

Simplified Approval Process

Annex 12: Environmental and social action plan





Annex 12: Environmental and Social (E&S) Action Plan



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1. Overview

This Environmental and Social Action Plan (ESAP) has been developed to support the design of the proposed Green Climate Fund (GCF) Enhanced Direct Access (EDA) programme: Ecosystem-based Adaptation (EbA) for Reducing Community Vulnerability to Climate Change in Northern Pacific Small Island Developing States (SIDS). The Micronesia Conservation Trust (MCT) is the Accredited Entity (AE) and will manage the project as a regional Direct Access Entity (DAE), with three national-level funding mechanisms embedded in each country: Federated States of Micronesia (FSM) (the Micronesia Conservation Trust); Republic of Palau (the Protected Areas Network Fund); and, Republic of Marshall Islands (RMI) (the MIMRA).

The primary objective of the ESAP is to provide an overview of the country context for environmental and social risk assessment for each target country, detail the specific environmental and social risks associated with the proposed EDA programme, and summarize the key risks for sub-grant activities, mitigation planning for those risks, the parties responsible, the cost, and the expected results.

2. Programme Overview

The proposed regional programme targets three northern Pacific Countries, FSM, Palau, and RMI, each of whom face a variety of challenges from the impacts of climate change. Specific vulnerabilities to climate change and its effects varies significantly within the broader northern Pacific, and even community to community. The proposed programme aims to deliver strengthened ecosystems and communities through ecosystem-based solutions utilizing an EDA SAP format. The programme will do so through three main outcomes:

- **Component 1:** Enhanced capacity of local entities and communities to deliver EbA adaptation measures
- **Component 2:** Improved ecosystem services and community resilience through locally-led EbA adaptation measures
- **Component 3:** Improved knowledge management, applied learning (KMAL) and regional cooperation on locally-led EbA measures

3. Summary Country-Level Environmental Laws

Each of the target countries in the proposed programme, Palau, FSM and RMI have their own laws, regulations, and policies governing use and engagement with the environment and natural resources. A summary of the relevant legislation and policies for each target country can be found in the following section.

3.1. Palau

The Preamble to the Constitution refers to the need to protect the environment, by reaffirming Palau's need to protect its traditional heritage as a constitutional priority. Moreover, environmental protection and biodiversity conservation are also key provisions in the Constitution.¹ These include:

- bilateral and international agreements concerning toxic chemical, nuclear, gas or biological weapons intended for warfare must be approved by more than three quarters of the population at a referendum and no less than two-thirds of the members of each house of the Olbiil Era Kelulau (OEK); and
- responsibility of the national government to implement national policies to promote "conservation of a beautiful, healthy and resourceful natural environment". The Palau government structure consists of the national government and 16 state governments with respective legislative and executive powers.

While the Constitution makes "statutes and traditional law....equally authoritative" it also states that when statute and customary law conflict, statute prevails only to the extent that it does not conflict with the "underlying principles of traditional law".

The Palau National Code (PNC) consists of a combination of laws passed by National Congress and represents the colonial law implemented under a succession of Spanish, German, Japanese and American (such as the Clean Water Act) administrations, and the law more recently promulgated during the period Palau was administered as a Trust Territory of the Pacific Islands. Since the adoption of the PNC, many additional laws have been enacted and are yet to be incorporated into the PNC. The PNC, adopted by the OEK in 1985 codifies all national law applicable to Palau. The Code is a combination of:

- Laws of the U.S. specifically made applicable to Palau;
- The laws of the Palau District Code (a compilation of those of laws of the Palau Legislature in effect in the Palau District in March 1971);
- The Trust Territory Code (a compilation and codification of the laws of the Congress of Micronesia in effect throughout the Trust territory);
- The laws of the 5th, 6th and 7th Palau Legislature; and
- The Republic of Palau's Public Laws of the OEK.

Title 1, Chapter 3, section 301 (Application of Legal Authority) of the PNC also gives effect of law in Palau to:

¹ SPREP Legislative Review 2018; Available at: <https://www.sprep.org/attachments/Publications/EMG/sprep-legislative-review-palau.pdf>

- The U.N. trusteeship Agreement;
- The law of the U.S. that are applicable to Palau, including Executive Orders of the President of the U.S. and the Orders of the Secretary of the Interior;
- Laws of the Trust Territory and amendments to them, to the extent that they have not been repealed by the OEK;
- District Orders and Emergency District Orders promulgated by the District Administrator of the Palau District and in accordance to the Trust Territory Code;
- The Acts of the OEK; and
- State Law.

The three divisions most related to environmental preservation and protection include:

Division 1	<p>Environmental Quality</p> <ul style="list-style-type: none"> • Encompasses the <i>Environmental Quality Protection Act</i>. • Provides for the establishment, functions and operation of the Palau Environmental Quality Protection Board (EQPB).
Division 2	<p>Wildlife Protection</p> <ul style="list-style-type: none"> • Provides framework legislation concerning endangered species and includes an Endangered Species Act (Chapter 10, a former Trust Territory Act) providing for both animal and plant endangered species. Protected sea-life sub chapters include turtles, sponges, pearl shell, dugong, trochus and clams. • Chapter 13 deals with illegal fishing methods, including the use of explosives, poisons and chemicals. • Chapter 14 covers protected land life which is restricted to the conservation of birds (with the exception of four species).
Division 3	<p>Preserves and Protected Areas</p> <ul style="list-style-type: none"> • Covers the only two legally protected areas in Palau, the Ngerukewid Islands Wildlife Reserve and the Ngerumekaol Spawning Area.

Figure 1: Environmental Protection Divisions in Palau

The EQPB's main function is to produce a yearly environmental quality report for the preceding calendar year to transmit to the President. It is stated that the report shall set forth:

- The status and condition of the major natural, man-made, or altered environmental classes of the Republic (air, marine, freshwater and terrestrial environment as forests, mangroves, beaches, reefs, dryland, wetland, urban and rural environment);

- Current and foreseeable trends in the quality, management and utilization of such Environments;
- The adequacy of available natural resources for fulfilling human and economic requirements;
- A review of the programs and activities (including regulatory activities) of the national government, state governments, and nongovernmental entities or individuals, with particular reference to their effect on the environment, the conservation, development and utilization of natural resources; and
- A program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation.

The Board is also responsible for:

- Managing water resources by promulgating and enforcing ad hoc regulations for the purposes of the United States Safe Drinking Water Act, and to promulgate and enforce nuclear and other hazardous wastes regulations; and
- administration (and development) of a permit system for the discharge and use of air, land or water pollutants, as for the issuance of experimental use permits for pesticides. Environmental Impact Statement Regulations (Title 24, Division 1, Chapter 1, Subchapter III PNC)

Ultimately, the Environmental Impact Statement Regulations establish general standards for the environmental review of projects to ensure that environmental concerns are given appropriate consideration in decision making, together with economic and technical considerations. The Environmental Quality Board (EQB) gives further meaning to provisions of the Environmental Quality Protection Act of Palau by providing agencies and persons with procedures, specifications of contents and other rules regarding the preparation, filling and distribution of Environmental Impact Statements.

3.2. Federated States of Micronesia (FSM)

The FSM Constitution provides a high-level framework for environmental compliance in FSM including the following general provisions:²

- **Preamble.** States, in part, “[t]o make one nation of many islands, we respect the diversity of our cultures. Our differences enrich us. The seas bring us together, they do not separate us. Our islands sustain us, our island nation enlarges us and

² SPREP Legislative Review 2018; Available at: <https://www.sprep.org/attachments/Publications/EMG/sprep-legislative-review-fsm.pdf>

makes us stronger.” Article XIII Contains additional provisions, including some that relate to the environment.

- **Section 2.** Provides that “radioactive, toxic chemical, or other harmful substances may not be tested, stored, used, or disposed of within the jurisdiction of the Federated States of Micronesia without the express approval of the national government of the Federated States of Micronesia.”
- **Section 4.** In terms of land use, “[a] noncitizen, or a corporation not wholly owned by citizens, may not acquire title to land or waters in Micronesia.”
- **Section 5.** Prohibits a lease agreement for the use of land for an indefinite term by a noncitizen, a corporation not wholly owned by citizens, or any government is prohibited.
- **Section 113 of the General Provisions [Title 1].** Empowers the High Commissioner to restrict or forbid non-citizens from acquiring interests in real property and in business enterprises.

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

- **Chuuk** – Article XI of the Chuuk Constitution requires the legislature to “provide by law for the development and enforcement of standards of environmental quality, and for the establishment of an independent State agency vested with responsibility for environmental matters.” Article XI of the Chuuk Constitution also gives the State Government the power to take an interest in land for public interest purposes subject to negotiations and the payment of compensation.
- **Kosrae** – Article XI of the Kosrae Constitution addresses land and environment matters. It grants the people the right to “a healthful, clean and stable environment”. The State government is required to “by law protect the State’s environment, ecology, and natural resources from impairment in the public interest.” The Constitution prohibits nuclear, chemical, gas or biological weapons and hazardous radioactive material being in the State. The Constitution provides “[t]he waters, land, and other natural resources within the marine space of the State are public property, the use of which the State Government shall regulate by law in the public interest...” Rivers and streams may be designated by law as public property for use in the public interest. The State Government may acquire land for public purposes without the interested parties’ consent, subject to the payment of fair compensation and good faith attempt at negotiation. Title to State land may only be acquired by Micronesian citizens who are Kosraean by descent.

- **Pohnpei** – Under the Pohnpei Constitution, the State Governor must establish and administer “comprehensive plans for the conservation of natural resources and the protection of the environment”. Article 12 states that only Ponapean citizens, who are also pwilidak of Pohnpei, may acquire a permanent interest in real property. The Constitution also prohibits leases of more than 25 years and indefinite land-use agreements. The Government of Pohnpei may acquire land for public purposes following consultation with local government, owners and an offer for payment of a purchase price or compensation. Article 13 of the Pohnpei Constitution prohibits the introduction, storage, use, test and disposal of nuclear, chemical, gas and biological weapons, nuclear power plants and related waste materials from Pohnpei.
- **Yap** – The Yap Constitution states that the “state Government may provide for the protection, conservation and sustainable development of agricultural, marine, mineral, forest, water, land and other natural resources.” It also prohibits testing, storing, using or disposing of radioactive and nuclear substances within the State. Land ownership and uses are restricted under the Yap Constitution. The State recognizes traditional rights and ownership of natural resources and areas within the marine space of the State up to 12 miles from island baselines.

