



Annex 13: Umbrella Operations Manual



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1. Background

This Umbrella Operations Manual provides with details about the operation of the Small Grants Facility (SGF) that will be implemented under Component 2 of the program: “*Ecosystem-based Adaptation (EbA) for Reducing Community Vulnerability to Climate Change in Northern Pacific Small Island Developing States (SIDS)*”.

Given that the SGF will operate on established EEs in each country (see more below, Section 2.1.3) including: The Micronesia Conservation Trust (MCT) in FSM, The Protected Areas Network Fund in Palau, and The Marshal Islands Marine Resources Authority (MIMRA) in RMI. It is expected that in the inception period of the program implementation, the present OM is revised to ensure it aligns with specific EEs requirements, which is why this is an umbrella OM.

2. Overview of the EDA facility

2.1. Structure of EDA Facility

MCT will act as the AE to the program. MCT is a regional Direct Access Entity with the following fiduciary functions: micro-size, project management, category C (E&S) and awarding grants. MCT in its role as AE will retain the overall responsibility and oversight for the project, including project preparation and implementation, financial management and procurement.

As shown in Figure 1, The EDA facility will leverage pre-existing organizations in each of the three countries, validated through previous stakeholder consultations, and will have two levels of Functions:

- An **Oversight function**: The Program Board
- A **Decision-making function**: The Grants Committee

These functions are separated to ensure that there is no conflict of interest among those who are entrusted with the oversight function and those who make the sub-grant funding decisions. The program will also have a Management Mechanism that will include a Regional Coordination Unit (RPCU), a Technical advisory body and a Redress Mechanism. Details of each function are described in the sub-sections below.

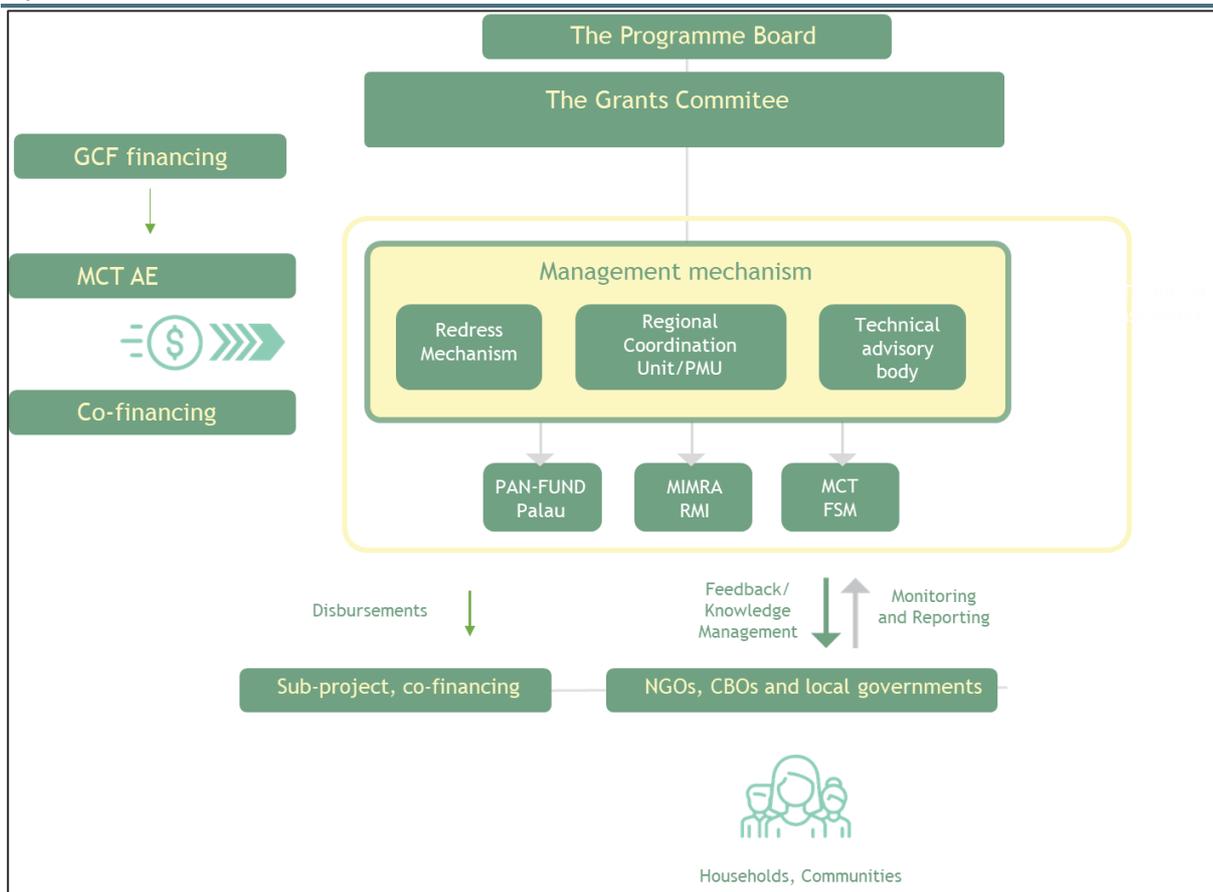


Figure 1- Diagram of the different functions of the EDA facility

2.1.1. The Oversight Function: The Program Board

The Program Board (PB) serves as the main oversight body for the program. The PB will include the National Designated Authorities (NDAs) of Palau, FSM and RMI as well as the members of the current MC Steering Committee (MCSC), including the focal points from: the Ministry of Natural Resources and Commerce (RMI), the Department of Resources and Development (FSM), and the Ministry of Agriculture, Fisheries and the Environment (Palau). The PB will provide strategic direction to MCT, as the AE that will be managing the overall implementation of the program, to ensure the program achieves the desired results. The PB will meet once a year, convened by the AE¹, and if required will hold ad hoc virtual meetings. In case consensus on relevant decisions cannot be reached within the Board, the MCT representative will mediate to find consensus or propose a final decision to ensure that the programme implementation is not delayed.

Specific responsibilities of the PB include:

- Provide overall guidance and direction to the program, ensuring it remains within any specified constraints.
- Address and unblock program issues as raised by the Accredited Entity.
- Provide guidance on project risks and agree on possible mitigation and management actions to address them.
- Advise on major and minor amendments to the project within the parameters set by MCT, as agreed with the GCF FAA.
- Support coordination between various donor and government-funded in-country projects and programs.

¹ At project inception a calendar will be agreed upon the NDAs and the AEs trying to coordinate this meeting with other strategic meetings to piggy-back and reduce travel costs.

- Ensure coordination with various government agencies and their participation in program activities.
- Track, monitor and secure co-financing for this program.
- Review the program progress, assess performance, and appraise the Annual Work Plan for the following year.
- Provide directions and recommendations to ensure that the agreed deliverables are produced according to plans.
- Approve the program Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.
- Review the final program report package during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.
- For the E&S specific responsibilities of the PB include: (i) providing guidance on project risks related to E&S and agree on possible mitigation and management actions to address them; (ii) monitoring whether E&S risks are adequately monitored through review of programme progress reports; (iii) ensuring that E&S risk monitoring is integrated into Annual Work Plans; (iv) ensure that the programme's Inception Report, Mid-term Review and Terminal Evaluation reports include provisions for E&S and (v) review the final programme report package during an end-of-project review meeting to discuss lesson learned as they relate to the effectiveness of screening, tracking, and reporting on E&S risks.

2.1.2. The Decision-Making Function: The Grants Committee

The Grants Committee will be composed of the Executing Entities of the programme that will serve as the financial vehicles to provide finance to selected sub-projects at the country level. It will be a multi-country instance for the EEs to present the pre-selected projects in their countries and will serve as the decision-making body for selecting the sub-projects. The Grants Committee will review the pre-selection of sub-projects conducted by each EE and will ensure that all sub-projects have been screened against the GCF criteria, established by the AE in the Umbrella Operations Manual, and screened using the tools that have been developed by the AE for E&S and gender screening, also available in Annex 13. The Grants Committee will not have legal attributions, but the subsidiary agreements, signed between the AE and the EEs, will include specific clauses to make sure the EEs will implement the sub-project selection decisions based on the GCF programme eligibility criteria.

The Grants Committee will also allow fostering country collaboration and learning, as it aims at identifying sub-project synergies, potential peer-to-peer learning/sharing opportunities and possible lessons that can be transferred from country to country during the implementation phase of the EDA programme. The Grants Committee will meet twice a year to organise and review Expressions of Interests (EOI), selected by each of the EEs; review the roster of eligible grant potential recipients; and to conduct a final selection of the sub-projects.² Decisions of the Grants Committee will be taken by consensus. In the event that all efforts at reaching consensus have been exhausted, the MCT representative will mediate to find consensus or propose a final decision to ensure that the programme implementation is not delayed.

2.1.3. The EDA Facility: The Management Mechanism

The Regional Program Coordination Unit (RPCU)

A Regional Program Coordination Unit (RPCU) will be hosted at MCT's headquarters in Pohnpei FSM. MCT will employ RPCU staff, which will manage the programme operation across the three countries and will manage the programme operation across the three countries. The RPCU will be composed by the following staff:

- one Program Coordinator,

² Sub-projects are defined as EbA interventions that that will be funded by the SGF under Component 2 of the EDA programme.

- one Program Administrative and Financial Assistant,
- one Regional Grants Officer.
- one Monitoring, Evaluation and Learning Officer

Specific responsibilities of the RPCU include:

- Run the day-to-day operations of the EDA program, including designing and implementing the annual work-plan and budget.
- Organizing, with the EEs the call for proposals.
- Supporting the initial screening of EOIs, in coordination with the country Grants Officers, to determine project eligibility.
- Preparing the presentation of the eligible projects to the Grants Committee for final approval.
- Gender and E&S screening for which the RPCU will be supported by an external Gender and Environmental and Social Safeguards (GESS) expert will support the PCU in undertaking a gender and E&S integration check to determine if, at the EOI stage, the grantees have identified gendered, and safeguard needs and capacities incorporated into project design.

The Financial Vehicles- Executing Entities (EE)

At the country level, the program builds its design on established Executive Entities (EE) which will serve as financial vehicles to provide finance to sub-projects at the local level. These EEs are: The Micronesia Conservation Trust (MCT) in FSM, The Protected Areas Network Fund in Palau, and The Marshal Islands Marine Resources Authority (MIMRA) in RMI. These EEs are established legal entities in each country. MCT in its role as AE, and in response to clause per clause 10.02 of the AMA, has conducted Capacity Assessments of the EEs. Capacity Assessments are available to the GCF. MCT will retain the overall responsibility and oversight for the programme in the three countries.

The EEs will follow this Umbrella Operations Manual for the operation of the Small Grants Facility. Given that the SGF will operate on established EEs in each country, it is expected that in the inception period of the program implementation, the present OM will be tailored to each country EEs requirements. This will be done under *Activity 2.1.1: Establish and formalise regional oversight, governance, protocols and guidelines and redress mechanism for the SGFs to be implemented by each country.*

The EEs will sign a subsidiary grant agreement with the AE, in which the EE will be requested to present an annual workplan and budget to be integrated into the programme annual workplan and budget. The subsidiary agreement will also include a clause related to the disbursement of cofinancing as the EEs are cofinancers of the programme. The EEs will work under the guidance of the RPCU to conduct the initial screening of the Expressions of Interest (EOI) for subprojects, ensuring these are within the appropriate thematic areas and that there is no duplication with other ongoing support in-country. An external GESS expert will be hired to support E&S safeguard and gender screening. At the country level, each EE will use their existing committees for the pre-approval of the selected sub-projects. The EEs will hire a National Grants Officer to manage the SGF at the national level, who will coordinate closely with the RPCU for the daily operation of the programme in each country. This will allow ensuring the financial vehicles have the sufficient capacities to manage the SGF at the country level and ensure the RPCU manages and supervises the implementation of the workplans by the EEs.

