Annex 6: Environmental and Social Management System

ESMS for the GCF Enhanced Direct Access Programme "Climate change adaptation solutions for local authorities in the Federated States of Micronesia"

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Executive Summary

Climate change is expected to severely threaten the Federated States of Micronesia (FSM) across all sectors through sea level rise, rainfall variability, severe weather events, coastal inundation and rising temperatures causing significant losses and damages to communities' lives and livelihoods. The Enhancing Direct Access (EDA) Programme "Climate change adaptation solutions for Local Authorities in the Federated States of Micronesia" will improve food and water security and enhance disaster risk reduction by building the adaptive capacity of Local Authorities (LAs) in FSM to respond to climate change impacts on vulnerable communities. This will be achieved through establishment of a Resilient Communities Grant Facility (RCGF) to support LAs to address priority vulnerability issues through implementation of sub-projects that will increase the adaptive capacity of vulnerable communities and deliver economic, social, environmental and gender co-benefits. The EDA Programme has two components:

- Component 1: Local authorities empowered to deliver climate change adaptation services to their populations
- Component 2: Priority project implementation-EDA Facility for strengthening local community resilience

This Annex provides an overview of the FSM context for environmental and social risk assessment and details the specific environmental and social risks associated with the EDA programme. As this is a Category I-2 programme, this Annex also lays out the Environmental and Social Management System and review process/criteria for the sub-grants the EDA programme will fund.

Project Summary

The objective of the Enhanced Direct Access (EDA) programme is to strengthen climate change resilience in FSM through support to local authorities for pragmatic and impact-driven adaptation actions to mitigate the negative consequences of climate change. The programme will be managed by the Climate Change and Environmental Sustainability programme of the Pacific Community (SPC) with support from SPC's Micronesian Regional Office in Pohnpei, FSM's National Designated Authority (NDA) and the four State governments. It will consist of 1) an empowerment component to build the capacity of local authorities to engage in climate change adaptation and 2) a priority sub-project grants mechanism.

The programme will support three specific thematic areas that have been identified by local communities and by the FSM government as areas requiring urgent resources to combat climate risks and impacts:

1. **Climate-induced Disaster Risk Reduction and Coastal Protection:** Projects that fall within this thematic area will address the effects of coastal erosion, sea level rise, storm surges associated with typhoons and tropical storms as well as flooding and landslides due to extreme rainfall and storm events. Specifically, coastal ecosystems, like coral reefs, sea grass beds and mangroves, can help defend against wave action and storm surges, thus protecting coastal populations and infrastructure. Moreover, coastal ecosystems support numerous livelihood activities, particularly with regards to fishing and tourism. Grants provided under this theme might include

development of climate-proofing infrastructure to address increased frequency and intensity of climate extremes; ecological infrastructure to serve as a buffer to extremes linked to projected climate change related impacts; or equipping municipalities with necessary supplies and storage facilities to respond to disaster (i.e. medicines, provisions, food storage lockers).

2. **Food Security:** Projects that fall within this thematic area will address the management of cropland, livestock, forests and fisheries that aim to support food security under the new realities of climate change through sustainable and equitable transitions for agricultural systems and livelihoods as well as access to markets and value chains. Specifically, to target increased productivity (i.e., produce more food and boost local incomes) and enhanced ability of communities to adapt to climate change and weather extremes. In FSM, it is important to also support benefits to coastal ecosystem (e.g., by reducing sediment into the coastal zone through taro swamps, reducing pressure on wild-caught fisheries, reducing pollutants from fertilizers).
3. **Water Security:** Projects that fall within this thematic area will increase the resilience of water resources in the FSM and will target climate-induced disturbances in water supply and security. Planned interventions could include improving household and community rainwater harvesting and storage structures; securing groundwater resources from seawater intrusion; rehabilitating water catchments; and installing solar-powered water pumps.

FSM Environmental Policy Context

In FSM, a variety of policies and laws provide the framework for environmental and social management and compliance. The SPREP legislative review for FSM summarizes the principle policies and laws below.[1]

The FSM Constitution provides a high-level framework including a few references to the environment, but mostly doesn't get into detailed specifics for different thematic sectors – the specifics are detailed in the National Environmental Law (see discussion below). Relevant general provisions include the following:

- **Preamble.** States, in part, "[t]o make one nation of many islands, we respect the diversity of our cultures. Our differences enrich us. The seas bring us together, they do not separate us. Our islands sustain us, our island nation enlarges us and makes us stronger." Article XIII Contains additional provisions, including some that relate to the environment.
- **Section 2.** Provides that "radioactive, toxic chemical, or other harmful substances may not be tested, stored, used, or disposed of within the jurisdiction of the Federated States of Micronesia without the express approval of the national government of the Federated States of Micronesia."
- **Section 4.** In terms of land use, "[a] noncitizen, or a corporation not wholly owned by citizens, may not acquire title to land or waters in Micronesia."
- **Section 5.** Prohibits a lease agreement for the use of land for an indefinite term by a noncitizen, a corporation not wholly owned by citizens, or any government is prohibited.
- **Section 113 of the General Provisions [Title 1].** Empowers the High Commissioner to restrict or forbid non-citizens from acquiring interests in real property and in business enterprises.

[1] SPREP Legislative Review 2018; Available at: https://www.sprep.org/attachments/Publications/EMG/sprep-legislative-review-fsm.pdf

The State constitutions provide more detail for environmental quality and particularly parameters for the enforcement of standards. Across the four State constitutions high-level descriptions of the rights and requirements for environmental quality are delineated. These provisions are similar across the State Specific State-level provisions include:

- **Chuuk** – Article XI of the Chuuk Constitution requires the legislature to "provide by law for the development and enforcement of standards of environmental quality, and for the establishment of an independent State agency vested with responsibility for environmental matters." Article XI of the Chuuk Constitution also gives the State Government the power to take an interest in land for public interest purposes subject to negotiations and the payment of compensation.
- **Kosrae** – Article XI of the Kosrae Constitution addresses land and environment matters. It grants the people the right to "a healthful, clean and stable environment". The State government is required to "by law protect the State's environment, ecology, and natural resources from impairment in the public interest." The Constitution prohibits nuclear, chemical, gas or biological weapons and hazardous radioactive material being in the State. The Constitution provides "[t]he waters, land, and other natural resources within the marine space of the State are public property, the use of which the State Government shall regulate by law in the public interest…" Rivers and streams may be designated by law as public property for use in the public interest. The State Government may acquire land for public purposes without the interested parties' consent, subject to the payment of fair compensation and good faith attempt at negotiation. Title to State land may only be acquired by Micronesian citizens who are Kosraean by descent.
- **Pohnpei** – Under the Pohnpei Constitution, the State Governor must establish and administer "comprehensive plans for the conservation of natural resources and the protection of the environment". Article 12 states that only Ponapean citizens, who are also pwilidak of Pohnpei, may acquire a permanent interest in real property. The Constitution also prohibits leases of more than 25 years and indefinite land-use agreements. The Government of Pohnpei may acquire land for public purposes following consultation with local government, owners and an offer for payment of a purchase price or compensation. Article 13 of the Pohnpei Constitution prohibits the introduction, storage, use, test and disposal of nuclear, chemical, gas and biological weapons, nuclear power plants and related waste materials from Pohnpei.
- **Yap** – The Yap Constitution states that the "state Government may provide for the protection, conservation and sustainable development of agricultural, marine, mineral, forest, water, land and other natural resources." It also prohibits testing, storing, using or disposing of radioactive and nuclear substances within the State. Land ownership and uses are restricted under the Yap Constitution. The State recognises traditional rights and ownership of natural resources and areas within the marine space of the State up to 12 miles from island baselines.

Given the high-level focus of the constitutional provisions at the State and national level, it will be critical for SPC to apply its own SER environmental screening to ensure appropriate management of social and environmental risks alongside FSM's National Environmental Law and EIA provisions as outlined below.

The National Environmental Law in FSM mostly centres on Title 25, Environmental Protection. Title 25 has three principal components:

1. **Chapter 5/Subtitle 1:** This subtitle sets out Micronesia's public policy on the environment. Section 102 provides: "It is the policy of the Federated States of Micronesia to use all practicable means, consistent with other considerations of national policy, to improve and coordinate

governmental plans, functions, programs, and resources to the end that the inhabitants of the Federated States of Micronesia may: (a) fulfil the responsibilities for each generation as trustee of the environment for succeeding generations; (b) enjoy safe, healthful, productive, and aesthetical and culturally pleasing surroundings; (c) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable or unintended consequences; (d) preserve important historic, cultural, and natural aspects of our Micronesian heritage, and maintain, wherever possible, an environment which supports diversity and variety of individual choice; and (e) remain responsible members of the global community by complying with the international legal obligations accepted by the Federated States of Micronesia upon ratifying or acceding to international environment agreements."

2. **Chapter 6/Subtitle 2:** Section 208 states that the Director of the Office of Environment and Emergency Management must provide an annual environmental quality report to the President and Congress. This Act establishes the Environmental Protection Office with the following roles as set out in section 209: "The Office shall have the power and duty to protect the environment, human health, welfare, and safety and to abate, control, and prohibit pollution or contamination of air, land, and water in accordance with this subtitle and with the regulations adopted and promulgated pursuant to this subtitle, including measures undertaken to prohibit or regulate the testing, storage, use, disposal, import and export of radioactive, toxic chemical, or other harmful substances. The Office shall balance the needs of economic and social development with those of environmental quality and shall adopt regulations and pursue policies which, to the maximum extent possible, promote both these needs and the policies set forth in section 102 of this subtitle". Section 210 grants the Environmental Protection Office a number of powers and duties in order to achieve the purposes set out in section 209. For example, the Environmental Protection Office may create regulations to implement international environment treaties, collect fees for permits or licences, administer nationwide programs "for the protection of the environment, human health, welfare and safety" of Micronesia.
3. **Chapter 7/Subtitle 3:** This deals with enforcement and environmental impact assessment. Importantly, section 302 states that: "(1) Any person, prior to taking any action that may significantly affect the quality of the environment within the Exclusive Economic Zone of the Federated States of Micronesia, or within the boundaries of the National Capital Complex at Palikir, must submit an environmental impact statement to the Director, in accordance with regulations established by the Director. (2) The environmental impact statements required by subsection (1) of this section are public documents, and must include a detailed statement on: (a) the environmental impact of the proposed action; (b) any adverse environmental effects which cannot be avoided should the proposal be implemented; (c) the alternatives to the proposed action; (d) the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity; and (e) any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented."

FSM also provides regulations specific to Environmental Impact Assessments.[2] The Environmental Impact Assessment (ESIA) process is intended to help the general public and government officials make decisions with the understanding of the environmental consequences of their decisions, and take actions consistent with the goal of protecting, restoring, and enhancing the environment. Sub-project proponents are responsible for conducting Environmental Impact Assessments and submitting them to the Secretary of the Department of Human Resources for review (SPC will provide direct assistance for higher risk sub-projects – see below for details). The FSM ESIA Process has three main elements:

a) **Identification.** This involves the initial work of characterizing the proposed sub-project and its alternatives, characterizing the existing environment, and developing a reasonable scope for the study.
b) **Prediction.** During this phase, the potential impacts selected for study are analyzed and quantified for each of the alternatives.
c) **Evaluation.** This is the culmination of the ESIA based on the previous two steps, in which the predicted impacts are summed and compared for alternatives considered.

Annex 3 has the ESIA checklist for the government of FSM and Annex 2 has SPC's approach to conducting an ESIA.

Gap Assessment of FSM Environmental Policies

Overall, FSM's environmental policies are robust vis-à-vis GCF's environmental and social safeguards policies and standards. FSM's environmental policy requirements are rigorous in terms of environmental assessments, while also identifying the importance of socio-cultural factors. However, there is limited detail on some aspects of human rights, gender mainstreaming, and peoples' rights and tenure. While these are also addressed in other policies (such as the Strategic Development Plan 2004–2023 and the National Gender Policy 2018)[3], FSM is still in the process of developing a comprehensive legislative and policy framework and associated capacities for full application of environmental and social safeguards, especially at the State level. Moreover, some aspects of the environmental impact assessment process could be more detailed in terms of the information requirements for project proponents in terms of both environmental and social impacts. In particular, the environmental frameworks aren't yet fully integrated into social inclusion frameworks.

In light of the above – and given SPC's accreditation with GCF – this EDA programme will ensure a robust ESS framework that is aligned with and further strengthens those environmental and social protection measures already in place within FSM at national and State levels. This will ensure that all sub-projects are assessed against a common and uniform set of standards that meet GCF's criteria in terms of rigour and substance with a view to identifying and mitigating any potentially negative environmental and social impacts that may result from these sub-projects. This ESMS sets out the framework within which these sub-project assessments will be carried out in alignment with FSM's policy framework and in compliance with GCF's policies and standards concerning environmental and social safeguards[4].