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

1. **Chapter 5/Subtitle 1:** This subtitle sets out Micronesia’s public policy on the environment. Section 102 provides: “It is the policy of the Federated States of Micronesia to use all practicable means, consistent with other considerations of national policy, to improve and coordinate governmental plans, functions, programs, and resources to the end that the inhabitants of the Federated States of Micronesia may: (a) fulfil the responsibilities for each generation as trustee of the environment for succeeding generations; (b) enjoy safe, healthful, productive, and aesthetical and culturally pleasing surroundings; (c) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable or unintended consequences; (d) preserve important historic, cultural, and natural aspects of our Micronesian heritage, and maintain, wherever possible, an environment which supports diversity and variety of individual choice; and (e) remain responsible members of the global community by complying with the international legal obligations accepted by the Federated States of Micronesia upon ratifying or acceding to international environment agreements.”
2. **Chapter 6/Subtitle 2:** Section 208 states that the Director of the Office of Environment and Emergency Management must provide an annual environmental quality report to the President and Congress. This Act establishes the Environmental Protection Office with the following roles as set out in section 209:

“The Office shall have the power and duty to protect the environment, human health, welfare, and safety and to abate, control, and prohibit pollution or contamination of air, land, and water in accordance with this subtitle and with the regulations adopted and promulgated pursuant to this subtitle, including measures undertaken to prohibit or regulate the testing, storage, use, disposal, import and export of radioactive, toxic chemical, or other harmful substances. The Office shall balance the needs of economic and social development with those of environmental quality and shall adopt regulations and pursue policies which, to the maximum extent possible, promote both these needs and the policies set forth in section 102 of this subtitle”. Section 210 grants the Environmental Protection Office a number of powers and duties in order to achieve the purposes set out in section 209. For example, the Environmental Protection Office may create regulations to implement international environment treaties, collect fees for permits or licences, administer nationwide programs “for the protection of the environment, human health, welfare and safety” of Micronesia.

3. **Chapter 7/Subtitle 3:** This deals with enforcement and environmental impact assessment. Importantly, section 302 states that: “(1) Any person, prior to taking any action that may significantly affect the quality of the environment within the Exclusive Economic Zone of the Federated States of Micronesia, or within the boundaries of the National Capital Complex at Palikir, must submit an environmental impact statement to the Director, in accordance with regulations established by the Director. (2) The environmental impact statements required by subsection (1) of this section are public documents, and must include a detailed statement on: (a) the environmental impact of the proposed action; (b) any adverse environmental effects which cannot be avoided should the proposal be implemented; (c) the alternatives to the proposed action; (d) the relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity; and (e) any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented.”

FSM also provides regulations specific to Environmental Impact Assessments.³ The Environmental Impact Assessment (ESIA) process is intended to help the general public and government officials make decisions with the understanding of the environmental consequences of their decisions, and take actions consistent with the goal of protecting, restoring, and enhancing the environment. However, given the expected negligible impact and negligible risk activities for the present project, this ESIA process will not be

³ FSM Environmental Impact Assessment Regulations; Available at: <http://www.fsmlaw.org/fsm/regulations/envimp.htm>

triggered, but it does provide some context for how E&S considerations are handled in FSM.

3.3. Republic of the Marshall Islands (RMI)

The Preamble to the RMI Constitution states⁴:

“We have reason to be proud of our forefathers who boldly ventured across the unknown waters of the vast Pacific Ocean many centuries ago, ably responding to the constant challenges of maintaining a bare existence on these tiny islands, in their noble quest to build their own distinctive society. This society has survived, and has withstood the test of time, the impact of other cultures, the devastation of war, and the high price paid for the purposes of international peace and security. All we have and are today as a people, we have received as a sacred heritage which we pledge ourselves to safeguard and maintain, valuing nothing more dearly than our rightful home on the islands within the traditional boundaries of this archipelago.”

The Ministry of Health and Environment, the Ministry of Natural Resources and the Ministry of Internal and Social Affairs assume primary responsibility for environmental issues. However, the **RMI Climate Change Directorate (CCD) is the national entity** charged with leading Climate Change work in the Republic. The CCD’s mandate is to assist RMI to strengthen its institutional and procedural mechanisms to meet its climate change obligations through an inclusive and participatory approach based on good governance; knowledge sharing; and proactive communities to build resilience and adapt to the changing climate⁵. The CCD serves as an advisory body to the Office of the President, Cabinet and the Ministries and government agencies on matters related to environmental planning and policy generally. It is the national focal point in the coordination, management and implementation of all international environmental projects and programs.

RMI has been actively involved in regional initiatives responding to the challenges posed by climate change, for example:

- Pacific Islands Framework for Action on Climate Change (PIFACC) 2006-2015
- Pacific Regional Environment Program Strategic Plan 2011-2015
- Pacific Adaptation to Climate Change Project (PACC) 2009-2013.
- Micronesia Challenge Conservation Program 2006.

⁴ SPREP Environmental Law Guidebook 2015; Available at:

https://www.sprep.org/attachments/Publications/EMG/RMI_Env_Law_Guidebook_Eng.pdf

⁵ RMI, GCF Country Programme (April 2021): <https://www.greenclimate.fund/sites/default/files/document/marshall-islands-country-programme.pdf>

An example of action taken by the Government in support of its international obligations is the passing of the Ozone Layer Protection Regulations 2004, which were promulgated to implement RMI's commitment to implement the 1985 Vienna Convention for the Protection of the Ozone Layer and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. In addition, the Government is also taking an active role internationally on climate change issues through the international forums provided for under the 1992 United Nations Framework Convention on Climate Change and has appeared before the United Nations Security Council to argue that the climate change is an issue that threatens global security and should be placed on the agenda of the Security Council.

There is a deep respect for **customary law and recognition of traditional management structures** is embodied throughout the Constitution. The preamble of the Constitution also speaks of the Marshellese pride in "their own distinctive society". Consistent with the intent to preserve certain Marshallese traditional practices, the Constitution provides for the establishment of a Council of Iroji (consisting of 12 Paramount Chiefs), which serves as an advisory body to Cabinet. Its main role is to consider any Nitijela Bill which affects customary law, traditional practice, land tenure and related matters. Section 2 of article X of the Constitution also provides that the Nitijela has the power to declare, by an Act, the customary law in RMI. This codification may include any provisions which "are necessary or desirable to supplement the established rules of customary law or to take into account any traditional practice".

The key environmental statute is the **National Environmental Protection Act 1984**, which established the RMI Environmental Protection Authority. As will be discussed below, there are other environmental institutions that also manage the environment in RMI, including the Marshall Islands Marine Resources Authority (MIMRA) and the Office of Environmental Planning and Policy Coordination (OEPPC).

4. MCT's Environmental and Social Safeguard Policy and Principles

4.1. Policy Statement

MCT's Environmental and Social (E&S) Safeguards Policy is adopted to ensure that adverse environmental and social impacts are avoided or, when unavoidable, minimized and appropriately mitigated and/or compensated.

A key principle of MCT's E&S Safeguards Policy is to prevent, minimize and mitigate any harm to the environment and to people by incorporating environmental and social concerns as an intrinsic part throughout MCT's project cycle. MCT is committed to the principle of "do no harm"; as such, MCT is committed to ensuring that both E&S and

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 MCT projects will comply with applicable national and international laws for all countries of implementation.

Social and environmental sustainability are fundamental to the achievement of MCT's mission "To provide sustainable financing and support for biodiversity conservation, related sustainable development and environmental education." and shall be mainstreamed into MCT's project management cycle. Opportunities to strengthen environmental and social sustainability shall be identified at the earliest stage of project design, realised through implementation, and tracked through monitoring and evaluation.

MCT projects adhere to the objectives and requirements of its Environmental and Social Principles. In so doing, they will seek to i) strengthen the social and environmental outcomes of projects; ii) avoid adverse impacts where possible, and where unavoidable, apply the mitigation hierarchy of minimisation, mitigation and compensation / offset; and iii) strengthen MCT and its executing entities, grantees, sub-grantees and partners' capacity for managing social and environmental risks and impacts.

MCT will only support projects which comply with national law and obligations under international law, and will apply the more stringent standard. MCT will work in a collaborative manner with regional, national, and local partners.

MCT will ensure that grievance mechanisms are in place so that individuals and communities potentially affected by MCT supported programmes have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of a project.

4.2. Environmental and Social Safeguard Principles

MCT's social and environmental safeguard principles have been developed to meet the intent of the GCF as well as the 2012 International Finance Corporation (IFC) Performance Standards. While the Principles adopted align with IFC's performance standards they have been modified to suit the needs and scale of MCT's projects, programs, and activities.

Principle 1: Human Rights

MCT recognizes the centrality of human rights to sustainable development and ensuring fair distribution of development opportunities and benefits. MCT shall both refrain from providing support for activities that may contribute to violations of a State's human rights

obligations and the core international human rights, treaties, and seek to support the protection and fulfilment of human rights. Projects will not exacerbate existing inequalities, particularly with reference to marginalized or vulnerable groups. MCT will uphold the principles of accountability and the rule of law, participation and inclusion, and equality and non-discrimination. MCT will also ensure the meaningful, effective and informed participation of stakeholders in the formulation, implementation, monitoring and evaluation of its activities.

Principle 2: Gender

MCT supported projects and activities will be gender-responsive in their design and implementation. The different needs, constraints, contributions and priorities of women, men, girls and boys will be identified and built into MCT's programming. MCT supported projects will ensure that both women and men are able to participate meaningfully and equitably, have equitable access to project resources, and receive comparable social and economic benefits. In addition, MCT is committed to the prevention and mitigation of SEAH risks and impacts. Detailed SEAH and GBV considerations have been identified in Annex 4 of the FP, and will be incorporated into project design and implementation. Overall, MCT will not tolerate, encourage, participate in, or even engage in any form of SEAH in all programme activities.

