

# GEF-8 PPG REQUEST FOR GBFF PROJECTS

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**TABLE OF CONTENTS**

**GENERAL PROJECT INFORMATION .....3**

    Indicative Project Overview .....4

**PROJECT COMPONENTS .....4**

**PROJECT CONCEPT DESCRIPTION.....7**

    Core Indicators.....23

**ANNEX A: PROJECT FINANCING TABLES .....26**

    GEF Financing Table .....26

    Project Preparation Grant (PPG) .....26

    Sources of Funds for Country Star Allocation .....27

    Indicative Action Area Elements .....27

    Indicative Co-financing .....28

**ANNEX B: ENDORSEMENTS .....28**

    GEF Agency(ies) Certification .....28

    Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):.....28

## General Project Information

Project Title:

Scaling up biodiversity-positive and culturally inclusive agrifood and agritourism systems in Palau

Region:

Palau

GEF Project ID:

11583

Country(ies):

Palau

Type of Project:

GBFF

GEF Agency(ies):

FAO

GEF Agency Project ID:

751068

Anticipated Executing Entity(s):

Ministry of Agriculture, Fisheries, and the Environment (MAFE)

Anticipated Executing Type:

Government

GEF Focal Area (s):

Biodiversity

Submission Date:

3/27/2024

Project Sector (CCM Only)

AFOLU

Taxonomy

Tourism, Mainstreaming, Biodiversity, Focal Areas, Agriculture and agrobiodiversity, Pesticides, Chemicals and Waste, Agriculture, Forestry, and Other Land Use, Climate Change Mitigation, Climate Change, Small Island Developing States, Climate Change Adaptation, Improved Soil and Water Management Techniques, Sustainable Land Management, Land Degradation, Sustainable Livelihoods, Sustainable Agriculture, Food Security, Participation, Type of Engagement, Stakeholders, Partnership, Awareness Raising, Communications, Behavior change, Gender-sensitive indicators, Gender Mainstreaming, Gender Equality, Participation and leadership, Gender results areas, South-South, Knowledge Exchange, Capacity, Knowledge and Research, Training, Knowledge Generation

Type of Trust Fund:

GBFF

Project Duration (Months)

36

GEF Project Financing: (a)

1,009,361.00

GEF Project Non-Grant: (b)

0.00

Agency Fee(s) Grant: (c)

95,889.00

Agency Fee(s) Non-Grant: (d)

0.00

Total GEF Financing: (a+b+c+d)

1,105,250.00

Total Co-financing:

1,120,000.00

PPG Amount: (e)

50,000.00

PPG Agency Fee(s): (f)

4,750.00

PPG total Amount: (e+f)

54,750.00

Total GEF Resources: (a+b+c+d+e+f)

1,160,000.00

Project Tags:

Support IPLC, Blended finance, GBF Target 10, GBF Target 11, GBF Target 18, GBF Target 22, GBF Target 23

## Indicative Project Overview

To scale up the sustainable use of biodiversity and maintain the ecological integrity of agro-ecosystems in Palau's mosaics of agricultural and natural landscapes.

## Project Components

### Component 1 – Enabling framework for the sustainable use of biodiversity in Palau

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)
167,601.00	241,453.00

Project Outcomes:

#### Outcome 1 – Biodiversity is mainstreamed into national plans, policies, and curricula

**GBF Headline Indicator 18.1:** Positive incentives in place to promote biodiversity conservation and sustainable use. Target: Payments for Environmental Services and tax incentives to encourage nature-positive farming through PPPs

Project Outputs:

**Output 1.1** – Palau's agriculture development plan reviewed/updated to mainstream biodiversity-positive and culturally-inclusive agricultural practices and innovations

**Output 1.2** – Incentives developed to encourage nature-positive farming through Public Private Partnerships (PPPs)

**Output 1.3** – Sustainable farming practices mainstreamed into school curriculum in Palau

### Component 2 – Improved practices, nature-based solutions, and financing for the sustainable use of biodiversity

Component Type	Trust Fund
Investment	GBFF
GEF Project Financing (\$)	Co-financing (\$)
125,000.00	154,806.00

Project Outcomes:

**Outcome 2.1** – National capacities strengthened to support the sustainable use of biodiversity in the agriculture and tourism sectors

**Project Indicator 1:** Number of institutions with enhanced capacities to support nature-positive farming and agritourism.

Target: at least 3

**GEF Core Indicator 11:** People benefiting from GEF-financed investments disaggregated by sex (count). Target: 1255 direct beneficiaries (566 women).

Project Outputs:

**Output 2.1.1** – 30 extension services from the bureaus of agriculture, education and tourism trained on nature-based solutions, biodiversity-positive farming and sustainable agritourism

**Output 2.1.2**- 300 farmers and livestock producers trained using FFS on nature-based solutions, biodiversity-positive farming and sustainable agritourism

**Output 2.1.3** – 900 students within public schools in Palau trained on the use of nature-based solutions in agriculture for sustainable food production

## Component 2 – Improved practices, nature-based solutions, and financing for the sustainable use of biodiversity

Component Type	Trust Fund
Investment	GBFF
GEF Project Financing (\$)	Co-financing (\$)
450,000.00	400,000.00

Project Outcomes:

**Outcome 2.2** – Blended finance initiatives supported to promote nature-based solutions in agriculture

**Project Indicator 2** -Number of Public -Private Partnerships supported to scale up BD-positive farming and agritourism

Target: At least 3

**GEF Core Indicator 4.1:** Area of landscapes under improved management to benefit biodiversity.

Target: 11,151 Ha.

**GEF Core Indicator 9.5:** Number of low chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities.

Target: 1 system implemented.

Project Outputs:

**Output 2.2.1** – One (1) Model Farm School designed to support sustainable agriculture and agritourism

**Output 2.2.2**- One (1) Public -Private Partnership model farm and agritourism attraction supported to demonstrate biodiversity-positive farming in Babeldaob

**Output 2.2.3** – At least three (3) Public-Private Partnerships between States, smallholder farmers, agribusinesses and tourism operators supported to transition into sustainable agriculture and agritourism

## Component 3 – Knowledge management, learning and youth empowerment

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)

125,000.00	166,442.00
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Project Outcomes:

**Outcome 3** – Knowledge, and learning enhanced using culturally inclusive and gender responsive approaches  
**Indicator 3** - Number of gender-responsive and culturally inclusive knowledge products generated and disseminated.

