international harmonized methods for a coherent quantification of CO₂e emissions of freight transport (ISO IWA 16:2015).
10. Output 2.1 will involve *developing a methodology* for assessing global environmental benefits of projects in the logistics sector that is consistent both with the state of the art in MRV and with the GEF methodology. Types of projects to be considered include:
 - Mode-switch projects (rail, inland water transport, short sea shipping)
 - Green truck programmes (including fleet renewal and eco-driving)
 - New transshipment terminals (logistics centres, warehouses, ports), including consideration of the impact on freight routing.

⁸ Manual for Calculating Greenhouse Gas Benefits of Global Environment Facility Transportation Projects, prepared by the Institute for Transportation and Development Policy for the STAP

11. It is the intention that this Output will provide a contribution to the GEF's development of MRV methodologies and contact will be made with STAP with this in mind. A review by STAP of the proposed methodology would be valuable in ensuring the applicability of the methodology to GEF projects. The metrics will, as far as possible, include consideration of the local co-benefits of investments such as those on public health and economic growth and of the potential for product labelling.
12. In view of the current very poor state of monitoring in the transport sector in the target region, data availability is foreseen to be a significant challenge to MRV efforts. Hence, the limited resources available for MRV will be focused primarily on obtaining reliable figures to support assessment of the carbon footprint of the projects.
13. Outputs of this activity are expected to be:
 - A mapping of existing MRV methodologies in the sector
 - Analysis of selected monitoring methodologies and guidelines such as the GLEC Framework for Logistics Emission Accounting, the GEF methodology for calculating greenhouse gas benefits of transportation projects, UNFCCC reporting guidelines and the relevant ISO standards.
 - Full MRV methodology, with options for simplification in cases in which there is a lack of data, including:
 - Methodology for defining project boundaries
 - Identification of necessary data inputs and possible sources for the data
 - Default values appropriate to the region for emission factors and other necessary data inputs, per transport mode
 - User friendly tool(s) and manual containing full instructions for application of the methodology that will enable those previously unfamiliar with the methodology to independently produce an ex-ante estimate of project impacts
 - Training materials to support trainings for companies or other stakeholders preparing to apply the methodology. The materials developed will aim to promote MRV practices along the value chain, raising awareness and facilitating cost internalization.
 - Assessment of co-benefits of projects such as the reduction of black carbon emissions, based on the methodology being developed by GLEC and as far as allowed by the degree of development of this methodology.
14. Once the methodology has been finalized, *training sessions will be organized* using the training materials prepared. The training will be offered to monitoring officers that will be responsible for MRV of the investments made under the Program (as far as those will have been identified at that point) and other interested parties. Those successfully completing the training will be fully competent to produce estimates of the GHG emission reductions of green logistics projects.
15. The methodology will be trialed by the investments funded by the Program. The results of these trials will be reported back to the GEF after consolidation and lessons learning at the Program level, and thus GEF will have a tool to evaluate future projects in the logistics sector.

Output 2.2 Development of curriculum in green logistics

16. Lack of technical capacity and general awareness among logistics professionals about the available and the most effective ways of achieving sustainability represent two main barriers to the greening of the logistics sector, as described in Table 2. Achieving sustainability through green logistics requires that professionals in the logistics sector possess substantial and up-to-date technical competence and knowledge, for which suitable education and training are currently lacking in the region.
17. Vocational training in green logistics will be encouraged with the aim to create a community of practice across the focus region of the Program. Preparatory activities will include:
 - A review of training and certification gaps in the region and sector

- Mapping of and consultation with stakeholders, including the identification of key agencies for consultation and key potential partners. As part of this consultation, the preferred format(s) for provision of the training will be identified (face-to-face, webinars, MOOC, academic course or other).
18. Output 2.2 will be achieved through three main activities: the development of a curriculum on green logistics, advocacy and outreach to relevant authorities (e.g. universities, transport and national training agencies, professional institutions, as applicable) for the adoption and recognition of the training as a qualified certification as part of their training offer. The target group of the training will be university students and mid-level professionals working in logistics.
 19. *Civil Society*: The Program will seek the involvement of specialized CSOs, academic research centers and other relevant institutions (e.g. the European Training Foundation, International Federation of Freight Forwarders Associations) as executing partners to develop the curriculum on green logistics and reach out to relevant training institutions in selected countries as part of their training offer.
 20. *Curriculum development*: The curriculum will entail modules on a variety of issues related to modern management techniques for operation of supply chains, sustainable business models, corporate social responsibility, transport and warehouse management, green packaging etc.
 21. *Outreach to relevant training institutions*: The curriculum is expected to be offered as a module within the relevant post-graduate programs taught by leading universities. Alternatively, following consultation with key stakeholders, specific executive education programs (diploma, summer universities) may be offered on part time or full time basis to provide professionals with the latest thinking in the management of complex, international logistics and supply chain operations. In both cases, recognition of the Program by the relevant institutions will be ensured. Partners whose possible participation will be investigated are universities and sector specific training institutions with existing training programs on logistics that could be enriched with a green logistics curriculum. The Program will reach out to these institutions for the adoption of the work based learning module as part of their vocational training offer. The objective will be to have the curriculum adopted as part of the training offer in at least one training institution of three different countries.

Output 2.3 Final conference

22. A final conference will be held near the end of Program implementation to which all stakeholders will be invited. At this conference the outcomes of the Program will be presented, with the aim of leading to further actions on green logistics in the region.

4) incremental cost and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

23. The incremental cost reasoning and expected contributions are unchanged, please refer to the EBRD Project Document Section 2.4. Please note that a paragraph (para. 84) has been added to this section dealing with the possibility of loans for some investments being provided in currencies other than US dollars.

5) Global environmental benefits (GEFTF)

24. To supplement the explanation of anticipated global environmental benefits provided in original PIF, additional details explaining the calculations are provided below.
25. The Green Logistics Program will cover a large number of countries, in which conditions differ widely, and diverse subsectors. In addition, the direct global environmental benefits per dollar invested differ by an order of magnitude between different types of investments, with some easy wins such as the addition of emissions lowering technologies (e.g. start-stop technology to trucks) and some measures where the indirect effects are expected to be much more substantial (e.g. the construction of modern logistics centers). Under this Program the specification of how much is to be invested in particular countries and subsectors will happen once the investments have been

identified. Due to the anticipated diversity, any ex ante calculation of a targeted amount of emissions reductions can only be indicative and may differ substantially from the emission reductions actually achieved once the Program has been implemented.

Direct emission reductions

26. Indicative calculations are based on a hypothetical situation in which investments in five types of projects are made under the Program:

- Modal shift from road transport to short sea shipping or inland river transport
- Modal shift from road transport to rail freight transport
- Port container terminal construction
- Road fleet renewal replacing old trucks with a new, more efficient model
- Construction of modern logistics centers (this will reduce energy use both through increased efficiency of the operation of the logistics centers and by enabling the optimization of logistics operations that use the centers).

