PROJECT IDENTIFICATION FORM (PIF)
PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID[1]: 4008   **PROJECT DURATION: 60** months
GEF AGENCY PROJECT ID: 4304
COUNTRY(IES): Russia
PROJECT TITLE: Reducing GHG Emissions from Road Transport in Russia's Medium-sized Cities
GEF AGENCY(IES): UNDP
OTHER EXECUTING PARTNER(S): Ministry of Natural Resources and Environment of Russia (Lead partner), Municipalities of pilot cities, Ministry of Transport and Ministry of Interior
GEF FOCAL AREA (S)[2]: Climate Change
GEF-4 STRATEGIC PROGRAM(S): CC-SP5-Transport
NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable)**:N/A**

INDICATIVE CALENDAR*	
Milestones	**Expected Dates mm/dd/yyyy**
Work Program (for FSP)	June 2010
CEO Endorsement/Approval	Dec. 2011
Agency Approval Date	March 2012
Implementation Start	March 2012
Mid-term Evaluation (if planned)	Sept. 2014
Project Closing Date	March 2017

* See guidelines for definition of milestones.

A. PROJECT FRAMEWORK

Project Objective: Reduce GHG emissions from urban transport system in medium-sized Russian cities through the sustainable integrated transport planning, promotion of a long-term shift to more efficient and less polluting forms of transport, and demonstration of sustainable low-GHG transport technologies.

Project Components	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	%	
Policies, regulations and institutional system for sustainable urban transport	TA	Integrated land-use and transport planning; Enforced more rigorous fuel efficiency and emissions standards; Increase in market share of efficient cars	Federal regulatory framework: civil construction norms, fuel efficiency standards, etc.; Package of fiscal incentives for individual car users Design of the traffic control and monitoring model including GIS; Guidelines and regulations for integrated land use and transport planning systems Nation-wide data collection and monitoring system for energy consumption and GHG emission in transport	1,110,000	29.9	2,600,000	70.1	3,710,000
Pilot 1: Transport greening for the Kazan World	TA/Inv	30% increase in the use of public transport	Travel demand survey and integrated urban transport and land use plan	1,550,000	12.4	11,000,000	87.6	12,550,000

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[1]   Project ID number will be assigned by GEFSEC.
[2]   Select only those focal areas from which GEF financing is requested.

University Games (Universiade 2013)			Public transport management and information centre Exclusive public transport axes during peak hours Urban traffic management model, including parking solutions and non-motorized transport "Green Bus" demonstration and alternative transport technologies, including zero-emission transport for "Universiade 2013" Public awareness campaign on sustainable transport during "Universiade 2013"					
Pilot 2: Sustainable urban transport model in Kaliningrad	TA, Invest.	30% increase in the public transport use; 20% decrease in time spent in traffic jams; % decrease in commuter trips by private cars to city center	Travel demand survey and integrated urban transport and land use plan Public transport management and information centre Improved efficiency, quantity and quality of public transport fleet; "Green Bus" demonstration Exclusive public transport axes during peak hours Awareness raising campaign for residents	1,550,000	10.0	14,000,000	90.0	15,550,000
Knowledge management and dissemination of results across Russia	TA	Successful transport planning and traffic management models replicated in at least 3 Russian cities;	Increased awareness of decision makers on sustainable transport modes Social marketing campaign; Car labelling programme Corporate sector partnerships; A Centre of excellence for sustainable transport; Training modules for transport planning, traffic management and alternative technologies; Replication strategy	690,000	14.7	4,000,000	85.3	4,659,000
Project management				500,000	12.0	3,600,000	88.0	4,100,000
Total project				5,400,000		35,200,000		40,600,000

costs				

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	In-kin/Cash	12,300,000
Multilateral Agency(ies)	Loan	10,000,000
Private Sector	Cash	12,000,000
NGO	Cash	300,000
Academia	Unknown at this stage	600,000
Total Co-financing		35,200,000

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

	Previous Project Preparation Amount (a)[3]	Project (b)	Total c = a + b	Agency Fee
GEF financing	NA	5,400,000	5,400,000	540,000
Co-financing	NA	35,200,000	35,200,000	
Total	0	40,600,000	40,600,000	540,000

D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES): N/A

PART II: PROJECT JUSTIFICATION

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

1. Russian transportation is responsible for 25% of final energy consumption or 94.4 mtoe annually. According to the recent comprehensive assessment of energy saving potential undertaken by WB/IFC[4], energy use in transport sector can be reduced by 38.3 mtoe/year, most of this potential is economically and financially viable (95% and 84% respectively). Within the transportation sector, road transport has the largest consumption of energy (48%) and potential for improvement.

