

Terminal Evaluation Review form, GEF Evaluation Office, APR 2015

1. Project Data

Summary project data			
GEF project ID		2567	
GEF Agency project ID		3093 (PIMS)	
GEF Replenishment Phase		GEF-4	
Lead GEF Agency (include all for joint projects)		UNDP	
Project name		Sustainable Economic Development through Renewable Energy (SEDREA)	
Country/Countries		Palau	
Region		Asia-Pacific	
Focal area		Climate Change	
Operational Program or Strategic Priorities/Objectives		OP-6: Promotion of the Adoption of Renewable Energy by Removing Barriers and Reducing Implementation Costs SO-5: Promotion of renewable energy for the provision of rural energy services	
Executing agencies involved		Palau Energy Office (PEO).	
NGOs/CBOs involvement		NA	
Private sector involvement		NA	
CEO Endorsement (FSP) /Approval date (MSP)		July 2008	
Effectiveness date / project start		September 2008	
Expected date of project completion (at start)		December 2011	
Actual date of project completion		December 2015	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M) ¹
Project Preparation Grant	GEF funding	0.025	NA
	Co-financing	0	NA
GEF Project Grant		0.975	NA
Co-financing	IA own	0	NA
	Government	3.405	NA
	Other multi- /bi-laterals	0	NA
	Private sector	0	NA
	NGOs/CSOs	0.02	NA
Total GEF funding		1.00	NA
Total Co-financing		3.425	NA
Total project funding (GEF grant(s) + co-financing)		4.425	NA
Terminal evaluation/review information			
TE completion date		July 2014	
Author of TE		Mahendra Kumar	
TER completion date		February 24, 2016	
TER prepared by		Caroline Laroche	

¹ No final budget figures are provided as the TE was completed before the project was granted an additional extension, during which more funds have been spent. No updated financial figures were made available to the consultant for the purpose of this TER.

TER peer review by (if GEF EO review)	Molly Watts
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2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF IEO Review
Project Outcomes	U	S	--	MU
Sustainability of Outcomes	NR	NA	--	MU
M&E Design	NR	NA	--	MS
M&E Implementation	NR	NA	--	MS
Quality of Implementation	NR	MU	--	MS
Quality of Execution	NR	NA	--	MU
Quality of the Terminal Evaluation Report	--	--	--	MS

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The main environmental objective of the SEDREA (Sustainable Economic Development through Renewable Energy (SEDREA) project was to “remove the barriers to Palau’s efforts to reduce greenhouse gas emissions through the widespread use of feasible renewable energy technologies (RETs)” (TE p.8). The project aims to increase the utilization of Palau’s renewable energy resources and to realize benefits from their use by removing barriers to renewable energy use. More specifically, the SEDREA “is expected to establish a national policy and program for renewable energy within the context of a national energy policy, create a conducive environment for investments in RETs on the power generation at the utility level, encourage application of household and village level RET applications especially in areas that cannot be served by the grid and sustain an industry to support RE technology development and commercialization” (PD² p.20). More concretely, in the long term, the project aims to augment energy supply from indigenous sources, and help Palau comply with its environment and climate change commitments.

3.2 Development Objectives of the project

The main expected outcome of the project is “the effective utilization, and realization of benefits from the use, of the country’s feasible Renewable Energy (RE) resources” (TE p.ii). The expected specific project outcomes are as follows:

- Outcome 1: RE policy and institutional capacity building;
- Outcome 2: RE technology delivery and financing mechanism;

² PD here refers to the 06-16-08 CEO Endorsement Request Document, which contains a copy of the Project Document. Page numbers refer to this document.

- Outcome 3: RE technology development and industry support;
- Outcome 4: RE information, training and advocacy; and
- Outcome 5: Programme Management Unit (PMU).

(TE p.ii)

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or other activities during implementation?

There were no changes in objectives or planned activities during implementation.

4. GEF EO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 Relevance	Rating: Satisfactory
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The TE rates relevance as satisfactory due to its overall good alignment with both Palau’s priorities and GEF’s objectives. For the same reasons, this TER also rates relevance as satisfactory.