27. Based on the evaluation of similar projects already undertaken and the review of other bibliography⁹, the EBRD has estimated carbon savings per million USD invested in each of the project types. In a hypothetical distribution of the Program funds between the project types as follows, and based on a lifetime of 15 years for the modal shift and construction projects and a lifetime of 5 years for the road fleet renewal, lifetime direct emission reductions will be about 2.6 million tons CO_{2e}.

Investment	Size of investment	Emission reduction
	(Million USD)	(Kiloton CO _{2e} /yr)
Modal shift to short sea shipping or inland river transport	70	136
Model shift to rail	20	22
Port container terminal	50	13
Road fleet renewal	13	4
Logistics center construction	14	2.3
Total	167	177

28. The assumptions made for calculating the emission reduction due to a representative road fleet renewal project are as follows:

- 100 trucks replaced, each driving 100,000 km/yr with an average payload of 8 ton/truck
- Ageing fleet of old trucks with inefficient operating patterns typically emit 150 g CO₂/ton-km (worldwide, the typical range of emissions from large heavy duty vehicles is 70 - 190 g CO₂/t-km¹⁰)
- Emissions are reduced to an estimated 100 g CO₂/t-km through a combination of the introduction of modern trucks, eco-driving and other improvements.

29. The table above illustrates that there is a range of cost-effectiveness in terms of emission reduction achieved per dollar invested in the types of investments considered. The reason for also considering interventions with a lower cost-effectiveness is that there is a need to look strategically at the end-to-end supply chain, encompassing all aspects of the product life cycle, from raw material to disposal. For example, even though road fleet replacement investments often have a lower ratio of CO₂ emission reduction per dollar invested than interventions such as a modal shift to short sea shipping, trucks constitute a crucial subsector in the transport chain. Furthermore, because of the size and atomization of the road sector, measures deployed in this sector will have a bigger demonstration

⁹ Evaluation of the Marco Polo Programme (European Commission, 2010) analyzes the carbon impact of more than 50 projects of modal shift to rail, short sea shipping and inland river transport.

potential and replicability than measures in railways or shipping, increasing the indirect CO₂ reductions of the programme.

Indirect emission reductions

30. Initiating activities to reduce emissions from the logistics sector in the region is important due to the high potential for indirect emission reductions, since the sector has significant GHG emissions with a large potential for reduction.

31. Current road freight emissions are as follows:

Country	Total transport emissions (2011)¹ (Million ton/yr)	Total road transport emissions (2011) (Million ton/yr)	Estimated road freight transport emissions (2011)² (Million ton/yr)
Albania	2.3	2.2	1.1
Armenia	1.3	1.3	0.65
Azerbaijan	5.8	5.3	2.65
Belarus	11.0	9.6	4.8
Bosnia and Herzegovina	3.4	3.4	1.7
Egypt	40.0	37.0	18.5
Georgia	2.3	2.2	1.1
FYR Macedonia	1.4	1.4	0.7
Republic of Moldova	1.1	1.1	0.55
Montenegro	0.6	0.6	0.3
Morocco	14.3	14.3	7.15
Serbia	5.7	5.2	2.6
Tunisia	5.7	5.7	2.85
Turkey	45.7	39.6	19.8
Ukraine	32.6	24.1	12.05
Total	173.2	153	76.5

¹ IEA, 2013, CO₂ Emissions from Fuel Combustion. This figure excludes international bunkers and electricity use for transport (from electrified railways)

² Assuming half of road transport emissions are due to freight transport

32. The technical potential for emission reductions from road freight transport is assumed to be 10% of current emissions, giving a figure of 7.65 million ton CO_{2e}/yr. We further assume that the economic potential is 15% of the technical potential, giving a figure for the economic potential of 1150 kton CO_{2e}/yr. With a GEF causality factor of 60% (i.e the GEF contribution is considered to be substantial, but modest indirect emission reductions can be attributed to the baseline), over the 10-year project influence period the estimate for the indirect emission reductions that will result from this Program is 6.9 million tons CO_{2e}.

33. For freight transport projects, some interventions can lead to substantial direct secondary effects and co-benefits. Examples are the growth of a logistics zone round a redeveloped port and the significant reduction of traffic fatalities. These effects have not been included in the estimate above.

A.2. Child Project? If this is a child project under a program, describe how the components contribute to the overall program impact.

¹⁰ Sims et al., 2014: Transport. In the Contribution of Working Group III to the Fifth Assessment Report of the IPCC. p. 610, Fig. 8.6.

NA

A.3. Stakeholders. Elaborate on how the key stakeholders engagement, particularly with regard to [civil society organizations](#) and [indigenous peoples](#), is incorporated in the preparation and implementation of the project.

34. Refer to the EBRD Project Document Section 4.2 ‘Key Stakeholders’.

A.4. Gender Equality and Women's Empowerment. Elaborate on how gender equality and women’s empowerment issues are mainstreamed into the project implementation and monitoring, taking into account the differences, needs, roles and priorities of women and men.

35. Refer to the EBRD Project Document Section 4.3 ‘Gender Considerations’.

A.5 *Risk*. Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

36. Refer to the EBRD Project Document Section 2.6 ‘Risks’.

A.6. *Institutional Arrangement and Coordination*. Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Institutional structure of the Program

37. **Program Leaders** – The Program will be led jointly by the Transport Team and the Energy Efficiency and Climate Change (E2C2) department in EBRD headquarters. Support will be provided by staff in the regional hubs and offices of the EBRD.
38. Responsibilities of the Program Leaders include the day-to-day management of the operations of the Program, such as: monitoring and benchmarking of the Program process; development of reporting to GEF on the Program progress; acting as the first point of contact for external communications regarding the Program; engaging in external marketing of the financing; acting as focal point for the methodologies that are being developed; marketing of the financing Program internally within the EBRD, and capacity building among Bankers and project officers related to green logistics technologies; and internal coordination related to the Program, including management of consultants and their work (including leading the procurement of consultants (with support of Program Team)).
39. The Program Leaders will liaise with the EBRD offices as well as with the GEF Secretariat.
40. **Program Team** – The Program Team will be composed of EBRD staff and experts (including consultants) with a track record of supporting and implementing transportation and logistics projects in the Region, and will be based in the EBRD’s headquarters, in the EBRD local offices and throughout the Region.
41. Among the responsibilities of members of the Program Team are participation in key meetings in the region, ensuring that the undertaken activities are in line with EBRD procedures in the area of their expertise and responsibilities within EBRD (e.g. compliance with environmental strategies, policy dialogue strategies, etc.). The Program Team will engage with, and draw on, units within the EBRD if the need arises – such as experts from Legal Transition Team, Communication Department and others. Members of the Program Team will meet at the Program kick-off and then liaise regularly, as and when needed.
42. Significant technical assistance and engineering support will be provided through the E2C2 Team and Transport Team, together with industry special advisors and staff of the regional offices of the EBRD.
43. **Investment Management** – Investments will be generated by sector and local bankers. The Program Leaders will continuously monitor the pipeline of investments. Individual investments will have a separate team structure created to comply with EBRD internal approval procedures. These teams will involve experts from Credit, Environmental Department, Office of the Chief Economist, Legal Department, Banking, etc.

