

**Preliminary Environmental and Social Screening**  
**for**  
***“Low-emission mobility (E-Bike) Financing and  
Incentive Program in major cities of Cambodia”***  
**GCF Concept Note**

**November 2020**

**Prepared by**



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## **I. Background & Objectives**

This assessment aims to support the GCF Concept Note of the pilot project titled, "Low-emission mobility (E-Bike) Financing and Incentive Program in major cities of Cambodia".

## **II. Assessment Method & Basic Assumptions**

Environmental and social screening is an essential and primary step in the assessment of environmental and social risks and impacts of activities proposed for GCF financing. The results of the screening form the basis of the accredited entities for assigning the environmental and social risk category of activities and inform decisions on the extent and depth of environmental and social due diligence that will be undertaken. (Source: Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process, Jan 2018)

As part of the Concept Note development, the project proponent (an accredited entity and partner entities in project identification and development) is required to suggest a preliminary screening result on the Concept Note (in Item A. 14 ("ESS Category")). In addition, GCF requires filling and submitting ES Screening Form as a base for the Fund's review and final confirmation on the ESS category.

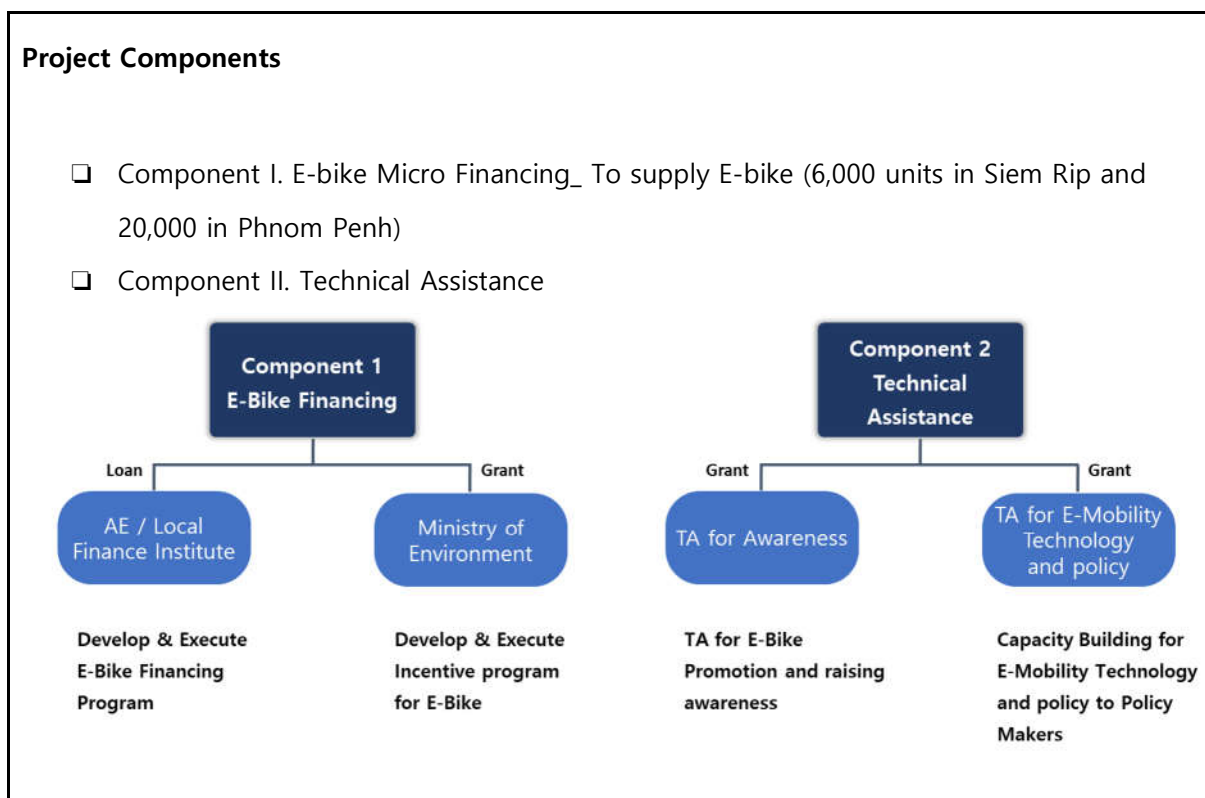
The GCF Environmental and Social Safeguard is composed of the following:

- 1) GCF Environmental and Social Policy [DOC1]
- 2) GCF ESS standards (IFC PS)
- 3) Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process [DOC3]
- 4) Sustainability Guidance note: screening and categorizing GCF-financed activities [DOC4]

In this assessment, the key requirements that were referred to was: Doc 1) and Doc 2) and 4). Regarding the form of ESS screening, Annex 1 of the Doc 3) was adopted.

