

Concept Note

Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau

Palau | SPREP

16 July 2019



**GREEN
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Simplified Approval Process Concept Note

Project/Programme title:	Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau
Country(ies):	Palau
National Designated Authority(ies) (NDA):	Office of the President
Executing Entities:	Palau Ministry of Finance
Accredited Entity(ies) (AE):	Secretariat of the Pacific Regional Environment Programme
Date of first submission/ version number:	7/9/2019 1 V.1
Date of current submission/ version number	7/15/2019 V.2



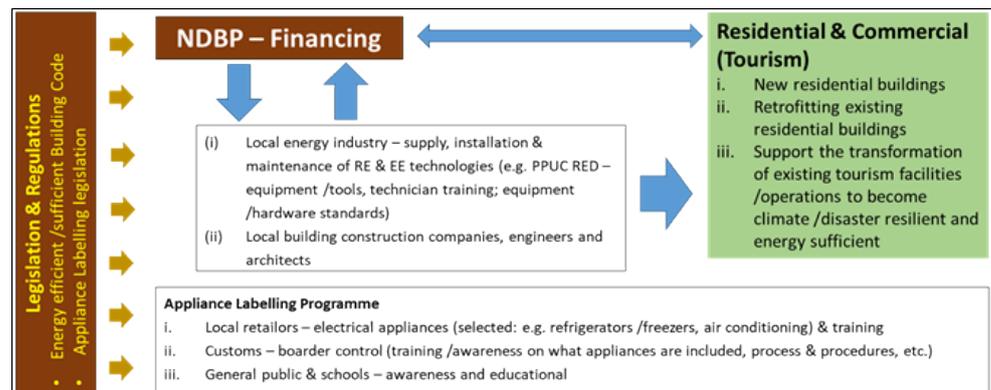
Eligibility for SAP is determined by the review of the concept note and the ESS screening.

A. Project / Programme Information (max. 1 page)

A.1. Project or programme	<input checked="" type="checkbox"/> Project <input type="checkbox"/> Programme	A.2. Public or private sector	<input checked="" type="checkbox"/> Public sector <input type="checkbox"/> Private sector	A.3 RFP	Not applicable
A.4. Indicate the result areas for the project/programme	<p><u>Mitigation:</u> Reduced emissions from:</p> <input type="checkbox"/> Energy access and power generation: 0% <input type="checkbox"/> Low emission transport: 0% <input checked="" type="checkbox"/> Buildings, cities and industries and appliances: 33.333% <input type="checkbox"/> Forestry and land use: 0%				
A.5. Impact potential		A.5.1. Estimated mitigation impact (tCO ₂ eq over project lifespan)	2,282 tCO ₂ eq		
		A.5.2. Estimated adaptation impact (number of direct beneficiaries)	500 direct beneficiaries		
		A.5.3. Estimated adaptation impact (number of indirect beneficiaries)	80,000 indirect beneficiaries		
		A.5.4. Estimated adaptation impact (% of total population)	2.5% of the country's total population		
A.6. Financing information					
A.6.1. Indicative GCF funding requested (max 10M)	Amount: 10,000,000 Currency: USD Financial Instrument: Grants				
A.6.2. Indicative co-financing	Amount: 0 Currency: USD Financial Instrument: Other (Instrument Description: grants) Institution: TO BE DETERMINED				
A.6.3. Indicative total project cost (GCF + co-finance)	Amount: 10,000,000 Currency: USD				
A.6. Estimated duration of project/ programme:	disbursement period: 60 repayment period, if applicable:	A.7.2. Estimated project/ Programme lifespan	96		
A.8. Is funding from the Project Preparation Facility needed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	A.9. Is the Environmental and Social Safeguards Category C or I-3?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
A.10. Provide rationale for the ESS categorization (100 words)	A policy and legislation focused including the establishment of a financing mechanism				
A.11. Has the CN been shared with the NDA?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A.12. Confidentiality	<input type="checkbox"/> Confidential <input checked="" type="checkbox"/> Not confidential		

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The project responds directly to progressing Palau's national and international commitments focussing on low carbon development and enhancing community resilience, more specifically on mitigation and adaptation government priorities. The project aims to strengthen and upscale access to finance for residential and commercial (tourism) sectors to participate in low carbon development initiatives and, build resilience of vulnerable groups to consider energy efficient retrofitting /construction of buildings, and use of appropriate renewable energy and energy efficient technologies. The project has two primary components of: (i) developing legislation and regulations as appropriate to promote energy efficient /sufficient buildings, and the use of energy efficient electrical appliances; and, (ii) establishing energy financing mechanisms through the NDBP. These primary components (brown shaded boxes) are illustrated in the schematic.