Table 1: Road Transport in the Russian Federation, in thousands

Vehicles	1999	2000	2001	2002	2003	2004
Freight transportation:						
Railroad wagons in use (average per day)	427	464	476	498	498	499
Road transport, total	4 083	4 122	4 218	4 331	4 363	4 470
- including public	152	128	110	89	71	57
- including private	1 410	1 548	1 678	1 888	1 966	2 118
Passenger transportation:						
Buses	112	109	107	101	93	86
Passenger cars, total	19 624	20 247	21 152	22 342	23 271	24 091
City electric transport: tram, trolleybus, subway	30,2	30,0	29,7	29,1	28,7	28,2

Source: IV National Communication to UNFCCC

2. Over seventy percent of Russia's population lives in cities. Consequently, most of the traffic is concentrated in urban areas. Urban transport is a rapidly growing energy consumer, driven by the rapid increase in the number of private vehicles, at the expense of less carbon intensive public transport (See Table 1). The quality of public transport is inadequate, while governmental efforts are focused primarily on providing more space and roadways for use by private vehicles rather than developing public transport. In addition, private vehicle owners do not have real incentives to travel efficiently and tend to choose less efficient but cheaper or more powerful cars. WB/ICF

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[3]   Include project preparation funds that were previously approved but exclude PPGs that are awaiting for approval.
[4] "Energy Efficiency in Russia: Untapped Reserves", The World Bank Group report (The World bank, IFC), 2008

estimates that most of the energy saving potential (18 mln toe) in transport sector can be realized as a result of increased fuel efficiency of vehicles, as well as structural changes (e.g. more public transportation, less driving of personal cars).

3. A steady economic growth in Russia over the last decade contributed to a marked increase in the demand for private motor vehicles. As the country transitions to a market economy, car ownership has become a symbol of post-Soviet achievement. As a consumer class emerges, car sales are rapidly increasing. During 1995-2006, private car ownership grew by 84%; in 2008, Russia's automotive market overtook Germany's in quantitative terms to become the largest in Europe. Growth potential is far from being fully exploited: personal car ownership in Russia remains below average levels in most developed countries, i.e. 160-260 cars per 1,000 inhabitants as compared to 460-500 in EU and 600-750 in USA (Table 2).

Table 2: Number of private vehicles per 1000 population in the selected Russian regions

	1990	1995	2000	2005	2006	2007
Russian Federation	58.5	92.3	130.5	169	177.8	195.4
Moscow	69.8	142.3	189.1	232.8	246.5	261.4
Moscow Oblast	57.6	100.1	144.5	232.3	241	261.1
Kaliningrad Oblast	60.8	136.6	205.7	235	259.4	269.4
Tatarstan Republic (Kazan)	43.7	72	107.9	134.3	150.2	169.7

Source: Transport in Russia, Federal Service for State Statistics of the RF (Rosstat), 2008

4. Improvement of vehicle efficiency did not keep up with the high market growth rates: personal passenger cars in Russia have estimated energy intensities of 10-12 liters/100 km; light trucks - 29-33 liters/100 km; and buses - 41-55 liter/100 km. When importing cars, Russians typically choose less efficient, second-hand cars because they are cheaper. The average specific fuel consumption by a 1.3-1.5 liter engine in cars manufactured in Russia (VAZ or GAZ) is at least 1.5 times higher than that of a similar foreign car. The share of least efficient, imported second-hand and Russian cars exceeds 70% of the market. In addition, there has been a growing preference for large cars such as SUVs, in struck contrast with trends observed in European markets[5].

5. The increase in private cars ownership has been accompanied by a 23% decline in public transportation during 1995-2007. Public transportation by buses halved, while the number of large city and inter-city buses in service fell by 43% during the same period. This partly is a result of a poor quality of public transport service. Door-to-door connectivity is poor, public transport routes are not well integrated/coordinated. City buses, trains and metro are mostly overcrowded, uncomfortable, unreliable and slow.