The project, with its objective to increase the production of renewable energy in Palau, is well aligned with government priorities. Indeed, the Government of Palau (GOP), prior to this project, had already taken action to reduce energy dependence on foreign resources and to increase the production of renewable energy in the country. In addition, “the GOP President has declared renewable energy development as priority program of the national government in line with its rural electrification program through Presidential Executive Order No. 234 in 2005. The GOP has signed a communiqué on renewable energy development with Guam, Commonwealth of Northern Marianas Islands and the State of Yap in the Federated States of Micronesia to cooperate on the reduction of the growth of fossil fuel utilization in support of climate change initiatives” (PD p.21).

The project is also a very good match for the GEF Climate Change portfolio Operational Priority #6: Promotion of the Adoption of Renewable Energy by Removing Barriers and Reducing Implementation Costs. The project aims to increase the use of renewable energy in Palau, facilitating “increased access to local sources of financing for RE initiatives, and also stimulate the utilization of RE for sustainable community-based income generating activities” (PD p.21).

4.2 Effectiveness	Rating: Moderately Unsatisfactory
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The terminal evaluation was conducted in July 2014, about a year and a half before the project officially ended in December 2015. This is due to the last extension only having been granted after the completion of the final evaluation.

The TE rates effectiveness as satisfactory, while the 2015 PIR rates it as unsatisfactory. This TER rates effectiveness as moderately unsatisfactory due to a majority of project targets not having been met.

According to the TE, “the project achieved some of the key objectives, although there are others where work is in progress. In some cases the outcomes would not be realised until a few years later. In a few cases the outcomes are not going to be realised unless the project is extended, and more specific strategies are put in place for the completion” (TE p.30). Below, we discuss the project achievements for each of the main objectives and outcomes.

Overall objective

The project’s main objective was to contribute to a reduction in the growth rate of GHG emissions in Palau. The target was for the project to have installed 8.76 MW of renewable energy capacity by project end, and to increase the share of renewable energy in the country from 2.4% to 20% by 2020. By project end, measured installed energy capacity was of 0.8MW, and the share of renewable energy in Palau was not measured. According to the TE (p.17) and PIR 2015 (p.4), the targets will be achieved “once all pipeline RE projects that were facilitated by SEDREA are implemented” (TE p.4), but no evidence of progress on this front is provided. In addition, according to the TE, “the figures include contributions from other projects, notably the EU funded REP5 and North REP, as well as from bilateral sources. However, SEDREA had a major impact in catalyzing support through the necessary regulations, framework and institutional arrangements” (TE p.20).

Outcome 1: Renewable Energy (RE) policy and institutional capacity building

The main target under this outcome was the establishment of renewable energy regulation in Palau. The major outputs delivered under this outcome are “the National Energy Policy and a Strategic Energy Plan completed in October 2009, PPUC Tariff Study completed in 2010, the Penthouse Hotel Energy Audit completed in 2010, and a strengthened Palau Energy Office” (TE p.10). In addition, the Palau Senate approved the Energy Act in 2015. According to the TE, this new regulatory framework will support the diversification of energy sources in Palau.

Outcome 2: RE technology delivery and financing mechanism

The main target under this outcome was the establishment and operationalization of the Renewable Energy Fund Window (REFW), a fund for the financing of renewable energy projects in Palau. The REFW

has been established, and “95.4% of GEF funds were expended for this component” (TE p.11). According to the PIR 2015, the REFW was established, but not yet operational (PIR p.5). The National Development Bank of Palau (NDPB) is in charge of the newly established Renewable Energy Subsidy Loan Program (RESLP), and all loan officers at NDBP have been trained on renewable energy financing, exceeding the project’s target. By project end, 30 on-grid and 35 off-grid renewable energy systems had been financed and installed, exceeding the target of 25. However, only 18 of those projects meet the financial viability objectives, which is not enough to meet project’s target. (TE p.18)

Outcome 3: RE technology development and industry support

Outcome 3 aimed to establish a dependable and diversified local renewable energy industry. It aimed to have at least 5 service providers and suppliers by project end, and to generate a growth in annual business volume of at least 20% per year. By project end, only 4 service providers had been identified, and the growth in business volume had not been measured. Activities under this program included training and capacity building for the private sector.