There are two supporting /cross-cutting components of: Energy sufficiency and, cost effective and sustainable energy solutions; and Capacity enhancement, institutional strengthening and outreach. Details of these components are discussed below.

Primary project components

Component 1: Strengthened energy legislation and regulations

This component sets up the legal frameworks for the construction of energy efficient /sufficient buildings and the use of energy efficient electrical appliances that meets performance standards and energy labelling requirements and, use of renewable energy technologies. The Palau Energy Administration (PEA) will take the lead in the on-ground implementation of these activities with support through the Palau Attorney General's Office and, consultancies and expertise to be procured as required. Proposed outputs and activities include:

Output 1.1 Reviewed Energy Efficient Building Code

Activity 1.1.1

Convene a stakeholder consultation (include consumer representatives,

A.13. Project/Programme rationale, objectives and approach of programme/project (max 100 words)

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contractors, political groups & the Attorney General's Office) to discuss the contents of the current draft document and solicit recommendations for the review of the document

Activity 1.1.2

Review the draft Energy Efficient Building Code to address issues and incorporate the use of renewable energy technologies

Activity 1.1.3

Covene a validation workshop to finalise the contents of the draft Building Code

Activity 1.1.4

Assist the PEA and the Attorney General's Office to present the revised Building Code to Government for adoption

Output 1.2 An Appliance Labelling and Standards legislation

Activity 1.2.1

Conduct a market study on selected electrical appliances available in the local market and determine the feasibility and cost benefit analysis of having an Appliance Labelling and Standards (ALS) programme

Activity 1.2.2

Develop a strategy to outline the introduction of an ALS programme and a phasing out plan for the selected appliances that do not meet the ALS requirements

Activity 1.2.3

Develop draft legislation and regulations to govern the implementation of the ALS programme

Activity 1.2.4

Assist the PEA and the Attorney General's Office to present the draft legislation and regulations for Government endorsement

Output 1.3 Reviewed National Energy Policy and an Executive Order to initiate the development and finalisation of the building code and ALS legislation

Activity 1.3.1

Review of the 2009 National Energy Policy - includes stakeholder consultations to be held with Outputs 1.1 and 1.2

Activity 1.3.2

Based on Activities 1.1.1, 1.2.1 & 1.2.2 deliverables, draft a national policy and an executive order for endorsement by the President's Office - this includes consultations with relevant stakeholders

Activity 1.3.3

Develop a strategy to outline the operationalization of the policy and executive order

whilst drafting and finalizing the Building Code and the ALS legislation and regulations

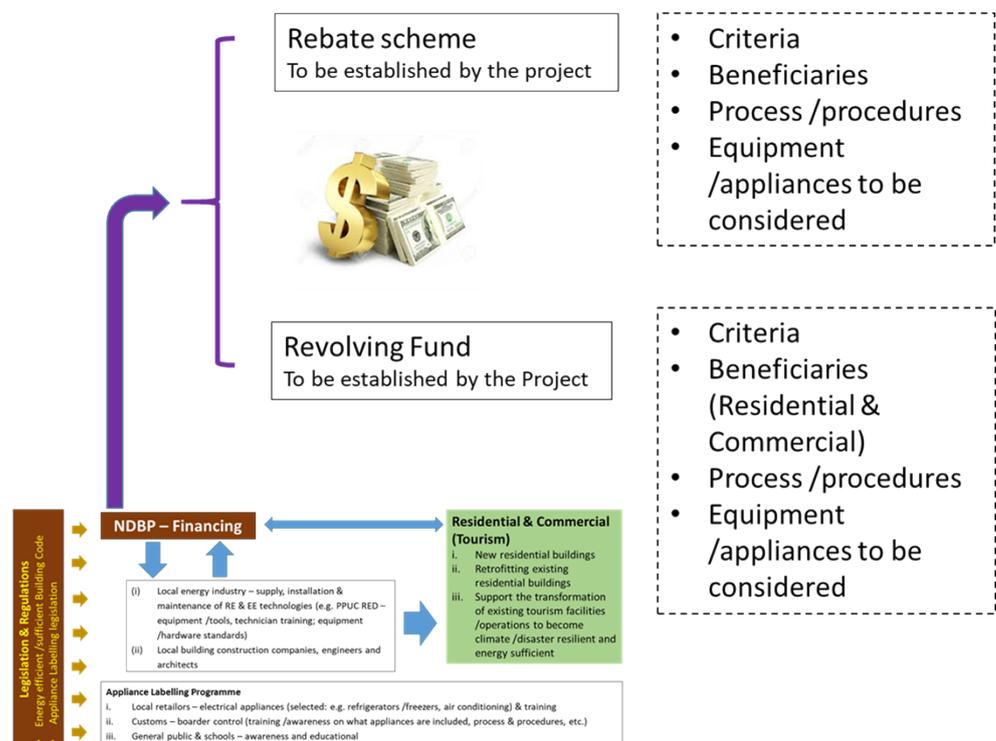
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Component 2: Establishing energy financing mechanisms