Principle 3: Child Protection

MCT is committed to protecting children from exploitation and abuse of all kinds in all of its programme and project activities as outlined in MCT's *Child Protection Policy* (June 2014). MCT applies a zero-tolerance approach to child exploitation and abuse and will not knowingly engage – directly or indirectly – anyone who poses an unacceptable risk to children. A risk-based approach will be used to assess all activities which have contact with children. If high-risk activities are undertaken, steps will be undertaken and documented to reduce or remove these risks.

In addition, and aligned with the GCF's SEAH policy, MCT does not and will not condone any sexual activity with children as defined in Article 1 of the United Nations Convention on the Rights of the Child, or any national regulations within each of the target countries pertaining to the rights of children. Any such activity constitutes sexual exploitation or harassment, for which MCT has a zero-tolerance policy.

Principle 4: Climate Change

MCT will not support any projects which result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

Principle 5: Labor Rights and Working Conditions

MCT will identify and manage any risks to the core labor standards of the International Labor Organisation (ILO).

Principle 6: Resource Efficiency and Pollution Prevention

MCT will design and implement projects in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

Principle 7: Community Health, Safety, and Security

MCT will not design and implement projects that exacerbate a sensitive local situation or stress local resources. Risks of community health, safety and security arising from land, water, air and noise pollution will be minimized and mitigated to acceptable levels, otherwise MCT will not undertake the project.

Personal protective equipment for subgrantees, contractors and community members contractors involved in construction/installation of equipment will be required.

Principle 8: Land Acquisition and Involuntary Resettlement

MCT will design and implement projects in a way that avoids or minimizes the need for involuntary resettlement. All land use will comply with local and national provisions and legislation, both customary and codified (see sub-section 3.1., 3.2., and 3.3. above) pertaining to the use of land and natural resources.

Furthermore, any activities which do not take place on either government land or land already owned by the community will be excluded by MCT. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation, otherwise MCT will not undertake the project.

MCT in project design, implementation and execution is committed to involve affected individuals and communities in planning processes aimed at avoiding and limiting the use of involuntary resettlement and access restriction, and at identifying and designing mitigation plans and measures that are socially and economically beneficial to affected communities and that are culturally appropriate.

Principle 9: Biodiversity Conservation and Sustainable Management of Living Natural Resources

MCT will design and implement projects in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species. MCT will not support any projects that involve unjustified conversion or degradation of critical natural habitats, including those that are:

- Legally protected;
- Officially proposed for protection;
- Recognized by authoritative sources for their high conservation value, including as critical habitat; or
- Recognized as protected by local communities.

Principle 10: Physical and Cultural Heritage

MCT will design and implement projects in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects should also not permanently interfere with existing access and use of such physical and cultural resources.

Principle 11: Indigenous Peoples, Marginalized and Vulnerable Groups

MCT will not design or implement projects that are inconsistent with the rights and responsibilities of Indigenous Peoples. and other applicable international instruments relating to indigenous peoples. There is no universally accepted definition of “Indigenous Peoples”, however under this principle, it is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of mainstream society or culture; or
- A distinct language or dialect, often different from the official language of languages of the country or region in which they reside

5. Programme Outcomes

The three Pacific SIDS – FSM, RMI and Palau – face a variety of challenges from the impacts of climate change. Specific vulnerabilities to climate change and its effects varies significantly within the broader northern Pacific, and even community to community. By improving the capacity of sub-national proponents to identify, plan for, and design projects to address climate vulnerabilities and opportunities for resilience, the programme is consistent with the broader adaptation programs and policies for each participating country and will result in an increase in overall climate resilience of communities as well as ecosystems.

Outcome 1 will enhance the capacity of local entities and communities to deliver EbA adaptation measures. Through this component, the programme will conduct a variety of capacity building and capacity assessment activities to ensure that eligible project proponents are well-positioned and well-supported to access SGF resources to develop and implement effective projects tailored to the ecosystem contexts – as well as community priorities – that they are embedded in. It will also provide training and technical assistance to ensure long-term sustainability of sub-project outcomes, and the capacity of sub-national actors to develop robust interventions for ecosystems and protected areas.

Activities under this outcome will include the following:

- Develop a selective methodology to establish SGF roster of eligible entities (or proponents)
- Develop and administer capacity assessment framework
- Develop training of trainers (ToT) capacity building programme based on capacity assessments
- Organize workshops to deliver ToT Modules
- Organize community training modules
- Design and deliver peer-to-peer learning for communities and rostered entities

Outcome 2 of the programme will deliver the Small Grants Facility (SGF) to implement and support locally-led EbA sub-projects, to improve ecosystem services and community resilience. A list of potential protected areas that may be part of the programme is detailed in the pre-feasibility study (please see Annex 2 to the full proposal – Appendix IV).

Through this component, the programme will establish and formalize the structure and functions of the SGF, lay out step-by-step operationalization of the SGF, per country. The SGF will deliver two types of grants – regular grants: between USD 10,000 – 50,000 for Civil Society Organisation and NGOs subprojects; and, large grants: between USD 50,000 – 200,000. The SGF does not have ex-ante sub-project intervention list, to ensure that the interventions are truly locally-led (this is in tandem with the Outcome 1, where capacity will be built among potential proponents to identify, prioritize and develop and deliver robust EbA projects). The stakeholder consultation process, CVA-CVI exercise and other studies conducted during programme preparation, have preliminarily identified EbA priorities in the three participating countries, and are presented in Section 8 of the Pre-feasibility study (Annex 2). Activities under this outcome will include:

- Establish and formalize SGF governance structure, regional oversight and national mechanisms, and decision-making processes
- Develop and finalize SGF guidelines and procedures
- Call for expressions of interest (EOI) for SGF-funded sub-projects
- Screen and select sub-projects
- Organizational and capacity audit of proponent
- Invitation to submit full proposal
- Sub-project preparation support provided
- Sub-project screening and selection
- Grant disbursement to sub-projects
- Develop and implement a sustainable resource

Outcome 3: Improved knowledge management, applied learning (KMAL) and regional cooperation on locally-led EbA measures— as well as a monitoring, evaluation and learning (KMAL) system - to facilitate regional cooperation and replication of effective, community-led EbA actions. The aim will be to anchor the knowledge, learnings and information generated from the programme into existing, accessible platforms and promote their usage as opposed to establishing parallel systems. A robust two, tiered KMAL system is being proposed as well. This will include: (i) an overarching KMAL system to comply with the MCT's M&E (Monitoring & Evaluation) Policy/ MERI (Monitoring, Evaluation and Improvement Framework) as well as comply with the GCF's monitoring and accountability framework required for Accredited Entities; and, (ii) a sub-project KMAL system which will be embedded in the design of the SGF in three countries, to ensure that funds are allocated towards these localised interventions, once identified. The aim will be to capture the climate impact of the sub-projects that are being funded, and ensure the enabling of monitoring of progress, and learning and evaluation, which will help formulate recommendations to improve the effectiveness, efficiency and timeliness of the SGF sub-projects. Activities under this output will include:

- Review available knowledge platforms and establish KMAL protocol
- Integrate data collected through SGF sub-projects into regional and national KM platforms
- Stocktake and improve existing knowledge management processes among rostered entities
- Introduce robust KMAL protocol for the SGF
- Design and implement digital technology for tracking SGF

For additional information about each programme outcome and associated activities please refer to the full proposal as well as the logframe Annex 2b to the full proposal.

6. Environmental and Social Analysis

The overall programme risks were assessed against the eight International Finance Corporation (IFC) performance standards. These assessment is included below in table 1. Overall risks and impacts have been assessed as Category C for the whole project. All sub-grants will be pre-screened for E&S risks and only low risk/category C projects will be approved.

Table 1: Overall Programme Risk Assessment by IFC Performance Standard

IFC Performance Standards	Programme Risk Assessment	Likelihood/ Consequence
<p>Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts</p> <p>Importance of (i) integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project information and consultation with local communities on matters that directly affect them; and (iii) management of environmental and social performance throughout the life of the project.</p>	<p>The current list of activities for sub-grants are indicative, but each sub-grant will undertake individual screenings (see Appendix II below for screening template) and include and E&S action plan to ensure proper a management of any identified environmental and social risks.</p> <p>A stakeholder assessment and mapping were conducted and a specific stakeholder engagement plan has been undertaken as part of the feasibility study and are included as Annex 7 to the full proposal.</p> <p>MCT's Environmental and Social Management System as well as the target countries' regulations on Environmental Impact Assessments (see section above) will underpin each of the sub-grants to ensure effective management. Overall, with these policies in place for each country the programme isn't likely to have any significant risks against this standard.</p>	Low
<p>Performance Standard 2: Labor and Working Conditions</p> <p>Employment creation and income generation should be accompanied by protection of the fundamental rights of</p>	<p>Given the limited scale of physical works envisaged under the programme, occupational health and safety concerns are not expected to represent a risk, however this will be further assessed and evaluated for the sub-grants under Output 2 during</p>	Low

workers (as guided by the International Labor Organization (ILO) Conventions)	<p>the sub-grant E&S screening process. Further, the programme will seek to leverage its works and services contracts to actively promote non-discrimination and equal opportunity hiring practices aligned with relevant policies including:</p> <ul style="list-style-type: none"> • <u>Title 51</u>, and <u>Title 52</u> of the FSM Code • <u>Article V, Section 5</u> of the Palau Constitution • <u>Article II, Section 12</u> of the RMI Bill of Rights 	
<p>Performance Standard 3: Resource Efficiency and Pollution Prevention</p> <p>With any potential impacts of pollution to air, water, and land, the sub-project and its activities should identify resource efficiency and pollution prevention and control measures.</p>	<p>The envisioned sub-grant activities will focus on improving resource efficiency through the implementation of EbA activities falling under one (or more) of eight different prototypes: mangrove restoration, sustainable forest and agro-forest management, watershed management and soil conservation, buffer zones, fisheries management, coastal wetlands restoration and protection; coral reef restoration; seagrass restoration and conservation; and restoration and conservation.</p> <p>Each sub-grant will be screened for risk in accordance with the template provided in Appendix I and only Category C projects will be selected.</p> <p>Large grants (USD 50-200,000) will be required to include an ESMF at the full proposal stage where as the regular grants (USD 50,000) will just undergo the E&S screening.</p>	Low
<p>Performance Standard 4: Community Health, Safety, and Security</p> <p>Project-level actions to avoid or minimize the risks and impacts to community health, safety, and security that may arise from sub-project related-activities, with particular attention to vulnerable groups</p>	<p>The programme is working to support localized, community-led EbA interventions. Moreover, it is intended that such EbA interventions will ultimately help to improve the health, safety, and security of local communities. While there are some risks that programme activities are not designed and implemented to optimally respond to specific local vulnerabilities resulting in</p>	Low