Target: At least 3, including one on biodiversity-positive model commercial farm

**Project Indicator 4:** Number of youth from local farming communities who benefited from empowerment sessions

Target: At least 25 young entrepreneurs empowered

Project Outputs:

**Output 3.1** – Knowledge is generated, codified in gender-responsive products, and disseminated to support deep-scaling

**Output 3.2** – Learning supported through South-South Cooperation and regional exchange within Micronesia and the Pacific

**Output 3.3** – Young entrepreneurs from local farming communities empowered to innovate and preserve Palauan values for sustainable food production and agritourism

## M&E

Component Type	Trust Fund
Technical Assistance	GBFF
GEF Project Financing (\$)	Co-financing (\$)
50,000.00	55,481.00

Project Outcomes:

M&E platform established

Project Outputs:

Gender-responsive M&E platform designed to enable evidence-based project reporting using geo-spatial tools

## Component Balances

Project Components	GEF Project Financing (\$)	Co-financing (\$)
Component 1 – Enabling framework for the sustainable use of biodiversity in Palau	167,601.00	241,453.00
Component 2 – Improved practices, nature-based solutions, and financing for the sustainable use of biodiversity	125,000.00	154,806.00
Component 2 – Improved practices, nature-based solutions, and financing for the sustainable use of biodiversity	450,000.00	400,000.00
Component 3 – Knowledge management, learning and youth empowerment	125,000.00	166,442.00

M&E	50,000.00	55,481.00
<b>Subtotal</b>	<b>917,601.00</b>	<b>1,018,182.00</b>
Project Management Cost (PMC)	91,760.00	101,818.00
<b>Total Project Cost (\$)</b>	<b>1,009,361.00</b>	<b>1,120,000.00</b>

Please provide justification

## PROJECT CONCEPT DESCRIPTION

**Project Concept Description (No more than seven pages total, including 5 pages of text maximum. Concepts longer than 7 pages will be returned. Please note the portal entry will be limited to up to 19,400 characters of text and up to two figures.).**

### Context and baseline

1. The Palau archipelago is located north of Papua New Guinea and east of the Philippines, within the northeastern margin of the Coral Triangle hosting a great diversity of marine habitats and one of the world's most biologically diverse marine environments within an exclusive economic zone (EEZ) of 3,120,000 km<sup>2</sup>. Palau has also the richest terrestrial biodiversity in Micronesia, with more than 700 islands stretched over 650km and covering a land area of 488 km<sup>2</sup>, out of which 12 are inhabited.
2. The 2020 census showed that the population reached 17,614 out of which about 46% are female with about 78% of Palauans living in urban areas. Palauans remain socio-economically and culturally highly dependent on their natural environment. As more Palauans are living in urban settlements away of their fishing sites and ancestral subsistence farming, the prevalence of noncommunicable disease increased. Palau is a matrilineal and matriarchal society where Palauan women have traditional authority over land and are responsible for overseeing clan finances. Palau's traditional leaders, through the Council of Chiefs, advise the President with regards to traditional laws, customs and their relationship to the Constitution and the laws of Palau.
3. Palau is one of the most tourism-driven economies with tourism representing about 40% of its GDP pre-pandemic<sup>[1]</sup>, accounting for 86% of total export in 2016<sup>[2]</sup>. Tourists are mainly attracted to Palau for its marine ecosystems, making the archipelago highly vulnerable to external factors including tourism demand, global supply chain disruptions, import price volatility, climate-induced threats to food security and natural disasters. Palau's Human Development Index for 2022 positioned it at 71 out of 193 countries and territories.

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4. There are over 7,000 terrestrial and 10,000 marine species in Palau, with about 1000 endemic species most of which in terrestrial habitats, including about 200 plants, 300 terrestrial gastropods, 500 insects, 16 birds, 12 amphibians and reptiles, 2 freshwater fishes, and 2 species of bats. Palau national marine sanctuary covers about 80% of its EEZ, with the remaining area set aside for domestic fishing and catches dedicated to the domestic market.
  5. Palau created the Protected Areas Network (PAN), which has its own fund established a nonprofit entity to serve as its financial trustee. The National Environmental Protection Council (NEPC) supports planning and coordination of environmental initiatives. The Palau Conservation Consortium gathers practitioners and experts who meet regularly to discuss conservation related matters.
  6. Palau's green growth Plan aims to triple agricultural production by 2030 using nature-based and innovative solutions to achieve sustainable growth. The plan encourages the use of systems and practices that facilitate data driven decisions to support long range environmental and economic planning, including by using commercial demonstration farms linked to online and digital marketing platforms.



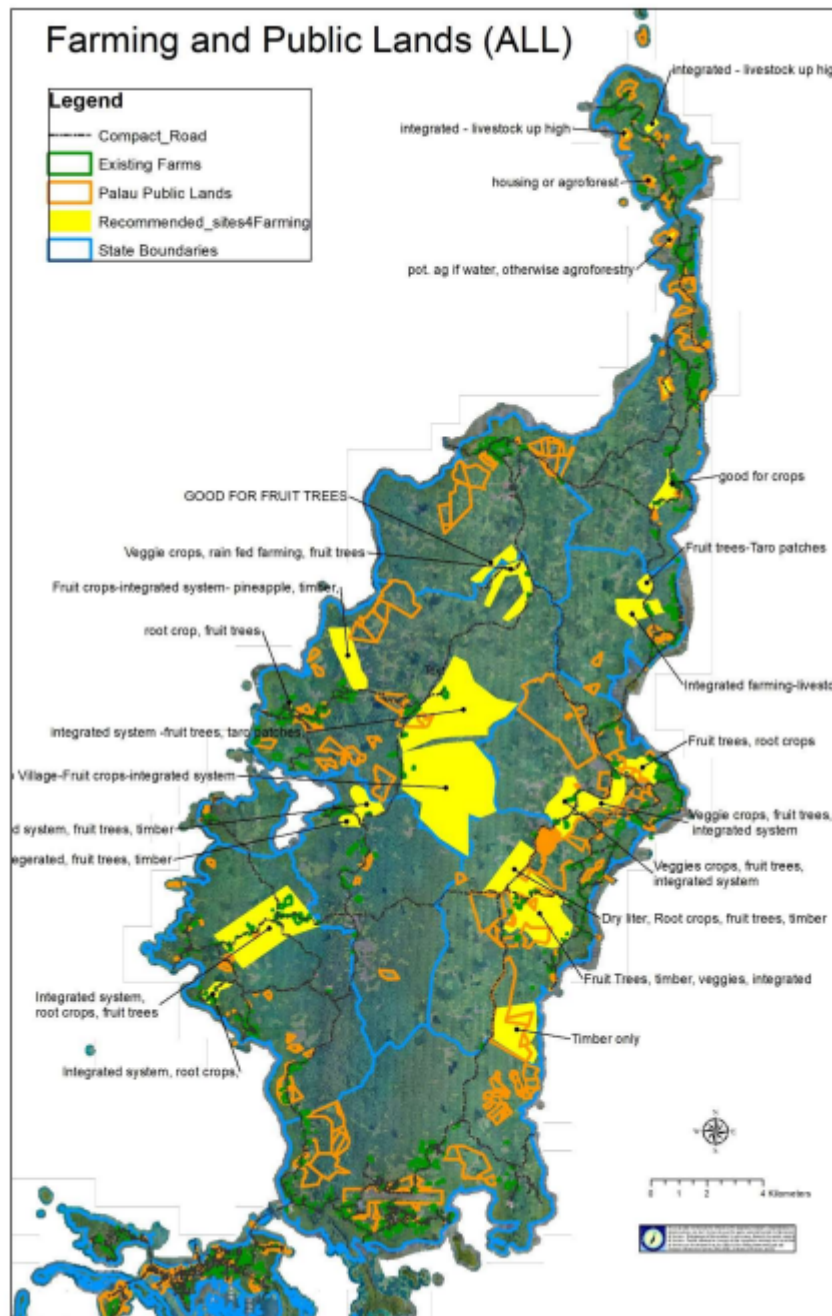


Figure1: existing farms and lands recommended for farming in Babeldaob

### System drivers / Problems to be addressed

- Palau’s biodiversity loss and ecosystem degradation is driven by Land use changes, overexploitation of resources, pollution, climate change, invasive species, and socio-economic changes. The ramping urbanization resulted in deforestation, habitat destruction and ecological disturbances impacting both terrestrial and nearshore ecosystems. The tourism sector is expanding, with tourists mainly attracted to Palau for its marine ecosystems which are under increasing pressures.