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[2] FSM Environmental Impact Assessment Regulations; Available at: http://www.fsmlaw.org/fsm/regulations/envimp.htm

[3] See Annex 4 "GCF Gender Assessment and Action Plan" in this funding proposal package for further information.

[4] See also Annex 21 "Operations Manual" in this funding proposal package for further information.

SPC Social and Environmental Responsibility

SPC's Social and Environmental Responsibility Policy (SER Policy) provides the framework, including guiding principles, for SPC to ethically and sustainably manage social and environmental risks and impacts of all its activities. This will be done in an inclusive manner, so as to maximise whole-of-society benefits. The intent of this policy is to help SPC:

- to promote and drive continuous improvement of SPC's social and environmental performance by:
    - identifying, assessing and managing social and environmental risks, impacts or opportunities in all SPC activities and projects;
    - improving existing practices in the implementation of other relevant SPC policies.
- to strengthen the involvement of staff and all stakeholders' in defining and implementing social and environmental performance standards; and
- to meet the International Finance Corporation's Environmental and Social Performance Standards. This policy will be implemented through an SER action plan and integrated coherently with all other relevant SPC policies, including its human resources, financial, and monitoring and evaluation policies.

SPC is committed to improving its social and environmental responsibility along three pillars: people, operations and programmes.

- **People.** SPC is committed to providing its staff with a workplace that promotes diversity and inclusion, guarantees equal rights, and provides for a safe, healthy and dynamic working environment. SPC is committed to the prevention of abuse and to the well-being of members, children, vulnerable adults and their families.
- **Operations.** SPC is committed to being a responsible organisation in the fight against climate change and biodiversity loss and in the protection of the environment. SPC will endeavour to reduce its own environmental and carbon footprint with the ultimate goal of achieving carbon neutrality and zero waste. To this end, SPC will implement a robust in-house climate and environmental responsibility framework, and ensure that relevant policies are adapted to reflect this approach, including the greening of its procurement and travel policies.
- **Programmes.** SPC is committed to supporting programmes and projects to deliver activities that maximise social benefits and minimize environmental degradation. SPC aims to prevent or, where not possible, mitigate any significant or unjustified impacts on the environment, or negative social impacts, such as those that affect gender equality or human rights.

To this end, SPC has a robust environmental and social management system (ESMS) to screen and appraise its activities through a dynamic and continuous process supported by management. The ESMS includes tools, methodologies and guidelines that are applied in a consistent and supportive manner with SPC's integrated programmatic approach. Overall, SPC is committed to achieving the following outcomes:

- All activities, programmes and projects are subject to a risk categorisation exercise through a screening process, which is operationalised through the SER action plan.
- Where risks are identified in the light of the SER screening process, activities, programmes and projects are assessed for the magnitude of potential social and environmental risks.

- Against these risks and potential impacts, social and environmental mitigation measures are proposed and included in the formulation of the project and its activities, and monitored throughout the life of the project.
- Staff are trained in the identification and assessment of social and environmental risks and impacts, as well as in the implementation of mitigation measures.
- Openness and transparency are maintained with affected communities or stakeholders who are engaged in the identification of risks and impacts and who can express their concerns through a grievance mechanism.

All of this is designed to be compliant with GCF's Environmental and social management system (as per GCF/B.19/06). This comprises the following elements as they relate to the GCF:

- The GCF environmental and social policy;
- The GCF environmental and social safeguards (ESS) standards, including the relevant ESS standards;
- The ESMS manual containing the rules and procedures for the implementation of the ESMS;
- The guidance and tools, consisting of references and best practices, to guide the implementation of the ESMS;
- The stakeholder engagement consisting of guidance and related policies of GCF promoting multi-stakeholder engagement; and
- Related policies and practices of GCF relevant to, and complementing and supporting, the ESMS

As the AE, SPC shall undertake all necessary measures to ensure that activities are implemented in such a manner that:

(i) Ensures that environmental and social management plans, and all measures to mitigate and manage environmental and social risks and impacts and to improve outcomes are implemented, monitored and continuously improved; and

(ii) Ensures that the progress and performance are monitored and reported to GCF and its stakeholders throughout the implementation of the GCF-financed activities, in accordance with the monitoring and accountability framework and allowing GCF or GCF-authorized third-party verification of such reports.

In relation to environmental safeguards, SPC as the AE will:

- confirm that the measures to manage environmental and social risks and impacts, including, as relevant, information disclosure, stakeholder engagement, and grievance redress, are incorporated in the agreements with executing entities including tendering documents and contracts;
- take all necessary measures to ensure the compliance with all applicable laws, including the laws, regulations, and standards of the country in which the activities are located, and/or obligations of the country or countries directly applicable to the activities under relevant international treaties and agreements (all of these will be reflected in the agreements with the executing entities);
- undertake all necessary measures to ensure that the communities affected or potentially affected by the activities (including vulnerable populations, local communities, groups and individuals including women, children, people with disabilities, people marginalized by virtue of their sexual orientation and gender identity, indigenous peoples and other marginalized groups of people and individuals) are properly consulted in a manner that facilitates the inclusion of local knowledge in the design of the activities, provides them with opportunities to express their views on risks, impacts

and mitigation measures related to the activities, and allows the accredited entities to consider and respond to their concerns. In ensuring the meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will align their stakeholder engagement processes to best practices and standards and will make publicly available the relevant information on the activities according to the requirements of the Information Disclosure Policies of GCF and SPC.

Environmental and Social Analysis of Project Components

Below is an assessment of the **overall EDA programme risks** against the eight International Finance Corporation (IFC) performance standards.

Table 1: Assessment of Project Risks Against IFC Standards

IFC Performance Standards	Project Risk Assessment	Likelihood/ Consequence
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts Importance of (i) integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project information and consultation with local communities on matters that directly affect them; and (iii) management of environmental and social performance throughout the life of the project.	The current list of activities for sub-grants are indicative, but each sub-grant will undertake individual screenings (see Annex 1 below) and when necessary (category B), ESIAs to ensure that there is proper assessment and management of environmental and social risks and impacts. A stakeholder assessment and mapping were conducted and a specific stakeholder engagement plan has been undertaken as part of the feasibility study and are included as Annex 2 of the Full Proposal. SPC's Social and Environmental Responsibility Policy (SER Policy) and Environmental and Social Management System as well as FSM's regulations on Environmental Impact Assessments (Annex 3) will underpin each of the sub-grants to ensure effective management. Overall, with these policies the programme isn't likely to have any significant risks against this standard.	Medium
Performance Standard 2: Labor and Working Conditions Employment creation and income generation should be accompanied by protection of the fundamental rights of workers (as guided by the International Labor Organization (ILO) Conventions)	Given the limited scale of physical works envisaged under the programme, occupational health and safety concerns are not expected to represent a risk, however this will be further assessed and evaluated in particular for the sub-grants under Component 2 during the sub-grant E&S screening process. Further, the programme will seek to leverage its works and services contracts to actively promote non-discrimination and equal opportunity hiring practices aligned with relevant policies including Title 51, and Title 52 of the FSM Code	Low
Performance Standard 3: Resource Efficiency and Pollution Prevention With any potential impacts of pollution to air, water, and land, the sub-project and its activities should identify	Mostly, the envisioned sub-grant activities will focus on improving resource efficiency through the implementation of technology solutions like rooftop solar, solar water pumps, rainwater harvesting, etc. However, some of the	Low

resource efficiency and pollution prevention and control measures.	more infrastructure heavy activities envisioned under the climate-induced disaster risk reduction and coastal protection sub-grants (i.e. cyclone proofing, wave breakers, etc.) could potentially cause temporary pollution to water, air, and land during construction phase. Should these sub-grants be deemed category B (medium risk), they will be subject to an ESIA that will detail potential impacts and importantly the specific mitigation measures planned to reduce the risk and impact.	
Performance Standard 4: Community Health, Safety, and Security Project-level actions to avoid or minimize the risks and impacts to community health, safety, and security that may arise from sub-project related-activities, with particular attention to vulnerable groups	The programme is specifically working to support localized adaptation priorities to improve the health, safety, and security of local communities. While there are some risks that programme activities are not designed and implemented to optimally respond to specific local vulnerabilities resulting in exacerbated impacts over time, but the specific vulnerability assessments conducted as part of Component 1 and the individual ESIAs for sub-grants will work to mitigate these risks.	Low
Performance Standard 5: Land Acquisition and Involuntary Resettlement Project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land	There will be no involuntary resettlement under this programme, and mechanisms and stakeholder engagement processes will be in place to ensure unidentified sub-grants do not result in involuntary resettlement.	Low
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources Protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development	Most of the sub-grants are not expected to have significant adverse impacts on biodiversity and conservation, and sub-project design including the specific ESIA process for sub-grants will identify and mitigate any biodiversity risks. The biggest risks for biodiversity stem from the coastal infrastructure activities and potentially some of the water security installations. The programme will also align with the FSM National Biodiversity Strategy and Action Plan which was developed in 2018.	Low
Performance Standard 7: Indigenous Peoples Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than nonindigenous communities	FSM is composed of several distinct indigenous cultural groups with a collective attachment to geographical distinct habitats or ancestral territories. The programme is specifically designed to support these communities and provide funds directly to the most vulnerable. For the sub-grants, a comprehensive stakeholder engagement process as part of the application process. The risk of adversely affecting these communities is low.	Low
Performance Standard 8: Cultural Heritage Ensures the protection of cultural heritage in the course of project activities	**Component 1:** The trainings and capacity building activities under component 1 will not have any adverse risks for cultural heritage. To the extent that the additional empowerment activities include vulnerability assessments and disaster action plans, the sub-project will need to ensure that these integrate considerations for preserving cultural heritage. **Component 2:** The priority adaptation sub-grants vary in terms of potential risks to cultural resources depending on the sub-project activities.	Low

Based on the above assessment of E+S risks, the programme components are categorized based on the IFC/GCF risk categorization as follows (**Table 2**):

a) **Category A.** Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
b) **Category B.** Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
c) **Category C.** Activities with minimal or no adverse environmental and/or social risks and/or impacts.

Table 2: Risk Categorization for Project Components

Component/Sub-Component	Risk Categorization
Component 1 – Local authorities (LAs) empowered to deliver climate change adaptation services to their populations	Component 1 will support three main outputs to strengthen the capacity of Local Authorities across FSM. The first will support local authorities' understanding of climate change adaptation and support the prioritization of adaptation actions, the second will provide direct technical support on how to prepare bankable climate change adaptation projects targeting the programme's Grant Facility to improve access to climate financing, and the third will create a knowledge management network for cooperation and sharing among different LAs and State-government agencies to brainstorm solutions. These outputs focus on capacity building and training and therefore no adverse Environmental, Social and Gender impacts are expected to result from this components' activities.
Component 2 – Priority project implementation of EDA Facility for strengthening local community resilience	Component 2 focuses on the development of EDA sub-grants for climate adaptation in DRR, food security, and water security. This includes the establishment of governance mechanisms for the EDA facility as well as the implementation of the sub-grants. The majority of the sub-grants are likely to be Category C, but a sub-set of sub-grants may be classified as Category B (5-10 out of 30-40 total sub-grants). **All sub-grants will conduct risk-screening according to Annex 1. For Category B sub-grants, individual ESIAs will be conducted for sub-grant activities (Annex 2, 3), along with associated environmental and social management plan (ESMP)**. Details on the process for individual sub-grants is provided in the sections below.

Most of the sub-projects are expected to be Category C and have negligible environmental and social risks, however some projects will be Category B and carry some elevated risk. The specific risk potential will depend on the specific sub-projects proposed, but an indicative list of potential impacts/risks and some general mitigation strategies are included in **Table 3** below.

