

Annex 21: Operations Manual for the Green Climate Fund Enhanced Direct Access programme “Climate change adaptation solutions for local authorities in the Federated States of Micronesia”

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1. Background

The Pacific Community (SPC) as an Accredited Entity, together with the National Designated Authority (NDA) from the Federated States of Micronesia (FSM), developed an Enhanced Direct Access (EDA) Green Climate Fund (GCF) programme that will establish a dedicated facility to strengthen the capacity of local authorities (LAs) in FSM to adapt to climate change and to address urgent, top priority vulnerability issues. The facility will empower all interested LAs by providing them with organisational and individual capacity-building in resilience and priority adaptation project development. Then, the facility will release, through the NDA and States focal points, call(s) for proposals for LAs to submit priority adaptation projects according to a set of pre-identified criteria. Direct grants will be provided to partner LAs (or support organisations) to implement selected projects.

This operations manual sets the rules and procedures for the on-granting facility, in accordance with SPC's policies. It details how the grant management system will be operated in all the phase of the project management cycle, including roles and responsibilities.

2. Overall grant mechanism

The EDA programme will establish a Resilient Communities Grants Facility (RCGF) to support adaptation measures in vulnerable communities across all four FSM States through an estimated 30-40 sub-grants in the range of USD 75,000–1,000,000 per grant. The EDA programme will support technical assessment and design of sub-grant activities (e.g. engineering designs, environmental management plans) as well as the implementation of these activities in line with the priorities of local communities and GCF requirements.

2.1. Thematic areas

The RCGF will support three thematic areas that have been identified by local communities and the government of FSM as priorities for adapting to climate change. These interventions are based on the viability of past interventions in FSM and other Pacific communities. The three thematic areas are¹:

1. **Climate-induced Disaster Risk Reduction and Coastal Protection:** Projects that will address the effects of coastal erosion, sea level rise, storm surges, flooding and landslides. Grants provided under this theme may include climate-proofing infrastructure, ecological infrastructure or emergency supplies and facilities for municipalities to respond to disaster.
2. **Food Security:** Projects that fall address agriculture, land management and fisheries for food security under future climate change conditions through sustainable agricultural systems and livelihoods as well as access to markets and value chains. This may include climate-smart agriculture, climate-resilient crop varieties, aquaculture, fisheries, watershed management and value chains for crops, fisheries, and livestock.
3. **Water Security:** Projects that fall increase the resilience of water resources to climate change. Interventions may include rainwater harvesting and storage, addressing seawater intrusion into groundwater resources, catchments rehabilitation and solar-powered water pumps.

2.2. EDA facility structure

The RCGF will have a dedicated implementation structure to review, screen and approve sub-grant proposals. This will include the EDA Coordination Unit (ECU), the EDA Programme Board (EPB), SPC's Procurement Committee and Facilitating Agents (see Figure 1). The roles of the various organisations comprising the RCGF are outlined below and summarised in Table 1.

EDA Coordination Unit: The ECU will issue calls for Expressions of Interest (EOI) to initiate submissions to the RCGF. EOIs will be screened by the ECU to determine project eligibility. If a

¹ For a more complete list of potential activities, see Appendix V – Indicative list of eligible activities.

project falls within the appropriate thematic areas and there is no duplication with other initiatives, a capacity assessment of the applicant will be undertaken to determine whether the applicant has the financial and other capacity to implement the proposed project (see Figure 2, Section 3.2 and Section 3.3.3 as well as the relevant appendices to this document).

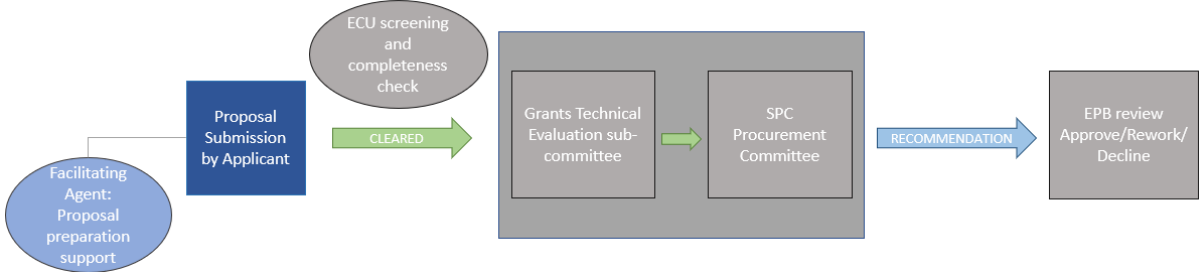


Figure 1: RCGF Governing Bodies Roles

EDA Programme Board: The EPB will be chaired by the NDA and will include State-level representation as well as national departments that reflect the various themes of the RCGF support. Based on stakeholder consultations, this dedicated body would also comprise a climate expert from DECEM, State GCF focal points and the head of FSM’s National Women’s Council to represent the voices of local communities and provide guidance on gender-responsiveness of project outcomes.

SPC Grants Technical Evaluation sub-committee: An independent technical sub-committee will comprise experts on each of the thematic areas, an environmental and social inclusion expert, a national expert with an understanding of the local context in FSM, a representative from the ECU and a representative from the SPC Grants Committee. The Committee will undertake a full technical and financial review of proposals to provide recommendations to the SPC Grants Committee on applications. The final decision will be made by the EPB.

The recruitment of technical experts to the sub-committee will follow a competitive bidding undertaken by SPC as part of the establishment of the project’s governance structure. Eligibility criteria for these members of the sub-committee include:

- A university degree in the relevant field of expertise (preference for a post-graduate degree).
- At least five years of experience in the field of climate change or sustainable development, with demonstrated experience in the relevant field of expertise.
- Familiarity with the Pacific region (preference for familiarity with the context in FSM).
- No conflict of interest or involvement in any of the LAs, FAs or other parties to the project, including any implementing partners to the sub-grant applications.

SPC Procurement Committee: The SPC Procurement Committee is composed of an SPC Division Director (Chair), a Grants Team representative, a representative from the ECU who will act as the Submitting Officer and two other representatives from SPC. The Procurement Committee members are responsible for carrying out proposal evaluations, ensuring that SPC’s procurement policy is followed and ensuring that the evaluation has followed a consistent and equitable process.

Facilitating Agents: A cohort of Facilitating Agents will be selected through a call for tenders. Facilitating Agents will be national organisations (NGOs/CSOs) or individual national consultants. These Facilitating Agents will be trained to provide project development support as well as project implementation support once projects are approved. Once a project is approved, a Facilitating Agent will be assigned to each project to support the reporting and monitoring processes. Draft terms of reference for the Facilitating Agents have been provided in Appendix X – Draft Terms of Reference for FSM EDA Programme Facilitating Agents, detailing the expected roles, responsibilities, experience and capacities of the Facilitating Agents to be able to support LAs in sub-project applications and implementation.

Table 1. Summarised roles and responsibilities of stakeholders

| Stakeholder | Responsibility | Role |
|--|---------------------------------------|--|
| SPC (accredited entity) | Oversight, management and reporting | <ul style="list-style-type: none"> • Supervise overall implementation of the EDA programme • Coordinate between the various stakeholders including the NDA, ECU, EPB, Grants Committee, LAs, FAs, etc. • Monitor and report on the implementation of the EDA programme |
| FSM NDA | Coordination and management | <ul style="list-style-type: none"> • Liaison between LAs, FAs and SPC • Establish the EDA programme governing bodies • Chair the EPB • Support supervision of sub-grant design and implementation |
| SPC EDA Coordination Unit (executing entity) | Day-to-day management | <ul style="list-style-type: none"> • Run the day-to-day operations of the EDA programme • Manage the Resilient Communities Grant Facility |
| EDA Programme Board | National-level guidance and direction | <ul style="list-style-type: none"> • Overall guidance and direction to the EDA programme • Guidance on risk management and mitigation measures • Ensure coordination between various donor, government-funded projects and government agencies • Review progress and assess performance • Approve relevant reports and project amendments including amendments to the budget and M&E framework • Advise on or address project grievances |
| Local authorities | Sub-grantees | <ul style="list-style-type: none"> • Identify potential sub-grants and prepare proposals • Manage and report on approved sub-grants |
| Facilitating agents | Support sub-grant implementation | <ul style="list-style-type: none"> • Provide support on the development of sub-grant proposals • Provide support on the implementation of sub-grants • Conduct quarterly site visits • Support reporting and monitoring processes |
| SPC Procurement Committee | Sub-grant approval | <ul style="list-style-type: none"> • Review financial and other capacities of sub-grant proponents • Approve sub-grants based on capacities and recommendations of Grants Technical Evaluation Sub-committee |
| Grants Technical Evaluation Sub-committee | Sub-grant review | <ul style="list-style-type: none"> • Undertake technical review of sub-grant proposals • Provide recommendations to the Procurement Committee based on alignment of proposals with eligibility criteria |

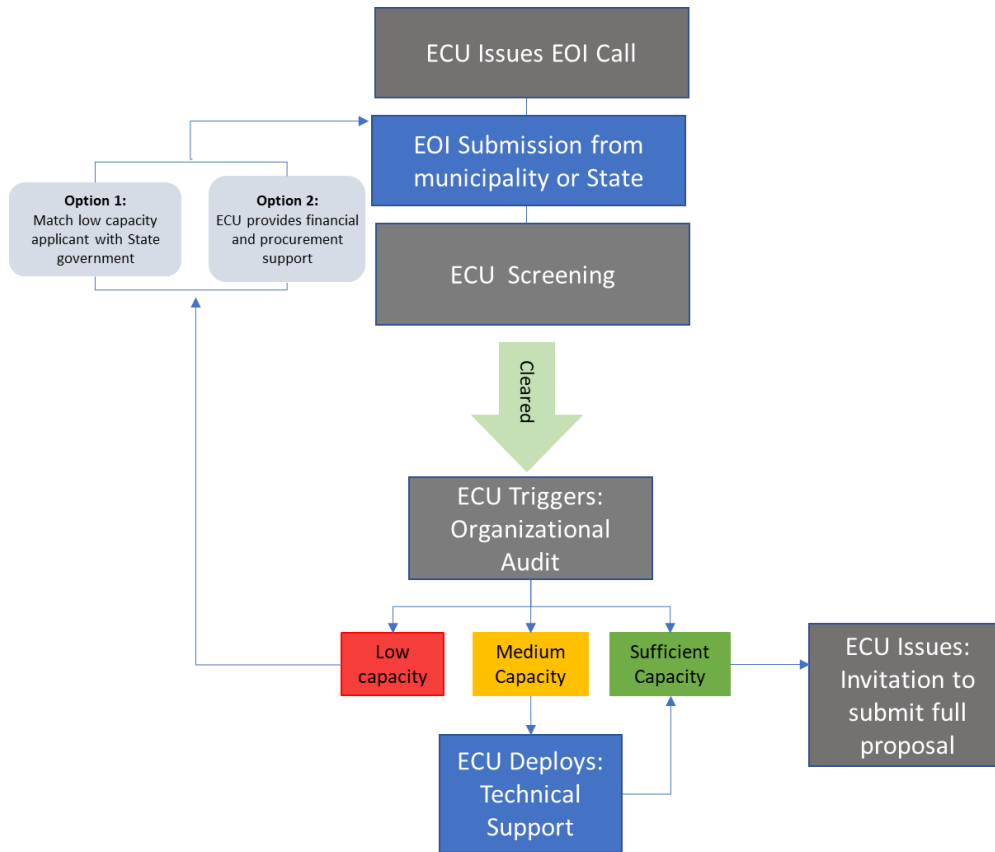


Figure 2: ECU Role EOI Process

2.3. EDA Programme funding flows

The funding flows for the EDA programme are illustrated in Figure 3. As the Accredited Entity, SPC's CCES Division – through its Climate Finance Unit – will receive funds from the GCF. These funds will in turn flow to the ECU as the Executing Entity for the EDA Programme, in which capacity it has the responsibility for managing the RCGF. Based on the grants applications received and the capacities of the applicants to administer those grants, the ECU will either enter into grants agreements with the LAs submitting the applications or else contract support organisations to deliver the goods and services outlined in the proposal. Section 3 outlines the full details for the process of submission and assessment of proposals and applicants' capacities. Funds will be thus be transferred by the ECU to the grantees on the basis of the grant applications following the procedures outlined in Section 5 on disbursement.