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8. Climate change is expected to drive warming in the range of 0.8°C–3.2°C<sup>[3]</sup>. This will translate into significant risks for Palau’s ecology and economy including saltwater intrusion, flooding, changes in water quality impacting agricultural, marine resources and food security. The country’s socio-economic dynamics are characterized by an increasing cost of living, migration outflows during economic downturns and a declining population. Palau’s traditional knowledge and governance structures enforced by local chiefs that were used to effectively manage marine and terrestrial resources are weakening.

## Goal and objectives

9. The project will establish the proof of concept for biodiversity-positive and culturally inclusive model commercial farms, based on which sustainable farming and agritourism will be upscaled in Palau through Public-Private Partnership (PPP). To do so, the project will strive to address the barriers related to the system drivers described above.

## Justification for project interventions

10. **Current crop production model threatens biodiversity in Palau’s Babeldaob Island:** Due to nutrient poor soil in the main island of Palau, the current financially viable farming model focuses on intensive use of fertilizers to produce vegetable crops. Farms using this model operate for about 10 years on average and move to new plots of land once soils are degraded. Such a model and the mounting pressure to produce local crops to meet food security needs, could lead to further deforestation and land degradation. Thus, an alternative model that is financially viable is needed to achieve food security while safeguarding biodiversity.
11. **Limited cross-sectoral coordination, policy cohesion and awareness:** Despite the efforts being made, there is limited cross-sectoral coordination among government institutions, with an insufficient engagement of private sector, Civil Society and Community Based Organizations to enhance cohesion of national efforts deployed to ensure a biodiversity-positive and culturally inclusive transformation of food systems. Palau’s biodiversity and ecosystems will continue to face mounting pressures, in the absence of measures to encourage partnerships including with IPLCs and youth, enhance awareness and incentivize nature-positive investments in agri-food systems.
12. **Insufficient capacities and absence of sustainable models of commercial farming and agritourism:** There are limited institutional and technical capacities to optimize the use of Palau’s human and natural capitals to support nature-positive food systems, through modern and efficient agricultural value chains. Many Palauans do not see the potential in agriculture as a livelihood due to lack of understanding of the agriculture value chain and its growth potential. Moreover, there is no viable business model currently in place to build upon to showcase the future of farming in Palau, a one that is sustainable and led by the next generation of Palauan farmers.

13. **Limited Knowledge, communication, monitoring, and gender mainstreaming:** Palauan farmers, livestock producers, IPLCs, policymakers and private sector actors have limited access to knowledge products and learning opportunities to support the transition towards biodiversity-positive, culturally inclusive, and financially viable food systems. Moreover, cultural understanding of the financial barriers to modern agricultural production and awareness are limited and hindering efforts to effectively engaging the public, IPLCs, women and youth as partners.

### **Expected results (including GEBs and GBF core indicators)**

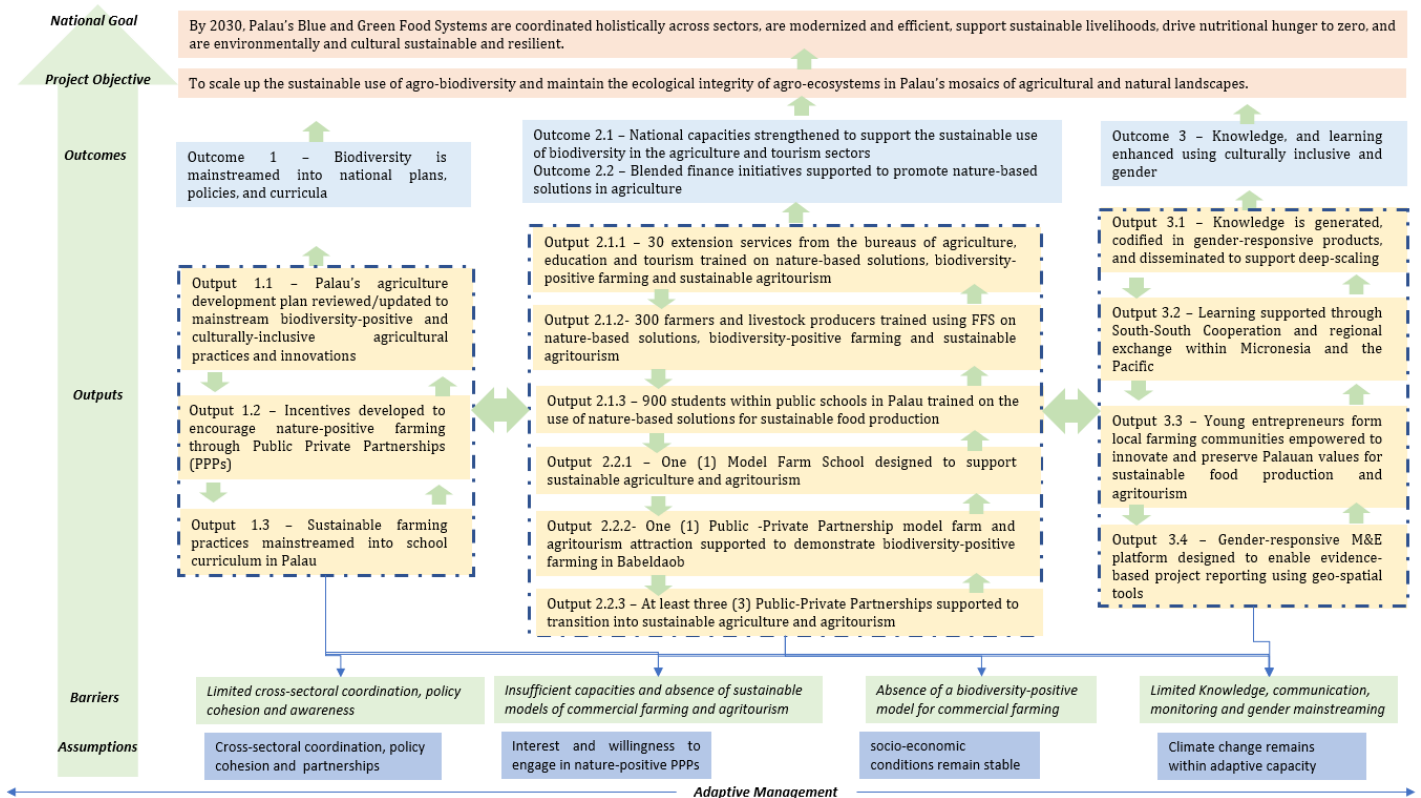
14. The project will enhance policy cohesion and streamline existing partnerships for biodiversity-positive and culturally inclusive food production using a whole of government and society approaches. Through Public-Private Partnerships, it will demonstrate model farming and agritourism practices using nature-based solutions that benefit biodiversity and support the upscaling of such practices across a mosaic of 11,151 Ha of agro-ecosystems. It will support the transition into non-chemical commercial farming, to produce sustainable local foods, that enables “buy-local” healthy diets and connects with the Palauan culture. The new farming model will also supply agriproducts for agritourism attractions to reduce the mounting pressures from tourism on marine ecosystems.
15. The project will contribute to: GBF Headline Indicator 10.1: Proportion of agricultural area under productive and sustainable agriculture. Target: 100%; GBF Headline Indicator 18.1: Positive incentives in place to promote biodiversity conservation and sustainable use. Target: Payments for Environmental Services and tax incentives to encourage nature-positive farming through Public Private Partnerships (PPPs); GBF Headline Indicator B.1: Services provided by ecosystems.