Table 3: Indicative List of Potential Risks for Sub-projects Funded

Environmental risks/impacts	Possible mitigation measures
Indicative environmental risks/impacts from sub-projects include • **Groundwater** – For sub-projects that include	While most of the sub-projects will be Category C and carry negligible E+S risk, project E+S screening (as detailed below) will highlight projects that will need to

pumping of groundwater resources there is a risk that shifting consumption patterns could overdraw aquifers without sufficient recharge time opening up new risk for salinization from sea level rise • **Surface water** – Pumping projects for surface water could also cause shifting impacts to surface water resources if not managed properly • **Water quality** – Changing of water pumping and utilization strategies can result in impacts to local water quality. Further, while construction and development impacts are expected to be limited, they can still have negative impacts on water quality. Downstream impacts on water quality from livestock/agroforestry can also occur, particularly for issues like sedimentation, eutrophication, etc. • **Biodiversity** – Sub-projects, particularly certain DRR projects, will involve development of grey, green, and blue infrastructure for resilience which can have impacts on habitat and biodiversity if not managed effectively. Further, fisheries/coastal management projects can directly impact local and migratory fish stocks as well as the marine environment. Agroforestry and livestock projects also have the potential to • **Erosion and soil degradation** – Sub-projects that have new construction or retrofitting can cause soil erosion and degradation. Livestock sub-projects can likewise result in impacts to soil resources if not developed alongside conservation agriculture principles. • **Noise/Air Quality** – Some sub-projects may include specific construction, retrofitting, and installation activities which can create temporary noise impacts for local communities. Further construction related impacts from dust and vehicle emissions can also temporarily increase due to sub-project activities. • **Waste** – There is potential for certain projects deploying new technologies like solar pumps, purifiers, etc. to create electronic and hazardous waste streams at the end of product life. • **GHG Emissions** – Some negligible risk of	plan and deploy more focused mitigation strategies for E+S risks. These mitigation strategies will be tailored to the individual projects, but below are some general strategies. • As detailed below, if project screening (see below) indicates a sub-project is likely to be Category B risk level, SPC will work with the project proponents to develop a specific ESMP and submit the FSM ESIA (annex 3) • SPC will provide technical assistance for project proposal development and sub-project implementation to support effective E+S risk identification and mitigation • Groundwater/surface water projects will conduct specific site-assessments considering water demand and recharge rates to ensure sustainable pumping systems are designed. • All livestock projects will be for small-scale farmers and will be coupled with specific agro-forestry and conservation agriculture practices to limit negative impacts, particularly on biodiversity, soils, and water. • All projects including construction and retrofitting will automatically be Category B projects and require specific ESMPs to be developed to minimize negative impacts to air, water, soils, and biodiversity. • For solar deployments and other technologies, the project will ensure that appropriate training for operations, maintenance, and safety are incorporated into sub-project design, and further that all sub-project deployments utilize high-quality devices and are installed according to relevant safety codes and procedures. • Sub-projects will be screened for potential new waste streams, particularly for sub-projects with technology deployments, and end of life transitions will be incorporated into sub-project implementation.

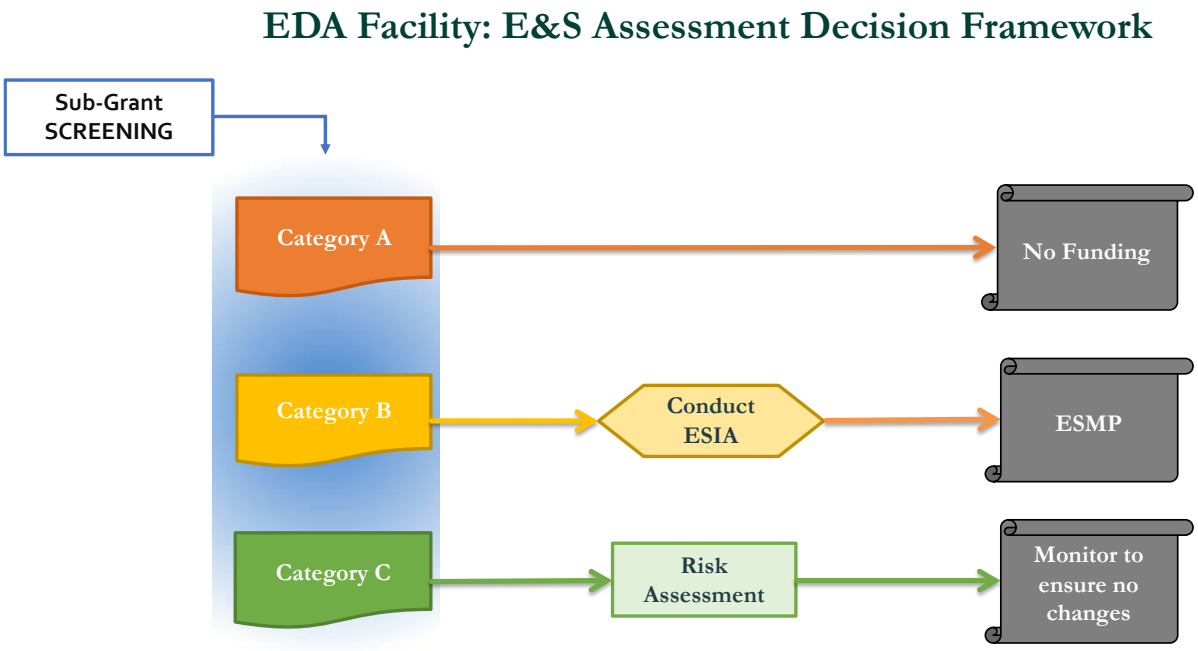
increased GHG emissions can occur from construction/transportation activities and the expansion of livestock activities. • **Fire / Building Hazards** – Sub-projects deploying solar systems and retrofitting buildings will carry some increased risk of fire given the electrical systems being utilized.	
Social risks/impacts	**Possible Mitigation Measures**
Indicative social risks/impacts from sub-projects include: • **Limited community ownership of sub-projects** – There is a risk, particularly for sub-projects that are led by the government entities rather than the municipalities themselves, that the priorities of communities are not reflected in sub-project design due to insufficient engagement and project ownership for communities • **Working conditions** – Sub-projects do carry limited risk related to working conditions, particularly those sub-projects focused on installing and operating new technologies, constructing/retrofitting, etc. • **Cultural heritage** – Sub-project activities can negatively impact cultural resources, particularly for construction related activities and fishery/aquaculture activities. • **Gender mainstreaming** – Gender inequalities, particularly for participation in decision-making, income opportunities, etc. can be exacerbated Under the baseline context for many of the sub-project areas,	- As detailed below, if project screening (see below) indicates a sub-project is likely to be Category B risk level, SPC will work with the project proponents to develop a specific ESMP and submit the FSM ESIA (annex 3) - SPC will provide technical assistance for project proposal development and sub-project implementation to support effective E+S risk identification and mitigation - The architecture for the project grant mechanism has several checks in place (See feasibility study for details) to ensure that the priorities and needs of the local municipalities are reflected in the sub-project design included requirements for community consultations, community letters of support, and participatory governing bodies. - Given the limited scale of physical works envisaged under the programme, occupational health and safety concerns are not expected to represent a significant risk, however all projects including construction and retrofitting will automatically be Category B projects and require specific ESMPs to be developed to support healthy working conditions and proper training/protection for workers - The sub-projects will seek to leverage its works and services contracts to actively promote non-discrimination and equal opportunity hiring practices aligned with relevant policies including Title 51, and Title 52 of the FSM Code - All sub-projects have a dedicated screening for gender mainstreaming as detailed in Annex 4. - Cultural heritage impacts are expressly considered in project screening and M&E.

EDA Facility: Environmental and Social Assessment

As part of the EDA Facility, proposals for sub-grants will include an environmental and social safeguard screening to avoid, minimize and mitigate any harm to people and ecosystems and to incorporate environmental and social concerns as an intrinsic part of project cycle management. The screening template (Annex 1) will be included as part of the full proposal package. At the initial Expression of Interest stage (EOI), applicants will provide an indication of the E&S risk level.

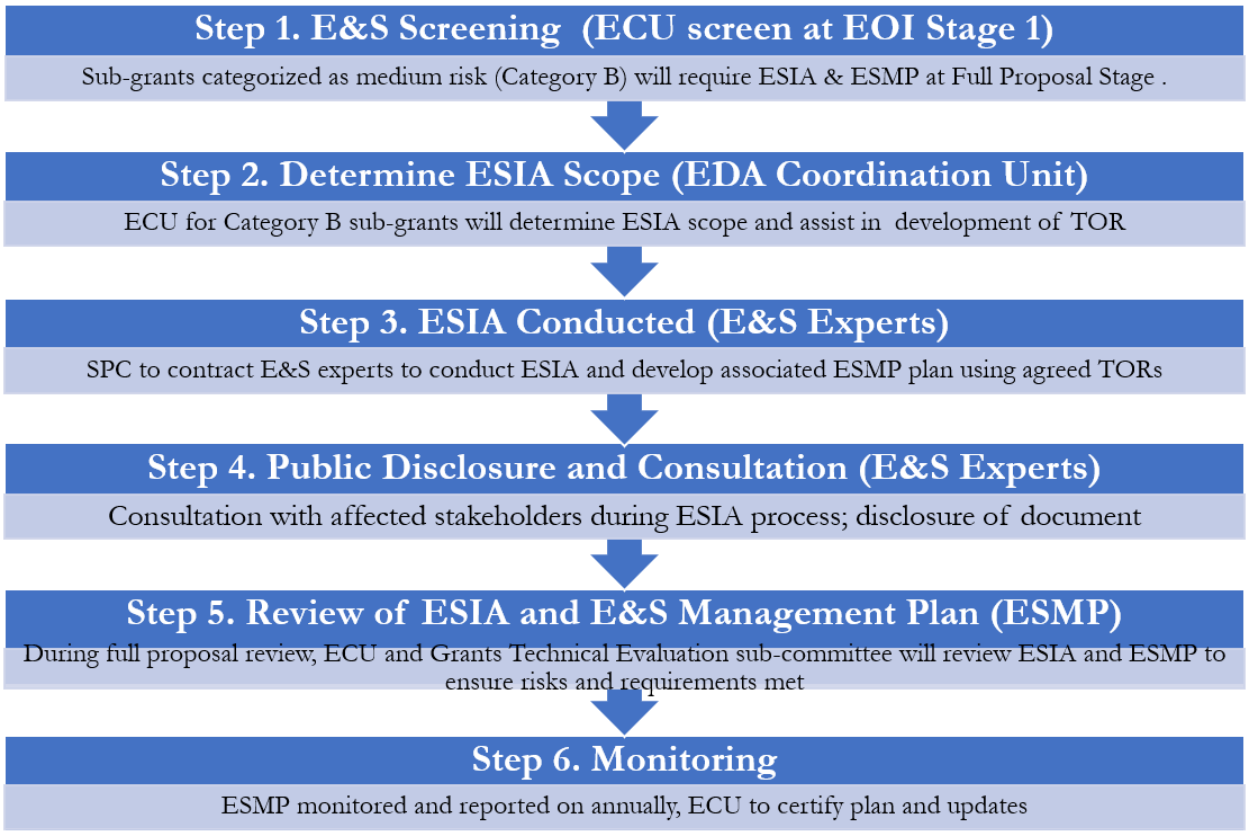
Only proposals categorized as low or medium risks (Category C or B), in line with SPC's SER policy and the GCF's environmental and social safeguards, will be cleared for full proposal development (see Section 11 of Annex 2 Feasibility of the Full Proposal). Proposals categorised as Category A will not be eligible for funding through the RCGF. For medium risk projects (category B), sub-grant proponents will be required to develop an environment and social impact assessment (ESIA) and an associated environmental and social management plan (ESMP) in line with FSM's ESIA requirements (Annex 3), SPC's SER policy, and SPC's ESIA process (Annex 2).. Figure 1 outlines the process for E&S Assessment of the EDA Facility. Support for undertaking ESIAs and ESMP's will be provided to sub-grant proponents.

Figure 1. EDA Facility E&S Assessment Framework



As detailed in the implementation arrangements section below, the initial screening at the Expression of Interest (EOI) stage will be undertaken by the EDA Programme Coordination Unit (ECU), if a sub-grant is identified as a Category B then a series of additional steps must be taken. Figure 2, details the steps Category B sub-grants will undertake to initiate an ESIA, develop an ESMP, and monitor the identified risks through the ESMP.

Figure 2. Summary of the Environmental and Social Impact Assessment process for Category B Sub-grants



Environmental and Social Action Plan

Of the two components, only indicative activities under the priority adaptation sub-grants for Component 2 have the potential for negative environmental and social impacts that will require risk mitigation. Risks under Component 2 will be primarily addressed during the individual sub-grant screenings and Environmental and Social Impact Assessments. The Environmental and Social Action Plan below summarizes the key risks for the EDA programme activities, mitigation planning for those risks, the parties responsible, the cost, and the expected results (**Table 4**).