The Micronesia Conservation Trust (MCT, FSM)

The Micronesia Conservation Trust (MCT) is an entity based in the Federated States of Micronesia, operating in that country and serving the jurisdictions of the Micronesia Challenge, including RMI and Palau. Its mission is to promote biodiversity conservation and related sustainable development. To achieve its mission, it focuses on providing long-term sustained funding through grant programs, building the capacity of organizations of the FSM and the jurisdictions of the Micronesia Challenge, including RMI and Palau to design and manage conservation and climate

adaptation programs. It also provides regional forums for collaborations among government, the private sector, the community and non-profit organizations to collectively address the challenges of natural resource management and climate adaptation. It also manages endowment funds and other piloting revolving funds for ecosystem services. MCT has an established Grants Cycle which applies to all grants made through MCT

The Protected Areas Network Fund (PAN-Fund, Palau)

The Republic of Palau has a network of protected areas, created by Law No 6-39, known as the Protected Areas Network (PAN). To support the efforts of the States to protect their resources and to attain the goals of the Micronesia Challenge, and to facilitate states' ability to access available international financial and technical resources, the Republic of Palau has established an independent non-profit organization to serve as a financial trustee of the monies obtained to support the PAN and to manage the funds from donations and arrival fees. This non-profit organization is called the **PAN Fund**. The PAN Fund began operations in March 2012, and since then has disbursed over USD 13.1 million dollars to support the PAN.³

The Marshall Islands Marine Resources Authority (MIMRA, RMI)

In support of the growing number of protected areas, because of The Reimaanlok Framework⁴ efforts, the PAN Act 2015 was enacted to establish a national system of protected areas, a PAN Office to implement the PAN Act, and a sustainable funding mechanism to support the network of protected sites. Under the Reimaanlok process, MIMRA works closely with local governments and communities to facilitate the development of resource management plans, under which communities become responsible for managing their own natural resources.⁵

The Figure below shows the finance flow of the programme

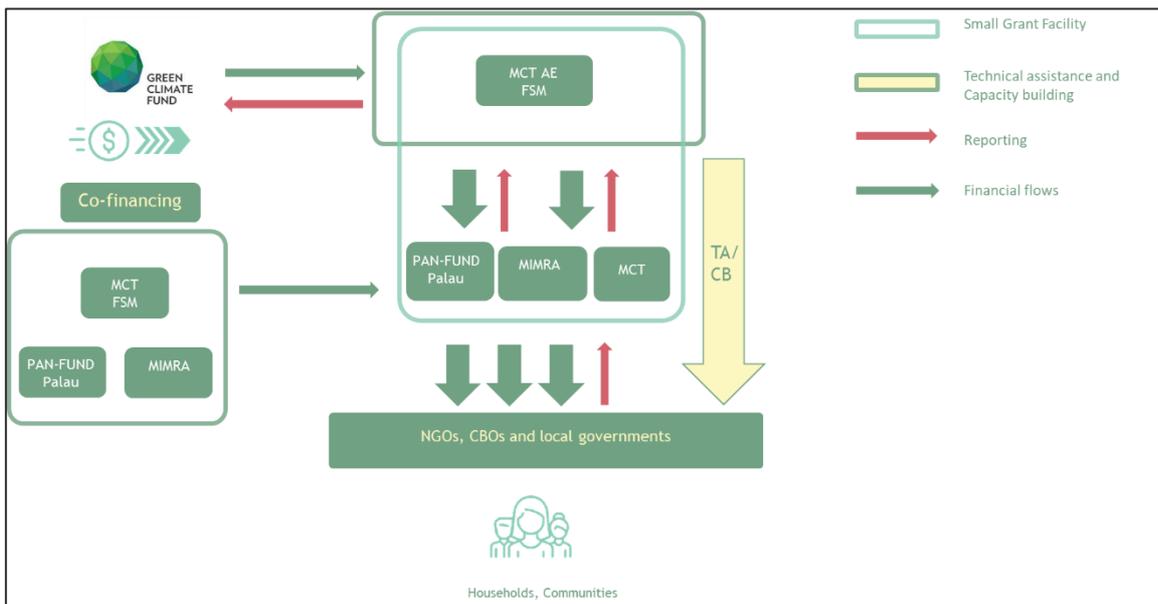


Figure 2- Finance flow diagram of the programme

The External Technical Advisory Body

The EDA Facility will have an external technical advisory body composed of the Colleges of each country, including the College of Micronesia-FSM, College of the Marshall Islands (CMI) and Palau Community College (PCC). They will have a dual role of supporting the RPCU in assessment and advice, including developing screening tools and identifying enabling factors for local groups as well as reporting on lessons learned on the program implementation and the sub-projects.

³ The Palau PAN Fund. Available at: <https://www.palaupanfund.org/structure.html>

⁴ Marshall Islands Conservation Society, 2022. The Reimaanlok Framework. Available at: <https://www.atollconservation.org/reimaanlok>

⁵ For more information, consult: http://rmimimra.com/media/attachments/2020/10/20/protectedareasnetworkpanact2015_2.pdf

The Redress Mechanism

The SGF will have a grievance and redress mechanism that will be managed by MCT as AE, and it is in line with MCT's Whistle-blower Protection Policy and Procedure. Moreover, in cases of complaints related to gender-based violence (GBV), sexual exploitation, abuse, or harassment (SEAH), violence against children (VAC) and human trafficking (HT), the relevant grievance redress mechanism will take on a "survivor-centred approach". This will apply to all grievance address mechanisms controlled by MCT or the Executing Entities of each country. More information can be found in Annex 12- ESAP of the submitted Funding Proposal for this programme.

Affected stakeholders will be able to communicate their concerns and grievances without fear of reprisals or victimization for doing so. This redress mechanism is intended to provide protection for an individual if concerns regarding subprojects or the operation of the facility are raised. This includes concerns regarding incorrect financial reporting and unlawful activity.

The grievance redress mechanism will:

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

The grievance mechanism will address complaints from affected stakeholders about the social and/or environmental performance of the project, and to take measures to redress the situation, if necessary.

Procedure for raising concerns:

- Stakeholders can lodge a complaint via MCT's website (www.ourmicronesia.org). Formal complaints can also be forwarded to the Executive Director (director@ourmicronesia.org) who shall handle as appropriate.
- Appropriate authority levels as specified in MCT's governance structure will handle all complaints, in a professional and timely way.

How the Report of Concern will be handled

Appropriate authority levels as specified in MCT's governance structure will handle all complaints, in a professional and timely way. MCT will acknowledge the grievance within two business days to the person who submitted it and explain that the grievance will be logged with the MCT Grievance Redress Mechanism. An initial response will be provided to the complainant within a two-month period, with an outline of the appropriate process to address the grievance. This duration should be sufficient to screen the complaint, outline how the grievance will be processed, screen for eligibility as well as assign organizational responsibility for proposing a response. This initial response will propose a methodology to reach an agreement and address the complainant's concerns, including potentially engaging with other project stakeholders to resolve the issue. The complainant will be informed that he/she has the right to pursue other options to resolve the complaint if unsatisfied after the process, noting that the grievance redress mechanism may issue responses to questions from the complainant but will not act as an advisor or attorney for the complainant. All grievances will be recorded, and these records will be kept at a secure place for up to three years after the life of the EDA program.

The Whistleblower Protection Policy

The proposed program is committed to maintaining high standards of ethical, moral and legal business conduct. In line with MCT's Whistleblower Protection Policy and Procedure⁶, the program will establish the following sets of procedures:

⁶http://www.ourmicronesia.org/uploads/1/2/6/9/126956881/whistleblower_protection_policy_procedure.pdf

Procedure: 1. Process for Raising a Concern

- **Reporting-** The whistle blowing procedure is intended to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting, unethical or illegal conduct, may be reported directly to the Executive Director at director@ourmicronesia.org or by letter to P.O. Box 2177 Kolonia, FM 96941 or to 691-320-5670. Should the allegation involve the Executive Director, such concerns may be sent directly to the Chairman of the MCT Board of Trustees at TrusteeChair@ourmicronesia.org.
- **Timing** - The earlier a concern is expressed, the easier it is to take action.
- **Evidence** - Although the complainant is not expected to prove the truth of an allegation, s/he should be able to demonstrate to the person contacted that the report is being made in good faith.

Procedure 2: How the Report of Concern Will be Handled

The action taken by MCT in response to a report of concern under this policy will depend on the nature of the concern. If it is directed at an employee or volunteer, the Executive Director shall receive information on each report of concern and take action as required in MCT Policies regarding the disciplinary process and respecting the employees' rights to the grievance process as well. In cases where the complaint is directed to the Executive Director, the MCT Board Executive Committee shall receive information on each report of concern and follow up information on actions taken. When the complaint is directed against a member of the Board of Trustees, the Executive Director will assist with the formation of an ad hoc committee of the Board comprised of members of the Board not implicated in the allegation to take action on the complaint.

- **Initial Inquiries** - Initial inquiries will be made to determine whether an investigation is appropriate, and what form it should take. Some concerns may be resolved without the need for investigation.
- **Further Information** -The amount of contact between the complainant and the person or persons investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from or provided to the person reporting the concern. Activities that are not in line with MCT policy, including the Code of Business Conduct; or other activities, which otherwise amount to serious improper conduct.

3. Grant applications to the EDA facility

3.1 Eligible Grants Recipients

The EDA facility will provide grants to Non-Governmental Organizations (NGOs), Community-based organizations CBOs and local governments (including municipal and State governments).

Component 1 of the program ensures that local organizations are empowered to design and develop EbA interventions. Through this outcome, a series of capacity-building and capacity assessment activities will be carried out. Activities under component 1 will also develop a roster of entities eligible for funding and then administer a capacity assessment framework to assess their existing capacities and capacity needs. A draft template for this capacity assessment can be found in Appendix IV, and it will be further developed under *Activity 1.1.1: Develop a selective methodology to establish SGF roster of eligible entities (or proponents), of the Program.*

Upon completion of the capacity assessment, the applicant will be ranked as follows:

- **Sufficient capacity:** If it is determined that the applicant has sufficient capacity, the applicant will be rostered as immediately eligible to submit an EOI.

- **Minor issues (Medium capacity):** If it is determined that the applicant has minor organizational, managerial, or financial gaps (medium capacity), then technical assistance will be offered to improve capacity along those lines.
- **Severe gaps (Low capacity):** If it is determined that the applicant has severe gaps (low capacity), the organization will be matched with a higher capacity organization to collaborate on the sub-grant and resubmit the EOI with the higher capacity organization as the lead agency. Activities 1.1.3. and 1.1.4 of the project are envisaged to address issues identified in the capacity assessment activity. They involve developing a “Training of Trainers” program and organizing “Writeshops” to help rostered entities to formulate robust project concepts that are likelier to succeed.⁷

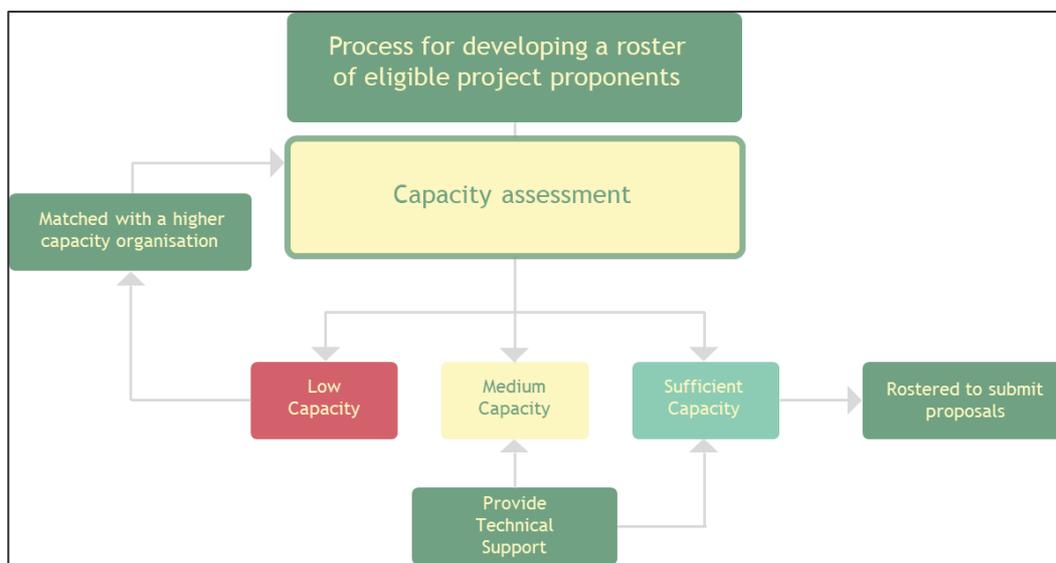


Figure 3- Process for developing a roster of eligible proponents

Furthermore, organizations applying for grants must meet the following criteria to be considered eligible:

- They should be registered and have been in existence for at least two years.
- If they have not yet been in existence for two years, they must be matched with an organization that has a higher capacity as determined in the capacity assessments. The Executing Entities (Palau PAN, MIMRA-PAN and MCT) must be familiar with the sponsoring organization and determine that it has sufficient capacity to receive and disburse funds for the project in a timely manner.
- If an organization is determined to have low capacity, it should be prepared to accept to be matched with a high-capacity organization to collaborate.
- They should have project management experience, particularly in the field of conservation or natural resource management and/or in a development context where environmental concerns are incorporated into the project objectives.
- They should possess expertise in the specific fields covered by the project. (For example: training, research, NGO management, conservation, biodiversity survey, delineation of protected area boundaries, community-based planning and management, creation of eco-enterprise and cooperative).
- They should have the human resources and institutional capacity to manage and/or implement the project.
- They should be able to establish and work within budget guidelines.
- They should be able to produce activity reports and financial reports for previous financial periods.