6. The government has yet to develop a consistent policy on sustainable transport, which should integrate land use, urban planning, traffic management, and intelligent transport systems. Currently, efforts are seldom made to link urban, land-use and transport planning policies. The government has generally focused its efforts on providing more space and roadways for use by private vehicles, rather than developing public transport or providing incentives to individual to cut back on fuel consumption and use more efficient vehicles.

7. The proposed project was designed to remove these barriers (which are further elaborated in Section F) through integrated urban transport planning, improved quality of public transport, demonstration of green vehicle technologies, stringent vehicle fuel efficiency standards and behavioral changes towards the use of efficient transport among the population. The proposed project will target Russian medium sized cities. The reason for choosing medium-sized cities for this project instead of large metropolises like Moscow or St. Petersburg is to target GEF resources in areas where we can reasonably expect results and impact from the investments as well as to secure replication of project-designed transport management models throughout Russia and regionally. Moscow and St Petersburg have been determined to be too large and their traffic problems so extensive that it is only with significantly increased resources that their

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[5] "Energy Efficiency in Russia: Untapped Reserves", The World Bank Group report (The World bank, IFC), 2008

problems can be solved. However, it is envisaged that this GEF project will develop a model where lessons can be learned and later applied to larger cities such as Moscow and St Petersburg.

8. The **overall objective** of the project will be to slow the rate of growth in GHG emissions from the road transport sector by introducing sustainable urban mobility models in two pilot medium-size cities and establishing national policy and regulatory framework to support market transformation towards more efficient and less carbon intensive transport modes. By tightening fuel efficiency standards, along with introducing car labeling and public awareness campaigns, the project will speed up efficient renewal of the country's car fleet and drive the desired changes in consumer behavior. The project will also capitalize on the opportunity to demonstrate sustainable and low-carbon transport solutions at a big international event – 2013 World University Games in Kazan, Tatarstan Republic (XXVII Summer Universiade).

9. At the **federal level** the project will focus on designing and introducing new national policies, regulations, and standards to increase fuel efficiency and facilitate integrated approaches to land use, urban development, environment protection and transport planning. The work under this component will include development and enforcement of more rigorous fuel efficiency and emissions standards for domestically produced and imported cars to encourage phasing-out of less efficient fleet. It will also look at regulatory and fiscal incentives in order to reduce reliance on private vehicles (a menu of known options include congestion charges, toll roads, fuel tax, vehicle purchase/ownership tax, as well as rewards to drivers opting for more energy efficient vehicles). Finally, by working with relevant statistical divisions, the project will support the establishment of national system for data collection and analysis to monitor energy consumption and GHG emissions from road transport (with possible inclusion of other transport modes).

10. **Kaliningrad** (the westernmost Russian region): With the population of near 500 thousand people and the area of 215.7 sq.km, the city is characterized by a very intense traffic partially due to its strategic location on transit route from Europe to Russia. As presented in the Table 2, Kaliningrad has the highest rate of private vehicles per capita in Russia (269.4/1000 people). The city government recognizes poor organization of public transport and increasing pressure from private vehicles resulting in congestions in the city centre and low efficiency (private cars constitute 60% of traffic in the city centre). The Federal target programme "Modernization of the Russian Transport System (2002-2010)" prioritized Kaliningrad and the Kaliningrad oblast that resulted in the allocation of considerable state investments in 2008-2010 for modernization/construction of roads (7.5 bln rubles in 2008-2009). City authorities particularly emphasize the need to optimize public transport routes that largely duplicate each other (20% of city buses considered duplicating) and overload the roads in the downtown while leaving other areas of the city without access to public transport. There is also a need to improve the quality of private passenger minibuses which compete with the municipal transport while can not provide for minimum quality and safety standards. The project will help improve public transport system and regulate traffic by conducting comprehensive travel demand survey, optimizing schedules and itineraries of public transport, replacing minibuses with a larger and more efficient buses, introducing and enforcing the quality and safety standards for public transport, establishing public transport control centre, piloting bus-rapid transit system on selected routes, and raising public awareness of city's residents about social and environmental benefits of public transport.

