

FSM AND THE GREEN CLIMATE FUND



GREEN
CLIMATE
FUND

INFORMATION FOR FSM STAKEHOLDERS

Purpose:

This pamphlet is a practical guide to assist government, civil society, intergovernmental agencies and private sector partners in the FSM to access the Green Climate Fund (GCF).

It provides information on:

- The Green Climate Fund
 - GCF Resources
 - GCF Size of grants
- The National Designated Authority (NDA)
- Accreditation & Accredited Entities
- GCF Proposal Generation Process
- Further Information

What is the Green Climate Fund?

The GCF mission is to expand collective human action to respond to climate change. The Fund aims to mobilize funding at scale to invest in low-emission and climate-resilient development on our home planet created by the United Nations Framework Convention on Climate Change (UNFCCC), the Fund aims to support a paradigm shift in the global response to climate change. It allocates its resources to low-emission and climate-resilient projects and programmes in developing countries. The Fund pays particular attention to the needs of societies that are highly vulnerable to the effects of climate change, in particular Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States. Half of the 'adaptation' pool is allocated to these countries.

The Green Climate Fund was established by 194 countries party to the UN Framework Convention on Climate Change in 2010. It is designed as an operating entity of the Convention's financial mechanism and is headquartered in the Republic of Korea. It is governed by a 24 Board member, developed & developing countries, and receives guidance from the Conference of the Parties to the Convention (COP).

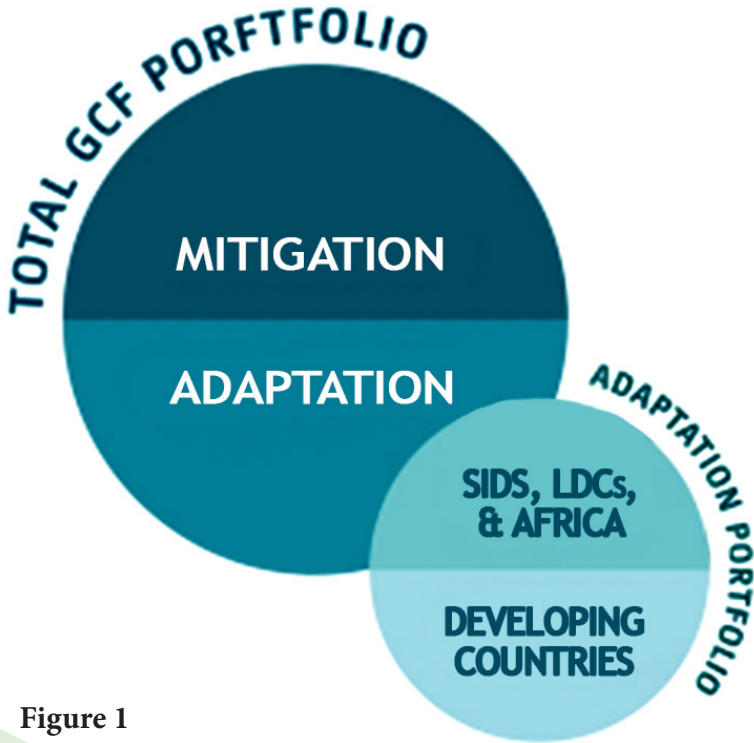


Figure 1

- 50/50 split between adaptation & mitigation
- Geographical balance
- 50% of adaptation resources for SIDS, LDCs and African States

