

**VANUATU'S GCF ACCREDITATION PROCESS:
ENVIRONMENT AND SOCIAL SAFEGUARDS
ANALYSIS AND RECOMMENDATIONS**

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LIST OF ACRONYMS AND ABBREVIATIONS

AE	Accredited Entity
AF	Adaptation Fund
CCA	Climate Change Adaptation
CCDRR	Climate Change and Disaster Risk Reduction
CFWG	Climate Finance Working Group
CSU	Corporate Services Unit
DAE	Direct Access Entity
DEPC	Department of Environmental Protection and Conservation
DoCC	Department of Climate Change
DoL	Department of Lands
EE	Executing Entity
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESSF	Environmental and Social Safeguards Framework
ESS	Environmental and Social Safeguards
GCF	Green Climate Fund
GEF	Global Environmental Facility
GoV	Government of Vanuatu
IFC	International Finance Corporation
MCCA	Ministry of Climate Change Adaptation
MCT	Micronesia Conservation Trust
MFEM	Ministry of Finance and Economic Management
MLNR	Ministry of Lands and Natural Resources
MoH	Ministry of Health
NAB	National Advisory Board on Climate Change and Disaster Risk Reduction
NIE	National Implementing Entity
OSS	Sahara and Sahel Observatory
PS	Performance Standard
SAP	Simplified Approval Process
SoW	Scope of Work
ToR	Terms of Reference
TWG	Technical Working Group
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

This report responds to a request for assistance from the Government of Vanuatu (GoV) to the USAID Climate Ready program regarding GoV's efforts to secure accreditation to the Green Climate Fund (GCF). Accreditation would allow GoV to submit climate change adaptation and mitigation project concepts and proposals directly to the GCF without having to go through an external partner, thus streamlining the process and establishing a greater degree of country ownership over GCF activities in Vanuatu. In order to secure accreditation, GoV must demonstrate institutional and human competencies in several areas related to the preparation, review, administration, and implementation of climate change projects. This report focuses on the requirements related to environmental and social safeguards (ESS). **The overall objective of the report is to provide specific recommendations as to how GoV can meet GCF's ESS requirements for accreditation.**

The key recommendations of the report are:

- GoV should target Category C level accreditation, which would empower the government to submit projects of the lowest risk level to the GCF. This report finds that Category C is most consistent with GoV's current institutional and human competencies;
- GoV should strongly consider developing an ESS policy for GCF accreditation;
- Establish memorandums of understanding and terms of references between the candidate accredited entity (the Ministry of Finance and Economic Management (MFEM) and the agencies that have the capacity to implement the ESS due diligence procedures (Ministry of Climate Change (MoCC)/Department of Environmental Protection and Conservation (DEPC); through this arrangement, MoCC and DEPC would serve as ministerial service providers;
- Establish a formalized, conspicuous mechanism for public dissemination of information about potential GCF activities which includes a procedure for collecting, documenting, and addressing public queries, complaints, and concerns; and
- Adopt a process that includes initial pre-submission screening procedures, including a project exclusion list, and a formalized procedure for ESS due diligence review of concept notes and projects prior to submission to the GCF.

The report includes a description of Vanuatu's accreditation process and other policies and strategies that are relevant to the accreditation process. Pursuing C-level accreditation would advance several policy objectives included in the National Climate Change and Disaster Risk Reduction Policy 2016-2030, as well as some priorities articulated in the Ministry of Climate Change Adaptation Corporate Plan (2019-2021). The report also describes the different levels of accreditation with respect to risk and describes the specific requirements for each risk level with respect to the eight GCF ESS Performance Standards. This is followed by a gaps analysis that examines the current institutional arrangements and capacities in relation to the GCF's requirements. This analysis is based on an extensive review of the legal and policy framework in Vanuatu, as well as a number of stakeholder consultations conducted during a field visit to Vanuatu.

The report concludes that virtually all of the required ESS-relevant competencies required for GCF accreditation currently exist within the Government of Vanuatu, but they are scattered among various agencies. This means that formalized institutional arrangements, including memorandums-of-understanding and terms of references will need to be developed between the accredited entity and the agencies that own the relevant competencies. The report also concludes that there are gaps with respect to knowledge of the GCF and its policies among government officials, and that these gaps will need to be remediated through basic capacity building activities and through the development of relevant knowledge products. In addition, the report indicates that formalized standard operating procedures (SOPs) will need to be developed with respect to ESS due diligence procedures.

The second chapter of the report provides suggested guidance for addressing the gaps and establishing the required procedures. The report takes the perspective that there are two potential accreditation scenarios. Under the first scenario, the Ministry of Climate Change Adaptation (MCCA) is selected as the accredited entity. In the second scenario, the Ministry of Finance and Economic Management (MFEM) is selected as the accredited entity. The report provides suggested guidance for both of these scenarios. Included in this chapter are suggested steps for developing an ESS policy, a process for potential executing entities to pre-screen concept notes and proposals prior to submission to the accredited entity, and a recommended procedure for internal ESS due diligence. Chapter three provides process maps of these procedures.

The appendices to this report include relevant information on the procedures of the GCF with respect to the role of the accredited entity in screening concept notes and projects. The appendices also include suggested templates and tools that correspond to the recommended steps outlined in chapters 2 and 3. The report also includes three additional appendices which are draft terms of references (ToRs) for follow-up activities to strengthen the newly-created DoCC. These ToRs cover the following activities:

- Building capacity among DoCC staff and other stakeholders with respect to the GCF, its ESS policies and procedures, and the policies and procedures created within the GoV's Accredited Entity to the GCF to meet GCF requirements.
- Improving the utility and functionality of DoCC's internet portal and making it consistent with the statutory duties delegated to DoCC.
- Developing a mechanism for coordination of climate change-related activities among relevant government and non-government stakeholders.

In addition to providing recommendations, this report is written to provide broader background on ESS procedures and the GCF for decisionmakers and stakeholders that may not know much about the GCF. This includes several case studies from other agencies from around the world that were successful in securing accreditation similar to that sought by GoV.

Chapter 1. Background and Gap Assessment Report

1A. Introduction to this report

This report was prepared by the Climate Ready program under the United States Agency for International Development (USAID) in response to a request for technical assistance from the Government of Vanuatu (GoV) to support GoV's accreditation¹ process to the Green Climate Fund (GCF). The report focuses specifically on the GCF's environmental and social safeguards (ESS) requirements for accreditation, and directly addresses the requirements of Section VI (Environmental and social safeguards) of the GCF's "Accreditation Application Form"². The ESS requirements for accreditation of direct access entities are rooted in and are consistent with the GCF's Environmental and Social Policy (2018:4), which

...sets out the requirements for accredited entities working with GCF to establish and maintain robust, systematic, accountable, inclusive, gender-responsive, participatory and transparent systems to manage risks and impacts from GCF-financed activities, pursuant to this policy and the ESS standards adopted by the GCF. These requirements complement the accreditation framework and are considered in the accreditation and reaccreditation process.

The GCF's Environmental and Social Policy describes specific responsibilities with respect to accredited entities, and general requirements for environmental and social risk management. These responsibilities and requirements are reproduced in appendix A. The primary objectives of the GCF's Environmental and Social Policy and related safeguards practices are to

- Avoid, and where avoidance is impossible, mitigate adverse impacts to people and the environment;
- Enhance equitable access to development benefits; and
- Give due consideration to vulnerable and marginalized populations, groups, and individuals, local communities, indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by GCF-financed activities.

¹ "Accreditation" here and throughout the report refers to the process of fulfilling the GCF's requirements for directly accessing the Fund. The GCF (as well as the Adaptation Fund) require that agencies and organizations that submit project proposals to the Fund for financing consideration demonstrate a range of human and institutional procedures competencies for managing projects in a manner that is fiduciarily, environmentally, and socially responsible. Only agencies and organizations that achieve accreditation are permitted to submit projects, and hence access, the Fund. Currently there is no agency or organization in Vanuatu that is accredited to the GCF, and so all projects must be developed, proposed, and implemented by an external entity. For additional information on Vanuatu and the GCF, see NAB 2017: [The Green Climate Fund Information Booklet for Vanuatu Stakeholders and Implementing Entities](#).

² As of the finalization of this report (September 2020) the relevant form was version 1.1 from July 2015, which can be found on the GCF's website at https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Application.pdf/7cef5ed0-e42e-475a-9bd7-e099d64d6231.

This report was developed with several objectives in mind. The first objective was to synthesize and analyze information, experiences, case studies, and best practices concerning the GCF's requirements for environmental and social safeguards with respect to the accreditation of direct access entities. This synthesis provides detailed background for decisionmakers and other stakeholders regarding the process of accreditation and the role of environmental and social safeguards. The second objective of the report is to identify gaps, barriers, and obstacles which may potentially impeded GoV's ability to meet the environmental and social safeguards requirements for achieving GCF accreditation. The third objective is to provide recommendations for addressing these gaps, barriers, and obstacles, while the fourth objective is to describe a framework for complying with the GCF's environmental and social safeguards requirements, along with some tools and standard operating procedures for operationalizing the framework.

This report is written from the perspective of the GCF's overall objectives with respect to environmental and social protections, and endeavors to provide guidance to the GoV so that its accreditation efforts will be consistent with these objectives. The report is divided into three main chapters, which together describe a formal ESS Framework to be used as the basis for an Environmental and Social Management System for the direct access accreditation of a government entity to the GCF:

- Chapter 1: Background and Gaps Assessment Report. This chapter provides background about GoV's efforts to achieve accreditation to the GCF, the GCF's ESS requirements, and gaps, barriers, and obstacles with respect to GoV's ability to meet the aforementioned requirements. This chapter responds to the first objective of USAID Climate Ready's Scope of Work (SoW) for this technical assistance ("prepare a draft gap assessment report inclusive of the results of a desk review and stakeholder interviews, including the completed results matrix for each performance standard vis-à-vis the ministries and departments identified for analysis").
- Chapter 2: Addressing Gaps for Establishing and Environmental and Social Management System. This chapter provides step-by-step guidance for meeting the requirements for C-level accreditation to the GCF. This step-by-step guidance is a project action plan for addressing the gaps identified in Chapter 1. This includes cooperative arrangements among several government agencies and departments that will enable GoV to collectively meet the eight ESS Performance Standards of the GCF. This chapter responds to the second and third objectives of USAID Climate Ready's SoW for this technical assistance ("identify cooperative arrangements among the analyzed ministries and departments that will enable the Government of Vanuatu to collectively meet the eight ESS Performance Standards of the GCF (to obtain accreditation" and "prepare a project action plan that identifies how those gaps will be filled....responsible agencies, timelines, funding needs and areas of coordination among agencies").
- Chapter 3: Proposed Environmental and Social Management System. This chapter provides additional details and diagrams describing procedures for the ESMS, including a process flow chart on the proposed ESS procedure. This chapter responds to the fourth and final objective of Climate Ready's SoW for this technical assistance ("develop a

formal ESS framework gathering all the existing policies, regulations and procedures of the institutions being analyzed”).

The report also contains examples drawn from the environmental and social safeguards and accreditation experiences from other entities around the world. These examples are intended to provide general background to decisionmakers and other stakeholders about the GCF accreditation process. In addition, the report includes annexes which provide additional information about GCF policies as well as materials that can inform the development of standard operating procedures and tools described in chapters 2 and 3.

Appendices to the report provide clarification of GCF's ESS policies and the roles of the AE, as well as draft tools to be used during ESS screenings. The report also includes three additional appendices which are draft terms of references (ToRs) for follow-up activities to strengthen the newly-created DoCC. These ToRs cover the following activities:

- Building capacity among DoCC staff and other stakeholders with respect to the GCF, its ESS policies and procedures, and the policies and procedures created within the GoV's Accredited Entity to the GCF to meet GCF requirements.
- Improving the utility and functionality of DoCC's internet portal and making it consistent with the statutory duties delegated to DoCC.
- Developing a mechanism for coordination of climate change-related activities among relevant government and non-government stakeholders.

This report was based on research and consultations conducted during the first eight months of 2019. Background research consisted of a review of GCF policies as well as guidance documents from development partners and a comprehensive review of best practices. This included a review of the experiences and lessons learned from other direct access entities (e.g. PROFONANPE, Micronesian Conservation Trust, Caribbean Community Climate Change Center, Sahara and Sahel Observatory). In addition, policies, templates, tools, and other relevant documentation was collected from other direct access entities via internet search and/or by contacting these entities directly. A field visit to conduct consultations with GoV stakeholders and to gather data and information was conducted from July 1-12. During this time consultations were conducted with the Department of Climate Change (DoCC), the Department of Environment Protection and Conservation (DEPC), the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB), the Department of Lands, and several consultants working on climate change projects in Vanuatu.

A first draft of the report was initially submitted to GoV in December 2019 for review by the NAB. The NAB reviewed the report at its second meeting in 2020 and approved the report in principle. The NAB provided some minor comments, which have been addressed in this updated final version of the report.