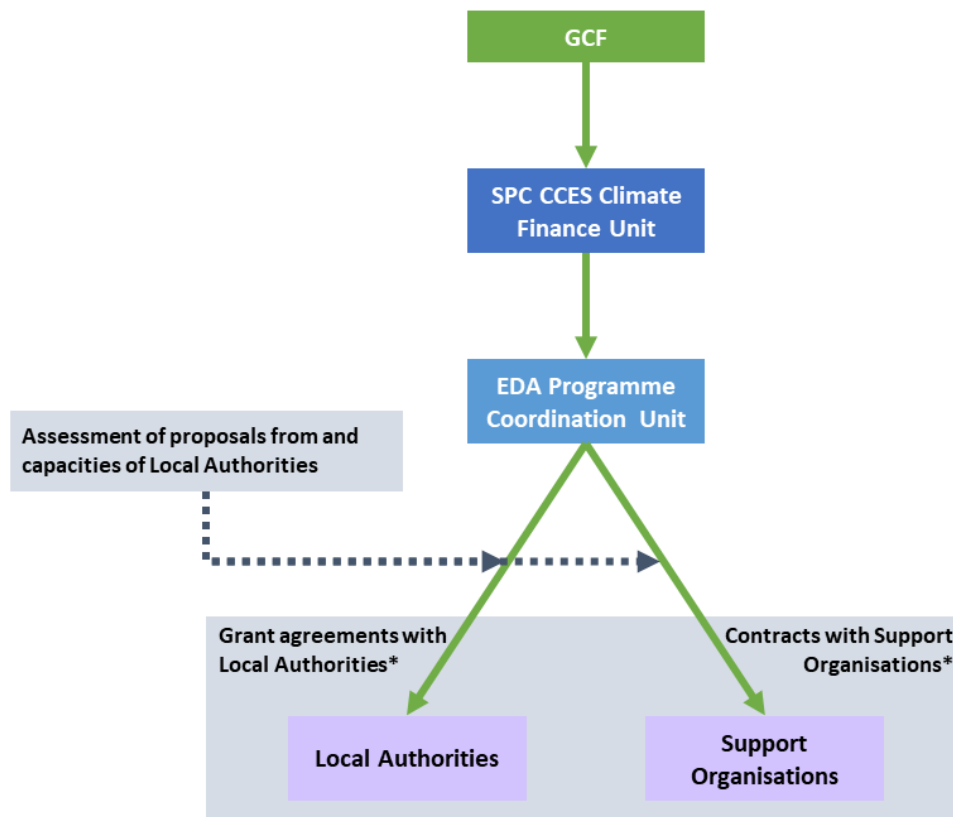


Figure 3: Funding flows for EDA programme [*Agreements will be directly with local authorities where they have the requisite capacities to implement sub-grants. Agreements will be signed with support organisations where the local authority doesn't have the relevant capacities]

2.4. Exit strategy

SPC and the FSM have co-signed a letter (attached to the proposal) stating their intent for handover of the RCGF from SPC to the government of FSM at the completion of the GCF funding period. By this time, the EDA programme will have established the practices, processes and guidelines necessary for the ongoing functioning of the RCGF. Moreover, the relevant capacities for management of the RCGF will have been fostered through the capacity development activities of the EDA programme.

Upon handover of the EDA programme, the ECU will be absorbed into a relevant FSM government institution – provisionally identified as the Department of Finance and Administration as in its capacity as NDA for FSM. SPC will step back from its role within the ECU as well as the EPB, with these functions being taken on by the Government of FSM. Any future role that SPC may have in ongoing support to the RCGF will be considered based on a request from the Government of FSM to that effect.

3. Grant applications to the EDA facility

3.1. Applicants

The RCGF will be open to any municipality across FSM as well as State governments. As the majority of the municipalities across FSM do not have the capacity to implement a small grant on their own (even after capacity building), they will be able to access grants through the State agencies or through support from SPC. Prior to the issuing of EOIs, interventions under the EDA Programme will have supported LAs to identify and prioritise adaptation solutions and to select sub-grants for the EOI. The prioritisation and selection process will include extensive stakeholder consultations and input. The EOI submission will require proof of consultations and lists of those consulted. State agencies will also have been supported to work with smaller, less resourced municipalities to develop EOIs on their

behalf for larger grant amounts. State agencies may apply directly to the EDA Facility but must demonstrate support from municipalities in their jurisdiction for the sub-grant.

Following consultations with communities, LAs with demonstrated capacity to develop fundable projects, implement such projects, report as required and account for funds disbursed would apply directly. In cases where LAs do not have the requisite capacity, they could designate support organisations in their grant project proposals to partner with them in implementing, monitoring and report on the grants. These support organisations could include civil society, non-governmental organisations, private sector entities and academia. To ensure full ownership by the LAs, support organisations will need to fulfil pre-established conditions (e.g. locally-registered support organisations, formal endorsement from both the NDA and the LA, overhead costs of the supporting organisation limited to 25% of the total proposal's budget) and their exact role shall be detailed in the grant project proposal.

3.2. Application process

The RCGF proposed process is divided into four stages as seen in Figure 4 below.

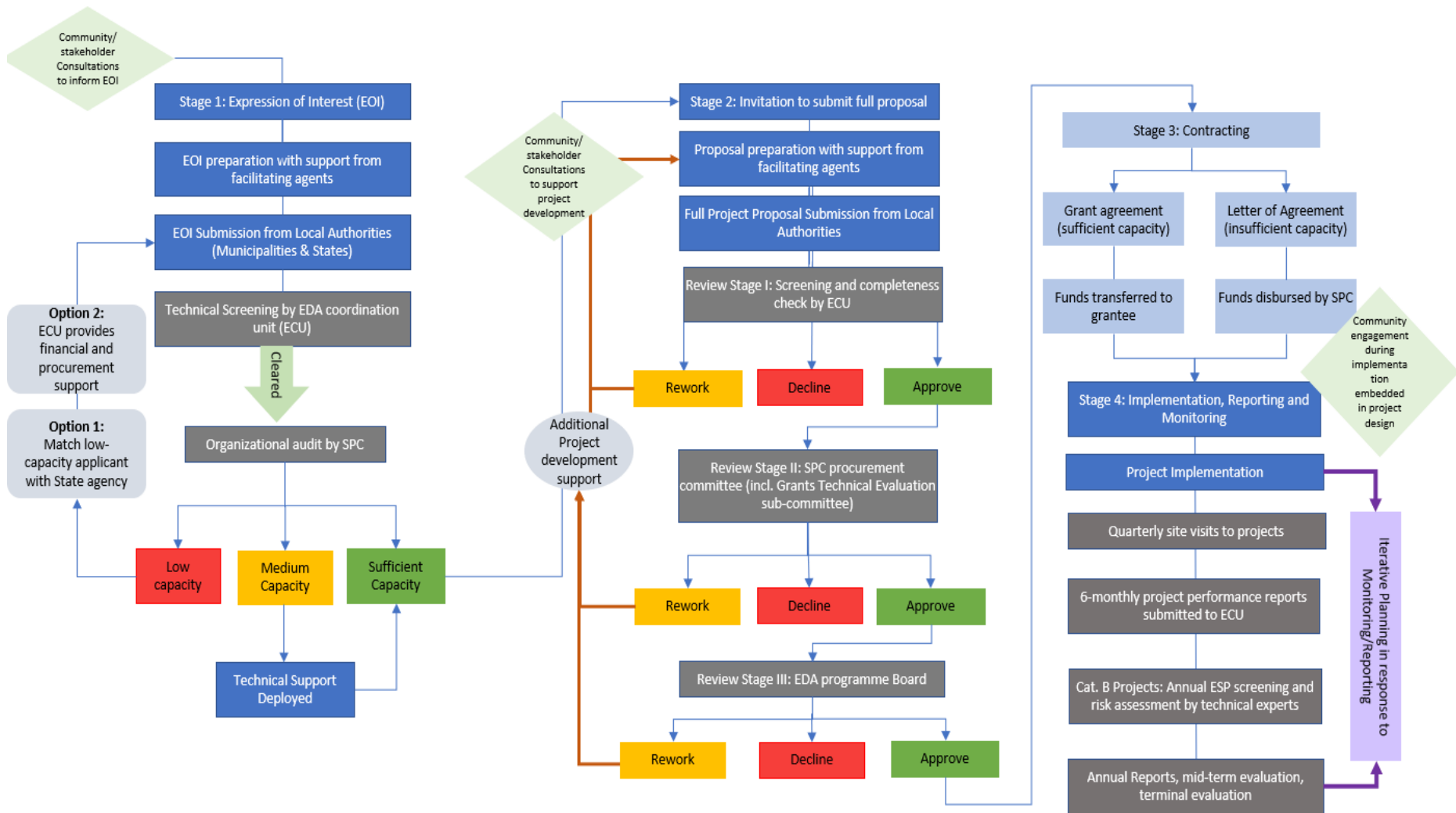


Figure 4: RCGF EDA Facility

Pre-Stage 1: Initial Community Involvement

Prior to submitting an EOI, extensive community engagement and involvement in the selection and prioritisation process will take place. All EOIs must demonstrate engagement and input from community stakeholders. Support for prioritising adaptation solutions will be provided by the EDA Programme including training (delivered by facilitating agents) on conducting and documenting stakeholder consultations. State agencies that submit an EOI must demonstrate that their sub-grants will address climate risks faced by municipalities and that interventions are endorsed by local communities. Community involvement will include sensitisation on the eligibility criteria against which sub-grant proposals will be assessed during Stage 1 and Stage 2. The community engagement will serve to ensure that communities endorse sub-projects comprising activities that are eligible for sub-grants as listed in Appendix 5. The eligibility of the activities is based on their contribution to the GCF investment criteria as outlined in Section 3.3.1 Eligibility and investment criteria for proposal selection.

Stage 1: Expression of Interest

The ECU will issue an initial call for EOIs nine months after the start of implementation and then additional rounds will be issued every twelve months thereafter. The EOI will be issued to all eligible State agencies for grant amounts ranging between USD 75,000–1,000,000. Responses to the EOIs will serve to determine the level of technical and capacity support needed by the applicants.

The call will be supported by briefing sessions that will be convened through the EDA Programme on the grant process, the EOI, and the full proposal development will be provided by facilitating agents. These sessions will provide an opportunity for potential recipients, including members of municipal communities, to learn more about the RCGF opportunity and to obtain initial support to develop appropriate local level responses and input around their project ideas. At the same time, the sessions will provide the opportunity to integrate scientific and local knowledge, develop a base of priority interventions from which sub-grants can be identified and developed, and identify potential implementation partners (e.g. civil society, non-governmental organisations, private sector entities, academia). These processes will empower LAs to identify best practice adaptation solutions themselves through training and site-visits.

Prospective grant recipients will be required to submit a short EOI outlining their proposed adaptation intervention (see Appendix I for EOI form). EOIs will be screened by the ECU to determine project eligibility, alignment with GCF criteria (see Section 3.3), level of E&S risk, project implementation partners (including involvement of private sector and other actors) and ensure local community engagement has taken place. For State agencies, an endorsement letter from one or more municipalities must be included as part of the EOI. If a project falls within the appropriate thematic areas, aligns with the GCF investment criteria and there is no duplication with other ongoing support in FSM, the EOI will be cleared and a capacity assessment of the applicant launched.

If the EOI is not cleared, feedback will be provided as to why the EOI was not cleared. The applicant will be supported by a facilitating agent to support the development of another more suitable EOI or to refine the EOI to meet the eligibility criteria for submission into a later EOI call.

The ECU, with support from SPC's Procurement Committee, will conduct a capacity assessment of applicants whose EOI has been cleared for full proposal development (an external consultant or firm may be procured to undertake the capacity assessment if needed). The assessment will determine whether the applicant has the capacity (financial and organisational) to implement the proposed project. SPC's capacity assessment process will be followed (see Section 3.3.2, Appendix III – Grantees Capacity Assessment and Appendix IV – Grants Capacity Assessment Evaluation). Upon completion of the assessment, three options are available:

- (i) If it is determined that the applicant has sufficient capacity, the applicant will be invited to submit a full grant application proposal;
- (ii) If it is determined that the applicant has minor organisational, managerial or financial gaps (medium capacity), then technical assistance will be offered to improve capacity along those lines; and

- (iii) If it is determined through the audit that the applicant has severe gaps (low capacity), the ECU will suggest two sub-options for submission:
 - a. Sub-Option 1. The LA (in this case usually a municipality) would be matched with a higher capacity LA (usually a State agency) to collaborate on the sub-grant and resubmit the EOI with the higher capacity LA as the lead agency.
 - b. Sub-Option 2. The ECU would provide financial and procurement support to the implementation of the sub-grant, in collaboration with the municipality.

Under both of the latter sub-options, the LA will still be provided with training on organisational, managerial and financial gaps by specialists (procured to provide managerial and financial training). Additionally, the LA will be able to choose its preferred option.

The call for EOIs will be issued on a twelve-monthly basis until such time as all project funds are allocated.

Stage 2: Invitation to submit full proposal

Once an applicant receives a favourable capacity assessment, the applicant will be invited to develop a full proposal. As part of this process, applicants will be offered support for project preparation. Consultants and Facilitating Agents trained under the EDA Programme will be deployed to support applicants in their preparation of full proposals. Specialist E&S safeguard and gender expertise has been provided for in the budget and will be available if necessary.

Prospective applicants will submit detailed project proposals to the ECU (see Appendix II for the grant application form). For State agencies, a letter of endorsement from the municipalities that will be supported through the grant will be required. The funding proposal should provide information on how municipalities will benefit from the sub-grant and detail how knowledge/skill transfer will occur. The sub-grant proposals should also detail the operations and maintenance plans including such costs during project implementation². The ECU will note the submission of the documentation, acknowledge receipt, and review it for completeness. Particular attention will be paid to whether stakeholder input and engagement has been continued through the full proposal development (from the EOI stage). In addition, the project partners and implementation plans will be reviewed to assess how funds will be managed and how partners will execute the activities. This will include a review of the type of partner organisations involved, e.g. civil society, non-governmental organisations, private sector entities, academia, etc.