11. **Kazan** (Central Russia): Kazan (1.2 mln) is a major industrial, commercial and tourism center, the capital of dynamic Tatarstan Republic. Over the last decade stellar economic and business performance of the region and increased prosperity of its population resulted in more than two-fold increase in the number of vehicles in Kazan leading to congestions and related emissions. Kazan participates in the National Transport Modernization Project focusing on improving quality and modernization/replacement of the public transport fleet. In 2013 Kazan will host XXVII International Summer Universiade (World Student Games) with 50,000 sportsmen and guests expected to visit. Regional and national authorities are committed to support the Games with investment in roads, construction of new sport and tourist facilities, and are keen to explore alternative and more sustainable approaches to organization of the event and associated infrastructure, including transport. The Universiade will therefore provide an excellent opportunity to advocate for non-motorized transport and for green transport modes among city residents and its guest. In Kazan the project will (a) help improve the municipal public transport system through comprehensive transport and land use planning, setting up public transport management and information centre, promoting green bus technologies, introducing urban traffic management model and (b)

support a set of special demonstration, planning and awareness activities for the World Student Games (2013). For the latter a separate planning and peak transport demand analysis will be completed.

12. In all demonstration components the project will support development and implementation of integrated urban transport strategies, including comprehensive travel demand surveys and traffic management plan, regulations for integrated urban planning, enhanced public transport systems, and promoting innovative transport solutions such as public rapid transit and non-motorized transport modes. Technical assistance for identification and demonstration of selected technological solutions will be provided in the context of 2013 Summer Universiade (Kazan) to build the momentum for and leverage high-level commitment to promoting the notion of sustainable transport in Russia.

13. Finally, the project will implement nation-wide public awareness raising campaign through national TV, Internet and other media in order to bring in a change in public values, explaining social and environmental benefits of sustainable transport and emphasizing that cities are meant and designed for people, not for cars (building on and using examples of demonstration projects in Kazan and Kaliningrad). In addition, targeted information and training will be provided to selected national and regional decision-makers, private sector (car makers, dealers, public transport operators) and individual consumers (private cars owners) to raise their awareness on the sustainable transport solutions through car labeling programme, social marketing campaign for travelers and private cars owners, training modules on integrated transport planning, traffic management, and alternative transport technologies.

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

14. Proposed project is fully consistent with environmental and social development priorities of the Russian Government. Major and most recent policy decisions relevant to this project include the 2008 Order of the President of the RF on the "Measures to improve ecological and energy efficiency of the Russian economy" which prioritized efficient use of energy in all economic sectors, including transport. Specific priority measures towards development of transport sector up to 2010 are laid out in the Federal Target Program "Modernization of the transport system in Russia (2002-2010)" in the framework of the Russia's Transport Strategy. Implementation of the measures indicated in the program, including measures addressing road transport, shall contribute to the reduction of anthropogenic effects on the climate through improved road infrastructure and traffic management. The Programme is coordinated by the Ministry of Transport of the RF. The national plan on implementation of the Kyoto Protocol by the Russian Federation (2005) contains provisions to reduce GHG emissions from transport through energy-saving measures on all types of transport.

15. Domestic benefits sought from this project include reduction of air pollution in urban areas and improved traffic safety. As a result of transport pollution, nearly 40% of Russia's population lives in cities and towns where the quality of ambient air is below Russian national standards by one or more parameters. Based on clinical exams carried out in 2002-2004, it was found that majority of Russian children have deviations as far as health is concerned, and most such deviations have to do with the respiratory system. Improving the quality of ambient air and abating local pollution is one of the key priorities of the Russian Government and is also fully consisten with proposed project objectives.

16. Traffic safety is another major issue and priority of the Government: road accidents kill more than 35,000 Russians each year. The problem of road traffic safety was highlighted by the president of the Russian Federation in his annual address to the Federal Council among the priority directives: "To develop and approve the federal programme aimed at enhancing road traffic safety and stipulating a range of measures to eliminate the causes of citizens' deaths in road accidents".

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

17. The project will support achievement of GEF-4 Strategic objective - CC 5: Promoting Sustainable Innovative Systems for Urban Transport.