1B. Description of Vanuatu's accreditation process

Beginning in 2017, Vanuatu's Ministry of Climate Change Adaptation (MCCA), working through the Climate Finance Working Group (CFWG) and the National Advisory Board on Climate Change and Disaster Risk Reduction began to explore the process of gaining accreditation to the Green Climate Fund. At that time and currently, there was no domestic organization accredited for direct access to the GCF, and this has been seen as a severe impediment to accessing financing for climate change projects³. Therefore, the conclusion was reached that it would serve to advance Vanuatu's climate change response to have its own domestic accredited entity. The Government of Vanuatu and the NAB were of the opinion that no single government entity would be able to meet all of the GCF's fiduciary and environmental and social requirements. Therefore, the various government stakeholders agreed that the best course of action would be for one agency to apply for accreditation, supported by one or more other agencies with roles clearly described with memorandums of understanding and terms of references describing the specific responsibilities of the supporting agencies. This arrangement would allow the respective competencies of the agencies to be considered by the GCF.

As the various stakeholders in Vanuatu gained familiarity with the procedures for accreditation and the distinction between different levels of accreditation (described in section 1D, below), a general consensus was reached that the initial target for accreditation should be the lowest level and complexity ("C"-level accreditation for "micro" size grant projects; see paragraphs below for elaboration), as this was perceived to be the simplest and easiest to achieve⁴. Therefore, this report and its recommendations focus primarily on the requirements for C-level accreditation and the steps necessary to gain this level of accreditation.

1C. Relevant legal and policy instruments

This section describes the various legal and policy instruments that are either directly or indirectly related to the process of accreditation and the accreditation requirements in Vanuatu. The section describes the overall context in which the environmental and social safeguards system will be developed, providing information on potential synergies between the task of meeting the GCF's ESS requirements and other government priorities.

Legal and Policy Elements.

³ Without a domestic accredited entity, any project proposals submitted for financing to the Green Climate Fund must be developed by regional (e.g. SPREP, SPC) or international (e.g. UNDP, ADB) accredited entities.

⁴ Note that this does not mean that larger and higher-risk category projects (e.g. Categories B & A, see appendix C for indicative examples) cannot be carried out in Vanuatu; these types of projects can still be implemented by multilateral access entities (e.g. ADB, UNDP). C-level accreditation for GoV agencies would instead fill an important niche, empowering in-country stakeholders to develop smaller projects which might not be as attractive to multilateral access entities. In addition, GoV would have the option of upgrading its accreditation at a later date. If followed, the recommendations described in this report will help to create a track record that will be useful in upgrading the accreditation level at a later date.

National Climate Change and Disaster Risk Reduction Policy 2016-2030. This policy prioritizes advancing an agency to accredited entity status by December 2017. It also provides some recommendations relevant to environmental and social safeguards, each of which would be advanced either directly or indirectly through the development of an environmental and social management system for the GCF and subsequent accreditation to the Fund. Key provisions include:

- 7.1.1. “Strengthening traditional governance systems through partnership among government, civil society, development partners, academia and the private sector”;
- 7.1.2. “Developing practical strategies to address gender and social inclusion issues within the climate change and disaster risk reduction context at all levels via government and stakeholder collaboration”;
- 7.2.2. “Making measurable improvements in climate change and disaster risk reduction budgeting, financial statements, reporting, audit processes, procurement practices, project management, and transparency policies” and “Lobbying international partners for support on obtaining NIE status⁵”;
- 7.3.7. “Undertaking multi-hazard risk and social risk mapping exercises to inform planning at local, provincial and national levels and involving relevant stakeholder”;
- 7.4.3. “Identifying adaptation and risk reduction activities that bring additional, no regrets, social, environmental and economic benefits to communities and individuals”;
- 7.4.3. “Rights and needs of individuals are respected and recognized by:
 - “Ensuring that adaptation and risk reduction initiatives incorporate the rights, priorities and needs of individuals (particularly vulnerable and marginalized groups, including the elderly, women, youth, children, disabled, illiterate, landless, minority and impoverished);
 - “Ensuring that community stakeholders and vulnerable groups are included in climate change adaptation and risk reduction initiatives and have an institutionalized role and voice in island, municipal, provincial and national climate and disaster decision-making”;
- 7.4.5. “Identifying and minimizing negative impacts on the environment from proposed adaptation and risk reduction activities”;
- 7.4.5. “Prioritizing adaptation and risk reduction actions that build on, incorporate and protect taboos, conservation areas, heritage sites, locally managed areas and vulnerable habitats and ecosystems and carbon sinks”;
- 7.4.5. “Prioritizing ‘soft’ ecosystem-based adaptation over ‘hard’ engineered infrastructure for ecosystem function maintenance”;
- 7.4.5. “Utilizing sound land-use planning approaches, and implementing and enforcing ecosystem-related development policy documents (e.g. Land Use Planning Policy, Foreshore Development Act, Physical Planning Act)”;
- 7.5.2. “Developing and strengthening planning and legal frameworks to avoid damage to high carbon neutral resources and ecosystems (e.g. mangroves, coral reefs and sea grasses)”.

⁵ “NIE” here stands for National Implementing Entity, which is an equivalent term for direct access entity.

Ministry of Climate Change Adaptation Corporate Plan 2019-2021. There are several elements in the Corporate Plan that are relevant to ESS as well, as follows:

- “Incorporate traditional knowledge and practices into MCCA ESS Framework for CCDRR activities, projects/programs” (Pillar 1 Soc 1.2 assigned to DoCC);
- “Develop an Environment and Social Safeguards Policy Framework (ESSF) to protect societal values and practices when designing and implementing project initiatives” (Pillar 1 Soc 1.2 assigned to DoE). Fulfilling the ESS-related requirements for GCF accreditation will advance progress towards this goal. Recommendations for developing an ESS policy, which would be optional in the context of GCF accreditation, are presented in chapter 2;
- “Implement the DEPC Environment and Social Safeguards Framework to support preservation of cultural knowledge, customary practices & resource usage” (Pillar 1 Soc 1.2 assigned to DEPC). As above, fulfilling the GCF requirements would advance progress towards this objective. According to discussions with DEPC, the ESS Framework alluded to here is not yet in place, and so the steps recommended in chapter 2 would serve to address this as well;
- “Ensure new development projects comply with EIA process” (Pillar 2 Env 2.2.1 assigned to DEPC). Putting in place the review procedure described in chapter 2 would create a good foundation for reviewing projects and ensuring that they comply with EIA and other processes. The procedure recommended in chapter 2 could later be expanded and elaborated to meet the additional, non-GCF related requirements of the GoV;
- “Develop environmental guidelines to ensure new infrastructure causes minimal disturbances to natural land & marine environmental under relevant acts” (Pillar 2 Env 2.2.2 assigned to DEPC).

1D. Accreditation requirements

The GCF’s overall accreditation process adopts a “fit-for-purpose” approach designed to enable access for a wide range of entities. This fit-for-purpose approach recognizes that different entities have different competencies with respect to the projects that they will design, and so there is no one-size-fits-all accreditation. There are different classes of accreditation based on project size, financing modality (e.g. loans, grants, guarantees, equity instruments), and risk level, and so candidate entities can apply for a level of accreditation that is consistent with their competencies and remit. This fit-for-purpose approach applies to the requirements for environmental and social safeguards as well; during the accreditation process, entities seeking accreditation must provide proof of policies, systems, structures that are detailed and complex enough to minimize risks and in some cases to demonstrate a track record in dealing with risks (this requirement depends on the level of accreditation that is being sought). These elements are all part of an Environmental and Social Management System (ESMS) which the applicant

must have established⁶ prior to accreditation⁷. Several aspects of the GCF's system for environmental and social safeguards are described below.

Risk levels. The GCF has three levels of risks for the projects that it considers for funding, and so an entity's accreditation covers a certain maximum degree of risk allowable in project submissions by that entity. In general, the higher risk levels have more stringent requirements in terms of the policies and procedures that need to be in place, and the greater the degree of human and institutional capacity to address and manage risks that needs to be demonstrated. These levels are⁸:

- "A" level. This is the highest risk level ("potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented"). "A" category projects would include large infrastructure projects (e.g. dams), large-scale "hard"⁹ coastal protection measures, and similar types of projects. For these types of projects, comprehensive formal environmental and/or social analysis is required using specialized and independent technical expertise. This level of accreditation requires extensive documentation and for significant policies and procedures to be in place prior to accreditation. It also requires that the accredited entity demonstrate the ability to develop and implement mitigation measures for any risks that are identified. Entities that are accredited to A level can submit projects of any risk level.
- "B" level. This is the intermediate risk level ("potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures"). This would include small infrastructure projects, such as a new road to replace an existing one. A general rule of thumb is that B category projects are those that include some social and/or environmental risks, but for which best-practices for reducing, managing, mitigating, or containing these risks exist. In general, the risks associated with B category projects are not irreversible. This level of accreditation requires an ESS policy, documentation, procedures, and fairly high levels of capacity. In addition, it requires a demonstrable track record in dealing with these issues.

⁶ An ESMS is defined as "the framework policies/systems/structures which aims to minimize the environmental and social risks associated with the performance standards. The ESMS is comprised of a set of management processes and procedures which help the national entities to identify, analyze, control and reduce the adverse environmental and social impacts of activities under projects/programmes" (UNEP/UNDP/WRI 2016:13). The ESMS is the major element with respect to the GCF's accreditation requirements. The comprehensiveness required of the ESMS depends on the level of accreditation being sought.

⁷ Note that GCF uses the term "Environmental and Social Management System", however other agencies may use slightly different language. For example, as noted in the previous section, MCCA's Corporate Plan describes an "Environmental and Social Policy Framework", which would be similar, if not the same as the ESMS developed for the GCF.

⁸ Note that a list of indicative project types adhering to each risk level has been included as appendix C

⁹ The term "hard" is used throughout this document to refer to projects that involve building physical structures (e.g. buildings, roads, ports, coastal armoring) whereas the term "soft" refers to projects that have little if any physical footprint (e.g. capacity development, institutional strengthening). This language is also used in Vanuatu's National Climate Change and Disaster Risk Reduction Policy.

- “C” level. This is the lowest level of risk (“minimal or no adverse environmental and/or social risks and/or impacts”). This level of accreditation requires the least amount of documentation; for example, unlike categories A and B it does not require an explicit ESS policy to be in place. Project concepts and proposals determined to be C level **do not** require additional analysis beyond the initial screening procedure; in other words, they do not require environmental and social impact assessments (ESIA). In addition, all Simplified Approval Process¹⁰ (SAP) project submissions must be C-level projects. C-level accreditation requires the following:
 - A basic procedure that can be used to identify the risk level of proposed projects to the GCF. The accredited entity should be able to screen potential project submissions to determine the potential risk level;
 - An organizational chart of where designated staff members who make categorization decisions are situated in the organization along with reporting lines;
 - Organizational competency and capacity;
 - Description of a project monitoring process and method for managing risks if they arise; and
 - A public disclosure and complaints system.

Performance standards. The risks associated with project classifications are categorized according to several **performance standards** (PS), which guide the assessment of environmental and social risks. Currently the GCF uses the International Finance Corporation’s (IFC) system of performance standards¹¹. The first performance standard (“assessment and management of environmental and social risks and impacts”) must be addressed by all projects. Performance Standards 2-8 are “utilized in a modular way as needed...where environmental or social risks and impacts are identified, the accredited entity is required to manage them in accordance with the Fund’s ESS” (GCF B.07/11 Decisions: 19). In practice this means that these performance standards become relevant when they are “triggered”; projects that do not concern Performance Standards 2-8 do not require specialized procedures or considerations. As will be elaborated below, Category C projects **must not** trigger Performance Standards 2-8; this means in practice that the primary requirement for C-level

¹⁰ The Simplified Approval Process is a procedure introduced by the GCF in 2017. The SAP was developed in part as a way of encouraging more submissions from direct access entities. SAP proposals must be C category and cannot exceed US\$10 million. The SAP process has been very popular among direct access entities and smaller multilateral access entities. For more information on the SAP, see <https://www.greencimate.fund/how-we-work/sap>.

¹¹ The GCF Board decided during its 7th meeting in June 2014 to use the IFC standards on an interim basis until the GCF is able to develop its own standards. According to the meeting documents, “once the fund has built up a track record of experience and lessons learned, an in-depth review will be conducted, including benchmarking against recently updated regional bank standards, the updated World Bank Safeguards (anticipated), and experience in implementing the Adaptation fund principles. This review will aim at completing the process of developing the Fund’s own ESS, which will build on evolving best practices, within a period of three years after the Fund becomes operational” (GCF/B.07/11:16). As of the writing of this report, no new standards have been developed. It is not likely that adoption of new standards would require changes to the basic process of accreditation.

accreditation is the ability to screen out projects that would potentially trigger PS 2-8. **Each** of the PSs includes several requirements of the accredited entity, which are described below¹²:

1. Assessment and management of environmental and social risks and impacts. This is the only one of the eight performance standards that applies to **all** funding proposals, and therefore must be addressed in GoV's accreditation application. This requires accredited entities to:

- Identify the funding proposal's environmental and social risks and impacts through an integrated assessment;
- Adopt the mitigation hierarchy: anticipate, avoid, minimize, compensate/offset;
- Improve performance through an ESMS; and
- Engage with affected communities or other stakeholders throughout the funding proposal cycle to disclose project-related information and consultation with local communities that directly affect them. This includes the establishment of a formalized grievance mechanism.