### **Project Description**

16. The ToC proposed hereafter explains the causal connection based on which the shift from unsustainable commercial farming practices to biodiversity-positive and culturally inclusive food production systems will enhance the ecological integrity of Palau’s agro-ecosystems. Initially, we focus on strengthening coordination, cohesion and partnerships for biodiversity-positive food production using a whole of government and society approaches. At the core of this causal architecture are model commercial farms that will be backed by public private partnerships. Model farms will use nature-based solutions to demonstrate sustainable commercial farming that is aligned with Palauan cultural values. It will empower the next generation of Palauan farmers and serve as an agritourism attraction that also supplies agriproducts for the tourism value chain and contribute to balance ecological pressures on marine ecosystems. Integral to these efforts, is the use of knowledge generated for scaling-deep to encourage the production of nature-positive local food, support “buy-local” healthy diets, and enhance livelihoods. The project will also work with IPLCs and “local champions” to foster innovations and linkages to Palauan traditions.
17. The proposed ToC relies on the following assumptions. First, there should be willingness among government, civil society, private sector and IPLCs to joint efforts and strengthen cohesion. Second, actors of PPPs should be incentivized to engage in nature-positive and culturally inclusive commercial

farming that is financially viable to sustainably increase food production, enable sustainable agricultural growth and encourage young Palauan participation that benefits nature in the long term. Third, the socio-economic conditions should remain stable in the absence of major natural disasters and external shocks that could affect tourism demand and supply chains. Last, climate change should remain within the adaptive capacity of target crops and production systems used in commercial farming.

### ToC Diagram



### Project description

18. Under **Component 1**, using data-driven analyses, Palau's agriculture development plan will be reviewed, incentives designed (including proposals for Payments for ecosystem services and tax incentives), and sustainable farming practices mainstreamed into school curriculum. Existing partnerships for biodiversity-positive food production will be streamlined using a whole of government and society approaches. **Component 2** will develop a proof of concept using a Public-Private Partnership to create

evidence showcasing how Palau can transition into biodiversity-positive commercial farming and agritourism that is in line with Palauan cultural values. Interventions will build capacities on nature-based solutions to empower the next generation of Palauan farmers through on-site regenerative farming, sustainable soil management, composting, use of climate- resilient crops, improved irrigation techniques, organic fertilizers, and integrated pest management. **Component 3** will support the creation and dissemination of knowledge, and deep scaling to encourage local food for import substitution and healthy diets. The project will work with local Champions in the areas of sustainable farming, nutrition, and health.

19. The project will work in synergy with other baseline investments including the GEF8 BGI child project ID 11258 to update relevant ministerial plans and policies to integrate nature into food systems policy and fiscal decision making. The project will also build on the lessons learned from previous investments including GEF6 project ID 9208 re integrating biodiversity safeguards and conservation into planning and development; and GEF5 project ID 5579 re environmental mainstreaming into national policies and programs.

## 20. Stakeholders Table

Stakeholder	Role
MAFE	MAFE will be the GEF executing agency. Through the Bureaus of agriculture and environment, it will lead national efforts to support policy cohesion, engage in a PPP to develop a model commercial farm school to demonstrate nature-positive food production in Palau, and use the knowledge generated to spark further awareness to promote sustainable farming and healthy diets based on local foods and cultural values.
The National Environmental Protection Council	NEPC will support planning, coordination, cohesion and nature-positive public-private-partnerships to transform Palau’s food production systems.
Palau Food Systems Steering Committee	Will provide coordination across relevant government agencies to integrate One Health Approach to agriculture production, address financial management barriers on procurement to increase local crop in public meal programs in Public School and the National Hospital
Bureau of Tourism	BoT will work with MAFE on the responsible tourism aspects of the self-sufficient commercial farm school supply agriproducts for tourism and serve as an agritourism attraction thus reducing some of the pressing from tourism on Palau’s marine ecosystems.
Belau Modekngai School	Executing Agency will work closely with Belau Modekngai School in the development and integration of biodiversity into agriculture curriculum and the development of model school farm that supports students’ learning, local crop production, and ensure healthy diets for young Palauans through school meal program
Ministry of Education	Executing Agency will work with Ministry of Education in development of agriculture learning in the public school through engagement and piloting

	the use of Belau Modekngei School Farm as a training center to support public school education program mainstream biodiversity in agriculture.
Palau Chamber of Commerce	Palau's CoC will support the engagement of the private sector, including foreign commercial investors in agriculture in Palau, in project activities to encourage Private public partnerships for sustainable food production.
IPLCs	IPLCs will be engaged at the national level through the Ministry of Community and Cultural Affairs and the Council of Chiefs, and at the village level through traditional leaders.
CSOs	The project will work with The Belau Association of Non-Governmental Organizations (BANGO) to engage CSOs and CBOs to strengthen national and local level coordination and cohesion, identify local champions to drive change at community level and empower youth groups.

### Alignment with GBFF Action Areas

21. The project is aligned with the following GBFF Actions Areas: 1/ It will improve production practices in the agriculture sector at a national scale and design incentives that benefit biodiversity ecological integrity within Palau's agro-ecosystems (Action Area 6); 2/ It will support cross-sectoral coordination, policy cohesion and provide targeted technical support to design a mix of regulations and incentives to support biodiversity integration into national plans and roadmaps for agriculture, education and tourism sectors (Action Area 3); 3/ It will support generating social, economic and environmental benefits along the food and agritourism value chains in Palau, in line with Palauan cultural values and customary uses (Action Area 5). and 4/it will support youth and IPLCs to strengthen their stewardship of natural resources building on the traditional governance schemes through the council of chiefs and the parallel council of women.

### GBFF Criteria

#### a. GEBs generated and GBFF results Indicator:

- **GEF Core Indicator 4.1:** Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified). Target: 11,151 Ha. Including 437ha of existing farms in Babeldaob, and up-scaling across a total of 10,714 Ha covering the recommended agricultural zones and farming sites identified in the 2023 Agricultural Sector Diagnostic Assessment
- **GEF Core Indicator 9.5:** Number of low chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities. Target: 1 non-chemical system implemented, through the replacement of chemical pesticides and fertilizers using integrated pest management and organic fertilizers.
- **GEF Core Indicator 11:** People benefiting from GEF-financed investments disaggregated by sex (count). Target: 1255 direct beneficiaries (578 women). Including 25 young local entrepreneurs, 30 extension services, 300 farmers and 900 students.
- **GBFF Indicator Action Area 6:** Services provided by ecosystems.
- **GBFF Indicator Action Area 3:** Positive incentives in place to promote biodiversity conservation and sustainable use. Target: Payments for Environmental Services and tax incentives to encourage nature-positive farming through Public Private Partnerships (PPPs).
- **GBFF Indicator Action Area 5:** Benefits from the sustainable use of wild species.