GCF Investment Criteria

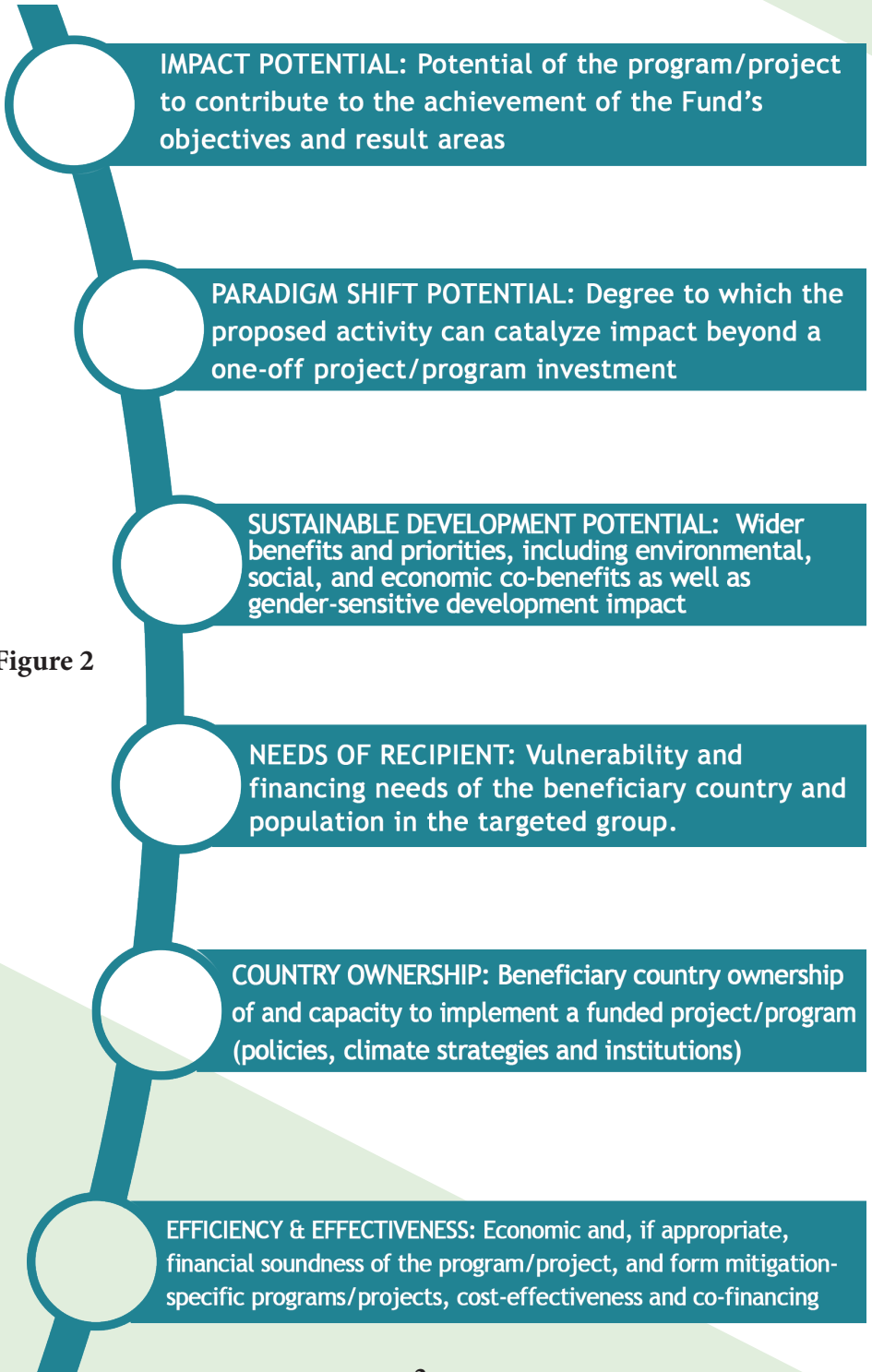


Figure 2

GCF Resources

Readiness Program support:

- Strengthen capacity to access GCF resources such as NDA office or national accredited entities.
- Capped at USD 1 million per calendar year per country.

Project Preparation Facility (PPF):

- Can be used for scoping, pre-feasibility studies, assessments or other project preparation support activities.
- Capped at USD 1.5 million per project but not to exceed 10% of total project costs for GCF to finance.

National Adaptation Plans/other adaptation processes:

- Capped at 3 million per country

GCF Project Sizes

Figure 3



What is the FSM NDA?