2. Labor and working conditions¹³. This requires accredited entities to:

- Provide workers with clear and understandable information on their rights, including those related to hours of work, compensation and benefits;
- Provide safe and healthy working conditions, taking into account inherent risks in the sector;
- Not discriminate, but instead hire, compensate, manage and lay off employees based on the principle of equal opportunity and fair treatment;
- Not restrict workers from joining or forming workers' organizations or bargaining collectively;
- Create effective grievance mechanisms for employees;
- Not employ children (under 18) in any manner that is exploitative or that could be harmful;
- Not employ forced labor or trafficked persons;
- Make efforts to ensure that contracted workers employed by third parties are protected; and
- Monitor primary supply chains to identify and reduce the risk of child or forced labor or significant safety concerns.

3. Resource efficiency and pollution prevention. This performance standard requires institutions to:

- Avoid the release of air, water, and land pollutants or, when avoidance is not feasible, minimize and/or control project-related pollution;
- Avoid the generation of waste or where unavoidable, minimize and appropriately dispose of waste;

¹² These descriptions have been included for reference purposes. If GoV stakeholders eventually decide to advance to B level accreditation, a policy which addresses these performance standards will need to be in place.

¹³ PS2 would apply to projects that hire large numbers of workers (e.g. infrastructure projects) and would not normally be triggered by project management units or the hiring of short-term consultants.

- Replace hazardous materials with safer substances;
- Use integrated pest management and integrated vector management approaches to reduce the risks of pesticide use;
- Efficiently use natural resources (energy, water);
- Account annually for GCG emissions for projects likely to release over 25000 tons of CO₂ equivalent; and
- Make an effort to reduce GHG emissions

4. Community health, safety and security. This performance standard requires accredited entities to:

- Assess and avoid (or if unavoidable, mitigate) adverse impacts on the health and safety of the affected community over the life of the project;
- Assess and avoid, if possible, project impacts on ecosystem services on which communities depend;
- Avoid or minimize the potential for community exposure to diseases, including from hazardous waste, taking into consideration vulnerable groups;
- Assess safety risks that the project poses towards local communities and create a system to respond to emergency situations (including both project accidents and natural hazards);
- Assess and mitigate risks posed by a project's security arrangements, such as use of private security, police, or military personnel; and
- Investigate all allegations of unlawful or abusive acts of security personnel, take action to prevent recurrence and report unlawful and abusive acts to public authorities.

5. Land acquisition and involuntary resettlement. This performance standard requires accredited entities to:

- Avoid forced evictions, including the use of coercion and manipulation of communities;
- Avoid and/or minimize physical displacement (moving people off land they inhabit) and economic displacement (restricting people's access to use of land and/or natural resources);
- Engage with affected communities throughout the resettlement process, including the through a grievance mechanism;
- Provide all displaced persons with fair and equitable compensation;
- Improve or restore the livelihoods and standards of living of those people who are displaced;
- For people with a recognized right to the land, offer the choice of replacement property of equal or higher value or (if land is not possible) cash compensation; and
- For people without rights to land recognized by the government, offer adequate housing options with secure tenure and compensation for lost assets, such as buildings.

6. Biodiversity conservation and sustainable management of living natural resources. This performance standard requires accredited entities to:

- Assess and avoid impacts on biodiversity and ecosystem services, if possible;

- Implement measures to minimize and restore negative impacts;
- Apply protection measures to all areas that have significant biodiversity value;
- Assess the ecosystem services and avoid, minimize or mitigate any negative effects, including from alien species;
- Not significantly convert or degrade natural habitat unless:
 - There are no other feasible options;
 - Stakeholder have been consulted;
 - Mitigation measures are in place to achieve no net loss in biodiversity.
- Do not implement activities in critical habitat unless:
 - There is no other alternative;
 - The activities do not lead to measurable negative impacts on key biodiversity and ecological processes or a net reduction in endangered species;
 - A monitoring plan is in place.
- Do not implement activities in legally protected or internationally recognized areas unless:
 - It is legally permitted;
 - Adequate stakeholder participation is implemented;
 - Efforts are made to enhance conservation.
- Ensure that activities involving the production of living natural resources (e.g. forestry, agriculture) adhere to recognized standards of sustainable management; and
- Monitor the institutions primary supply chains to ensure that they are not contributing to the conversion of natural critical habitats.

7. Indigenous peoples. This performance standard requires accredited entities to:

- Identify indigenous peoples that may be affected;
- Avoid negative impacts on IPs where possible, and otherwise minimize, restore or compensate for these impacts in a culturally sensitive manner;
- Design all measures related to IPs with their informed consultation and participation throughout the life of the project;
- Not develop a project on land that is traditionally owned or used by IPs unless:
 - Impacts thoroughly assessed and minimized;
 - IPs are informed of their rights;
 - Appropriate compensation is offered;
 - IPs continue to have access to land and resource if possible;
 - IPs are offered a fair and equitable sharing of project benefits.
- Not relocate indigenous peoples from land or natural resources they have traditionally owned or used;
- Not significantly impact critical cultural heritage;
- Not use the traditional knowledge or cultural heritage of IPs for commercial purposes; and
- Have a procedure for obtaining free prior and informed consent.

8. Cultural heritage. This performance standard requires accredited entities to:

- Identify and avoid significant adverse impacts on tangible cultural heritage;
- Consult with affected communities and relevant government agencies to identify cultural heritage;
- Put in place a system for protecting cultural heritage that is discovered during project implementation “chance find” procedures;
- Maintain community access to cultural heritage sites;
- Not remove, significantly alter or damage critical cultural heritage except in exceptional circumstances and in collaboration with affected communities; and
- Use intangible cultural heritage for commercial purposes only in collaboration with relevant communities.

Gender. All organizations need to demonstrate some form of policy commitment to support gender equity.

Competency areas. Within the ESMS, the GCF requires that six areas of competency be demonstrated. The level of competency required of the prospective accredited entity with respect to each of these areas varies depending on the risk level of accreditation being sought (see Table 1 below). These apply to all eight of the performance standards. These areas of competency are described in the table below:

Competency/Level of Risk	A	B	C
1. Policy	E&S policy consistent with PS1-8, endorsed by Senior Management, lines of responsibility, and communicated internally and publicly	E&S policy consistent with performance standards 1-8, endorsed by management, lines of responsibility, and communicated within the organization	E&S policy not required for C-level accreditation
2. Identification of risks and impacts	Fully developed and document process and track record that identified E&S risks and impacts, is consistent with international practice, covers PS1-8, and is integrated into operations	Process and track record that identifies E&S risks and impacts, is consistent with international practice, and covers PS1-8	Basic environmental and social procedures, categorization system for risks and track record if already in place
3. Management program	Evidence of management programme, including formal operational	Operating processes or procedures documenting how individual project	A description of the organizational capacity to manage E&S risk

	<p>processes or procedures documenting practices describing how individual project mitigation actions will be documented, tracked and applied, audit reports (conducted by external firm or organization) on institutional management programme effectiveness</p>	<p>mitigation actions will be documented and tracked, audit reports on institutional management program effectiveness</p>	
<p>4. Organizational capacity and competency</p>	<p>Organizational structure that defines roles, responsibilities, reporting lines and authority to implement the ESMS which includes senior management, technical staff with direct responsibility for the project performance with knowledge, skills, and experience necessary to understand and ensure implementation of PS1-8, procedures for information sharing and description of training and development programs for E&S and other relevant staff</p>	<p>Organizational structure that defines roles, responsibilities, reporting lines and authority to implement the ESMS which includes senior management, technical staff with direct responsibility for the project performance with knowledge, skills, and experience necessary to understand and ensure implementation of PS1-8</p>	<p>Designated staff or staff members appropriately located within the organization are knowledgeable about PS1-8 and able to properly categorize potential funding proposals through a screening process, organizational chart of where designated staff members who make categorization decisions sit in the organization and reporting lines</p>
<p>5. Monitoring and review</p>	<p>Description of monitoring and review program to ensure completion of mitigation and performance</p>	<p>Description of monitoring and review process and previous years indicators that resulted from the program, sample of</p>	<p>Ability to monitor projects to ensure that there have been no scope changes or unanticipated impacts or risks requiring</p>

	improvement measures, examples of how lessons learned from monitoring and evaluation have influenced project design, track record of successful ESMS implementation, description of audit or review process	project monitoring and evaluation reports	mitigation and management, description of project monitoring process
6. External communications	<p>External communications channels that allow the entity to receive and register external communication from the public, screen and assess issues raised and determine how to address them, and provide, track and document responses, which includes:</p> <ul style="list-style-type: none"> • Written process or procedures describing external communication system • Location of the system • Register of inquiries/complaints and responses 	<p>External communications channels that allow the entity to receive and register external communication from the public, screen and assess issues raised and determine how to address them, and provide, track and document responses, which includes:</p> <ul style="list-style-type: none"> • Written process or procedures describing external communication system • Location of the system • Register of inquiries/complaints and responses 	<p>External communications channels that allow the entity to receive and register external communication from the public, screen and assess issues raised and determine how to address them, and provide, track and document responses, which includes:</p> <ul style="list-style-type: none"> • Written process or procedures describing external communication system • Location of the system • Register of inquiries/complaints and responses

Table 1: Areas of competency according to risk level for GCF accredited entities (after GCF Accreditation Application Form v1.1, July 2015)

In summary, the primary requirements that must be met by the GoV for C-level accreditation to the GCF are the following:

- For identification of risks and impacts, a basic system and procedure for identifying risks & impacts and categorizing risk level (A, B, C) and screening projects and programs against the performance standards;
- To demonstrate organizational capacity and competency:
 - Designated staff with technical competency to identify and categorize risks;
 - An organizational chart illustrating the position of these staff within the organizational structure of the candidate accredited entity and relevant lines of reporting and accountability.
- To demonstrate the existence of a management program, a description of management program which is consistent with the level of risk (in the case of C-category projects, there is no risk);
- To meet the monitoring and review requirement, a process is needed to ensure that there have been no scope changes or unanticipated impacts or risks requiring mitigation and management; and
- An external communication channel that allows the candidate accredited entity to publicly disclose information about projects, and to register and respond to inquiries and complaints from the public concerning potential project risks and impacts.

1E. Gaps

With respect to the requirements for C-level accreditation to the GCF, the research and consultations informing this report indicate that there are almost no competency gaps other than a lack of knowledge about the GCF and its requirements. What is lacking are the procedures and screening tools required for accreditation. This section organizes the gaps with respect to each of the aforementioned requirements for C-level accreditation.

Recommendations for addressing these gaps will be provided in chapter 2.

Procedure for identifying and categorizing risks. Accreditation for C-level projects requires a process that screens projects against the eight performance standards and is able to consistently confirm the risk category. Currently GoV does not have a single system for identifying and categorizing risks that is consistent with GCF requirements. Instead, there are several systems which are essentially congruent to GCF ESS standards located across several ministries, agencies, and departments. For example, the Department of Environmental Protection and Conservation (DEPC) under MCCA is responsible for and has tools for environmental impact assessment, which are likely equivalent to PS1 and elements of PS6. A dedicated, unified, and formalized procedure that meets GCF screening requirements should be developed from these disparate screening procedures. This new procedure would draw on the technical competencies of other government agencies and would enable the accredited entity to complete ESS screenings through formalized arrangements with the other agencies. These arrangements would be formalized through memorandums of understanding between the AE and the other agencies, and would be operationalized according to detailed terms of references which would define the scope of tasks for the partner agencies. This arrangement would help

the AE avoid engaging expensive external consultants in most cases. A suggested procedure is presented in chapter 3. In addition, this screening procedure could be applied to meet the requirements of financiers, including multilateral funds such as the Adaptation Fund and other financiers. This is common practice among other accredited entities that were examined for this report¹⁴.

Organizational and staff capacity. Since there are no procedures in place there are no designated staff to identify and categorize risks. However, interviews with Government officials in several departments indicate that there are currently staff members with the requisite competencies for identifying and categorizing risks and impacts that are employed in various agencies. However, these staff members in general have little to no knowledge of the GCF and its ESS requirements. Therefore, these staff members should be formally identified and their positions incorporated into a formalized screening procedure (see chapter 3 for details). In addition, capacity building opportunities and reference materials should be developed for these staff members to ensure that they have full knowledge and understanding of the GCF as well as the candidate accredited entity's ESS procedures.

In addition, GCF accreditation also requires that the aforementioned staff members be identified on an organizational chart that clearly describes their lines of reporting and accountability. Once the staff members are identified for the screening procedures, an organizational map should be developed along with formalized procedures for tasking these staff members with project review duties.

Description of management program for addressing risks and impacts. Since GoV is pursuing C-level accreditation at this time, there is no need to develop management programs for addressing risks and impacts.