- b. The project is aligned with Palau’s current NBSAP 20215-2025, namely its Strategic Area 5, Goal 5 and objective 5.2, its results will contribute to the impact indicator on number/area of commercial aquaculture, agriculture and forestry operations regularly using best practices or otherwise determined to be meeting sustainability guidelines. The project is also aligned with Palau’s National Environmental Management Strategy 2022-2030, Education Master Plan 2017-2027, Responsible Tourism Policy Framework 2017-2021, Food Systems Pathways and Green Growth Plan.
- c. The project will strengthen cross-sectoral coordination and cohesion and catalyze PPPs at a national scale to promote biodiversity-positive farming and agritourism using a whole of government and society approaches (see stakeholders table).
- d. The project will also work with the Chamber of Commerce, to support the engagement of private sector in nature-and-culture-positive farming systems. The project will work in synergy with the BGI Child project in Palau and other baseline investments to encourage flows of private capital into biodiversity-positive food systems.
- e. In line with Palau’s sustainable food system pathways, the project will support partnerships with IPLCs to ensure that increased production is in line with Palauan cultural values. The project will closely work with the Ministry of Community and Cultural Affairs, the Council of Chiefs and its parallel Women Council, and the Belau Association of Non-Governmental Organizations (BANGO) to co-develop training curricula to train the next generation of Palauan farmers, empower local youth entrepreneurs, and co-design model commercial farming systems in harmony with Palauan traditional laws, customs and cultural values

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[1] <https://www.elibrary.imf.org/configurable/content/journals/S002f002S002f2023S002f430S002farticle-A001-en.xml?t:ac=journals%24002f002%24002f2023%24002f430%24002farticle-A001-en.xml>

[2] <https://www.palau.gov.pw/wp-content/uploads/2022/01/State-of-the-Environment-Report-Republic-of-Palau-2019.pdf>

[3] <https://climateknowledgeportal.worldbank.org/country-profiles>

## Context and baseline

1. The Palau archipelago is located north of Papua New Guinea and east of the Philippines, within the northeastern margin of the Coral Triangle hosting a great diversity of marine habitats and one of the world's most biologically diverse marine environments within an exclusive economic zone (EEZ) of 3,120,000 km<sup>2</sup>. Palau has also the richest terrestrial biodiversity in Micronesia, with more than 700 islands stretched over 650km and covering a land area of 488 km<sup>2</sup>, out of which 12 are inhabited.
2. The 2020 census showed that the population reached 17,614 out of which about 46% are female with about 78% of Palauans living in urban areas. Palauans remain socio-economically and culturally highly dependent on their natural environment. As more Palauans are living in urban settlements away of their fishing sites and ancestral subsistence farming, the prevalence of noncommunicable disease increased.

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Palau is a matrilineal and matriarchal society where Palauan women have traditional authority over land and are responsible for overseeing clan finances. Palau's traditional leaders, through the Council of Chiefs, advise the President with regards to traditional laws, customs and their relationship to the Constitution and the laws of Palau.

3. Palau is one of the most tourism-driven economies with tourism representing about 40% of its GDP pre-pandemic<sup>[1]</sup><sup>4</sup>, accounting for 86% of total export in 2016<sup>[2]</sup><sup>5</sup>. Tourists are mainly attracted to Palau for its marine ecosystems, making the archipelago highly vulnerable to external factors including tourism demand, global supply chain disruptions, import price volatility, climate-induced threats to food security and natural disasters. Palau's Human Development Index for 2022 positioned it at 71 out of 193 countries and territories.
4. There are over 7,000 terrestrial and 10,000 marine species in Palau, with about 1000 endemic species most of which in terrestrial habitats, including about 200 plants, 300 terrestrial gastropods, 500 insects, 16 birds, 12 amphibians and reptiles, 2 freshwater fishes, and 2 species of bats. Palau national marine sanctuary covers about 80% of its EEZ, with the remaining area set aside for domestic fishing and catches dedicated to the domestic market.
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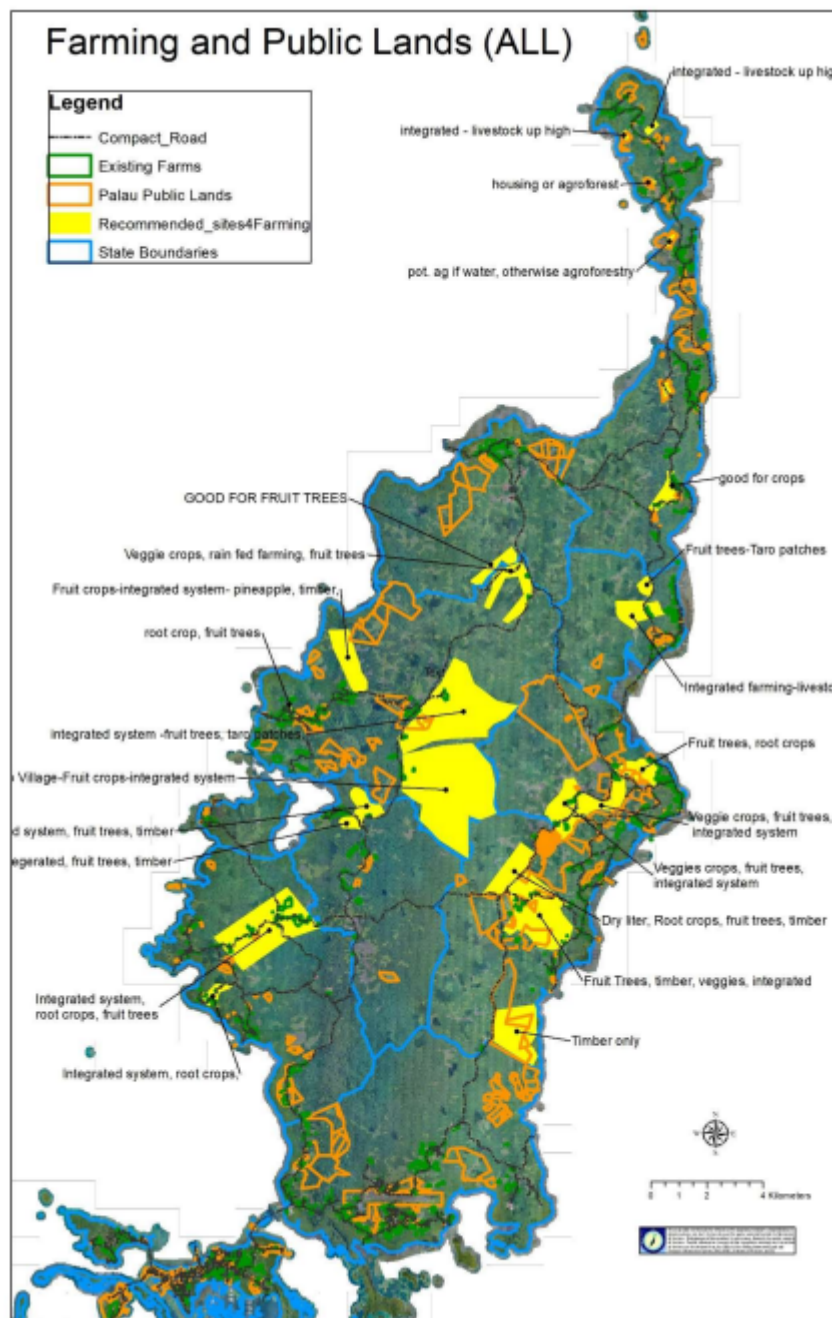


Figure1: existing farms and lands recommended for farming in Babeldaob

### System drivers / Problems to be addressed

- Palau’s biodiversity loss and ecosystem degradation is driven by Land use changes, overexploitation of resources, pollution, climate change, invasive species, and socio-economic changes. The ramping urbanization resulted in deforestation, habitat destruction and ecological disturbances impacting both terrestrial and nearshore ecosystems. The tourism sector is expanding, with tourists mainly attracted to Palau for its marine ecosystems which are under increasing pressures.