This will be executed through the NDBP. The proposed financing mechanisms under this SAP will build on the initial activities of the NDBP. The targeted sectors would be residential and commercial (tourism). The elements proposed are twofold, (i) rebate scheme; and, (ii) a revolving fund, as illustrated in the diagram and discussed below.

(i) The rebate scheme will primarily target the vulnerable groups of society such as single parent and people with disabilities or first-time low income home owners. These vulnerable groups, following a screening process by the NDBP will have access to rebates that will assist in the construction of either a new energy sufficient home or on energy efficient retrofitting of their existing homes. The rebate scheme will also consider the commercial (tourism) sector where these will be offered on the use of energy efficient appliances and renewable energy technologies.

(ii) The assistance towards securing loans for either construction of new buildings or retrofitting of buildings will be targeting residential and commercial (tourism) sectors where a revolving fund system will aid customers to access finance from the NDBP. The assistance will see the revolving fund providing a guarantee to the loanee so as to enable access to funds. This guarantee-amount will be returned to the revolving fund following a payoff of a certain percentage (to be determined by an analysis /review of the NDBP financing guidelines) of the principal loan amount.



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The project responds directly to progressing Palau's national and international commitments focussing on low carbon development and enhancing community resilience, more specifically on mitigation and adaptation government priorities. The project aims to strengthen and upscale access to finance for residential and commercial (tourism) sectors to participate in low carbon development initiatives and, build resilience of vulnerable groups to consider energy efficient retrofitting /construction of buildings, and use of appropriate renewable energy and energy efficient technologies. The project has two primary components of: (i) developing legislation and regulations as appropriate to promote energy efficient /sufficient buildings, and the use of energy efficient electrical appliances; and, (ii) establishing energy financing mechanisms through the NDBP. These primary components (brown shaded boxes) are illustrated in the schematic.

There are two supporting /cross-cutting components of: Energy sufficiency and, cost effective and sustainable energy solutions; and Capacity enhancement, institutional strengthening and outreach. Details of these components are discussed below.

Supporting /cross-cutting components

Component 3 - Energy sufficiency and, cost effective and sustainable energy solutions

The focus will be on the commercial sector (tourism industry) where investment grade energy audits will be conducted on selected premises and engaging the tourism industry on types of investments. This component will set-up the participating tourism entities, as case studies, to participate in the NDBP revolving fund. Outputs and activities are:

Output 3.1 Investment-grade energy audits conducted on selected tourism premises

Activity 3.1.1

Conduct investment grade energy audits on selected tourism premises such as locally-owned tourism facilities and the Palau International Coral Reef Centre - includes monitoring, data analysis, reporting and recommended energy efficient /sufficient measures

Activity 3.1.2

Facilitate case studies and replicable renewable energy and energy efficiency installations through the NDBP energy financing mechanisms

Output 3.2 Upgraded Government buildings to comply with the adopted Energy Efficient /Sufficient Building Code

Activity 3.2.1

Investigate the upgrade requirements and recommend appropriate

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measures to be implemented

Activity 3.1.2

Facilitate and implement the recommended measures to upgrade the selected Government buildings

Component 4 - Capacity enhancement, institutional strengthening and outreach

Threefold approach through:

- Capacity enhancement - that will provide the expertise within local entities directly involved with the delivery of the project components
- Institutional strengthening - this includes upskilling of local personnel through training, workshops and mentoring activities
- Outreach - educational and awareness programmes to inform general public, schools and other local communities

Proposed outputs and activities are:

Output 4.1 Capacity enhancement to better respond to the implementation needs of the project components

Activity 4.1.1

Establish /provide for policy and legislation formulation expertise at the Palau Energy Administration

Activity 4.1.2

Placement of project coordination and implementation expertise at the NDBP

Activity 4.1.3

Provide specialised equipment and tools for the PPUC Renewable Energy Division for the installation and maintenance of renewable energy technologies on residential and commercial (tourism) premises