Monitoring and review process to be followed during project implementation. There is currently no monitoring and review process specific to GCF project implementation. However, there are personnel, notably within DoCC, that could be tasked with the responsibility of monitoring project implementation. In the case that MCCA is selected as the AE, a simple statement of process would need to be developed, and the job description of the appropriate staff member at DoCC would be amended to include responsibility for this aspect of project monitoring. If instead MFEM is selected as the AE, then an MoU and ToRs should be formulated between the MFEM and MCCA/DoCC so that DoCC can fulfill this task. This is described in more detail in chapter 2.

External communication and grievance mechanism. There is currently no grievance mechanism in place. C-level accreditation requires the following elements, none of which are currently in place:

¹⁴ For example, the Sahara and Sahel Observatory's (OSS) ESS policy and procedures cover projects funded by the World Bank Group, the African Development Bank Group, the Global Environmental Facility (GEF), the GCF, and the Adaptation Fund.

- A written process or procedures describing the external communication system for receiving and registering communications/complaints/comments from the public;
- A conspicuous location for contact information (e.g. a website); and
- A process for screening, assessing, and addressing comments/complaints.

In conclusion, this chapter has described GoV's process for securing accreditation to the GCF thus far. The chapter has described the requirements for different risk levels, and recommends that GoV pursue C-level accreditation. The chapter has also described how meeting the GCF's requirements for an ESMS aligns with other policy goals articulated by the GoV. Lastly, the chapter has described gaps that need to be addressed in order to secure C-level accreditation. Chapter 2 provides suggestions on how to address these gaps.

Chapter 2. Addressing Gaps to Establish an Environmental and Social Management System

2A. Introduction to Chapter 2

This chapter suggests a set of step-by-step actions to address the gaps identified in chapter 1 that will lead to the creation of an Environmental and Social Management System (ESMS) and related procedures and tools which will be consistent with the GCF's accreditation requirements. These recommendations will help the GoV move towards established procedures as a part of a formalized process for project screening and risk management and move away from ad hoc work that is driven by individual donor requirements.

These steps include the following:

- Step 1: Formulate ESS policy (optional)
- Step 2: Risk categorization guidelines and procedures
- Step 3: Project screening procedures
- Step 4: Management program
- Step 5: Organizational capacity and competency
- Step 6: Monitoring and review
- Step 7: External communications

The descriptions of each of these steps include both specific actions that need to be developed and standard operating procedures that should be put in place (including tools). In the case where specific actions need to be implemented, the accreditation team should assign an officer the responsibility for carrying out the task. In the case of developing standard operating procedures, these should be compiled into a draft manual that can be submitted to the GCF along with the application for accreditation. In some cases, draft tools have been developed by this report's author and included in the report's appendices. This chapter also includes illustrative examples of how other accredited entities have met the GCF accreditation requirements, as well as some capacity building suggestions.

The report makes no recommendations concerning the structure of the accredited entity in Vanuatu. However, based on the consultations and policy review that was conducted for this report, it is clear that the Department of Environmental Protection and Conservation (DEPC) currently "owns" most of the technical capabilities that will be required to implement the ESMS. Therefore, regardless of the structure for accreditation that is ultimately decided upon, the report recommends that the DEPC play a central role in the ESMS, and provides recommendations based on two scenarios:

- The first case assumes that the Ministry of Climate Change Adaptation (MCCA) is selected as the accredited entity. Since DEPC is housed within MCCA, it is bureaucratically and administratively uncomplicated for DEPC to be the process owner with respect to implementing the ESMS for GCF project proposals.

- The second case assumes that the Ministry of Finance and Economic Management (MFEM) is instead selected as the candidate accredited entity. As in the first case, here the report recommends that DEPC play a leading role in executing the procedures and screenings associated with the ESMS. However, since DEPC will exist outside the accredited entity (MFEM), establishing the formalized institutional arrangements to involve DEPC in the process are more slightly complex. This second case requires establishing a formal agreement between MFEM and MCCA/DEPC so that the latter agency functions as a ministerial service provider.

Recommended steps for both of these scenarios are described below.

2B. Steps for establishing an Environmental and Social Management System

Step 1: Formulate ESS Policy (Optional depending on accreditation target)

The first step described here is **optional**, and as such it can be completed at any time, since C-level accreditation is not contingent upon the completion of this step¹⁵. However, if the GoV decides to apply for one of the higher GCF accreditation levels (categories A or B), the accredited entity will need to have in place an Environmental and Social Policy¹⁶. This Policy serves as the essential underpinning of the ESMS. Drafting an ESS Policy is not an overly onerous task, and policies from other organizations with similar GCF accreditations could be used as models (see references). The more complicated task would be to have the ESS Policy approved by the agency seeking accreditation, and since these are government agencies, approval of the ESS Policy would have to be consistent with existing and established legal channels. This report's references include several environmental and social policies for entities with existing accreditations similar to what GoV is targeting; these policies could potentially be used as references in developing a Vanuatu-specific policy. Key elements that are common in policies include:

- Objectives describing the purpose of the policy;
- Alignment of the ESS Policy with existing government frameworks and commitments;
- Scope of the policy, describing what the policy applies to;
- Governance and organization of the policy, describing the institutional structures and relevant personnel that are responsible for the various tasks elucidated in the policy as well as reporting and updating procedures;
- Pillars of the policy. These generally correspond to the GCF Performance Standards (described in chapter 1, above) and include brief statements with respect to those standards (See Case Study 1 for examples);
- Description of the Environmental and Social Management System, including procedures for project prescreening and risk categorization, assessment of environmental and social

¹⁵ As noted in chapter 1, an ESS policy is not a requirement of C-level accreditation, though it is required for both B- and A-level accreditation.

¹⁶ Even if the Government of Vanuatu decides to pursue "C"-level accreditation, this report recommends that consideration be given to developing an Environment and Social Policy.

impacts for projects under development, development of risk mitigation measures consistent with the mitigation hierarchy¹⁷, and monitoring risks during implementation;

- Procedures for public disclosure and consultation and grievance mechanism;
- ESMS review and revision procedures and custodian of the policy; and
- Endorsement by relevant supervisory authority.

In addition, some ESS policies include an “exclusion list”, which describes general project types that the accredited entity will not engage in. Regardless of whether GoV decides to develop an ESS policy, this report recommends that an exclusion list be developed, and a draft exclusion list is included in the appendices of this report. This topic is discussed further in the sections that follow.

Case Study 1: *Micronesia Conservation Trust’s Environmental and Social Policy*

The Micronesia Conservation Trust (MCT) is a relatively small organization serving the Federated States of Micronesia, Palau, and the Republic of the Marshall Islands. MCT achieved its “C”-level accreditation to implement *micro*-level¹⁸ projects from the GCF through its fast-track accreditation mechanism. MCT was able to utilize the fast-track mechanism because the organization had already secured accreditation to the Adaptation Fund. As part of its accreditation to the AF, MCT developed its Environmental and Social (E&S) Safeguards Policy “to ensure that adverse environmental and social impacts are avoided, or when unavoidable, minimized and appropriately mitigated and/or compensated” (MCT Policy & Operations Manual: 64). The MCT documentation is of interest in this case because it was developed to meet the requirements of the International Finance Corporation’s Performance Standards, which are currently in use as the GCF’s Performance Standards. The Policy states that all MCT projects will comply with applicable national and international laws, and that the E&S Policy applies to all stages of the project cycle from design and implementation to monitoring and evaluation. The E&S Safeguards Policy includes the following elements¹⁹:

- Environmental and Social Safeguards Principles. This includes 11 principles which cover the eight PS areas (human rights; gender; child protection; climate change; labor rights

¹⁷ The following is as described in the GCF’s “Environmental and Social Management System: Environmental and Social Policy” (GCF/B.19/06 4 February 2018): The GCF adheres to the mitigation hierarchy as an overall principle to managing environmental risks and impacts suitable for all instances of GCF-financed activities. The mitigation hierarchy aims to:

- i. Anticipate and avoid adverse risks and impacts on people and the environment;
- ii. Where avoidance is not possible, adverse risks and impacts are minimized through abatement measures;
- iii. Mitigate any residual risks and impacts; and
- iv. Where avoidance, minimization or mitigation measures are not available or sufficient, and where there is sufficient evidence to justify and support viability, design and implement measures that provide remedy and restoration before adequate and equitable compensation of any residual risks and impacts.

¹⁸ In addition to risk categorization, accreditation to the GCF also covers the size of the project that the entity is accredited to implement. GCF’s project sizes are *micro* (under US\$10 million), *small* (US\$10M-US\$50M), *medium* (US\$50M-250M) and *large* (above US\$250M).

¹⁹ It should be noted here that this Policy is approximately five pages long.

and working conditions; resource efficiency and pollution prevention; community health, safety and security; land acquisition and involuntary resettlement; biodiversity conservation and sustainable management of living natural resources; physical and cultural heritage; and indigenous peoples, marginalized and vulnerable groups). Each of these principles is one sentence to a paragraph in length, with positive or negative declarations indicating that MCT will adhere to the standards in questions:

- Positive statement example: "MCT will identify and manage any risks to the core labor standards of the International Labor Organization" (Principle 5: Labor Rights and Working Conditions); and
- Negative statement example: "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, noise pollution will be minimized and mitigated to acceptable levels, otherwise MCT will not undertake the project" (Principle 7: Community Health, Safety, and Security).
- E&S Safeguards Policy implementation. This section very briefly lays out the steps for implementing the E&S policy.
- E&S Screening. Here the Policy lists the GCF categories and states that MCT will not develop Category A projects²⁰.
- Roles and responsibilities of the accredited entity (MCT) and executing entities (MCT or partner agencies/organizations).
- Monitoring, Evaluation and Reporting. A short paragraph that states that E&S issues will be incorporated into the existing Monitoring, Evaluation, Reporting, and Improvement framework that has already been established by MCT.
- Grievance Mechanism. This section refers to MCT's whistleblower policy and provides the organization's website and Executive Director's email address for the lodging of complaints.
- Changes. The Policy also states that it will be periodically reviewed to ensure compliance with national and international law and GCF requirements.

In addition, MCT has developed a Screening and Clearance system which is a pre-screening tool that is applied during the concept development stage by MCT. Potential projects are categorized by GCF risk category, with A-category projects being abandoned. A decision tree is then used according to the project classification to determine assessment requirements (Full EISA, Partial EISA, Topic Specific Assessments, or Risk Assessment).

Lastly, MCT has developed an Environmental and Social Screening Template to be used for any projects under consideration. The template consists of a set of diagnostic questions linked to the aforementioned principles. If any of the questions result in positive answers, a risk matrix (likelihood vs. consequence) is used to determine the significance of the risks in question.

²⁰ In practice, because of their C-level accreditation, MCT does not develop or accept B-level proposals either.

Recommended steps for formulating Vanuatu's ESS Policy. If GoV decides to develop an ESS Policy, it should be noted that completion of the subsequent steps that are required for C-level accreditation will contribute to the development of the Policy. The formulation of an ESS Policy would likely consist of several steps:

- Determine the scope of the ESS Policy. Should the ESS Policy cover projects for GCF and other financiers, or should the Policy apply to all projects in Vanuatu? If the policy aims to cover all projects in Vanuatu, it is likely that it will need to be adopted at a level higher than the accredited entity.
- Establishing a mandate to develop the Policy. The level of mandate will depend on the scope of the ESS Policy. If the ESS Policy only covers GCF and other financiers, the mandate may originate at the ministerial/agency level. However, if the ESS Policy will cover all projects in Vanuatu, the mandate will likely need to originate from the Executive.
- Establish a terms of reference (ToR) and a technical working group (TWG). The TWG should consist of members from each of the relevant agencies (e.g. MFEM, DEPC, DoCC, DoL, MoH, etc.). The technical working group will be charged with developing a draft ESS Policy for review and ratification. Tasks for the TWG may include reviewing ESS policies from other accredited entities/countries, conducting stakeholder consultations, reviewing existing legislation and regulations, etc.
- Validate and ratify ESS Policy.
- Develop knowledge products, awareness raising materials, capacity development materials, and manuals and guides detailing tools and standard operating procedures.

Step 2: Risk Categorization Guidelines and Procedures

As noted in chapter 1, category C accreditation requires “a process that screens projects/programmes against Performance Standards 1-8 and is able to consistently confirm the risk category” (GCF Accreditation Application p53). This includes developing a basic formalized procedure for categorizing risks according to GCF categories (A, B, C). It also includes guidelines for justifying categorization decisions. This should also include a formalized statement that the candidate accredited entity does not intend to implement projects that will trigger particular standards, or an equivalent procedure that effectively screens out all project ideas, concepts, and proposals that do not conform to category C requirements. In the case of C-level accreditation, this would include all of the performance standards from 2 through 8. For example, this may include a statement that the candidate accredited entity will not implement any activities that will result in land acquisition or involuntary resettlement with GCF funds, or in and project to which GCF funds would contribute.

For GoV's accreditation, this report recommends developing all of the following tools, which will meet the risk categorization guidelines and procedures requirement. Drafts for these tools can be found in the appendixes to this report:

- Exclusion list. The exclusion list will consist of a list of project types that will not be considered for submission by the candidate accredited entity. Potential executing

entities can refer to this exclusion list prior to submitting concepts and proposals to the accredited entity (see appendix D).