	exacerbated impacts over time, the roster of eligible entities as part of Outcome 1 and the individual ESMF for large sub-grants will work to mitigate these risks.	
Performance Standard 5: Land Acquisition and Involuntary Resettlement Project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land	There will be no involuntary resettlement under this programme. Stakeholder engagement processes will be in place to ensure unidentified sub-grants do not result in any involuntary resettlement. This is included as one of the exclusionary criteria for the sub-grants (Appendix II)	Low
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources Protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development	<p>The sub-grants are not expected to have significant adverse impacts on biodiversity and conservation, and sub-project design including the specific screening process for sub-grants will identify and mitigate any biodiversity risks. Most of the sub-grants will work to improve biodiversity conservation. Given as well the fact that all projects will be Category C (low risk) and will be less than USD 200,000 in terms of size (with the majority of the grants falling within a regular grant category in the USD 10-50,000 range), the overall potential for adverse impact on biodiversity and conservation of living natural resources is ultimately quite low.</p> <p>In addition, the project will adhere to all relevant laws and regulations dedicated to the preservation of biodiversity and conservation of natural resources, and use of land (see sub-sections 3.1., 3.2., and 3.3.).</p> <p>The programme will also align with the following strategic plans:</p> <ul style="list-style-type: none"> • FSM National Biodiversity Strategy and Action Plan • Micronesia Challenge • Palau National Biodiversity Strategy and Action Plan 	Low
Performance Standard 7: Indigenous Peoples	Each of the three target countries is composed of several distinct indigenous	Low

Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than nonindigenous communities	cultural groups with a collective attachment to geographical distinct habitats or ancestral territories, and each has a strong tradition of local and indigenous-led solutions to various problems. The programme is specifically designed to support these communities and provide funds directly to the most vulnerable. For the sub-grants, a comprehensive stakeholder engagement process will be part of the application process. MCT also has a strong track record of identifying and working with vulnerable populations; as such, the risk of adversely affecting these communities is low.	
Performance Standard 8: Cultural Heritage Ensures the protection of cultural heritage in the course of project activities	<p>The programme will not have any adverse risk to cultural heritage, sub-grants will be screened to ensure they fall under the Category C risk to cultural resources depending on the sub-project activities. Disruption or adversely affecting an archaeological site or a property of historic or cultural significance will be excluded from sub-grant funding (see Appendix II – Exclusionary Criteria)</p> <p>To the extent that data collection is required from the target population and local community members, local regulations will be followed and local data collectors engaged.</p>	Low

As illustrated by the table above, the overall estimated risks of the programme against the IFC's performance standards are low, and primarily limited to the implementation of sub-grant activities, all of which will be screened to ensure they are Category C (low risk). Sub-grants activities which are pre-screened and determined to fall under Categories A or B will not be funded.

In addition, because each of the sub-grants will either be designated as "regular" or "large" in size (USD 50,000; 50-200,000), with the bulk of the grants falling under USD 50,000, any risks that they might pose are quite limited in terms of reach and impact. Based on the above assessment of E&S risks, the programme components in the table below are categorized based on the IFC/GCF risk categorization as follows:

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

Table 2 below provides a further summary of the programme risks by outcome.

Table 2: Risk Categorization by Programme Outcome

Outcome	Risk Categorization
Outcome 1: Enhanced capacity of local entities and communities to deliver EbA adaptation measures	<p>Outcome 1 will support three main outputs to strengthen the capacity of Local Authorities across the three target countries. The first will support local authorities' understanding of climate change adaptation and support the prioritization of adaptation actions, the second will provide direct technical support on how to prepare bankable climate change adaptation projects targeting the programme's Small Grant Facility to improve access to climate financing, and the third will create a knowledge management network for cooperation and sharing among different LAs and State-government agencies to brainstorm solutions.</p> <p>These outputs focus on capacity building and training and therefore no adverse Environmental, Social and Gender impacts are expected to result from activities under this outcome.</p>
Outcome 2: Improved ecosystem services and community resilience through locally-led EbA adaptation measures	<p>Outcome 2 focuses on the development of locally-led EbA sub-grants for projects in a few key areas (see Pre-Feasibility Study, section 9 "Prototypes of EbA Opportunities Under the Programme", Annex II to the full proposal). The eight areas include the following: eight different prototypes: (i) mangrove restoration, (ii) sustainable forest and agro-forest management, (iii) watershed management and soil conservation, (iv) buffer zones, (v) fisheries management, (vi) coastal wetlands restoration and protection; (vii) coral reef restoration; (viii) seagrass restoration and conservation; and (ix) beach restoration and conservation. The prototype EbA</p>

	<p>interventions are all aimed at strengthen ecosystem services for protected areas. The benefits of the intervention aim to inter alia increase biodiversity and water quality; increases nutrient transfers to other habitats; increase resilience to disease and climate change; support biodiversity conservation; enrich soil health; and enhancing ecosystem functions and services.</p> <p>Given the sub-projects funded through the grants mechanism will be within and around protected areas (PAs), all applications will go through a detailed screening procedure to ensure that activities with potential or adverse risk or impacts are excluded from financing – in short, only sub-grants which are determined to be Category C projects will be selected for funding. Community endorsement for all sub-grant will also be required.</p> <p>To ensure all sub-grants fall under Category C (low risk), all sub-grants will conduct risk-screening according to Appendix I, and a corresponding E&S Action Plan (ESAP) will be developed for each grant. Details on the process for individual sub-grants is provided in the sections below.</p>
Outcome 3: Improved knowledge management, applied learning (KMAL) and regional cooperation on locally-led EbA measures	Outcome 3 will support the function of the programme as a whole by documenting and generating a body of evidence and data for further exploration. As a result, it is not expected to generate any E&S risks.

Only sub-projects categorized as Category C that have negligible environmental and social risks will be selected. The specific risk potential will depend on the specific sub-projects proposed, but an indicative list of potential impacts/risks and some general mitigation strategies are included in the table below.

Table 3: Detailed Environmental Risks and Mitigation Measures

Environmental risks/impacts	Possible mitigation measures
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<p>Indicative environmental risks/impacts from sub-projects include</p> <ul style="list-style-type: none"> • Erosion and soil degradation – Sub-projects that have new construction or retrofitting can cause soil erosion and degradation. • Noise/Air Quality – Some sub-projects may include specific construction, retrofitting, and installation activities which can create temporary noise impacts for local communities. Further construction related impacts from dust and vehicle emissions can also temporarily increase due to sub-project activities. • Waste – There is potential for certain projects deploying new technologies. to create electronic and hazardous waste streams at the end of product life. • Climate & GHG Emissions – Some negligible risk of increased GHG emissions can occur from construction/transportation activities and the expansion of livestock activities. • Building Hazards –Coral reef restoration, and buffer zones are each examples of sub-grants which may require extensive physical labor and building materials. 	<p>All of the sub-projects will be Category C and carry negligible E&S risk, project E&S screening (as detailed below) will highlight projects that will need to plan and deploy more focused mitigation strategies for E&S risks. These mitigation strategies will be tailored to the individual projects, but below are some general strategies.</p> <ul style="list-style-type: none"> • A GESS Officer will be hired and will support Grant Officers to provide technical assistance for project proposal development and sub-project implementation to ensure effective E&S risk identification and mitigation. A competent professional with appropriate experience to assist in conducting the risks and impact identification process for activities in natural and critical habitats to meet the requirements of the GCF ESS standard on biodiversity conservation and sustainable management of living natural resources and ensure that activities are within the environmental and social risk category of the project will be a requirement for hiring. • All projects will be coupled with specific EbA and conservation practices (particularly for mangrove restoration, agroforestry, and fisheries management) to limit negative impacts, particularly on biodiversity, soils, and water. • Where necessary (particularly for projects which require ongoing maintenance and labor such as establishment buffer zones, etc.) MCT will ensure that appropriate training for operations, maintenance, and safety are incorporated into sub-project design, and
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	<p>further that all sub-project deployments utilize high-quality devices and are installed according to relevant safety codes and procedures.</p> <ul style="list-style-type: none"> • Sub-projects will be screened for potential new waste streams, particularly for sub-projects with technology deployments, and end of life transitions will be incorporated into sub-project implementation.
Social risks/impacts	Possible Mitigation Measures
<p>Indicative social risks/impacts from sub-projects include:</p> <ul style="list-style-type: none"> • Limited community ownership of sub-projects – There is a risk, particularly for sub-projects that are led by the government entities rather than the municipalities themselves, that the priorities of communities are not reflected in sub-project design due to insufficient engagement and project ownership for communities • Working conditions – Sub-projects do carry limited risk related to working conditions, particularly those sub-projects focused on installing and operating new technologies, constructing/retrofitting, etc. • Cultural heritage – Sub-project activities can negatively impact cultural resources, particularly for construction related activities and fishery/aquaculture activities. • Gender mainstreaming – Gender inequalities, particularly for participation in decision-making, 	<ul style="list-style-type: none"> - The architecture for the project grant mechanism has several checks in place (See pre-feasibility study for details) to ensure that the priorities and needs of the local communities are reflected in the sub-project design included requirements for community consultations, community letters of support, and participatory governing bodies. - Given the limited scale of physical works envisaged under the programme, occupational health and safety concerns are not expected to represent a significant risk. - The sub-projects will seek to leverage its works and services contracts to actively promote non-discrimination and equal opportunity hiring practices aligned with relevant policies including: Title 51 and Title 52 of the FSM Code, the Constitution of Palau, and Title 26, Chapter 7 of RMI's Revised Code.

income opportunities, etc. can be exacerbated Under the baseline context for many of the sub-project areas,	<ul style="list-style-type: none"> - All sub-projects have a dedicated screening for gender mainstreaming as detailed in Annex 4. - Cultural heritage impacts are expressly considered and interventions that may negatively impact cultural resources will be excluded from funding.
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As part of the SGF, proposals for sub-grants will include an environmental and social safeguard screening to avoid, minimize and mitigate any harm to people and ecosystems and to incorporate environmental and social concerns as an intrinsic part of project cycle management. The screening template (Appendix 1) will be included as part of the full proposal package. At the initial Expression of Interest stage (EOI), applicants will provide an indication of the E&S risk level and this will be confirmed by a GESS Officer.