Output 4.2 Strengthened institutions through workshops, training and mentoring for key stakeholders

Activity 4.2.1

Oganise and conduct workshop(s) for NDBP staff and other NDBP partners such as the Palau Housing Authority on the implementation of the energy financing schemes and the new legislation and regulations introduced by the project

Activity 4.2.2

Upskill and enhance awareness for other key local energy industry through training and capacity building on investment grade-energy auditing and management, risk assessments, renewable energy technology installations, available energy efficient appliances, responding to NDBP tenders in relation to the available energy financing mechanisms and other areas that will be identified through a training /capacity building needs assessment

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Activity 4.2.3

Conduct consultations, capacity building and training with importers, retailers and consumer representatives and, custom officers and other relevant stakeholders on the implementation of an ALS programme

Activity 4.2.4

Facilitate south-south cooperation programme(s) to share experiences including training, meetings /conferences to contribute to better implement such low carbon development initiatives

Activity 4.2.5

Explore the possibility of having a certified energy audit course to be offered at the Palau Community College (PCC). If feasible, the project will assist in developing the course modules and getting the course accredited as part of the PCC accreditation process

Output 4.3 An educational and awareness programme to better inform the public, students and other relevant sectors on the new energy efficient /sufficient building code and the legislation and regulations on ALS programme

Activity 4.3.1

Develop /design contents and roll-out of the educational and awareness programmes

Activity 4.3.2

Publish the required materials including print, audio and visual and, launch the programmes

Activity 4.3.3

Provide support to the PEA to participate and contribute to the Ministry of Education Science & Technology Fair through roadshows, demonstration of energy efficient measures and renewable energy technologies

Activity 4.3.4

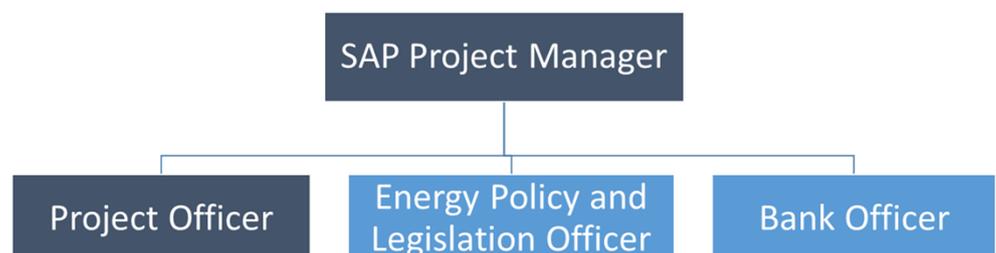
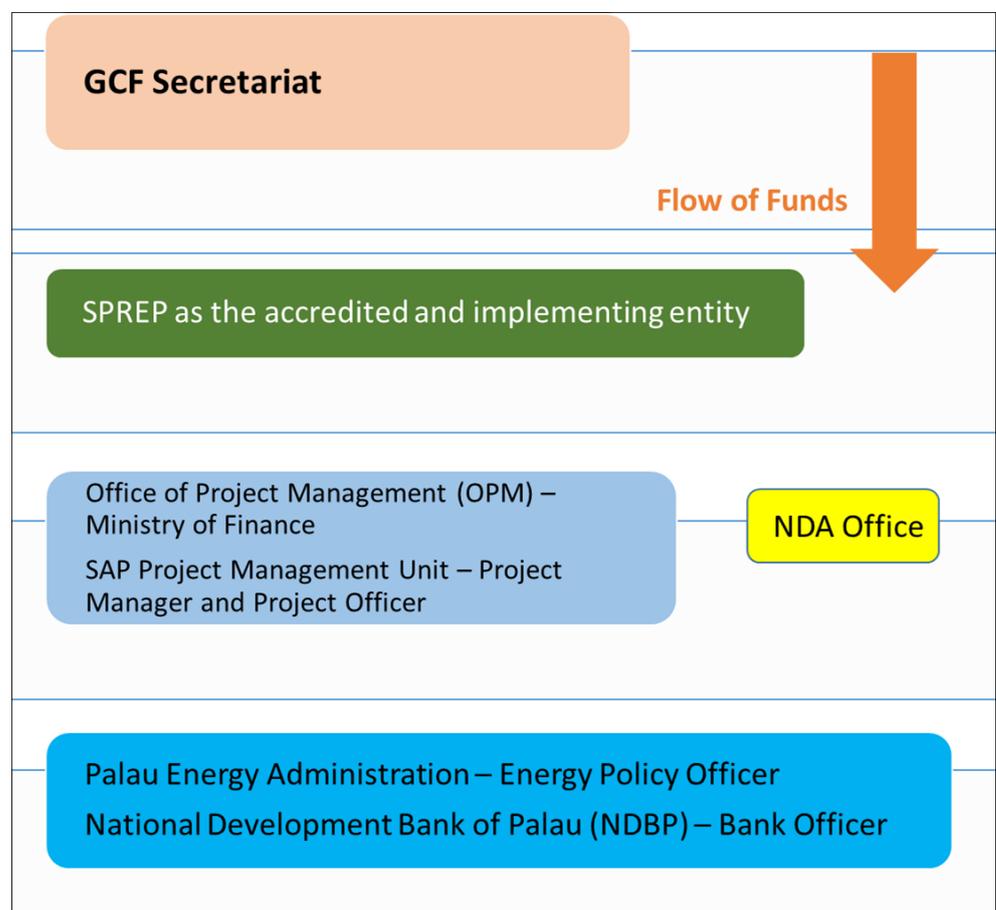
Develop a national awards programme over the project timeline to promote energy efficiency and renewable energy in Palau