⁷ More information on these activities can be found in the submitted SAP Funding Proposal.

- They should be integrated (presently working or having worked previously) in the area where the project will take place, and the project beneficiaries must have a positive opinion of the project and the organization(s) that will implement the project.
- If they are already receiving a grant, they must have demonstrated effective and responsible use of that support to be considered for second or subsequent grants. This would include timely and accurate reporting, positive project progress, and effective financial management.

4. Application Process and Project Cycle

The application process and project cycle is divided into 4 stages, as noted in Figure 4- EDA Facility Application Process and Project Cycle

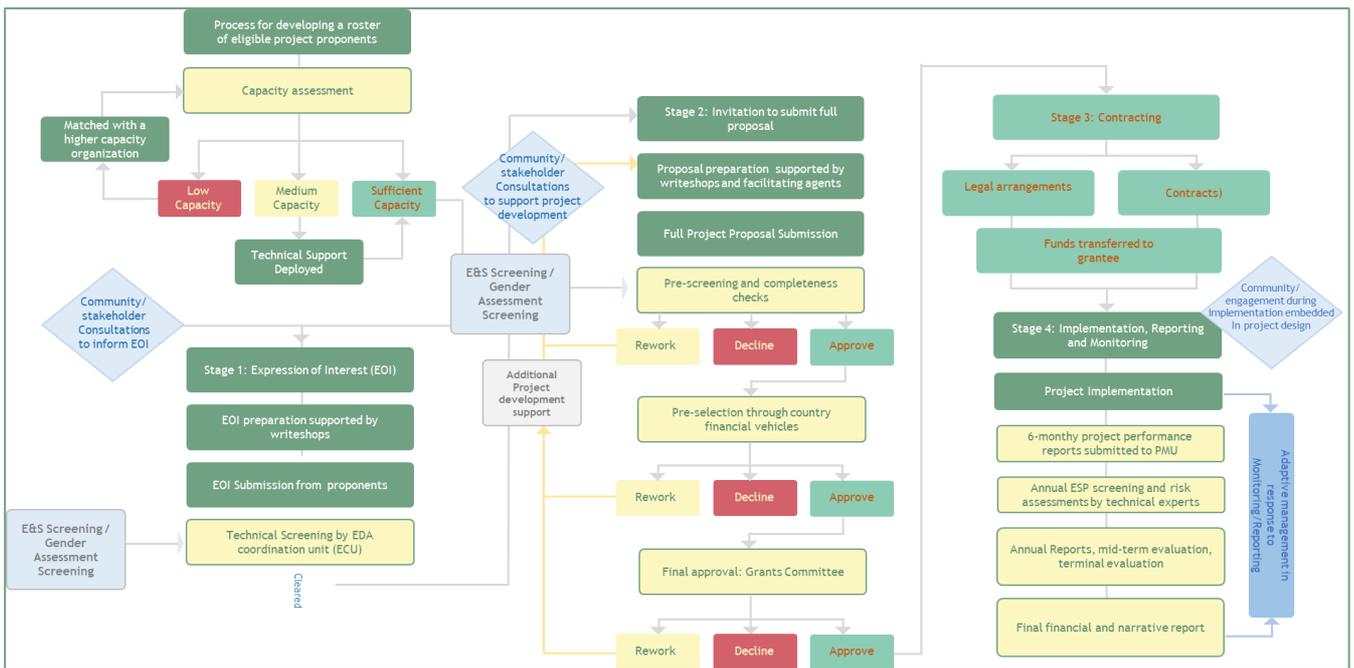


Figure 4- EDA Facility Application Process and Project Cycle

Pre-Stage 1: Initial Community/Stakeholder Consultations

Prior to submitting an EOI, extensive community and stakeholder engagement and involvement in the selection and prioritization process will take place. All EOI's must demonstrate engagement and input from community stakeholders. All EOI's must demonstrate engagement and input from community stakeholders and should make a clear effort to engage women, youth, and other marginalized groups. The community engagement will serve to ensure that communities endorse sub-projects comprising activities that are eligible for sub-grants.

Support for prioritizing adaptation solutions will be provided by the EDA Program including training (delivered through Component 1) on conducting and documenting stakeholder consultations. Proponents that submit an EOI must demonstrate that their sub-grants will address climate risks and that interventions are endorsed by local communities. Community involvement will include sensitization on the eligibility criteria against which sub-grant proposals will be assessed during Stage 1 and Stage 2. The community engagement will serve to ensure that communities endorse sub-projects comprising activities that are eligible for sub-grants. The eligibility of the activities is based on their contribution to the GCF investment criteria as outlined in Section 5.3.

Stage 1: Expression of Interest

In this first stage, eligible prospective grant recipients will be required to submit a short EOI outlining their proposed EBA intervention under the SGF. An EOI form can be found in Appendix I:

Expression of Interest (EOI) Form

The first EOI will be issued approximately six months after the start of the implementation of the EDA program. Following, that EOI calls will occur once a year.

Advertisement of the EOI: Having a clear and robust funding mechanism advertisement is imperative to ensure transparency and inclusive access to the SGF. The frequency, medium, and duration of advertisements will differ between the three countries to cater to the different contexts. This will ensure that target beneficiaries are exposed to the advertisement of the EOIs through appropriate means of communication that are widely available, easily accessible, and in the appropriate language and do not exclude any groups of the local population. EEs will be responsible for advertising EOIs via channels deemed the most appropriate for their respective contexts.

The call will be supported by “writeshops” (see more details under *Activity 1.1.4* in the SAP Funding Proposal)⁸. that will be convened through the EDA Program on the grant process, the EOI, and the full proposal. These sessions will provide an opportunity for potential recipients to learn more about the calls and to obtain initial support to develop appropriate local level responses and input around their project ideas.

Prospective grant recipients will be required to submit a short EOI outlining their proposed adaptation intervention (Appendix I: Expression of Interest (EOI) Form). EOI’s will be screened by EEs, supported by an external consultant that will screen E&S and Gender Approach.

Screening of EOIs: The EOI will be screened by EEs for alignment with GCF criteria, the level of E&S risk, gender integration, and the engagement of local communities and marginalized groups. All EOIs must demonstrate engagement and input from community stakeholders. Organizations (NGOs, CSOs) that submit an EOI must demonstrate that their small grants will address climate risks faced by local communities and will be pre-screened for gender integration and environmental and social risks, based on established criteria (Refer to Appendix II for the EOI form, and Annex 4 of the Funding Proposal). EOIs will be submitted to the Grants Committee with recommendations/comments to the Grants Committee, who will ultimately give approval.

If the EOI is successful, i.e., it falls within the appropriate thematic areas, it aligns with the GCF investment criteria, it passes the screening procedure and there is no duplication with other ongoing support within the target country, the EOI will be cleared, and the prospective grant recipient will be invited to submit a full proposal.

If the EOI is not successful, feedback will be provided as to why the EOI was not cleared. The applicant could be supported by a Facilitating Agent, which will be selected through a call for tenders, to provide project development support to refine the EOI to meet the eligibility criteria for submission into a later EOI call. If relevant, the applicant may be referred for training and capacity development under Outcome 1.

Stage 2: Invitation to submit a full proposal.

Once an EOI is successful and the organizations meet the organizational capacity requirements, the applicant will be invited to develop a full proposal and will be provided support to do via Writeshops and from Facilitating Agents, who will be selected through a call for tenders. The full proposal will include a Gender Assessment Plan and Gender Action Plan with specific indicators, and an Environmental and Social Management Framework.

⁸ See the SAP Funding Proposal for more information.

Support will be provided for project implementation, monitoring, and reporting of the sub-projects. This support will allow prospective grant recipients to integrate scientific and local knowledge, and to develop the needed skills to successfully design and implement the sub-projects. Furthermore, the GESS Officer will conduct a screening on gender considerations and integration and subproject environmental and social risks.

Applicants will submit the full project proposals to their national Executing Entity within 3-4 weeks following Writeshops. The funding proposal should provide information on how communities will benefit from the sub-grant and detail how knowledge/skill transfer will occur.

Pre-screening and completeness checks: The Executing Entity will review the proposal for completeness. Particular attention will be paid to whether stakeholder input and engagement have been continued through the full proposal development (from the EOI stage).

Pre-selection of country sub-projects through the EE process: Once pre-screening and completeness checks have been conducted by Executing Entity, the proposals will be reviewed through the EE selection process to pre-select those that will be put to approval consideration by the Grants Committee.

Regional Programme Coordination Unit (RPCU) recommendations: The RPCU will then compile the reviewers' comments into an integrated review and make recommendations to the Grants Committee on whether to approve or not approve the project or call for additional work on the detailed project proposal. All reviews will be made available to proponents.

Grants Committee – final approval: If the project passes the review, it will be presented to the

Grants Committee for final screening using criteria provided in [Appendix II: Project](#)

screening tool Reviewers from the Grants Committee will evaluate the proposals against the agreed checklist, which includes the GCF investment criteria. Screening on whether the proposal has appropriately identified E&S risks and sufficiently incorporates gender elements will also be included. The specific review process and criteria for E&S screening can be found in section 3.

The specific review process and criteria for gender screening can be found in Section 5.5

The Grants Committee will then decide whether to approve the full proposal, reject it, or refer it back for further modifications. The record of the Grants Committee meeting will capture the PB's recommendations and the reasoning behind the decision. In the cases of conditional approval, the meeting record will detail the conditions that need to be met for approval.

Communication and next step: The RPCU will notify prospective applicants of the recommendations of the Grants Committee via the national EE office. Applications that are approved will enter the contracting stage. Projects that are referred to proponents for further modification will have an opportunity to be resubmitted in the next call for proposals.

Stage 3: Contracting

Once the Grants Committee approves the sub-project, the EE will prepare and enter into a grant agreement (contract) with the awarded Grant Recipient.

Legal agreements: The legal agreements between the EE and the Grant Recipient will be negotiated and finalized based on the nature of the activity and the anticipated funding flows. The agreements will contain all relevant details regarding the terms and conditions of the SGF financing outlined in this Manual and following each EEs' rules and procedures. Please see a draft contract agreement template available in Appendix IV.

Contracts: All sub-project contracts will specify:

- Sub-project duration including start and end dates
- They will also specify monitoring, evaluation, and reporting requirements. Baselines will need to be established within the first three months of grant sub-grant inception. This stage will conclude with the signing of legal agreements between the Executing Entity and the Grant Recipient.
- Workplans for the project and/or Terms of Reference for Consultants and Technical Assistance
- Payment schedule and requirements including milestones, financial report requirements, and agreed to outcomes/products.

Stage 4: Implementation, Monitoring and Reporting

Fund Disbursement

Grant recipients will be expected to implement sub-grants according to the schedules and deliverables set out in contracts with the EEs. A milestone approach to sub-grant awards and payment schedules will be utilized.

The disbursement terms for each grant will be spelled out in the contract agreement and agreed to by the signature of both parties. In all cases, the following will apply:

- In no case may a one-year or a multi-year grant be disbursed in a lump sum.
- Disbursements for projects longer than three months awarded to a first-time grantee are made on a quarterly basis and are subject to ongoing financial and technical reports. The system of disbursement for these projects will involve payment of a fixed amount, agreed to in the beginning; it will be replenished every three months according to expenses, proved by receipts or vouchers made during that period, and appropriate progress and reporting according to EE guidelines,
- Disbursements for projects longer than three months awarded to grantees with a successful record of implementation of SGF-funded projects may report semi-annually or according to the achievement of agreed-upon milestones. The payment and reporting schedules will be negotiated accordingly between the EE and the recipients.

Funding duration

The duration of implementation period of the subprojects will vary depending on the amount of financing they have acquired and the nature of project, it will depend on the nature of the Ecosystem-Based Adaptation. Therefore, the appropriate duration of each subproject will be determined on a case-by-case basis when they are assessed and selected through the SGF. The acceptable duration of the subprojects will also be assessed based on the selection criteria. For example, as a part of the screening processes, a subproject's timeline and implementation plans will be assessed to determine if it will be able to realistically implement the planned activities within the allocated time and according to the grant received.