Only proposals categorized as low risk (Category C), in line with MCT's E&S Safeguard policy and the GCF's environmental and social safeguards, will be cleared for full proposal development. Support for developing ESAPs (for small sub-grants) will be provided to sub-grant proponents.

6.1. Environmental and Social Screening Process for Sub-grants

As part of the SGF, proposals for sub-grants will include an environmental and social safeguard screening to avoid, minimize and mitigate any harm to people and ecosystems and to incorporate environmental and social concerns as an intrinsic part of project cycle management. Initial screenings will be conducted at the EOI stage, for which a screening template will be included as part of the full proposal package. During the EOI stage, applicants will provide a confirmation of a Cat C (low) E&S risk level.

The SGF will deliver two types of grants:

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

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. The figure below outlines the process for E&S Assessment of the SGF.

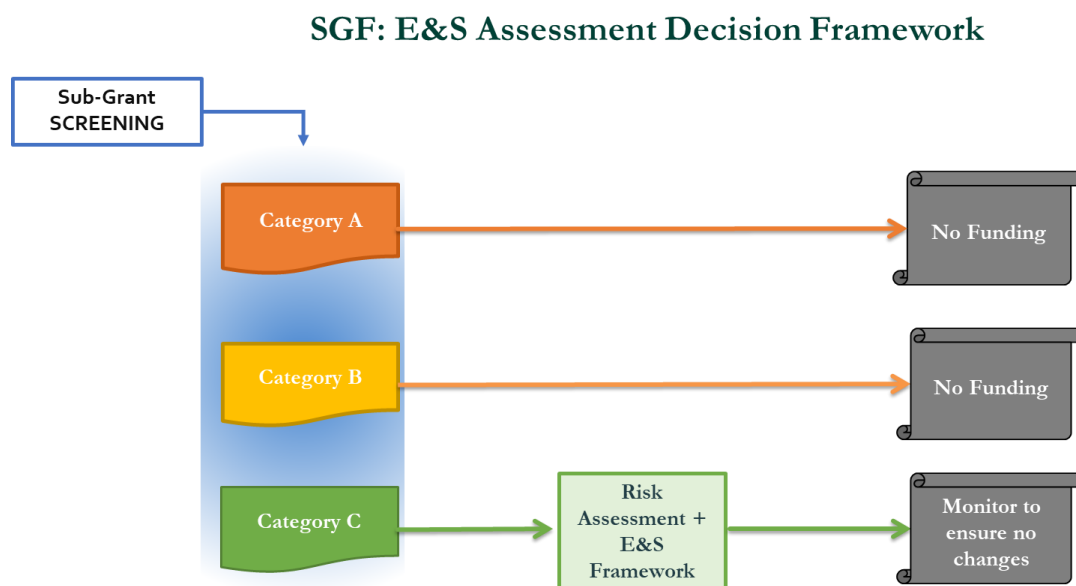


Figure 1: Process for E&S Categorization of SGF Grants

The SGF will include a set of exclusionary criteria which will disqualify sub-grants or sub-grant activities in order to mitigate risks and ensure that all sub-grants fall under the Category C designation. An indicative list of such criteria can be found in Appendix II of this document.

7. Small Grant Facility (SGF) E&S Risk Management Process

The various entities involved in the programme are all responsible for environmental and social risk management and the effective execution of the environmental and social action plan, but each have unique and complementary roles and responsibilities as summarized below (Figure 2):

7.1. Roles and Responsibilities

Accredited Entity: MCT (Micronesia Conservation Trust) will act as the Accredited Entity (AE) to the programme. MCT will ensure all reporting, monitoring and evaluation include provisions to track progress and flag any potential E&S risks associated with the programme.

As shown in figure 3 below, 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: (i) An Oversight function: The Program Board and (ii) 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**.

MCT is also 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 E&S policy, and the GCF Environmental and Social Policy.

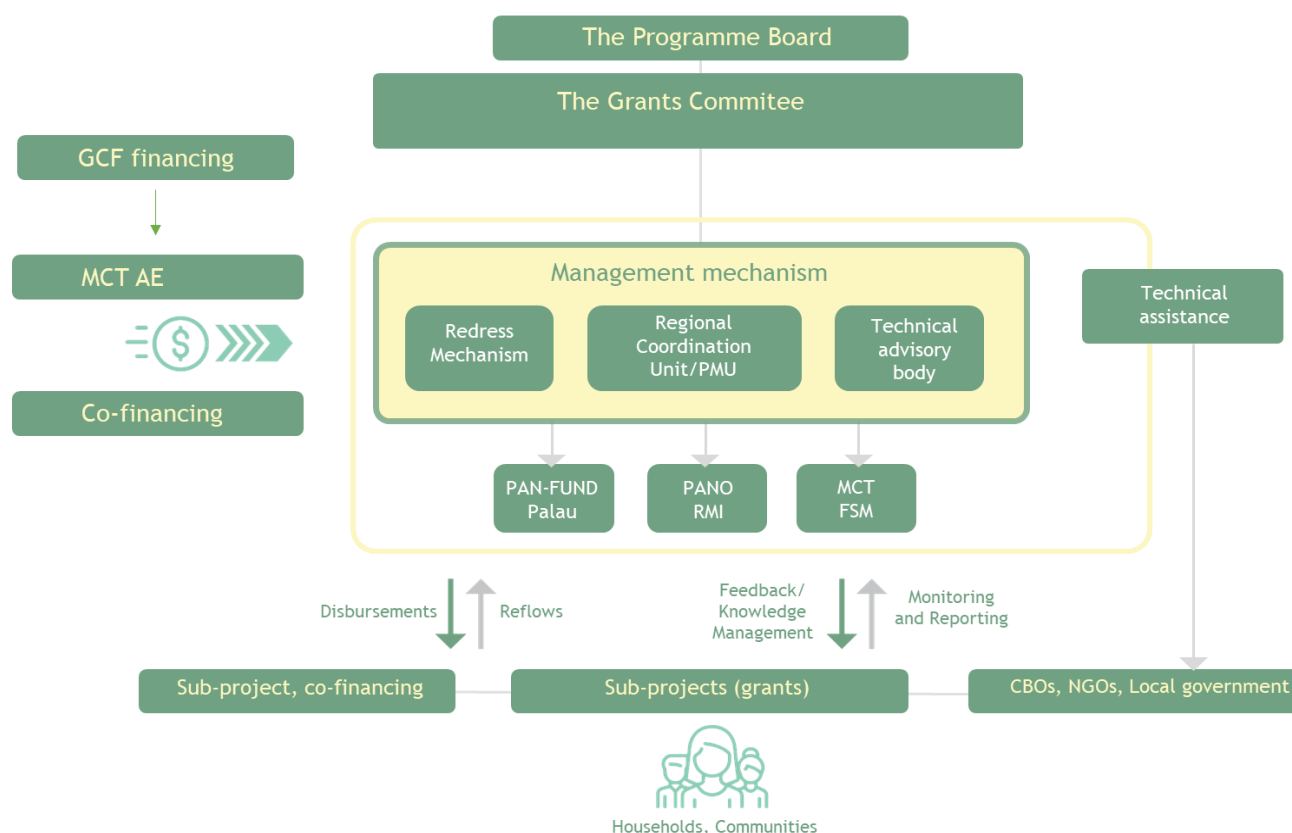


Figure 2: Diagram of the Different Functions of the Grant Facility

Accredited Entity: MCT's expertise as a conservation and biodiversity organization, with specialized expertise in conservation and the preservation of biodiversity. They have

long-standing experience administering and overseeing grants programs which are designed to encourage the adoption of sustainable solutions, improved conservation and biodiversity. Members of both their implementing team and their Board of Directors have scientific and E&S experts in the unique geographical and climate context of the Pacific region, including each of the target countries. As such, MCT as an institution is uniquely qualified to administer a program of this nature, and to both proactively and preemptively address and implement any risks pertaining to biodiversity and critical habitats for this project. If needed, MCT will be able to leverage its in-house expertise and professional personnel to review and advise on project components at no additional costs, as part of its duties and responsibilities as the AE.

Programme Board (PB): The PB will serve as the main oversight body for the programme. The PB will be chaired by the NDAs of the three participating countries (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 programme, to ensure the programme achieves the desired results. The PB will meet once a year, convened by the AE, 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 project implementation is not delayed.

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.

Regional Grants Committee (Grants Committee): This Grants Committee will serve as the decision-making body for the SGF and will be the ultimate responsible party for selecting the sub-projects. The Grants Committee will be composed by the Executing Entities of the programme that will serve as the financial vehicles to provide finance to selected sub-projects at the local level. The Grants Committee will meet every twice a year in order to review Expressions of Interests, the roster of entities and to conduct a final selection of the sub-projects. As part of this role, the Grants Committee will be

responsible for ensuring that all sub-grants have been screened properly for E&S risks and that only low risk (Cat C) proposals are approved for funding.