The results of this assessment is of preliminary nature and requires further confirmation and clarification as the conceptualization of the target project is only at its inception stage: Total project cost and scope and concrete details of the project activities are yet to be established.

The project components, available information as of conducting this screening exercise, are as follows:



Given the insufficiency of the available information for consideration, this screening shall assume the following:

- **Assumption 1:** The project is implemented as a stand-alone case, not as a part of a broader programme. (Thus no consideration for associated activities of the related projects or programmes)
- **Assumption 2:** Intermediate financing is feasible but not considered at this point. In fact, the GCF holds parallelistic approach between direct financing risk categorization (Category A/B/C) and intermediate financing (High level

of Intermediation (L1)/ Medium level of Intermediation (L2)/Low level of Intermediation (L3)).

- **Assumption 3:** Project’s long-term, indirect and induced impacts can be identified only when more concrete activities of each component are determined. Given their absence, this assessment assume following activities:

**TABLE 1. Project Components and Potential Activities Assued for Preliminary ES Screening**

Component	Sub-component	Activities assumed (Impact types)
1. E-bike Financing (MF)	1.1. Develop & Execute financing program targeting Solar charged E-bike suppliers	<ul style="list-style-type: none"> <li>→ Extra solar energy generation facilities (incl. domestic battery manufacturing) and charging stations and associated infrastructure (battery sales, repair shops, re-use, recycling, used battery disposal facilities etc.) are built across the country or (nearby the city of Phnom Penh) (Induced Impacts)</li> <li>→ As beneficiaries of the Financing Program, E-bike suppliers succeed to sell E-bikes to the private and public users, eventually substituting the ICE-based motorbikes or conventional source-based electricity based e-bikes in the city. (Indirect &amp; cumulative Impacts)</li> </ul>
	1.2. Develop and Executive Incentive programs targeting Cambodia government	<ul style="list-style-type: none"> <li>→ Policy support consulting activities (without any physical infrastructure development)</li> </ul>
2. Technical Assistance	2.1. Develop and Exercise E-Bike promotion and	<ul style="list-style-type: none"> <li>→ No physical infrastructure development</li> </ul>

	raise awareness	
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### III. Preliminary screening findings

In summary, the output of this project is an established finance program for the local finance institute, incentive program that are developed and operationalized through the relevant ministries of Cambodia (Component 1) and enhanced awareness, enhance the policy makers capacity and use of e-bike by Cambodian citizens in the long term (Component 2). It is unlikely that the project implementation would incur any physical elements or explicit ecological and carbon footprint. Categorically speaking, the project itself may be categorized as "Category C."

However, GCF Safeguard policy requires considering "[...] *risks and impacts that are regarded as direct, indirect, induced, transboundary, long term and cumulative as well as impacts from associated facilities and third parties.*" (Sustainability Guidance note: screening and categorizing GCF-financed activities, Aug 2019, Para 19). Thus this assessment should also include potential indirect, imposed and cumulative impacts, as presented in the Table right above. This is based on the assumption of activities of the project (and thus subject to modification in the future). In this regard, also noting the "precautionary" principle of the international and GCF safeguards, the target project is preliminarily identified as "Category B".

### IV. Preliminary ES Risk Assessment

Following are the details of the screening analysis conducted, based on the format provided by the GCF (TABLE 2: Excerpted and modified from Annex 1 ("Examples of risk factors aligned to the environmental and social safeguards and policies of GCF") of Doc 4 above.)