Monitoring

At the sub-project level, a KMAL framework will also be established during *Activity 3.1.1: Review available data collected by MCT on ongoing and recently closed sub-projects and establish a KMAL strategy*. All grantees will have to comply with the Knowledge Management and Information (KMI) protocol established by the programme to evaluate the success of the proposed projects and take stock of lessons learned. This is in line with guidance provided by the GCF and will ensure that evaluation and learning are enabled throughout sub-project implementation, with the aim to formulate and develop recommendations to increase effectiveness, efficiency, and timeliness of the SGF.

The sub-projects will have a set of measurable indicators and baselines. The KMAL plan will be submitted at the full proposal stage and will be developed in consensus with relevant local actors,

in particular communities, who represent the frontline in restoration and EbA adaptive efforts. The KMAL Plan for the sub-grants will include:

- Description of activities and performance indicators, including related to gender inclusion.
- Description on the data collection method
- Details about who will be responsible for the KMAL, timeframe, and how the data will be collected, stored, analyzed, and disseminated, and integrated into future activities.

The sub-grants MEL system will be in accordance with the EDA's Gender Policy and Environmental and Social Safeguards Policy of the EDA Program.

The sub-projects will also contribute to the overall knowledge management and learning strategy of the program, which will be key for sustaining the initiative beyond GCF's support. By demonstrating the efficacies of the selected sub-projects and how these created impact over time it is expected that further resources can be mobilized. The sub-projects will have, therefore, to report about their lessons learnt, and reports generated will also feed into delivering Component 3, particularly Output 3.1: *Enhanced KM and data sharing protocols for dissemination of lessons learned and best practices on EbA adaptation measures*, which have Activities that aim to collate all the knowledge products, reports, training modules, lessons learned and best practices to establish an inventory of information on EbA and PA on a common platform as well as generate communities of practice to facilitate regional knowledge management.

Reporting

At the sub-project level, Grantees will report every six months to their Executing Entities (EEs) following their guidelines, as well as report during a mid-year "live" meeting, either in person or online. Project performance reports should be based on the Monitoring and Evaluation Plan grantees will submit to their respective EEs.

At the program level, EEs. will submit project performance reports to the AE. These reports will summarize project progress and risk management related activities. Annual financial and narrative reports will also be submitted to the AE by the EEs. The implementation of the sub-projects is at the discretion of the EEs, not the Grant Recipients,

Managing Risk

EEs will be responsible for working with the Grant Recipients to ensure that recommendations identified through reporting in the step above are integrated into the relevant project risk management plans and future implementation activities. Where risks are detected, the EEs may propose the redirection of project funds to risk management activities, or the withholding of the next tranche of payment until satisfactory risk management actions are determined and agreed. In this regard, it is noted that every effort will be made to support grant recipients to positively respond to and manage unanticipated risks.

Project closure and Knowledge Management

Throughout the implementation of the EDA program, opportunities will be created for recipients to meet and share lessons and experiences amongst each other as well as local and national stakeholders (Component 3 of the project), particularly through the program-level MEL and the creation of a shared platform. All recipients are expected to submit a final financial and narrative report at mid and final term.

5. Eligibility criteria

5.1. Financial Eligibility

The SGF will deliver two types of grants:

- Regular Grants: Between USD 10,000 – 50,000 for Civil Society Organization and NGOs subprojects.
- Large Grants: Between USD 50,000 – 200,000 for larger and more established entities (NGOs and local governments).⁹

| | |
|--------------------------------|--|
| Max. Grant amount | Regular grants up to USD 50,000 Large grants up to USD 200,000 |
| Eligible Investment | 100% of total investment cost can be financed |
| Ineligible expenditures | <ul style="list-style-type: none"> • Purchase, rent or leasing of land and existing buildings. • Purchase or leasing of passenger motor vehicles, boats, and outboard engines. • Second-hand equipment, unless the TA is satisfied with the technical quality and capacity of the equipment to deliver the climate benefits. • Any activity that meets the Exclusionary Criteria listed in Appendix V of this Operations Manual. • Grants can allocate only up to 10% as overhead costs |

5.2. Indicative Ecosystem-based Adaptation sub-projects

Through stakeholder consultations with national and sub-national stakeholders (see Annex 7: Stakeholder Consultations Report and Stakeholder Engagement Plan), the program identified Ecosystem-based Adaptation (EbA) opportunities to strengthen ecosystem services in each nation (Federated States of Micronesia, Palau, Republic of the Marshall Islands). As shown in Table 1, below, the EbA opportunities are categorized into two thematic areas, namely: **Theme A: Ecosystem restoration for sea-level rise and coastal protection** and **Theme B: Diversified livelihoods to increase resilience**. Refer to Annex 2: Prefeasibility Study for more information on EbAs supported by the programme.

Table 1- EbA interventions to strengthen ecosystem services.

| Theme A: Ecosystem restoration for sea-level rise and coastal protection | Theme B: Diversified livelihoods to increase resilience |
|---|---|
| Mangrove conservation and restoration to improve coastal community resilience | Sustainable forest and agro-forest management for climate-resilient agriculture |
| Coastal wetland conservation and restoration | Watershed Management and Soil Conservation/management measures |
| Coral reef restoration and rehabilitation | Community-based management actions to support PAs and Buffer Zones |
| Seagrass conservation and restoration | Ecosystem-based fisheries management |
| Beach conservation and restoration | |

5.3. Investment criteria for proposal selection

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

1. The adaptation rationale and incremental/additional cost argument based on a business-as-usual scenario for the targeted project, the projected climate change impacts, the specific adaptation activities to be implemented to reduce the climate change vulnerability compared to the baseline scenario.

⁹ The organizations that apply for large grants need to be rated as 5 in all criteria of the capacity assessment and need to show proven record of handling grants of this amount. See more Annex IV and Section 3.

2. The prioritisation of the project defining how and why this particular sub-project idea was identified among the many alternatives that could have been addressed with the same funding.
3. Projects must also clearly define their contribution to the GCF investment criteria.

Climate change adaptation impact potential

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

Transformational/paradigm shift

- Degree to which the proposed project addresses prevailing unsustainable practices/situations towards a resilient development pathway.
- Degree to which the project is innovative/business unusual.
- Potential for scaling up and replication elsewhere if the project proves successful.
- Potential for knowledge and learning
- Sustainability of outcomes and results beyond completion of the intervention (projects will need to include an exit strategy and demonstrate commitments towards long-term sustainability including for instance, operation & maintenance plans)

Sustainable development

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

Needs from local communities

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

Alignment with national or sub-national priorities

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

Efficiency and effectiveness

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

5.4. Environmental and Social Safeguards

Based on MCT's Environmental and Social Safeguards Policy, the proposed EDA programme will ensure that adverse environmental and social impacts are avoided or, when unavoidable, minimized and appropriately mitigated and/or compensated. This SGF will minimize and mitigate any harm to the environment and to people by incorporating environmental and social concerns as an intrinsic part throughout the sub- project cycle. MCT is committed to the principle of "do no harm"; as such, MCT is committed to ensuring that both E&S and Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) safeguarding is undertaken and promoted during project design and implementation to ensure that the target communities are protected, and to lay a strong foundation to ensure that activities and interventions will improve social outcomes and generate co-benefits.

The E&S Safeguards Policy applies to all stages of the project cycle from design and implementation to monitoring and evaluation. All sub-projects will comply with applicable national and international laws for all countries of implementation.

Only proposals categorized as low risks (Category C, in line with MCT's E&S Policy and the GCF's environmental and social safeguards), will be cleared for full proposal development. An indicative list of exclusionary criteria which will disqualify sub-grants or sub-grant activities to mitigate risks and ensure that all sub-grants fall under the Category C designation can be found in appendix V of this document.

MCT is responsible for overall compliance with the GCF Environmental and Social Policy and the monitoring/reporting to GCF. MCT will also support the creation of a Regional Grants Committee (see detailed function below) and will support the work of the GESS Officer to ensure effective operating procedures that support E&S risk management into decision-making and review processes, particularly for specific sub-grants. MCT is ultimately responsible to ensure that the selected sub-grants are Cat C projects and that they align with the environmental and social action plan, MCT's current E&S policy, and the GCF Environmental and Social Policy.

At the sub-project level, the final determination of the risk category will be confirmed by the GESS Specialist at the EOI stage, and s/he will make recommendations for the next steps. At the full proposal stage, "small" size projects will develop an E&S framework (risk mitigation plan) which will set out E&S requirements, including those pertaining to monitoring, evaluation, and reporting. "Regular" size grants will not be required to develop an E&S framework but will be required to monitor any identified risks and report on a six-monthly basis.

- If the project is ranked as "**low risk**" during the full proposal 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 MCT SER Policy, and under what conditions or adjustments, including mitigation measures must be taken to re-categorize the project into a low risk category.

At the full proposal submission stage, projects receiving large grants will have to submit an Environmental and Social Management Framework (ESMF). Regular grants are not required to do so.

An ESS screening template has been developed and is included in Appendix II. This screening tool will be used by grantees for each sub-grant application submission. The GESS officer in consultation with the External Technical Advisory Body will review the screening template and clearance form at the inception of the programme to validate and adjust as needed. A final version of the screening template and clearance form will be submitted to the External Technical Advisory Body for review and input and submit to the Grants Committee for final approval. More details on this process can be found in Annex 12 of the submission package.

5.5. Gender Considerations

Based on MCT’s Gender Policy, this SGF is designed to integrate approaches and actions to advance gender equality and female empowerment through its grant cycle as well as throughout project design, implementation, monitoring, evaluation, and learning. Therefore, as per Annex 4 of the Funding Proposal, at least 3 women’s organizations and/or women-led organizations from each Country (9 total) are awarded sub-grants.¹⁰

At a sub-project level, initial screenings will be conducted at the EOI stage to evaluate whether the grantee has integrated gender in the proposed sub-project. If invited to submit a full project proposal, grantees will be supported by the RPCU and MCT to produce a gender assessment and gender action plan. The Grants Committee will assess whether the proposal has appropriately conducted a gender assessment and produced an appropriate gender action plan. See Appendix II for the Project Screening Tool for details.

5.6. Accountability and Due Diligence

All sub-grant recipients will have to provide the information to prove their ability to meet the goals and objectives of their proposed grant projects with integrity and financial responsibility. Examples of materials to be requested are noted in Table 2.

Table 2- Indicative list of proof of accountability for grantees.

| Materials requested include: | |
|---|---|
| For all grantees | <ul style="list-style-type: none"> ● Copy of the organization’s Charter, Articles of Incorporation, and By-Laws. ● Detailed Budget of the project. ● Workplan outlining how the project will be executed. ● Demonstration of a bank account in the organization’s name and proof that they require at least two authorized signatures for cash withdrawals. ● Demonstration of an appropriate accounting system. ● Copy of the organization’s Financial Audit, or Profit and Loss Statement and Balance Sheet for the last 2 years. ● Resume of the Project Coordinator and other significant staff of the project. ● History of prior grants from other funders. ● Annual Report or documents describing the organization’s activities and accomplishments of the last two years. |
| For grantees whose annual operating budget exceeds USD 350,000 | <ul style="list-style-type: none"> ● The organization must provide a copy of an external audit of its financial records. ● Alternatively, the FO may grant an exception determined on a case-by-case basis, based on an in-depth assessment of the fiscal and reporting capacity of the grantee organization. |

Once the grant is awarded, a written grant agreement (contract) with specific provisions setting forth mutual responsibilities is signed by the EEs and the and the grantee. Failure to adhere to the reporting schedule and requirements may adversely affect consideration for future grants and may result in penalties as outlined in the contract agreement (please refer to Appendix IV).

5.7. Conflict of Interest

At the time of submission, all project applicants must disclose any familial, organizational, or financial relationship with any member of their respective countries’ financial vehicles/ Executing Entities. Similarly, any member of staff or advisor having, or potentially having such a relationship, will excuse

¹⁰ Refer to Annex 4 for a detailed Gender Action Plan, particularly for Outcome 2.

him/herself from the grant applications evaluation process. A conflict of interest occurs when anyone in an advisory or decision-making role meets any of the following conditions:

- The person is directly involved in the project, contract, agreement, or conflict to be dealt with, or the person has a direct interest in the matter under consideration.
- The person's spouse, parent, child, brother, sister, cousin, or the spouse of any of those relatives, is involved in the project, activity, or decision.
- There is a blood, marriage, or clan relationship with any person involved in the project, activity, resolution, or matter under consideration.
- There is clear friendship or hostility with parties involved in the project, activity, resolution, or matter under consideration.
- There is or has been a professional or legal relationship with a person involved in the project, activity, resolution, or matter under consideration.
- Failure to disclose a conflict of interest by any party may result in the disqualification of any concept paper or proposal and/or the nullification of any subsequent or related contracts.