Outcome 4: RE information, training and advocacy

The main targets under this outcome were to increase training and awareness on renewable energy, and to generate more demand for and revenues from renewable energy. None of the targets for this outcome have been achieved, and only a quarter of the funds allocated for this component were spent (TE p.12). Some national awareness campaigns were held, and efforts were made with the Palau Community College to develop a renewable energy course. Several planned activities, “such as the establishment of RE Center, creation of a database³ and training for the production of energy curricula for schools remain unfinished” (TE pp.12-13).

Outcome 5: Program Management Unit (PMU)

This to be discussed in sections on project implementation and project execution

Overall Assessment

While progress was made towards the achievement of the main objective and the individual project outcomes, very few of the project targets were met. The project was successful in improving the regulatory landscape for renewable energy in Palau, and in encouraging private sector investment in renewable energy. However, because a majority of the project targets were not met, a rating of moderately unsatisfactory is granted.

³ PEO has contracted the Palau Community College (PCC) to work on establishing an energy database. This will be done after the PEO website has been created and launched. The plan is to launch the database by end of February or early March 2014.

4.3 Efficiency	Rating: Moderately Unsatisfactory
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The TE rates efficiency as moderately satisfactory due to the presence of severe implementation delays and the inability of the project to spend its allocated budget in full. It must be noted here again that the evaluation was written before the project was granted a final extension, and that more funds were most likely spent during the last project year. This TER assigns a rating of moderately unsatisfactory due to disbursement delays, the need for several project extensions, and the reported communication issues as part of the project.

According to the TE, the implementation processes were very weak for this project, which led to several inefficiencies. Communication channels were not as open as they could have been, and the UNDP allegedly only provided administrative, and not technical, support for the project. (TE p.30)

There were initial delays in disbursing Government funds, which were later resolved. However, as will be covered in the execution section below, the Palau Energy Office was stretched thin and could not deliver the reports required for fund disbursement on time. According to the TE, “the budgeting has been effective, and disbursements made in line with annual budgets. However any delay in the receipt of the quarterly and annual progress reports, undoubtedly had implications on the approval of the budget for the next phase” (TE p.35).

Project implementation was much slower than expected, which created a need for two project extensions. No cost-effectiveness analysis has been done, nor has the project been compared to similar projects. Financial figures were not available for this TER.

4.4 Sustainability	Rating: Moderately Unlikely
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The TE rates sustainability as moderately satisfactory largely based on the efforts of the Government to source other funds to continue the renewable energy subsidies following project end. This TER rates sustainability as moderately unlikely due to the important financial risks to the project that will largely determine the potential for project continuation going forward.

Financial Risks – Sustainability Unlikely

At the moment, no funding sources have been confirmed for the continuation of the project. In 2014, the Government of Palau and the National Development Bank of Palau (NDPB) were allegedly trying to source other funds to maintain the renewable energy subsidy program developed as part of the project. However, those subsidies are not sustainable in the longer term, and will eventually have to be phased out. However, “in a small population like Palau where everyone is aware of the arrangements, there inevitably are questions by intending customers as to why they do not have the benefit of subsidies

while their predecessors had” (TE p.31). For this reason, phasing out subsidies might be difficult. Because of the subsidy phase out issue, and the lack of committed funds to maintain project activities, financial sustainability is rated as unlikely.

Institutional Risks– Sustainability Moderately Likely

The Palau Energy Framework and Energy Act that have been enacted will strengthen regulatory and institutional arrangements and support the development of renewable energy in Palau going forward, even in the absence of the continuation of any project activities. However, the Palau Energy Office “needs to be strengthened as it is not possible for one person to undertake all duties in the energy sector relating to policy and also provide technical support at project level and coordinate the energy activities effectively” (TE p.35).

Socio-political Risks – Sustainability Likely

The Government of Palau stated its intention to continue the development of renewable energy in Palau. The TE and PIRs do not mention any socio-political risks to renewable energy in Palau.

Environmental Risks – Sustainability Likely

The TE and PIRs do not mention any environmental risks to renewable energy in Palau.

5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project’s outcomes and/or sustainability? If so, in what ways and through what causal linkages?

Planned co-financing for this project represented about 75% of the project budget, and was planned to be used for renewable technology delivery and financing mechanisms.

