

# Power System Modernization for Clean Energy Integration in Nauru

Review PIF and Make a recommendation

## Basic project information

**GEF ID**  
12263  
**Countries**  
Nauru  
**Project Name**  
Power System Modernization for Clean Energy Integration in Nauru  
**Agencies**  
UNDP  
**Date received by PM**  
1/7/2026  
**Review completed by PM**  
3/22/2026  
**Program Manager**  
Saba Kalam  
**Focal Area**  
Climate Change  
**Project Type**  
MSP

## GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

### 1. General Project Information / Eligibility

- a) Does the project meet the criteria for eligibility for GEF funding?
- b) Is the General Project Information table correctly populated?

Secretariat's Comments

3/12/2026

Cleared, execution role changed.

1/26/2026

1. The only Executing Partner endorsed in the LoE is the Department of Climate Change and National Resilience (DCCNR). We understand the Agency will seek the approval for the dual implementation / execution role during the preparation phase. In the meantime, please respond ?No? to the question ?Does the GEF Agency expect to play an execution role on this project??.

### Coordination and Cooperation with Ongoing Initiatives and Project.

Does the GEF Agency expect to play an execution role on this project?  Yes

If so, please describe that role here. Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and sharing of expertise/staffing

The project is designed to complement the ADB initiative Solar Power Development Project (FFP NAU 49450). In doing so, it creates the necessary synergies to expand Nauru's solar generation capacity. While the ADB project addresses tapping the power RE generation potential, the GEF-financed BESS provides the flexibility required to capture excess RE production that would otherwise be curtailed.

The deployment of BESS facility is planned for co-location with the new ADB solar facilities, enabling efficient interconnection and minimizing transmission losses. The proximity optimizes resources, allowing both initiatives to benefit from shared infrastructure, interconnection points, and monitoring systems. Coordination between NUC and DCCNR, will ensure that operational data from both systems is centralized into SCADA platform, improving real-time monitoring and adaptive energy management. Institutional synergies are also anticipated with the ADB.

Technical trainings will also require institutional coordination. While the content of training modules will be discussed with ADB staff for consistency, they are expected to build NUC and DCCNR's capacity beyond the scope of this single project.

Furthermore, the institutional knowledge generated through the BESS and RE integration project's capacity-building, technical documentation, and monitoring framework will be available to inform ongoing RE initiatives in the region.

### Agency's Comments

#### 1st Review

The response is changed to No.

#### 2. Project Summary

**Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?**

### Secretariat's Comments

03/12/2026

Cleared. The project document has been revised to clearly indicate the relevant GEF focal area and the specific programming priorities to which the project contributes. The project aligns with the Climate Change focal area and supports the GEF programming priorities. The baseline scenario has been clarified in the revised document.

It has been clarified that when the Asian Development Bank approved the project in 2019, battery storage in Nauru was at an early stage of technical and institutional development. The initial system was therefore designed conservatively to support grid stability. Funding from the Government and the Asian Development Bank continues to focus on baseline generation and reliability investments and does not extend to additional load shifting storage or related governance

measures. Given fiscal constraints and competing priorities, reallocating these resources is not feasible. GEF support therefore covers the incremental storage capacity and risk mitigation measures required to reduce curtailment and ensure sustained system performance.

1/26/2026

1. Please include GEF focal area and programming priorities the project contributes to.
2. Please specify what would happen in the baseline scenario without GEF support and how GEF support reduces investment risk in measurable ways.
3. Please specify why ADB or the Government of Nauru cant fund this intervention.