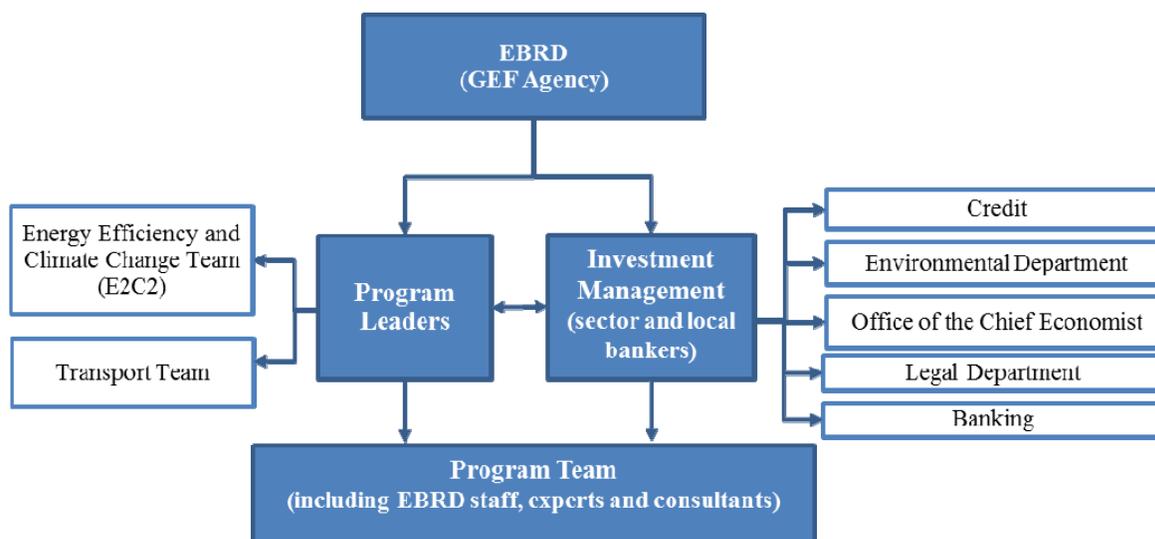


Figure 1. Program Management Arrangements

44. **Consultants** – Consultants are to be engaged under Output 3.1 (Targeted technical assistance supporting investments in green logistics). The EBRD tenders frameworks of technical assistance so that a number of

consultants are contracted under Framework Agreements and the Bank then mobilizes for every investment through call-off assignments. This allows keeping competition whilst reducing mobilization time and ensures the best project team available for each assignment

45. The Bank will launch a framework agreement with consultants that have experience in the various potential services (e.g. energy management and audits, MRV in the transport sector, green logistics, etc.) and with a combination of industry and local expertise for the implementation of the Program. Furthermore, where appropriate, the Bank might consider mobilizing consultants with different skills (e.g. development of gender action plans) who are already contracted under other Technical Cooperation Frameworks.
46. The EBRD has extensive experience working with consultants that provide technical assistance to EBRD financed projects in the target countries, which mitigates the risk of not having the suitable combination of sector and country skills.

A.7 Benefits. Describe the socioeconomic benefits to be delivered by the project at the national and local levels. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

47. Well-designed projects in the logistics sector have the potential for large co-benefits. The Program will take into consideration the co-benefits of the green logistics measures supported, including:
 - *Pollution reduction*, particularly local air pollution (NO_x and particulate matter), is a co-benefit of projects introducing cleaner motor vehicles, modal shift away from road transport and increased efficiency (for instance through eco-driving techniques).
 - *Reduced road congestion*, for instance as a result of shifting away from road transport.
 - *Reduced traffic noise* – better logistics planning, modal shift and new and more silent trucks all help to reduce noise pollution.
 - *Improved safety* due to reductions in the number and/or severity of traffic accidents, which can happen via various channels including traffic levels, vehicle characteristics, etc. Although heavy vehicles have a lower overall accident rate, there is a significantly higher probability of them being involved in a fatal accident (up to three times higher).
 - *Job creation* due to the expansion of facilities such as ports, the creation of new types of jobs such as those for energy managers and in construction of new facilities. An indirect effect is that well organised, efficient and clean logistic chains will increase economic activity in the target region, leading to a growth in job opportunities.
 - *Market creation* through increased public and private sector awareness of the promising market in green logistics, leading to improvements in local enabling frameworks.
 - *Reduced food spoilage* – In developing countries more than 50% of food loss is in the transport chain (handling, storage, packaging and distribution and market). Improvements can be found in better packaging, refrigerated transport and better roads.
48. Estimates for the combined monetized co-benefits of different scenarios for transport sector GHG reduction policies (for both freight and passenger transport) show that the monetized co-benefits could be equal to the benefits due to the GHG reductions themselves¹¹.
49. From the perspective of the private sector companies involved, co-benefits will include:
 - Since the companies will operate more efficiently, requiring less fuel than previously, they will have reduced fuel costs and will be less vulnerable to increases in fuel prices
 - Improved reputation and product differentiation from competitors

¹¹ Brannigan, C., Gibson, G., Hill, N., Dittrich, M., Schrotten, A., van Essen, H., and van Grinsven, A (2012) Development of a better understanding of the scale of co-benefits associated with transport sector GHG reduction policies. Task 1 paper produced as part of a contract between European Commission Directorate-General Climate Action and AEA Technology plc; see website www.eustransportghg2050.eu

- Lower maintenance costs.

50. By developing vocational training and optimised work based learning models the Program will increase employment opportunities of trainees, enhance youth inclusion and contribute to sustainability of green logistics.

51. Effective public involvement will enhance the social, environmental and financial sustainability of the Program. Public involvement in this Program will mostly occur as part of Component 2. “Capacity building activities for green logistics in the region”. Output 2.1 focuses on monitoring, and under this Output training sessions that will be open to interested parties will be organized on the monitoring methodology to be developed. The major Outputs in which public involvement will occur are Outputs 2.2 and 2.3. Output 2.2 “Development of curriculum in green logistics” aims, through the development and adoption of the curriculum, to create a community of practice on green logistics across the focus region of the Program. The Program will seek the involvement of specialized CSOs, academic research centers and other relevant institutions as executing partners to develop the curriculum on green logistics and reach out to relevant training institutions in selected countries as part of their training offer. Finally, a final conference will be held near the end of Program implementation to which all stakeholders will be invited. At this conference the outcomes of the Program will be presented, with the aim of leading to further actions on green logistics in the region.

A.8 Knowledge Management. Elaborate on the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives (e.g. participate in trainings, conferences, stakeholder exchanges, virtual networks, project twinning) and plans for the project to assess and document in a user-friendly form (e.g. lessons learned briefs, engaging websites, guidebooks based on experience) and share these experiences and expertise (e.g. participate in community of practices, organize seminars, trainings and conferences) with relevant stakeholders.