- List of indicative projects according to risk category. This tool provides lists of project types according to each of the GCF risk categories, and can also be used by potential executing entities for reference prior to submitting concepts and proposals to the accredited entity (see appendix C).
- Pre-screening tool. The pre-screening tool will be used by potential executing entities to conduct an initial screening on their project concepts and proposals. A draft for this tool is included as appendix E. The screening tool is designed to confirm that project concept and proposal submissions conform to category C. The tool includes a list of diagnostic questions which address PS2-8. The tool has been developed after demonstrated best practices established by other accredited entities. The tool is then submitted along with the project concept/proposal to the accredited entity for review.
- Significance of risk tool (optional). This tool would be used to estimate the severity of identified risks and could easily be modelled after similar tools used by other accredited entities. The significance of risk tool would include two axes: likelihood of risk and impact of risk. These two factors are used to characterize the significance of the risk according to several levels (generally from 3 to 7).

Additional details for screening procedures are described in the next step.

		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

Figure 1: Example Significance of Risk tool. Source: MCT Policy and Operations Manual

Step 3: Project Screening Procedures

Continuing with the requirements mentioned in Step 2, the candidate AE will need to establish a formalized procedure for screening concept and project submissions from potential executing entities. This procedure includes the following elements, all of which will need to be described in the accreditation application package:

- Process flow chart for concept/project submissions. The process flow chart will describe the formalized procedure that executing entities must follow when submitting ESS documentation to support concepts and proposals to the Accredited Entity. The flow chart includes steps that the EEs complete prior to submission of concepts and proposals to the AE. A draft process flow chart has been developed and is presented

and described in chapter 3. Note that this process includes “pre-screening” steps to be conducted by the executing entities on their own; these steps are designed to screen out ideas, concepts, and proposals that are not consistent with the Accredited Entity’s level of accreditation, thereby reducing the burden on the Accredited Entity to review projects that are outside the AE’s accreditation²¹. The tools associated with these steps are self-guiding, meaning that the EEs should be able to apply the tools themselves, however, the AE may provide limited guidance and technical support.

- Process flow chart for accredited entity due diligence review of concept/project submissions. A draft process flow chart describing the internal review process has been developed and is presented and described in chapter 3. In addition, a draft screening tool for internal reviews has been developed and is included as appendix E, and a draft synthesis report form has been developed and is included as appendix F. As noted above, this report recommends that DEPC be appointed the process-owner for this due diligence review process, which means that DEPC will periodically review the formalized procedures, and DEPC will supervise the implementation of the procedure when a concept or proposal is submitted to the AE. As noted in the introduction to this chapter, two possible scenarios should be considered here:
 - MCCA is selected as the candidate accredited entity. In this case no special arrangements are necessary since DEPC is within MCCA.
 - MFEM is the candidate accredited entity. In this case, a Memorandum of Understanding (MoU) and other relevant official arrangements will need to be established between the accredited entity (e.g. MFEM) and MCCA/DEPC that outline the formal role of DEPC in overseeing the ESS review process and the procedures that will be followed when concepts and proposals are submitted to the AE for internal review.
- Identification of appropriate personnel and the agencies/offices in which they work to conduct internal screening and due diligence review. The specific individual/agency that will be responsible for the various elements of the internal review process will need to be identified by the AE. However, based on consultations with Government officials, the agencies responsible for each of the performance standards are suggested to be²²:
 - PS2 Labor and working conditions: Department of Labor
 - PS3 Resource efficiency and pollution prevention: Department of Health and DEPC
 - PS4 Community health, safety and security: Department of Health
 - PS5 Land acquisition and involuntary resettlement: DEPC and Department of Lands
 - PS6 Biodiversity conservation and sustainable management of living natural resources: DEPC
 - PS7 Indigenous peoples DEPC

²¹ For example, these pre-screening tools would screen out any and all infrastructure development projects, which fall outside the level of accreditation that GoV is targeting. In this case it would be pointless for the AE to review infrastructure projects, because they cannot be submitted to the GCF by the AE.

²² These suggestions are based on the existing competencies and procedures at these respective agencies.

- PS8 Cultural heritage DEPC
- Memorandums of Understanding should be developed to create a mechanism whereby the aforementioned flow chart can be operationalized. When the due diligence procedure described above is activated, there is a requirement for each of the performance standards to be addressed. Since some of the relevant competency for the performance standards exists in different departments, the MoUs will be needed between the AE and the relevant agencies to clarify the agencies' roles and to formalize the procedure for the review process. These MoUs should include terms of references (ToRs) describing the tasks that will be carried out during the due diligence review process. MoUs between the AE and the following agencies are likely to be needed:
 - Department of Labor (to cover PS2);
 - Department of Health (to cover PS3 and PC4);
 - Department of Lands (to cover PS 5);
 - In the case that MCCA is not the accredited entity to the GCF, DEPC's role will be covered in the MoU formulated for the previously described step.
- Collect the scope of work/ToRs/job descriptions of each of the responsible staff/agency members.
- Compile an organizational chart that illustrates the staff members' position in their respective agencies and their lines of reporting and accountability. This chart could be compiled from existing government organizational charts.

Case Study 2: Lessons from Experience: Peruvian Trust Fund for National Parks and Protected Areas

The Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE; <http://www.profonanpe.org.pe/en>) was one of the first accredited direct access entities when its application was approved by GCF in 2015²³. PROFONANPE's accreditation is for category C projects under the threshold of US\$10 million ("micro" projects). PROFONANPE's experience, described in (GIZ and PROFONANPE 2016) provides some useful lessons learned:

- GCF requested confirmation that the ESS procedures referenced were effective and institutionally operational;
- Verification of a track record of projects through the provision of project contracts;
- Documented evidence of experiences with the environmental and social risk level of project/programs undertaken including performance indicators;
- Clarification on whom within the organization was accountable for its implementation; and
- A system to manage unanticipated impacts that may arise during implementation. PROFONANPE responded to this by incorporating an action plan into the Institutional Operational Guidelines on Environmental and Social Safeguards and Gender, which includes a monitoring system to provide mitigation templates and a protocol to monitor mitigation measures.

²³ PROFONANPE went on to have the first approved GCF project.

Step 4: Management Program

Category C accreditation requires “a management programme consistent with the level of E&S risk”. This includes the institutional capacity to identify and manage risks, including unanticipated risks and impacts, and to designate roles and responsibilities for implementing the program. The actions outlined in Steps 1-3 form the major part of the candidate accredited entity’s management program; as noted above, because the level of E&S risk associated with C-category projects is minimal, no management plan is required of these projects.

Therefore, the remaining element is to ensure that there is an institutional procedure in place for monitoring project implementation to guard against unanticipated risks and impacts. This will be discussed further in Step 6 (below), but this report suggests that DoCC’s Monitoring and Evaluation officer be given oversight responsibilities for monitoring projects for unexpected risks and impacts, except in cases in which DoCC is the executing entity or an implementing partner for projects; in these cases an additional officer in a different agency or division (possibly DEPC) should be identified. These designations and review procedures should be formally described in the relevant agencies’ operations manuals. If MCCA is selected as the AE, then no special arrangements are necessary other than an official statement that DoCC will serve in this capacity. If MFEM is selected as the AE, then an MoU will need to be developed between the AE and MCCA that describes DoCC’s role in monitoring the implementation of GCF-supported projects. Alternatively, if MFEM has permanent staff qualified to monitor project implementation, this staff member(s) should be tasked with this responsibility.

Step 5: Organizational Capacity and Competency

C-level accreditation requires designated staff members appropriately located within the accredited entity, or that the AE has formalized procedures in place to outsource ESS due diligence procedures (including ToRs for the contracted or outsourced services) to qualified experts that are knowledgeable about PS1-8 and are able to properly categorize funding proposals through a screening process. Most of the requirements associated with demonstrating organizational capacity and competency will be met by completing the previous steps. However, this report suggests the following actions in order to comprehensively and convincingly demonstrate organizational capacity and competency:

- Demonstration of staff capacities. As noted in Step 3, the candidate accredited entity needs to have qualified people in place to conduct the various screenings that are required. Thus, each task described in Steps 3 and 4 should have a designated and permanent staff position associated with it. In cases where there are no appropriate staff positions, or when staff positions are unfilled, the applicant accredited entity should indicate that qualified consultants or consulting services firms will be contracted to implement the formal procedures. In some cases, the ToRs compiled in Step 3 may need to be adjusted or revised to include the new responsibilities.

- Demonstration of track record. The GCF accreditation documentation recommends providing evidence that the candidate accredited entity has experience and a track record in conducting due diligence, managing, and monitoring projects with similar characteristics to those that could potentially be submitted to the GCF. Therefore, this report recommends that the accreditation team gather project documents and evaluations for 1-2 projects in which review procedures congruent to PS2-8 have been demonstrated. These documents should be compiled into a portfolio, and would include projects managed, appraised, monitored, or evaluated by NAB, MoH, DoL, DEPC if MCCA is to be the AE; otherwise the portfolio should include projects implemented by MFEM. It should be noted that these projects do not need to be climate change projects.
- Demonstration of SOPs. In preparation for accreditation, all of the procedures and processes related to ESS should be compiled into an official manual that is available in digital and hardcopy, and which is disseminated to all staff involved in the development, implementation, or appraisal of GCF projects.
- Staff capacity development. In addition, in preparation for GCF accreditation, the candidate accredited entity should prepare a capacity development plan for all staff that will be involved in the AE's activities related to the GCF. This plan should be detailed enough to describe specific capacity building objectives and activities for staff members depending on their role and involvement in the AE's activities. Along with the capacity development plan, the candidate accredited entity should develop several capacity development products, including a general overview guide and course (for in-person or online delivery) that covers general topics about the GCF, ESS, and the role of the AE.

Step 6: Monitoring and Review

As alluded to above, GCF requirements for accreditation include “moderate monitoring of projects/programmes to ensure that there have been no scope changes or unanticipated impacts or risks requiring mitigation and management”. This requires a description of the project monitoring process. In cases with other accredited entities, monitoring for unanticipated impacts or risks is integrated into existing monitoring and evaluation frameworks. This report recommends that the candidate accredited entity adopt a similar approach. Examples are included below.

Example 1. From MCT's Policy and Operations Manual.

E&S issues will be incorporated into the monitoring, evaluation and reporting of projects and activities as specified in the MCT Monitoring, Evaluation, Reporting & Improvement (MERI) Framework. Periodic and annual performance reports and end of project closure reports will include information on E&S risk mitigation measures, and this information will be reported to senior management.

This indicates that a simple statement that Performance Standards 2-8 should be incorporated into M&E plans for submitted projects is sufficient. The following example supports this.

Example 2. From Observatory for the Sahara and Sahel's (OSS) Environmental and Social Policy.

Executing entities' monitoring and evaluation of projects/programmes supported by OSS shall address all environmental and social risks identified by the executing entity during project/programme assessment, design, and implementation. The executing entities' annual project/programme performance reports shall include a section on the status of implementation. The executing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

OSS's policy also requires that executing entities are responsible for tracking and submitting required information, including assessment reports, safeguards plans/frameworks, and monitoring reports to OSS for review. For each project or program, a record of supporting documentation of environmental and social reviews are maintained by OSS, including the initial evaluation of environmental and social risks at the time the project is initially considered for submission. This report recommends that GoV's candidate accredited entity adopt similar procedures. This will entail formally assigning an officer to be responsible for maintaining the file and for coordinating with the executing entity(ies). As noted in Step 4, this report recommends that this responsibility be delegated to the M&E officer at DoCC, with an alternate officer assigned in case DoCC is an implementing partner or project executing entity. As noted above, if MFEM is the AE, a MoU/ToRs would be required to access DoCC's M&E services.

In addition, this report recommends developing a standard operating procedure for project monitoring and oversight, and a specific procedure for storing and accessing the relevant data and information.

Case Study 3: Sahara and Sahel Observatory's ESS and Gender review committee

The Sahara and Sahel Observatory (OSS²⁴; <http://www.oss-online.org/en>), based in Tunisia is a regional organization with 32 member states. OSS gained its regional, "B"-level accreditation to implement micro-level projects and to manage grantmaking programs in 2017. Because OSS sought "B"-level accreditation, the organization was required to develop an Environmental and Social Policy. The Policy includes an appendix that describes the terms of references for OSS's

²⁴ The acronym is for the organization's name in French: Observatoire du Sahara et du Sahel.

Technical Committee for Social and Environmental Assessment. The Technical Committee is responsible for the implementation of the Environmental and Social Policy and consists of four members:

- President of the Committee: responsible for classifying project risk level, developing a risk management plan, if necessary, and monitoring the implementation of the plan;
- Gender Policy Officer/Specialist: responsible for ensuring that gender issues are addressed in projects and other activities of OSS, and for mainstreaming gender in OCC projects and programs;
- Officer in charge of the social component: responsible for coordinating compliance with social performance standards, including PS2 (labor and working conditions), PS4 (community health, safety and security), PS5 (land acquisition and involuntary resettlement), PS7 (indigenous peoples), and PS8 (Cultural heritage); and
- Officer in charge of the environmental component: responsible for coordinating environmental performance standards, including PS1 (assessment and management of environmental and social risks and impacts), PS3 (resource efficiency and pollution prevention), and PS6 (biodiversity conservation and sustainable management of living natural resources).