## Agency's Comments

### 1st Review

1. Updated the Project Summary to specify alignment with the GEF-8 Climate Change Focal Area, Pillar I, including Programming Directions 1.1 and 1.2.
2. In the baseline scenario, approximately 2,000 MWh/year of solar generation would continue to be curtailed, with diesel covering evening peaks, locking in avoidable emissions and fuel costs. GEF support reduces investment risk by financing incremental load-shifting storage, embedding performance-based procurement and SCADA monitoring, and generating verifiable data on curtailment reduction, diesel displacement, and BESS availability to improve bankability and scale-up confidence.
3. At the time of ADB approval in 2019, battery storage deployment in Nauru had limited technical and institutional maturity, leading to a conservative, first-stage BESS focused on grid stability under uncertainty. ADB and Government resources remain allocated to baseline generation and reliability investments within that framework. They do not cover incremental load-shifting storage or the enabling governance measures now required. Given fiscal constraints and competing priorities, reallocating domestic or MDB funds is not feasible. GEF therefore finances the incremental capacity and associated risk-mitigation package needed to reduce curtailment and ensure sustained performance.

### **3 Indicative Project Overview**

- 3.1 a) Is the project objective presented as a concise statement and clear?**
- b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?**

## Secretariat's Comments

3/12/2026

- 3.1 b) Cleared. The components and outputs have been further strengthened.

1/26/2026

- 3.1 a) Cleared

- 3.1 b) Please strengthen the components, outcomes and outputs based on the comments provided on the ToC. The components, outcomes and outputs should sufficiently reflect the critical elements highlighted on the sustainability and scaling up aspects of the project.

## Agency's Comments

### **1st Review**

3.1 b) Components 2 and 3 were strengthened to fully integrate sustainability and scale-up elements into outcomes and outputs. The PIF now includes formal adoption of regulatory provisions, long-term O&M and replacement financing planning, cost-recovery and budget integration mechanisms, and a structured storage scale-up roadmap. Institutional sustainability is reinforced through SOPs, mandatory refresher training and periodic re-certification, and a SCADA-linked digital monitoring and knowledge management system to safeguard performance, utilization, and replicability.

**3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?**

## Secretariat's Comments

3/12/2026

1. Cleared. To be further detailed out during the PPG
2. Cleared. The document has been revised to include women participation in technical and supervisory roles in the project. Under component 3, gender-responsive capacity development measures will be embedded within all training, certification and supervisory strengthening activities, ensuring the systematic inclusion of women in technical and supervisory roles.
3. Cleared but this needs to be expanded further in the PPG stage. The component 2 has not sufficiently addressed the earlier comment.
4. Cleared. This comment has been addressed in component 4.

1/26/2026

1. It will be good to include formal mechanism to institutionalize learning, such as standard operating procedures or mandated refresher training on operation and maintenance. Regional learning platforms, peer exchanges, or documentation mentioned but needs further elaboration during the PPG phase.
2. Please add how women's participation contributes to project outcomes rather than just being benefitted from the project outcomes.
3. (OP Team) Under 2.1, please integrate how gender perspectives and women's contributions are going to be taken into account in the development of regulations and technologies, investment mechanism, etc.
4. (OP Team) Under M&E, please make a reference to include in PIRs, MTRs and TE, reports on gender-specific results, including the implementation of the Gender Action Plan.

## Agency's Comments

### **1st Review**

1. Integrated formal institutionalization mechanisms under Output 3.1.1 (SOPs, mandatory refresher training, periodic re-certification, and training-of-trainers) and under Output 3.1.2

(digital platform hosting SOPs, modules, and competency records), with further detail to be finalized during PPG.

2. Women's participation was repositioned as a driver of operational performance rather than a passive benefit. The design now links women's technical roles in grid operation, monitoring, and reporting to improved continuity, compliance with SOPs, and data quality. Sex-disaggregated training and certification ensure that expanded participation strengthens institutional resilience, safeguards BESS utilization, and directly supports sustained renewable integration outcomes.

3. Component 2 now integrates gender perspectives into regulatory and enabling measures. The development of BESS regulations, technical guidelines, and investment studies incorporates gender-responsive consultations, role-based competency provisions, and reporting requirements. Regulatory instruments reference inclusive workforce participation and data transparency, while investment mechanism analyses assess gender-related access barriers. These additions are operationalized through the Gender Action Plan.