8. Climate change is expected to drive warming in the range of 0.8°C–3.2°C<sup>[3]<sup>6</sup></sup>
- This will translate into significant risks for Palau’s ecology and economy including saltwater intrusion, flooding, changes in water quality impacting agricultural, marine resources and food security. The country’s socio-economic dynamics are characterized by an increasing cost of living, migration outflows during economic downturns and a declining population. Palau’s traditional knowledge and governance structures enforced by local chiefs that were used to effectively manage marine and terrestrial resources are weakening.

## Goal and objectives

9. The project will establish the proof of concept for biodiversity-positive and culturally inclusive model commercial farms, based on which sustainable farming and agritourism will be upscaled in Palau through Public-Private Partnership (PPP). To do so, the project will strive to address the barriers related to the system drivers described above.

## Justification for project interventions

10. **Current crop production model threatens biodiversity in Palau’s Babeldaob Island:** Due to nutrient poor soil in the main island of Palau, the current financially viable farming model focuses on intensive use of fertilizers to produce vegetable crops. Farms using this model operate for about 10 years on average and move to new plots of land once soils are degraded. Such a model and the mounting pressure to produce local crops to meet food security needs, could lead to further deforestation and land degradation. Thus, an alternative model that is financially viable is needed to achieve food security while safeguarding biodiversity.
11. **Limited cross-sectoral coordination, policy cohesion and awareness:** Despite the efforts being made, there is limited cross-sectoral coordination among government institutions, with an insufficient engagement of private sector, Civil Society and Community Based Organizations to enhance cohesion of national efforts deployed to ensure a biodiversity-positive and culturally inclusive transformation of food systems. Palau’s biodiversity and ecosystems will continue to face mounting pressures, in the absence of measures to encourage partnerships including with IPLCs and youth, enhance awareness and incentivize nature-positive investments in agri-food systems.
12. **Insufficient capacities and absence of sustainable models of commercial farming and agritourism:** There are limited institutional and technical capacities to optimize the use of Palau’s human and natural capitals to support nature-positive food systems, through modern and efficient agricultural value chains. Many Palauans do not see the potential in agriculture as a livelihood due to lack of understanding of the agriculture value chain and its growth potential. Moreover, there is no viable business model currently in place to build upon to showcase the future of farming in Palau, a one that is sustainable and led by the next generation of Palauan farmers.

13. **Limited Knowledge, communication, monitoring, and gender mainstreaming:** Palauan farmers, livestock producers, IPLCs, policymakers and private sector actors have limited access to knowledge products and learning opportunities to support the transition towards biodiversity-positive, culturally inclusive, and financially viable food systems. Moreover, cultural understanding of the financial barriers to modern agricultural production and awareness are limited and hindering efforts to effectively engaging the public, IPLCs, women and youth as partners.

### **Expected results (including GEBs and GBF core indicators)**

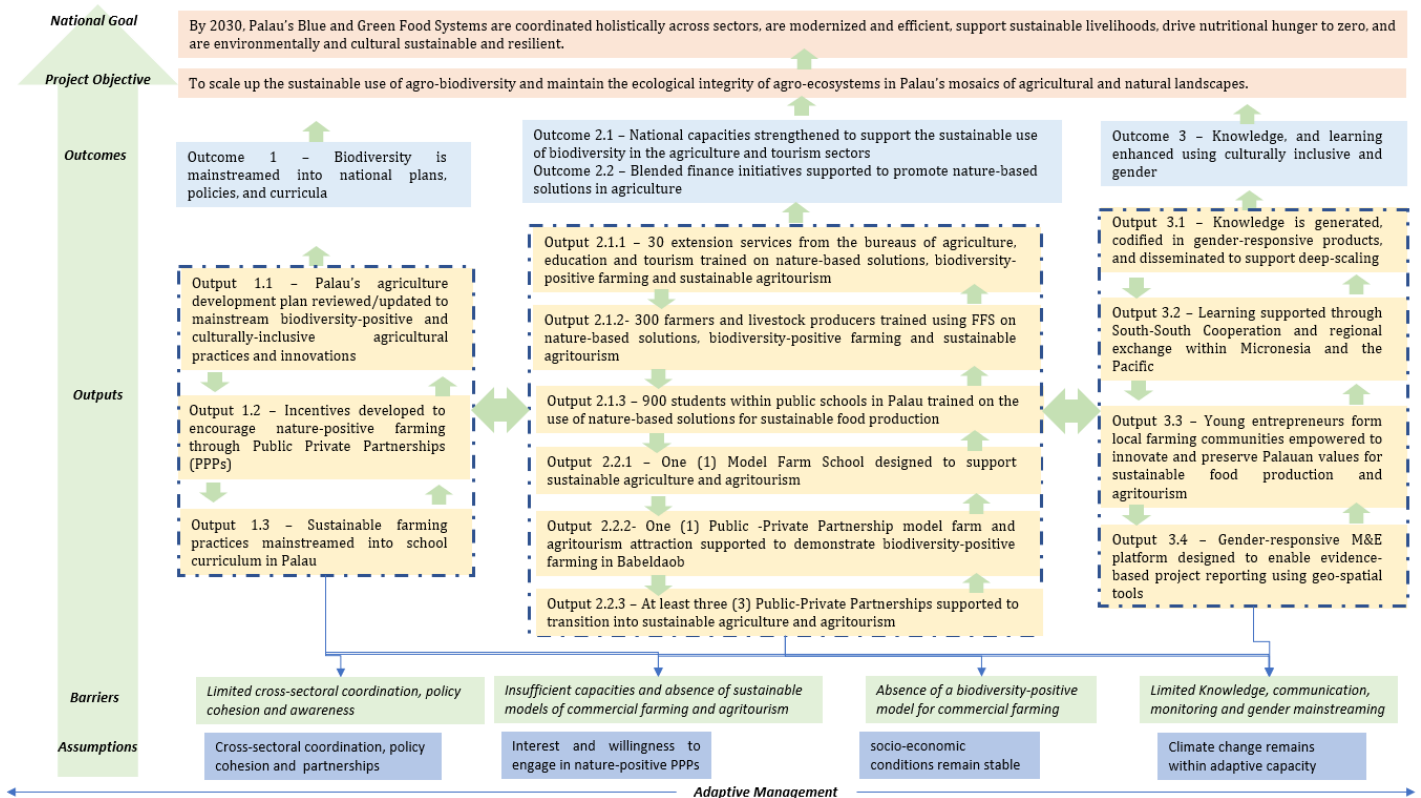
14. The project will enhance policy cohesion and streamline existing partnerships for biodiversity-positive and culturally inclusive food production using a whole of government and society approaches. Through Public-Private Partnerships, it will demonstrate model farming and agritourism practices using nature-based solutions that benefit biodiversity and support the upscaling of such practices across a mosaic of 11,151 Ha of agro-ecosystems. It will support the transition into non-chemical commercial farming, to produce sustainable local foods, that enables “buy-local” healthy diets and connects with the Palauan culture. The new farming model will also supply agriproducts for agritourism attractions to reduce the mounting pressures from tourism on marine ecosystems.
15. The project will contribute to: GBF Headline Indicator 10.1: Proportion of agricultural area under productive and sustainable agriculture. Target: 100%; GBF Headline Indicator 18.1: Positive incentives in place to promote biodiversity conservation and sustainable use. Target: Payments for Environmental Services and tax incentives to encourage nature-positive farming through Public Private Partnerships (PPPs); GBF Headline Indicator B.1: Services provided by ecosystems.