Executing Entities: At the country level, the SGF will build its design on established financial vehicles which will provide finance to sub-projects at the local level. These funding vehicles will be: MCT in FSM, The PAN Fund in Palau, and the MIMRA in RMI. An external GESS expert will be hired to support E&S safeguard and gender screening. The EEs will work under the guidance of the RPCU and will be supported by the GESS Officer to conduct the initial screening of the E&S risks of the sub-projects at the Expressions of Interest (EOI) stage. At the country level, each financial vehicle will use their existing committees for the pre-approval of the selected sub-projects. Detail on each of the funding vehicles is elaborated on in the full funding proposal.

Regional Programme Coordination Unit (RPCU): The RPCU will be hosted at MCT's headquarters in Pohnpei, FSM and will run the day-to-day operations of the EDA programme, including: designing and implementing the annual work-plan and budget; defining, prioritising and implementing the programme activities, putting out the call for proposals, supporting the initial E&S screening, to determine project eligibility at the EOI stage and preparing the presentation of the eligible projects to the Grants Committee for final approval. The concept papers will be screened by the RPCU to determine project eligibility and will review the GESS's Officer's assessment of the project risk-level to ensure only low-risk projects can proceed to the full development stage.

GESS Expert: A technical specialist in gender and ESS will be appointed to support the RPCU on the evaluation, identification, and integration of specific gender and ESS considerations into the programme as a whole, but particularly the SGF during the review of the sub-projects. The GESS expert will also be responsible for designing training curricula that incorporating gender integration and E&S risk assessment as part of Component1 (activities 1.1.3 and 1.1.4), and will also carry out the trainings. The GESS Officer will also be in charge of screening for E&S risks at the EOI stage and providing clearance for both the risk category of all sub-projects and for any ESMF developed as part of the full development of a proposal. A competent professional with appropriate experience to assist in conducting the risks and impact identification process for activities in natural and critical habitats to meet the requirements of the GCF ESS standard on biodiversity conservation and sustainable management of living natural resources and ensure that activities are within the environmental and social risk category of the project will be a requirement for hiring. This professional will also ensure that all implementation in critical habitats is designed to result in a net gain of biodiversity, per IFC PS 6.

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 validating and refining the E&S screening tool at the start of programme implementation.

The Small Grants Facility will follow a four-stage project cycle (see figure 3). E&S screening and consideration will be mainstreamed and integrated into all four of the project cycle stages as indicated below.

Figure 3: Small Grants Facility Process

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 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.

confirmation that the sub-grant qualifies as a low-risk (Cat C) project (see Appendix I for clearance form).

Stage 2: Invitation to submit a full proposal: Once an EOI is successful applicants will submit the full project proposals which will include the E&S screening and for large grants an ESMF will be developed for each. The GESS Officer will confirm the sub-grant is still a low-risk project at this stage and will review and approve the ESMF as part of the overall grant package to be sent to the Grant Committee for final approval.

Stage 3: Contracting: Once the Grants Committee approves the project, the national Financial Vehicle will prepare and enter into a contract agreement with the awarded Grant Recipient. All sub-project contracts will specify monitoring, evaluation, and reporting requirements which will include six monthly reporting on E&S risks as well as an annual update on progress against the developed ESMF.

Stage 4: Implementation, Monitoring and Reporting: The GESS expert will provide support to the RPCU to monitor any gender aspects and ESS risks identified at the sub-project design phase, and to identify and address any E&S risks or SEAH issues that arise during implementation. ESS and gender aspects will be categorized and reported in both regular monitoring reports, as well as the Annual Performance Reports (APRs). Any gender-related components which require response will be addressed as per MCT's E&S Safeguarding Policy, and/or its Grievance Redress Mechanism (depending on where and how the aspect was identified).

At the sub-project level, a knowledge management, applied learning KMAL framework (KMAL) 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 KMAL protocol established to evaluate the success of the proposed projects and take stock of lessons learned in regard to mitigating E&S risks. The sub-projects will have a set of measurable indicators and baselines including those related to gender. 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 sub-grants KMAL system will be in accordance with the EDA's Gender Policy and Environmental and Social Safeguards Policy of the EDA Programme.

8. Environmental and Social Action Plan

The Environmental and Social Action Plan (ESAP) below summarizes the key risks for project activities, mitigation planning for those risks, the parties responsible, the cost, and the expected results. It is important to note that of the three components, only indicative activities under Component 2, SGF, will have the potential for negative environmental and social impacts that will require risk mitigation.

It is important to note, the programme's sub-grant priority areas were selected in part due to the fact that they have the potential to themselves mitigate possible E&S risks. For example, sub-grant projects which focus on the expansion and improvement of "buffer zones" will be viewed and assessed in the context of other sub-grant projects such as watershed management or agro-forestry to ensure balance and coherence with one another during project implementation.

The ESAP below (table 4) summarizes the key risks for the SGF activities, mitigation planning for those risks, the parties responsible, the cost, and the expected results. Risks under Output 2 will be primarily addressed during the individual sub-grant screenings as outlined in section 7 above.

Table 4. Overall Programme Environmental and Social Action Plan (ESAP)

Summary of Risks	Mitigation Measures	Description and Significance	Responsible Party/Person	Schedule	Expected Results	Budget
E&S capacity of local authorities and project proponents	Focused training and capacity building coupled with support from MCT and technical support expertise (training under activities 1.1.3 and 1.1.4 will incorporate gender integration and E&S risk identification and management)	Local authorities and community groups developing projects have limited capacity to identify and manage E&S risks in their projects Pre-mitigation: Low After mitigation: Low	GESS Officer RPCU	As needed during implementation	Following capacity building, training, and technical assistance local authorities will be better equipped to identify and manage E&S risks, including those pertaining to SEAH	Incorporated as part of costs under activities 1.1.3 and 1.1.4 for E&S (see table 6 below for more detail)
Discriminatory hiring practices for programme activities- Poor labor and working conditions	The tenders for both the project governing bodies and the consortium of contractors will be tailored to achieve balanced and effective representation of communities and people, including specific clauses for local hiring and gender mainstreaming. Sub-grants (Component 2) will be screened for their adequacy with ILO regulations.	Procurement for trainings and capacity building as well as for the activities carried out in the individual sub-grants could be biased thereby undermining the goals of the SGF to promote sustainable and equitable resilience to climate change. The programme will seek to leverage its works and services contracts to actively promote non-discrimination and equal	GESS Officer RPCU	Annually	Tailoring tenders and procurement for trainings and capacity building will help ensure effective balanced representation, particularly for local hiring and gender mainstreaming. SEAH risks, recourse, and mitigation measures will be included in trainings as appropriate.	Incorporated as part of contracting processes

	<p>The programme will ensure adequate health and safety requirement during each step of implementation. Safety equipment, if needed, shall be procured.</p>	<p>opportunity hiring practices. Occupation health and safety concerns may be an issue for some sub-grants (component 2). The programme will ensure that stakeholders and involved partners are not exposed to any health and safety risks. Where any potential risks may be present, the project will ensure that appropriate personal protective equipment (PPE) is made available to all relevant personnel.</p> <p><i>Pre-mitigation: Low</i> <i>After mitigation: Low</i></p>				
Pollution to waterways and land during construction phase of certain activities	<p>In general, sub-projects will work to target activities to minimize environmental impact. The project will ensure any impact is identified and tracked over time. Local communities</p>	<p>Depending on the activity of the sub-grants there is a risk of pollution to waterways and land, particularly for the disaster risk reduction category.</p>	<p>GESS Officer RPCU</p>	<p>As needed during implementation</p>	<p>Given the size of the potential sub-grants, relative negative impacts are anticipated to be small.</p>	<p>Part of screening costs which will be undertaken by the GESS Officer. Total</p>

Resource scarcity for activity inputs like construction, technology (i.e. solar, rainwater capture, etc.), and agriculture	<p>relying on the resource will be informed prior to disturbance and mitigation measure are to be defined with them.</p> <p>The programme will leverage procurement planning and capacity from MCT to support localized deployments</p>	<p>Given the difficulty in importing materials to the target countries at times, the project can potentially face issues with resource scarcity that can delay or limit project activities/outcomes.</p> <p>Pre-mitigation: Low After mitigation: Low</p>				budget for GESS Officer is 159,600 USD; monitoring of the risks will be done jointly at the programme and sub-project level – see table 6 for costing)
Emergency preparedness and response	<p>Sub-grants activities, particularly those related to watershed management, mangrove replanting/restoration, agro-forest management, and coastal wetland conservation</p> <p>All programme activities will be designed to be responsive to the target countries' climate risk profile paying particular attention to flooding and other vulnerabilities</p>	<p>Land use changes or loss of natural buffer areas could result in increased vulnerability and community safety-related risks and impacts.</p> <p>Given the target countries' climate risk profile, project activities will face elevated risks for emergencies and natural disasters.</p> <p>Pre-mitigation: Low After mitigation: Low</p>	GESS Officer RPCU	As needed during implementation – particularly sub-grant screening	Limited risks of vulnerability induced by changes in land use. Countries will be better equipped to respond to unique climate risks	Part of screening costs which will be undertaken by the GESS Officer. Total budget for GESS Officer is 159,600 USD; monitoring of the risks will be done jointly at the