Each of these officers is also responsible for an annual review of the relevant parts of the policy and for coordinating staff training efforts on their specializations.

Step 7: External Communications (Disclosure & Grievance)

The final step in meeting the accreditation requirements will be to establish an external communication channel that allows the candidate accredited entity to communicate effectively with external stakeholders and to address public inquiries. This includes the establishment of a formalized system to collect, review, and handle formal complaints. The aim of the grievance mechanism should be to provide people affected by projects with an accessible, transparent, fair and effective process for submitting their complaints, and for the accredited entity to address them. This would include the following:

- Create a tab on accredited entity's internet homepage²⁵ that is conspicuously labeled with the word "COMPLAINTS" in Bislama, English, and French. The tab should be linked to a standardized form that allows users to provide summary details of their complaints. Once the complaint is submitted, the website should create an automatic electronic "receipt" that is sent to the aggrieved party via email. Submitted complaints should be automatically routed to a dedicated email address that is contained on a government

²⁵ If multiple agencies are involved in a consortium arrangement for accreditation as discussed in this report, the internet information and complaints features should be included conspicuously on the websites of all of the agencies, but they should route inquiries/complaints to the same location, to be handled according to a single, unified procedure. In addition, care should be taken to ensure that the exact same information is provided regarding both general inquiry procedures and specific project information across the several websites.

server where messages are archived. A designated staff person then logs the complaints and responds to them according to the nature of the complaint. The staff person will track the complaint and response according to a standardized complaint tracking form. An initial response to the complaint should be made within five working days. Within 30 days the accredited entity should post its formal response to the complaint, whether the complaint is closed or whether further action is required. Following closure of complaints, a final report should be logged, filed and submitted to the aggrieved party.

- Establish a register of issues and complaints along with formalized procedures and responsibilities for responding to and documenting queries and complaints.
- A description of the grievance procedure should be included in the ESS policy and should be available and easily accessible on the applicant accredited entity's website.

2C. Conclusions

This chapter has outlined eight steps for addressing the gaps with respect to the GCF's accreditation requirements for an environmental and social management system. If these recommendations are addressed, the GoV should meet the accreditation requirements for ESMS to support category C accreditation. The next chapter provides more specific details in terms of standard operating procedures and processes to support the accreditation process.

Chapter 3. Proposed Environmental and Social Management System

3A. Introduction

This chapter provides very specific guidance for elements of the Environmental and Social Management System. This report recommends that these procedures (or equivalent procedures) be ratified and adopted by the GoV and the candidate accredited entity to support the accreditation application process.

3B. Suggested Environmental and Social Safeguards Process

Figure 2 (below) illustrates a suggested ESS process for the candidate accredited entity that meets both a) the requirements for GCF accreditation and b) serves to guide efficient project screening and due-diligence processes for projects to be submitted to the GCF and other financiers. Elements of this process were described in chapter 2. This procedure has been based in part on best-practice from other organizations. Though the steps described here are carried out by potential executing entities prior to submitting concepts and proposals to the AE, the AE will exercise oversight of the tools and procedures described below. The process is divided into several steps, which are detailed below:

- Step 1: Project Exclusion List. This is a pre-submission step for potential executing entities to screen out project ideas that are not consistent with the candidate Accredited Entity's target C-level accreditation. This step utilizes an exclusion list tool, a draft of which can be found in appendix D. The AE will formulate the exclusion list and will review the exclusion list on an annual basis. In the case that any concepts/proposals are submitted to the AE that are covered by the exclusion list, the AE will reject the concept/proposal with a formal explanation as to why the concept/proposal was rejected. The exclusion list will be posted conspicuously on the AE's website in a general section describing procedures for submitting proposals and concept notes. The exclusion list will also be described in any publications and capacity building materials developed by or for the AE.
- Step 2: Legal screening. This is another pre-submission step that encourages potential executing agencies to screen project ideas and concepts to determine if they are in compliance with applicable laws and regulations. Completion of this step is the responsibility of the executing entity and not the accredited entity. Part of the function of Step 1 and Step 2 is to ensure that EE and AE resources are not utilized to advance project concepts and project proposals that could not be submitted by the AE; the idea here is to screen out these projects before concept or proposal development even begins. This step will also be included on the AE's website and included in any knowledge products and capacity building materials developed by and for the AE.
- Step 3: Project category screening. This is a third pre-submission step that uses an indicative list tool (found in appendix C) to ensure that concepts fall under the C category for risks and impacts. Like Steps 1 and 2, this step is designed to prevent concepts and projects that are not within the accreditation level of the AE from being

submitted. The indicative list tool will be posted conspicuously on the AE website and will be covered in knowledge products and capacity building materials²⁶.

- Step 4: Environmental and Social Impact Screening. In this step the executing entity proposing the project concept or proposal will apply the ESS screening tool (draft tool can be found in appendix E). This tool consists of a list of diagnostic questions conforming to Performance Standards 2-8. Answering “yes” to any of these questions indicates that the project concept/proposal is **not** a C-category project, and hence would be rejected by the accredited entity. After completion of this screening tool, the screening tool along with the project concept/proposal and other supporting documentation is submitted to the accredited entity for internal review, which is described in the next step (section 3C).

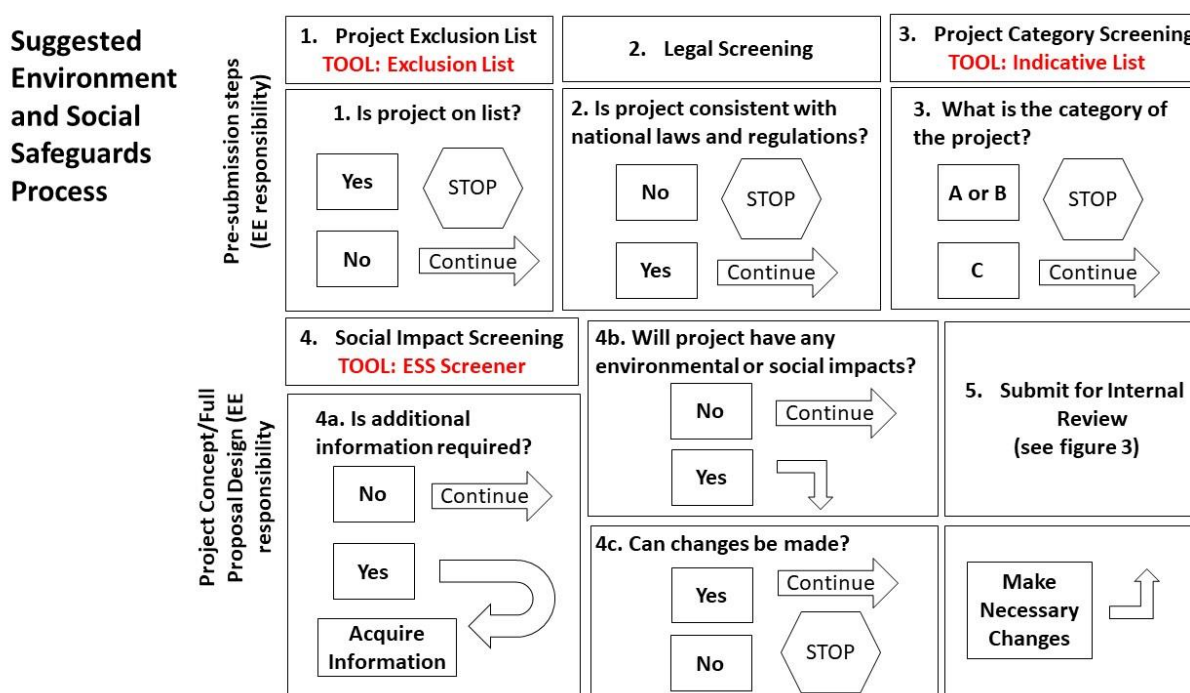


Figure 2: Suggested Environmental and Social Safeguards Process for C-Level Accreditation

3C. Suggested internal review procedure

Figure 3 illustrates the proposed internal review process for the candidate accredited entity. This process is activated when a potential executing entity submits a project concept or proposal along with a completed ESS screening tool. The proposed internal process consists of several steps:

1. Concepts and proposals, along with supporting documentation, are submitted to a review coordinator. This report recommends that the primary review coordinator be

²⁶ It should be noted here that it is expected that the AE will have initial and ongoing discussions with potential executing entities and the NDA throughout the process of project selection and design, which will help to ensure that non-category C projects and concepts are not developed.

DoCC's M&E officer, however an alternate coordinator will also need to be designated. If MFEM is selected as the AE, an appropriate staff member should be designated to fulfill this role. It is the coordinator's responsibility to oversee the review process and ensure that it takes place in a timely manner. The coordinator will then conduct a compliance check to ensure that all of the required documentation has been completed, and will review the submitted concept/proposal against the exclusion list and screening tool. If the submitted concept/proposal is clearly inconsistent with the accreditation of AE, the coordinator will return the concept/proposal to the agency/organization that submitted it with a written explanation as to why the proposal was sent back.

2. The coordinator then provides copies of the proposal and supporting documentation to the Technical Review Committee, as illustrated in Figure 3. The Technical Review Committee completes review of the concept note or proposal and supporting documentation with respect to a designated part of the performance standards that is consistent with their technical expertise. Reviewers will have a certain time period in which to complete the review. Upon completing the review, reviewers will submit a **Technical Committee Performance Standard Report** utilizing the tool that is provided in appendix F.
3. The coordinator compiles all of the reports and formulates a final report with recommendations. Potential outcomes of this process include:
 - a. Approval of the concept/proposal;
 - b. Rejection of the concept/proposal;
 - c. Returning the concept/proposal to the potential executing entity with requests for additional information; and
 - d. Returning the concept/proposal to the potential executing entity with suggestions for revision and redesign for future resubmission.

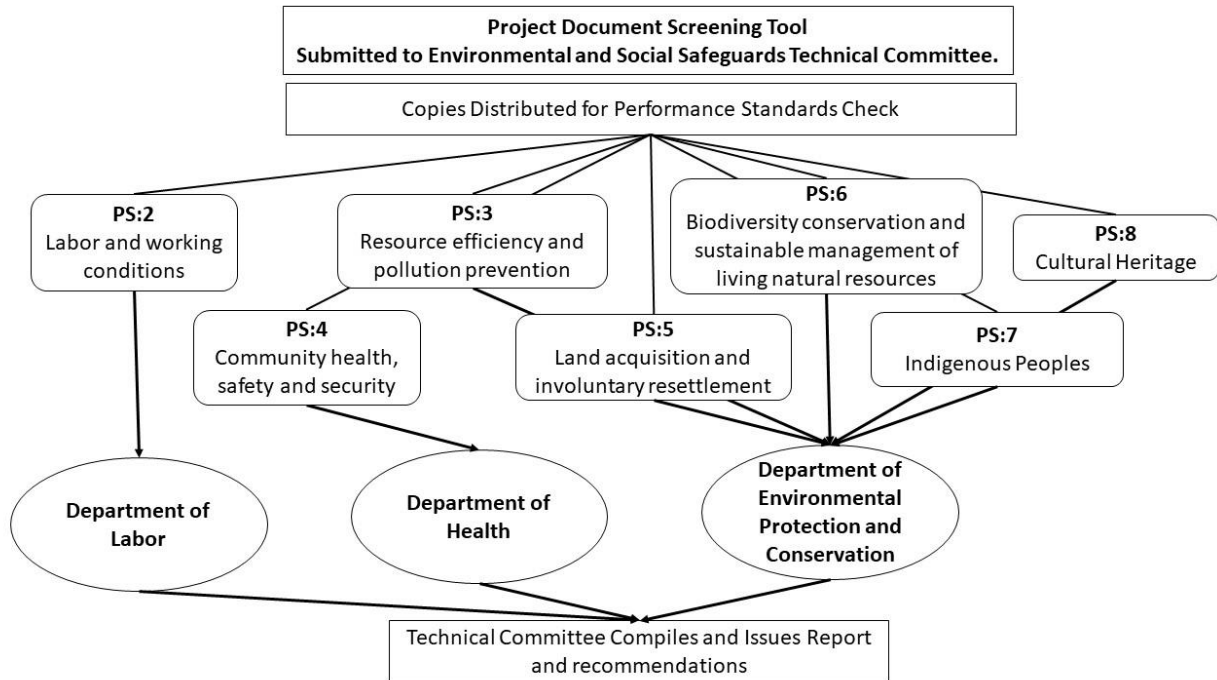


Figure 3: Suggested internal review procedure

3D. Conclusion

This chapter has presented draft frameworks that can be used to implement the environmental and social safeguards procedures required for accreditation to the GCF. The first process described outlines several steps, the first of which are to be followed by potential executing entities prior to submitting concepts and proposals to the Accredited Entity. These steps are self-guided steps designed to improve the efficiency of the AE's ESS review process. It is envisaged that these pre-screening steps will screen out concepts and proposals that fall outside the accreditation of the AE (e.g. infrastructure projects and other projects with significant environmental or social footprints).