Unfortunately, actual co-financing disbursement figures are not available for the project, and it is unclear to what extent co-financing commitments were met.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project’s outcomes and/or sustainability? If so, in what ways and through what causal linkages?

Project completion was initially planned for July 2011. This date was eventually extended to 2012, 2013, 2014 and finally to 2015. When the terminal evaluation was written, an extension request was pending, and was later granted. The need for extensions was largely due to issues and delays in setting up the Renewable Energy Fund Window and other institutional arrangements. The MTR also advised extending the project so as to give the team time to implement some of the MTR recommendations. The full history of extensions and their justifications was not available for this TER.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

This project was well aligned to national priorities, and the Government of Palau provided most of the funding for the project. According to the TE, “the active involvement and participation of the NDBP, PPUC, PCC and the PEO [several government actors] were essential for the ownership and shared vision for the project” (TE p.27). Government ownership is not discussed in any further detail in the PIRs, MTR or TE.

6. Assessment of project’s Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

6.1 M&E Design at entry	Rating: Moderately Satisfactory
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The TE does not assign a rating to M&E design at entry. This TER rates M&E design at entry as moderately satisfactory. It recognizes that the M&E design had all components necessary for a strong M&E framework, but identifies some weaknesses as well.

All aspects of a standard M&E framework were planned from the start – monitoring reports, data collection, evaluation activities, responsibilities, plan for learning and knowledge sharing, budget, etc. Useful baseline data was also provided for most quantitative indicators, which proved useful to measure project achievements. (PD pp. 45-46, 52-53)

The MTR assesses the chosen indicators as having been “suitably SMART (Specific, Measureable, Achievable, Realistic and Time-Bound). The project activities linked together in a coherent integrated approach that was designed and implemented towards achieving a single overarching purpose, namely to develop a suitable RE industry in Palau that would make a measurable impact and would be sustainable post-project end” (MTR p.40). However, upon closer inspection, we find that some of the key impact indicators are not easily measurable. For example, “growth in annual business volume on RE-based energy systems”, while being a sensible indicator, was not measurable as the numbers required for its measurement turned out not to be available anywhere. In addition, the TE criticized the M&E framework for being too ambitious: “The baselines indicated for the actual RE use in 2010 seems inflated making the projected figures for 2015 overly ambitious” (TE p.20).

6.2 M&E Implementation	Rating: Moderately Satisfactory
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The TE does not rate M&E implementation, but describes some of the M&E processes that were implemented. This TER rates M&E implementation as moderately satisfactory because all of the planned M&E activities were implemented, but noting that the quality of some of the monitoring outputs could have been better.

“The Monitoring Framework and Evaluation was based on Quarterly Progress Reports (QPR) within the annual cycle and on Annual Review and Project Reports. The QPRs provided by the PEO to UNDP were generally comprehensive with clear description of the expenditure (...) The AWP’s from the PEO were comprehensive and well intentioned” (TE pp.14-15). The Mid-Term Review and Terminal Evaluation also took place as planned.

However, progress was not monitored frequently enough, and not sufficiently relied upon to support project planning: “There should have been more effective monitoring of the progress with respect to the original indicators and targets. This would have helped with the early identification of the bottlenecks and issues that were impeding the project’s progress” (TE p.35). The narrative in the reports was apparently not fully reflective of real project progress against established deliverables.

On the upside, the project appears to have addressed the key recommendations from the mid-term review (TE p.38).

7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 Quality of Project Implementation	Rating: Moderately Satisfactory
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The project was implemented by UNDP. The TE assigns a rating of moderately satisfactory to the ‘implementation processes’. However, by ‘implementation processes’ the TE implies both project implementation and project execution. This TER rates project implementation as moderately satisfactory due to the communication issues experienced between UNDP and PEO, and the lacking of technical support from UNDP during implementation.

The TE notes several implementation challenges for this project. First, there were issues with “the coordination and communications between UNDP MCO and PEO” (TE p.32) which affected deliverables and risk management. According to the TE, this communication problem had an impact on the quality of the project: “The delay in provision of information in a timely and systematic way has a major impact in meeting deadlines and enhancing efficiency in the processes” (TE pp. 15-16), and better communication could have enabled a better response from the executing team (TE p.32).