Once the pre-screening and completeness check have been conducted by the ECU, the proposals will be reviewed by the Grants Committee. The Grants Committee will include an E&S safeguard and gender and social inclusion expert, who will provide a specific screening on whether the proposal appropriately identified E&S risks and sufficiently incorporates gender elements.

Reviewers will evaluate detailed project proposals against the agreed checklist which includes the GCF investment criteria as well as E&S screening criteria. The proposals will then be reviewed by SPC's Grants Committee which will look at the advisory report from the Grants Technical Evaluation sub-committee and the capacity assessment.

The ECU will then compile the reviewers' comments into an integrated review and make recommendations to the EPB as whether to approve, not to approve or call for additional work on the detailed project proposal. All reviews will be made available to proponents.

The EPB will then decide whether to approve the full proposal, reject it, or refer it back for further modifications. The record of the EPB meeting will capture the EPB's recommendations and the reasoning behind the decision. In the cases of conditional approval, the meeting record would detail the conditions that need to be met for approval. As the Executing Entity, SPC will hold a position on the EPB and be legally responsible for the EPB's actions and decisions. To this end, SPC will have the

² It will be mandatory to allocate funds to the operation and maintenance of financed assets and equipment in the sub-grant proposals. Legal owners of assets and equipment will bear post-implementation operation and maintenance costs.

right to veto the approval of applications that are in non-compliance with policies of SPC and of GCF on the basis of due diligence evaluations.

The ECU will notify prospective applicants of the recommendations of the EPB. Applications that are approved will enter into the contracting stage. Projects that are referred back to proponents for further modification will have an opportunity to be resubmitted during the next call for proposals.

Stage 3: Contracting

Once approved by the EPB, the ECU will prepare and enter into a contract with the LA.

The legal agreements between SPC and the grant recipient will be negotiated and finalised based on the nature of the activity and of the anticipated funding flows. This process will include internal processing as well as compliance and additional due diligence screening as needed. The agreements will contain all relevant details regarding the terms and conditions of the RCGF financing.

Contracts will specify the annual project work plan and associated budgets, deliverables and disbursement schedules, in line with SPC's Procurement and Grant Policies. They will also specify monitoring, evaluation and reporting requirements. Baselines will need to be established within the first three months of grant sub-grant inception.

This stage will conclude with the signing of legal agreements between SPC and the grant recipient.

Stage 4: Implementation, monitoring and reporting

Grant recipients will be expected to implement their sub-grants according to the schedules and deliverables that are set out in their contracts. The sub-grants will be fully under the control and management of the recipient LAs, with execution support to be provided by Facilitating Agents. A milestone approach to sub-grant awards and payment schedules will be utilised whereby grant recipients would report the achievement of project milestones as per the grant agreement. Facilitating Agents will be assigned to each sub-grant and will conduct a site-visit once each quarter, and support the reporting and monitoring processes. The Facilitating Agents will be responsible for advising the ECU on project progress, making recommendations to the ECU for the disbursement of funds and in the event of any requests for deviations from the agreed project plan. Particular attention will be given to the monitoring and mitigation of any risks identified through Stages 1–3, and of any unanticipated environmental and social risks that may arise during implementation.

Every six months, project performance reports will be submitted by the Facilitating Agents to the ECU that summarise project progress and risk management related activities. For Category B projects, every six months an ESP screening and risk assessment by an Environmental and Social Safeguard Expert will be conducted. Templates for reporting will be developed during the first year of project implementation.

Annual financial and narrative reports will be submitted by the grant recipient with support as needed from the Facilitating Agent. The ECU will review annual performance reports, provide recommendations, and discuss any corrective action needed. The Facilitating Agents will be responsible for working with grant recipients to ensure that these recommendations are integrated into the relevant project risk management plans, and into future implementation activities. The Facilitating Agents will also be responsible for monitoring of the iterative management actions that arise from the recommendations of the ECU.

Where risks are detected, the ECU may propose the redirection of project funds to risk management activities, or the withholding of the next tranche of payment until satisfactory risk management actions are determined and agreed. In this regard, it is noted that every effort will be made to support grant recipients to positively respond to and manage unanticipated risks. The ECU will undertake the necessary internal procedures to validate and complete the contracted payments.

Throughout the implementation of the EDA programme, opportunities will be created for grant recipients to meet and share lessons and experiences with each other, and with other local and national stakeholders.

At project closure, all grant recipients will be expected to submit final financial and narrative reports which will need to include a project sustainability plan.

Ex-post verification of sub-project results will be evaluated, successes and failures analysed and knowledge products developed and disseminated. These lessons will inform the recapitalisation strategy as well as inform the planning for scaling up and replicating measures in other municipalities.

3.3. Eligibility criteria

Working drafts of the intake form and review criteria have been developed (see the various appendices to this operations manual). However, these may be adjusted and finalised during the first months of programme implementation. Input from the Grants Technical Evaluation sub-committee will need to be incorporated and the final approval of the entire mechanism including intake form and review criteria will be taken by the EDA Programme Board. Additional adjustments should be considered following the stakeholder engagement and stakeholder capacity building efforts as part of the EDA Programme.

In order to be eligible, sub-projects must comprise one or more of the activities listed in Appendix 5, which identifies techniques and technologies for enhancing adaptation to climate change that are relevant to FSM's context. This list is indicative and may evolve depending on the market developments and local needs identified during the implementation of the project.

All LAs in FSM are eligible to submit applications for sub-grants to the RCGF, regardless of their level of government. However, prioritisation will be made according to the vulnerabilities highlighted by the specific LAs as well as those with constrained capacities that are preventing them currently being able to implement resilience-building activities. This will be done equitably. All LAs will also be eligible for technical assistance, although priority will be given to municipalities and State agencies showing the highest level of vulnerability while also meeting a minimum threshold of capacity to implement resilience-building activities.

3.3.1. Eligibility and investment criteria for proposal selection

Along with assessment of the capacity of the applicant to implement the proposed grant, all proposals will also be assessed for their potential to provide adaptation benefits in line with the GCF investment criteria. EDA grants will thus only be awarded where project proposals detail the following key eligibility criteria:

1. The ineligible list (based on SPC rules and regulations) whereby only sub-projects not listed in the ineligible list (Appendix VI) are eligible.
2. The adaptation rationale and incremental/additional cost argument based on a business-as-usual scenario for the targeted project, the projected climate change impacts, the specific adaptation activities to be implemented to reduce the climate change vulnerability compared to the baseline scenario.
3. The prioritisation of the project defining how and why this particular sub-project idea was identified among the many alternatives that could have been addressed with the same funding.
4. Projects must also clearly define their contribution to the GCF investment criteria.

Climate change adaptation impact potential

- Number of direct and indirect beneficiaries whose vulnerability is reduced, or resilience is increased (with detailed information on locations & exposure, gender, social conditions etc.)
- Inclusion of most vulnerable populations (e.g. at risk of being displaced, women, those at the extremes of age, those with pre-existing health problems, the poor and socially disadvantaged, outer islands communities, etc.)
- Climate change resilient jobs/livelihoods created
- Dependency on livelihoods vulnerable to climate change reduced
- Increase in generation and use of climate information in local decision-making

Transformational/paradigm shift

- Degree to which the proposed project addresses prevailing unsustainable practices/situations towards a resilient development pathway

- Degree to which the project is innovative/business unusual
- Potential for scaling up and replication elsewhere if the project proves successful
- Potential for knowledge and learning
- Sustainability of outcomes and results beyond completion of the intervention (projects will need to include an exit strategy and demonstrate commitments towards long-term sustainability through the use of specific tools such as, for instance, operation & maintenance plans)

Sustainable development

- Environmental Co-Benefits (not directly climate-related), such as biodiversity, soil quality, air quality etc.
- Social Co-Benefits such as health and safety, access to education, cultural preservation etc.
- Economic Co-Benefits such as expanded and enhanced job markets, job creation and poverty alleviation, improved sector income-generating capacity, increase in agricultural productivity etc.
- Gender-Sensitive Development: degree to which the project addresses prevailing gender inequalities in general and with regards to climate change vulnerability and risks in particular

Needs from local communities

- Degree to which the proposals account for local communities' needs.
- Direct community involvement in the project implementation

Alignment with national or sub-national priorities

- Degree to which the project clearly aligns with national or subnational priorities (e.g. contributing to objectives of national climate change policies, action plans implementation of JSAPs or local DRR plans)

Efficiency and effectiveness

- Cost-effectiveness and efficiency
- Co-financing
- Financial viability
- Application of best practices

3.3.2. Financial eligibility criteria

| | |
|----------------------------|--|
| Max. grant amount | USD 1,000,000 |
| Eligible investment | 100% of total investment cost can be financed |
| Eligible costs | <ul style="list-style-type: none"> • Equipment and hardware costs • The cost of engineering design • Legal fees • Development cost • Installation services and works • Insurance costs • Monitoring costs |

- The cost of an initial set of spare parts
- Commissioning costs
- Equipment and hardware costs

Ineligible expenditures

- Purchase, rent or leasing of land and existing buildings
- Operating costs
- Purchase or leasing of passenger motor vehicles
- Second-hand equipment, unless the TA is satisfied with the technical quality and capacity of the equipment to deliver the climate benefits
- Working capital requirements, except to the extent that such working capital costs are an integral part of the investment implementation
- Other ineligibles which are not part of eligible technologies

3.3.3. Capacity assessment eligibility criteria and methodology

SPC's capacity assessment process will be used to assess the capacities of the LAs for implementing the grants. After receipt of the grant application form (Appendix II – Grant Application Form) and capacity assessment form (Appendix III – Grantees Capacity Assessment Form), each will be evaluated to determine the level of capacity using SPC's evaluation criteria (see Appendix IV – Grants Capacity Assessment Evaluation). Potential grantees will be rated on a scale from 0 to 3 based on their overall score in the evaluation (see Table 2). The evaluation will be undertaken by the SPC Grants Committee and their recommendations presented to the ECU. Depending on the outcomes of the capacity assessment evaluation taken in conjunction with the assessment of the investment criteria, a decision may be taken to either proceed with the application, provide technical assistance to address minor organisational, managerial or financial gaps, match the applicant with another LA to collaborate, or provide financial and procurement support directly through the ECU for implementation of the sub-grant (see Section 3.2).

Table 2. Risk ratings for LAs applying to the EDA facility

| Risk Level | Score and Rating | Description |
|-------------|-----------------------|---|
| Low | 3 – Very good | <ul style="list-style-type: none"> • Considerable assurance that objectives will be met • Well-developed risk management systems • Well-developed financial management systems • Functioning control frameworks |
| Moderate | 2 – Good | <ul style="list-style-type: none"> • Reasonable assurance that objectives will be met • Developed financial management systems • Control frameworks meet good practice |
| Significant | 1 – Needs improvement | <ul style="list-style-type: none"> • Control weaknesses or inefficiencies identified • Underdeveloped financial management systems • Control frameworks exist to some extent • Improvements required for reasonable assurance that objectives will be met |
| High | 0 – Unsatisfactory | <ul style="list-style-type: none"> • Many weaknesses or inefficiencies exist • Controls do not meet acceptable standards • No reasonable assurance that objectives will be met |

4. Capacity support to grantees

A key objective of the EDA Programme is to improve the capacity of LAs to be able to plan and implement adaptation interventions through a “learning-by-doing” approach. Consequently, capacity development and support are built into the EDA Programme in various ways. This capacity development will be provided through a variety of means including training, coaching, mentoring and provision of recommendations for organisational and process reforms to improve efficiencies, as needed. In addition, specific support will be provided on reporting on the implementation of grants so that LAs are able to comply with SPC reporting requirements.

Besides the general support offered under the EDA Programme, specific will be provided to LAs on a needs basis. This could be provided through a number of channels:

- **Facilitating agents:** NGOs and national consultants will be enrolled in a roster of experts to provide technical, capacity and project implementation support to LAs. They will undergo training-of-trainers to ensure that they can support LAs in the development and implementation of projects for the EDA Facility and other climate change funding opportunities. This includes but is not limited to supporting LAs for field visits, community consultations, prioritisation of interventions, gender and social inclusion, environmental and social safeguards, project management, monitoring and reporting, etc.
- **LA-to-LA collaboration:** An LA with low capacity for implementation of a grant can be matched with another LA that has the requisite capacity for implementation. This would typically be a collaboration between a State-level agency with a municipality. In this case, the higher capacity LA would act as the lead agency.
- **ECU direct support:** The ECU will be in a position to provide direct support to LAs on various aspects of project management and implementation. This may include procurement of specialised goods and services when it is beyond the capacity of the LAs to do so. In such a case, the ECU may undertake the entire procurement process as well as manage the contract and payments on behalf of the LA, or alternatively only undertake those parts of the process that the LA is unable to perform. In addition, the ECU personnel will provide necessary support to LAs on financial management and reporting, environmental and social impact assessments, monitoring and evaluation or any other aspects for which they may require such support.

5. Disbursement of grants

Grant disbursements will be made according to the work plans of the respective projects. These disbursements will be conditional to the fulfilment or attainment of project milestones as outlined in the grant agreements or contracts entered into between the ECU and the grantees or supporting organisations for the specific projects. Initially, the milestones will be identified in the project inception plans until annual or semi-annual work plans have been developed as implementation of the respective grants progress.