Table 4: Environmental and Social Action Plan

IFC Performance Standard	Risk	Description	Mitigation Measures	Probability and Impact
PS 1: Environmental and Social Risks and Impacts	E+S capacity of local authorities and project proponents	Local authorities developing projects have limited capacity to identify and manage E+S risks in their projects	Focused training and capacity building coupled with support from SPC and technical support expertise.	**Before mitigation:** Medium (Likelihood – High; Consequence – Medium) **After mitigation:** Low

				Following capacity building, training, and technical assistance local authorities will be better equipped to identify and manage E+S risks
PS 2: Labour and Working Conditions	Discriminatory hiring practices for programme activities- Poor labour and working condition	Procurement for trainings and capacity building as well as for the activities carried out in the individual sub-grants could be biased thereby undermining the goals of the EDA programme to promote sustainable and equitable resilience to climate change. The programme will seek to leverage its works and services contracts to actively promote non-discrimination and equal opportunity hiring practices. Occupation health and safety concerns may be an issue for some sub-grants (component 2). The programme will ensure that stakeholders and involved partners are not exposed to any health and safety risks	The tenders for both the project governing bodies and the consortium of contractors will be tailored to achieve balanced and effective representation of communities and people, including specific clauses for local hiring and gender mainstreaming. Sub-grants (component 2) will be screened for their adequacy with ILO regulations. The programme will ensure adequate health and safety requirement during each step of the activities implementation. Safety equipment, if needed, shall be procured.	**Before mitigation:** Low (Likelihood – Medium; Consequence – Low) **After mitigation: Low** Tailoring tenders and procurement for trainings and capacity building will help ensure effective balanced representation, particularly for local hiring and gender mainstreaming.
PS 3: Resource Efficiency and Pollution Prevention	Pollution to waterways and land during construction phase of certain activities Resource scarcity for activity inputs like construction, technology (i.e. solar, rainwater capture, etc.), and agriculture	Depending on the activity of the sub-grants there is a risk of pollution to waterways and land, particularly for the disaster risk reduction category. Given the difficulty in importing materials to FSM at times, the project can potentially face issues with resource scarcity that can delay or limit project activities/outcomes.	Projects that are expected to be higher impact will develop specific ESIAs with tailored mitigation measures, but in general projects will work to target activities to minimize environmental impact. The project will ensure any impact is identified and tracked over time. Local neighbour communities relying on the resource will be informed prior to disturbance and mitigation measure are to be defined with them. The programme will leverage procurement planning and capacity from SPC to support localized deployments	**Before mitigation:** Low (Likelihood – Medium; Consequence – Low) **After mitigation: Low** In the case where sub-grants have a greater risk of pollution from activities, specific ESIAs will be developed to mitigate and manage the risks. That being said, given the size of the potential sub-grants, relative impacts are small.
PS 4: Community Health, Safety,	Ecosystem based adaptation	Land use changes or loss of natural buffer areas could result in increased vulnerability and	Sub-grants activities, particularly those related to agriculture, watershed	**Before mitigation:** Low (Likelihood – Medium; Consequence – Low)

and Security	Emergency preparedness and response	community safety-related risks and impacts Given FSM's climate risk profile, project activities will face elevated risks for emergencies and natural disasters.	rehabilitation, and green & grey infrastructure will be designed to promote adaptive capacity All programme activities will be designed to be responsive to FSM's climate risk profile paying particular attention to flooding and other vulnerabilities when selecting geographies, practices, and technologies. Additionally, inclusive preparedness and response frameworks will be developed and refined with stakeholders	**After mitigation: Low** Deliberately tailoring project design and siting to support adaptive capacity will help to limit the risk of land use change induced vulnerability.
PS 5: Land Acquisition and Involuntary Resettlement	Physical or economic involuntary resettlement	Sub-grants activities can inadvertently cause economic or physical involuntary resettlement if not planned carefully	The EDA programme categorically excludes any activity that results in involuntary resettlement The EDA Programme Board, the Grants Technical Evaluation sub-committee, the Facilitating Agents and ESIA/ESMP contractors will be trained and hired to identify resettlement risks and this will be done based on appropriate planning of activities and engagement with stakeholders.	**Before mitigation:** Low (Likelihood – N/A; Consequence – High) **After mitigation: Low** All of the programme governing bodies will help to review sub-grants to ensure no activities include any land acquisition or resettlement components
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Loss of marine and terrestrial biodiversity and habitat area	Sub-grants activities, particularly those constructing new infrastructure, can result in loss of marine and terrestrial biodiversity	Sub-grants that are expected to be higher impact will develop specific ESIAs with tailored mitigation measures, but in general sub-grants will work to target activities that minimize environmental impact.	**Before mitigation:** Medium (Likelihood – Low; Consequence – Medium) **After mitigation: Low** In the case where sub-grants have a greater risk of pollution from activities, specific ESIAs will be developed to mitigate and manage the risks. That being said, given the size of the potential sub-grants, relative impacts are small.
PS 7: Indigenous Peoples	Exclusion of the most marginalized and vulnerable	Given the lack of capacity of some of the most marginalized and vulnerable groups across FSM, sub-	The EDA Facility is designed to match those LAs with little to no capacity with technical support	**Before mitigation:** Medium (Likelihood – Medium; Consequence –

	groups	grants interventions might not reach these groups	to ensure resources reach these groups	Medium) **After mitigation: Low** The additional technical assistance provided to local authorities will help to ensure that indigenous groups and other marginalized groups will be able to effectively access EDA programme resources.
PS 8: Cultural Heritage	Risks to cultural heritage	Cultural heritage ranging from institutions, land, and practices can be at risk from specific sub-grant activities, particularly because cultural resources are not always efficiently identified and integrated into local and national planning and policies.	ESIAs, sub-grant planning and review criteria include specific criteria and questions for cultural resources. Stakeholder engagement for sub-grant design will be specifically tailored to integrate cultural considerations for sub-grant activities. Further, the participatory and collaborative aspects of potential adaptation interventions will have the potential to bring indigenous and nonindigenous communities together to address identified adaptation gaps. Sub-grant activities, particularly for food security and water security, will be designed to align with traditional cultural practices through extensive stakeholder engagement. A number of potential sub-grants will create opportunities to revive or maintain traditional food and water conservation techniques.	**Before mitigation:** Low (Likelihood – Low; Consequence – Low) **After mitigation: Low** By incorporating significant and iterative stakeholder engagement for sub-grant design and implementation, the sub-grant will be able to mitigate any risks of damaging cultural heritage and will actually work to support traditional cultural practices, particularly for food/water security grants.

Exclusionary Criteria

The programme will focus on developing priority adaptation projects focused on disaster risk reduction, food security, and water security, however there are a number of activities that the programme will not fund. A simple set of exclusion criteria will be implemented to ensure that all programme activities are supporting priority adaptation sub-grants aligned with GCF investment criteria and GCF ESS Category B+C. Any sub-grant that is determined to be a Category A project will automatically be excluded.

The EDA programme will not 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.

The EDA programme will not directly or indirectly fund activities that[5]:

- 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.

[5] This is an indicative list based on FSM Environmental Impact Assessment Regulations and SPC's procurement and other guidelines; Available at: http://www.fsmlaw.org/fsm/regulations/envimp.htm

- 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.

These criteria are meant to be an initial indicative list based on the FSM Environmental Impact Assessment Regulations, and may be amended upon the recommendation of the EDA Programme Board (EPB) and the Grants Technical Evaluation sub-committee during implementation.

Implementation Arrangements

The various entities involved in the programme are all responsible for environmental and social risk management and the effective execution of the environmental and social action plan, but each have unique and complementary roles and responsibilities as summarized below (**Figure 3**):

- **EDA Coordination Unit (ECU)** - SPC is responsible for overall compliance with the GCF Environmental and Social Policy and the monitoring/reporting to GCF. SPC also supports the creation of the EDA Programme Board and the Technical Assessment Panel, and will work to ensure that those bodies have effective operating procedures that support E+S risk management into decision-making and review processes, particularly for specific sub-grants. SPC also issues tenders for both the Grants Technical Evaluation sub-committee and any needed technical support from contractors and will ensure that both have appropriate E+S expertise included. SPC also supervises the selection and implementation of priority sub-grants and will provide assistance to ensure the sub-grants are successfully aligning with the environmental and social action plan, SPC SET policy, and the GCF Environmental and Social Policy.
- **FSM Department of Finance and Administration (NDA)** – The NDA works alongside SPC to establish the EDA programme governing bodies and will also assist in the supervision of programme implementation. Both of these roles will require close attention to E+S considerations.
- **EDA Programme Board (EPB)** – This body is responsible for the final stage review and approval of preselected sub-grants proposals submitted by Local Authorities (municipalities and State agencies), and will therefore act as a backstop for E+S risk management in sub-grants.

- **Grants Technical Evaluation sub-committee** – The Grants Technical Evaluation sub-committee will first help to refine the sub-grant selection criteria (including E+S criteria), and then provide critical review and oversight of proposed sub-grants. The Grants Technical Evaluation sub-committee will review full proposals and flag potential issues for E+S risk management that will need to be addressed by the local authorities in conjunction with Facilitating Agents in order to have the sub-grant successfully approved.
- **Local Authorities (LAs)** – LAs will coordinate with SPC and the Facilitating Agents to develop and implement priority sub-grants. This will necessarily include identifying and sharing relevant organizations/people, data and policies for E+S in sub-grant design.
- **Facilitating Agents** – The Facilitating Agents will include general capacity building and training related to E+S as well as focused discussions for the specific requirements for E+S design for sub-grants in the design and delivery of the sub-grant development workshops and focused resilience training for the Las. As part of the organizational audits undertaken for each sub-grantee recommendations for addressing key gaps related to E+S within the individual authorities/organizations will be made. Finally, the Facilitating Agents will provide technical assistance for the design and implementation of the sub-grants. The ESIAs and ESMPs for Category B sub-grants will be procured separately by SPC.

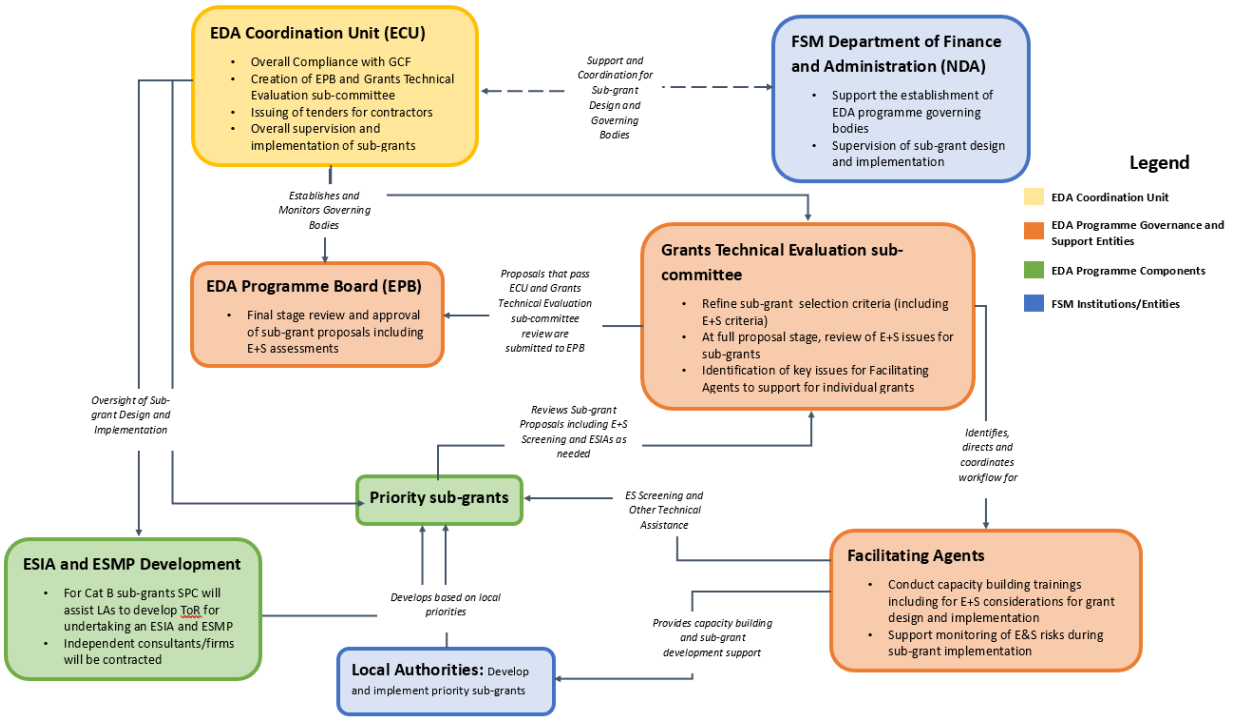


Figure 3: Overview Implementation Arrangements Diagram

This ESMS is funded through both GCF grants and co-financing as detailed in the project budget. This includes provisions for safeguards specialists that will engage at various levels of the institutional arrangements and project implementation processes, including the following:

- An external pool of international thematic experts to screen and provide expert analyses on proposals including concerning ESS and risk mitigation.
- A national Environmental and Social Safeguards / Gender Equality and Social Inclusion (ESS/GESI) expert to screen proposals and monitor sub-project implementation including compliance with the ESMS.
- A national Climate Change expert to screen proposals and monitor sub-project implementation including compliance with the ESMS.
- A national Monitoring, Evaluation and Learning expert to monitor and review sub-project implementation, including support to the ESS/GESI expert to monitor sub-projects' compliance with ESS requirements and this ESMS.
- FAs to support LAs with proposal design and sub-project implementation including compliance with the ESMS.
- Grants Technical Evaluation and Procurement Committees to assess proposals including compliance with the ESMS.
- SPC Climate Finance Unit staff to ensure overall compliance of the EDA programme and all sub-projects with the respective ESMSs of the programme, SPC and GCF.