**TABLE 2. Risk Assessment of the Target Project (by Direct project components and Associated Activities respectively)**

Risk Factors	Direct and Immediate Impacts of the proposed project	Indirect, Induced, cumulative & Long Term Impacts of the proposed project (and associated & 3rd party activities - assumed)_ TBC
<b>Assessment and management of environmental and social risks and impacts</b>		
Will the activities involve transboundary impacts on air, water or other natural resources?	NO	YES / Particularly in battery material extraction, manufacturing and wasted battery disposal (soil and water pollution)
Are the activities likely to contribute to cumulative impacts?	YES (->)	All the imposed and long-term impacts are likely to be cumulative.
Will the activities involve associated facilities and third-party impacts?	YES (->)	See the Table 1 below.
Are the activities likely to induce potential social conflicts?	NO	NO
Do the accredited entities, executing entities and implementing agencies (grantees, sub-borrowers and proponents) have the capacity to implement the environmental and social management /action plans?	TBD (AE, EE, IE need to be determined at the later stage)	N/A

<b>Labour and working conditions</b>		
Are the activities likely to affect working conditions, particularly in terms of employment, compliance with labour and other laws pertaining to non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	NO	Potentially YES/ Esp. informal employment and child labor in battery waste treatment)
Will the activities pose occupational health and safety risks to workers, including supply chain workers?	NO	YES/ health hazards related to lead and lithium battery production, transportation and disposal
<b>Resource efficiency and pollution prevention</b>		
Will the activities generate emissions; discharge pollution into water and land; generate activity related greenhouse gas emissions; use hazardous materials; generate noise and vibration; and/or generate waste including hazardous waste?	NO	YES/ esp. related to lead and lithium battery production, transportation and disposal (hazardous materials generating soil and water pollution)  Benefits: Solar-based energy generation will reduce GHG emission.

Are the activities likely to utilize natural resources, including water and energy?	NO	YES/ Cobalt and lead extraction for battery production. Lithium Ion battery production is highly water consuming.
Will there be a need to develop and implement measures to reduce pollution and promote sustainable use of resources?	NO	YES/ esp. related to battery production, use and disposal
<b>Community health, safety and security</b>		
Will the activities potentially generate risks and impacts on the health and safety of the affected communities, including impacts on ecosystem services affecting the local community health and safety?	NO	YES/ esp. in communities nearby batter resource extraction, manufacturing & disposal facilities
Will the activities increase the risk of sexual exploitation, abuse and harassment?	NO	NO
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in emergencies?	NO	NO
Will there be potential risks posed by the security arrangements and potential conflicts at the project site between the workers and the affected community?	NO	NO

<b>Land acquisition and involuntary resettlement</b>		
Are the activities likely involve the acquisition of lands, land rights or land-use rights through expropriation or other compulsory procedures in accordance with the legal system of the country?	NO	Unlikely
Are the activities likely to alter existing land use and restrict access to natural resources resulting in loss of livelihoods and other economic activities?	NO	Unlikely
<b>Biodiversity conservation and sustainable management of living natural resources</b>		
Is the project or programme likely to be located on modified, natural and/or critical habitats or in protected or internationally recognized ecological areas?	NO	NO
Is the project or programme likely to introduce invasive alien species of flora and fauna, affecting the biodiversity of the area?	NO	NO
Is the project or programme likely to have potential impacts on biodiversity (especially critically endangered and/or endangered species, endemic or restricted-range species, and globally significant migratory or congregatory	NO	NO

species) and ecosystem services, including production of living natural resources?		
<b>Indigenous peoples</b>		
Are the activities likely to have impacts on indigenous peoples and communities, such as impacts on lands and natural resources, land tenure and on cultural resources?	NO	NO
NOAre the activities likely to lead to physical displacement of indigenous peoples and/or restrict the access of indigenous peoples to lands and resources resulting in loss of livelihood?	NO	NO
Will the activities provide equitable opportunities to indigenous peoples and other vulnerable groups during stakeholder consultation and in decision-making during the preparation, implementation, monitoring and evaluation of the activities?	NO	NO
Will the activities need to obtain free, prior and informed consent (FPIC)? If so, has the project obtained FPIC?	NO	NO

**Cultural heritage**

Will the project or programme be located on areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic and religious values or contain features considered as critical cultural heritage?

NO

NO

THE END