Appendix I: Expression of Interest (EOI) Form

Call for Expressions of Interest

Ecosystem-based Adaptation (EbA) for Reducing Community Vulnerability to Climate Change in Northern Small Island Developing States (SIDS)

“*Executing Entity*” is inviting Expressions of Interest (EOIs) for projects that align with the Green Climate Fund’s (GCF) Enhanced Direct Access (EDA) program “*Ecosystem-based Adaptation (EbA) for Reducing Community Vulnerability to Climate Change in Northern Small Island Developing States (SIDS)*.” operating in the Federated States of Micronesia, Palau and the Republic of the Marshall Islands.

Project Scope

Projects should support an EbA intervention in one of the following Themes:

| Theme A: Ecosystem restoration for sea-level rise and coastal protection | Theme B: Diversified livelihoods to increase resilience |
|---|---|
| Mangrove conservation and restoration to improve coastal community resilience | Sustainable forest and agro-forest management for climate-resilient agriculture |
| Coastal wetland conservation and restoration | Watershed Management and Soil Conservation/management measures |
| Coral reef restoration and rehabilitation | Community-based management actions to support PAs and Buffer Zones |
| Seagrass conservation and restoration | Ecosystem-based fisheries management |
| Beach conservation and restoration | |

Project Timeframe

Project should commence no later than **DATE** with a maximum duration of **MONTHS**.

Project Funding:

Two types of grants will be awarded:

- Regular grants: 10,000- 50,000 USD
- Large grants: 50,000-200,000 USD¹¹

EOI Submission:

Interested groups are invited to submit an EOI using the form provided overleaf.

EOIs should be submitted to _____ no later than _____. “*Executing Entity*” will acknowledge receipt of concepts and will notify applicants of their submission by - _____.

Organizations invited to submit a full proposal will be provided with further details about the application process.

¹¹ Please note that only the organizations that apply for large grants need to be rated as 5 in all criteria of the capacity assessment framework and should show proven record of handling grants of this amount.

Project Title

State

- Federated States of Micronesia Palau Republic of the Marshall Islands

Project Contact

Name: _____

Organization: _____

Position/Role: _____

Telephone: _____

Email: _____

Grant size requested

- Regular Grant: Between USD 10,000 – 50,000 subprojects.
 Large Grant: Between USD 50,000 – 200,000¹²

EbA intervention category

Mark x for the type of intervention

Theme A: Ecosystem Restoration for sea-level rise and coastal protection.

- Mangrove restoration and conservation to improve coastal community resilience
 Coastal wetland conservation and restoration
 Coral reef restoration and rehabilitation
 Beach conservation and restoration

Theme B: Diversified livelihoods to increase resilience

- Sustainable Forest and agro-forest management for climate resilient agriculture
 Community-based management actions to support PAs and Buffer Zones
 Ecosystem-based fisheries management

¹² Please note that only the organizations that apply for large grants need to be rated as 5 in all criteria of the capacity assessment framework and should show proven record of handling grants of this amount.

Project Summary

Describe the planned project including a) how the project will address climate risks that affect communities b) the estimated # of direct and indirect beneficiaries

Stakeholder involvement

Describe how partners and stakeholders will be involved throughout the project implementation and detail any stakeholder consultations held to date

Alignment with Green Climate Fund (GCF) investment criteria

Please detail below how your project aligns with the GCF investment criteria in no more than 200 words each.

| Investment Criteria | Alignment |
|---|---|
| <p>Impact potential Potential of the project or program to contribute to the achievement of GCF's objectives and results areas</p> | <p><i>Briefly describe the expected change in loss of lives, value of physical assets, livelihoods, and/or environmental or social losses due to the impact of extreme climate-related disasters and climate change in the geographical area of the GCF intervention. EOIs should also refer to the number of direct and indirect beneficiaries of the project (estimates).</i></p> |
| <p>Paradigm Shift potential Degree to which GCF can achieve sustainable development impact beyond a one-off project or program investment through replicability and scalability</p> | <p><i>Identify a vision for paradigm shift as it relates to the subject of the project. The vision for paradigm shift should outline how the proposed project can catalyze impact beyond a one-off investment. This vision for longer-term change should be accompanied by a robust and convincing theory of change for replication and/or scaling up of the project results, including the long-term sustainability of the results, or by a description of the most binding constraint(s) to change and how it/they will be addressed through the project.</i></p> |
| <p>Sustainable Development Potential Wider benefits and priorities: Do the project have wider benefits and priorities? Are environmental and social safeguards and gender equality an integral part of the project?</p> | <p><i>Identify at least one positive co-benefit – with possible associated indicator, and baseline and target values, disaggregated by gender – in at least two of the four coverage areas:</i></p> <p><i>Economic co-benefits, such as the creation of jobs, poverty alleviation and enhancement of income and financial inclusion, especially among women</i></p> <p><i>Social co-benefits, such as improvements in health and safety, access to education, cultural preservation, improved access to energy, social inclusion, improved sanitation facilities and improved quality of and access to other public utilities such as water supply</i></p> <p><i>Environmental co-benefits, including increased air, water and soils quality, conservation, and biodiversity.</i></p> <p><i>Gender empowerment co-benefits outlining how the project will reduce gender inequalities.</i></p> <p><i>Where appropriate, proposals should reference the ability of the project to enable the achievement of one or more of the Sustainable Development Goals.</i></p> |
| <p>Needs of recipient Vulnerability and financing needs of the beneficiary population: Does the project provide financing needs to the beneficiary population? Is there an absence of alternative sources of financing in the respective country?</p> | <p><i>Project proposals should describe the country's financial, economic, social and institutional needs and the barriers to accessing domestic (public), private and other international sources of climate-related finance. The proposal should outline how the proposed intervention will address the identified needs and barriers.</i></p> |
| <p>Country ownership Beneficiary country ownership of, and capacity to implement, a funded project or program (policies, climate strategies and institutions) Submitted funding proposals are expected to align with the existing policies such as nationally determined contributions (NDCs), national adaptation programs of action (NAPA)</p> | <p><i>EOIs should outline how they plan to engage/consult with relevant stakeholders and how their interventions align with their respective national adaptation programs.</i></p> |
| <p>Efficiency and Effectiveness Economic and, if appropriate, financial soundness of the project: Does the project foster cost-effectiveness and private sector funding mobilization</p> | <p><i>EOIs should describe how the project applies and builds on established best practices and, if appropriate, an estimate of the economic internal rate of return.</i></p> |

Project Environmental and Social Risk

Below are three descriptions of project risks, please select the one most appropriate to the project. Note that this EDA program will only fund Category C interventions

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

Gender considerations

| Guiding Questions | Response |
|---|----------|
| 1. What are the main sources of livelihood and income for men and women? If survey data is available, it should be included otherwise qualitative descriptions are helpful. | |
| 2. With regards to the specific EbA area what are the key vulnerabilities being addressed by the project? How do these differ for men and women? | |
| 3. Based on initial stakeholder engagement, what are the needs and priorities related to the envisioned activities? Are men's and women's needs/priorities different? | |
| 4. How are women and men expected to benefit from project activities? | |
| 5. What specifically will the project do to ensure that women and men have equal opportunity to benefit from the project activities? | |
| 6. Are project outcomes/results gender disaggregated? If so, describe the specific indicators and how they will be monitored. | |

Appendix II: Project screening tool

The Grants Committee will screen the proposals using the following checklist. The sub-grant selection criteria specific to gender will be reviewed, verified and refined by the External Technical Advisory Body and the GESS officer in consultation during the initial set-up of the SGF.

| Question | Response | Actions to take | Revisions needed |
|---|----------|-----------------|------------------|
| Project overview | | | |
| What is the title of the project, and does it align with the EbA thematic areas? | | | |
| Who is the Grantee and what is the grantee's capacity assessment status? | | | |
| Who is the project contact? | | | |
| What is the proposed duration of the project? | | | |
| Has the grantee involved relevant beneficiaries and conducted stakeholder consultations in the project design? | | | |
| Does the project contain a clear statement of objectives and results? | | | |
| Do the objectives and results align: a) with the goal of improving climate resilience in the three countries at a community level? | | | |
| Project description | | | |
| Do project activities include detailed targets and deliverables for activities? (e.g., #of trainings conducted, # of workers, area restored...) | | | |
| Who are the project beneficiaries and how is the project planning to include or target vulnerable populations? | | | |
| GCF Investment Criteria | | | |
| Impact Potential: | | | |

| | | | |
|--|--|--|--|
| <p>Does the project contribute to at least one of the GCF impact indicators in the "Potential for Impact" section of the grant application form?</p> <p>Does the project clearly describe the change from the status quo?</p> <p>Has the project included information on the learning potential from the project and the sustainability of outcomes?</p> | | | |
| <p>Paradigm Shift: Does the project clearly demonstrate how it will deliver environmental, economic, and/or social co-benefits?</p> | | | |
| <p>Sustainable Development: Has the project aligned its activities to address needs and priorities of the most vulnerable local communities in relation to climate change?</p> | | | |
| <p>Needs of recipients: How has the project engaged stakeholders and how does it plan to continue that engagement?</p> | | | |
| <p>Country ownership: Does the project align with relevant local or state policies?</p> | | | |
| <p>Efficiency and Effectiveness How does the project plan to use grant resources? Are best available technologies and practices being used?</p> | | | |
| <p>Gender Assessment</p> | | | |
| <p>Are women/gender focused groups, NGOs/CSO's or gender</p> | | | |

| | | | |
|--|--|--|--|
| units in partner organizations consulted in the project/programme development? | | | |
| Are women/gender focused groups, NGOs/CSO's or gender units in partner organizations involved in project implementation? Included as beneficiaries? | | | |
| Does the project include strategies to reach out to the underrepresented sex that would benefit from the project/programme? | | | |
| Does the project ensure that gender-specific obstacles to participation are identified and solutions designed, so that both women and men can access and participate in project activities in an equal manner? | | | |
| Are outcomes, outputs and activities designed to meet the different needs and priorities of women and men, boys and girls? | | | |
| Does the results framework include gender responsive indicators, targets and a baseline to monitor gender equality and women's empowerment results? | | | |

Environmental and Social Safeguards screening

This screening toll will be used by grantees for each sub-grant application submission. The GESS officer in consultation with the External Technical Advisory Body will review the screening template and clearance form at the inception of the programme to validate and adjust as needed. A final version of the screening template and clearance form will be submitted to the External Technical Advisory Body for review and input and submit to the Grants Committee for final approval.

| E&S Assessment | | 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. Characterize the identified risk or impacts (likelihood, intensity, duration, reversibility) | Where applicable, identify the remedial actions that would mitigate the identified risk | Characterize the risk level: Low (L), Medium (M) high (H) |
| 1 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? | | | | |
| 2 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? | | | | |
| 4 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? | | | | |
| 5 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? | | | | |
| 6 Resource Efficiency and Pollution Prevention | Will the project generate hazardous waste? Is the project likely to lead to environmental damage 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? | | | | |
| 7 Community health safety | 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? | | | | |
| | Are there any anticipated occupational and community health and/or safety risks? | | | | |
| | Has the project distributed appropriate personal protective equipment (PPE) for subgrantees, contractors and community members involved in the construction or installation of equipment? | | | | |
| | Is the project likely to increase community exposure to diseases (water borne, water based, water related and vector borne diseases as | | | | |

| | | | | | |
|---|---|--|--|--|--|
| | well as communicable diseases)? | | | | |
| 8 Land Acquisition and Involuntary Resettlement | 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, etc.). | | | | |
| | Could the project involve the physical relocation of people? (encompassing displacement as well as planned relocation) | | | | |
| | Could the project require the relocation of Peoples from their homes or lands subject to traditional ownership or customary use? | | | | |

| | | | | | |
|---|--|--|--|--|--|
| 9. Biodiversity Conservation and Sustainable Management of Living 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? | | | | |
| | Will the project utilize or implement activities in any habitats which are considered "critical" by relevant national, regional, and/or international authorities? If yes, please detail the mitigation measures and additional considerations the project will take during implementation. | | | | |
| | is the project likely to favor unsustainable exploitation of a renewable resource | | | | |
| 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? | | | | |
| 11 Indigenous Peoples/Marginalized Groups | 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? | | | | |
| 12. Prevention and Protection from Sexual exploitation, | Has the project completed a risk assessment for potential instances of SEAH? | | | | |

| | | | | | |
|---|---|--|--|--|--|
| Sexual Abuse and Sexual Harassment (SEAH) | Is the project expected to “do good” and/or have positive impacts on women and women’s empowerment? | | | | |
|---|---|--|--|--|--|

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 | 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 Programme does not finance projects in this risk category. |
| 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. The Programme does not finance projects in this risk category. |
| C | Proposed project activities have minimal or no adverse environmental and/or social risks and/or impacts. |

Determining Significance of Risk

Use the risk matrix below to determine the overall “Risk Rating” (severe, high, medium or low)

| | | Consequence | | | | |
|------------|----------------|---------------|--------|----------|--------|----------|
| | | Insignificant | Minor | Moderate | Major | Critical |
| Likelihood | Almost Certain | Low | Medium | High | Severe | Severe |
| | Likely | Low | Medium | Medium | High | Severe |
| | Possible | Low | Low | Medium | High | Severe |
| | Unlikely | Low | Low | Low | Medium | High |
| | Rare | Low | Low | Low | Medium | High |

| Part II: What is the overall project categorization based on the potential risk and impact profile? | |
|--|---|
| <p>Category A - Projects with the potential to cause significant adverse social and / or environmental impacts that are diverse, irreversible or unprecedented.</p> | <p>Comments</p> <p>No projects will be selected for implementation.</p> |

| | |
|--|---|
| <p>Category B – Projects with the potential to cause limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures</p> | <p>No projects will be selected for implementation.</p> |
| <p>Category C – Projects that include activities with minimal or no risks of adverse social and environmental consequences</p> | |

After submission of the proposal the Grants Officer, supported by a GESS expert, will provide a clearance to the Grants Committee through a standardized E&S clearance form that includes an indication of the grant’s risk category. See below for the indicative form to be used. The final clearance form will be refined/modified as needed by the GESS and approved by the Grant Committee. Small grants will be required to develop an ESMF as part of their full proposal submission.

