

IDC LIQUID FUELS INVESTMENT SCREENING TOOL

1	Development Impact	1.1	Project's contribution to energy security	<ul style="list-style-type: none"> To what extent does the project mitigate energy security risk in the country?
		1.2	Job-creation potential	<ul style="list-style-type: none"> How many direct and indirect jobs are likely to be created/saved through this project?
		1.3	Other developmental aspects	<ul style="list-style-type: none"> Will the project facilitate development outcomes such as social inclusion and spatial equity.
		1.4	Project contribution to industrialisation through beneficiation	<ul style="list-style-type: none"> Does the project promote industrialization through beneficiation and import replacement?
2	National Level (Systems Level)	2.1	National Paris Agreement Development Pathway	<ul style="list-style-type: none"> Does the country have any commitments to the Paris Agreement through National Determined Contributions, Country-wide Strategies/emissions pathways/ development pathways including sustainable development goals?
		2.2	National Development pathway adoption and implementation including sector adoption and implementation	<ul style="list-style-type: none"> To what extent has the government of the country shown commitment to such commitments (through various policies and regulations) including the level of sector adoption and implementation of the National Development Pathway?
		2.3	Project alignment with Nationally Determined Contributions	<ul style="list-style-type: none"> Is the proposed project aligned to the country's commitments and strategies as they relate to emissions and development pathways including sustainable development goals?

3	Project Specific	3.1	Lowest emission technology and Sustainability	<ul style="list-style-type: none"> ▪ What is the emissions intensity of the proposed project (direct and/or indirect) and is the energy technology selection the least-emitting technology option for the size and role of the project - utilising the acceptable technologies? ▪ Can the project illustrate how it will ensure issues on stewardship of the ocean and the sustainable use of ocean resources i.e., Marine Protection and governance of the Ocean Sector? ▪ As part of an Environmental Impact Assessment, are there any negative effects on the coastal and marine economy which have been identified as part of the Due Diligence process? ▪ What social and beneficiation programmes have been put in place as part of project development and operations to ensure alignment with a Just Transition? ▪ Impact on communities of the production facility, pipelines, and related infrastructure – e.g. safety, theft, danger? Consideration of potential impact on other activities, conservation, agriculture, etc?
		3.2	Lowest cost energy option	<ul style="list-style-type: none"> ▪ Are there any alternative lower cost alternatives that could feasibly be implemented instead of the proposed project?
		3.3	Replacement of higher carbon assets	<ul style="list-style-type: none"> ▪ Is the project replacing a current higher carbon source, including the substitution or blending with non-fossil based liquid fuels such as biofuels? ▪ If so, please provide avoided emissions over time and carbon credits created over time.
		3.4	Carbon lock-in risk over longer term & Industry norms/best practices?	<ul style="list-style-type: none"> ▪ To what extent is there adequate flexibility to switch to lower carbon scenarios over time (technologically/contractually/economically) and what assumptions have been made? ▪ What are the current industry norms/best practices for the proposed projects aimed at managing carbon lock in and the overall transition risk? Is the proposed project aligned to this?
		3.5	Strategy and Timelines	<ul style="list-style-type: none"> ▪ Is there an opportunity for the IDC to influence the project's medium to long term strategy with an aim to manage its own carbon exposure, drive sustainable industrialization, beneficiation, and new industries? ▪ Can the IDC influence diversification over time for entrepreneurs in this field?

4	Transition Investment Risk	4.1	Risks associated with the transition to a net zero world/ambition	<p>The exposure of the project to the following risks, the mitigation thereof and the tenability of the residual risk:</p> <ul style="list-style-type: none"> (i) Policy/regulatory risks (potentially increasing costs or constraining revenues and financing) (ii) Carbon Tax (where applicable) or Carbon Border Adjustment Mechanism to address the risk of carbon leakage. (iii) Technology and market risks (potentially changing the need/role/commercial importance of the project over time) <ul style="list-style-type: none"> (i) Commercial risks (contractual, funding and otherwise) (ii) Company's carbon footprint and physical risks (acute and chronic) due to the changing weather conditions (if any). (iii) Plan to identify and implement public disclosure on climate-related risks and opportunities. (iv) Investment opportunities for the transition to lower carbon strategies.
		4.2	Reputational risks	Has the project considered the overall reputational and sentiment risks (including future investor appetite and valuation at a portfolio level) to the IDC?

For further details: Please contact IDC (Principal Specialist: Sustainability, ESG & Impact and/or Industry Planning Unit)