Second, as mentioned in the M&E Design section above, there were issues related to project formulation, mostly in relation to the targets adopted for the project. However, the TE recognizes that the indicators and targets were “deemed appropriate during the design of the project at the time” (TE pp.iii-iv).

Third, technical support from UNDP appears to have been very good during the formulation phase, but somewhat weak during project implementation: “At the time of the project inception and initiation, the project was ably supported by UNDP’s experts who were familiar with the technical issues of energy as well as project management and its challenges at the national level. It seems, however, that different people were tasked to deal with the oversight of the project for various periods during its implementation. This obviously did not provide sufficient continuity or understanding of the project to enable more direct UNDP advice in assisting the PEO in reorienting/refocusing activities with the changing circumstances within the country [...] Subsequently the lack of technical support seemed to have had some effect on the progress and reporting of the activities” (TE pp. 15-16). That being said, it is unclear whether or not the need for additional technical support was appropriately communicated to UNDP.

7.2 Quality of Project Execution	Rating: Moderately Unsatisfactory
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The executing agency for this project was the Palau Energy Office (PEO). The TE does not assign a rating to the PEO specifically, but gives ‘implementation processes’ a rating of moderately satisfactory. In the TE, ‘implementation processes’ refer to both project implementation and project execution. This TER also rates project implementation as moderately unsatisfactory due to the inadequate staffing of the PEO for this project, and their inability to meet reporting deadlines that caused severe project delays.

The main challenge for the PEO in executing this project was that its human resources were extremely limited. With a staff of 2, the PEO could clearly not execute the project on its own, and had to outsource important project components to other entities, such as the National Development Bank of Palau (NDBP). As a result, the PEO appears to have somewhat lost sight of the overall project development, and there was no real concerted approach at meeting project targets. In addition, the lack of time and resources at PEO “did inevitably affect the reporting requirements as well as other activities that remain incomplete” (TE p.27). This also affected the quality of communications with UNDP, and the speed of project disbursements. The PEO should have devoted more human resources to the SEDREA project.

Several delays were experienced at different stages of the project life cycle. There were delays in submitting the reports required for budgets to be approved for subsequent project phases, “undoubtedly contributing to the delay in implementation of activities. The delays were attributed to the work commitments of the PEO, in particular absence on approved duty travels” (TE p.15).

On the other hand, the TE reports that the SEDREA project benefited from an “excellent partnership between key stakeholders” (TE p.28), in particular between the PEO and the NDBP, which ended up implementing a large part of the total budget. “The Bank implemented this component competently and professionally through use of appropriate consultants and by undertaking related activities such as capacity building, training and advocacy (...) The personal commitment and passion shown by the leadership of NDBP and their genuine belief in the role of RE in Palau’s energy sector was also instrumental in shaping the course of the project” (TE p.28). The TE also reports the SEDREA project working well with other donor funded renewable energy projects in Palau.

8. Assessment of Project Impacts

Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

Having increased the share of renewable energy in Palau, and having set the stage for further increases in renewable energy use in the country, the project will certainly have an impact on the environment. While greenhouse gas emissions reductions have not been measured, they certainly took place. Indeed, “the project potentially will have significant environmental and ecological impacts in terms of reducing carbon emissions and pursuing a non-carbon pathway to development” (TE p.31), and will help Palau meet its ambitious target of 20% renewables by 2020.

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

Socioeconomic change was not a principal objective for this project. Nonetheless, enhanced renewable energy provision in Palau had the impact of regularizing the supply of electricity to beneficiary households and, thanks to the energy subsidies, reduced the cost of energy. According to the 2015 PIR, “all beneficiary households have a consistent supply of electricity and

can fully undertake both productive and reproductive tasks; all households commended the huge financial savings brought about by the REFW financing scheme (...) Financial savings have been well utilized for family obligations, children's welfare and education, top-up of loan repayment, and for meaningful leisure" (PIR p.16).