4. Updated M&E to confirm that PIRs, and the TE will report against gender indicators and the implementation status of the Gender Action Plan.

**3.3 a) Are the components adequately funded?**

**b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?**

**c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?**

#### Secretariat's Comments

3/12/2026

3.3 a: Cleared. Given that the BESS was not financed when the project was approved in 2019 (by ADB), battery storage in Nauru was designed conservatively to support grid stability due to limited technical and institutional maturity at the time. The incremental storage capacity and risk mitigation measures are needed to reduce curtailment and ensure sustained system performance, which justifies the upfront investment.

The performance-based procurement, staged payments linked to FAT/SAT and commissioning milestones, minimum availability thresholds, remedies for non-performance, long-term service and warranty coverage, and independent technical supervision will reduce the risk of the upfront investment.

Considering the capital intensive nature of the project (88% infrastructure cost), lower M&E allocation can be considered.

3.3 b: Cleared. The co financing structure appears appropriate for the national context. In Nauru, the electricity sector operates through a vertically integrated state owned utility, which limits opportunities for private capital participation. As a result, private sector engagement is generally confined to construction and maintenance services rather than equity or capital investment. Given these structural constraints, the 1:4 co financing ratio supported by Government contributions is reasonable, and expecting a higher leverage level would not be realistic.

1/26/2026

3.3 a) The majority of the requested funding is for component 1 i.e 88% of the the total grant requested. It is understandable that such projects require upfront cost for infrastructure development but 88% to component 1 posses a huge risk to the project. Other two components are inadequately funded 4% and 5% of the total grant requested. M&E is 2.6% of the total grant requested.

3.3 b) The total co-financing is 1:4. The PMC co-financing is also 1:4. However, in such a project higher overall co-financing is expected. Please consider to enhance co-financing component 1 and try to redistribute resources in component 2 &3.

(OP Team): Note that the GEF and co-financing resources allocated to PMC are 3.1%, while for projects below \$2 million it could be 10% - please let the Agency know about this in case that at the end of the preparation there is a need to allocate more funds to cover the costs associated with the project?s execution.

	Sub Total (\$)	1,721,456.00	6,885,824.00
<b>Project Management Cost (PMC)</b>			
	GET	55,029.00	220,116.00
	Sub Total(\$)	55,029.00	220,116.00
	Total Project Cost(\$)	1,776,485.00	7,105,940.00

## Agency's Comments

### 1st Review

3.3 a) The allocation was maintained given the infrastructure-driven nature of the intervention, and additional measures were introduced to mitigate implementation and performance risks associated with Component 1. These include performance-based procurement, staged payments linked to FAT/SAT and commissioning milestones, minimum availability thresholds, remedies for non-performance, long-term service and warranty coverage, and independent technical supervision. Components 2 and 3 are purposefully designed as targeted, high-leverage measures that institutionalize standards, SOPs, and certified competencies, thereby reducing underutilization and performance risks. M&E resources remain proportionate to comparable capital-intensive projects while enabling adaptive oversight.

3.3 b) The overall co-financing ratio (1:4) was maintained, reflecting confirmed Government contributions and the structure presented in Annex A. Given Nauru?s vertically integrated, state-owned utility model, private sector participation is expected to remain limited to construction and maintenance services rather than capital co-investment. In this context, a higher leverage ratio would not be realistic.

PMC allocations will be revisited during PPG if execution cost requirements warrant adjustments.

## 4 Project Outline

### A. Project Rationale

#### 4.1 SITUATION ANALYSIS

**a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?**

**b) Are the key barriers and enablers identified?**

Secretariat's Comments

3/12/2026

Cleared. Detail justification added in the rationale section.