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

18. GEF resources will be used to finance technical assistance, capacity building and technology transfer for improved integrated urban transport planning and modal shifts towards a more sustainable low-GHG intensive transport. State and other donors co-financing will be used to support investment elements of the project (modernization of urban transport systems and piloting of alternative transport). Investments will be co-financed through federal and regional targeted programmes and by private sector. Consultations have been carried out with the Nordic Investment Bank (NIB) regarding potential long-term loan co-financing for the investment component in the Kaliningrad pilot project. NIB will work with UNDP and explore this opportunity during the project development phase (PPG).

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

19. The project will be led by the Ministry of Natural Resources and Environment of the Russian Federation responsible for GHG emissions monitoring and for climate-related policies. Key implementation partners for the project will include: the Ministry of Transport of the RF (responsible for the development and modernization of the road transport sector), the Ministry of Interior of the RF (traffic management) and the municipalities of selected pilot cities – Kaliningrad and Kazan.

20. The project will exchange information, lessons and best practices with the GEF/UNDP/EBRD/UNIDO Umbrella Programme "Energy efficiency in the Russian Federation" and with individual projects included into the Umbrella. Although those projects do not directly target the transport sector, a number of important linkages (such as on energy efficiency standards and labeling and municipal energy efficiency planning) will be established. The project will also cooperate with GEF-supported sustainable transport initiatives in the CIS and globally to uptake international best practice and lessons. Particularly, the project will utilize lessons from the UNDP/GEF transport projects in South African Republic (Sustainable Public Transport and Sport: 2010 FIFA) and in China (Promoting Clean Electric Buses for the Beijing Olympics).

21. Cooperation will be explored with the Nordic Investment Bank (NIB) and detailed at PPG phase regarding NIB's loan co-financing for the investment component of the proposed pilot project in Kaliningrad. Preliminary consultations have been conducted; UNDP and NIB agreed to collaborate during the PPG phase and work out cooperation arrangements; explore synergies between UNDP/GEF technical assistance activities and NIB investment (loan) resources; assess investment opportunities and plan for joint activities in Kaliningrad pilot.

22. The project will also take stock of Russian national and local sustainable transport initiatives. Examples of such initiatives include: Moscow city government (Mosgortrans) pilot projects to switch public transport from traditional fuel to natural gas; environmental NGOs and civil society initiatives (e.g."Transport Alternative" Bulletin by the Socio-Ecological Union, "Carfree Russia", "Moscovites supporting Tramways", etc.); and initiatives promoting cycling (e.g. "Conception for the development of urban cycling in Russia" developed in 2007 by the "Cycling Union" NGO and presented to the Russian Ministry of Transport).

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

23. Under business as usual scenario the number of privately owned vehicles will continue to grow and is expected to reach the Eastern European average (400 vehicles /1,000 inhabitants by 2015) by 2015 with respective increase of road transport GHG emissions from current 100-110 MtCO2/yr up to 180 MtCO2/yr.

Table 3: Annual GHG emissions for Russian Transport Sector, in Gg CO$_2$ equivalent

Category	2000	2006
Civil Aviation	1,049.50	1,693.54
Road Transportation	71,785.06	101,522.00
Railways	6,501.03	7,799.92
Navigation	3,167.79	1,596.94
Other Transportation	62,594.66	78,459.02
Total	**145,098.04**	**191,071.42**

Source: UNFCCC

24. Bearing in mind high level of financially viable potential for energy saving and GHG emission reduction in transport sector, GEF technical assistance is required to remove the following nonfinancial barriers:

25. <u>Lack of integrated policy and planning for sustainable transport</u>: municipal planning systems are unable to integrate land use and urban development plans, transport systems and traffic management. Policy development for these elements of urban management is disintegrated as well. Local government efforts are mainly focused on allocating more space and roads for private vehicles rather than developing public transport or improving accessibility of main urban activity centres. The planning capacity of federal, regional and municipal decision-makers is hampered by <u>shortage of information, statistical data and studies</u> on energy use (and GHG emissions) by transport sector. Information is particularly scarce with regard to the privately owned vehicles. While some transport statistics exists, data and studies on energy consumption is not easily accessible and contradictory. Data on GHG emissions from road transport is not included into the state statistics and related monitoring is not carried out regularly.