The FSM National Designated Authority (NDA) is the country's focal point for the Green Climate Fund. The NDA fulfills the following mandate:

Administers and maintains the FSM-GCF Country Program which:

- Ensures that activities supported by the Fund align with strategic national objectives and priorities.
- Advances action on adaptation and mitigation in line with national needs and priorities.
- Supports accreditation applications
- Disseminates information on the operational procedures of the Fund, including environmental and social safeguards and the no-objection procedure, to local stakeholders.
- Maintains an overview of all proposals related to the country and disseminates information on projects and programs through media and relevant networks.



FSM NDA:

Hon. Secretary Sihna
Lawrence



Department of Finance

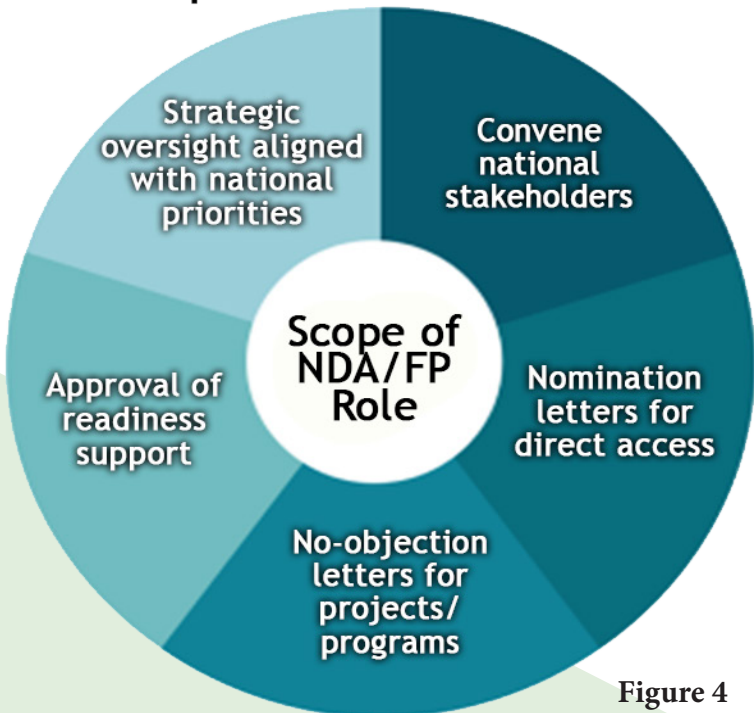


Figure 4

Accreditation & Accredited Entities

Accreditation is a process under which entities have to demonstrate that they have the ability to manage the Fund's resources in accordance with GCF standards and criteria.

The accreditation panel undertakes an independent review of the application to assess whether the applicant meets GCF fiduciary standards and environmental and social safeguards (ESS).

Getting Accredited

Organizations seen to have specialized capacities in driving climate action may apply to become GCF Accredited Entities. They can be private, public, non-governmental, state, national, regional or international bodies.

Accredited entities are expected to mobilize and manage GCF finances on behalf of the country.

Their primary role includes:

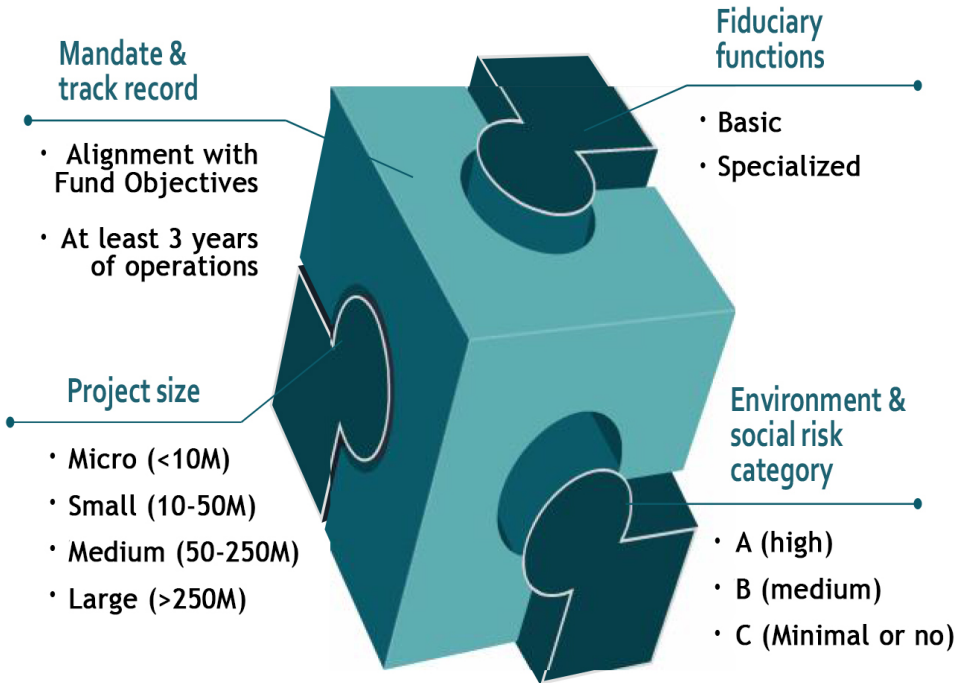
- Develop and submit concept notes or funding proposals for projects and programs
- Oversee implementation and management of projects
- Deploy a range of financial instruments (grants, concessional loans, equity and guarantees)
- Mobilize private sector capital (if appropriate).

Steps to getting accredited:

1. Self Assessment check online at <http://www.greenclimate.fund/partners/accredited-entities/self-assessment-tool>.
2. Submit an expression of interest letter to the NDA office.
3. NDA will review and respond to expression of interests.
4. Eligible entities will then be nominated by NDA.
5. Once nominated, the entity then can follow the GCF accreditation process online upon receipt of an access code.



Fit-for-Purpose Accreditation



World Meteorological Organisation



Asian Development Bank



THE WORLD BANK
IBRD · IDA

Figure 5

FSM-GCF Proposal

General Process

Based on the FSM–GCF Access Structure in figure 6, project proposals can come from national and state governments, private sector, non-governmental and intergovernmental agencies. Project proposals developed at the state level should go through designated GCF focal points in the respective states whereas national project proposals are submitted directly to the NDA office.

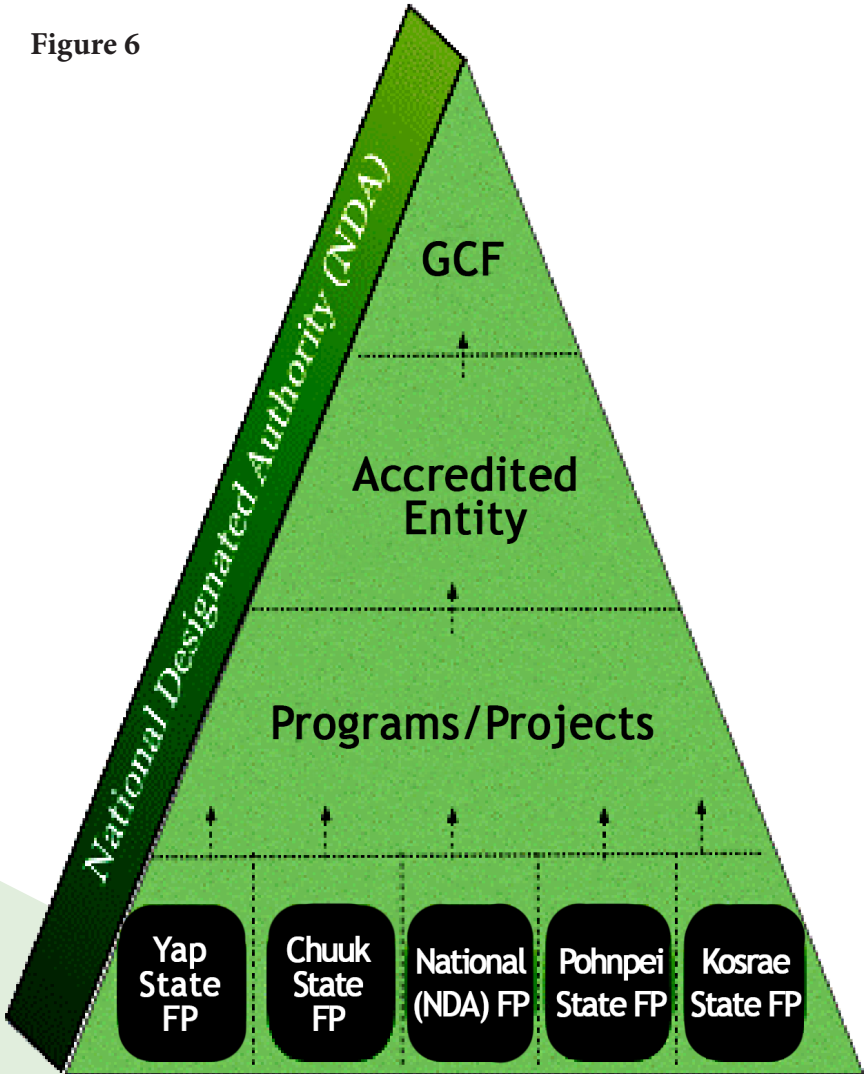
GCF recognizes three phases of proposal development which are:

1. Project idea: *At this stage, partner Accredited Entity are yet to be selected, and further scoping, sector-wide analysis and stakeholder consultations are yet to be conducted.*
2. Concept note: *At this stage, an Accredited Entity partner has been selected. Climate potential has been defined and project development gaps identified. Prefeasibility study and other studies partially completed.*
3. Proposal: *At this stage, an Accredited Entity partner has been fully engaged. Feasibility studies, environmental & social impact, and other key supporting documents completed or in final stages of preparation.*

Once project ideas are developed, project proponents need to select suitable accredited entities to work in converting their project ideas into concept notes and/or proposals. When concept notes are progressed to proposals, the AE will need a no-objection letter (NOL) from the NDA in order to submit project/program proposals to the Green Climate Fund.

FSM-GCF Access Structure

Figure 6



Private sector, non-governmental and intergovernmental initiatives require State and National government endorsement through focal points (FP)

How do I develop a proposal for the Green Climate Fund?

I. Proposals

Proposals must align with FSM Development priorities and GCF investment criteria. The proposals must be based on substantial stakeholder consultations and seek to collaborate with other stakeholders and development partners. The proposed projects/programs shall be country driven and must:

- Be included in FSM endorsed plans or priorities.
- Promise clear mitigation/adaptation impact in GCF results area.
- Show alignment with country strategies as per the FSM-GCF Country Program Strategic Framework
- Respond satisfactorily to the GCF investment criteria
- Focus efforts on most promising, high impact, innovative and sustainable projects.

II. FSM Climate Change and Sustainable Development Council

FSM National Climate Change and Sustainable Development Council (CC & SD Council) serves as the review and endorsement body for GCF concept notes and proposals. Department of Environment & Emergency Management serves as the Secretariat for the Council. A steering committee conducts technical review and provide recommendations to the Council.

III. FSM-GCF In-Country Proposal Generation Process

Refer to Figure 7 on page 14.

Step 1: Project proponent completes the Eligibility Assessment (EA) form.

Step 2: Project proponent submits EA Forms to focal points. Upon receipt of official transmittal, NDA office reviews and evaluates submitted EA forms for FSM-GCF Strategic alignment.

Step 3: NDA submits EA Forms for Council's review and endorsement through Department of Environment & Emergency Management as the Secretariat.

Step 4: In accordance with the Council's decision the NDA notifies the project proponent whether or not to proceed to concept note or proposal development stage.

Step 5: Project proponent engages an accredited entity. Concept note or proposal development process can begin.