Environmental and Social Clearance Form

| E&S Clearance Form | | | |
|--|---|-------------|---------|
| Grant Name | | | |
| Estimated Project Duration | Start: | Completion: | Months: |
| Total Grant Amount: | <input type="checkbox"/> Regular Grant (up to USD 50,000) <input type="checkbox"/> Large Grant (USD 50,000-200,000) | | |
| Grantee (Requesting Organization) | | | |
| Any other partners (in delivery) | | | |
| Type of organization (i.e. non-profit, community association) | | | |
| Screening template provided? | <i>Provide date</i> | | |
| E&S Checklist Review Against Proposal | <i>Provide Brief Overview</i> | | |
| Based on review select GESS’s officer’s risk categorization A, B, or C (high, medium or low) | | | |
| Will grant require an ESMF? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| Environmental and Social Clearance decision: | <i>Please tick one</i> <input type="checkbox"/> Cleared <input type="checkbox"/> Conditionally cleared <input type="checkbox"/> Clearance rejected | | |
| For grant cleared or conditionally cleared, | <i>Describe additional work required</i> | | |

| | |
|--|--|
| define any additional work required | |
| Justification for the clearance decision | <i>Please describe the basis for the clearance decision.</i> |

Appendix III: Capacity Assessment Framework

A: STRATEGIC VISION & PLANNING

Clarity of purpose and direction is generally regarded as a hallmark of effective organizations. Once the Mission has been clearly identified – ideally with the active participation of staff and key volunteers – it needs to be internalized and reinforced so that both staff and Board members can readily articulate it. Once a culture of planning has been established, the Organization is capable of translating long-term strategic directions into annual work plans linked to the funds and other resources available to help those plans come to fruition.

A.1: Organizational Mission

| | |
|---|--|
| 5 | The organization has a specific, focused mission that is readily articulated by staff and Board, directs activities of the organization, is widely recognized by the public, and is reviewed periodically. |
| 4 | The organization has a specific, focused mission that is readily articulated by staff and Board, and directs activities of the organization |
| 3 | The organization has a specific, focused mission that expresses the purpose of the organization, and guides its activities. |
| 2 | The organization has an imprecise or broad mission that does not provide clear direction for the organization. |
| 1 | The organization does not have a mission |

Comments: _____

A.2: Strategic Planning

| | |
|---|---|
| 5 | The strategic plan, including long-term institutional financial plan (3-5 years) is updated periodically through a process that involves staff, Board and outside advisors. |
| 4 | Staff uses the strategic plan, which incorporates long-term institutional financial plan, to guide all major program decisions, including submission of grant proposals. |
| 3 | Current strategic plan exists. Staff is somewhat familiar with it. |
| 2 | Strategic plan is outdated or being prepared. |
| 1 | No strategic plan exists. |

Comments: _____

A.3: Operational Planning (only if Strategic Plan exists)

| | |
|---|---|
| 5 | The organization completed annual work plans – including annual cost and income projections – for at least two consecutive years. |
| 4 | The organization completed annual work plan – including annual cost and income projections – in the past year |
| 3 | The organization completed annual work plan – including cost and income projections – in the past year |

| | |
|---|--|
| 2 | Incomplete annual work plans completed |
| 1 | No annual work plans completed |

Comments: _____

A.4: Impact Assessment (Achievement of Mission)

| | |
|---|---|
| 5 | Staff and Board periodically assess progress toward achieving the mission and make use of outside evaluators when appropriate |
| 4 | Staff and Board periodically assess progress toward achieving the mission and incorporates findings in their activities (i.e., modify a strategy that is not working) |
| 3 | Staff occasionally assesses progress toward achieving the mission. |
| 2 | Staff sporadically assesses progress toward achieving the mission. |
| 1 | Staff never assesses progress toward achieving the mission |

Comments: _____

B. LEADERSHIP

No one type of leadership fits all organizations. In many organizations, one of the most underutilized leadership resources is the Board of Directors. Many of the most effective organizations have been able to forge a working partnership between the executive director, staff and the Board. In its maximum expression, this partnership tends to lead to collective leadership that is capable of continually renewing itself, facing organizational change in a proactive way, and holding the organization to high standards of conduct.

B.1: Board Composition

| | |
|---|---|
| 5 | The Board of Directors recruits prominent representatives of important sectors of the local society with appropriate skills to replace existing or departing board members. |
| 4 | Board members represent diverse sectors of local society and address skill sets needed for governance of the organization. |
| 3 | Board members represent a few important sectors of local society and address some skill sets needed. |
| 2 | The majority of Board members represent a single important sector (academia, business, press/media, etc.) and are not selected to adequately fulfill the skill set needed. |
| 1 | Board members are selected without regard to the Organization’s needs or representation of key sectors of local society. |

Comments: _____

B.2: Board Effectiveness

| | |
|---|--|
| 5 | Board members govern actively and effectively to guide the future of the organization and ensure its long-term institutional and financial stability. Committees have been formed to address specific issues as investments, financial sustainability, fundraising, etc. |
| 4 | Most Board members regularly provide leadership, financial oversight, set policies, participate in planning, give or obtain funds and provide continuity for leadership transitions. |
| 3 | Some Board members occasionally assume leadership and oversight and give or obtain funds for the organization. |

| | |
|---|---|
| 2 | Only a few members contribute time, effort or money to organization's governance. |
| 1 | Board members are inactive or do not provide guidance. |

Comments: _____

B.3: Relationship between Executive Director and Board

| | |
|---|---|
| 5 | Director has highly constructive working relations with the Board of Directors and/or its committees. |
| 4 | Director has reasonably constructive working relations with the Board and/or its committees. |
| 3 | Director has working relations with the Board and/or its committees. |
| 2 | Director has poor working relations with the Board and/or its committees. |
| 1 | Director has either hostile relations or no working relations with the Board and/or its committees. |

Comments: _____

B.4: Relationship between Executive Director and Staff

| | |
|---|---|
| 5 | Director has good working relations with staff and volunteers and is seen as a resource and an inspiration. |
| 4 | Director has good working relations with staff and volunteers, is accessible and motivates them. |
| 3 | Director has good working relations with staff and volunteers. |
| 2 | Director has uneasy working relations with staff and volunteers. |
| 1 | Staff doesn't have close relations with the Director – he/she is the boss. |

Comments: _____

B.5: Decision Making Processes

| | |
|---|---|
| 5 | Senior managers actively value teamwork and seek to delegate authority and responsibility for decision making to the most appropriate level of the organization to make sure well-informed and timely decisions are made. |
| 4 | Senior managers have developed mechanisms that permits delegation of authority and responsibility to appropriate levels of the organization and stimulate teamwork. |
| 3 | Senior managers know the of delegation of decision-making authority and teamwork and most of the time implement it. |
| 2 | Senior managers occasionally delegate responsibility and promote teamwork. |
| 1 | Senior managers do not delegate responsibility or promote teamwork. |

Comments: _____

B.6: Management of Organizational Change

| | |
|---|--|
| 5 | Senior managers and Board encourage organizational change and innovation, and routinely reviews and updates its plans accordingly. |
| 4 | Senior managers and Board are proactive in leading changes and periodically reviews/updates plans |

| | |
|---|---|
| 3 | Senior managers and Board acknowledge the need for change and routinely and reviews/updates plans if necessary. |
| 2 | Senior managers and Board tend to favor inertia and reviews/updates plans only when absolutely necessary. |
| 1 | Senior managers and Board openly prefer the status quo and resist ideas related to changes. |

Comments: _____

B.7: Organizational Values and Ethics

| | |
|---|---|
| 5 | Organization has a statement of values or code of ethics that all staff and Board members are familiar with and utilize. |
| 4 | Organization has a new statement of values or code of ethics and is in the process of disseminating it among staff and Board members. |
| 3 | Organization is beginning to develop a statement of values or code of ethics with the participation of staff and Board members. |
| 2 | Organization has a general notion of its institutional values but has not formalized them. |
| 1 | Organization has not addressed the issue of institutional values or ethics. |

Comments: _____

C: ORGANIZATIONAL MANAGEMENT

The growth of an organization normally implies a greater need for managerial systems and procedures to assure donors, members and the general public that the organization is well managed. Yet staff members may be reluctant to submit to more complex and sophisticated policies and procedures, which they may see as overly bureaucratic. The correct balance of internal control and operational responsiveness varies from group to group.

C.1: Organizational Structure

| | |
|---|---|
| 5 | All staff, Board members and volunteers are familiar with the organizational chart, which reflects actual communication, delegation and reporting flows. |
| 4 | Most staff, Board members and volunteers familiar with the organizational chart. |
| 3 | Some staff, Board members and volunteers familiar with organizational chart, but communication, delegation and reporting flows occasionally follow different pattern. |
| 2 | Most Staff, Board members and volunteers unfamiliar with organizational chart; actual communication, delegation and reporting flows often follow different patterns. |
| 1 | No clear organizational structure exists to facilitate correct communication, delegation and reporting flows. |

Comments: _____

C.2: Internal Communications

| | |
|---|---|
| 5 | Good formal and informal internal communication exist; all staff receive timely information. |
| 4 | Reasonably good formal and informal communication exists; staff gets timely information. |
| 3 | Good informal communication exists and formal one has been established at different levels. Staff gets timely information most of the time. |

| | |
|---|--|
| 2 | Informal internal communication exists but not formal one, though staff can get information when they need it. |
| 1 | Internal communication is often non-existent; staff are rarely aware how decisions are being made. |

Comments: _____

C.3: Policies and Procedures

| | |
|---|--|
| 5 | A Policies and Procedures Manual exists and is widely used; individual policies and procedures are regularly revised to reflect legal, structural and organizational changes |
| 4 | A Policies and Procedures Manual exists and is used in most decision-making situations. |
| 3 | A Policies and Procedures Manual exists but is not updated and contains some irrelevant or outdated information. |
| 2 | No Policies and Procedures Manual exists; decision-making practices are informally agreed within the organization. |
| 1 | No Policies and Procedures Manual exists; decision-making practices are decided on a case-by-case basis. |

Comments: _____

C.4: Adequate infrastructure resources

| | |
|---|---|
| 5 | Organization has all equipment necessary for the staff to work efficiently, has an agreeable working environment, a good system of service providers (i.e., computer technicians) and plans its future needs in advance to ensure they will be met. |
| 4 | Organization has all equipment necessary for the staff to work efficiently, has enough space to accommodate staff, and a good system of service providers (i.e., computer technicians). |
| 3 | Organization has all equipment necessary for the staff to work efficiently and has enough space to accommodate them. |
| 2 | Organization has equipment necessary for the staff to carry on with their tasks and enough space to accommodate the staff. |
| 1 | Organization does not have adequate resources to assist the staff be efficient (not enough computers, space, service providers, etc.). |

Comments: _____

D: HUMAN RESOURCES

It is often stated that an organization’s most important resource is its employees. Unfortunately, too few organizations place sufficient importance and effort into effectively managing and developing human resources.