1/26/2026

4.1 a) Given the small size of the investment and the fact that battery storage is increasingly viewed as a mature technology, the project must clearly explain why this would not happen without GEF support. Also, the success of the project and expansion depends a lot on clear ownership of standards, operating procedures, and maintenance arrangements, the BESS risks becoming underutilized or poorly managed. This needs to be addressed in the PIF.

4.1 b) Cleared

Agency's Comments

**1st Review**

a. Strengthened the Situation Analysis and Project Rationale to clarify that, although battery storage is commercially mature, its effective deployment in a small island such as Nauru requires both incremental load-shifting BESS capacity and a complementary enabling package not covered under baseline financing. This includes formal ownership of standards, enforceable SOPs, long-term service and O&M arrangements, lifecycle replacement planning, competency institutionalization, and structured monitoring. Without GEF support, neither the additional storage capacity nor these governance and operational elements would be financed, increasing the risk of underutilization, weak asset management, and limited scalability.

**4.2 JUSTIFICATION FOR PROJECT**

**a) Is there an indication of why the project approach has been selected over other potential options?**

**b) Does it ensure resilience to future changes in the drivers?**

**c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?**

**d) are the relevant stakeholders and their roles adequately described?**

Secretariat's Comments

3/12/2026

4.2 a) Cleared. Justification added.

4.2 b) Cleared. To be developed at the PPG stage.

4.2 c) The detail of the meetings has not been provided.

1/26/2026

4.2 a) Please specify why ADB or the Government of Nauru cant fund this intervention.

b) Climate resilience is addressed technically, but there is no reference to disaster recovery protocols or insurance mechanisms for this critical energy infrastructure. Please address this during the PPG phase.

c) Cleared

d) Provide a list of the key stakeholders and their role in the project.

(OP Team): Provide details of the meeting with stakeholders including key highlights of the meeting, date and time, people attended; and organize consultation with Civil societies, Private Sector and local communities during the PPG phase.

## Agency's Comments

### 1st Review

a. An explicit additionality and design rationale was incorporated. At the time of ADB approval in 2019, storage deployment in Nauru faced technical and institutional uncertainty, leading to a first-stage, stability-oriented configuration. Current operating conditions?characterized by demonstrated curtailment and higher renewable penetration?require incremental load-shifting capacity combined with governance and lifecycle measures not included in baseline investments. ADB and Government resources remain committed to generation and grid reliability priorities within existing financing envelopes. Given fiscal constraints and limited scope for restructuring MDB-approved investments, the GEF-financed incremental storage coupled with an enabling package represents the most effective option to achieve sustained utilization and scalable expansion.

b. Added commitments for PPG to develop disaster recovery protocols and to assess appropriate insurance/contingency arrangements for critical energy infrastructure; the risk table also includes mitigation for inability to insure BESS assets.

d. Expanded the stakeholder section to list key institutions and roles (DCCNR, NUC, MoF/PSC, DEMA, and the trained workforce). PPG will also deliver structured consultations with local communities, CSOs and relevant private sector actors, and document meeting highlights (date/time/participants) to inform final design and safeguards instruments.

## 5 B. Project Description

### 5.1 THEORY OF CHANGE

**a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?**

**b) Are the key outputs of each component defined (where possible)?**

## Secretariat's Comments

3/12/2026

Cleared. All points covered. Some of the elements to be covered during the PPG phase.