### **Project Description**

16. The ToC proposed hereafter explains the causal connection based on which the shift from unsustainable commercial farming practices to biodiversity-positive and culturally inclusive food production systems will enhance the ecological integrity of Palau’s agro-ecosystems. Initially, we focus on strengthening coordination, cohesion and partnerships for biodiversity-positive food production using a whole of government and society approaches. At the core of this causal architecture are model commercial farms that will be backed by public private partnerships. Model farms will use nature-based solutions to demonstrate sustainable commercial farming that is aligned with Palauan cultural values. It will empower the next generation of Palauan farmers and serve as an agritourism attraction that also supplies agriproducts for the tourism value chain and contribute to balance ecological pressures on marine ecosystems. Integral to these efforts, is the use of knowledge generated for scaling-deep to encourage the production of nature-positive local food, support “buy-local” healthy diets, and enhance livelihoods. The project will also work with IPLCs and “local champions” to foster innovations and linkages to Palauan traditions.
17. The proposed ToC relies on the following assumptions. First, there should be willingness among government, civil society, private sector and IPLCs to joint efforts and strengthen cohesion. Second, actors of PPPs should be incentivized to engage in nature-positive and culturally inclusive commercial

farming that is financially viable to sustainably increase food production, enable sustainable agricultural growth and encourage young Palauan participation that benefits nature in the long term. Third, the socio-economic conditions should remain stable in the absence of major natural disasters and external shocks that could affect tourism demand and supply chains. Last, climate change should remain within the adaptive capacity of target crops and production systems used in commercial farming.

### ToC Diagram



### Project description

18. Under **Component 1**, using data-driven analyses, Palau's agriculture development plan will be reviewed, incentives designed (including proposals for Payments for ecosystem services and tax incentives), and sustainable farming practices mainstreamed into school curriculum. Existing partnerships for biodiversity-positive food production will be streamlined using a whole of government and society approaches. **Component 2** will develop a proof of concept using a Public-Private Partnership to create

evidence showcasing how Palau can transition into biodiversity-positive commercial farming and agritourism that is in line with Palauan cultural values. Interventions will build capacities on nature-based solutions to empower the next generation of Palauan farmers through on-site regenerative farming, sustainable soil management, composting, use of climate- resilient crops, improved irrigation techniques, organic fertilizers, and integrated pest management. **Component 3** will support the creation and dissemination of knowledge, and deep scaling to encourage local food for import substitution and healthy diets. The project will work with local Champions in the areas of sustainable farming, nutrition, and health.

19. The project will work in synergy with other baseline investments including the GEF8 BGI child project ID 11258 to update relevant ministerial plans and policies to integrate nature into food systems policy and fiscal decision making. The project will also build on the lessons learned from previous investments including GEF6 project ID 9208 re integrating biodiversity safeguards and conservation into planning and development; and GEF5 project ID 5579 re environmental mainstreaming into national policies and programs.

## 20. Stakeholders Table

Stakeholder	Role
MAFE	MAFE will be the GEF executing agency. Through the Bureaus of agriculture and environment, it will lead national efforts to support policy cohesion, engage in a PPP to develop a model commercial farm school to demonstrate nature-positive food production in Palau, and use the knowledge generated to spark further awareness to promote sustainable farming and healthy diets based on local foods and cultural values.
The National Environmental Protection Council	NEPC will support planning, coordination, cohesion and nature-positive public-private-partnerships to transform Palau's food production systems.
Palau Food Systems Steering Committee	Will provide coordination across relevant government agencies to integrate One Health Approach to agriculture production, address financial management barriers on procurement to increase local crop in public meal programs in Public School and the National Hospital
Bureau of Tourism	BoT will work with MAFE on the responsible tourism aspects of the self-sufficient commercial farm school supply agriproducts for tourism and serve as an agritourism attraction thus reducing some of the pressing from tourism on Palau's marine ecosystems.
Belau Modekngai School	Executing Agency will work closely with Belau Modekngai School in the development and integration of biodiversity into agriculture curriculum and the development of model school farm that supports students' learning, local crop production, and ensure healthy diets for young Palauans through school meal program
Ministry of Education	Executing Agency will work with Ministry of Education in development of agriculture learning in the public school through engagement and piloting

	the use of Belau Modekngei School Farm as a training center to support public school education program mainstream biodiversity in agriculture.
Palau Chamber of Commerce	Palau's CoC will support the engagement of the private sector, including foreign commercial investors in agriculture in Palau, in project activities to encourage Private public partnerships for sustainable food production.
IPLCs	IPLCs will be engaged at the national level through the Ministry of Community and Cultural Affairs and the Council of Chiefs, and at the village level through traditional leaders.
CSOs	The project will work with The Belau Association of Non-Governmental Organizations (BANGO) to engage CSOs and CBOs to strengthen national and local level coordination and cohesion, identify local champions to drive change at community level and empower youth groups.

### Alignment with GBFF Action Areas

21. The project is aligned with the following GBFF Actions Areas: 1/ It will improve production practices in the agriculture sector at a national scale and design incentives that benefit biodiversity ecological integrity within Palau's agro-ecosystems (Action Area 6); 2/ It will support cross-sectoral coordination, policy cohesion and provide targeted technical support to design a mix of regulations and incentives to support biodiversity integration into national plans and roadmaps for agriculture, education and tourism sectors (Action Area 3); 3/ It will support generating social, economic and environmental benefits along the food and agritourism value chains in Palau, in line with Palauan cultural values and customary uses (Action Area 5). and 4/it will support youth and IPLCs to strengthen their stewardship of natural resources building on the traditional governance schemes through the council of chiefs and the parallel council of women.

### GBFF Criteria

#### a. GEBs generated and GBFF results Indicator:

- **GEF Core Indicator 4.1:** Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified). Target: 11,151 Ha. Including 437ha of existing farms in Babeldaob, and up-scaling across a total of 10,714 Ha covering the recommended agricultural zones and farming sites identified in the 2023 Agricultural Sector Diagnostic Assessment
- **GEF Core Indicator 9.5:** Number of low chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities. Target: 1 non-chemical system implemented, through the replacement of chemical pesticides and fertilizers using integrated pest management and organic fertilizers.
- **GEF Core Indicator 11:** People benefiting from GEF-financed investments disaggregated by sex (count). Target: 1255 direct beneficiaries (578 women). Including 25 young local entrepreneurs, 30 extension services, 300 farmers and 900 students.
- **GBFF Indicator Action Area 6:** Services provided by ecosystems.
- **GBFF Indicator Action Area 3:** Positive incentives in place to promote biodiversity conservation and sustainable use. Target: Payments for Environmental Services and tax incentives to encourage nature-positive farming through Public Private Partnerships (PPPs).
- **GBFF Indicator Action Area 5:** Benefits from the sustainable use of wild species.