52. The Program will:

- Seek to actively identify and share experiences, best practice and knowledge by contributing to a community of practice across the region
- Include lessons learned from other relevant initiatives in the training curriculum to be developed
- Include technical assistance for best practice sharing and technology presentation. Emphasis will be on improving access to high quality information.

53. As pointed out in the GEF-6 Programming Directions document, the transport sector faces challenges in developing sound MRV systems. The Green Logistics Program will include activities to advance the state of the art in MRV of GHG emission reductions in the sector.

54. A final conference about lessons learned from the Program will be presented, including summaries of the investments as well as the MRV methodology used and MRV outcomes from the projects.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 Consistency with National Priorities. Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions such as NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:

55. All countries to be involved in the Program have ratified the UNFCCC. All have submitted National Communications to the UNFCCC recognizing the need for a lower carbon growth model and the corresponding need for reducing GHG emissions.

56. The Green Logistics Program aims to support the objectives of the GEF private sector strategy to support greater access to financing for private sector companies pursuing innovative technologies, and business models that yield

global environmental benefits consistent with GEF focal area objectives. As such, the Program focuses its attention on addressing the barriers to private sector engagement in green logistics projects.

57. The Program will invest in projects that have the potential to catalyze a shift towards green logistics by the logistics sector in the target region. It aims to demonstrate the viability of investments in green logistics and to deliver benefits to a range of stakeholders. As part of the identification process of investments and the assessment of their suitability, the EBRD will verify that investments are consistent with national strategies and plans.
58. The Program will help investors and enterprises to exploit the region's comparative advantage through scalable investments that improve the logistics performance of the countries and put them in a better position to trade both with neighboring countries and with the EU market.

C. DESCRIBE THE BUDGETED M & E PLAN:

59. The M&E Plan used by the Program supports the planning and adaptive management requirements of the Program, meets the requirements of both the EBRD and the GEF, and facilitates reporting of progress and impacts to the GEF Secretariat and the EBRD. The EBRD uses a Results Based Management approach, based on the Results Framework (see Annex A).
60. The Results Framework, which includes performance indicators, targets and timelines, is the foundation of the M&E Plan. The performance indicators will be monitored at regular intervals throughout the Program's implementation period.
61. Capacity building for MRV is an important part of this program, with Output 2.1, Output 2.2 and Output 3.2 all designed to create a situation in which recipients of loans will be able to provide reliable monitoring data. This in contrast to the current situation, in which awareness of and capacity for monitoring in the logistics sector in the target region are extremely poor.

Monitoring and Results Framework for individual investments

62. Monitoring and verification of the results is key to determining the success of the Program's financing. The entire Program will be monitored, and inputs from participating stakeholders in the Program (including Recipients) will be required to provide information on energy savings and other benefits achieved under the Program as part of the agreement that will be signed prior to their access to the Program.
63. To reflect results achieved, the Recipient will report one year after the investment is made the results of the monitoring that has been done, following best practices as identified in Components 2 and 3 of the Program. This will include energy consumption, delivered specific energy use (e.g. fuel use per tonne-km) and qualitative indicators such as increased awareness of green logistics among decision-makers within the Client's company.
64. These indicators will be compared with the baseline as determined before the investment was made, while keeping in mind that with investments leading to modal shift there is a ramp up period of a few years. This means that the true energy savings as a result of these investments will only be known a number of years after implementation of the investment.

Mid-term review and final evaluation

65. Both the Program's mid-term review and final evaluation will be carried out by an independent party at the appropriate time and have two basic objectives: (i) to assess the results and impacts, both intended and otherwise, of the Program (accountability function); and, (ii) to determine whether there are lessons to be learned from past experience to make future operations better, thereby contributing to 'institutional memory' (lessons learned or quality management orientation).
66. The mid-term review will be used to identify areas where improvements could be made and to improve the effectiveness of results and impacts. The review and final evaluation will provide the basis for a system of

accountability to managers and to the GEF. The EBRD will follow its normal practices of monitoring, evaluation and reporting.

67. Gender issues and gender equality will be considered on an on-going basis, as well as systematically at the time of the mid-term review and terminal evaluation.

Monitoring and evaluation budget

68. The monitoring and evaluation activities will be financed by co-financing and agency fees, with USD 150,000 budgeted including USD 80,000 for contracting external evaluation contractors. Other costs associated with data collection will be included in the staff costs for team members in the day-to-day execution of their tasks and, while not tracked separately, are likely to account for approximately USD 70,000 during the course of the Project.
69. Monitoring and evaluation will take place with reports summarizing the overall progress and that of individual investments that receive financing. These reports will be available for official use. The Program Leaders will be responsible for preparing regular progress reports with full support of, and in agreement with, the participating companies and other beneficiaries.
70. Refer to Annex E of this document for a breakdown of indicative monitoring and evaluation plan.

PART III: CERTIFICATION BY GEF PARTNER AGENCY(IES) GEF Agency(ies) certification

This request has been prepared in accordance with GEF policies¹² and procedures and meets the GEF criteria for CEO endorsement under GEF-6.

Agency Coordinator, Agency Name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Marta Simonetti			Marcial Bustinduy Navas	44 (0) 20 7338 6647	BustindM@ebrd.com

¹² GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF
GEF6 CEO Endorsement /Approval TemplateNGI-Sept2015

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Project Strategy	Objectively Verifiable Indicators ¹	Baseline (Start of Project)	Target (End of project)	Sources of Verification
Impact				
GEF CCM Focal Area Impact: Reduced growth in GHG emissions and contribution to the eventual stabilization of GHG concentrations in the atmosphere	Indicator 1: Total Lifetime Direct and Indirect GHG Emissions Avoided (Tons CO ₂ eq)	0 – all GHG emissions reductions will be incremental	2.6 million tons CO ₂ eq direct and 6.9 tons CO ₂ eq million indirect	Project monitoring report
Outcomes				
<p>Component 1: Investment support and incentives through the provision of structured finance</p> <p>Outcome 1: Increased access to finance for investments in green logistics in the target regions</p>	Indicator 7: Volume of investment mobilized and leveraged by GEF for low GHG development (co-financing and additional financing)	0 – all funding will be incremental	Public: USD 49,200,000 Private: USD 102,800,000	Project financial reports
<p>Component 2: Capacity building activities for green logistics in the region</p> <p>Outcome 2: Increased capacity of stakeholders in the target regions to invest in green logistics solutions</p>	Indicator 10: Quality of MRV Systems	1. Very little measurement is done, reporting is partial and irregular and verification is not there	<p>6. Measurement systems are strong and cover a greater percentage of activities – feedback loops exist even if they are not fully functioning; reporting is available through multiple pathways and formats but may not be complete/transparent; verification is done through standard methodologies but only partially (i.e. not all data is verifiable)</p> <p>MRV systems will be implemented in companies in which investments will be made under the program and the methodology will be made available to the wider logistics sector.</p>	Program monitoring

Project Strategy	Objectively Verifiable Indicators ¹	Baseline (Start of Project)	Target (End of project)	Sources of Verification
<p>Component 3: Technical assistance supporting investments in green logistics</p> <p>Outcome 3: Pipeline of investments technically supported</p>	<p>Indicator 11: Degree of strength of financial and market mechanisms for low GHG development</p>	<p>1. No such facilities are in place</p>	<p>6. Financial mechanism successfully demonstrated</p>	<p>Program monitoring</p>

¹ Numbered indicators are from GEF6 CCM Tracking Tool. The GEF tracking tool must be filled in and submitted at mid-term and at the end of the project

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

GEF Secretariat

No comments received.