The second process described in this chapter is the internal due diligence review process that would be activated when concepts and proposals are submitted to the AE. This process includes an initial compliance check, and then a systematic review by appropriate personnel that are able to evaluate the relevance of the various performance standards to the project.

These procedures are consistent with international best practices as well as the GCF's requirements for accreditation.

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Appendix A: Overview of roles and responsibilities with respect to the accredited entities

The following are reproduced from the GCF's Environmental and Social Policy (2018: 9—11).

5.2 Overview of roles and responsibilities with respect to the accredited entities

14. GCF will take steps to ensure that the requirements of this policy are applied to both the development of activities and their implementation once approved.

(a). In the case of activities proposed for GCF financing, GCF will require the accredited entities to undertake all necessary measures to ensure that activities are developed in such a manner that:

(i) Provides and implements the environmental and social management system to manage the environmental and social risks and impacts associated with the activities, allows meaningful and inclusive multi-stakeholder consultation and engagement throughout the lifecycle of activities taking into account the particular situations of vulnerable and marginalised groups and individuals that are affected or potentially affected by GCF-financed activities, appropriate to its role as an implementing entity (which may include a project execution role), an intermediary entity, or both, maintaining or improving on the environmental and social management system on which its accreditation was approved;

(ii) Ensures that activities proposed for GCF financing are properly screened, assigned appropriate environmental and social risk categories and that the environmental and social risks and impacts are properly and sufficiently assessed;

(iii) Ensures cooperation with GCF in its due diligence of the activities proposed for GCF financing;

(iv) Ensures that measures to avoid, minimize or mitigate adverse impacts, to compensate for residual impacts and to provide for restoration are planned and adequately supported in the activities proposed for GCF financing;

(v) Ensures disclosure of information on the GCF-financed activities and component subprojects pursuant to the GCF Information Disclosure Policy, and that continuing stakeholder engagement, as well as entity-level and activity-level grievance mechanisms are developed and implemented; and

(vi) Ensures access to the independent Redress Mechanism's grievance and complaints process and that any remedial actions stipulated by the Board of the GCF on the recommendation of the independent Redress Mechanism in response to a complaint from people affected by the activities are respected and promptly implemented.

(b). In the case of GCF-financed activities, GCF will require the accredited entities to undertake all necessary measures to ensure that activities are implemented in such a manner that:

- (i) Ensures that ESMPs, and all measures to mitigate and manage environmental and social risks and impacts and to improve outcomes are implemented, monitored and continuously improved; and
- (ii) Ensures that the progress and performance are monitored and reported to GCF and its stakeholders throughout the implementation of the GCF-financed activities, in accordance with the monitoring and accountability framework and allowing GCF or GCF-authorized third-party verification of such reports.

15. GCF will require the accredited entities to confirm that the measures to manage environmental and social risks and impacts, including, as relevant, information disclosure, stakeholder engagement, and grievance redress, are incorporated in the agreements with executing entities including tendering documents and contracts.

16. GCF will require the accredited entities to take all necessary measures to ensure the compliance with all applicable laws, including the laws, regulations, and standards of the country in which the activities are located, and/or obligations of the country or countries directly applicable to the activities under relevant international treaties and agreements.

17. Entities that are functioning as financial intermediaries are exposed to environmental and social risks through the activities of their borrowers, grantees, and investees. GCF will require the intermediaries to manage the environmental and social risks associated with the supported activities. In this regard, the intermediaries will review all subprojects and delegated activities, identify where the entities and GCF could be exposed to potential risks, and take necessary actions, including the development and implementation of an environmental and social management system to oversee and manage these risks. GCF will require that accredited entities, acting in intermediary functions, undertake all necessary measures to ensure that all component subprojects and activities meet the requirements of the ESS standards of GCF and this policy. GCF will also require the accredited entities to ensure that the borrowers, grantees, and investees have the adequate management systems, processes, and capacity to manage environmental and social risks and impacts, that the individual subprojects and delegated activities are properly screened, assessed, assigned an appropriate risk category, subjected to due diligence and oversight, and that the implementation and outcomes are monitored and reported.

18. GCF will require that accredited entities undertake all necessary measures to ensure that the communities affected or potentially affected by the activities (including vulnerable and marginalised groups and individuals) are properly consulted in a manner that facilitates the inclusion of local knowledge in the design of the activities, provides them with opportunities to

express their views on risks, impacts and mitigation measures related to the activities, and allows the accredited entities to consider and respond to their concerns. In ensuring the meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will align their stakeholder engagement processes to best practices and standards and will make publicly available the relevant information on the activities according to the requirements of the Information Disclosure Policy of GCF and section 7.1 of this policy.

Appendix B: National and sectoral laws, policies, and frameworks relevant to GCF Performance Standards.

The list below includes laws, policies, and frameworks that are relevant to each of the GCF's Performance Standards. If the Vanuatu's applying accredited entity decides to develop and Environmental and Social Safeguards Policy, each section should include reference to existing applicable laws, policies, strategies, and other legal/administrative instruments. The overall ESSP should indicate that the accredited entity will not develop or support any projects that are in conflict with Vanuatu's laws and policies.

Performance standard 1: Assessment and management of environmental and social risks and impacts

a. Identification of risks and impacts

- Environmental Protection and Conservation Act
- EIA Regulations (2012)
- National Environmental Policy and Implementation Plan (2016-2030)

Appendix C: Typical project types according to risk categorization.

This appendix includes guidance and examples on risk categorization that could inform the development of specific categorization procedures and screening tools as mentioned in Chapters 2 and 3.

CATEGORY A PROJECTS: projects with the potential for diverse, unique, irreversible, unprecedented or otherwise significant adverse environmental or social impacts. Category A projects include those that affect an area broader than the sites or facilities subject to physical works. **These projects are currently not under consideration for development for Green Climate Fund support.** Examples include:

- (a) Large scale agriculture including livestock farming; large scale land agro-industry.
- (b) Agro-industries including aquaculture and mariculture.
- (c) Fisheries development and large-scale aquaculture and mariculture.
- (d) Large-scale infrastructure, including roads, sanitation, irrigation or water supply, drainage, flood control.
- (e) Large-scale tourism developments including hotels and water parks.
- (f) Ports, harbors and marinas.
- (g) Airports.
- (h) Forestry and forestry industries; large scale afforestation/reforestation and use of wetlands.
- (i) Waste management facilities.
- (j) Industrial plants and industrial estates.
- (k) Storage facilities for petroleum, petrochemical or chemical products.
- (l) Thermal power.
- (m) Large scale hydro power.
- (n) Rural electrification (large scale).
- (o) Dams and impounding reservoirs.
- (p) Mining and mineral processing.
- (q) Oil and gas developments including pipelines.
- (r) Large-scale land tenure, reclamation or conversion of previously undeveloped land.
- (s) Projects with potential impacts to environmentally sensitive areas such as coral reefs, mangrove swamps, and areas protected by national or international law.
- (t) Projects that may have potentially significant adverse impacts on physical cultural resources (e.g. damages to ancestral graves, holy grounds, archaeological sites, etc.).
- (u) Resettlement schemes or projects requiring resettlement including the regulation of informal settlements or significant economic displacement, or with potential adverse impacts to vulnerable groups.

CATEGORY 'B' PROJECTS: Projects with the potential for limited adverse environmental or social impacts that are readily identified, and for which mitigation and management measures are known and available. Few, if any of the impacts are irreversible, and in most cases mitigation measures can be designed more easily than category A projects. **These projects are currently not under consideration for development for Green Climate Fund support.** Examples include:

- (a) Small-scale rehabilitation, modernization or expansion activities associated with existing facilities.
- (b) Small-scale irrigation and drainage.
- (c) Small-scale agriculture projects and agro-industry projects, including range and pasture management and livestock management, small and medium-sized aquaculture, small and medium-scale industrial and artisanal fisheries.
- (d) Road maintenance activities and construction of feeder roads.
- (e) Public facilities including schools, housing developments and small-scale hospitals.
- (f) Small-scale municipal infrastructure such as water supply and sanitation projects.
- (g) Rural electrification (small scale).
- (h) Small enterprise development.
- (i) Protected areas and biodiversity conservation.
- (j) Renewable energy development and energy efficiency and conservation projects (excluding large scale); limited bioenergy projects.
- (k) Telecommunications networks.
- (l) Watershed management or rehabilitation, river basin management planning, international water management.
- (i) Tourism infrastructure development.

CATEGORY 'C' PROJECTS: Projects with little or no potential for adverse environmental or social impacts. Beyond initial screening, no further assessment is required for a Category C project. Examples include:

- (a) Education programs not including infrastructure, which can catalyze profound transformation in mindsets with respect to the perception of human rights and capabilities, and their relations with poverty and inequalities.
- (b) Capacity development, communication and outreach programs including training.
- (c) Institutional development/strengthening.
- (d) Research and extension in agriculture, forestry, fisheries, natural resource management.
- (e) Minor construction activities (MSMEs) and maintenance of installations (however these projects should follow existing procedures to obtain EIA exemption corticates).
- (f) Remote sensing and geospatial analysis.
- (g) Natural resource assessment ad monitoring; environmental and sustainable development analysis.
- (h) Health programs (not including hospital buildings and construction).

- (i) Feasibility studies, desk studies, workshops, meetings.
- (j) Institutional development.
- (k) General technical assistance activities.

Appendix D: Sample exclusion list

This exclusion list is based on the International Finance Corporation's list of excluded activities that was in use prior to the introduction of the Environmental and Social Review Procedure. This list is included for reference purposes as some accredited entities have adopted exclusion lists.

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES.
- Production or trade in radioactive materials.
- Production or trade in or use of unbonded asbestos fibers.
- Purchase of logging equipment for use in primary tropical moist forest.
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

In addition, it is common practice for exclusion lists to include a blanket statement excluding activities that are prohibited by national legislation, regulations, or ratified international conventions.

Appendix E: Draft Environmental and Social Screening Tool

Key Project Information			
Project Name			
Estimated Project Duration	Start:	Completion:	Months:
Primary Donor (s) & Amount			Total Project Grant US\$:
Executing Partner (s)			
Key Delivery Partners			
Location (include map)			
Screening Questionnaire completed by:	<i>Name, organization and function, and date</i>		
Screening Questionnaire reviewed by:	<i>Name, organization and function, and date</i>		

Checklist Potential Social and Environmental Risks

Consider the following questions in order to assess whether the project is likely to have significant (negative) environmental or social impacts.					
Reply ? if you have no clear answer. Tick only one box per question					
Request the support of technical experts if necessary.					
			YES	?	NO
PS2: Labor and working conditions					
1	Does the project/programme pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project/programme construction, operation, or decommissioning?				
2	Does the project/programme involve support for employment or livelihoods that may fail to comply with national and international labor standards?				
3	Does the project/programme engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?				
PS3: Resource efficiency and pollution prevention					
4	Would the project/programme potentially result in the release of pollutants to the environment with the potential for adverse local, regional, and/or transboundary impacts?				
5	Would the proposed project/programme potentially result in the generation of waste (both hazardous and non-hazardous)?				

6	Will the proposed project/programme potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials?			
7	Does the project/programme propose use of chemicals or materials subject to international bans or phase-outs?			
8	Will the proposed project/programme involve the application of pesticides that may have a negative effect on the environment or human health?			
9	Does the project/programme include activities that require significant consumption of raw materials, energy, and/or water?			
PS4: Community health, safety and security				
10	Would elements of project/programme construction, operation, or decommissioning pose potential safety risks to local communities?			
11	Would the project/programme pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?			
12	Does the project/programme involve large-scale infrastructure development (e.g. dams, roads, buildings)?			
13	Would failure of structural elements of the project/programme pose risks to communities? (e.g. collapse of buildings or infrastructure)			
14	Would the proposed project/programme be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?			
15	Would the project/programme result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?			
PS5: Land acquisition and involuntary resettlement				
16	Would the project/programme potentially involve temporary or permanent and full or partial physical displacement?			
17	Would the project/programme possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?			
18	Is there a risk that the project/programme would lead to forced evictions?			
19	Would the proposed project/programme possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?			
PS6: Biodiversity conservation and sustainable management of living natural resources				
20	Would the project/programme potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or			

	ecosystems and ecosystem services? For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes			
21	Are any project/programme activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?			
22	Does the project/programme involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods?			
23	Would project/programme activities pose risks to endangered species?			
24	Would the project/programme pose a risk of introducing invasive alien species?			
25	Does the project/programme involve harvesting of natural forests, plantation development, or reforestation?			
26	Does the project/programme involve the production and/or harvesting of fish populations or other aquatic species?			
27	Does the project/programme involve significant extraction, diversion or containment of surface or ground water? For example, construction of dams, reservoirs, river basin developments, groundwater extraction			
28	Does the project/programme involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)			
29	Would the project/programme generate potential adverse trans boundary or global environmental concerns?			
30	Would the Project result in secondary or consequential development activities, which could lead to adverse social and environmental effects, or would generate cumulative impacts with other known existing or planned activities in the area?			
PS7: Indigenous people				
31	Are indigenous peoples present in the project/programme area (including project/programme area of influence)?			
32	Is it likely that the project/programme or portions of the project/programme will be located on lands and territories claimed by indigenous peoples?			
33	Would the proposed project/programme potentially affect the rights, lands and territories of indigenous peoples (regardless of whether Indigenous Peoples possess the legal titles to such areas)?			
34	Does the proposed project/programme involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?			
35	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?			