- b. The project is aligned with Palau’s current NBSAP 20215-2025, namely its Strategic Area 5, Goal 5 and objective 5.2, its results will contribute to the impact indicator on number/area of commercial aquaculture, agriculture and forestry operations regularly using best practices or otherwise determined to be meeting sustainability guidelines. The project is also aligned with Palau’s National Environmental Management Strategy 2022-2030, Education Master Plan 2017-2027, Responsible Tourism Policy Framework 2017-2021, Food Systems Pathways and Green Growth Plan.
- c. The project will strengthen cross-sectoral coordination and cohesion and catalyze PPPs at a national scale to promote biodiversity-positive farming and agritourism using a whole of government and society approaches (see stakeholders table).
- d. The project will also work with the Chamber of Commerce, to support the engagement of private sector in nature-and-culture-positive farming systems. The project will work in synergy with the BGI Child project in Palau and other baseline investments to encourage flows of private capital into biodiversity-positive food systems.
- e. In line with Palau’s sustainable food system pathways, the project will support partnerships with IPLCs to ensure that increased production is in line with Palauan cultural values. The project will closely work with the Ministry of Community and Cultural Affairs, the Council of Chiefs and its parallel Women Council, and the Belau Association of Non-Governmental Organizations (BANGO) to co-develop training curricula to train the next generation of Palauan farmers, empower local youth entrepreneurs, and co-design model commercial farming systems in harmony with Palauan traditional laws, customs and cultural values

[1] <https://www.elibrary.imf.org/configurable/content/journals/S002f002S002f2023S002f430S002farticle-A001-en.xml?t:ac=journals%24002f002%24002f2023%24002f430%24002farticle-A001-en.xml>

[2] <https://www.palau.gov.pw/wp-content/uploads/2022/01/State-of-the-Environment-Report-Republic-of-Palau-2019.pdf>

[3] <https://climateknowledgeportal.worldbank.org/country-profiles>

## Core Indicators

### Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
11151	0	0	0

### Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
11,151.00			

### Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

#### Type/Name of Third Party Certification

#### Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

#### Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

#### Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

#### Documents (Document(s) that justifies the HCVF)

Title

#### Indicator 9 Chemicals of global concern and their waste reduced

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00	0.00	0.00	0.00

#### Indicator 9.1 Solid and liquid Persistent Organic Pollutants (POPs) removed or disposed (POPs type)

POPs type	Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

#### Indicator 9.2 Quantity of mercury reduced (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

#### Indicator 9.3 Hydrochlorofluorocarbons (HCFC) Reduced/Phased out (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)



**Indicator 9.4 Number of countries with legislation and policy implemented to control chemicals and waste (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)**

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

**Indicator 9.5 Number of low-chemical/non-chemical systems implemented, particularly in food production, manufacturing and cities (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)**

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
1			

**Indicator 9.6 POPs/Mercury containing materials and products directly avoided**

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

**Indicator 9.7 Highly Hazardous Pesticides eliminated**

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

**Indicator 9.8 Avoided residual plastic waste**

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

**Indicator 11 People benefiting from GEF-financed investments**

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
<b>Female</b>	578			
<b>Male</b>	677			
<b>Total</b>	<b>1255</b>		<b>0</b>	<b>0</b>

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

- GEF Core Indicator 4.1: Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified). Target: 11,151 Ha. Including 437ha of existing farms in Babeldaob, and up-scaling across a total of 10,714 Ha covering the recommended agricultural zones and farming sites identified in the 2023 Agricultural Sector Diagnostic Assessment

- GEF Core Indicator 9.5: Number of low chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities. Target: 1 non-chemical system implemented, through the replacement of chemical pesticides and fertilizers using integrated pest management and organic fertilizers.
- GEF Core Indicator 11: People benefiting from GEF-financed investments disaggregated by sex (count). Target: 1255 direct beneficiaries (578 women). Including 25 young local entrepreneurs, 30 extension services, 300 farmers and 900 students.

## ANNEX A: PROJECT FINANCING TABLES

### GEF Financing Table

#### Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
FAO	GBFF	Palau	Biodiversity	GBFF Action Area 6	605,617.00	57,533.00	663,150.00
FAO	GBFF	Palau	Biodiversity	GBFF Action Area 3	201,872.00	19,178.00	221,050.00
FAO	GBFF	Palau	Biodiversity	GBFF Action Area 5	201,872.00	19,178.00	221,050.00
<b>Total GEF Resources (\$)</b>					<b>1,009,361.00</b>	<b>95,889.00</b>	<b>1,105,250.00</b>

### Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

true

PPG Amount (\$)

50000

PPG Agency Fee (\$)

4750

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non- Grant	PPG (\$)	Agency Fee(\$)	Total PPG Funding(\$)
FAO	GBFF	Palau	Biodiversity	GBFF Action Area 6	Grant	30,000.00	2,850.00	32,850.00

FAO	GBFF	Palau	Biodiversity	GBFF Action Area 3	Grant	10,000.00	950.00	10,950.00
FAO	GBFF	Palau	Biodiversity	GBFF Action Area 5	Grant	10,000.00	950.00	10,950.00
<b>Total PPG Amount (\$)</b>						<b>50,000.00</b>	<b>4,750.00</b>	<b>54,750.00</b>

Please provide justification

### Sources of Funds for Country Star Allocation

(Only for Multi-Trust Fund projects where GEF TF is included)

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total(\$)
<b>Total GEF Resources</b>					<b>0.00</b>

### Indicative Action Area Elements

Programming Directions	Trust Fund	GEF Project Financing(\$)	Co-financing(\$)
GBFF Action Area 6	GBFF	605,617.00	672,000.00
GBFF Action Area 3	GBFF	201,872.00	224,000.00
GBFF Action Area 5	GBFF	201,872.00	224,000.00
<b>Total Project Cost</b>		<b>1,009,361.00</b>	<b>1,120,000.00</b>

**Amount of resource allocated to support actions by IPLCs for the conservation, restoration, sustainable use and management of biodiversity:**

Amount

201,872.00

## Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	MAFE	Public Investment	Investment mobilized	400,000.00
Recipient Country Government	MAFE	In-kind	Recurrent expenditures	600,000.00
GEF Agency	FAO	Grant	Investment mobilized	120,000.00
<b>Total Co-financing</b>				<b>1,120,000.00</b>

Describe how any "Investment Mobilized" was identified

Co-financing includes: 1/Prospective investments by MAFE in line with Palau's green growth Plan to triple agricultural production by 2030 using nature-based and innovative solutions to achieve sustainable growth; and 2/TCP funding from FAO to support the updating of Palau's NBSAP in line with the GBF and the Pacific Action Plan for Mainstreaming Biodiversity for Food and Agriculture (2024–2030).

## ANNEX B: ENDORSEMENTS

### GEF Agency(ies) Certification

GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	Jeffrey Griffin	3/27/2024			

### Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)
Ms. Charlene Mersai	National Environment Coordinator	National Environmental Protection Council	