Disclosure Procedures

In compliance with Section 15.2 of SPC's Social and Environmental Responsibility Policy and GCF's Information Disclosure Policies and in alignment with the Operations Manual for this EDA programme, Category B sub-projects will require the development of fit-for-purpose Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs), which will be disclosed at least 30 days in advance of the approval of the specific sub-project. The ESIAs and ESMPs will be published in English as well as any relevant local languages, where applicable. These reports will be submitted by SPC to GCF and will also be made available on SPC's ESS disclosure page (https://www.spc.int/accountability/spcs-disclosure-of-relevant-ess-measures) as well as the FSM Data Portal (https://fsm-data.sprep.org/). Where applicable, the EPB and ECU may also require that this disclosure also take place in other locations convenient to those communities that may be potentially affected by the sub-projects.

Grievance and Redress Mechanism

The objectives of this grievance and redress mechanism process are to:

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.

SPC Grievance and Redress Mechanism (GRM)

SPC has a Grievance and Redress Mechanism in place to ensure that complaints are being promptly reviewed and addressed by the responsible units (see https://www.spc.int/accountability). This process

aims to address complaints from affected stakeholders, including communities, about the social and/or environmental performance of the project, and to take measures to redress the situation, where necessary. For the process to be efficient, project stakeholders have to be properly informed that SPC has such a mechanism established, and how they can access to it to settle their grievance.

The SPC GRM is operated through a web-hosted page on SPC site for the expression of concerns or complaints, which can be posted by email with the information in using the complaints' template (Please see Section 4 "Grievance Redress Mechanisms" as well as Annex IV "SPC GRM Complaint Form" in Annex 7 "Summary of Consultations and Stakeholder Engagement Plan" of this funding proposal package).

Concerns expressed shall be received by the legal team who will reach out internally, primarily to the division in charge of the project or to relevant division. Grievances will be sorted out through a conflict resolution process. In case this process is not functional, other process will be used, such as a compliance system, the overall objective being to address and redress project stakeholders' grievances in the most simple and efficient manner.

Project-level grievance redress mechanism

SPC is committed to receiving any concerns or grievances from an affected community about the environmental and social plans or performance of any sub-grant of the EDA programme. In that direction, communities and stakeholders will be sensitised about the existing grievance processes and forms. GCF State Focal points will be responsible for supporting the communities with the information they need to properly submit a grievance letter. The GCF focal points are taking part into the grievance and redress mechanism through documenting grievances and coordinating with SPC the process to settle the grievances. For the FSM EDA project, there are several processes to submit project related grievances:

1. An email can be sent to SPC through the online process: https://www.spc.int/accountability.
2. Contact the GCF focal point or submit a letter to the GCF focal point.
3. Bring up the complaint during the project update meetings or community awareness meetings. The complaint then must be directed to the project GCF focal point who will then forward to the SPC legal team.
4. Mail can be addressed to the project institution, which will then be forwarded to SPC.

The State GCF focal point will receive and register the grievance and will contact SPC legal team through a proactive outreach. He/she will provide an initial response within two business days to the person who submitted the grievance to acknowledge the grievance and explain that the grievance will be logged onto the SPC GRM. As a first timeframe, a response will be provided to the complainant within a two-month period, with indication of 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 response will propose a methodology to reach an agreement and address the complainant's concerns. This process will possibly involve engaging with other project stakeholders to resolve the issue.

SPC GRM is responsible to inform the complainant that he/she has the right to pursue other options to resolve the complaint if unsatisfied after the SPC GRM process, noting that the GRM may respond to questions from the complainant, but does not constitute 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.

Monitoring and Evaluation

Per SPC's E+S screening policies, the overall programme results shall be monitored by SPC to verify if the programme is effectively implemented as approved. Results and outcomes as a result of the programme are stipulated in SPC's PEARL policy (See Annex 4). The PEARL policy provides a framework for Monitoring, Evaluation and Learning (MEL). It is managed by the Strategy, Planning and Learning team who oversees all monitoring, evaluating and learning activities at SPC's corporate level. Monitoring results shall be recorded in the SPC Results Matrix and will be used to learn from programme implementation towards a continuous improvement of t design, assessment, approval, administration and implementation within SPC and the EDA programme itself. Monitoring will enable SPC to make adjustments to respond to unexpected events during the implementation phase as well as to build trust and respond to stakeholders and affected communities. The scope, robustness, frequency of programme monitoring and reporting will vary depending on the type of activities and the significance of risks/impacts identified through the screening process and, eventually, assessed before project approval. In addition, monitoring requirements will take into consideration the circumstances in which the project takes place and is implemented.

For the individual sub-grants awarded through the EDA Facility, ongoing M+E will be the responsibility of SPC in coordination with the grantees. E&S issues will be incorporated into the monitoring, evaluation and reporting of projects and activities. Annual performance reports and end of project closure reports will include updated information on E&S risks, and this information will be reported to SPC and GCF.

For Category B sub-grants, an updated E&S management plan (ESMP) should be submitted annually and certified by SPC to ensure identified risks have been mitigated and that the ESMP is being followed appropriately.

In accordance with SPC's Accreditation Master Agreement as well as the Funded Activity Agreement for this EDA programme, SPC shall submit Annual Performance Reports (APRs) to GCF on a yearly basis. These APRs will include reporting on the ESMS and the performance of the project-level ESSs as well as those of approved sub-projects, as relevant.

Annex 1: Sub-grant E+S Screening

SPC's ESS screening process will be used for the sub-grants in Component 2 is below.

SPC ESS Project Screening

The social and environmental assessment is a process that aims at reviewing a project to identify whether it is likely to cause adverse social and environmental risks and/or impacts.

What for? Make an initial assessment of risks and/or impacts based on criteria allowing to categorize them according to their significance (low – medium or high- risk project).

When? It is a desk assessment undertaken at the stage of project design, before project proposal approval, to determine if further assessment of the identified risks/impacts is necessary and if prevention or mitigation measures can be integrated within the project activities.

How? It is based on information made available for the project design and should be conducted in using the Social and Environmental assessment Questionnaire. It is the assessment Report that determines the risk category for each project on the basis of the identification and ranking of risks/potential impacts, in taking account of available information as well as comments from consulted stakeholders including affected populations.

By Whom? The ECU will fill out the SER Questionnaire, determine the risk category, and make recommendations for the next septs.

Next Steps:

- if the project is ranked as "**low risk**" from the screening process, no further assessment is needed and the project can be approved after technical appraisal.

- if the project is ranked as "medium" or "**high risk**" , further assessment may be needed in order to determine if it can be implemented while not triggering the social and environmental safeguards of SPC SER Policy, and under what conditions or adjustments, including mitigation measures.

Table 5: Sub-grant E+S Screening

SER Screening Questionnaire		Risk Description		Risk assessment to be completed only if the answer is "Yes" under the risk description column	Score
		Yes, No, n/a, TBD	**If no answer, please shortly justify** **If Yes answer, describe potential issues, specify activities causing the risk identified.** **characterise the identified risk or impacts (likelihood, intensity, duration, reversibility)** Indicate the risk localization (local/national/global)	**Where applicable, identify the remedial actions that would mitigate the identified risk**	**Characterize the risk level:** **Low (L), Medium (M) high (H)**
1. Labour and Working Conditions	Will the project present unsafe, indecent or unhealthy working conditions for stakeholders involved?				
	Is there potential for the project to apply adverse discriminatory practices based on religious, racial, gender, disability or political considerations?				
2. Climate change	Could the project adversely contribute to climate change by generating greenhouse gas emissions including through deforestation or forest degradation?				

	Could the project negatively affect the resilience to climate change?				
3. Resource Efficiency and Pollution Prevention	Will the project generate hazardous waste? Is the project likely to lead to environmental damages due to an uncontrolled management of waste?				
	Is the project likely to lead to pollutants release? Are chemicals (including pesticides) likely to be used during the project?				
4. Human Rights	Is the project likely to negatively impact on the human rights of the affected populations? (e.g. their rights to water, work, health, to a healthy environment, etc.)?				
	Is the project likely to create less favourable treatment of, or discrimination against, any person or group such as persons with disabilities?				

5. Impacts on Affected communities	Any risk that populations perceive they did not receive enough opportunities to raise their concerns regarding the project?				
	Is there a risk that the project would create or exacerbate conflicts with or within affected populations?				
	Is the project likely to increase community exposure to disease (water borne, water based, water related and vector borne diseases as well as communicable diseases)?				
6. Gender	Is there a likelihood that the project would have adverse impacts on gender equality, and/or the situation of women and girls?				
	Have community groups/leaders raised gender equality concerns regarding the project during the stakeholder engagement process?				
	Would the project potentially limit				

	women's ability to access or use natural resources upon which they depend for a livelihood?				
7. Resettlement	Could the project involve the physical relocation of people? (encompassing displacement as well as planned relocation)				
8. Use of natural resources	Could the project lead to adverse impacts on biodiversity or natural habitat?				
	Is the project likely to negatively impact a protected area?				
	Is the project likely to introduce invasive alien species to the project area?				
	Is the project likely to restrict People's access to natural resources and their means of livelihoods?				
	is the project likely to favor unsustainable exploitation of a renewable resource				
9. Peoples right and tenure	Is the project likely to negatively affect Peoples or communities rights:				

	rights of affected populations, including procedural rights such as the right to be consulted or to have access to information, or substantive rights (real or personal) such as the right of access to natural resources or benefit-sharing related to these natural resources (carbon rights, benefits from access to genetic resources ...).				
	Could the project require the relocation of Peoples from their homes or lands subject to traditional ownership or customary use?				
10. Cultural heritage	Is the project likely to negatively affect cultural heritage?				
	Is the project likely to negatively affect a legally protected cultural heritage area?				
Risk categorization process			• If only L on the right-hand column, then the project is Low risk > no further assessment is required		

	• If one or more M then the project is Medium risk > further assessment is required to formulate alternatives • If one of more H, > topic assessment is compulsory, including for the assessment of credible alternatives (NB: the project may have to be categorized as Medium or High risk depending on the outcome of the ESIA)	

GCF Project Risk Categorisation

Please carefully consider the results of the rating above and determine the appropriate risk category of the project by a tick:

Risk Category	Tick	Explanation & Recommended Courses of Action
A		Proposed project activities have potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented likely to cause significant adverse environmental and/or social risks/impacts that are diverse, irreversible or unprecedented. **The EDA Project does not finance projects in this risk category.** **Please Explain:**
B		Proposed project activities have potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; **Please Explain (including planned mitigation measures):**
C		Project activities have minimal or no adverse environmental and/or social risks and/or impacts. **Please Explain:**

Recommendations for next steps:

- Is further assessment needed (Please specify if it is a topic or full Environmental and Social Impact Assessment, as well as in which areas or on which topic(s) any such further assessment should be conducted):

Topics/areas to be further assessed	Type of Assessment

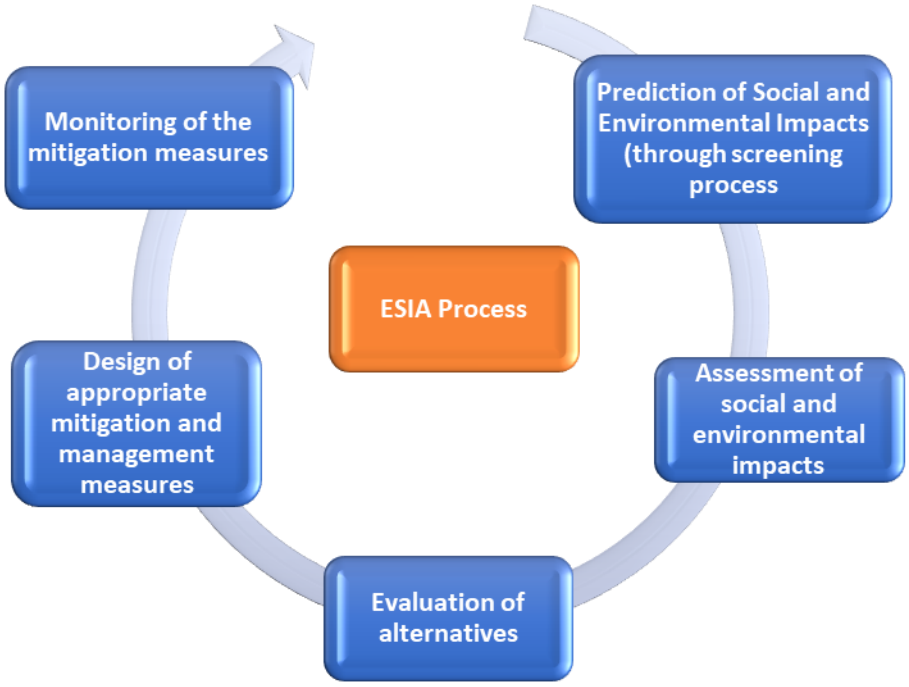
I, undersigned, Mr/Ms XX, hereby certify that I have answered this Questionnaire truthfully and to the best of my knowledge.

Signature:

Pacific Community
Communauté du Pacifique

Annex 2: SPC detailed procedure for conducting an Environmental and Social Impact Assessment ("ESIA")

ESIA is a step by step process.