26. <u>Lack of incentives for private vehicle owners</u> to travel more efficiently and to choose more efficient vehicles: besides poor quality of the public transportation discussed above inefficient consumer/travelers' choices are driven by insufficient or perverse incentives. The shift to privately owned vehicles by a larger share of the urban population (causing congestion, pollution and global climate change) is a result of inefficient transport tax policy. Regional governments do apply an annual transport tax (differ by regions) linked to the horsepower of the vehicle, but the tax is too low to have an impact on the choice of vehicle. Thus, Russian consumers when shopping for a car either do not consider energy efficiency characteristics at all or are unwilling to sacrifice power, size and luxury for energy efficiency. Some fuel consumption norms also exist (Norms on Fuel and Lubricant Consumption in Motor Transport) but these are primary to provide for companies' financial reporting, rather than to encourage energy efficiency. In January 2008 Russia adopted Euro 3 emission standards for imported cars, but these standards apply only for new imports and newly produced cars. In addition, enforcing Euro 3 emission standards will prove difficult as many car engines do not comply even with Euro 1 standards and fuel quality, especially in remote regions of Russia, often does not meet these new standards and can deteriorate the high quality engines of newer cars.[6]

27. <u>Information, methodologies and capacities</u> to design and implement integrated sustainable urban transport policies and management are limited among municipal authorities and transportation practitioners. Without adequate skills and experience in integrated urban land use and transport planning, government's response will remain largely reactionary – with attempts to allow more space for private vehicles and modernization of roads. While this approach is less cost- effective and will require increased public spending from municipalities, the ability of local governments to invest in road construction and modernization will be inadequate and further restrained with the current global financial and economic crisis. The project will design and pilot intelligent transport solutions for a wider replication throughout Russia in order to foster energy efficiency through integrated land use and transport development planning, incentives for efficient transport choices and demonstration of alternative low-GHG transport. The project proposes utilizing high-visibility international sport events to multiply effectiveness of demonstrations in sustainable transport solutions.

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:

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[6] "Energy Efficiency in Russia: Untapped Reserves", The World Bank Group report (The World bank, IFC), 2008

Risk	Risk Rating	Mitigation Measures
Political/social tension against implementation of exclusive public transport axes, restricted private vehicle access and other measures in pilot cities	Low	Russian cities have been facing acute traffic problems for a number of years and there is a consensus in the authorities and the society that new innovative solutions are required. The government demonstrates the willingness to replicate and upscale efficient traffic management practices that proved effective elsewhere. The project will support an early capacity building and awareness campaigns (social surveys and social marketing) to all stakeholders to demonstrate benefits of similar approaches. Besides restriction to private car owners, the project will develop and propose alternative corridors, incentives and rewards for private vehicle owners adopting sustainable transportation options.
Lack of investment from government/private sector for system upgrade	Moderate	Raising awareness is a key component of the project and will assist to ensure that adequate level of investment are indeed made. The project will benefit from the investment plans for the Kazan World University Games to leverage resources for sustainable transport demonstrations. In the event that government/private sector investment does not materialize the upcoming World Student Games (2013) will be used to highlight problems and help persuade key decision makers that greater investment is needed.
Low capacity to set and enforce standards and/or regulatory/fiscal incentives	Low	The project will involve and build capacities of the national standardization and transport management authorities. In addition, the project will cooperate with the on-going UNDP/GEF project on energy efficiency standards and labels in Russia to adopt best practices in normative activities.
Resistance of public to switch to less GHG intensive transportation	Moderate	The project will develop a wide public outreach campaign aiming at changing behavioral patterns and motivating people to use alternatives to private cars. There is already a positive experiences of social marketing campaigns on energy efficiency of appliances and lighting to build upon. The current economic recession already appeared to be a stimulus for the consumers to change their purchasing patterns towards more economical/efficient vehicles.
Lack of coordination for integrated urban transport planning	Low	The Government of Russian has adopted and is further developing a practice of inter-agency coordination councils/boards on priority development issues. Such council on energy efficiency is already exists (coordinated by the Ministry of energy of the RF). A similar arrangement will be proposed for the transport efficiency sector facilitated by the proposed project and mirrored at the municipal level. Steering committee with members form key government, private sector and NGO groups will be also established for this project.