SPREP will be the accredited and implementing entity for the project. SPREP will receive Funds from the GCF and will disburse the funds to the Palau Ministry of Finance (Office of Project Management - OPM) as the executing entity with the NDBP and PEA as delivery partners. A project management unit (PMU) will be established under the OPM to oversee the daily operations.

Preparations to strengthen the OPM and the NDA Office will be addressed through the Palau Readiness programme - the diagram illustrates the proposed implementation arrangements. These will be finalised during the development of the SAP proposal which will also be assisted through the Palau Readiness.

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The proposed SAP project Team is as follows noting that the Project Manager and Project Officer will be recruited through the PMU Budget component. The Policy and Legislation, and Bank Officers will be procured under Component 4 through the local Consultant(s) budget line.



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B.1. Context and Baseline (500 words)

Palau has an emissions reduction target in the energy sector of 22% below 2005 levels by 2025. This comprises 45% renewable energy and 35% energy efficiency targets by 2025. A business-as-usual scenario reveals that emissions would be 140,000 tCO₂e in 2025, compared to 68,000 tCO₂e if the renewable energy and energy efficiency targets are met.

There is still the absence of legal frameworks to mainstream renewable energy and energy efficiency into development priorities, such as targeted regulations and legislation on building construction standards and specifications, electrical appliances, and renewable energy equipment standards. This, coupled with the absence of sustainable energy financing, has further slowed progress towards the Palau NDCs and achieving social and gender integration in low carbon development and community resilience activities.

Government and stakeholders such as the NDBP seek to strengthen their respective policies, development assistance, and other services to assist in reducing electricity consumption through energy efficiency and renewable energy. The NDBP currently offers a wide range of development financing products. The NDBP also has successfully piloted an Energy Efficient Subsidy Loan Program (EESP) with funding from the Government of Italy, Austria and the Municipality of Milan through the International Union for Conservation of Nature (IUCN) and, the Renewable Energy Subsidy Loan Program (RESP) under the Palau Sustainable Economic Development through Renewable Energy Applications (SEDREA) project funded by the GEF through UNDP. These initiatives have earned the NDBP an international award - the 2013 Ashden Awards in the Small Island developing States category that is supported by the SIDS Dock and the World Bank.

Lessons learned from these NDBP initiatives are incorporated into this project. These include but not limited to: the need to engage local expertise and continuously build their capacity, the need for a national renewable energy technology standards so as to have all renewable energy installations in Palau adhere to these, and upscale energy financing for low carbon development initiatives.

Palau currently has a draft Energy Efficient Building Code that was developed in 2003 but not adopted. Palau does not have an Appliance Labelling and Standards programme.

At the Government level, relevant policy instruments to the project are: the 2015 Climate Change Policy, Nationally Determined Contributions (NDC), 2010 National Energy Policy and, the 2016 Energy Administration Act. These have stated targets in renewable energy and energy efficiency and, more specifically in:

- Energy efficient houses - investigate funding support to expand the NDBP energy efficiency programme for new home construction and retrofitting of existing homes.

- Energy efficient Building Code - develop and implement an energy efficient building code, upgrade government buildings to comply with the new code, and develop and launch education programmes on energy efficiency and energy conservation in schools and colleges.

- Tourism - undertake risk assessments and energy audits on tourism facilities and operations and develop climate/disaster risk management plans and energy conservation/efficiency plans and, financially support transforming existing tourism facilities/operations to become climate/disaster resilient and energy efficient.