EBRD Response to GEF Council comments on GEF 9047: Green Logistics Programme

Comment	EBRD response
1. Regarding the timing of the project components: will the capacity building aspects of the project begin prior to the release of the structured financing?	Yes, capacity building will begin prior to the release of the financing. This is important since part of the capacity building will serve to raise awareness and to prepare the investments.
2. Would the EBRD project team be able to estimate how much of the “Green Logistics Program” would benefit Belarus? A rough percent would suffice.	While the investments made in the Program have not yet been identified, the Program focuses on green logistics technologies and practices to be adopted by the private sector and the main partners in this program will be private companies. The number of investments will be lower than the number of countries eligible; criteria will be used to select the investments as described in the PIF, and include aspects such as the degree of development of the logistic market in the country, the impact of the investment and company governance standards. Any potential work in Belarus will be aligned with the EBRD’s country strategy and the criteria described in PIF.
The United States is very supportive of this extremely timely and innovative concept. As EBRD develops the full PPG, we urge them to consider our comments below:	Please note that a PPG has not been requested for this Program. The documentation has provided the background, described the investment focus and the parameters that will apply to the investments. In keeping with this being submitted as a Program, project preparation and due diligence for each individual investment will be conducted according to the EBRD’s standards and procedures.
<ul style="list-style-type: none"> • The success of this program hinges on the idea that project risk and financial barriers (e.g. access to financial capital) are the primary reasons investment in green logistics and infrastructure are lagging. However, several other barriers are highlighted in Tables 2 and 4 in the PIF. The most significant of these may be the policy, regulatory, and institutional barriers. Many countries have no regulatory framework to spur emissions reductions or have existing regulatory frameworks that serve as a disincentive to investment in infrastructure. We hope that as the project is further developed, EBRD will take these additional barriers into account. 	<p>As part of its project level due diligence procedure, the EBRD will take policy, regulatory and institutional barriers into account when identifying and preparing individual investments under the Program. Given that the program focuses on green logistics technologies and practices to be adopted by the private sector, and the main partners in this program will be private companies, leverage for addressing policy and legislative issues as part of the Program is very limited.</p> <p>As part of its normal operations, the EBRD conducts ongoing dialogue with policymakers in its countries of operation in which policy and regulatory</p>

Comment	EBRD response
	disincentives to green investments are discussed. Both the capacity building activities and the success of projects in which the program will invest will enhance awareness of the potential of green logistics and strengthen the case for reform that will incentivise further investments.
<ul style="list-style-type: none"> • Table 2 mentions that “Low-carbon logistics solutions are not yet widely available and there are few market-ready technologies today that can meet the specific needs of the sector. Measures that are used in developed countries with good roads may not be effective in countries in which infrastructure is less developed...” As the proposal is further developed, we hope that the EBRD will directly address the idea that more work may be needed to design or adapt technologies appropriate to the region, and to explore the effectiveness (and cost effectiveness) of different types of projects, taking into account previous experiences inside and outside of the region. 	<p>In the selection of investments to be made under the Program, Best Available Technologies (BAT) will be encouraged (a list with examples of BAT is given in the PIF and in Annex 2 of the Project Document). The Program aims to introduce technologies that are cost-efficient but new to the region. The technical assistance offered will support this with training, support for project management and, in specific cases, more extensive support may be offered such as feasibility study preparation for model projects. The effectiveness and cost effectiveness of the measures selected in each project will be assessed for commercial and technology risks as part of the due diligence procedure.</p>
<ul style="list-style-type: none"> • We strongly encourage the EBRD to consider how changes may be encouraged pre-financing. While technical assistance will be provided for financed projects, building capacity and raising awareness earlier in the process may encourage companies that would not do so otherwise to apply for project financing. 	<p>The technical assistance provided will be available pre-financing to specific projects that have been identified as potential Program investments. This will include a needs assessment to determine the type of technical assistance that is most likely to contribute to a successful investment. Examples of assistance that will be available pre-financing are energy audits and advice on the conceptual development and structuring of projects, which will address all aspects of project preparation with which companies need assistance to prepare bankable proposals.</p> <p>The EBRD has long experience in working with clients from project identification and in all steps through to project implementation. As proposed in the Program, the EBRD often provides some initial support in the form of a review of the client’s business strategy and a donor funded energy audit, which help companies’ senior management to identify profitable opportunities in their operations that otherwise would not be pursued.</p>
<ul style="list-style-type: none"> • Macroeconomic risk and short- and long-term political risks in the region are not adequately discussed in the PIF. These will affect incentives to invest in new projects, the types of projects proposed, successful implementation of the projects, the long-term viability of projects, and their ability to re-pay loans. We encourage a more in-depth examination of these issues as the project is further developed. 	<p>Key risks diverge widely between the different countries and sub-sectors. For each potential investment, EBRD loan officers identify the critical strengths and weaknesses of the transaction, including country risks, industry risks, borrower risks and project risks. The Bank analyses these risks, sets out critical warning points or benchmarks, and addresses how risks will be monitored and managed over the loan cycle. In observing sound banking principles, the Bank maintains high standards of integrity in</p>

Comment	EBRD response
	<p>the credit process and a high quality of decision-making in the approval process.</p> <p>The Project Document has provided the background, describes the investment focus and the parameters that will apply to the investments made. Since this is a Program, in-depth examination of macroeconomic and political risks will be included in the extensive project preparation and due diligence to be conducted for specific potential investments once they are identified, to make each individual investment as successful as possible. Sound banking (i.e. the transaction has to be financially solid) is one of the core principles of EBRD operations and this addresses long-term viability and the ability to repay loans.</p>

EBRD response to STAP Scientific and Technical screening of the Project Identification Form (PIF)

Comment	EBRD response
<p>3. It is assumed that many of the logistics providers in the region are decentralized and often represent an "informal" sector of the economy. How will the child projects target these important private sector stakeholders to facilitate adoption of green logistics measures?</p>	<p>Given the the scope of the programme and the co-financing ratios proposed, the smallest possible size of the child projects will be 10 mln USD, thus excluding most of the smaller companies from borrowing under the Programme.</p> <p>Beyond direct loans and child projects, the informal sector will indirectly benefit from the Programme through the cascade of requirements to direct clients. EBRD-financed projects are expected to be designed and operated in compliance with best international practices relating to sustainable development, and clients are always required to adopt and implement a satisfactory Environmental and Social Action Plan (ESAP) covering the key areas of environmental and social issues and impacts in line with our Environmental and Social Policy. The clients are also required to cascade these requirements to the contractors and suppliers, thus ensuring the systemic impact of the measures in the informal subsector. This is a crucial issue for the transport sector, where the use of subcontractors is widespread and often involves very close working relationships. For example, the companies borrowing under the programme should require their subcontractors to provide clear carbon footprint reports in order to</p>