Before starting the assessment itself, it is important to define the ESIA Terms of Reference (ToRs) in order to ensure that identified risks will be further assessed while verifying how the assessment can be effectively carried out internally at SPC.

❖ **Step 1 – Elaborate the ToRs of the ESIA:**

The following questions can help guide and structure the ToRs:

- To specify the scope of the ESIA: based on the SER assessment questionnaire reports, what are exactly the risks or impacts needed to be further assessed in a comprehensive manner?
- To identify additional information or analysis necessary to conduct the ESIA that should/could be requested from the project proponent: is available information on the project sufficient to undertake the ESIA given its scope?
- To identify who should be involved in the assessment process: who are the stakeholders and communities that can be directly or indirectly affected by the project?
- To determine whether an external expertise may be needed to conduct the ESIA: is there the necessary technical expertise within SPC to coordinate/oversee the ESIA?

❖ **Step 2 - Project description:**

- ✓ Notwithstanding the scope of the ESIA as defined by the ToRs, it is necessary to provide a description of the initiate state of the environment where the project will be located comprising information on environmental or social sensitivity of the geographical area likely to be affected, paying particular attention to protected areas, landscapes and sites of historical, cultural or archaeological significance.
- ✓ It is equally important to provide a detailed description of the project itself comprising information on the design, size and other relevant features of the project, including the socio-economic context, the use of natural resources, in particular land, soil, water and biodiversity; the production of waste; pollution and nuisances, including the generation of greenhouse gases; and the risks to human health (for example due to water contamination or air pollution).

❖ **Step 3 - Analysis of policy and legal framework:**

- ✓ It is of crucial importance to ensure that the project can be in compliance with national statutory or international standards. In particular, the ESIA should provide answers to the following questions:
  - Is an EIA required by the national law of the country(ies) where the project is to be implemented?
  - Is the project subject to authorization in any of the country(ies) where the project is to be implemented?
  - Does available or additional information provide sufficient evidence that the project is in compliance with the applicable laws and other standards, including international social or environmental agreements?

❖ **Step 4 - Stakeholder consultation:**

- ✓ When stakeholders or affected communities are subject to risks/impacts from the project during the risk assessment process, it is necessary to undertake a consultation process to provide them with an opportunity to express their views on the risks identified as well as on mitigation measures that are envisaged. This is a more focused and inclusive consultation process than for the screening phase which should target:
  - To review the comments made by stakeholders and affected communities about identified risks/impacts and check if they have been taken into account by the project proponent.
  - To ensure that relevant comments can be addressed through mitigation measures in a revised project proposal.

❖ **Step 5 - Impact assessment:**

- ✓ It is necessary to provide a description of the likely direct and indirect effects of the project on the natural or social environment that are relevant with regard to the initial state of the social and environmental environment described under Step 1, in taking account of:
  - the magnitude and spatial extent of the impact (for example geographical area and size of the affected population likely to be affected);

- the nature of the impacts;
- the trans-frontier and/or global nature of the impact;
- the magnitude intensity and complexity of the impact;
- the probability of the impact;
- the expected onset, duration, frequency and reversibility of the impact;
- the cumulative effect of the impacts with the impact of other existing and/or approved projects;
- the feasibility of effectively reducing or mitigating the impact.

❖ **Step 6 - Analysis of prevention, minimization, mitigation and compensation measures:**

✓ For each significant impact, an appropriate mitigation strategy must be developed. It is necessary to analyze measures proposed for the project implementation to avoid, prevent or reduce and, where avoidance or minimization is not possible, to offset likely significant adverse effects on the natural and social environment, including compensation of affected communities for their losses.

❖ **Step 7 - Analysis of alternatives:**

✓ If the assessment has identified very significant risks/impacts, it is then necessary to check if there are other options available to achieve the expected project objectives with lower risks/impacts. In that case, less adverse though reasonable alternatives (for example in terms of project design, technology, location, size and scale), which are relevant to the proposed project and its specific characteristics, should be studied as part of the ESIA process.

❖ **Step 8 - Establishment of a management and monitoring plan (ESMP):**

✓ To require appropriate measures to prevent or minimize, or offset adverse social and environmental impacts identified through the ESIA process;
✓ To request information necessary for the monitoring of management measures;

To facilitate the project management during the implementation phase, by indicating resources and costs, responsibilities, schedule for implementation and indicators for monitoring progress.

Annex 3: FSM ESIA Requirements

Table 6 below outlines the FSM ESIA requirements.[6]

Table 6: FSM ESIA Questions

Environmental Impacts	Yes	Maybe	No
Earth: Will the proposed project result in…			
a. Destruction, covering or modification of any unique geologic or physical features?			
b. Creation of steep slopes or other unstable earth conditions?			
c. Any potential for increased wind or water erosion of soils, either on or off the site?			
d. Changes in the channel of a stream, or the bed of the ocean, lagoon?			
e. Exposure of people or property to geological hazards such as landslides, ground failure, or similar hazards?			
Air: Will the proposed project result in…			
a. Substantial air emissions or deterioration of existing air quality?			
b. Creation of objectionable odors?			
Water: Will the proposed project result in…			
a. Changes in currents, or the course or direction of water movements, in either marine or fresh waters?			
b. Changes in absorption rates, drainage patterns, or the amount of surface runoff?			
c. Alterations to the course or flow of flood waters?			
d. Discharge into surface waters or any alteration of surface water quality including but not limited to			

[6] FSM Environmental Impact Assessment Regulations; Available at: http://www.fsmlaw.org/fsm/regulations/envimp.htm

temperature, dissolved oxygen, bacteria, or turbidity?			
e. Contamination of ground waters or wells, either from salt water intrusion or surface activities?			
f. Change in the quantity of ground waters, either through direct additions or withdrawal, or through interception of an aquifer by cuts or excavations?			
g. Substantial reduction in the amount or quality of water otherwise available for public water. supplies?			
h. Exposure of people or property to water related hazards such as flooding or tidal waves?			
Plant Life: Will the proposed project result in…			
a. Destruction of any upland or mangrove forest communities?			
b. Destruction of other important plant communities, such as sea grasses or plants having potential commercial value?			
c. Reduction of the numbers of any unique, rare or endangered plant species?			
d. Introduction of new species of plants into an area or result in a barrier to the normal replenishment of existing species?			
e. Reduction in acreage of any agriculture crop?			
Animal Life: Will the proposed project result in…			
a. Destruction of any coral reef areas?			
b. Reduction of the numbers of any unique, rare, or endangered animal species?			
c. Introduction of new animal species into an area, or result in a barrier to the migration or movement of animals?			
d. Substantial deterioration of fish or wildlife habitat?			
Noise: Will the proposed project result in…			
a. Increase in existing noise levels			

or exposure of people to severe noise levels?			
Land Use: Will the proposed project result in…			
a. Substantial alternation of the present or planned land use of an area?			
Natural Resources: Will the proposed project result in…			
a. A noticeable increase in the rate of use of any natural resources?			
b. Substantial depletion of any nonrenewable natural resources?			
Risk of Upset: Will the proposed project result in…			
a. A risk of an explosion or the release of hazardous substances including but not limited to oil, pesticides, chemicals or radiation, in the event of an accident or upset conditions?			
b. Possible interference with an emergency response plan?			
Population: Will the proposed project result in…			
a. Relocation or altered, distribution, density, or growth rate of the human population of an area?			
Housing: Will the proposed project result in…			
a. Changes in existing housing or create a demand for additional housing?			
Transportation: Will the proposed project result in…			
a. Generation of substantial additional vehicular movement?			
b. Substantial impact on roads and existing transportation system?			
c. Alteration to present patterns of movement of people and/or goods?			
Public Services: Will the proposed project effect or result in the need for new or altered services in the following areas…			
a. Police or fire protection?			
b. Schools?			
c. Parks or other recreational facilities?			
d. Hospital?			
e. Other government services?			
Utilities: Will the proposed project result in the need for new systems, or substantial changes in the following…			
a. Power?			
b. Communications?			
c. Water?			

d. Sewage Disposal?			
e. Solid water disposal?			
Human Health: Will the proposed project result in…			
a. Creation of any health hazard or potential health hazard?			
b. Improvement of human health?			
Aesthetics: Will the proposed project result in…			
a. Obstruction of any scenic vista?			
Recreation: Will the proposed project result in…			
a. Changes in the quality or amount of existing recreational opportunities?			
Cultural Values, Assets, and Resources: Will the proposed project result in…			
a. Alteration or destruction of archaeological sites?			
b. Adverse physical or aesthetic effects to a historic site?			
c. Potential to cause a physical change which would affect unique cultural values?			
d. Restriction of existing religious or sacred uses within the affected area?			

Annex 4: SPC PEARL Policy

GENERAL POLICIES

Planning, Evaluation, Accountability, Reflection and Learning (PEARL)

Date approved: 23 June 2020
Date commenced: 1 July 2020

Purpose

To provide the framework for planning, monitoring, evaluation, reporting, reflection and learning across SPC, so as to strengthen performance management and improve the way SPC measures the achievement of SPC's objectives

Scope

This policy applies to all SPC projects and programmes.

Authority

This policy is issued under paragraph 21 of the *Pacific Community Governance Arrangement*.

A. Overview

1. Reasons for PEARL

1.1 The PEARL principles and processes provide the mechanisms for SPC to increase the effectiveness of SPC's work and strengthen engagement between the secretariat and its members and partners. It also strengthens alignment between planning, budgeting, evaluation and reporting at all levels of the organisation. In supporting development effectiveness, PEARL provides for learning from experiences so that SPC can apply these lessons to improve practice and services to members.

1.2 This policy provides the framework for four key areas:

a. planning and programming

b. monitoring and evaluation

c. learning and reflection

d. accountability.

1.3 It aims to:

a. provide structure and coherence from SPC projects, programmes, business plans through the Pacific Community Strategic Plan and to international sustainable development measurement commitments

b. clarify internal reporting and evaluation expectations

c. demonstrate SPC's commitment to evidence based practice from design, through implementation, to completion and closure of our work

d. compel a culture of learning and institutionalise acting on lessons through improvements, course corrections and looping learning back into new design

e. encourage the use of Indigenous Knowledge Systems and draw on SPC's deep understanding of Pacific cultures

f. set out minimum requirements, principles to be respected, roles, responsibilities and better practices for non-financial performance.

2. SPC's operating environment

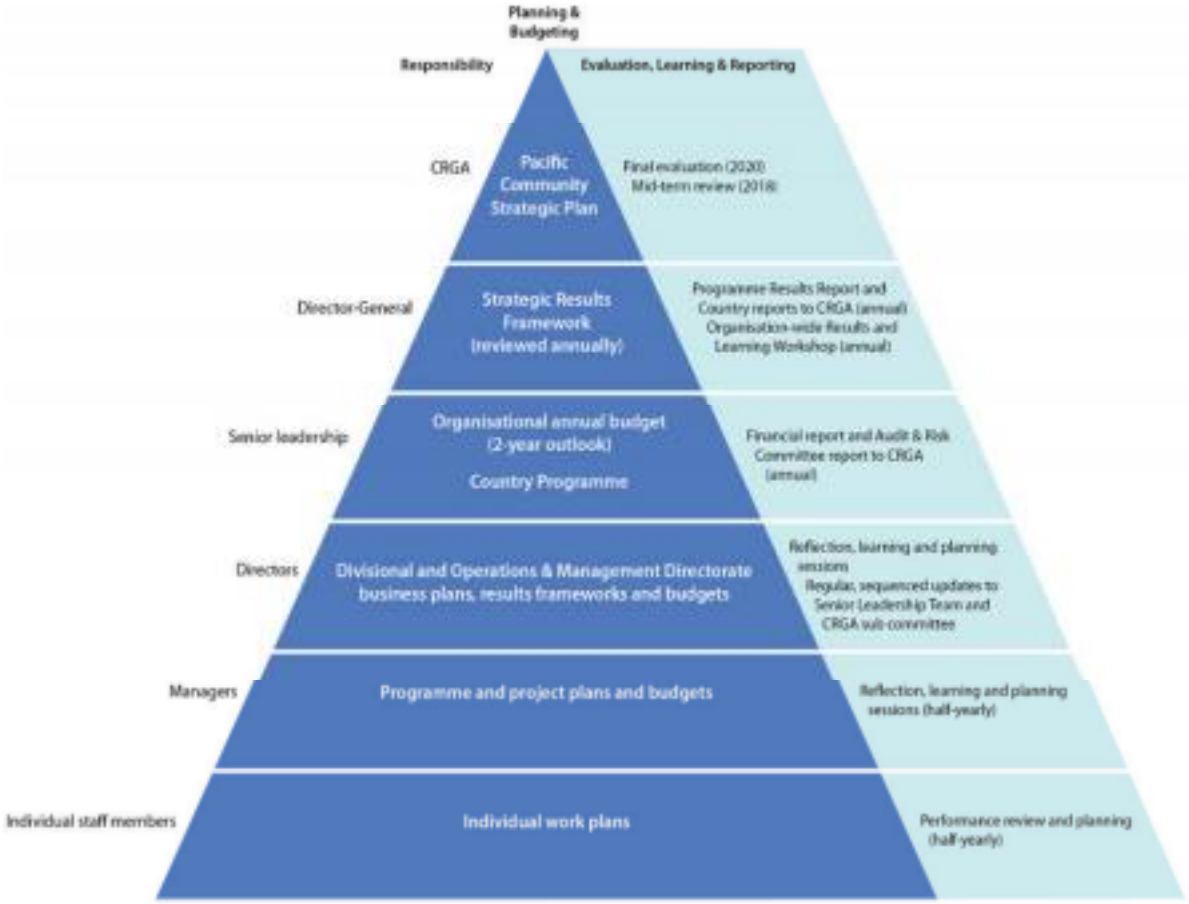
2.1 SPC operates across all its member countries, has multiple development partners, complex funding and financial requirements, and unique and distinct reporting demands. In addition, SPC works in multiple sectors, drives cross cutting issues, and is building more multi-sectoral responses.