1/26/2026

1. The Theory of Change remains largely qualitative. It does not define indicative targets such as expected percentage increase in renewable penetration, diesel displacement, or emissions reductions attributable to the BESS in the long run.
2. Please include some explanation on why BESS and regulatory reforms would not be financed through domestic or MDB resources alone.
3. While sustainability is discussed institutionally, there is no explicit explanation of how operational and maintenance costs of the BESS will be financed post-project. There is no articulated roadmap for scaling storage capacity beyond the initial 0.8 MW/1.6 MWh system. Without a defined scaling pathway, the intervention risks remaining a pilot rather than a system changer.
4. Grid constraints outside the immediate solar-BESS interface, such as distribution bottlenecks or load management issues, have not been considered.
5. Clear institutional roles and responsibilities for regulatory endorsement and enforcement are missing. The institutional ownership of regulatory reforms is not clearly defined, including which ministry or authority will lead endorsement, enforcement, and periodic updating. Enforcement mechanisms and periodic updating of regulations are not addressed.
6. There is no timeline or sequencing for regulatory adoption, which creates uncertainty about feasibility within the project duration.
7. Explicit explanation of how BESS operation, maintenance, warranty, and replacement will be financed is missing. Battery degradation and replacement costs after project closure are not factored into sustainability planning. There is no explicit plan for spare parts availability, vendor support, or software updates.
8. Tariff implications or cost recovery mechanisms have not been considered.
9. Staff retention risks are not addressed, which is critical in small utilities with high turnover.

## Agency's Comments

### **1st Review**

1. The ToC was strengthened by incorporating indicative operational benchmarks, including current curtailment levels and associated diesel use and emissions implications. It now links outcomes to SCADA-based KPIs tracking renewable utilization, diesel displacement, and BESS availability/performance. The precise long-term percentage targets will be refined during PPG through a dispatch optimization assessment and storage scale-up strategy.
2. Strengthened the justification for additionality, explaining that domestic and MDB resources are currently directed toward baseline generation and grid stability investments, within financing envelopes defined under the 2019 first-stage design. These resources do not extend to

incremental load-shifting storage or the associated readiness required for sustained utilization and scale-up.

3. Added explicit sustainability provisions: an O&M and replacement financing plan, service/warranty arrangements, and a storage scale-up roadmap beyond the project capacity

outlining sequencing, institutional responsibilities, and financing pathways. These measures ensure the BESS does not remain a stand-alone pilot but anchors progressive system transformation.

4. The activities covering storage scale-up assessment and roadmap preparation were expanded to explicitly consider grid constraints beyond the immediate solar/BESS interface, including distribution bottlenecks, feeder capacity limits, load management challenges, and demand-side integration needs. The roadmap will identify measures and institutional responsibilities required to enable future storage expansion and broader grid modernization.

5. Clarified institutional roles for regulatory development and oversight and linked them to Component 2 outputs and implementation arrangements.

6. Added that regulatory sequencing, milestones, and periodic updating arrangements will be defined during PPG.

7. Clarified procurement requirements (service, warranties, spares, software updates) and added the post-project O&M and replacement financing plan to address long-term sustainability.

8. Added cost-recovery and budget integration considerations to be further developed during PPG.

9. Addressed staff turnover through institutionalized training, certification, refresher training, periodic re-certification, and a competency register; reflected in outputs and the risk table.

## 5.2 INCREMENTAL/ADDITIONAL COST REASONING

**Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

Secretariat's Comments

3/12/2026

Cleared. Justification added in the document.

1/26/2026

5.2 Yes, but please elaborate why ADB or Govt. of Nauru cant fund this and what will happen without GEF funding.

Agency's Comments

### 1st Review

1. Expanded the incremental/additional cost reasoning to describe the BAU scenario?continued solar curtailment and reliance on diesel generation?and the associated emissions and fuel cost implications. It also clarifies that ADB and Government resources are allocated to baseline generation and stability investments within existing financing envelopes, and are unlikely to

cover incremental load-shifting storage and the enabling governance package. The section further explains how GEF support measurably reduces investment and performance risks through strengthened procurement safeguards, commissioning verification, and SCADA-linked operational monitoring.

### **5.3 IMPLEMENTATION FRAMEWORK**

**a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?**

**b) Comments to proposed agency execution support (if agency expects to request exception).**

**c) Is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area**

**d) Are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?**

#### Secretariat's Comments

3/12/2026

Cleared.

1/26/2026

5.3 a) Cleared

5.3 b) The agency has requested dual execution, please provide the required documentation and a formal request from the Government of Nauru to the agency with clear justification. The approval is subject to review of the request by the GEF secretariat.