Comment	EBRD response
	<p>build their, and might deliver the relevant training to their subcontractors on this process.</p> <p>Furthermore, the implementation of the component 2 of the Programme will also bring indirect benefits and efficiencies to the informal sector through increased awareness, more availability of skilled managers and more information and transparency in the sector</p> <p>This text is now included in the project document, Section 4.2 Key stakeholders, para. 137-138.</p>
<p>4. For road transport, battery vans and hybrid trucks are discussed, though these can only reduce overall GHG emissions where the grid has a low emissions factor which is not the case in many of the countries listed. It could be that where grids are largely based on thermal power stations, particularly coal-fired, emissions for an electric van or truck in terms of gCO₂-e/tonne km can be higher than for a similar vehicle powered by a diesel engine.</p>	<p>The investment selection criteria include the stipulation that investments will only be eligible if they can demonstrate that they will lead to a reduction in GHG emissions. An assessment of GHG emission reductions resulting from a project will be included in the pre-implementation assessment that will be performed for each investment made under the Program. For road transport projects involving plug-in vehicles this will include a well-to-wheel assessment of the expected total emission reductions in which the national grid-emissions factor for the relevant country will be included.</p>
<p>5. GEF funding is to provide low risk, concessional finance and loans (as non-grant instruments). Capacity building is a key component. Developing a methodology for assessing global environmental benefits of projects in the logistics sector is commendable. In paragraph 61 it states: "It is the intention that the result will form a contribution to the GEF's development of MRV methodologies and contact will be made with STAP with this in mind". So is the intention for STAP to review the work in some way? It is not currently in the STAP work programme to do so but STAP would be willing to assist where time and resources allow, such as for reviewing the proposed methodology and guidance documents.</p>	<p>In Component 2 EBRD intends to work with the Global Logistics Emissions Council (GLEC). GLEC is developing a methodology assessing the carbon footprint of companies in the logistics sector and comparing the carbon footprint of different modes of transport used to complete a leg of a transport route. In this Programme, the methodology will be adapted to assess the effect of investment projects in the sector. A review by STAP of the proposed methodology would be valuable in ensuring the applicability of the methodology to GEF projects.</p>
<p>6. Similar to all transport projects, projects in the logistics sector have</p>	<p>We have taken note of the STAP Advisory document and will take its</p>

Comment	EBRD response
<p>multiple co-benefits in addition to GHG benefits that often drive investments in this sector. Proponents are encouraged to include an MRV of these co-benefits as stated, being an integral part of the program monitoring and evaluation processes. It would be desirable if GHG accounting methodology that is developed as a result of this program would include assessment of co-benefits (PM 2.5 and other pollution reduction indicators, reduced traffic congestion, improved safety and etc.).</p> <p>Note, a new STAP Advisory document Black Carbon Mitigation and the Role of the Global Environment Facility is forthcoming and may be of relevance since reducing diesel fuel combustion can also reduce black carbon emissions.</p> <p>Proponents are also advised to consider recommendations provided in the updated GEF GHG accounting guidelines available at: https://www.thegef.org/gef/node/11187 and potentially using the TEEMP approach:</p> <p>"Freight-switching projects. Guidance here could be developed further. It is recommended that a TEEMP model be built for this type of intervention. The Emissions Analysis of Freight Transport Comparing Land-Side and Water-Side Short-Sea Routes: Development and Demonstration of a Freight Routing and Emissions Analysis Tool (FREAT) may provide a basis for building a TEEMP. It could provide guidance with respect to the cost considerations driving behaviour. It should also be considered whether or not guidance on slow steaming is included.</p>	<p>recommendations into account during Program implementation. We are encouraged to see that the Smart Freight Centre (SFC), with which we plan to collaborate via the SFC led Global Logistics Emissions Council (GLEC), is listed as one of the key players in encouraging modal shifts (p. 93 of the advisory document). As noted above, GLEC is developing a common framework for measurement of carbon emissions in logistics, which is foremost among ongoing initiatives to develop sound MRV systems for the logistics sector.</p> <p>In view of the considerable expertise and effort that has been and is going into the development of this framework, which is far beyond what would be possible for the Program working independently, and in order to maximize effectiveness and efficiency of the use of Program funds and the reach of MRV efforts in this Program, we will partner with the GLEC to pilot application of the harmonized framework.</p> <p>SFC has partnered with the Climate and Clean Air Coalition (CCAC) to integrate black carbon and air pollutants alongside CO₂ emissions via the Global Green Freight Action Plan (see p. 44 of the STAP Advisory Document). According to GLEC's roadmap, by 2017 the MRV framework will include air pollutant emissions such as those of PM_{2.5} (black carbon). To the extent possible and as far as allowed by the degree of development of the methodology, the implementation of MRV methodologies in this Programme will take into account co-benefits such as road accidents, black carbon emissions, congestion, etc. However, in view of the current very poor state of monitoring in the transport sector in the target region, data availability is foreseen to be a significant challenge to MRV efforts. Hence, the limited resources available for MRV will be focused first of all on obtaining reliable figures to support assessment of the carbon footprint of the projects.</p>
<p>7. The ASI approach is taken, but although behavioral change is mentioned in relation to improved vehicle maintenance, eco-driving is not</p>	<p>Eco-driving is now included as an example of a way to improve carbon intensity under the ASI framework (Section 1.3, para. 11 of the project</p>