2.2 The strategic direction of SPC is set by Conference of the Pacific Community in SPC's Strategic plan, which outlines key development and organisational objectives. The Director-General is responsible for the implementation of the Strategic Plan, which is overseen by the CRGA sub-committee on the Implementation of the Strategic Plan. The roles of Conference and the subcommittee are set out in SPC's Governance Compendium.

2.3 The **Director-General** is required to report annually to the **governing body** on the secretariat's progress in implementing the Strategic Plan. The annual Results Report is first considered by the **CRGA** sub-committee, which provides also its opinion to the **governing body** on progress.

2.4 The **Director-General** is supported in implementing the Strategic Plan by SPC's divisions and programmes, which are responsible for developing and delivering valuable, effective and efficient projects and programmes. They are also supported in the annual reporting by the mechanisms set out in this PEARL policy and guided by support from the **Director-General**. **Directors** are expected to be champions for PEARL, while **staff** are expected to build PEARL practices into the project/program lifecycle to ensure they are aligned with SPC's organisational objectives and goals.

Managing implementation of the Strategic Plan



3.

Key principles

3.1 The following key principles underpin and drive PEARL:

a. Aptitude: evidence based and learning culture that encourages regular reflection of 'is SPC doing the right thing, in the right place, at the right time, to make the most difference for Pacific Island communities'

b. Coherence: connected organisational processes, procedures and practice that are consistent yet flexible

c. Alignment: meaningful engagement with members to align SPC's work to member national plans and priorities

d. Transparency: clarity to realise a common understanding of agreed upon practices to sustain and improve SPC's work, aligned with strategic objectives and goals, and to provide clarity to governing member countries and other stakeholders

e. Quality: incentivising on-going improvements in quality in processes, policies and systems, systematically reviewed and adjusted to respond to new and changing member needs

f. Utility: providing critical information to improve SPC activities, with a focus on relevance for **staff** and contributing to organisational development and informing decisions

g. Inclusivity and cultural competence: value identity and diversity; practice respectful, inclusive communication and engagement; reciprocity and two way learning.

B. Planning and programming

4. Scope

4.1 To be a relevant and impactful **development partner** providing scientific and technical work in the Pacific, SPC's strategy, planning, and programming needs to be guided by member needs and priorities, coherence with the regional frameworks and with line of sight to the global Sustainable Development Agenda 2030.

4.2 Improved planning and programming will help to achieve efficient and effective organisational results, aligning strategy, planning and programming assists with linking non-financial and financial performance management so that learning informs decisions to improve programme performance and financial allocation.

4.3 Within SPC there are several key planning documents, each of which is interlinked and has minimum expectations and requirements:

a. SPC Strategic Plan

b. Country programmes

c. Division or Programme Business Plans and workplans

d. Integrated programmes

e. Project or activity plans

5. SPC Strategic Plan

5.1 The Pacific Community Strategic Plan mandates the direction for SPC as a whole and is approved by **Conference of the Pacific Community**. The Strategic Plan will have a minimum five-year horizon, define the organisation's strategic direction including its vision, mission, values, unique role and high-level development and organisational goals and objectives. The Strategic Plan will include the Strategic Results Framework, which further articulates the results to be achieved to realise the objectives.

5.2 The strategic planning process is guided by principles set by the **governing body**, and is led by the **Director-General**. The process involves strong engagement with **staff**, members, partners and key stakeholders including civil society, youth and the private sector. It is intended to incorporate evidence-based reflection and futures practices including forecasting, modelling and scenario planning.

6. Country programmes

6.1 Country programming is a participatory prioritisation process with national governments to strengthen engagement and collaboration with members and partners. Country Programmes are

informed by national priorities and national development policies, SPC's own Strategic Plan, and SPC capabilities. The aim is to support the shared objectives of SPC and its member country and to improve programmes and project designs that deliver measurable outcomes in line with country priorities. A strong focus is on multi-sectoral and multi-disciplinary approaches to provide solutions to complex problems and issues identified as priority for the member.

6.2 Country programmes are generally initiated at the request of members. The **Director General** will identify a senior **staff member** with responsibility for leading the development of the country programme, including its activities and results framework.

6.3 A successful country programme requires an internal SPC consultative process identifying priorities for inclusion, responsibility for the overarching country programme, setting and context, existing partnerships, and a summary of ongoing SPC works within the Member state as aligned to its national development policy strategies. The country programme is to be aligned to SPC's competencies and capabilities and the Member's national development policy strategies and regional commitments.

6.4 At a country level, discussions are expected to include SPC focal point from Foreign Affairs as well as key sector representatives from the identified country priorities and the office of national sector coordination (e.g. Ministry of Finance Aid/Sector Coordination Unit)

6.5 Where resources are not already available within SPC to implement the country programme, the member shall be committed to mobilize resources from other sources to be provided to SPC on a full cost recovery basis to enable SPC to begin implementation.

7. Division or Programme Business Plans

7.1 Division or Programme Business Plans capture how divisions and programmes will operationalise and contribute to the SPC Strategic Plan, respond to regional, sectoral and thematic requirements and partner with members, donors and partners. The process is led by the **Director** and involves consultation with internal and external stakeholders.

7.2 Each Division or Programme Business Plan contains a description of context, key stakeholders, budget and resource mobilisation plan, risk matrix, theory of change and results framework clearly linked to SPC's Strategic Results Framework, as well as a workplan linked to results.

7.3 Divisional and programme work plans are to be informed by the outcomes of country and or regional sector specific mechanisms for negotiating priorities aligned with SPC capabilities that best respond to member needs

7.4 Where possible, the horizon of the Business Plan is best to align with the time frame for the Strategic Plan. Any changes to the Strategic Plan will trigger a review of business plans to ensure coherence between strategic goals and results and divisional results.

8. Integrated programmes

8.1 SPC addresses a broad range of sector and strategic priorities at the national and regional level. SPC's competitive advantage to addressing these complex cross-cutting development challenges lies in in-house expertise in both the socio-economic and scientific and technical fields. At its core, 'integration' refers to activities in which actors from different sectors deliberately coordinate their work to maximise impact and progress towards common or complementary goals.

8.2 Integrated programmes are designed and implemented through the deliberate coordination of different divisions, teams or sectors with different technical/scientific expertise. There are five key stages of development: concept development, technical appraisal, design phase, design appraisal, final approval.

8.3 Evidence from reflection and learning will be used to inform the five key stages of integrated programme development.

8.4 The **Director-General** will nominate **staff members** with responsibility for appraising new concepts

as part of due diligence prior to committing to any new funding agreements.

9. Project or activity plans.

9.1 Project or activity plans capture project level activities. These will be managed by each project manager. They should align with the **development partner** requirements, as well as SPC's Strategic Plan framework and Division or Programme Plans.

C. Monitoring and evaluation

10.Scope

10.1 SPC is committed to implementing monitoring and evaluation activities across the organisation, at the strategic, corporate, division, programme and project levels to improve its programme and project impact.

10.2 The overarching performance framework that supports SPC's monitoring and evaluation is the Strategic Results Framework. It is the primary tool for measuring progress towards the goals and objectives of the Strategic Plan, and explains the connections between SPC's work and the outcomes and impact it sets out to achieve. Country programmes, business plans, integrated programmes, programs and projects all have their own results frameworks that aligned to the Strategic Results Framework.

10.3 While monitoring and evaluations are distinct activities, they are highly interdependent and inseparable from each other. Monitoring allows SPC to track progress and performance for course correction and adaptation along the way; evaluation establishes the causes of results. Both are needed for SPC to learn from its successes and failures and improve our decision making towards better impact from programmes and projects.

10.4 Monitoring and evaluation activities are not the end goal, but rather the means by which SPC can achieve its development outcomes more effectively. SPC's thinking and approaches to monitoring and evaluation are continually maturing to better understand context, Pacific ways of knowing and being, contribute knowledge and build capacity in the Pacific, and to build strong relationships with those involved in the evaluation.

11.Responsibilities

11.1 SPC's monitoring and evaluation system is supported by **staff** across the organisation.

11.2 The **Director-General** has committed SPC to investing in monitoring, evaluation and learning capacity and embedding monitoring, evaluation and learning (MEL) practitioners across SPC. The **Director-General** nominee leads the monitoring and evaluation process facilitating strong engagement with **staff**, members, partners and key stakeholders including civil society, youth and the private sector.

11.3 **Directors** are champions of SPC's monitoring and evaluation systems and are expected to build in adequate resourcing to support the practice.

11.4 Managers ensure adherence to and compliance with appropriate monitoring and evaluation practices, processes and tools. They are also responsible for quality assurance of monitoring and evaluation activities.

11.5 The MEL practitioners across SPC are responsible for the planning, implementation and quality assurance of monitoring and evaluation activities. SPC's network of MEL practitioners (MELnet) and the **Director-General**'s nominee are custodians of divisional and directorate monitoring and evaluation systems, responsible for the design of fit-for-purpose systems and for ensuring capacity, guidance and tools are built to support system implementation.

12.Minimum MEL requirements

Resourcing

12.1 To ensure that MEL is embedded across SPC, **Directors** are expected to build in adequate resourcing to allow for the monitoring and evaluation of business plans, programmes and projects. A baseline of 4% of the relevant budget is recommended for any monitoring and evaluation activities, though the actual cost of an evaluation will depend on the type of evaluation undertaken, and the effort considered to be proportionate. This will need to be determined on project-by-project basis.

Systems for programmes and projects

12.2 **Directors** with support from managers and their MEL practitioners, with support from SPL if/when required, will ensure that a results framework is designed for each business plan, programme or project plan, to enable tracking of expected results. The outcomes and key performance indicators in results frameworks are to be aligned to the Strategic Results Framework to enable tracking towards SPC's sustainable development goals. The results frameworks will include baseline and target information to enable tracking progress and performance over time.

12.3 Project and programme monitoring and evaluation systems are to be flexible to respond to the complex environment in which SPC operates, in particular changing needs and priorities from its members. Managers and MEL **staff** are responsible for regularly reviewing and adapting program theories and monitoring and evaluation plans and processes as required to adapt to context while maintaining line of sight to the desired outcomes.

Evaluations

12.4 Many **development partners** require SPC to conduct evaluations as a condition of their funding. In addition, SPC will conduct project, program or service delivery evaluations for:

a. multi-year funded programmes

b. projects that require proof of concept before possible scaling

c. projects that aim to bring about particular changes for communities, and

d. projects or thematic investments over 3 million Euros.

12.5 Where feasible and relevant, managers and MEL **staff** are to include a diverse group of experts (programme **staff**, national government, civil society, communities etc.) in the design, research, conduct, sense making and/or oversight of evaluations, to build evaluative capacity, and empower these stakeholders to co-drive evaluations and better 'own' findings and recommendations.

12.6 Where external or independent expertise is required to support or conduct evaluations, when choosing these experts, consideration needs to be given both to the technical capability to undertake the evaluation, but also to the expert's contextual and cultural competence.

Evidence

12.7 The sources of results evidence will be derived from both monitoring and evaluation activities. Methodologies for collecting results evidence are to be rigorous and include both quantitative and qualitative methods. MEL **staff** are to ensure that corporate, standardised monitoring and evaluation data collection tools are used where they exist.

12.8 Quality assurance of monitoring and evaluation data collected should be performed by MEL **staff** on a regular basis, and by Managers on an ad hoc basis.

12.9 For the annual evidence collection for the report against the Strategic Plan results framework, the **Director-General**'s nominee will coordinate conversations on a sample of monitoring and evaluation evidence for verification by Regional **Directors** and member country counterparts to ensure the perception of results achieved is shared.

Publication of evaluations

12.10 SPC's *Social and Environmental Responsibility Policy* commits SPC to being open and transparent with its stakeholders. In addition, several **development partners** require the publication of evaluations.

12.11 SPC commits to publishing an executive summary of all project, programme and strategic

evaluations on the SPC digital library and/or the Pacific Data Hub, unless confidentiality requirements prevents SPC from doing so.