5.3 c) Cleared. The project has described coordination with the ADB project and other climate change adaptation projects in Nauru.

5.3 d) Cleared. Please include coordination with regional institutions or Pacific energy networks during the PPG phase.

#### Agency's Comments

##### **1st Review**

b. The Agency will submit the required Government request letter and justification for dual execution during PPG for Secretariat review; until approval, execution arrangements remain as endorsed in the LoE and reflected in the response matrix.

d. Updated the PIF to include coordination with Pacific regional energy institutions/networks during PPG and implementation, including peer exchange and regional knowledge-sharing.

**5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?**

**b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?**

Secretariat's Comments

1/26/2026

Please share the GHG emission reduction calculation sheet.

Agency's Comments

**1st Review**

1. The GHG emission reduction calculation sheet is attached.

**5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?**

Secretariat's CommentsNA

Agency's Comments

**5.6 RISKS**

**a) Is there a well-articulated assessment of risk and identification of mitigation measures under each relevant risk category?**

**b) Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?**

**c) Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat's Comments

3/12/2026

Cleared. All suggested risks and details added.

1/26/2026

5.6 a)

Environmental risks: Nauru is vulnerable to cyclones, sea-level rise, and extreme rainfall. The table does not explicitly mention risks to BESS and solar infrastructure from storms, flooding, or corrosion due to salty moisture. Also include risks due to electrochemical hazards.

Technological risks: Beyond regulation, actual availability of recycling facilities in the region could limit implementation.

Capacity Risks: Skilled staff turnover to be included.

5.6 b) Yes, for existing risks. Cleared

5.6 c) Cleared. To be further elaborated during the PPG phase.

Agency's Comments

**1st Review**

a. Updated the risk table to explicitly include BESS-related climate hazards (cyclones/strong storms, storm surge and flooding), marine corrosion, electrochemical hazards, recycling/end-of-life constraints, and staff turnover risks, with corresponding mitigation measures (design, SOPs, contractual service requirements, and training/recertification).

c. Noted (cleared); further detail will be elaborated during PPG, including in the ESMP and detailed O&M protocols.

### **5.7 Qualitative assessment**

**a) Does the project intend to be well integrated, durable, and transformative?**

**b) Is there potential for innovation and scaling-up?**

**c) Will the project contribute to an improved alignment of national policies (policy coherence)?**

### Secretariat's Comments

3/12/2026

Cleared

1/26/2026

5.7 a) For Nauru, this project proposes a meaningful shift from the current situation. By adding battery storage, solar energy can finally be used when people need it most, reducing the constant reliance on imported diesel and improving the reliability of electricity for households and essential services. At the same time, the project needs to strengthen local institutions by putting clear rules, operating practices, and skills in place, so the system can be managed confidently by national actors over the long term. While the absolute scale is small, the change is significant for a micro-grid system like Nauru.

b) The project needs to further articulate a vision for scaling storage capacity beyond the initial 0.8 MW/1.6 MWh system. Without a defined scaling pathway, the intervention risks remaining a pilot rather than a system changer.

c) Yes if clear institutional roles and responsibilities for regulatory endorsement and enforcement are outlined.

### Agency's Comments

#### **1st Review**

a. Reflected this point in the narrative by emphasizing the system-level shift enabled by storage (reduced curtailment and diesel reliance, improved reliability for essential services), as well as the strengthening of institutional capacities to ensure long-term operation.

b. The project design was strengthened by incorporating a structured storage scale-up roadmap beyond the initial BESS capacity (Output 2.1.4). The roadmap defines phased technical expansion, sequencing, institutional responsibilities, and financing pathways required for progressive capacity addition. Moreover, the design articulates transferability to other Pacific island microgrids, positioning the intervention as a platform for sustained system transformation rather than a stand-alone pilot.

c. Clarified regulatory ownership through defined stakeholder roles and by linking regulatory development responsibilities to Component 2 outputs and implementation arrangements.

