

MATRIX OF POTENTIAL SAFEGUARDS IMPACTS OF POLICY REFORMS

Reform areas	Subprogram 1 Policy Actions to be completed by 31 August 2020	Safeguards Impact	Mitigation Measures
<p>1. Tariff reforms managed</p>	<p>1.1 Regulations for electricity tariffs. Palau Electricity Administration (PEA) adopted regulation for setting of cost recovery electricity tariffs for PPUC. 1.2 Guidelines for electricity tariff petition. PEA adopted the guidelines for electricity tariff petition, including subsidy and awareness raising, for PPUC. 1.3 PPUC CEO approval resolution on electricity tariff petition. PPUC management approved draft electricity tariff petition.</p>	<p>There are no direct involuntary resettlement, indigenous peoples, or environmental impacts for any of the policy actions.</p> <p>Policy actions however will have indirect positive impacts in improving the financial stability and operational performance of PPUC. This will bring both incremental as well as non-incremental benefits to consumers in Palau. Incremental benefits arise from additional consumption of electricity by both existing and new customers connected to the national grid, while non-incremental benefits emanate from more affordable and cheaper electricity supply by renewable generation replacing fossil generation in the country and reduced cost of providing back-up power generators.</p>	<p>No mitigation measures required for any of the policy actions. Nevertheless, safeguards covenants will be included in the loan agreement to ensure that loan proceeds are not used for any program activities that will have environmental, indigenous peoples and involuntary resettlement impacts or any activities on the prohibited investment activities list. In the event that involuntary resettlement, indigenous peoples or environmental impacts will be unavoidable, the government will comply with ADB SPS (2009) and pertinent government laws.</p>
<p>2. PPUC financial management enhanced</p>	<p>2.1 PPUC’s Board approval resolution on annual revenue projections for electricity operations for 2021-2023. PPUC’s Board adopted PPUC’s revenue required model for electricity operations (2021-2025). 2.2 PPUC’s Board approval for revenue enhancement action plan for electricity operations in 2021. PPUC’s Board approved PPUC’s revenue enhancement action plan for electricity operations in 2021. 2.3 PPUC’s Board resolution for PPUC accounting policy. PPUC’s Board implemented PPUC’s GAAP complied accounting policy and procedures.</p>	<p>In addition, the policy actions under Reform area 3 will support the new corporate gender sensitive human resource (HR) management procedures, giving women equal opportunities through including 30% quota for women Board members, introduction of parental leave and workplace harassment and discrimination (including gender-based discrimination and sexual harassment). The new HR procedures also aim to ensure a supportive workplace environment for all employees irrespective of</p>	
<p>3. PPUC corporate governance and transparency strengthened</p>	<p>3.1 PPUC’s Board resolution on PPUC’s Code of Corporate Governance. PPUC’s Board adopted PPUC’s Code of Corporate Governance based on 2015 OECD Corporate Governance Guidelines for SOEs, including 30% quota for women Board members. 3.2 PPUC’s Board resolution on approved procedures for capital investment, risk and compliance management. PPUC’s Board adopted PPUC’s procedures for audit, risk and compliance management complaint with international best practice. 3.3 PPUC’s Board resolution on PPUC’s approved gender strategy. PPUC’s Board adopted PPUC’s gender strategy. 3.4 PPUC’s Board resolution on approved HR procedure. PPUC’s Board implemented gender sensitive procedures, including flexible working arrangements, introduction of parental leave and workplace harassment</p>	<p>In addition, the policy actions under Reform area 3 will support the new corporate gender sensitive human resource (HR) management procedures, giving women equal opportunities through including 30% quota for women Board members, introduction of parental leave and workplace harassment and discrimination (including gender-based discrimination and sexual harassment). The new HR procedures also aim to ensure a supportive workplace environment for all employees irrespective of</p>	

	and discrimination policies (including gender-based discrimination and sexual harassment).	gender and free from discrimination and harassment related to gender bias, race, age, and other diversity.	
4. Market access for energy sector participation by the private sector improved	<p>4.1 Protocol on regulations for development of renewable energy facilities signed by the President of the Republic of Palau. PEA approved the regulations for development of renewable energy facilities by IPPs.</p> <p>4.2 PPUC Capacity Plan approved by PEA. PEA approved PPUC's capacity plan with objective to confirm the grid capacity available for renewable energy producers and IPPs and sets out the measures required to expand power transmission.</p>		