12.12 Any evaluations conducted for Green Climate Fund projects must be published in full, on the Pacific Data Hub and be linked to from the SPC website.

Learning

12.13 Evidence and learning from Monitoring and evaluation activities are to be fed back to project or program participants and member governments for accountability and learning.

12.14 In particular, adaptive processes are to be documented to monitor progress and facilitate learning.

D. Learning and reflection

13.Scope

13.1 SPC is committed to improve its work through reflection to develop and share learnings across teams, divisions and the organisation and to incorporate learnings into designs and management of projects and programs. Making the time and creating the space to pause and reflect on work is important and useful to create shared understanding of how SPC is contributing to change, how it is responding to challenges and how work can be purposefully adapted to be more impactful. The value of group reflection helps incorporate different viewpoints and overcome bias.

13.2 To be a learning organisation is about advancing knowledge and understanding of what is working, what is not, and how to improve performance over time. It is about identifying lessons and about actioning these into learning and change.

14.Minimum requirements for learning and reflection

14.1 **Directors** and managers are responsible for building a culture of reflection and allowing space for reflection sessions. Reflections can occur at all stages of the programme or project, and can cover a wide arrange of questions: team culture, preferred ways of working, changing contexts, environments or stakeholders, reviewing work plans, results frameworks and budgets, most significant changes and challenges.

14.2 The **Director-General** will convene an annual learning and reflection workshop to consider the progress of the implementation of the Strategic Plan. The outcomes from the workshop will be used to inform the annual results report and planning for the following year. Ideally the workshop will be attend by the **Executive**, **Directors**, MELnet and a broad range of managers from across the organisation. Progress towards the development and organisational objectives will be convened using rigorous and contextually relevant methodologies.

14.3 **Directors** will convene division and team level reflection sessions twice a year, to gather and discuss evidence on progress of implementing business plans, programmes and projects. The outcomes from these workshops will be used to inform divisional contributions to the mid-year and annual results reporting.

14.4 **Managers** are encouraged to hold peer to peer reflection sessions as needed to consider shared themes, country perspectives, challenges or **development partners**.

14.5 During and after the reflection sessions, the learnings are to be documented and fed back into processes, project or team workings.

14.6 Learning arising from reflections, evaluations, research and reviews are to be shared, curated and made available by all teams in a user friendly format to all **staff**. The **Director General** is responsible for coordinating the learning efforts across the organisation.

E. Accountability

15. Annual results reporting

15.1 To be transparent and accountable to members and partners, the **Director-General** provides an annual Results Report to the **governing body** through the CRGA Subcommittee for the Implementation of the Strategic Plan. The results report provides analysis on SPC's progress against the Strategic Plan's development and organisational objectives based on quantitative and qualitative evidence for the reporting period (1 January to 31 December). The reporting will be informed by the reflection processes outlined above.

15.2 In addition, through the reporting intelligence, SPC will produce a series of reporting products to suit the needs of the **CRGA** members and **Executive** in formats that are easy to access and are useful for decision making.

15.3 The Annual Results Reporting series will be publicly accessible on the SPC website and the result frameworks through the Pacific Data Hub.

15.4 The results reporting products will be shared across the organisation through multiple

16.Mid-year reporting

16.1 SPC produces a mid-year report for management purposes. The report documents reflection and learning processes and progress in implementing divisional and programme business plans. With an internal focus, the report has a learning posture and includes considerations on changes in context, execution rates, challenges and adaptations to work for improved performance and impact.

16.2 Mid-year reporting products will be developed to meet the internal management needs of the Secretariat for the first two quarters of the calendar year, and a synthesis may be provided to the **governing body** or one of its committees.

17.Programme and project reporting

17.1 Project level donor reporting requirements are negotiated between the **development partner**, project focal points and the SPC **development partner** focal points. Wherever possible, donor partners are encouraged to accept the Annual Results Report as sufficient evidence for accountability reporting. This is in an effort to harmonise reporting efforts across SPC and member countries.

17.2 Where the donor requires additional reporting, efforts are to be made to align the reporting to existing internal reflection and reporting mechanisms to minimise the burden on SPC.

17.3 Reporting processes should, where possible, include the sharing of draft reports with those whom have been consulted in the data collection processes. This process facilitates fact checking, interpretation and sense making between data providers, data collectors and analysers.

17.4 The dissemination of reports and knowledge products is encouraged across SPC, members, stakeholders and beneficiaries to support utilisation of findings.

Annex 5: E&S Risks and Impacts for Sub-Projects

Environmental and social risks and impacts associated with the sub-project prototype examples identified in Annex 5 "Project Prototype Examples" of Annex 2 "Feasibility Study for Green Climate Fund: Climate change adaptation solutions for local authorities in the Federated States of Micronesia" are provided here, including mitigation measures and monitoring parameters.

Sub-Project Prototype	Potential E&S Risks/Impacts	Mitigation Measures	Monitoring Parameters	Monitoring Frequency	Monitoring Responsibility
Rock revetment	Building material sourced unsustainably	Sub-project proposals identify sustainable sources and acquisition practices	Assessment of building materials sources and acquisition practices	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert
	Poor design results in scouring or other environmental impacts	Design appropriate to sub-project location	Site assessments Design blueprints of rock revetment		
	Displacement of livelihood or recreational activities	Rock revetment located outside of livelihood or recreational areas	Site map detailing location vis-à-vis livelihood or recreational areas		
Offshore structures	Building material sourced unsustainably	Sub-project proposals identify sustainable sources and acquisition practices	Assessment of building materials sources and acquisition practices	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert
	Downshore sediment depletion, habitat degradation or other environmental impacts	Placement appropriate to marine, habitat and other environmentally sensitive areas	Site assessments		
	Displacement of livelihood or recreational activities	Placement away from livelihood or recreational areas	Site map detailing location vis-à-vis livelihood or recreational areas		
Mangrove	Species choice	Selection of appropriate	Species characteristics	1 x prior to project	Implementing LA (with

Sub-Project Prototype	Potential E&S Risks/Impacts	Mitigation Measures	Monitoring Parameters	Monitoring Frequency	Monitoring Responsibility
replanting	inappropriate for local ecological conditions	species based on best practices and national / regional studies	including reproduction, propagule distribution and seedling establishment	initiation	costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert National / regional technical specialists
	Anthropogenic activities (e.g. overgrazing, wood cutting) impact on survival thus decreasing buffer and protection services	Engagement of adjacent communities in restoration and stewardship Protection measures to address disturbance	Surveys of communities concerning engagement and stewardship Assessment of protection measures	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
	Restoration locations and techniques inappropriate for local hydrology (tidal inundation, shore erosion, substrate levels, wave energy) impact on survival thus decreasing buffer and protection services	Restoration tailored to local hydrology Integration of hydrological amelioration measures into restoration techniques to stabilise slope, substrate height and tidal flow	Site assessment of determining factors (depth, duration and frequency of tidal inundation) Design of hydrological amelioration measures	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
ITTA-ALLEY agro-forestry garden system	Inappropriate crop and forestry species for soil and environmental conditions result in low productivity	Study of soil and environmental conditions Selection of appropriate species Planting protocols	Site assessment Review of soil and environmental conditions vis-à-vis species and planting protocols	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert National / regional technical specialists
	Mismatch between local production needs and agroforestry design	Site assessment Community surveys	Site assessment Community surveys	1 x prior to project initiation 1 x during project implementation	
	Low productivity owing to poor engagement of farmers and insufficient	Community surveys and sensitisation Farmer training	Community surveys	1 x prior to project initiation 1 x during project	

Sub-Project Prototype	Potential E&S Risks/Impacts	Mitigation Measures	Monitoring Parameters	Monitoring Frequency	Monitoring Responsibility
	knowledge of techniques			implementation	
	Poor establishment and low productivity owing to insufficient water supply	Identification of water supply near sub-project location Design of appropriate irrigation systems Farmer training	Site assessment Review of sub-project design	1 x prior to project initiation 1 x during project implementation	
	Crop, forestry and/or accidentally introduced pest species become invasive	Use of non-invasive species in relation to local environmental context Biosecurity protocols	Review of species vis-à-vis local biodiversity and environmental conditions Review of biosecurity protocols	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
Agricultural irrigation systems	Low productivity because of poor design, system failure, poor maintenance or lack of spare parts	Identification of sources of equipment and spares Site-appropriate design of system Training on user maintenance plans	Assessment of system design Confirmation of supply of equipment and spares	1 x prior to project initiation 1 x during project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert National / regional technical specialists
	Disposal of waste has harmful environmental impacts	Waste management plan as part of sub-project design Use of low-impact materials and equipment	Assessment of waste management plan Review of sub-project design	1 x prior to project initiation 1 x during project implementation	
	Depletion of water sources	Sustainable water use rates established System design to not exceed water supply	Review of sub-project design including water use rates	1 x prior to project initiation 1 x during project implementation 1 x after project	

Sub-Project Prototype	Potential E&S Risks/Impacts	Mitigation Measures	Monitoring Parameters	Monitoring Frequency	Monitoring Responsibility
				implementation	
	Hydrological flooding risk owing to location close to water sources	Location of sub-project outside of flood risk areas	Site assessments	1 x prior to project initiation 1 x during project implementation	
	Low adoption owing to high operations and maintenance costs (e.g. energetic requirements)	Sub-project proposals provide designs appropriate to local conditions (e.g. energy-efficient equipment)	Assessment of sub-project design vis-à-vis local conditions Community surveys	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
Livestock production and management systems	Lack of public acceptance	Community sensitisation Adaptation to local socio-cultural context Farmer training	Community surveys	1 x prior to project initiation 1 x during project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert National MEL expert National / regional technical specialists
	Eutrophication and acidification of water sources and/or changes to soil characteristics	Location away from water sources Study of landscape characteristics	Site visits Assessment of land-use Review of sub-project design	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
Solar water pumping	Low productivity because of poor design, system failure, poor maintenance or lack of spare parts	Identification of sources of equipment and spares Site-appropriate design of system Training on user maintenance plans	Assessment of system design Confirmation of supply of equipment and spares	1 x prior to project initiation 1 x during project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert
	Disposal of waste has harmful environmental	Waste management plan as part of sub-project	Assessment of waste management plan	1 x prior to project initiation	

Sub-Project Prototype	Potential E&S Risks/Impacts	Mitigation Measures	Monitoring Parameters	Monitoring Frequency	Monitoring Responsibility
	impacts (particularly electrical and electronic waste)	design Use of low-impact materials and equipment	Review of sub-project design	1 x during project implementation	
	Hydrological flooding risk owing to location close to water sources	Location of sub-project outside of flood risk areas	Site assessments	1 x prior to project initiation 1 x during project implementation	
	Low adoption owing to high operations and maintenance costs (e.g. energetic requirements)	Sub-project proposals provide designs appropriate to local conditions (e.g. energy-efficient equipment)	Assessment of sub-project design vis-à-vis local conditions Community surveys	1 x prior to project initiation 1 x during project implementation 1 x after project implementation	
Rainwater harvesting	Low productivity because of poor design, system failure, poor maintenance or lack of spare parts	Identification of sources of equipment and spares Site-appropriate design of system Training on user maintenance plans	Assessment of system design Confirmation of supply of equipment and spares	1 x prior to project initiation 1 x during project implementation	Implementing LA (with costs included in sub-project proposal) Supporting FA (if applicable) National ESS/GESI expert
	Disposal of waste has harmful environmental impacts (particularly electrical and electronic waste)	Waste management plan as part of sub-project design Use of low-impact materials and equipment	Assessment of waste management plan Review of sub-project design	1 x prior to project initiation 1 x during project implementation	

Annex 6: Sample Terms of Reference for Environmental and Social Impacts Assessment

Project context and background: *XXX*

Project description and components: *XXX*

Scope of work: The objective of the consultancy is to conduct an integrated assessment of the scale and type of potential biophysical and social, including, transboundary risks and impacts of the project. It also involves evaluating alternatives and designing appropriate mitigation, management and monitoring measures to manage the predicted potential impacts.

Deliverables:

- An inception report (including a work plan with a time schedule)
- An environmental and social impact assessment, including the following:

- Description of the project purpose and extent
- Diagnosis of the project's area of influence and beneficiaries, description of the existing environmental and social aspects of the project
- Institutional and legal framework
- Identification and evaluation of environmental and social impacts
- Mitigation measures and monitoring analysis for each significant environmental and social impact
- Alternatives for mitigation and monitoring plans

Expected qualifications and experience:

- Bachelor's degree in social and/or environmental sciences, with a minimum of 5 years of experience in the area of environmental and social impact assessment/management
- Previous experience in climate change adaptation projects is an asset
- Demonstrated experience in the engagement of stakeholders in the Pacific region and especially in FSM
- A track record of work experience with international or regional organisations such as the GCF or SPC is preferable but not mandatory

Level of effort:

- Consultancy period: 1 month
- Anticipated total number of working days: 10 days