## **6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities**

**6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?**

Secretariat's Comments

1/26/2026

6.1 Cleared.

Agency's Comments

**6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)**

Secretariat's Comments

1/26/2026

6.2 Cleared.

Agency's Comments

**6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?**

Secretariat's CommentsNA

Agency's Comments

## **7 D. Policy Requirements**

**7.1 Is the Policy Requirements section completed?**

Secretariat's Comments

3/12/2026

Cleared

1/26/2026

7.1 Answer the question related to private sector

## Private Sector

Will there be private sector engagement in the project?

And if so, has its role been described and justified in the section B project description?

Agency's Comments

### **1st Review**

1. Private sector engagement is expected in a limited form (procurement, supply, installation, and service provision). The PIF does not assume private ownership or operation of the BESS during implementation. The project also includes enabling work (Output 2.1.3) to assess policy options and investment mechanisms that could facilitate future private participation once conditions are in place.

**7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?**

Secretariat's Comments

3/12/2026

Cleared

1/26/2026

1. More information required on the details of the meeting with stakeholders including key highlights of the meeting, date and time, people attended.

2. It is recommended to organise consultation with Civil societies, Private Sector and local communities during the PPG phase.

3. The project does not involve resettlement, does not restrict access to resources, and does not target or exclude any community group. Therefore, the project did not undertake consultation with local communities but it is recommended to consult local communities during the PPG phase. If communities are not adequately informed, there is a risk of misunderstanding or concern about battery safety, fire risks, etc.

Agency's Comments

### **1st Review**

1. Detailed meeting information (date/time/participants/highlights) will be documented during PPG.

2. This will be addressed during the PPG phase through structured consultations with, relevant private and public sector actors, and local communities.

3. Confirmed that no resettlement or access restrictions are expected; structured community engagement during PPG will address information gaps (e.g., battery safety and fire risks) and inform final design and safeguards instruments.

## 8 Annexes

### Annex A: Financing Tables

**8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

**STAR allocation?**

Secretariat's Comments

3/12/2026

Cleared. The co financing structure appears appropriate for the national context. In Nauru, the electricity sector operates through a vertically integrated state owned utility, which limits opportunities for private capital participation. As a result, private sector engagement is generally confined to construction and maintenance services rather than equity or capital investment. Given these structural constraints, the 1:4 co financing ratio supported by Government contributions is reasonable, and expecting a higher leverage level would not be realistic.

1/26/2026

8.1 The total co-financing is 1:4. The PMC co-financing is also 1:4. However, in such a project higher overall co-financing is expected. Please consider to enhance co-financing component 1 and try to redistribute resources in component 2 &3

Agency's Comments

#### **1st Review**

1. Maintained the overall co-financing ratio as presented in Annex A and clarified the rationale for the allocation across components. The PIF also strengthens risk mitigation measures to ensure that the infrastructure-heavy component delivers sustained operational results.

**Focal Area allocation?**

Secretariat's CommentsCleared

Agency's Comments

**LDCF under the principle of equitable access?**

Secretariat's CommentsNA

Agency's Comments

**SCCF A (SIDS)?**

Secretariat's CommentsNA

Agency's Comments

**SCCF B (Tech Transfer, Innovation, Private Sector)?**

Secretariat's CommentsNA

Agency's Comments

**Focal Area Set Aside?**

Secretariat's CommentsNA

Agency's Comments

**8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?**

Secretariat's CommentsCleared

Agency's Comments

**8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat's Comments

3/12/2026

Cleared. The co financing structure appears appropriate for the national context. In Nauru, the electricity sector operates through a vertically integrated state owned utility, which limits opportunities for private capital participation. As a result, private sector engagement is generally confined to construction and maintenance services rather than equity or capital investment. Given these structural constraints, the 1:4 co financing ratio supported by Government contributions is reasonable, and expecting a higher leverage level would not be realistic.