D.1: Recruitment Process

| | |
|---|--|
| 5 | All new staff positions are based on the organization’s strategic and work plans; accurate job descriptions are used systematically in recruitment and updated on a regular basis. |
| 4 | New staff positions are usually based on the organization’s plans; accurate job descriptions are used systematically in recruitment. |
| 3 | Only some positions are based on the organization’s plans, job descriptions exist for most posted positions. |

| | |
|---|---|
| 2 | Most positions are “reactive” and not tied to the strategic and work plans. Job descriptions exist for some positions but are rarely developed before recruitment begins. |
| 1 | Most new positions are “reactive” and not linked to plans; no job descriptions for new positions exist. |

Comments: _____

D.2: Staff Orientation and Development

| | |
|---|---|
| 5 | Every year the organization budgets resources and provides orientation and skills training to all staff. |
| 4 | Every year the organization budgets resources and provides most staff orientation and training in skills relevant to their responsibilities. |
| 3 | The organization provides some staff orientation and training in skills relevant to their responsibilities and occasionally seeks funding for training. |
| 2 | The organization provides access to orientation and training on an opportunistic and random basis to a few staff. |
| 1 | The organization provides little or no access to orientation and training. |

Comments: _____

D.3: Performance Management

| | |
|---|---|
| 5 | Organization has a formal, clear, and fair process for supervising and evaluating staff performance, based on written personal goals. |
| 4 | The process for supervising and evaluating staff performance is based on written, personal goals but the evaluation process itself varies significantly among supervisors. |
| 3 | Organization provides guidelines to managers for supervision, evaluation, and annual performance reviews of supervised staff, but the process is not consistent from employee to employee. Personal goals are not written down. |
| 2 | Managers provide supervision and evaluation on a sporadic basis; performance evaluation is highly informal. |
| 1 | Managers provide little or no supervision or evaluation; no performance-review system in place. |

Comments: _____

D.4: Competitive and Equitable Compensation and Benefits

| | |
|---|--|
| 5 | Salaries and benefits are competitive to those of similar organizations and there are based on a scale that reflects equity across job levels. |
| 4 | Salaries and benefits are comparable to those of similar organizations and the salary scale is reasonably equitable. |
| 3 | Salaries and benefits are sometimes comparable to those of similar organizations and the salary scale is moderately equitable. |
| 2 | Salaries and benefits are generally not comparable to those of similar organizations and there are inequities in the salary scale. |
| 1 | Salaries and benefits are far behind those of similar organizations and no salary scale exists. |

Comments: _____

E: RESOURCE DEVELOPMENT

A cornerstone to an organization’s long-term financial viability is development of a comprehensive and integrated strategic, financial and development plan. The process should begin by analyzing the Organization’s proposed financial needs, based on the goals and activities detailed in the strategic plan. Once the strategic plan has been quantified in monetary terms, a group can identify its long-term funding needs, design a development and fundraising plan corresponding to those needs, and create a strategy to broaden its funding source base. In addition, if the Organization is considering endowment funds or other financial assets, sound financial planning ensures adequate provisions have been established and a structure is in place for the long-term stability of the financial assets.

E.1: Strategic Financial Planning

| | |
|---|--|
| 5 | Organization has implemented its long-term financial plan and monitored its results; goals are being met and adjustments made. |
| 4 | Organization has analyzed and tested various income generation / fundraising approaches, integrated them into a long-term financial plan and begun to achieve goals. |
| 3 | Organization has begun to develop fund-raising and other income-generation strategies to achieve its identified long-term financial needs. |
| 2 | Organization has identified the financial need to accomplish its objectives for the next 3-5 years. |
| 1 | Organization has not identified the minimum financial need to accomplish its objectives for the next 3-5 years. |

Comments: _____

E.2: Fundraising Plan

| | |
|---|--|
| 5 | Organization has well-functioning fundraising process that involves several individuals and is monitored and adjusted on an ongoing basis. |
| 4 | Organization has clear fundraising goals based on the strategic and financial plans and shared among several individuals. |
| 3 | Organization has begun to organize and delegate fundraising activities |
| 2 | One individual is responsible for almost all fundraising. |
| 1 | No systematic fundraising activities under way. |

Comments: _____

E.3: Diversification and Funding Sources

| | |
|---|--|
| 5 | Organization has a broad funding base; on average, no one source contributes more than 25% of the total annual revenues. |
| 4 | At least five funding sources (donors) accounts for 60% or more of the Organization’s overall budget. |
| 3 | One funding source (donor) accounts for more than 40% of the Organization’s revenues; at least four other sources account for remaining 60%. |
| 2 | One funding source (donor) accounts for 60% or more of the Organization’s revenues. |
| 1 | One funding source (donor) accounts for 80% or more of the Organization’s revenues. |

Comments: _____

E.4: Generation of Unrestricted Income

Note: This indicator refers to funding that may be spent at the organization’s discretion. This funding may be earned (sales of products or services, income from trust fund) or provided by donors without specific instructions on how the funds are to be spent. To answer this question, the organization must have previously determined its operations costs (or indirect costs.)

| | |
|---|---|
| 5 | Unrestricted income accounts for more than 40% of the annual budget. |
| 4 | Unrestricted income accounts for more than 20% of the annual budget. |
| 3 | Unrestricted income accounts for more than 50% of the annual operational costs. |
| 2 | Unrestricted income accounts for less than 50% of the annual operational costs. |
| 1 | Organization generates no unrestricted income. |

Comments: _____

E.5: Long-Term Investments (if applicable)

| | |
|---|---|
| 5 | Board has established and implemented a strategy to guide the creation and management of long-term financing mechanisms (endowment fund, real estate, business venture, etc.) |
| 4 | Board is providing guidance on creation and management of long-term financing mechanism (endowment fund, real estate, business venture, etc.) |
| 3 | Board is in the process of developing a long-term financing mechanisms. |
| 2 | Organization is in the process of establishing a long-term financial sustainability mechanism. |
| 1 | Organization has not begun to establish any long-term financial sustainability mechanism. |

Comments: _____

F: FINANCIAL MANAGEMENT

While successful resource generation is often viewed as the key element in an institution’s financial development, it is equally important for an organization to establish a corresponding financial management system to administer those funds. The system should enable the organization to generate financial reports in a timely fashion and adapt reporting formats to respond to varying donor preferences in format and frequency. Internal financial controls should facilitate successful external annual audits to ensure donors and the general public are confident their funds are being properly handled. Comprehensive and up-to-date record keeping facilitates the aforementioned processes and assures institutional memory and transparency.

F.1: Accounting Systems

| | |
|---|--|
| 5 | Organization has sound and up-to-date financial information, which is used daily to allocate resources and implement projects. |
| 4 | Organization has sound financial information that is updated monthly and used to allocate resources and implement projects. |
| 3 | Organization’s financial information is updated quarterly and used in allocate most resources and implement most projects. |
| 2 | Financial information is often out of date and of limited value to making decisions. |
| 1 | Consolidated financial information does not exist. |

Comments: _____

F.2: Cash Flow & Solvency

| | |
|---|---|
| 5 | Organization has finished in the black for at least three years. Cash flow calculated at least quarterly. |
|---|---|

| | |
|---|---|
| 4 | Organization has finished in the black the last two years. Cash flow calculated at least quarterly. |
| 3 | Organization finished in the black last year. Cash flow calculated at least quarterly. |
| 2 | Organization has finished in the red several times in the past five years. Monitoring and managing cash flow is a problem. |
| 1 | Organization is financially unstable with significant operational debt, possibly due in part to poor cash flow management and monitoring. |

Comments: _____

F.3: Internal Financial Reporting

| | |
|---|--|
| 5 | Accurate, clear comprehensive financial statements showing cumulative actual income and expenditures versus budgets are produced and circulated monthly. |
| 4 | Accurate, clear comprehensive financial statements are produced and circulated quarterly. Can be produced quickly on demand by staff. |
| 3 | Accurate, clear comprehensive financial statements produced quarterly but not circulated. |
| 2 | Some financial statements showing cumulative actual income and expenditures versus budget produced but not circulated |
| 1 | Regular financial statements are not produced. Only the Director have some idea of the Organization's finances |

Comments: _____

F.4: External Financial Reporting

| | |
|---|--|
| 5 | Financial reports for external review are completed and delivered on time and utilized regularly for decision making. Financial Reports are included in the organization's Annual Report and are published annually. |
| 4 | Financial reports for external review are completed and delivered on time, and occasionally utilized for decision making. |
| 3 | Financial reports for external review are usually completed and delivered on time. |
| 2 | Financial reports and statements for external review are often incomplete or delivered late. |
| 1 | Financial reports and statements produced sporadically for internal use only. |

Comments: _____

F.5: External Oversight (Audits)

| | |
|---|---|
| 5 | Internal and external audits conducted on a periodic basis and all recommendations fully implemented. |
| 4 | Internal and external audits conducted on a periodic basis; recommendations partially implemented. |
| 3 | Internal and external audits conducted on a periodic basis. |
| 2 | Only internal audits conducted. |
| 1 | No internal or external audit or formal review of the organization's financial statements conducted |

Comments: _____

G: CONSTITUENCY BUILDING/OUTREACH

No organization can operate effectively in isolation. Organizational effectiveness increasingly depends on the ability to establish mutually beneficial relations with external entities, including other organizations, governmental agencies, NGOs, academic institutions, the media, community-based groups, coalitions, and the private sector. The strategic plan should reflect such alliances in the form of a communication and/or marketing strategy.

G.1: Legitimacy

| | |
|---|--|
| 5 | Organization is highly respected by a diverse array of actors and the events it convenes attract a high degree of attention. |
| 4 | Organization is generally well respected by various actors and the events it convenes generally attract attention. |
| 3 | Organization is moderately respected by some actors and the events it convenes attract some degree of attention. |
| 2 | Organization is respected by few of the actors and the events it convenes attract relatively little attention. |
| 1 | Organization is not well respected by actors and the events it convenes attract little or no attention. |

Comments: _____

G. 2: Working Relations with Other Organizations

| | |
|---|---|
| 5 | Organization has long-standing working relations and/or joint projects with a variety of strategic partner organizations. |
| 4 | Organization has working relations and/or ongoing joint projects with several strategic partner organizations. |
| 3 | Organization has working relations, and at least one ongoing joint project with other organizations. |
| 2 | Organization occasionally engages in alliances and projects with other organizations on an ad-hoc basis. |
| 1 | Organization seldom collaborates with other organizations |

Comments: _____

G.3: Government Relations

| | |
|---|---|
| 5 | Organization has constructive working relations with relevant governmental agencies at various levels, and regularly participates in official events. |
| 4 | Organization has generally constructive working relations with relevant governmental agencies and participates in official events. |
| 3 | Organization has working relationships with some relevant governmental agencies and occasionally participates in official events. |
| 2 | Organization has few working relations with some relevant governmental agencies and rarely participate in official events. |
| 1 | Organization has no strategic working relations with relevant governmental agencies and does not participate in official events. |

Comments: _____

G.4: Press/Media Relations

| | |
|---|---|
| 5 | Organization achieves permanent, regular favorable coverage in local press/media on an ongoing basis. |
| 4 | Organization initiates media strategy to receive favorable coverage in local press/media regularly. |
| 3 | Organization takes active steps to gain favorable coverage in local press/media occasionally. |
| 2 | Organization obtains some favorable coverage in local press/media on a random basis. |
| 1 | Organization has no significant coverage in local press/media. |

Comments: _____

H: PROGRAMMATIC CAPACITY

An organization's projects demonstrate the degree to which it is putting its stated mission into action. It is here where organizations that have created a true culture of planning at all levels – strategic, financial, and operational – prove the value they propose to add to civil society in their respective countries. Conversely, organizations that say they focus on a certain mission, yet implement projects in other areas (usually based on available funding opportunities) become all too apparent, sooner or later, to donors, beneficiaries, strategic allies, and the general public. Effective organizations also develop the capacity to monitor their projects' progress and can make mid-course corrections as circumstances change.