Depending on the milestones agreed on in the agreements, initial tranches may be disbursed to grantees on approval of the inception plan. Subsequent disbursements will be made based on payment requests submitted to the ECU. These requests will be triggered by the attainment of milestones outlined in the workplans for the project, for which supporting documentation or reports should be provided. The Grants Officer will verify the attainment of the milestones and approve the payment request for the disbursement if the grantee has complied with the conditions outlined in the agreement. This may include third party payments on behalf of grantees, if included in the grant agreement. Monitoring of grants will thus be based on the milestones established in the work plans for the projects.

The disbursement of funds to successful grantees will proceed according to SPC’s Finance Regulations (2018), Finance Policy: Procurement (2020), Finance Policy: Grants and Sub-delegations (2020) and Finance Policy: Anti-Money Laundering and Counter-Terrorism Financing (2020). These

policies ensure considerable internal controls and due diligence so that funds provided to grantees are properly disbursed and managed.

6. Financial and progress reporting

Grantees will be expected to provide to SPC original copies of their financial and narrative reports on activities implemented under the EDA facility for the entities' respective financial years (see Appendix IX – Grant Reporting Template). Interim progress reports will be provided on a quarterly basis, while additional reporting may also be requested by SPC or the ECU on an *ad hoc* basis e.g. to provide feedback to the EDA Programme Board. The ECU will provide support to grantees on reporting, either directly or through FAs, as deemed necessary. All reports will be reviewed and formally approved by the ECU, including inception reports, quarterly progress reports and annual financial and narrative reports.

The grantees are also required to keep original supporting documents against the milestones against which disbursements are made to detail the specific expenses incurred in achievement of the specific milestone. Scanned, original electronic copies may be accepted, if approved by SPC. Audits of the grantees may be requested by SPC if required. Supporting documents include (but are not limited to) the following:

- instruments of delegation
- supplier invoices or receipts
- purchase orders or purchase requisitions
- delivery receipts
- supplier statements of account,
- contracts/agreements
- shipping documents
- per diem and acquitted advance forms
- mission reports
- air travel tickets and boarding passes
- procurement tender evaluation dossiers and minutes
- staff contracts
- bank statements
- receipt books

7. Procurement procedures

The ECU will follow SPC's procurement process³ for any procurement activities that it may undertake. This includes but is not limited to the procurement of goods on behalf of LAs for implementation of grants as well as the procurement of services such as FAs, trainers, third party implementers, etc.

Once the need for specific goods or services has been identified, solicitation documents will be prepared and issued containing terms of reference, scopes of work, specifications of goods, bid submission forms and any other guidelines required by the nature of the specific procurement. Once bids have been solicited, they will be evaluated in a fair and transparent manner following SPC processes. This includes assessment of quotes against evaluation criteria that include key competencies or minimum requirements outlined in the solicitation documents. The contract will be awarded when it has been determined that a bidder meets the minimum requirements, provides the best value for money and will best be able to provide the goods or services required.

³ Available online at <https://spccloud.sharepoint.com/sites/intranet/about-us/governance/policies>.

8. Grievance redress mechanism

The EDA Facility will have a grievance mechanism that is aligned with SPC's Grievance and Redress Mechanism that is already in place to ensure that complaints are reviewed and addressed by the responsible units (see <https://www.spc.int/accountability>). The grievance redress mechanism will:

1. Provide stakeholders with a clear process for providing comment and raising grievances.
2. Allow stakeholders the opportunity to raise comments/concerns anonymously.
3. Structure and manage the handling of comments, responses, and grievances in a timely manner.
4. Ensure that comments, responses, and grievances are handled in a fair and transparent manner and in line with local and national policies.

The grievance mechanism will address complaints from affected stakeholders about the social and/or environmental performance of the project, and to take measures to redress the situation, if necessary. SPC's Grievance Redress Mechanism is operated through a web page on the SPC site that can be used by completion of the online template. Concerns will be received by the legal team who will reach out internally to the SPC Division in charge of the project to be addressed through a conflict resolution process. In addition, the EPB will be informed of the grievance. If this process is not effective in redressing the grievance, other processes such as a compliance system may be used with the objective of addressing project stakeholders' grievances simply and efficiently.

For the process to be effective, project stakeholders will be properly informed that the mechanism has been established, and how they can access to it to settle their grievance. Communities and other stakeholders will be sensitised about the grievance process. GCF State Focal points will be responsible for supporting the communities to submit grievance letters. The GCF State Focal Points will document grievances and coordinate with SPC to settle them following any of the following processes:

1. An email can be sent to SPC through the online process: <https://www.spc.int/accountability>.
2. Submit a letter or otherwise contact the GCF State Focal Point.
3. Raise the complaint during project update meetings or community awareness meetings. The complaint will then be directed to the GCF Focal Point who will forward to the SPC legal team.
4. Mail can be addressed to the project institution, which will then be forwarded to SPC.

The GCF State Focal Points will receive and register any grievances and will contact the SPC legal team through a proactive outreach. He/she will acknowledge the grievance within two business days to the person who submitted it and explain that the grievance will be logged with the SPC Grievance Redress Mechanism. An initial response will be provided to the complainant within a two-month period, with an outline of the appropriate process to address the grievance. This duration should be sufficient to screen the complaint, outline how the grievance will be processed, screen for eligibility as well as assign organisational responsibility for proposing a response. This initial response will propose a methodology to reach an agreement and address the complainant's concerns, including potentially engaging with other project stakeholders to resolve the issue.

The complainant will be informed that he/she has the right to pursue other options to resolve the complaint if unsatisfied after the process, noting that the grievance redress mechanism may issue responses to questions from the complainant but will not act as an advisor or attorney for the complainant. All grievances will be recorded, and these records will be kept at a secure place for up to three years after the life of the EDA programme.

The EPB will be informed of any grievances as they are lodged. The EPB will also be involved in the conflict resolution process, as relevant to the nature of the complaint in question.

Appendix I – EOI Form

PROJECT OVERVIEW

Project Title

State

Chuuk Kosrae Pohnpei Yap

Local Authority

1. State Agency

Name: _____

Which municipality(ies) is the project aiming to benefit? Please attach letters of endorsement from the targeted municipality(ies).

2. Municipality

Name: _____

Project Development Options (as applicable)

Option 1 (State Agency Support) Option 2 (Municipality led with support from SPC)

Project Contact

Name: _____

Position/Role: _____

Telephone: _____

Email: _____

Adaptation Focus Area

Select all that apply:

Disaster Risk Reduction/Coastal Protection (e.g. Retrofitting existing buildings, watershed reforestation for landslide protection and flooding control, small-scale coastal infrastructure, restoration, rehabilitation or substitution of ecosystems relevant for adaptation (e.g. mangrove restoration, re-vegetation, sea-grass beds), equipping municipalities with necessary tools to respond to climate-induced disaster, including emergency plans, building shelter, medical and other supplies)

Food Security (e.g. Development and use of climate-resilient crop species and varieties, farming and land use techniques facilitating soil and water conservation, small scale aquaculture, fisheries and

livestock management, watershed management, coastal resources management, building value chains for crops, fisheries, and livestock, establishment of agroforestry demonstration sites integrated with livestock)

Water Security (e.g. Water infrastructure (e.g. water tanks, solar water pumps), Procurement and distribution of rainwater collection tanks, capturing and storage of rain and groundwater resources, reducing leakage of reticulated systems and water storage facilities, water saving, water quality enhancement and assurance, solar water purifiers)

Project E+S Risk

Below are three descriptions of project risks, please select the one most appropriate to the project.

Project activities have the potential to cause significant negative environmental and/or social impacts that are wide-spread, irreversible, and cannot be easily addressed through planning and other mitigation efforts (Category A)

Project activities have the potential to cause limited negative environmental and/or social impacts that are site-specific, largely reversible, and can be easily addressed through planning and other mitigation efforts (Category B)

Project activities have minimal or no negative environmental and/or social impacts (Category C)

Project Summary

i Describe the planned project including overall project objective, while indicating community consultations that have already taken place (200 words max). Please include the estimated # of direct and indirect beneficiaries in the summary.

Project Partners and Implementation

i Identify any partners or partner organisations that will be assisting with the activities. This should include what type of organisation they are, e.g. civil society, non-governmental organisations, private sector entities, academia, etc.

Appendix II – Grant Application Form

PROJECT OVERVIEW

Project Title

State

Chuuk Kosrae Pohnpei Yap

Local Authority

1. State Agency

Name: _____

Which municipality(ies) is the project aiming to benefit? Please attach letters of endorsement from the targeted municipality(ies).

2. Municipality

Name: _____

Project Development Options (as applicable)

Option 1 (State Agency Support) Option 2 (Municipality led with support from SPC)

Project Contact

Name: _____

Position/Role: _____

Telephone: _____

Email: _____

Adaptation Focus Area

Select all that apply:

Disaster Risk Reduction/Coastal Protection (e.g. Retrofitting existing buildings, watershed reforestation for landslide protection and flooding control, small-scale coastal infrastructure, restoration, rehabilitation or substitution of ecosystems relevant for adaptation (e.g. mangrove restoration, re-vegetation, sea-grass beds), equipping municipalities with necessary tools to respond to climate-induced disaster, including emergency plans, building shelter, medical and other supplies)

Food Security (e.g. Development and use of climate-resilient crop species and varieties, farming and land use techniques facilitating soil and water conservation, small scale aquaculture, fisheries and livestock management, watershed management, coastal resources management,

building value chains for crops, fisheries, and livestock, establishment of agroforestry demonstration sites integrated with livestock, access to micro-finance for farmers/farmers associations (guarantee mechanism, revolving fund))

Water Security (e.g. Water infrastructure (e.g. water tanks, solar water pumps), Procurement and distribution of rainwater collection tanks, capturing and storage of rain and groundwater resources, reducing leakage of reticulated systems and water storage facilities, water saving, water quality enhancement and assurance, solar water purifiers)

Requested Grant Amount (USD)

This should match the budget table.

Timeline

Expected Start of Project (Month, Year): _____

Expected End of Project (Month, Year): _____

Project Summary

i Describe the planned project including overall project objective, while indicating community consultations that have taken place (200 words max).

PROJECT DESCRIPTION

Project Activities

i List and describe the project activities including detail on scale of the activities (i.e. area impacted (ha), # of households, # of technology deployments) and specific deliverables (i.e. plans, trainings, workshops, etc.).

Beneficiaries

i Describe the beneficiaries of project activities including detailed information on locations, vulnerability to climate change, gender, young people, older persons, persons living with disability, socioeconomic conditions, etc. How is the project ensuring that all members of the community are benefiting from the project, particularly the poorest and most at risk members?

Project Partners and Implementation

i Describe how the project plans to implement the activities including specifically how funds will be managed and who will be responsible for each activity listed above. This should also include a description of any partners or partner organisations that will be assisting with the activities. The description of the partners should include what type of organisation they are, e.g. civil society, non-governmental organisations, private sector entities, academia, etc.

EXPECTED RESULTS

Potential for Impact

i Describe the overall potential for the project to support adaptation and improved resiliency to climate change for local communities in the local authority. This should include a description of what the project activities are expected to achieve and how they address specific local vulnerabilities to climate change.

Estimated impacts (if not applicable to the project write N/A)

Total number of people with improved resiliency to climate change (please breakdown by direct and indirect beneficiaries, number of women and number of men)

Expected savings (\$) per household from avoided disaster risk:

Number of households with improved food security as a result of project activities:

Number of households with improved water security as a result of project activities:

Area of land rehabilitated, reforested, conserved, protected, or otherwise improved as a result of project activities (hectares):

Number of men and women using new technologies or practices as a result of project activities

Number of men and women with improved income and livelihood as a result of project activities

Number of men and women trained in new technologies/practices or general awareness related to disaster risk reduction, food security, and water security (include details on the content of training/s)

Innovation, Change, and Sustainability

i Describe how the project activities change the status quo in the community including the specific ideas, practices or technologies that the project is changing (i.e. new farming practices, deployment of a specific technology). This should also include a description of what the project is expected to learn from implementing the activities (i.e. how people use/respond to new technologies) and how the project plans to share lessons learned and best practices with others. Finally, please describe how the project plans to sustain the results from the activities in the future. This should include an overview of the operations and maintenance plans and associated costs, both during and after the implementation of the project activities.

Other Benefits

i Describe how the project is expected to benefit the environment (i.e. conservation, air quality, water quality, etc.); social systems (i.e. education, health and safety); and economic systems (i.e. job creation, improved productivity).

Community Needs and Priorities

i Describe how the project aligns with community needs and priorities as well as any plans/policies from the State and local levels. This should include a description of community engagement processes and how the needs/priorities were determined (i.e. workshops, community meetings, plans, etc.). This should also describe how the project will continue to keep the community involved throughout project activities.

Note: For all State-agency run projects, letters of support/endorsement from all beneficiary municipalities should be included as an annex and confirmed here. State agencies will also need to provide required proof of consultations and lists of those consulted.

Efficiency

i Describe how the project plans to use the grant resources efficiently to accomplish project objectives. Describe how the project plans to leverage best available technologies and approaches.