	<p>when selecting geographies, practices, and technologies.</p> <p>Additionally, inclusive preparedness and response frameworks will be developed and refined with stakeholders</p>					programme and sub-project level – see table 6 for costing)
Physical or economic involuntary resettlement	<p>Categorically excluded are any activities that results in involuntary resettlement</p> <p>All programme bodies and personnel will be trained and hired to identify resettlement risks and this will be done based on appropriate planning of activities and engagement with stakeholders.</p>	<p>Sub-grants activities can inadvertently cause economic or physical involuntary resettlement if not planned carefully</p> <p><i>Pre-mitigation: Low</i> <i>After mitigation: Low</i></p>		As needed during implementation-particularly during sub-grant screening	All of the programme governing bodies will help to review sub-grants to ensure no activities include any land acquisition or resettlement components	Part of screening costs which will be undertaken by the GESS Officer. Total budget for GESS Officer is 159,600 USD; No monitoring costs a categorically excluded.
Loss of marine and terrestrial biodiversity	In general, sub-grants will work to target activities that minimize environmental impact. Each will be Category C,	Sub-grants activities, particularly those constructing new infrastructure, can result	GESS Officer RPCU	As needed during implementation-particularly	All sub-grant activities will be implemented in a way that is compliant with Category C	Part of screening costs which will be undertaken

and habitat area	<p>and each will have its own E&S action plan (ESAP) to establish standards for monitoring and reporting.</p> <p>Regarding mangrove restoration, only native species of mangroves and other fauna will be used, and the project will comply with all relevant national legislation pertaining to land use, biodiversity, conservation, and pollution (see sub-sections 3.1., 3.2., and 3.3.)</p>	<p>in loss of marine and terrestrial biodiversity</p> <p>Sub-grants activities pertaining to mangrove restoration has a slight risk for the invasion of alien species.</p> <p><i>Pre-mitigation: Low</i> <i>After mitigation: Low</i></p>		during sub-grant screening	<p>projects, and have a positive impact on marine and terrestrial biodiversity and habitats. Sub-grantees will be empowered and equipped with knowledge and skills to address any potential adverse risks or E&S impacts.</p>	<p>by the GESS Officer. Total budget for GESS Officer is 159,600 USD; monitoring of the risks will be done jointly at the programme and sub-project level – see table 6 for costing)</p>
Exclusion of the most marginalized and vulnerable groups, including women	<p>The SGF is designed to match those local authorities and community groups with little to no capacity with technical support to ensure resources reach the most vulnerable and marginalized groups</p>	<p>Given the lack of capacity of some of the most marginalized and vulnerable groups across FSM, sub-grants interventions might not reach these groups</p> <p><i>Pre-mitigation: Low</i> <i>After mitigation: Low</i></p>	GESS Officer RPCU	<p>Annually</p> <p>As needed during implementation</p>	<p>The additional technical assistance provided will help to ensure that women, vulnerable and other marginalized groups will be able to effectively access SGF programme resources.</p>	<p>Incorporated as part of costs under activities 1.1.3 and 1.1.4 for tailored training to women and women's groups (see</p>

						table 6 below and Gender Annex 4 for more detail)
Risks to cultural heritage	<p>ESAPs, sub-grant planning and review criteria include specific criteria and questions for cultural resources.</p> <p>Stakeholder engagement for sub-grant design will be specifically tailored to integrate cultural considerations for sub-grant activities.</p> <p>Sub-grant activities will be designed to align with traditional cultural practices through extensive stakeholder engagement and any project that imposes risks to cultural heritage will be excluded.</p>	<p>Cultural heritage ranging from institutions, land, and practices can be at risk from specific sub-grant activities, particularly because cultural resources are not always efficiently identified and integrated into local and national planning and policies.</p> <p><i>Pre-mitigation: Low</i> <i>After mitigation: Low</i></p>	GESS Officer RPCU	<p>Annually</p> <p>As needed during implementation</p>	<p>By incorporating significant and iterative stakeholder engagement for sub-grant design and implementation, the sub-grant will be able to mitigate any risks of damaging cultural heritage and will actually work to support traditional cultural practices.</p>	<p>Part of screening costs which will be undertaken by the GESS Officer. Total budget for GESS Officer is 159,600 USD; monitoring of the risks will be done jointly at the programme and sub-project level – see table 6 for costing)</p>

For PS2-8, the mitigation measures included are high-level recommendations and suggestions for the programme to consider when evaluating potential sub-grant opportunities, and for selected sub-grantees categorized as “small” to refer to when developing their own E&S risk mitigation strategies and templates.

9. Monitoring and Evaluation

Per MCT's E&S screening policies, the overall programme results shall be monitored by MCT to verify if the programme is effectively implemented as approved. Results and outcomes as a result of the programme shall be recorded in the MCT Results Matrix and will be used to learn from programme implementation towards a continuous improvement of design, assessment, approval, administration and implementation within MCT and the SGF itself. Monitoring will enable MCT to make adjustments to respond to unexpected events during the implementation phase as well as to build trust and respond to stakeholders and affected communities.

At the **sub-project level**, a Knowledge Management, Applied Learning (KMAL) strategy will also be established during activity 31.1. All grantees will have to comply with the KMAL protocol established 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,
- Description on the data collection method
- Details about who will be responsible for the KMAL strategy, timeframe, and how the data will be collected, stored, analyzed, and disseminated, and integrated into future activities.

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

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

ESAP Budget

An indicative budget for the programme's ESAP is provided below.

Table 5: Overall Programme ESAP Budget

Item	Description	Anticipated Budget (USD)
Training	The development and delivery of training on E&S safeguards (ESS), SEAH and gender mainstreaming to ensure sub-projects integrate gender concepts into proposals and entities understand how to assess E&S risks(Programme activity 1.1.3 Develop Training of Trainers (ToT) capacity building programme and Activity 1.1.4: Organise writeshops to deliver ToT modules)	<p>(1) 72,000 (budgeted amount under activities 1.1.3 and 1.1.4 for the GESS Officer to integrate training)</p> <p>(2) 22,000 (budgeted under activity 1.1.4 to deliver training)</p>
Screening	E&S Screening of potential sub-grants using the screening template/questionnaire provided in this document. Ongoing throughout the life of the programme.	<p>(1) 59,400 Direct cost of GESS Officer budgeted under activity 2.2.2)</p> <p>(2) Indirect costs related to roles and responsibilities of the Project Board, Grant Committee, and Technical Advisory Committee</p>
Mitigating Risks	Active mitigation efforts in respect of the specific risks identified for both the programme as a whole, as well as for each specific sub-grant (based on the E&S screening it underwent during the EOI and full proposal stages, and in accordance with their individual ESAPs (as applicable)). Integration into the KMAL framework (KMAL). Ongoing throughout the life of the programme.	<p>(1) Mitigating and monitoring of the ESAP at the individual sub-grant level will be incorporated into the overall grant award costs around 2% of the overall grant amount (budgeted under 2.2.3; out of a total amount of approximately 5 M in total grants issued 100,000 USD will be spent to monitor E&S risks at the sub-grant level)</p> <p>(2) At the programme level responsibilities will be divided among the GESS, Project coordinator and MEL Officer (approximately 18,000 dedicated for the GESS Officer under activity 2.1.1 as well as</p>

		part of PC and MEL duties)
Monitoring E&S Risks	Active monitoring of the ESMAPs, six-monthly reporting on E&S risks and updated ESAPs. Active monitoring of each E&S risk identified for sub-grants. Ongoing throughout the life of the programme.	<p>(3) As mentioned above the monitoring of the ESMAP will be part of the grant budget at around 2% of the total grant amount awarded. Total budget excluding the monitoring and evaluation for the overall programme comes to approximately USD 100,000.</p> <p>(4) At the programme level responsibilities will be divided among the GESS, Project coordinator and MEL Officer.</p>
	Total Direct Costs:	212,000

10. Grievance Mechanism

The overall programme will have a grievance and redress mechanism that will be aligned with MCT's policies and framework in accordance with MCT's Policy and Operations Manual.

MCT's Policy and Operations manual describes how disputes or complaints arising from beneficiaries or other stakeholders regarding the subprojects should be resolved. MCT's Whistleblowing Policy provides people affected by any projects with an accessible, transparent, fair and effective process for raising complaints about environmental or social harms caused by any such project. 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. Grievance boxes will be installed at the PCU office and at the EE project office to allow those without internet to drop their grievance letters and these boxes should be checked weekly and contents to be delivered to the MCT office or whoever the letter is addressed to. Appropriate authority levels as specified in MCT's governance structure will handle all complaints, in a professional and timely way.

10.1. GCF Independent Redress Mechanism

Any persons or organizations with complaints about the project can also access the GCF's Independent Redress Mechanism. To file a complaint with the GCF, complainants are to follow GCF's Independent Redress Mechanism procedures and guidelines, which can be found on the GCF website here:

<https://www.greenclimate.fund/sites/default/files/document/procedures-guidelines-irm.pdf>

<https://irm.greenclimate.fund/case-register/file-complaint>

10.2 Grievance related to Sexual Exploitation, Abuse and/or harassment

In all situations involving 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 Financial Vehicles- Executing Entities of each country. In line with this approach, the following principles will be systemically applied through all steps and actions:

- The rights, needs, and wishes of the survivor (or victim) is the foremost priority of everyone involved with the project.
- The survivor has a right to:
 - be treated with dignity and respect instead of being exposed to victim-blaming attitudes.
 - choose the course of action in dealing with the violence instead of feeling powerless.
 - privacy and confidentiality instead of exposure.
 - non-discrimination instead of discrimination based on gender, age, race/ethnicity, ability, sexual orientation, HIV status or any other characteristic.
 - receive comprehensive information to help her or him make their own decision instead of being told what to do.
- The safety of the survivor shall always be ensured. Potential risks to the survivor will be identified and action take to ensure the survivor's safety and to prevent further harm including ensuring that the alleged perpetrator does not have contact with the survivor. If the survivor is an employee of the Project, reasonable adjustments may be made to the survivor's work schedule and work environment to ensure their safety.
- All actions should reflect the choices of the survivor.

- All information related to the case must be kept confidential and identities protected. Only those who have a role in the response to an allegation should receive case-level information, and then only for a clearly stated purpose and with the survivor's consent. This applies to any documentation or reports related to the case. Identities will not be revealed unless explicit written consent is provided by the survivor.
- The survivor must provide informed consent to progress with each stage of the complaints process. Survivors may withdraw their consent at any time during the process.

In the case that a case of SEAH or GBV is submitted, MCT as the Accredited Entity will carry out duty of care to the survivor in line with its policies. This includes where relevant, support for the provision of medical services (including psychosocial support), legal counsel, community driven protection measures, and reintegration of the survivor. This will be conducted in a timely manner to ensure maximum safety and support is provided to the survivor.

10.3 Sub-Grant Grievance Mechanism

The EDA Facility 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. 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 cover protections 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 (<http://www.ourmicronesia.org/lodge-a-complaint.html>). Formal complaints can also be forwarded to the Executive Director (director@ourmicronesia.org) who shall handle as appropriate. In addition, MCT can be contacted directly via phone, mail, or email per the below and complaints will be forwarded to the ED via mail or phone:

Micronesia Conservation Trust
Post Office Box 2177
Pohnpei, FM 96941
Federated States of Micronesia

Phone: +691-320-5670
email: info@ourmicronesia.org

Complaints may also be submitted directly to each of the target country's Public Auditors.