1/26/2026

The total co-financing is 1:4. However, in such a project higher overall co-financing is expected. Please consider to enhance co-financing for component 1 and try to redistribute resources in component 2 &3.

## Agency's Comments

### **1st Review**

1. Maintained the overall co-financing ratio as presented in Annex A and clarified the rationale for the allocation across components. The PIF also strengthens risk mitigation measures to ensure that the infrastructure-heavy component delivers sustained operational results.

### **Annex B: Endorsements**

**8.4 Has the project been endorsed by the country? (ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?**

## Secretariat's Comments

3/12/2026

Cleared

1/26/2026

1. The project has been endorsed by Mrs. Berilyn Jeremiah, OFP since 2018
2. The project title as per PIF is "Power System Modernization for Clean Energy Integration (PSMCEI)", whereas the title as per the LoE is "Power System Modernization for Clean Energy Integration in Nauru". Please change the title in the PIF.
3. The LoE highlights the project will be executed by the Government of Nauru. However, the agency has indicated the project will be executed by the Agency. Please clarify

## Agency's Comments

### **1st Review**

2. Updated the project title.
3. Clarified execution arrangements: the LoE reflects Government execution. The Agency may formally request dual execution during PPG for Secretariat review; until such approval, the Agency does not expect to play an execution role.

**Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?**

Secretariat's Comments

1/26/2026

Cleared

Agency's Comments

**Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?**

Secretariat's Comments

1/26/2026

Cleared

Agency's Comments

**8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?**

Secretariat's CommentsNA

Agency's Comments

**Annex C: Project Location**

**8.6 Is there preliminary georeferenced information and a map of the project's intended location?**

Secretariat's Comments

1/26/2026

Cleared

Agency's Comments

**Annex D: Safeguards Screen and Rating**

**8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?**

Secretariat's Comments

03/12/2026

Cleared

1/26/2026

(OP Team) SESP uploaded. We note that UNDP attached Social and Environmental Screening Template, and an overall ESS risk is classified as Low. However, the environmental and social risk in the Key Risk table said Moderate. Please make these risks classification, identified risks and mitigation measures consistent between screening template and key risk table.

Agency's Comments

**1st Review**

1. The inconsistency has been corrected. The overall environmental and social risk rating in the SESP was updated to Moderate to align with the Key Risks table. Identified risks and corresponding mitigation measures were harmonized to ensure full consistency.

**Annex E: Rio Markers**

**8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?**

Secretariat's Comments

1/26/2026

Cleared

Agency's Comments

**Annex F: Taxonomy Worksheet**

**8.9 Is the project properly tagged with the appropriate keywords?**

Secretariat's Comments

1/26/2026

Cleared

Agency's Comments

**Annex G: NGI Relevant Annexes**

**8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to**

**assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat's CommentsNA

Agency's Comments

**9 GEFSEC Decision**

**9.1 Is the PIF and PPG (if requested) recommended for technical clearance?**

Secretariat's Comments

Agency's Comments

**9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval**

Secretariat's Comments

3/12/2026

Cleared

1/26/2026

(OP Team) Please ensure that in the development of the results framework, gender-specific indicators are included to facilitate monitoring and reporting. In the development of the Gender Action Plan, please indicate measures to facilitate and support its implementation (e.g., budgets, staff support, regular monitoring, adaptive management, etc.).

Agency's Comments

**1st Review**

1. Integrated gender-specific indicators in the results framework (sex-disaggregated training/certification and women's participation in technical roles) and confirmed reporting through PIRs, and the TE, including Gender Action Plan implementation status. During PPG, implementation measures will be further specified, including defined responsibilities, resource allocation, monitoring arrangements, and adaptive management mechanisms.

**Review Dates**

**First Review**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**Additional Review (as necessary)**

**PIF Review**

**1/26/2026**

**Agency Response**