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. "Capacities" include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. "Governance" refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

The SEDREA project featured several capacity building and training components. First, training was provided to the private sector on the topic of renewable energy installation and maintenance. Two local contractors are still working closely with the NDBP on the renewable energy program, and the trainings provided are "helping qualify staff of private companies (such as WCTC) to confidently undertake installations and maintenance of solar home systems" (PIR 2015, p.16). Second, a renewable energy curriculum was developed with the Palau Community College: "the short-term training course for 'designing, installation, maintenance and repair of solar systems' is successfully piloted on two occasions: the first was conducted in June 2013 where 12 students received training and the second in July 2014 where a female was part of the six students that received training. The on-grid component of the course has been integrated into the curriculum and therefore can be sustained as part of PCC's training programme while the off-grid component is only conducted based on demand" (PIR 2015, p.16).

b) Governance

The project contributed to establishing renewable energy regulation in Palau. In 2015, the Palau Senate approved the Energy Act. In 2009, the National Energy Policy and a Strategic Energy Plan were completed. This new regulatory framework, as well as the strengthening of the Palau Energy Office, will support the diversification of energy sources in Palau.

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

No unintended impacts have been recorded as part of this project.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been

mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

No components of this project have yet been adopted at scale. However, according to the TE, the Renewable Energy Funding Window (REFW) components of the project “is a great example of how the commercial sector, including development banks, can be involved in the process and contribute tangibly to their social responsibilities in the context of small island countries. The positive results of SEDREA are now being considered in the Pacific through ADFIP and a partnership with IUCN with its Italian and Austrian funding as well as via the UNDP-GEF PIGGAREP project” (TE p.36).

9. Lessons and recommendations

9.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

The main lessons learnt and general recommendations described in the TE are the following:

- The use of local consultants was limited mainly because the expertise did not exist locally. To ensure that local capacity is built in future projects, a local understudy should be assigned to the overseas consultants, and should be intimately involved in all facets ranging from consultations, development of methodology and materials, analysis and compiling reports. It is recommended that future UNDP funded projects make specific provision for the use of local understudies who should be closely involved with the consultants. This will allow the acquiring of useful skills and knowledge on the methodology and greater understanding of the issues. In the final analysis this will result in much needed capacity development. (TE p. 39)
- UNDP should consider more tangible direct technical support for such projects during implementation, recognizing the limitation within countries. (TE p.v)
- The REFW model could be rolled out to other countries. This project “would be a good candidate for a viable ‘south-south’ cooperation. UNDP could assist in highlighting this positive outcome and extending this to other countries of the region, most of which are keen to increase the share of renewables in the energy mix.” (TE p.40).

9.2 Briefly describe the recommendations for this project given in the terminal evaluation.

The main project recommendations are the following:

- Strengthen the National Energy Committee (NEC) and its TOR for more meaningful coordination and robust monitoring and reporting functions;
- Finalize the Palau Energy Framework and Energy Act;
- Explore scope for MOUs with North REP and other partners and short-term targeted consultancies to complete some of the pending activities;
- Explore partnership with the SIDS DOCK-PIGGAREP+ project on solar PV desalination systems on Kaynagel;
- Share and help roll out the positive accomplishments such as the RE funding window to other countries in the region;
- Manage carefully the concerns of the utility through robust analysis and education;

(TE p.v, pp.40-41))

10. Quality of the Terminal Evaluation Report

A six point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	GEF EO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The report does contain an assessment of relevant outcomes and impacts, but the discussion of those outcomes is very general and does not describe specific deliverables.	MS
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report is consistent, but the evidence is not complete. Many ratings are missing (M&E Design, M&E Execution, Project Execution), and other important topics, such as sustainability, are not adequately discussed and evidenced.	MS
To what extent does the report properly assess project sustainability and/or project exit strategy?	The discussion of sustainability and project exit are very limited. Sustainability is only discussed in terms of financial sustainability.	MU
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are supported by evidence but do not appear comprehensive. They are, for the most part, very project-specific and no real effort at generalization appears to have been made.	MU
Does the report include the actual project costs (total and per activity) and actual co-financing used?	Activity-level figures were not available to the evaluation consultant. Actual GEF spending figures were available, but not actual co-financing figures.	U
Assess the quality of the report's evaluation of project M&E systems:	The report only provides a cursory description of M&E design and implementation, with limited evaluative elements.	MS
Overall TE Rating		MS

11. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

No additional sources were used in the preparation of this TER.