Federated States of Micronesia Public Auditor
phone: +691-320-2863
email: fsmopa@fsmopa.fm or
hhainrick@fsmopa.fm

The Republic of Palau's Office of the Public Auditor:
Phone: (680) 488-2889/5687
Or online report form: <http://www.palauopa.org/fraud.php>

The Republic of the Marshall Island's Office of the Auditor General:
Phone: (692) 625-1155;
Mail to: P.O. BOX 245, Majuro MH, 96960

- Stakeholders can also lodge complaints through comment boxes at sub-project sites.
- 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

The Executive Director 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.⁶

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 Procedure⁷, the program will establish the following sets of procedures:

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

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

⁷ http://www.ourmicronesia.org/uploads/1/2/6/9/126956881/whistleblower_protection_policy_procedure.pdf

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.

Please note that the project-level GRM will follow MCT's provisions for SEAH in its E&S Safeguards Policy.

11. Confirmation of Category C Project

The proposed project will be managed by MCT as a regional DAE with the following fiduciary functions: micro-size, project management, category C, E&S, and awarding grants. In terms of E&S specifically, the proposed project will work to deliver ecosystem-based adaptation solutions through the provision of valuable ecosystems services (i.e. watersheds, health, food security, and coastal resource protection).

Specifically, the project will finance the following activities:

- Capacity building to ensure that local entities are empowered to design, develop, prioritize and deliver ecosystem-based adaptation (EbA) solutions to climate impacts.
- Make EbA resources more accessible.
- Training and technical assistance.
- Small grants facility to implement and support locally-led EbA sub-projects.

- Knowledge management through monitoring, evaluation and learning (MEL) systems, regional cooperation, and community-led EbA actions.

ESS Category C Activities are defined by the GCF as “those with minimal or no adverse environmental and/or social risks and/or impacts.

The activities envisioned by the proposed programme include only activities that have minimal or no expected environmental and/or social risks and impacts.

The programme activities are not constructing new facilities, but rather utilizing existing facilities and are focused on restoration of natural resources and reserves such as mangroves, forests, watersheds, and “buffer zones”. Restoration interventions will be funded through a small grants mechanism and implemented locally, thereby inherently ensuring that all interventions are primarily low touch, low impact, and non-technology focused strategies. Where needed, training on new and appropriate sustainable techniques will be offered to subgrantees and community members.

In doing so, the project is focusing on introducing climate smart practices to promote EbA. These strategies are further outlined and detailed in the Pre-feasibility study, Annex 2.

In conclusion, the programme activities do not present significant environmental and social impacts (see Appendix I for the screening template). Annex 7 of the full proposal details a broader risk assessment and Annex 4 specifically targets the gender risks of the programme. On this basis, MCT has confirmed the project status as a Category C project, subject to a number of exclusion criteria.

Appendix I: Sub-Grant E&S Screening Template

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

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

When? It is a desk assessment undertaken at the stage of project design, before project proposal approval, to determine if further assessment of the identified risks/impacts is necessary and if prevention or mitigation measures can be integrated within the project activities. **All grants will undergo screening at the EOI stage to determine their size and potential risk categorization. Only projects who fall under Category C will be selected to move on to the full proposal stage.**

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

By Whom? The grantee will provide an initial assessment but the final determination of the risk category will be confirmed by the GESS Officer 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 ESAP and corresponding risk mitigation plan which will set out E&S requirements, including those pertaining to monitoring, evaluation and reporting. “Micro” size grants will not be required to develop an ESAP but will be required to monitor any identified risks and report on a six monthly (bi-annual) basis.

- if the project is ranked as “**low risk**” or **Category C** 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**” (**Category A**) or “**high risk**” (**Category B**), 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.

An ESS screening template has been developed and is included below. This 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 inputs and submit to the Grants Committee for final approval.

Key Project Information			
Grant Name			
Estimated Project Duration	Start:	Completion:	Months:
Key Partners (in delivery)			
Target Beneficiary/ies			
Provide summary of community consultations and/or planned consultations as part of full proposal development			
Screening Questionnaire completed by:	[Grantee]		
Screening Questionnaire reviewed by:	[GESSS Officer]		

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?				
	Will the project present unsafe, indecent or unhealthy working				

5 Labour and Working Conditions	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 damages due to an uncontrolled management of waste?				
	Is the project likely to lead to pollutants release? Are chemicals (including pesticides) likely to be used during the project?				
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?				
	Is the project likely to increase community exposure to disease (water borne, water based, water related and vector borne diseases as well as communicable diseases)?				
	Has the project distributed appropriate personal protective equipment (PPE) for subgrantees, contractors and community members involved in the construction or installation of equipment?				
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?				
	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 negatively impact a protected area?				
	Is the project likely to introduce invasive alien				

	species to the project area?				
	Is the project likely to restrict People's access to natural resources and their means of livelihoods?				
	is the project likely to favor unsustainable exploitation of a renewable resource				
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 ...).				

12 Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH)	Could the project require the relocation of Peoples from their homes or lands subject to traditional ownership or customary use?				
	Has the project completed a risk assessment for potential instances of SEAH?				

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?	
	Comments
Category A - Projects with the potential to cause significant adverse social and / or environmental impacts that are diverse, irreversible or unprecedented.	No projects will be selected for implementation.
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	No projects will be selected for implementation.
Category C – Projects that include activities with minimal or no risks of adverse social and environmental consequences	

After submission of the proposal the GESS Officer 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?	Provide date		
E&S Checklist Review Against Proposal	Provide Brief Overview		
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:	Please tick one <input type="checkbox"/> Cleared <input type="checkbox"/> Conditionally cleared <input type="checkbox"/> Clearance rejected		
For grant cleared or conditionally cleared, define any additional work required	Describe additional work required		

Justification for the clearance decision	<i>Please describe the basis for the clearance decision.</i>
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Appendix II: Exclusionary Criteria

The 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 that⁸:

1. Conflict with adopted plans and established uses of the target community
2. Substantially affect a rare or endangered species of animal or plant or the habitat of such species.
3. Interfere substantially with the movement of any resident or migratory fish or wildlife species.
4. Substantially diminish habitat for fish, wildlife, or plants.
5. Breach standards relating to solid waste or litter control.
6. Substantially degrade water quality.
7. Contaminate a public water supply.
8. Substantially degrade or deplete ground water resources.
9. Interfere substantially with ground water recharge.
10. Extend a sewer line with capacity to serve new development.
11. Encourage activities which result in the use of large amounts of fuel, water, or energy.
12. Use fuel, water, or energy in a wasteful manner.
13. Disrupt or adversely affect an archaeological site or a property of historic or cultural significance.
14. Induce substantial growth or concentration of population.
15. Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system.
16. Displace people over the long term.
17. Increase substantially the ambient noise levels for adjoining areas over the long term.

⁸ This is an indicative list and will be refined, validated and approved by the Regional Grants Committee prior to the launch of the SGF

18. Cause substantial flooding, erosion or siltation.
19. Expose people or structures to major geological hazards.
20. 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.
21. Violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.
22. Convert prime agricultural land to non-agricultural use or impair the agricultural productivity of prime agricultural land.
23. Interfere with emergency response plans.
24. Relate to the extraction or depletion of non-renewable natural resources.
25. Cause involuntary resettlement of people or the removal or alteration of any physical cultural assets and property
26. Raise issues pertaining to land tenure from a legal perspective.
27. Potential temporary or permanent economic displacement issues due to land use changes.
28. Unfair or illegal use of land, or failure to comply with local, customary, and national land tenure laws and provisions.
29. Result in any net loss of biodiversity, or which have any anticipated negative impacts on any habitats which are deemed "critical".
30. Are not legally permitted.
31. Are inconsistent with any government-recognized management plans for such areas.
32. Have not demonstrated that stakeholders, including affected communities, in protected areas have been consulted on the proposed subproject.
33. Loss of marine and terrestrial biodiversity and habitat area.

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 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.

Appendix III: Initial E&S Screening (GCF template)

Part A: Risk Factors

The questions describe the “risk factors” of activities that would require additional assessments and information. Any “Yes” response to the questions will render the proposal not eligible for the Simplified Approval Process Pilot Scheme. Proposals with any of the risk factors may be considered under the regular project approvals process instead.

Exclusion criteria	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to downstream riparian states?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women, child labour?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities be located in protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological,	<input type="checkbox"/>	<input checked="" type="checkbox"/>

historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?		
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Part B: Specific environmental and social risks and impacts

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the AE provided the E&S risk category of the project in the concept note?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the AE provided the rationale for the categorization of the project in the relevant sections of the concept note or funding proposal?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any additional requirements for the country?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Are the identification of risks and impacts based on recent or up-to-date information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Labour and Working Conditions	YES	NO	TBD
Are the proposed activities expected to have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will the proposed activities pose occupational health and safety risks to workers including supply chain workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Resource Efficiency and Pollution Prevention	YES	NO	TBD
Are the activities expected to generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emission; and (5) waste?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Are the activities expected to utilize natural resources including water and energy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Health, Safety, and Security	YES	NO	TBD

Will the activities potentially generate risks and impacts to the health and safety of the affected communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Land Acquisition and Involuntary Resettlement	YES	NO	TBD
Will the activities likely involve voluntary transactions under willing buyer-willing-seller conditions and have these been properly communicated and consulted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Biodiversity Conservation and Sustainable Management of Living Natural Resources	YES	NO	TBD
Are the activities likely introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples	YES	NO	TBD
Are the activities likely to have indirect impacts on indigenous peoples?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will continuing stakeholder engagement processes and a grievance redress mechanism be integrated into the management / implementation plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural Heritage	YES	NO	TBD
Will the activity allow continuous access to the cultural heritage sites and properties?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Will there be a need to prepare a procedure in case of the discovery of cultural heritage assets?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>