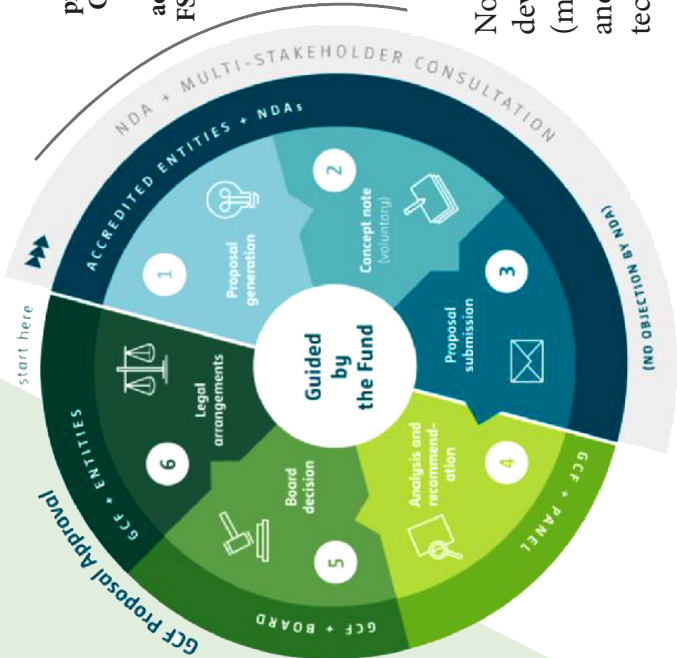


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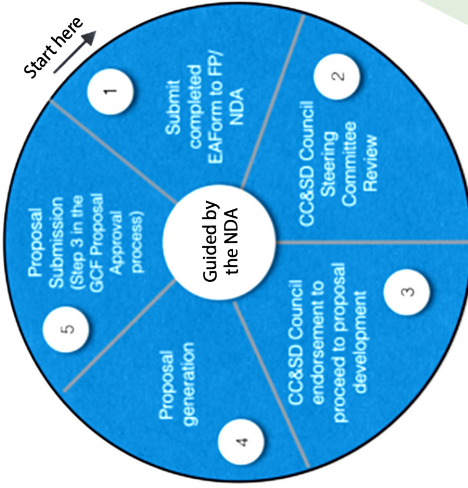
FSM-GCF Proposal Approval Process



FSM Proposal Generation Process



The FSM proposal generation process covers stages 1 to 2 of the GCF Approval Process. Project proponents must engage an accredited entity by stage 5 of the FSM Proposal Generation Process



Note that successful proposal development is a lengthy process (may take up to 21 person months) and will require high level of technical capacity.

Figure 7

Concept notes:

1. Concept notes can be submitted anytime throughout the year to GCF secretariat.
2. Concept notes are to be submitted by Accredited Entities (AE) with NDA's endorsement.
3. Concept notes are approved at the GCF Secretariat level.

Proposals:

1. Project proposals submitted by Accredited Entities (AE) to the Green Climate Fund shall be accompanied with 'no-objection letter' (NOL).
2. Project proposals can be submitted anytime throughout the year to GCF secretariat.
3. GCF Technical Advisory Panel reviews on proposals and make recommendations to the GCF Board.
4. GCF Board meets every quarter to reviews and makes decisions.

An alternative to access GCF resources is by participating in regional programs.

Regional Proposals:

1. A formal communication to NDA accompanied by a concept note is required for any proposed initiative for a regional project/program.
2. The NDA will then request that the FSM GCF EA Form be completed by the regional entity seeking FSM's expression of interest.
3. The completed EA form gets submitted to the Secretariat for the Council's review and endorsement.
4. If the Council endorses, the NDA issues an EOI; If the Council declines to endorse, the NDA issues a notification letter .

FURTHER INFORMATION

- For a copy of EA Form, contact your state GCF focal points/NDA office
- For further information on the Green Climate Fund, visit www.greenclimatefund.org
- For further questions on FSM-GCF engagement, contact NDA office.

NDA Office contact details:

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