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B.2. Project / Programme description (1000 words)

Palau has a population of approximately 20,000 people of which 99% have access to electricity. The monthly use of electricity ranges from 300-400 kWh per household with the commercial customers averaging from 2,700 kWh per month. There is still the absence of legal frameworks to mainstream renewable energy and energy efficiency into development priorities. This, coupled with the absence of sustainable energy financing, has further slowed progress towards the Palau NDCs and achieving social and gender integration in low carbon development and community resilience activities.

The project aims to strengthen and upscale access to finance for residential and commercial (tourism) sectors to participate in low carbon development initiatives and, build resilience of vulnerable groups to consider energy efficient retrofitting /construction of buildings, and use of appropriate renewable energy and energy efficient technologies. The project has two primary components of: (i) developing legislation and regulations as appropriate to promote energy efficient /sufficient buildings, and the use of energy efficient electrical appliances; and, (ii) establishing energy financing mechanisms through the National Development Bank of Palau (NDBP). There are two supporting /cross-cutting components of: (i) Energy sufficiency and, cost effective and sustainable energy solutions; and, (ii) Capacity enhancement, institutional strengthening and outreach.

B.3. Expected project results aligned with the GCF investment criteria (500 words)

Impact potential - the reduction in electricity use through low carbon development activities as in this project (energy efficient buildings and energy efficiency measures in the residential and commercial sectors) contribute to a decrease in CO₂ emissions. The provision of regulations and legislation such as the energy efficient /sufficient building code and the ALS legislation will embed energy efficiency and renewable energy in to development and enhance the progress towards Palau's 35% energy efficiency target by 2025. Impacts include reducing the average household electricity consumption from 300-400 kWh /month and the commercial electricity consumption of 2,700 kWh/month by 10%. Further, other interventions such as a dedicated rebate scheme for the vulnerable community groups and enhanced energy financing to promote access to energy efficiency and renewable energy technologies will ignite participation and progress towards Palau's low carbon development aspirations. The financing mechanism set up under the NDBP is expected to mobilise an additional USD 10m over the lifespan of the project. Potential impacts are illustrated in the provided schematics.

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Baselines

- 300-400 kWh/ month – residential electricity consumption
- 2,700 kWh/month – average commercial electricity consumption
- Government facilities non-compliance to the new Building Code
- Limited financing mechanisms for low carbon development initiatives

The Project: Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau, interventions

- Reduce the monthly household electricity consumption through use of EE appliances, use of RE technologies and EE construction specifications
- Promote the use of EE appliances and RE technologies in the commercial (tourism) sector
- Rebate scheme and revolving funding mechanism established

Impacts

- 10% reduction in household and commercial monthly electricity consumption
- Potential mobilisation of at least USD10m for low carbon development initiatives through the NDBP



Paradigm shift - The proposed new legislation and regulations will enhance progress towards the NDC targets through a mandatory approach to energy efficiency /sufficiency in buildings, and access to selected energy labelled electrical appliances. The revived and upscaled energy financing schemes will promote the participation and contribution of the residential and commercial sectors towards progressing the Palau NDCs including the shift from the usual Government assistance through grants-only to an investment approach. The rebates component will ensure that even the vulnerable groups such as single parent, people with disabilities, and first time low income home owners take part in national low carbon development initiatives. These are illustrated in the diagram and will create opportunities for the private sector to participate in low carbon development and expand their scope of business to consider energy efficient products and services, and renewable energy technologies.

Baselines

- 2009 National Energy Policy
- Draft Energy efficient Building Code
- No ALS programme and legislation
- Limited low carbon development financing available
- Limited institutional capacity and resources to consider low carbon development initiatives



The Project: Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau, interventions

- Reviewed National Energy Policy
- Endorsed Energy Sufficient Building Code
- Appliance Labelling and Standards Act and Regulations
- Financing mechanisms available for low carbon development and implementation of the building code and ALS legislation
- Enhancing institutional capacity and resources to effectively implement the new code and legislation
- Demonstrated impacts of energy sufficiency and sustainable energy options
- Accredited energy auditing course at PCC



Paradigm Shift

- Mandatory approach to energy efficiency /sufficiency in buildings
- Energy labelling for selected electrical appliances
- Development financing embed with low carbon initiatives
- Participation of the general public including vulnerable groups and commercial sector in low carbon development
- An investment approach to low carbon initiatives
- On going training programme on energy auditing at PCC

Needs of recipients - access to financing schemes have been usually for those that have a reputable credit rating such as those that can afford a deposit and have high income. Information shows that the NDBP provides 20-40 home loans per year at an average of USD 50,000 per loan and,

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about 30 loans annually for house retrofitting at an average of USD 10,000. The NDBP currently have a 8% interest on loans for first-time home owners and 10% interest on loans for second or more homes. Commercial loans from the NDBP has a 10% interest rate. These have to an extent excluded the lower income bracket and vulnerable groups such as single parent, people with disabilities /first time low income home owners. The intervention will specifically address these shortfalls. The involvement of the NDBP will strengthen its products for its customers and increase its lending base.