Comment	EBRD response
<p>included in this section.</p> <p>STAP welcomes the application of the ASI approach and the intention to tailor application of this framework to the individual conditions of each country. However, it is not clear how child project interventions focused on freight will be integrated/mainstreamed into the existing national and sub-national policies, strategies and plans supporting low-carbon sustainable transport. In this respect, proponents could explore coordination between program activities and projects focused on low carbon transport and city development in the targeted countries.</p>	<p>document).</p> <p>Projects under the Program will be private sector projects. As such, projects are often conceived and initiated by the private sector. That said, as part of the identification process of investments and the assessment of their sustainability, EBRD will verify that the investment is consistent with national strategies and plans.</p> <p>EBRD has identified an extensive list of stakeholders with whom we will engage during Program design and preparation, including the main players supporting low carbon transport in the targeted countries. Coordination will be ensured through meetings with specific categories of stakeholders that will be held during early implementation to gather their feedback and inputs.</p>
<p>8. It is not clear whether vocational training will include the trainers learning to teach the truck drivers about eco-driving habits as a part of this programme. Component 3 includes technical support for training in vehicle maintenance etc. and states it "could include" eco-driving. This is a key part of the means of reducing emissions so should be encouraged. Various projects have been conducted in past decades and others have been recently begun (such as in the USA linked with vehicle fuel economy standards) and these should be reviewed.</p> <p>(http://www.edmunds.com/autoobserver-archive/2011/10/eco-driving-may-boost-truck-fuel-economy-by-22.html; http://www.edmunds.com/autoobserver-archive/2011/08/obama-announces-fuel-economy-rules-for-trucks.html; http://www.iru.org/en_training_eco_driving; http://www.malaysia.ahk.de/en/sustainability/road-safety-eco-driving/</p> <p>They may incorporate some form of driver incentives.</p> <p>It is assumed for road transport, truck designs to minimize drag will be</p>	<p>The vocational training in green logistics for which a curriculum will be developed in Component 2 will be aimed at logistics professionals such as logistics managers and consultants. It is important that these professionals acquire a better understanding of the fundamentals of green logistics so that they can implement the best strategies in the companies they will work in or to which they will advise. This might include the impact of driving habits although will also cover other areas and subsectors.</p> <p>Component 3 includes targeted technical assistance supporting the investments that will be made in the Program. As described under Output 3.1, in cases in which investments in road transport will be made, training on eco-driving and support to the development of driver incentives for the participating enterprises may be included as part of this technical assistance, as well as consultancy support to identify optimal design under cost-efficiency criteria, such as aerodynamic truck design. In the delivery of training, specific focus on train the trainer will be done in order to ensure the sustainability of the benefits.</p>

Comment	EBRD response
encouraged.	The references given are now reviewed in section 1.3 of the Project Document..
<p>9. The uncertainty over which countries will be chosen, and indeed, how much freight might be transferred from road to rail or watercraft, and how large an impact eco-driving can make, makes potential emission reductions difficult to calculate. The 2.6 Mt CO₂-eq avoided directly, and the 6.9 Mt CO₂-eq of consequential (indirect) emissions can only be taken as indicative. It is not clear why eco-driving and improved vehicle maintenance were not included under direct emissions in paragraph 87.</p> <p>Project proponents may wish to refer to IPCC, 2014, 5th Assessment Report-Mitigation, Chapter 8- Transport http://www.ipcc-wg3.de/ where detailed analyses of freight options out to 2030 have been undertaken based on a wide literature review. The range of current emissions (g CO₂-eq/t km) from stock fleets, new vehicles (in 2010), and anticipated new vehicles in 2030 for all modes are provided that could be a useful tool to assist with the calculations.</p>	<p>As noted by STAP, the calculation of potential emission reductions can only be indicative at this stage. This paragraph lists the types of investments for which emission reduction calculations were included. The emission reduction as a result of the road fleet renewal project includes benefits of eco-driving (see Section II.A.1 of the RCE, description of global environment benefits, for the numbers). Annex D of the RCE illustrates that the inclusion of eco-driving will result in an increased percentage of the loan being eligible for GEF funding.</p>
<p>10. Consultants are to be engaged to encourage and support businesses to include green logistics in their daily operations (paragraph 71). It is not clear how this will be achieved, for example through tendering to find one consultant who can work across countries (which may involve language barriers), or to identify, select and contract a different consultant for each country. If the latter, is there a risk of not finding enough suitably experienced consultants?</p>	<p>EBRD has extensive experience working with consultants that provide technical assistance to EBRD financed projects in the target countries, which mitigates the risk of not finding suitable combination of sector and country skills.</p> <p>EBRD tender Frameworks of technical assistance so that a number of consultants are contracted under Framework Agreements and the Bank then mobilizes for every child project through call-off assignments. This allows keeping competition whilst reduces mobilization time and ensures the best project team available for each assignment</p> <p>The Bank will launch a framework of consultants with understanding of the various potential services (eg. energy management and audits, MRV in the Transport sector, green logistics, etc.) and with a combination of</p>

Comment	EBRD response
	<p>industry and local expertise for the implementation of the Programme. Furthermore, where appropriate, the Bank might consider to mobilize consultants with different skills (for example, development of gender action plans) who are contracted under other Technical Cooperation Frameworks.</p> <p>This text is now included in para. 44-46 of the RCE.</p>

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS¹³

A. Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: \$0			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Total	0	0	0

¹³ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue to undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities. Agencies should also report closing of PPG to Trustee in its Quarterly Report.

OF EXPECTED REFLOWS (if non-grant instrument is used)

ents that will be made under the Program will be identified during implementation, we provide here an illustrative calendar of
 thetical projects that are in line with the Program’s design. After each investment is negotiated and approved by the EBRD, the
 nal reflow schedule to the GEF Secretariat and the GEF Trustee. Information presented here is indicative, as precise reflows are
 tion structure, terms negotiated with the client and successful implementation of specific investments. A summary of the
 nd expected reflows is provided in the table below. This is subject to change depending on the development of the pipeline. The
 nformed of any changes as part of the monitoring arrangements.

Modal Terminal	Short Sea Shipping Services	Port Container Terminal	Inland River Transport – Port Infrastructure	Road Fleet Modernization	Logistic Centers	Total
	Private	Private	Private	Private	Private	
ction of intermodal to promote rail	Establishment of SSS route between Turkey and France, operating with second hand vessels	Expansion and modernization of port container terminal	Rehabilitation of port infrastructure and development of terminal to allow inland river traffic growth	Fleet renewal for road haulier and Capacity Building Programme on Energy Management and Eco-Driving	Development of two energy efficient centers by 3PL provider (third-party logistics provider)	
	2017	2017	2018	2016	2017	
ated debt	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt	
6	Jun 2016	Dec 2016	Dec 2017	Dec 2015	Dec 2016	
000	40,000,000	50,000,000	30,000,000	13,000,000	14,000,000	167,000,000
51 (+3%) the art with modal enefits (+7%) nd MRV ented, o of es to s (+3%)	7% LPI= 3.5 (+1%) Shift to water transport, with second hand vessels (+3%) EEAP ² , MRV and ISO 50001 implemented (+3%)	8%: LPI= 2.98 (+2%) Reduce the need of movement, with BAT incorporated (+4%) Development of EEAP and Ecoports certification (+2%)	13%: LPI= 2.97 (+2%) Supports modal shift to inland water transport and reduce the need for movement, with BAT incorporated (+9%) Development of EEAP and MRV system (+2%)	8%: LPI= 2.87 (+2%) BAT incorporated for new trucks (+3%) Establishment of MRV system and Capacity Building Programme/ Ecodriving (+3%)	8%: LPI= 2.96 (+2%) Reduce the need of movement, with BAT incorporated (+4%) Development of EEAP and BREEAM certification (+2%)	Co-financing ratio: 1:10
00	2,800,000	4,000,000	3,500,000	1,000,000	1,100,000	15,000,000
00	13,000,000	12,000,000	7,000,000	4,000,000	5,000,000	46,000,000