ENVIRONMENTAL AND SOCIAL (E+S) IMPACTS

E+S Risk

Please select which of the following descriptions best describes the risks associated with the project and provide a short justification for this choice.

- Project activities have the potential to cause significant negative environmental and/or social impacts that are wide-spread, irreversible, and cannot be easily addressed through planning and other mitigation efforts (Category A)
- Project activities have the potential to cause limited negative environmental and/or social impacts that are site-specific, largely reversible, and can be easily addressed through planning and other mitigation efforts (Category B)
- Project activities have minimal or no negative environmental and/or social impacts (Category C)

i Describe briefly the environmental and/or social risks for the project and the justification for the risk screening category selected.

Does the project include any of the activities included in Addendum 1? [Y/N] _____

Gender

i Describe how women and men are expected to benefit from project activities. What specifically will the project do to ensure that women and men have equal opportunity to benefit from the project activities? Based on initial community engagement, how are the priorities/needs of men and women different with regards to project activities? How is the project addressing the gender considerations for the priority sectors provided in Addendum 2?

BUDGET

| Activity | List and describe what is included in the activity cost including individual costs for travel, equipment, installation/testing, trainings, printing, communications/ outreach, operations and maintenance, etc.) | Cost (USD) |
|--------------|--|------------|
| | • | |
| | • | |
| | • | |
| | • | |
| | • | |
| | • | |
| Total | | |

PROJECT CHALLENGES AND SUPPORT

Challenges

i Describe any challenges the project may face and how the project plans to manage and overcome the challenges.

Project Support

i All projects and Local Authorities can access support from project development and management contractors in a variety of aspects of project design and management including, but not limited to finance, risk management, budgeting, environmental and social, stakeholder engagement, activity design, etc. What support would be most valuable to this project?

Addendum 1: Special Risk Activities

Grant funds will not be able to directly or indirectly fund activities that cause any of the following impacts:⁴

- Conflict with adopted plans and established uses of the target community
- Substantially affect a rare or endangered species of animal or plant or the habitat of such species.
- Interfere substantially with the movement of any resident or migratory fish or wildlife species.
- Substantially diminish habitat for fish, wildlife, or plants.
- Breach standards relating to solid waste or litter control.
- Substantially degrade water quality.
- Contaminate a public water supply.
- Substantially degrade or deplete ground water resources.
- Interfere substantially with ground water recharge.
- Extend a sewer line with capacity to serve new development.
- Encourage activities which result in the use of large amounts of fuel, water, or energy.
- Use fuel, water, or energy in a wasteful manner.
- Disrupt or adversely affect an archaeological site or a property of historic or cultural significance.
- Induce substantial growth or concentration of population.
- Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system.
- Displace a large number of people.
- Increase substantially the ambient noise levels for adjoining areas.
- Cause substantial flooding, erosion or siltation.
- Expose people or structures to major geological hazards.
- Create a potential public health hazard or involve the use, production or disposal of materials which pose a hazard to people or animal or plant populations in the areas affected.
- Violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.
- Convert prime agricultural land to non-agricultural use or impair the agricultural productivity of prime agricultural land.
- Interfere with emergency response plans.
- Activities relating to the extraction or depletion of non-renewable natural resources (including inter alia forests, trees, beach sand, ghut sand and oil/gas);
- The involuntary resettlement of people or the removal or alteration of any physical cultural property under any circumstances.

Addendum 2: Key Considerations for Gender Equality

The table below provides an overview of risks for gender inequality related to the different priority adaptation sectors. Projects need to carefully manage key gender considerations for their activities in order to ensure equality.

| Sub-grant Sector | Context Description | Key Gender Considerations |
|-----------------------------------|---|--|
| Disaster Risk and Recovery | In FSM, climate change is likely to lead to an increase in the intensity of disasters such as cyclones, floods, droughts and severe storms. Both men and women play a critical | <ul style="list-style-type: none"> • Disasters happen when a hazard -- such as flood, cyclone or sea level rise – occurs in a place where people are vulnerable • Men and women have different vulnerabilities and exposure to disasters, due to traditional |

⁴ FSM Environmental Impact Assessment Regulations; Available at: <http://www.fsmlaw.org/fsm/regulations/envimp.htm>

| | | |
|---|---|---|
| | <p>role in the preparation and recovery process but women may not have the same capacity to influence decision-making. Men, particularly those with greater levels of power and authority, are usually the ones informed and consulted by response agencies, including governments, and they directly participate in the decision-making and management processes for disaster risk management. This could mean that women's needs and priorities are not properly addressed in early warning systems, preparedness, and during the recovery process. Further, women and girls also experience a number of secondary impacts, including violence and trauma, loss or reduction in economic opportunities, and an increased workload. However, viewing women as victims exacerbates their vulnerability; they have unique knowledge and practical skills that are critical for climate change and disaster adaptation. Women and girls represent half the population and their equal participation and skills will lead to a more effective overall response to climate change</p> | <p>roles and the specific situation or context, which we must analyze case by case</p> <ul style="list-style-type: none"> • Men and women also have a range of different capacities for anticipating and reducing the likelihood of disasters occurring • Women's vulnerability is partly due to lack of mobility, as they are often expected to stay close to home to undertake household work and attend to family members • Men tend to have greater access to resources, such as income and vehicles, and due to social roles generally have more mobility which makes them less vulnerable to disasters • To effectively reduce disaster risk programmes and sub-grants must identify and acknowledge the various capacities and skills that both women and men can contribute to risk reduction, such as traditional knowledge and practices • Initiatives for disaster risk reduction must also build the capacities of both men and women equitably, by training both in the use of new technologies, such as early warning systems • To be successful, investments in disaster risk reduction, such as local infrastructure sub-grants or community activities and plans, must consult both men and women extensively, to learn about their ideas and preferences • Leadership by both men and women at the community and national level is essential for effective disaster risk reduction |
| <p style="text-align: center;">Food Security</p> | <p>Climate change is expected to have a drastic impact on food security and agriculture in FSM including by decreasing the availability of local food through a reduction in agricultural yields, reducing availability of arable land and fresh water, creating food shortages due to extreme events, and straining existing systems due to population displacement. In FSM, women play a critical role in food production both through subsistence farming to feed their families as well as growing cash crops for income. Despite this, women often face barriers to accessing agricultural land, training, credit and services. The agricultural production that women and girls perform also tends to be considered part of "women's household responsibilities". Alongside these challenges, climate change will make it more difficult to make a living from agriculture and women may also struggle more than men to find alternative livelihoods, enter the formal employment sector, or migrate due to</p> | <ul style="list-style-type: none"> • Women and men are both involved in food security, but have different roles and responsibilities, and therefore also different needs and priorities for managing climate and disaster risks. • Women's contribution to subsistence food production and income generation is critical for food security, and is as important as men's contribution. • Women and men have different and complementary skills and knowledge about food production and food security that can be used to adapt to climate change. • Women are often responsible for food preparation and have traditional knowledge that can contribute to identifying successful adaptation strategies. • Gender inequality – reflected in participation in decision making, control over financial resources, land ownership, distribution of tasks within the household, and access to technology and information – poses a critical obstacle to food security and climate change adaptation. • Women are the traditional landowners and are |

| | | |
|------------------------------|---|---|
| | <p>cultural barriers and lack of opportunities and education. Further, there is evidence of increased violence against women during disaster recovery such as flooding from climate change and extreme events.</p> | <p>responsible for agriculture, however men make decisions about land use</p> <ul style="list-style-type: none"> • Programs that are aimed at strengthening food security and building resilience to climate change must allocate resources that are equitably accessible for women and men, and should be customised to address their respective needs. |
| <p>Water Security</p> | <p>Water availability, access, and security in FSM is expected to be impacted by changing climate particularly with alterations to rainfall patterns and salinisation of groundwater from storm surge and sea level rise. The causes of water scarcity and reduced water quality are not solely climate-related and also include unsustainable use of water, lack of maintenance of equipment, and pollution of underground water because of activities like livestock production and poor sanitation and waste management. There is often a clear division of labour between men and women in water resources management. These different roles and responsibilities vary, but in general women are tasked with water collection and preparation for both household and cooking use as well as for agricultural activities. Understanding the needs and responsibilities of men and women within their specific context is very important in identifying and addressing climate change impacts on all community members. Women have critical skills and knowledge, which, if used effectively, can contribute to the development of more effective water management plans, policies and programmes. Their contributions to developing effective solutions can help governments and other stakeholders improve the social benefits and economic returns from their investments.</p> | <ul style="list-style-type: none"> • Women and men are both involved in managing and using water resources, but they may have different needs and priorities for managing and using these resources. For example, men are more likely to use and manage water for agriculture and livestock production, while women are often responsible for household water usage and its management. • Water-borne diseases affect everyone, but when a community has an outbreak of diseases, women are usually tasked as caretakers. Therefore, it is vital that women have easy access to information about the timing of water shortages and supply disruptions, and forecasts of drought. To effectively reduce vulnerability to climate change through the improved management of water resources in Pacific island countries programmes should be designed and implemented to meet the needs of all members of the community, including women, men, and people living with disabilities. • Sanitation programmes tend to target women because of their roles in care and household water management. It is important that men are also engaged, so that they understand and actively contribute to ensuring household sanitation practices and appropriate management • Water management policies, plans and actions should consider how the proposed interventions provide benefits to different members of society, and the ways in which the different members can contribute to reducing vulnerability. • Information, technology, training and investment in water resources management must be equally accessible for women and men, and customised to address their respective needs and abilities. • Gender inequality is likely to be reflected in the distribution of tasks within the household; in participation in decision-making; in control over financial resources; in land and resource ownership; and in access to technology, training, knowledge, and information. All of these factors are important for water resources management, and should be taken into account when designing policies, plans and programmes. |

Appendix III – Grantees Capacity Assessment Form

SPC Capacity Assessment for Grant Recipients or Sub-delegates

Purpose

SPC undertakes operational capacity assessment in the areas of Governance, Finance and Administration, Procurement, Record keeping, Human resource, Fixed Assets, Travel, and Internal controls of organisations it intends to engage as applicants. The purpose of the assessment is to determine whether the organisation has the required capacity to comply with SPC 's donor and policies and procedures to undertake actions through grants.

The outcome of the assessment will be shared with the applicant and the recommendations will contribute to the capacity development plan to assist the approved Applicant with grants agreement management.

While completing the form, ensure that as much detailed answers as possible is provided, and referenced to appropriate documents or article or section from the policy. This assessment will result in an overall risk assessment with regards to the award of grant, which is a key input to determining structure of the Grant Contract to be finalised between SPC and the grant Applicant.

Applicant Details

| | |
|----------------------------|--|
| Name of Applicant | |
| Country | |
| Contact Person Name | |
| Position | |
| Email address: | |
| Phone contact | |

| Grant Threshold | Please fill in following section depending on the application for the grant threshold |
|------------------------|--|
| 0 - Euro 15,000 | Compulsory to fill in section 1 - 4, 5A, 5B(i), 5E,6 ,7 |
| EUR15,001 ≤ EUR 75,000 | Please fill in section 1,2,3,4,5A,5B,5C, 5E, 6 ,7 |
| EUR 75,000 and above | Fill in details ALL sections |

1. Governance: Organisation Structure and Management. These questions provide the applicants' organisational setup and long-term goal. These questions are compulsory for all applicants including CSOs.

| Criteria | Applicant Response |
|---|--------------------|
| 1.1 Is the Applicant a government entity, State owned enterprise, International Organisation, Inter-governmental organisation, NGO, or profit-making organisation? If others, please specify. | |
| 1.2. If Applicant is a State-owned enterprise or Ministry, then does the Applicant go through Ministry of Finance for its procurement and payment related activities? | |
| 1.3. In which country is the Applicant legally registered. Provide other appropriate details of legal registration or business licence. | |
| 1.4. What is the purpose of the entity? Is there a mission statement or constitution? (If there is a mission statement do provide a copy) | |
| 1.5. If applicant is CSO: Is there a governing committee/council / board for the CSO? What is the role of the body? Who are the members? | |
| 1.6. What are the long-term goals of the organisation? Is there a plan to achieve these goals? | |
| 1.7. Does it have organisation structure that identifies the key functions of reporting lines and accountability in organisation. If yes, do provide the document copy | |
| 1.8. Does the organisation has any written guidance or policy and procedures for the staff or members for: a. Finance b. Procurement c. Human Resource d. Ethics e. Protection of personal data and etc. | |
| 1.9. Has the Applicant been capacity assessed by any other International Organisation such as the United Nations, European Union or World Bank? Please provide details of the assessment – name of the organisation which carried out the assessment, the areas covered and the result of the assessment. If possible, please share the report on the assessment. | |

2. Financial Administration and Reporting. Below are general questions applicable for all thresholds – if there is any weakness then it will assist to identify and link to capacity development.