Country ownership - the proposed intervention is an upscale from previously piecemeal approaches to energy financing. That is, the past energy financing projects did not have a revolving fund approach thus once the project ended such financing schemes did not continue. These resulted to Palau requesting assistance to better structure such interventions. Further, the proposed project activities are aligned and responses to strategic plans and policies as discussed in Sub-sections B1 and B2

Efficiency and effectiveness - the proposed intervention is a redesign with remedial approaches to the existing energy financing schemes based on previous lessons learned. This is further strengthened through legislation and regulations adopted at the national level providing a legal framework to enhance continuity beyond the project and strengthen the roles of the local delivery partners. Of noteworthy is having local delivery partners as lead entities to execute activities. These will be supplemented with consultancies and expertise to be procured as required.

C. Indicative financing / Cost information (max. 2 pages)

C.1. Financing by components

Please provide an estimate of the total cost per component and disaggregate by source of financing.

Component	Output	Indicative cost (USD)	GCF financing		Co-financing			
			Amount (USD)	Financial Instrument	Type	Amount (USD)	Financial Instrument	Name of Institutions
1		520,538	520,538	Grant		0	Other	
2		5,754,725	5,754,725	Grant		0	Other	
3		1,261,575	1,261,575	Grant		0	Other	
4		1,359,750	1,359,750	Grant		0	Other	
PMU		610,790	610,790	Grant		0	Other	
M&E		222,415	222,415	Grant		0	Other	
Indicative total cost (USD)		9,729,793	9,729,793		0			

For private sector proposal, provide an overview (diagram) of the proposed financing structure.

C.2. Justification of GCF Funding Request (300 words)

Palau has the opportunity to transform to low carbon development through investment-oriented and holistic approaches that include the residential and commercial sectors. This needs significant support and will take an extended period to

structure a feasible approach. With support from GCF and other partners, Palau's transition to low carbon development can quickly materialise. Further, the GCF funding will create an environment (financing schemes - rebates and

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access to loans, legal frameworks and enhanced capacity and awareness) where public and private financing will be

realised to contribute to government priority areas in national policies and strategies including regional and international commitments. The norm is that such transition usually happens through grants only with minimum to no commitment

from individuals and commercial entities.

GCF involvement is critical for the following reasons:

Fill the financing gap - transition to low carbon development financing significantly exceeds available traditional funding sources. Attracting private interest and investment to small island developing countries is difficult. The GCF intervention is uniquely positioned in that a tailored holistic approach will be introduced and upscaled from initial pilot programmes.

Improve access to financing - most, if not all current low carbon development activities are possible through grant only

funding. The financing schemes to be established at the NDBP as part of this GCF intervention will enhance

opportunities for the residential and commercial sectors to invest and contribute to national development priorities.

C.3. Exit Strategy and Sustainability (300 words)

The proposed legislation and regulations, when endorsed by Government, will embed the legal framework to ensure that energy efficiency is mandatory and is part of all development activities particularly, in the residential and commercial sectors.

The establishment of financing schemes at the NDBP through a revolving fund will provide ongoing assistance to energy development financing. The rebates component of the financing scheme will expand the assistance to consider the vulnerable groups in society hence contributing to national development by encouraging participation of every Palauan irrespective of ones background - leaving no one behind.

Training /upskilling of stakeholders and institutional strengthening will enhance the local capacity to meet the requirements of low carbon development priorities. These includes the procurement of local personnel to provide services for the Palau Energy Administration and the NDBP - initially to be funded by the project and integrated into the respective personnel budget of government and NDBP over a specified timeframe. Also, the development of an energy auditing course at the PCC.

The project brings together multiple stakeholders from multiple sectors namely residential, commercial (tourism), private (energy industry and electrical appliance importers and retailers) and the public to champion low carbon development. Such an approach, when operational as planned, would be fitting to consider in other Pacific island countries particularly, in small island developing states.

C.4 Stakeholders engagement in the project or programme (300 words)

There is an active Palau national energy committee that comprises of government, private, commercial and consumer sectors established as part of the Palau Energy Administration Act. This committee is chaired at the Ministerial level. The proposed project has been developed and socialised with members of this committee with the coordination undertaken by the the GCF NDA.