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

28. Potential for CO2 emission reduction in Russia's transport sector is estimated at the level of 100 mln tCO2/yr (See Figure 1) and specifically from road transportation - 50 mln tCO2/yr. Based on a conservative assumption that 10% of this potential will be realized as result of GEF interventions, top-down estimates of associated GHG reduction impact would make for 5 mln tCO2/yr or 50 mln tCO2 over the technology life-cycle. Bottom-up estimations of the project direct impact from demonstration components will be estimated at PPG. However, based on available benchmarks from other GEF sustainable transport projects with similar support package in similar circumstances, it is reasonable to expect annual emission reduction of at least 1-1.5 mln tCO2 for each project site. This would provide for emission reduction of up to 7 mln tCO2 annually and cost-effectiveness ration of 0.8 US$GEF/tCO2.

Figure 1: Russia's CO2 emission reduction potential
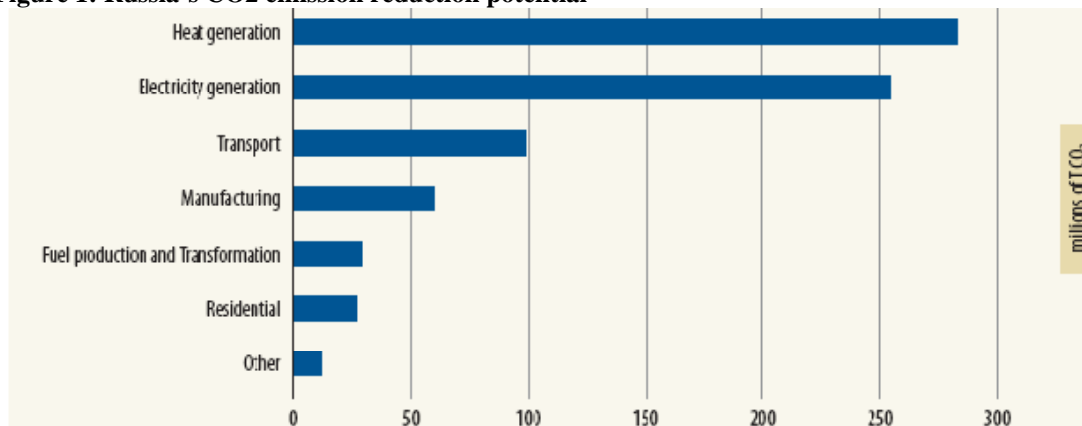
Source: CENEf for World bank/ICF

29. These estimates are consistent with the result of WB/IFI assessment[7] of energy saving potential in Russia where measures to introduce integrated transport planning were categorized as "high cost/high return" investments.

I. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

30. For over 20 years UNDP has been involved in providing transport-related technical assistance to developing countries with a focus on poverty alleviation and improved access to social services through promotion of public transport. Over 2,000 such UNDP projects have been implemented, including but not limited to 11 GEF-funded projects on sustainable transport (51 mln US$). Main focus of UNDP assistance has been and remains on the following priority areas:
- designing and supporting infrastructure that improves the safety and attractiveness of non-motorized projects, including setting up safety programs;
- providing technical assistance to governments to improve the performance of public/collective transport;
- developing motor vehicle traffic controls in urban areas to control traffic congestion impacting public transport routes;
- working with governments to set-up strategic urban air pollution mitigation strategies.

31. The above areas are fully consistent with the strategy of the proposed project in Russia and justify UNDP's comparative advantage as GEF's Agency for the project.

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)*
Igor Maydanov	GEF Operational Focal Point Deputy Minister	Ministry of Natural Resources and Ecology	April 2, 2009

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.

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[7] "Energy Efficiency in Russia: Untapped Reserves", The World Bank Group report (The World bank, IFC), 2008

Agency Coordinator, Agency name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
Yannick Glemarec UNDP/GEF Executive Coordinator	Y. Glemarec	May 06, 2010	John O'Brien, Regional Technical Advisor - Climate Change Mitigation, Europe and CIS	Tel: (421-2) 59337 413	john.obrien@undp.org