| Criteria | Applicant Response |
|---|--------------------|
| 2.1. Does the Applicant have financial cash management policy and procedure? <i>If yes, please provide a copy.</i> | |
| 2.2. Is IFRS / IPSAS is applied for financial management. Who are your auditors? | |
| 2.3. What accounting system or software does the Applicant apply for financial payment, receipts and bank reconciliations. <i>Please provide details.</i> | |
| 2.4. Describe the process for approval for payment? What are the internal controls for payment process (different level of approvals, segregation of duties and check or controls in place for payment approval and process)? <i>Provide reference to the relevant section and page number of relevant policies.</i> | |
| 2.5. Will a separate bank account be allocated for the funds approved as grants? If no, then do provide details as to how the grant funds will be managed. | |
| 2.6. Does the Applicant have adequate staff trained to maintain financial system, monitor grant budget and expenditure and provide grant financial reports and acquittals? Please provide the number of trained finance staff. If you require training do provide details. | |
| 2.7. Will the Applicant be able to share with SPC an audited financial report on the funding provided through the grant agreement? | |
| 2.8. Has the Applicant previously been awarded grants by SPC or any other Donor? Please provide details of the grant given including the value of the grant. Also describe the acquittal process used and the documentations which Applicant was required to provide the Donors as part of their acquittals for expenditure incurred. | |
| 2.9. Does the Applicant have the capacity to provide SPC an audited financial report on the funding provided through the grant agreement? Yes or no. If yes, please provide a copy of recent financial audit report. | |

3. Record Keeping. This is a compulsory section.

| Criteria | Applicant Response |
|--|--------------------|
| 3.1 Does the Applicant have the systems and strategy in place to keep financial accounting documentation concerning the activities financed by the grant agreement for up to 10 Years? | |
| 3.2 If yes, please describe how records will be kept and shared with SPC when/if required by SPC or the donor? | |

4. Human Resource and Payroll. These are general questions to ensure the applicant is able to provide documentation for acquittals process – it will assist with capacity development if the budget includes staffing cost.

| Criteria | Applicant Response |
|--|--------------------|
| 4.1. Does the Applicant have a human resource recruitment policy? If yes, please describe the recruitment process? | |
| 4.2. How is payroll system managed? Is there a manual or system operated payslips? | |
| 4.3. Does the Applicant have timesheet process? If no, please describe how times hours staff works are assessed? | |
| 4.4. Is the Applicant able to provide a contract and job description for staff recruited for the grant activity? If yes, do describe the process. If no explain the reasons. | |

5. Procurement Capacity. The procurement questions are classified by thresholds.

Section 5.A – Organisation Procurement Setup

| Criteria | Applicant Response |
|--|--------------------|
| 5.1. Does the Applicant have written procurement policies and procedures? If yes, please provide a copy. If no, please attach an outline of the procurement processes currently used, related thresholds and methodology for the assessment of procurement activities. | |
| 5.2 Does the Applicant follow acceptable international procurement principles? Do these principles promote broad participation from potential bidders? If so, please describe them. | |
| 5.3. Does the Applicant have a specific anti-fraud and corruption policy? If so, please describe it? Provide reference to the section and page number of the relevant policy which demonstrates this? | |

| | |
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| 5.4. Does the procurement system provide for public access to all relevant procurement information e.g., procurement plans, bidding opportunities, contract awards, and information on resolution of procurement complaints? Provide reference to the section and page number of the policy which demonstrates this. | |
| 5.5. Is the procurement system computerized? If so, is the system adequately maintained? Describe how the computerized system is integrated in the overall procurement process? | |
| 5.6. How does the Applicant ensure there is an adequate degree of transparency in the entire procurement cycle (i.e. invitation to tender, evaluation, award and dispute resolution) in order to promote fair and equitable treatment for bidders i.e. potential suppliers and contractors? | |
| 5.7. Does the Applicant consider/take into account environmental impact while undertaking procurement activities? | |
| 5.8. What are the procurement thresholds for your organisation? Who approves procurements under each threshold? | |
| 5.9. Does the Applicant raise a purchase order after solicitation and evaluation of proposals? | |

Procurement Thresholds

Section 5.B – Shopping (Level of procurement where only 1 quote can be sourced)

| Criteria | Applicant Response |
|---|---------------------------|
| 5.10. What is the process and threshold for which only one quote can be sourced? | |
| 5.11. Who approves procurement at this threshold? | |
| 5.12. How is the quotation sourced? Is it solicited through email, or is the vendor approached physically? | |
| 5.13. Does the Applicant raise a purchase after the quotation is sourced and evaluated? If No, explain why? | |
| 5.14. Explain the receiver function for this threshold. What happens after order is given to the supplier? | |
| 5.15. What does the Applicant do if the items delivered are not in line with the order or | |

| | |
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| requirement? | |
| 5.16. Does the grantee raise a purchase order after solicitation and evaluation of proposals? | |
| 5.17. Does the Applicant have formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the Applicant proceed in cases of conflict of interest? | |
| Section 5.C – Request for Quotations. Level of procurement which requires solicitation of 3 comparative quotes. | |
| Criteria | Applicant Response |
| 5.18. What is the threshold which requires sourcing of 3 comparative quotes? | |
| 5.19. Describe the procurement process where the 3 quotations are required to be sourced. <i>Provide reference to relevant section of your procurement policy</i> | |
| 5.20. What does the Applicant do if there are only 1 or 2 suppliers available in the local market? <i>Please explain the process or steps taken for procurement.</i> | |
| 5.21. Does the grantee's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests? <i>Please describe the process and provide reference to the section and page of the policy which demonstrates this?</i> | |
| Section 5.D – Request for Proposal (RFP). Level of procurement which requires solicitation of tender or expression of interest process. | |
| Criteria | Applicant Response |
| 5.22. Does the Applicant use standard bidding documents and contracts? Please specify and if possible, provide standard bidding documents and contracts template, provide the relevant section and page number of the procurement policy which mentions this for reference. | |
| 5.23. Please describe the procurement tender process for your organisations. This should include the following details: <ul style="list-style-type: none"> • Do formal procurement methods include broadly broadcasting procurement opportunities? • Provide details on how many weeks are | |

| | | |
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| <p>tenders required to be advertised?</p> <ul style="list-style-type: none"> • Mode of advertisement for tenders? • Does the organisation have the proposal submission forms and clear requirement on documentations? • How are submission received before closure of tender process? • What are the bids opening process? • How many members are required for bids opening? | | |
| <p>5.24. Does the Applicant have a procurement evaluation committee to carry out the evaluation of tenders and approval of contracts? If so, please specify composition of committee and the selection/nomination process? Provide the relevant section and page number of the procurement policy which shows this process for reference.</p> | | |
| <p>5.25. What is the role and operating rules of the procurement evaluation committee? Describe the evaluation process carried out by the procurement evaluation committee?</p> | | |
| <p>5.26. Does the Applicant have a declaration of impartiality and confidentiality form that the evaluation committee members sign off before undertaking the evaluation?</p> | | |
| <p>5.27. Does the Applicant have formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the Applicant proceed in cases of conflict of interest?</p> | | |
| <p>5.28. Does the procurement system provide rules for informing tenderers as well as the wider public on the outcome of the tendering process by:</p> <ul style="list-style-type: none"> • notifying successful and unsuccessful tenderers of the outcome of their tenders, as well as when and where the contract award information is published; • publishing the outcome of the tendering process (e.g. award notices) <p>Provide the relevant section and page number of the procurement policy which mentions this for reference.</p> | | |
| <p>5.29. Does the Applicant's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests? Describe the process and provide reference to the section and page of the</p> | | |

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| policy which demonstrates this? | | |
| 5.30. Does the Applicant establish long-term agreements with suppliers based on a tender process? | | |
| Section 5.E – Exceptions to procurement procedures | | |
| 5.31. Under what circumstances does the Applicant apply exceptions to the procurement procedures of not going through a competitive process of RFQ / Tender? Please make reference to the policy which shows these circumstances. | | |
| 5.32. Are exceptions to procedures documented and sent to management for approval? Are the exceptions periodically analysed and corrective actions taken? | | |

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| 6. Fixed Asset Management. Compulsory for all size of grants. | |
| Criteria | Applicant Response |
| 6.1. Does the Applicant have a Fixed Assets management policy in place? If yes, please provide a copy. | |
| 6.2. Please describe the process of acquisition, recording, tagging, maintenance, physical verification, depreciation and disposal of fixed asset. Make reference to the section and page number of the policy which demonstrates this process. | |

| | |
|--|---------------------------|
| 7. Travel and Daily Subsistence Allowance (DSA). Compulsory for all type of grants. | |
| Criteria | Applicant Response |
| 7.1. Does the Applicant have a travel policy? If yes, please provide a copy. | |
| 7.2. Describe in detail, the process for undertaking local travels? Provide the relevant section and page number of the policy for reference. | |
| 7.3. Does the grant have any special terms and conditions that has to be met before the rental of vehicle? If yes, please describe the condition and process for obtaining approval. Provide the relevant section and page number of the policy for reference. | |
| 7.4. Describe in detail, process for undertaking international travels, provide the relevant section and page number of the policy for reference. | |

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| 7.5. For international travels, how are travel routes and itinerary (if more than 1 route to the destination) determined? | |
| 7.6. Under what circumstances are business class travel approved and who has the authority to approve it? | |
| 7.7. Does the Applicant require staffs to provide trip reports and boarding passes as acquittals for local and international travels? This is the to provide the evidence of travel. If yes, please do provide the documents that that the traveller has to provide after undertaking the travel. | |
| 7.8. Does the Applicant also give cash advances to travellers? If yes, please describe the cases in which cash advances are given and process of giving cash advances and its acquittals? | |

Applicant Information

Its compulsory for the Applicant to respond to all the assessment questions, and that the forms signed by the Applicant:

| | |
|---|--|
| Name of the Applicant | |
| Country | |
| Authorized Personnel's Signature and position title | |
| Date | |
| Official Applicant Seal | |

Appendix IV – Grants Capacity Assessment Evaluation



Appendix V – Indicative list of eligible activities

| Theme 1: Climate-induced Disaster Risk Reduction and Coastal Protection | |
|--|---|
| <p>DRR sub-grants: community-led, that can safeguard lives, livelihoods and infrastructure. Depending on the climate change projections for the area, such projects could prepare for extremes ranging from flash floods to typhons.</p> <p>Coastal protection sub-grants: ecological infrastructure can in some cases play a role in buffering extremes, and as such be incorporated as part of climate-proof small infrastructure projects. Such interventions will need to be linked to projected climate change related impacts on communities being reduced or prevented as a result of healthy and functioning ecosystems.</p> | <p>Indicative interventions:</p> <ul style="list-style-type: none"> • Retrofitting existing buildings to climate-proof against increased storm incidents (e.g. cyclone proofing, solar panels, rainwater tanks) • Watershed reforestation for landslide protection and flooding control • Small-scale coastal infrastructure constructed that will reduce the risk of losses and damages caused by climate-induced disaster events (as appropriate, use of endemic species planting, wave breakers, man-made channels) • Restoration, rehabilitation or substitution of ecosystems relevant for adaptation (e.g. mangrove restoration, re-vegetation, sea-grass beds) • Equipping municipalities with necessary tools to respond to climate-induced disaster, including emergency plans, building shelter, medical and other supplies <p>The above DRR indicative interventions align with the following GCF adaptation performance measurement indicators:</p> <p>Adaptation Indicator 1.1 Change in expected losses of lives and economic assets due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention.</p> <p>Adaptation Indicator 3.1 Number and value of physical assets made more resilient to climate variability and change, considering human benefits.</p> <p>Adaptation Indicator 4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change.</p> <p>Adaptation Indicator 5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation.</p> <p>Adaptation Indicator 5.2 Number and level of effective coordination mechanisms.</p> <p>Adaptation Indicator 6.2 Use of climate information products/services in decision-making in climate-sensitive sectors.</p> <p>Adaptation Indicator 7.1 Use by vulnerable households, communities, businesses and public-sector services of Fund supported tools, instruments, strategies and</p> |

| | |
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| | <p>activities to respond to climate change and variability.</p> <p>Adaptation Indicator 8.1 Number of males and females made aware of climate threats and related appropriate responses.</p> |
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| Theme 2: Food Security | |
|--|---|
| <p>Food security sub-grants: interventions that address climate change-induced extreme weather events and sea-level as well as the projected impacts of warmer atmospheric and open water temperatures, erratic rainfall intensity and distribution, more frequent and more intense tropical cyclones etc and their effect on land, soil and water resources, agricultural production systems (including those of livestock and fisheries), infrastructure, and social (community) systems.</p> | <p>Indicative interventions:</p> <ul style="list-style-type: none"> • Development and use of climate-resilient crop species and varieties (resilient to drought, waterlogging, saltwater, pests), including techniques for their consistent supply (germplasm collections, nurseries) • Farming and land use techniques facilitating soil and water conservation (e.g. mulching, organic farming, mixed cropping, drainage) • Small scale aquaculture • Fisheries and coastal resources management • Livestock management • Watershed management • Establishment of agroforestry demonstration sites integrated with livestock • Building value chains for crops, fisheries, and livestock <p>The above food security indicative interventions align with the following GCF adaptation performance measurement indicators:</p> <p>Adaptation Indicator 1.2 Number of males and females benefiting from the adoption of diversified, climate resilient livelihood options.</p> |

| | |
|--|---|
| | <p>Adaptation Indicator 1.3 Number of Fund-funded projects/programmes that supports effective adaptation to fish stock migration and depletion due to climate change.</p> <p>Adaptation Indicator 2.2 Number of food secure households.</p> <p>Adaptation Indicator 5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation.</p> <p>Adaptation Indicator 5.2 Number and level of effective coordination mechanisms.</p> <p>Adaptation Indicator 6.2 Use of climate information products/services in decision-making in climate-sensitive sectors.</p> <p>Adaptation Indicator 7.1 Use by vulnerable households, communities, businesses and public-sector services of Fund supported tools, instruments, strategies and activities to respond to climate change and variability.</p> <p>Adaptation Indicator 8.1 Number of males and females made aware of climate threats and related appropriate responses.</p> |
|--|---|

| Theme 3: Water Security | |
|--|--|
| <p>Water security sub-grants: interventions that address increased impacts of droughts in Yap and Chuuk; shortages in freshwater supplies, especially in the outer-islands; increased incidence of lowland flooding and seawater inundation, especially in the steep topographies of Chuuk, Pohnpei and Kosrae.</p> | <p>Indicative interventions:</p> <ul style="list-style-type: none"> • Water infrastructure (e.g. water tanks, solar water pumps) • Procurement and distribution of rain water collection tanks • Capturing and storage of rain and groundwater resources (individual household and community storage capacities) • Reducing leakage of reticulated systems and water storage facilities • Water saving (e.g. introducing compost toilets, demand management through awareness raising) • Water quality enhancement and assurance • Solar water purifiers <p>The above water security indicative interventions align with the following GCF adaptation performance measurement indicators:</p> <p>Adaptation Indicator 2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses.</p> <p>Adaptation Indicator 5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation.</p> <p>Adaptation Indicator 5.2 Number and level of effective</p> |

coordination mechanisms.