A stakeholder engagement report and strategy to outline engagements throughout the project timeframe will be developed as part of the proposal development phase including the respective roles in the project.

A clear delineation of responsibilities for project implementation will be presented in the proposal

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outlining the responsibilities of the accredited and implementing entity, the project management unit and the local Delivery Partners.

D. Annexes

- ESS screening check list (Annex 1)
- Map indicating the location of the project/programme (as applicable)
- Evaluation Report of previous project (as applicable)

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Annex 1: Environmental and Social Screening Checklist

Part A: Risk Factors

Please indicate your answers to the questions below and provide an explanation on the response selected. In cases when the TBD response has been selected please explain briefly why you are not able to determine now and when in the project cycle the question will be addressed.

If the criteria is not applicable to the project you may write N/A in the justification box.

Exclusion criteria	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The activities focus on two elements (i) Policy and legislation (including building codes); and (ii) establishing financing mechanisms through the Development Bank of Palau		
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to affected states?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The activities are all implemented only in Palau		
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
As in 1 above, there are two primary components (Strengthened energy legislation and regulations and Establishing Financing Mechanisms)		
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Current proposed activities do not generate these		
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
There are no associated activities that relate to such infrastructure		
Will the activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No such activities are included in the project		
Will the activities be located in or in the vicinity of protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
As stated in the two project primary components		
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
These type of activities are not in the proposed project		
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural,	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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artistic, and religious values or contains features considered as critical cultural heritage?		
As per the two primary components there are no direct activities that will be located in such areas		

Part B: Specific environmental and social risks and impacts

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the E&S risk category of the project been provided in the concept note?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has the rationale for the categorization of the project been provided in the relevant sections of the concept note?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Are there any additional environmental, health and safety requirements under the national laws and regulations and relevant international treaties and agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The proposal development process will explore this in detail			
Are the identification of risks and impacts based on recent or up-to-date information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Based on the current available information in relation to the project activities. It is noted that at the proposal development stage additional information /data may be required to satisfactory responds to the required details as per the SAP proposal needs and annexes			
Labour and Working Conditions	YES	NO	TBD
Will the activities potentially have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Activities does not have any direct impact on any of the above-mentioned			
Will the activities pose occupational health and safety risks to workers including supply chain workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
This is not applicable to the project			
Resource Efficiency and Pollution Prevention	YES	NO	TBD
Will the activities generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emissions, (4) noise and vibration; and (5) wastes?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
At negligible levels - such as use of road transport for travel purposes.			
Will the activities utilize significant amount of natural resources including water and energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Minimal in terms of production of educational and awareness materials including transportation			
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
As highlighted above, use of energy /water are negligible			
Community Health, Safety, and Security	YES	NO	TBD
Will the activities potentially generate risks and	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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impacts to the health and safety of the affected communities?			
Activities are not related to these			
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The activities does not require emergency preparedness			
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No conflicts anticipated as a result of proposed activities			
Land Acquisition and Involuntary Resettlement	YES	NO	TBD
Will the activities likely involve land acquisition and/or physical or economic displacement?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The two primary component activities does not have activities that will involve these			
Biodiversity Conservation and Sustainable Management of Living Natural Resources	YES	NO	TBD
Will the activities potentially introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The project focuses on legislation and establishing financing mechanisms			
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources (eg. agriculture, animal husbandry, fisheries, forestry)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The above-mentioned are not focus areas of the project			
Indigenous Peoples	YES	NO	TBD
Will the activities potentially have any indirect impacts on indigenous peoples, ethnic minorities, or vulnerable and marginalized groups?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The activities are to be revisited to articulate the exact classification of beneficiaries			
Cultural Heritage	YES	NO	TBD
Will the activities restrict access to the cultural heritage sites and properties?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is not a focus area of the proposed project			
Will there be a need to prepare a chance-find procedure in case of the discovery of cultural heritage assets?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Activities does not involve these			
Stakeholder engagement and grievance redress	Yes	NO	TBD
Will the activities include a continuing stakeholder engagement process and a grievance redress mechanism and integrated into the management/implementation plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
This will be articulated in the proposal			

Part C: Sign Off

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Sign-off: *Specify the name and designation of the person responsible for the environmental and social screening and any other approvals as may be required in the accredited entity's own management system.*

Rupeni Mario, Project development Specialist - the screening was conducted as a team and guided by an ESS Expert - a preliminary exercise