H.1: Project or Program Identification and Planning

| | |
|---|--|
| 5 | Organization has a coherent set of projects/programs that are in line with its mission, which it manages professionally, delivering relevant and concrete project results. |
| 4 | Organization has a reasonably coherent set of projects/programs generally in line with its mission, most of which it manages professionally, delivering largely relevant and concrete project results. |
| 3 | Organization has a set of projects/programs not out of line with its mission, some of which it manages professionally, delivering occasionally relevant and concrete project results |
| 2 | Organization has a set of projects/programs that often diverge from its mission, many of which it does not manage professionally, rarely delivering relevant and concrete project results |
| 1 | Organization has a set of projects/programs that are often inconsistent with its mission, most of which it does not manage professionally, rarely if ever delivering relevant and concrete project results |

Comments: _____

H.2: Program Management

| | |
|---|---|
| 5 | Organization demonstrates <i>consistent</i> quality in project implementation; it <i>always</i> monitors progress towards objectives and makes mid-project adjustments. |
| 4 | Organization demonstrates <i>consistent</i> quality in project implementation; it <i>frequently</i> monitors progress towards objectives and makes mid-project adjustments. |
| 3 | Organization demonstrates <i>fairly consistent</i> quality in project implementation; it <i>sometimes</i> monitors progress towards objectives and makes mid-project adjustments. |
| 2 | Organization demonstrates <i>inconsistent</i> quality in project implementation; it <i>occasionally</i> monitors progress towards objectives and makes mid-project adjustments. |
| 1 | Organization demonstrates <i>poor</i> quality in project implementation; it <i>rarely</i> monitors progress towards objectives and makes mid-project adjustments. |

Comments: _____

H.3: Monitoring Progress and Impact

| | |
|---|--|
| 5 | Organization <i>fully capable</i> of evaluating the impact, relevance and scale of its programs and its project beneficiaries. |
| 4 | Organization <i>generally capable</i> of evaluating the impact, relevance and scale of its programs and its project beneficiaries. |
| 3 | Organization <i>sometimes capable</i> of evaluating the impact, relevance and scale of its programs and its project beneficiaries. |
| 2 | Organization <i>has difficulty</i> evaluating the impact, relevance and scale of its programs and its project beneficiaries. |
| 1 | Organization <i>incapable</i> of evaluating the impact, relevance and scale of its programs and its project beneficiaries. |

Comments: _____

Appendix IV: Contract Agreement template (EE and Grant Recipient)

Below is a contract template, *in green* the information that needs to be completed as per the specific project.

Contract between: *Executing Entity (EE)* and Grant Recipient

Project Title: _____

Introduction: The *EE* will make available to the **Organization a** Contract for the amount not to exceed **\$AMOUNT (USD)**. The funds for this contract are budgeted under a grant to the *EE* from the Green Climate Fund (GCF) Enhanced Direct Access Program titled “*Ecosystem-based Adaptation (EbA) for Reducing Community Vulnerability to Climate Change in Northern Pacific Small Island Developing States (SIDS)*”.

Brief description of the project under this program

1 Project period: *Dates*

2 Scope of Work and Budget:

2.1. This Contract is to implement the scope of activities as detailed in the attached sub-project *Workplan*.

2.2. The budget is as follows:

Details of the budget for the grant (breakdown of activities and amounts)

3 Contract Amount, Conditions and Mode of Disbursements

3.1. On the basis of the budget agreed upon between *EE* and the Grantee, the ceiling amount approved to accomplish project activities corresponds to an amount of **\$AMOUNT (USD)**. Bank charges, where applicable, will be borne by the Grantee. Payments shall be deposited in the Grantees bank account, details of which are as follows:

Bank name:

Branch name:

Account Name:

Account No.:

Address:

(Bank name must be the same as the Grantee’s name above)

Alternatively, the Executing Entity can mail a check via registered mail to your postal address.

3.2. The EE shall pay the Grantee a total amount of **\$AMOUNT (USD)** for the proper and satisfactory performance of the Grantees services and upon submission of the deliverables outlined in Section 2.1. The following is the payment and reporting schedule:

| Deliverable | Reporting Due | Date | Payment |
|-------------|---------------|------|---------|
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4 Reporting requirements

- 4.1. The Grantee is to provide to the **EE** the deliverables described in detail in the *Workplan* and according to the above schedule in section 3.2.
- 4.2. The Grantee agrees to make all reasonable modifications and corrections to the work product requested by the **EE** without additional compensation, so long as the requested modifications and corrections fall within the Scope of Activities.
- 4.3. The EE encourages timely submission of deliverables. The EE reserves the right to permanently withhold \$10/day for late reports, exceeding 5 days from the due dates of reports as outlined in the above schedule.
- 4.4. Reports exceeding 10 days from the due dates of reports as outlined in the above schedule will be considered as non-submission of report and will constitute a breach of this contract, as per section 5.7.

5 General Terms and Conditions

This contract shall be governed by the following general terms and conditions:

- 5.1. The Grantee shall not have authority to act and shall not make any commitment on behalf of the **EE**, except when such authority shall be conferred in writing by **EE**.
- 5.2. The Grantee shall conform to all laws, regulations and local customs governing his/her conduct in the place of assignment.
- 5.3. The Grantee shall not improperly disclose any of the trade secrets, restricted or confidential information of **EE**.
- 5.4. The Grantee understands that confidential information includes, but is not limited to, computer programs and procedures that he/she has established or used during his/her assignment. This obligation shall not be limited to the term of this contract. All documents that the Grantee prepares or confidential information or programs (including but not limited to, computer programs and computer-related information systems, designs, or models) that might be given to him/her in the course of his/her assignment shall remain in **EE's** possession on the premises upon completion of each assignment. Under no circumstances shall any information or document be utilized or commercialized without **EE's** consent.
- 5.5. **EEs** may terminate this agreement with or without cause provided fifteen days prior notice in the following cases:
 - 5.5.1 If the Grantee does not perform all of the duties required of him/her to the full and complete satisfaction of **EE**.
 - 5.5.2 If the Grantee is in breach of any of the terms and conditions of this contract.
 - 5.5.3 If the Grantee violates any rule of conduct governing **EE's staff**.
 - 5.5.4 If, because of ill health, physical or mental disability, or for any other cause, the Grantee is unable or unwilling to perform his/her duties hereunder for twenty (20) days or more, either consecutive or not.
 - 5.5.5 If there is any circumstance arising that will substantially change the capacity of **EE** provide the grant funds for the Grantee's services during the contract term, this Contract may be suspended or terminated in whole or in part by **EE** upon consultation with and prior written notice to the Grantee.
- 5.6. In the event of termination of the Contract, as aforesaid, the Grantee shall be entitled to be paid for all work properly performed up to the time the notice of termination is given by **EE**.
- 5.7. The Contract shall be governed by and interpreted in accordance with the laws of the **country (select: Federated States of Micronesia, Palau and the Republic of the Marshall Islands)**.

- 5.8. This Contract represents and constitutes the entire agreement between the parties. It shall not be justified, modified, or contradicted by prior or contemporaneous negotiations, representations or agreements, either written or oral. This Contract may be amended only by written means signed by each party.
- 5.9. Compliance with anti-terrorism laws: The Grantee agrees that he/she will use any funds received under this Contract in compliance with all applicable antiterrorist financing and asset control laws, regulations, rules, and executive orders including, but not limited to the USA Patriot Act of 2001 and Executive Order 13224.
- 5.10. Certification for Conflict-of-Interest Determination: There should be no business transactions between **EE** and any Consultant or Related Party, involving a conflict between the duty of the Consultant to **EE** and the self-interest of the Consultant or Related Party. Consultants or Related Parties of **EE** should avoid all situations, which affect, or might be likely to affect, their undivided loyalty and interest in serving **EE**. No Consultant or Related Party of Executing Entity his/her dealings on behalf of this Contract, should realize any profit or benefit for himself/herself, or secure gain apart from his/her remuneration from **EE**.
- 5.11. **EE** retains the right to inspect at any time all documents, records pertaining to the project funded under this Contract and the Grantee agrees to make available all such records, documents upon request by **EE**. The Grantee also undertakes to keep original records and documents for 7 years.
- 5.12. The Grantee undertakes to implement a policy of zero tolerance to discrimination based on national origin, gender, color, religion, belief, sexual orientation, or age.
- 5.13. Any contract between the Grantee and a sub-Grantee or a consultant for the implementation of the project does not give the right to any of those sub-Grantee to claim directly to **EE** for any kind of payment. It is understood that the contractual relationship of those sub-Grantee is exclusively with the Grantee. Furthermore, **EE** will not be held responsible for any negative impact due to the inadequacy of the Grantee.
- 5.14. The Grantee is not allowed to use funds for the carrying on of propaganda, participation in or intervention in (including the publishing or distribution of statements concerning) any political campaign on behalf of (or in opposition to) any candidate for public office.
- 5.15. None of the Parties to this Contract have the authority to create any obligations, expressly or implied, on behalf of the other.
- 5.16. Each Party shall promptly inform the other if there is a change of main office, mailing address or telephone numbers. The notice shall be deemed given on receipt.
- 5.17. In the case that a project is not progressing according to the agreed-upon timeline, the Grantee must notify **EE** as soon as possible. If an extension is necessary, a formal request must be submitted to **EE** in writing as soon as possible, and no later than 90 days (May 30th, 2020) prior to the end of the project term. Extensions are not guaranteed and will be determined based on evaluation of legitimate extenuating circumstances.

6 Correspondence and Notice

- 6.1. The Grantee will direct all correspondence, activity reports and financial reports to **EE's point of contact**. The individual authorized to sign modifications on behalf of **EEs**.
- 6.2. **Grantee's point of contact/responsible**.
- 6.3. Correspondence and Notices shall be addressed as follows.
 - 6.3.1 To Executing Entity: **include email, address, person of contact**.

- 7 **Prohibition Ineligibility or Suspension:** In accepting this Contract, the Grantee's signature on this Contract certifies that neither the Grantee nor any of its officers or managers have been convicted by a court of law of any offence, criminal or otherwise or are currently involved in such a process.

8 Business Ethics

- 8.1. Both **Executing Entity (EE)** and Grantee shall uphold the highest standards of business ethics in the performance of this Contract.

- 8.2. Neither Party shall knowingly involve itself in any business in connection with, or use information arising from this Contract, in a manner with conflicts with the interests of the other party.
- 8.3. **The Executing Entity** shall ensure that its employees and Grantee shall participate in the Anti-fraud, Bribery and Corruption; other ethical and compliance; governance and accounting internal controls; procurement; supply chain management and other training and instruction sessions and programs provided by EEs from time to time aimed to assist the Grantee build its capacity and demonstrate compliance with the anti-corruption provisions.

Appendices:

Appendix I: Workplan

I/We hereby agree to the terms and conditions of this Contract.

Signature

Appendix I – Workplan

Include Workplan including scope of work.

Appendix V: Exclusionary Criteria

The EDA programme will focus on developing priority EbA projects focused on one or more of 10 key priority areas (please refer to Part 9 of the Pre-feasibility study Annex 2 of the funding proposal). There are, however, 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 C. Any sub-grant that is determined to be a Category A or a Category B project will automatically be excluded.

The GESS officer will screen each sub-project against the exclusionary criteria list. The SGF will not be used to directly or indirectly fund activities that¹³:

- 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 degrades water quality.
- Contaminate a public water supply.
- Substantially degrade or deplete ground water resources.
- Interfere substantially with ground water recharge.
- Extend a sewer line with capacity to serve new development.
- Encourage activities which result in the use of large amounts of fuel, water, or energy.
- Use fuel, water, or energy in a wasteful manner.
- Disrupt or adversely affect an archaeological site or a property of historic or cultural significance.
- Induce substantial growth or concentration of population.
- Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system.
- Displace 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.
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- 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.

¹³ This is an indicative list and will be refined, validated, and approved by the Regional Grants Committee prior to the launch of the SGF.

- Relate to the extraction or depletion of non-renewable natural resources.
- Cause involuntary resettlement of people or the removal or alteration of any physical cultural assets and property.
- Raise issues pertaining to land tenure from a legal perspective.
- Potential temporary or permanent economic displacement issues due to land use changes.
- Unfair or illegal use of land, or failure to comply with local, customary, and national land tenure laws and provisions.
- Result in any net loss of biodiversity, or which have any anticipated negative impacts on any habitats which are deemed “critical”.
- Are not legally permitted.
- Are inconsistent with any government-recognized management plans for such areas.
- Have not demonstrated that stakeholders, including affected communities, in protected areas have been consulted on the proposed subproject.

These criteria are meant to be an initial indicative list based on the FSM Environmental Impact Assessment Regulations, the RMI Environmental Impact Assessment Regulations, and the Palau EA and EIS Regulations Implementation Guidance Manual. As such, it may be amended upon the recommendation of the External Technical Advisory Body and approved by the Grants Committee at the start of programme implementation. Any amendments will be presented to the GCF for approval and documented in the relevant reporting cycles.