Adaptation Indicator 6.2 Use of climate information products/services in decision-making in climate-sensitive sectors.

Adaptation Indicator 7.1 Use by vulnerable households, communities, businesses and public-sector services of Fund supported tools, instruments, strategies and activities to respond to climate change and variability.

Adaptation Indicator 8.1 Number of males and females made aware of climate threats and related appropriate responses.

Appendix VI – Indicative breakdown of O&M costs for potential sub-projects

| Thematic area | Sub-project example | Nature of costs | Indicative costs (USD) |
|----------------------------------|---|-----------------------------------|------------------------|
| DRR and Coastal protection | Rock revetment | Biannual inspections | 1,200 USD |
| | | Repacking / replacement of armour | |
| | Offshore structures | | |
| | | | |
| | EbA – Mangrove planting | Replacement of mangrove seedlings | |
| | | Labour (replanting) | |
| Biannual inspections | | 1,200 USD | |
| Food security | Alternative Farming Systems (agroforestry gardens) | Replacement of seedlings | |
| | | Labour (replanting) | |
| | | Biannual inspections | |
| | | Labour (pruning of trees) | |
| | Irrigation systems | Biannual inspections | 1,200 USD |
| | | Replacement of consumables | |
| | | | |
| | Climate resilient crops – salt and drought tolerant varieties | Labour (weeding, tilling) | |
| | | | |
| | | | |
| Water security | Rainwater harvesters (rooftop) | Biannual inspections | 1,200 USD |
| | | Replacement of consumables | |
| | | | |
| | Solar water pumping | Biannual inspections | 1,200 USD |
| Pump replacement (every 5 years) | | 450 USD ⁵ | |

⁵ A. Raturi (2011) Feasibility Study of a Solar Water Pumping System in Fiji. Available [here](#).

Appendix VII – Indicative list of ineligible activities

Grant funds will not be used to directly or indirectly fund persons or entities that:

- Do not cooperate with SPC's due diligence measures.
- Engage in activities prohibited under SPC's "Anti-money laundering and counter-terrorism financing" policy.
- Engage in activities prohibited under Part XI.H if SPC's Fraud and Corruption of the Manual of Staff Policies.
- Are listed on the UN Security Council Sanctions List.
- Have been blacklisted by SPC or any other intergovernmental organisations

Grant funds will not be used to directly or indirectly fund activities that cause any of the following impacts:

- Have potential environmental and social risks that are equivalent to category A.
- Conflict with adopted plans and established uses of the target community
- Substantially affect a rare or endangered species of animal or plant or the habitat of such species.
- Interfere substantially with the movement of any resident or migratory fish or wildlife species.
- Substantially diminish habitat for fish, wildlife, or plants.
- Breach standards relating to solid waste or litter control.
- Substantially degrade water quality.
- Contaminate a public water supply.
- Substantially degrade or deplete ground water resources.
- Interfere substantially with ground water recharge.
- Extend a sewer line with capacity to serve new development.
- Encourage or result in the use of large amounts of fuel, water, or energy in a wasteful manner.
- Use fuel, water, or energy in a wasteful manner.
- Disrupt or adversely affect an archaeological site or a property of historic or cultural significance.
- Induce substantial growth or concentration of population.
- Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system.
- Displace a large number of people over the long term.
- Increase substantially the ambient noise levels for adjoining areas over the long term.
- Cause substantial flooding, erosion or siltation.
- Expose people or structures to major geological hazards.
- Create a potential public health hazard or involve the use, production or disposal of materials which pose a hazard to people or animal or plant populations in the areas affected.
- Violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.
- Convert prime agricultural land to non-agricultural use or impair the agricultural productivity of prime agricultural land.
- Interfere with emergency response plans.
- Activities relating to the extraction or depletion of non-renewable natural resources (including inter alia forests, trees, beach sand, ghut sand and oil/gas).
- Cause involuntary resettlement of people or the removal or alteration of any physical cultural property under any circumstances.
- Cause economic resettlement through economic or occupational displacement including loss of access to assets or resources that leads to loss of income or means of livelihood.

Appendix VIII – Sub-Grant Review

Based on the information provided in the grant application form, the Grants Technical Evaluation sub-committee will review projects according to the Sub-Grant Review Checklist (provided in this appendix) to assess the extent to which they fulfil the objectives of the EDA project and align with GCF criteria. In addition, this checklist will identify the extent to which LAs will require technical assistance from FAs. Reviewers will review the grant application forms and recommend any necessary changes or actions based on the checklist review. The Grants Technical Evaluation sub-committee will provide feedback and allocate technical assistance to support revisions to the project proposal as needed.

Sub-Grant Review Checklist

| Question | Response | Actions to Take | Major/Minor Revision Needed |
|---|----------|--|-----------------------------|
| Project Overview | | | |
| 1. What is the title of the project? | | N/A | N/A |
| 2. What State and Municipality is the project in? | | Identify what capacity building the LA participated in under Component 1 as well as their capacity assessment score. | N/A |
| 3. What is the Grantees Capacity Assessment score for the Local Authority? | | N/A | N/A |
| 4. Did the Local Authority participate in capacity building under Component 1? If so, which ones and has there been one-on-one follow-up on this? | | If the LA has participated in capacity building, it should have good project documentation, especially if there has been one-on-one follow-up. This should be factored into decisions on what support from FAs is suggested. | N/A |
| 5. Who is the project contact and how are they related to the Local Authority? Have they participated in capacity building under Component 1? | | If the project contact isn't in a position/role to effectively coordinate or support the project, clarification needs to be sought to ensure the right people are involved in the project. | Major |
| 6. What Adaptation Focus Area/s were selected? | | If the proposal does not align with the RFP it is targeting it should be disqualified and guided towards a different opportunity. | Minor |
| 7. What is the duration of the proposed project? | | Projects are envisioned to be up to 4 years. If the project expects a larger duration, a major revision needs to be discussed. | Major |
| 8. For State Agency implemented projects, is there an endorsement letter from the municipality(ies) targeted as beneficiary(ies)? | | Must be included for State Agency implemented projects. | Major |
| 9. A) Does the project | | If the project objective doesn't | Major |

| Question | Response | Actions to Take | Major/Minor Revision Needed |
|---|----------|---|-----------------------------|
| <p>contain a clear statement of objectives or intended results? B) Do these align with the overall goal of the EDA programme to improve climate resilience of local communities in FSM?</p> | | <p>support the goal to improve climate resilience in local communities, a major revision needs to be discussed.</p> | |
| Project Description | | | |
| <p>10. Do project activities include detail on targets and deliverables for activities, e.g. area (ha), # of households, # and type of technology deployed, plans, trainings, workshops, etc.?</p> | | <p>If activities and targets aren't quantified, the project needs to be revised to provide specific targets for its planned activities.</p> | <p>Minor</p> |
| <p>11. Who are the project beneficiaries and how will the project equitably include vulnerable populations as beneficiaries of project activities? How is the project ensuring this?</p> | | <p>If activities aren't working to support vulnerable community groups a major review is needed</p> | <p>Major</p> |
| <p>12. A) Are the implementing arrangements and partners logical, appropriate, and sufficient? B) Does the project include adequate consideration of potential partnerships with civil society, non-governmental organisations, private sector entities or academia, where feasible?</p> | | <p>If the implementing arrangements and partners are not logical, appropriate, and sufficient a major change is needed.</p> <p>Projects should be encouraged to include partnerships with civil society, non-governmental organisations, private sector entities or academia, where feasible. However, this is not a requirement for projects and will not determine whether a project is funded.</p> | <p>Major</p> |
| Expected Results | | | |
| <p>13. Does the project have clear potential to support adaptation, build resilience and address pressing local vulnerabilities to climate change in the target community?</p> <p>GCF Investment Criteria: Impact Potential</p> | | <p>If the project doesn't identify and address specific vulnerabilities, it needs to be revised to connect specific activities to vulnerabilities to climate change impacts like sea level rise, rainfall variability, etc.</p> | <p>Minor</p> |
| <p>14. Does the project include results contributing to at least one of the GCF impact indicators in the "Potential for Impact" section of the grant</p> | | <p>If the project doesn't include alignment to at least one of the GCF indicators, major revision is needed</p> | <p>Major</p> |

| Question | Response | Actions to Take | Major/Minor Revision Needed |
|---|----------|--|-----------------------------|
| application form? GCF Investment Criteria: Impact Potential | | | |
| 15. Does the project clearly describe the change from the status quo? Has the project included information on the learning potential from the project and the sustainability of outcomes? GCF Investment Criteria: Paradigm Shift | | If the status quo change isn't described, the project needs to detail the baseline situation further and show how the new activities are changing it. | Minor |
| 16. Does the project clearly demonstrate how it will deliver environmental, economic, and/or social co-benefits? GCF Investment Criteria: Sustainable Development | | If the project does not include co-benefits, project proponents need to work to detail them, particularly for job/income creation. | Minor |
| 17. Has the project aligned its activities to address needs and priorities of the most vulnerable local communities in relation to climate change? GCF Investment Criteria: Needs of Recipients | | If the project hasn't conducted and described the stakeholder engagement and particularly confirmed that project activities are addressing specific local needs and priorities related to climate change impacts, major revision is needed | Major |
| 18. How has the project engaged stakeholders and how does it plan to continue that engagement? GCF Investment Criteria: Needs of Recipients | | Stakeholder engagement planning is likely to be simple, but it should be clearly detailed. | Minor |
| 19. Does the project align with relevant local and State plans/policies? GCF Investment Criteria: Country Ownership | | If the project hasn't included information on alignment with plans/policies at the local/State level, project proponents need to add as available. | Minor |
| 20. How does the project plan to use grant resources efficiently? Are best available technologies/practices being utilised? GCF Investment Criteria: Efficiency and Effectiveness | | Given the capacity constraints these descriptions are likely to be simple, but they should be clearly detailed. | Minor |
| Environmental and Social (E+S) Impacts | | | |
| 21. Has an E+S risk screening for the project been undertaken? What | | If there is not enough information in the project proposal to assess the E+S | Major |

| Question | Response | Actions to Take | Major/Minor Revision Needed |
|---|----------|--|-----------------------------|
| <p>risk category was selected (Category A, B or C)? Does the risk level from the E+S screening align with the description as well as with project activities?</p> | | <p>risk, the project proponent will need to provide greater detail on the risk level of the project activities.</p> <p>If the information provided on the E+S risk screening and project activities indicates a different risk category to the one identified, the project should be revised to reflect the correct category.</p> <p>If the project is classified as Category A, the project needs to be revised to remove such risks as the EDA programme doesn't fund Category A projects.</p> | |
| <p>22. If the project is classified as Category B, has an EIA been prepared?</p> | | <p>In the first review of the project, the EIA likely won't have been prepared. If the proposal has been reviewed as Category B previously, but doesn't include an EIA, the project cannot move forward until it has been prepared.</p> | Major |
| <p>23. Does the project include any ineligible activities? Is there any risk that the project will lead to maladaptation?</p> | | <p>If any ineligible activities are included in project, major changes need to be undertaken to remove them. Any planned activities that pose a risk of maladaptation will need to be removed or adequate risk mitigation measures provided.</p> | Major |
| <p>24. Based on initial stakeholder engagement, what are the needs and priorities related to the envisioned project activities? Are men's and women's different needs/priorities detailed?</p> | | <p>If men and women's priorities aren't specifically detailed and differentiated, then further revision is needed.</p> | Minor |
| <p>25. How are marginalised groups – including women and men, the youth and the elderly, and those living with disability – expected to be involved in and benefit from project activities?</p> | | <p>If the project doesn't specifically describe how marginalised groups will benefit from the project, more detail is needed</p> | Minor |
| <p>26. What will the project do to ensure that women and men have equal opportunity to benefit from the project activities?</p> | | <p>The project needs to detail how it expects men and women to benefit from project activities. If the project isn't gender responsive in design, further revision is needed.</p> | Minor |
| <p>27. How is the project</p> | | <p>The project needs to include</p> | Minor |