Investment Name or Number	Intermodal Logistic Terminal	Short Sea Shipping Services	Port Container Terminal	Inland River Transport – Port Infrastructure	Road Fleet Modernization	Logistic Centers	Total
Equity and Other co-financiers (USD)	12,400,000	24,200,000	34,000,000	19,500,000	8,000,000	7,900,000	106,000,000
Estimated interest rate/return on GEF funds	L + 75 bps	L + 75 bps	L + 75 bps	L + 75 bps	L + 75 bps	L + 75 bps	
Tenor (years) (both GEF and EBRD)	7	10	7	10	7	9	
Estimated Reflow Schedule							
Repayment method description	1 year grace period + 6 years repayment	10 years repayment	2 years grace period + 5 years repayment	2 years grace period + 8 years repayment	2 years grace period + 5 years repayment	2 years grace period + 7 years repayment	
Frequency of reflow payments	Repayment in 24 equal quarterly instalments	Repayment in 20 equal semi-annual instalments.	Repayment in 10 equal semi-annual instalments	Repayment in 16 equal semi-annual instalments	Repayment in 20 equal quarterly instalments	Repayment in 28 equal quarterly instalments	
First repayment date	31 March 2017	30 Jun 2016	31 Dec 2018	31 Dec 2019	31 Dec 2017	31 Dec 2018	
Final repayment date	31 March 2023	30 Jun 2026	31 Dec 2023	31 Dec 2027	31 Dec 2022	31 Dec 2025	
Total principal amount to be reflowed (USD)	2,600,000	2,800,000	4,000,000	3,500,000	1,000,000	1,100,000	15,000,000

1 – For modelling purposes, a LIBOR 6M rate of 0.75%. Reflow is assumed for the purposes of calculation of reflows

2 - EEAP: Energy Efficiency Action Plan

Given EBRD’s market-based pricing mechanisms, interest rates offered are indicatively about 400-500 bps over LIBOR¹⁴. Through GEF support for projects in this Program (which would be priced at LIBOR +75 bps for typically 30% of the loan), a weighted interest rate of about 3.50-4.00% will be obtained (assuming an indicative LIBOR rate of 0.75%, EBRD tranche would be priced at 5.00-6.00% and GEF tranche at 1.50%). This will reduce the amount of interest to be paid by the investors and EIRR will consequently reach a level of over 13%, making it an acceptable investment at the level of risk perceived by investors for such projects.

The equivalent grant value of the GEF concessional funding will depend on the EBRD interest rate and the tenor of the loan (pari passu with EBRD loan), ranging between USD 4 and 9 million for the whole Programme. For the illustrative set of investment described above, we estimate an implied grant value of USD 5.9 million and a reflow schedule which allow to obtain a positive GEF Fund Balance after 6 years.

¹⁴ Pricing is indicative. EBRD loans are based on current market rates and are priced competitively. Following a successful enquiry and once a project has been presented to the Bank, financial terms are discussed in detail with banking staff and will depend on multiple factors
GEF6 CEO Endorsement /Approval TemplateNGI-Sept2015

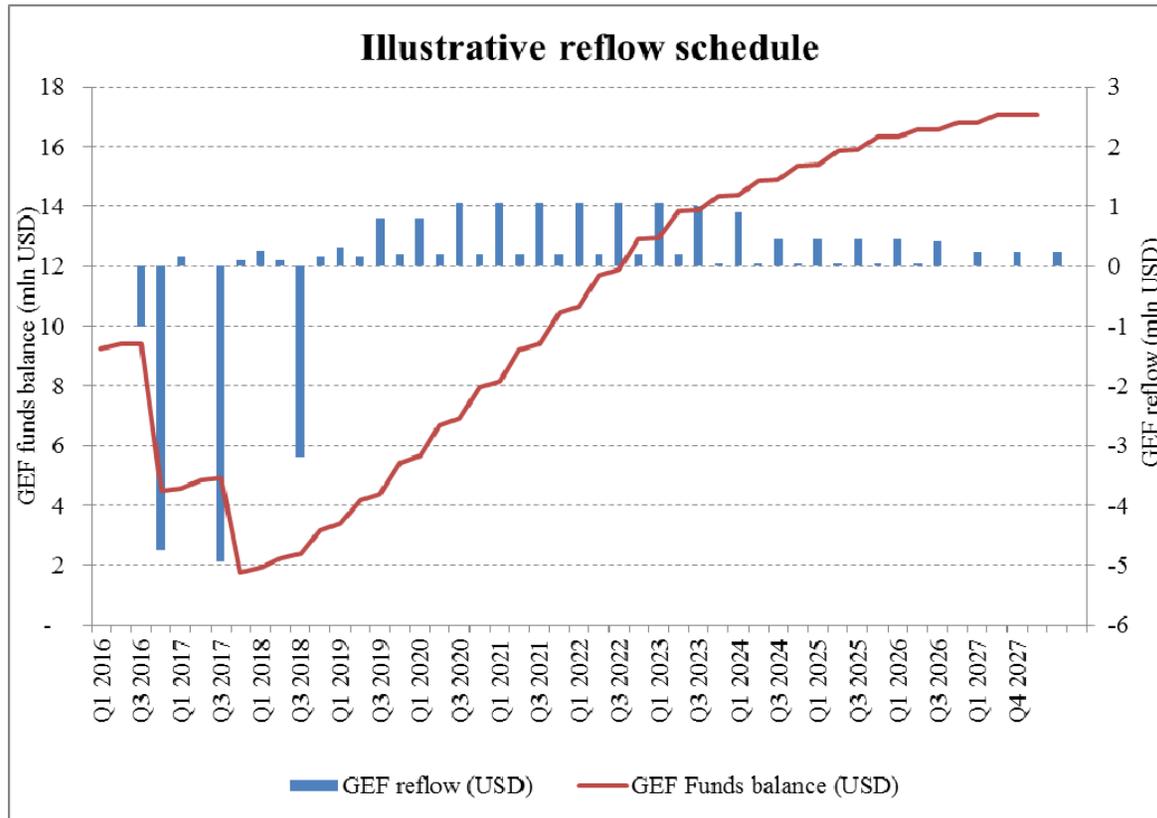


Figure 2. Illustrative reflow schedule (Risk adjusted)

ANNEX E: INDICATIVE MONITORING AND EVALUATION PLAN

Type of Monitoring and Evaluation activity	Responsible Parties	Budget USD ¹⁵	Time frame
Measurement of Means of Verification for Program Progress and Performance	-Oversight by consultants and EBRD	To be determined as part of the Annual Work Plan's preparation. Indicative cost USD 10,000	Start, annually and end of Program Verification of projects under the Program
Annual Program Report and Program Implementation Report	-Program coordination -EBRD	USD 4,000	Annual
Mid-term Review	-EBRD -External consultants	USD 30,000	At the mid-point of Program
Terminal Report, including lessons learned	-EBRD	USD 6,000	
Terminal Evaluation	-External consultants	USD 50,000	At the end of Program implementation
Visits to field sites (EBRD staff travel costs are not covered by GEF Project budgets)	-EBRD	USD 50,000	Yearly
TOTAL COST		USD 150,000	

¹⁵ GEF funding is **not** requested for Project Management. These costs are not to be funded by the Project grant funding, but by co-financing and agency fees.