| Question | Response | Actions to Take | Major/Minor Revision Needed |
|---|----------|---|-----------------------------|
| addressing the key gender considerations for the priority sectors? | | specific provisions for addressing gender considerations for the priority adaptation areas. If it doesn't, further review is needed. | |
| Budget | | | |
| 28. Does the requested grant amount match the budget table? Does the budget table provide detail on the specific costs included in the activities? | | If budget doesn't match, revise. If details for specific project expenses aren't included, minor revision is required. | Minor |
| 29. Do the costs seem reasonable for the planned activities? | | If the costs do not align with the scope or scale of activities (either too little or too much) major revision is needed. | Major |
| 30. Does the requested budget align with the capacity of the Local Authority's based on their Grantees Capacity Assessment score? | | If the requested budget is too large for the LA's level of capacity, major revision and/or a justification of how capacity building has resulted in the LA being able to implement a project of this size is needed. | Major |
| Project Challenges and Support | | | |
| 31. Does the project effectively describe challenges and are there key challenges that the project isn't anticipating? | | If there are any evident key challenges the project doesn't address, minor revision is needed. Specific challenges can be identified and responses requested. | Minor |
| 32. What support did the project request? | | These responses should be used to determine additional FA support needs. | N/A |
| Other Considerations | | | |
| 33. Is the project effectively aligned with other initiatives and projects in the intended location? Does the project ensure synergies without duplicating or overlapping activities with other initiatives and projects? | | If the project is duplicating activities done under other projects – including other grants under this EDA as well as initiatives under other projects or programmes – project activities should be revised to avoid duplication and overlap. | Minor |
| 34. Does the project outline the operations and maintenance plans for the activities, both during and after the sub-grant implementation period? | | If the operations and maintenance plans are not clear, the project design should be revised to detail them. | Minor |

The sub-grant review checklist serves to assess GCF Investment Criteria using simplified language that is understandable for LAs. Consequently, the questions under the Expected Results section of the sub-grant review checklist correspond with the Expected Results section of the grant application form, both of which also align with the formal GCF investment criteria, as described below.

Alignment Matrix with GCF Investment Criteria

| GCF Investment Criteria | Description | Intake Form | Review Sheet Questions |
|--------------------------------|---|---|-------------------------------|
| Impact Potential | Overall adaptation potential; Results based on GCF Impact Indicators | “Potential for Impact” section addresses overall climate adaptation potential and impact across selected GCF adaptation metrics | Questions 13, 14 |
| Paradigm Shift | Potential for transformative change from the status quo including the specific innovations leveraged, learning potential, sustainability and replicability of results | “Innovation, Change, and Sustainability” section addresses shift from status quo, innovation, learning potential, and project sustainability | Question 15 |
| Sustainable Development | Environmental, Social, Economic, and Gender-Sensitive development co-benefits | “Other Benefits” section includes expected benefits for environment, social systems, and economic systems. The “Gender” section assesses gender-sensitive development impact. | Questions 16, 25, 26, 27 |
| Needs of Recipients | Alignment with the specific community/beneficiary needs and priorities | “Community Needs and Priorities” section assesses community needs/priorities and the specific community engagement processes that have been utilized | Questions 17, 18, 24 |
| Country Ownership | Alignment with relevant FSM, State, and local policies and plans | “Community Needs and Priorities” section includes question on alignment with specific plans/policies | Question 19 |
| Efficiency and Effectiveness | Financial and operational efficiency and effectiveness of grant resources | “Efficiency” section assesses the sub-grant’s approach to using grant resources effectively and utilizing best available technologies. | Question 20 |

Appendix IX – Grant Reporting Template

PROJECT OVERVIEW

Project Title

State

Chuuk Kosrae Pohnpei Yap

Local Authority

1. State Agency

Name: _____

Which municipality(ies) is the project benefiting? Please attach letters targeted municipality(ies) endorsing the contents of this report.

2. Municipality

Name: _____

Project Contact

Name: _____

Position/Role: _____

Telephone: _____

Email: _____

Adaptation Focus Area

Select all that apply:

- Disaster Risk Reduction/Coastal Protection
- Food Security
- Water Security

Approved Grant Amount (USD)

Timeline

Start of Project (Month, Year): _____

Expected End of Project (Month, Year): _____

PROJECT PROGRESS REPORT

Reporting Period

From (Day, Month, Year): _____ to (Day, Month, Year): _____

Project Progress Summary

i Describe the overall project progress towards achieving the project objective (200 words max).

PROJECT RESULTS

Project Activities

i Describe the progress towards achievement of the project activities including detail on the scale of the progress against each activity (i.e. area impacted (ha), # of households, # of technology deployments) and specific deliverables (i.e. plans, trainings, workshops, etc.).

Beneficiaries

i Describe the benefits realised and delivered to the intended beneficiaries of the project including detailed information on locations, gender, young people, older persons, persons living with disability, socioeconomic conditions, etc. How has the project ensured that all members of the community are benefiting from the project, particularly the poorest and most at risk members?

Note: For all State-agency run projects, letters from all beneficiary municipalities should be included that endorse this results report and affirm the benefits provided to beneficiaries.

Impact

i Describe how the project has supported adaptation and improved resilience to climate change for local communities. This should include a description of what the project activities have achieved and how they have addressed specific local vulnerabilities to climate change.

Realised impacts (if not applicable to the project write N/A)

Total number of people with improved resilience to climate change (please breakdown by direct and indirect beneficiaries, number of women and number of men)

Achieved savings (\$) per household from avoided disaster risk:

Number of households with improved food security as a result of project activities:

Number of households with improved water security as a result of project activities:

Area of land rehabilitated, reforested, conserved, protected, or otherwise improved as a result of project activities (hectares):

Number of men and women using new technologies or practices as a result of project activities

Number of men and women with improved income and livelihood as a result of project activities

Number of men and women trained in new technologies/practices or general awareness related to disaster risk reduction, food security, and water security (include details on the content of training/s)

Innovation, Change, and Sustainability

i Describe how the project activities have changed the status quo in the community including the specific ideas, practices or technologies that the project has supported (i.e. new farming practices, deployment of a specific technology). This should also include a description of what has been learned from implementing the activities (i.e. how people use/respond to new technologies) and how the project has shared lessons learned and best practices.

Other Benefits

i Describe how the project has benefitted the environment (i.e. conservation, air quality, water quality, etc.); social systems (i.e. education, health and safety); and economic systems (i.e. job creation, improved productivity).

ENVIRONMENTAL AND SOCIAL (E+S) IMPACTS

E+S Risk

Please select the original classification of the approved grant application.

- Project activities have the potential to cause significant negative environmental and/or social impacts that are wide-spread, irreversible, and cannot be easily addressed through planning and other mitigation efforts (Category A)
- Project activities have the potential to cause limited negative environmental and/or social impacts that are site-specific, largely reversible, and can be easily addressed through planning and other mitigation efforts (Category B)
- Project activities have minimal or no negative environmental and/or social impacts (Category C)

i Describe briefly whether any environmental and/or social risks have been observed and how they were addressed.

Gender

- i** *Describe how women and men have benefitted from project activities. What specifically has the project done to ensure that women and men benefitted equally from project activities? How have the different priorities/needs of men and women different been addressed by project activities? How has the project addressed the gender considerations for the priority sectors in Addendum 2?*

Challenges

- i** *Describe any challenges the project has faced and how the project overcame the challenges.*

Project Support

- i** *Explain whether and to what extent support from facilitating agents has been accessed to support project management including, but not limited to finance, risk management, budgeting, environmental and social, stakeholder engagement, activity design, etc. What support has been most valuable to this project?*

BUDGET



Describe any challenges related to project expenditure and management of the project budget.

Please double-click on the table below to open and edit it in Excel. Please only fill in white cells, the shaded cells will update automatically based on the values provided. Please be sure to save the Excel spreadsheet before submitting the report.

| Activity (as per approved grant application) | List and describe what has been incurred in the activity cost including individual costs for travel, equipment, installation, testing, trainings, printing, communications/outreach, etc.) | Original budget (USD) | Total spent to date (USD) | Remaining budget (USD) | Expenditure rate (%) |
|--|--|-----------------------|---------------------------|------------------------|----------------------|
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| Total | | 0.00 | 0.00 | 0.00 | #DIV/0! |

Appendix X – Draft Terms of Reference for FSM EDA Programme Facilitating Agents

These draft Terms of Reference (TORs) provide information on the role and responsibilities of the FSM EDA Programme Facilitating Agents as key implementing partners. The TORs are indicative and will be amended on an as-needs basis during programme implementation to include specific detail on the requirements for the Facilitating Agents in each of the three thematic areas, in accordance with the specific requirements of the Programme activities.

Roles

Facilitating Agents (hereafter FAs) will be selected through competitive procurement by the ECU as the Programme's Executing Entity. NGOs and national consultants from all four FSM States will be invited to participate in the competitive process. Once selected, FAs will receive training and capacity building in the form of "train-the-trainers" modules to ensure that they are adequately equipped to support Local Authorities (LAs) in the development of sub-grant applications and the management of such grants.

Scope of responsibilities

FAs will be technical support agents as part of a roster combining expertise on the three thematic areas (food security, water security, DRR). FAs will be matched to an LA based on the needs of the LA and the thematic area of the sub-grant application. FAs will be deployed to LAs to provide technical support, capacity building and grant application drafting support. Specifically, FAs will support LAs in the identification and definition of climate change issues to be addressed by the sub-project to be financed by the EDA Facility by conducting site visits to identified project sites and consulting with local communities (Activity 1.1.4). Using the Adaptation Measure Prioritisation Framework, FAs will support LAs in the prioritisation of climate change risks and potential adaptation measures, providing technical support for the submission of Expressions of Interest to the EDA Facility (Activity 2.2.1) and for the preparation of the full grant applications (Activity 2.2.5). Support can be provided to develop the sub-grant climate rationale and logical framework, conduct stakeholder engagement processes with target communities, undertake gender analyses, conduct E&S screenings, and overall support to draft the sub-grant application.

After the approval of the sub-grant projects for funding, FAs will be assigned to sub-projects to support LAs in implementation in accordance with the administrative, financing, and technical provisions of the application. FAs will be responsible for advising the ECU on project progress, making recommendations to the ECU for the disbursement of funds and in the event of any requests for deviations from the agreed project plan. Particular attention will be given to the monitoring and mitigation of any risks identified through Stages 1–3, and of any unanticipated environmental and social risks that may arise during implementation. Monitoring will include: i) overall project progress towards the sub-project objective; ii) detailed progress of sub-project activities; iii) benefits realised and delivered to intended beneficiaries⁶; iv) realised impact achieved in supporting adaptation and resilience to climate change; v) achievements in innovation, change, sustainability and other co-benefits; vi) management of environmental and social risks; vii) how the sub-grant has integrated gender issues; viii) how arising challenges have been addressed; ix) how support from FAs has been accessed; and x) budget.

Lastly, FAs may be requested to do final evaluations of sub-projects, and will be involved in the compiling of data, project information and lessons learned to be made available on the FSM climate change portal, the INFORM portal, the FSM DECEM Geoportal, the Pacific Data Hub and other relevant information dissemination platforms.

⁶ Including information on locations, gender, young people, older persons, persons living with disability, socioeconomic conditions, etc.

Minimum length of engagement

FAs will be competitively selected in the first year of the EDA programme implementation and will support LAs in the implementation of sub-projects to the end of the programme.

Experience requirements

The Roster of FAs will be constituted to include all relevant experience and expertise in the three thematic areas to be supported by the EDA Facility (food security, water security, DRR). All FAs will receive training on mainstreaming gender considerations and compliance with environmental and social safeguards in the preparation of sub-grant applications. Indicative experience requirements relevant to each thematic area can be found below.

Food security

- 5-year track record developing and / or implementing climate change adaptation, food security, resilient agriculture, agricultural value chains or related projects in FSM and/or the Pacific Region
- Relevant degree or professional experience in the field
- Fluency in English
- Demonstrated experience and knowledge of gender and social inclusion as well as environmental and social safeguards
- Availability to travel in FSM for the whole duration of the EDA Programme

Water Security

- 5-year track record developing and / or implementation climate change adaptation, water security or related projects in FSM and/or the Pacific Region
- Relevant degree or professional experience in the field
- Fluency in English
- Demonstrated experience and knowledge of gender and social inclusion as well as environmental and social safeguards
- Availability to travel in FSM for the whole duration of the EDA Programme

Disaster Risk Reduction and Coastal Protection

- 5-year track record developing and / or implementing climate change adaptation, DRR, coastal protection and infrastructure projects in FSM and/or the Pacific Region
- Relevant degree or professional experience in the field
- Fluency in English
- Demonstrated experience and knowledge of gender and social inclusion as well as environmental and social safeguards
- Availability to travel in FSM for the whole duration of the EDA Programme