36	Would the project/programme adversely affect the development priorities of indigenous peoples as defined by them?			
37	Would the project/programme potentially affect the traditional livelihoods, physical and cultural survival of indigenous peoples?			
38	Would the project/programme potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?			
PS8: Cultural heritage				
39	Will the proposed project/programme result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture?			
40	Does the project/programme propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?			

Gender equity and Human Rights Checklist

Gender equity and Women's empowerment		YES	?	NO
1	Is there a likelihood that the proposed project/programme would have adverse impacts on gender equality and/or the situation of women and girls?			
2	Would the project/programme potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?			
3	Have women's groups/leaders raised gender equality concerns regarding the project/programme during the stakeholder engagement process and has this been included in the overall project/programme proposal and in the risk assessment?			
4	Would the project/programme potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services?			
Access and equity and protection of human rights				
5	Could the project/programme lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?			
6	Is there a likelihood that the project/programme would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups?			
7	Could the project/programme potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?			

8	Is there a likelihood that the project/programme would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?			
9	Are there measures or mechanisms in place to respond to local community grievances?			
10	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the project/programme?			
11	Is there a risk that rights-holders do not have the capacity to claim their rights?			
12	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?			
13	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project affected communities and individuals?			

Appendix F: Republic of Vanuatu ESS Technical Committee Performance Standard Screening Tool and Report

This is the template for the performance standard due diligence review procedure to be conducted by the relevant experts described in chapter 2.

Please answer all of the following questions			
1	Project Title:		
2	Performance Standard Category:		
3	Is the project consistent with category C requirements?	YES	NO
4	Have any risks been identified	YES	NO
	If YES , please describe here:		
5	Are adjustments to the project necessary?	YES	NO
	If YES , please describe here:		
6	Should the project be cleared?	YES	NO
7	Additional comments or concerns:		
8	Name / Position:		
9	Signature:	Date:	

Appendix G: Draft Terms of Reference for Green Climate Fund Environmental and Social Safeguards Capacity Building for Government of Vanuatu Stakeholders

Terms of Reference **Green Climate Fund ESS Capacity Building for Government of Vanuatu Stakeholders**

Context

Vanuatu's Ministry of Climate Change, through the Climate Finance Working Group and the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB), has held discussions regarding the selection of an entity to seek direct access accreditation with the Green Climate Fund (GCF). A significant part of these discussions has revolved around whether a candidate accredited access entity (AE) can meet the environmental and social safeguards (ESS) requirements of the GCF. To date, a gaps assessment has been conducted which concluded that there are generally low levels of knowledge and awareness among government staff and other stakeholders with respect to the GCF in general and the Fund's ESS policies and requirements more specifically.

Activity Objective

The objective of this activity is to support and empower DoCC by providing technical and capacity building assistance concerning GCF's ESS policies and requirements. This includes 1) building knowledge among DoCC and DEPC staff; 2) developing capacity building materials that can be used by DoCC staff to train other government and non-government stakeholders; and 3) developing knowledge products that describe GCF ESS policies and procedures and their relevance to potential project proponents in Vanuatu. These activities will help to strengthen DoCC as a knowledge broker and provider of technical expertise on GCF requirements, which should strengthen project selection and development in Vanuatu, and eventually lead to enhanced access to climate finance once the country's AE comes online.

With respect to GCF's ESS requirements, the activity will build the capability of DoCC and DEPC to consistently and accurately assess the risk level of project concepts and proposals submitted to the AE. The activity will strengthen the due diligence procedures of the AE while helping potential project proponents understand what types of projects the AE is eligible to submit to the GCF, and which types are not covered by the AE's risk accreditation.

In addition, this activity will advance other priorities articulated by the Government of Vanuatu (GoV) in several of its policy and strategy documents, including:

- National Climate Change and Disaster Risk Reduction Policy 2016-2030. Priority 7.4.3 calls for "ensuring that adaptation and risk reduction initiative incorporate the rights, priorities and needs of individuals (particularly vulnerable and marginalized groups, including the elderly, women, youth, children, disabled, illiterate, minority and

impoverished)". In addition, priority 7.4.5 calls for "identifying and minimizing negative impacts on the environment from proposed adaptation and risk reduction activities" and "prioritizing adaptation and risk reduction actions that build on, incorporate and protect taboos, conservation areas, heritage sites, locally managed areas and vulnerable habitats and ecosystems and carbon sinks", and "prioritizing 'soft' ecosystem based adaptation over 'hard' engineered infrastructure for ecosystem function maintenance".

- Ministry of Climate Change Adaptation Corporate Plan 2019-2021. This includes the following provisions:
 - "Incorporate traditional knowledge and practices into MCCA ESS Framework for CCDRR activities, projects/programs" (Pillar 1 Soc 1.2 assigned to DoCC);
 - "Implement the DEPC Environment and Social Safeguards Framework to support preservation of cultural knowledge, customary practices & resource usage" (Pillar 1 Soc 1.2 assigned to DEPC).
 - "Ensure new development projects comply with EIA process" (Pillar 2 Env 2.2.1 assigned to DEPC).

Detailed Tasks

This activity consists of several tasks which will advance the ability of both DoCC and DEPC to implement the ESS procedures being developed to support the accreditation to the GCF. Specifically this means strengthening staff knowledge of the GCF and its ESS policies and procedures, especially as they relate to project development in Vanuatu; developing and demonstrating capacity building materials, and developing knowledge products. The specific tasks are:

1. Develop a 1-day curriculum with presentations and activities for DoCC and DEPC staff.

Presentations should cover the following topics:

- GCF environmental and social safeguards policy and performance standards;
- Project risk classification levels (e.g. A, B, and C levels) and the characteristics that distinguish these risk classifications from one another;
- Project examples and case studies illustrating the different risk levels;
- Procedures and tools that have been developed and approved for Vanuatu's C-level accreditation, including roles and responsibilities of various stakeholders within Vanuatu's accreditation framework. Tools and procedures include:
 - Prescreening tools (exclusion list, list of indicative projects according to risk category, and the pre-screening tool)
 - Due diligence procedures, including ESS review procedures, flowchart, and reporting template.

Presentations should include detailed speaker notes that describe the content of slides and provide guidance for delivery. In addition, the curriculum should include activities so that DoCC and DEPC participants can practice differentiating between A, B, and C level projects, and also practice identifying which performance standards might be "triggered" by various project types.

This may include hypothetical project summaries that the participant may match with the appropriate risk level and performance standards. An additional activity would guide the participants through determining the significance of project risks (e.g. likelihood and impact of identified risks).

2. Implement the curriculum in Vanuatu. This curriculum should be implemented at least one time in Vanuatu to not only build the competencies of DoCC and DEPC staff, but also to serve as a training-of-trainers (ToT) so that DoCC/DEPC staff are able to make the presentations to other stakeholders in Vanuatu. After the initial delivery, the materials will be revised if necessary to address any deficiencies. Revised materials will be provided to DoCC/DEPC.

3. Develop knowledge products which describe relevant GCF policies and practices as well as the procedures adopted by the AE. These knowledge products should be developed for web dissemination via the AE's web portal, and also for print dissemination. Potential knowledge products would be developed so that they are sensitive to the local context and accessible to stakeholders in Vanuatu. Topics may include:

- What are risks in the context of project selection and development?
- Understanding the GCF and its ESS policies and procedures;
- Understanding the AE's screening and due diligence procedures; and
- How can my organization/agency select appropriate projects for submission to the GCF, and how can we assess the potential risks of our project ideas?

To the extent possible, the materials developed for this activity should be applicable to other Pacific region countries, including Fiji, Federated States of Micronesia, and Papua New Guinea.

Deliverables

The deliverables for this activity are as follows:

1. Completed and finalized presentations (at least 3) with approved speaker notes and facilitators guidance.
2. Completed and finalized activity worksheets and facilitator guidance (at least 2 activities)
3. Knowledge products (at least 3), including one knowledge product designed for web dissemination and two formatted as brochures/handouts.

Duration of Assignment

This activity is estimated to require 15 days of work, including one field trip to Port Vila, Vanuatu.

Appendix H: Draft Terms of Reference for Improving Functionality of Department of Climate Change Online Portal

Terms of Reference **Improving Functionality of Vanuatu Department of Climate Change Online Portal**

Context

In 2016, by passing the Meteorology, Geological Hazards and Climate Change Act (25/2016), the Government of Vanuatu (GoV) established the Department of Climate Change (DoCC) under the Ministry of Climate Change Adaptation. Functions assigned by the Act to DoCC include:

- Increasing awareness internationally and within Vanuatu about the causes and implications of climate change in Vanuatu;
- Supporting the development of appropriate educational curricula to cover topics associated with climate change;
- Supporting the collection, analysis, and interpretation of data relevant to climate change and its impacts in Vanuatu;
- Collecting, collating, archiving, and making available climate change data and information;
- Promoting the understanding and recognition of traditional practices and knowledge relating to weather and climate through the observation of weather indicators occurring in nature and by other means;
- Establishing and maintaining a database on climate change adaptation and risk reduction strategies, including their location, effectiveness, and lessons learned; and
- Supporting the monitoring and evaluation of climate change adaptation and climate change mitigation strategies, projects and programmes carried out by any agency.

DoCC has recognized that a critical element in fulfilling these statutory responsibilities is the development and maintenance of a functioning and accessible internet platform. DoCC in 2018 reached an agreement with the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB) to share NAB's website (<https://www.nab.vu/>). In addition, an analysis of DoCC priority needs ("Strategic/Priority 2019 Recommendations for the Department of Climate Change") notes that establishing an internet portal is a high priority, and recommends that the internet portal include a project database, event calendar, documents/reports/IEC materials, and additional information. DoCC's Director has indicated that development of the website is indeed a high priority for DoCC. Though some initial support was provided by Griffith University (Australia) IT staff, additional work remains in order to make the website a useful and functioning resource for DoCC and information consumers.

Activity Objective

The objective of this activity is to support DoCC by providing technical and capacity building assistance to improve the functionality and utility of DoCC's internet website, which will consist of additions to the current NAB website.

Detailed Tasks

This activity consists of several tasks that will contribute to the improvement of the DoCC internet portal as described below. It should be noted that these tasks DO NOT include development of specific code or programming, but rather entail developing clear and concise instructions that can be used by MCCA or externally-contracted web content developers:

1. Conduct a detailed review of existing, relevant data and information relevant to the aforementioned duties delegated to DoCC. This data and information are currently owned by different institutional stakeholders within Vanuatu; this task entails conducting an inventory and database of the data and information, and where possible, consolidating the data and information so that it can be included in the internet website. Where consolidation is not possible, this task includes developing guidance for DoCC describing procedures for obtaining permission/access to the data and information. This task includes a desk review and may include consultations with institutional stakeholders in Vanuatu.
2. Develop written guidance and instructions to include the consolidated data and information on the internet website. Specific elements and considerations included in this task are:
 - Accessibility. The website should be available to the broadest audience reasonably possible. To this end, DoCC requests assistance in bringing the current NAB portal, and the as of yet to-be-developed DoCC portal, in-line with best-practices for maximizing accessibility for persons with disabilities (PWDs). In addition, DoCC requests assistance in developing standardized procedures for ensuring that future content is made as accessible as practically possible.
 - Creation of an "about us" tab for DoCC that includes:
 - Functions of DoCC;
 - Staff with specializations and expertise;
 - Organization; and
 - Contact information.
 - Create a conspicuous space/tab for disclosure of project documents (e.g. EIA, ESIA, notifications, decisions, consultations, public hearing times) and a plan for organizing these documents to facilitate the public disclosure function required by various financiers.
 - Create a conspicuous "complaints" button that provides information about the grievance procedures required by the Green Climate Fund accreditation. Create a draft form in which users can lodge complaints. This form should be linked to a specific email account, and should return to the users an automatic "receipt" via email indicating that the complaint has been received and will be handled according to the policy.
 - Organizing the "Frequently asked questions" (FAQ) tab. Currently there are a wide range of answers provided, but there is no organization. DoCC requests assistance in

organizing the FAQ section into categories (e.g. administrative, climate change, project development, etc.). In addition, DoCC requests that the service provide:

- Prepare simple written guidance so that a designated staff member can add new questions in the future; and
- Install a “Submit a question” or “Can’t find you answer?” button that links to a specific email address that enables users to ask new questions.
- Provide options/suggestions for creating low-bandwidth and mobile-optimized versions of the site, or of critical features of the site to improve accessibility and functionality for a) people that have limited internet connectivity and b) people that primarily access the internet through the use of phones/mobile devices. This specifically refers to guidance as to what content and functionality would be most useful to this class of users.
- Establish a tab or space for NAB/DoCC’s functions as supporting the National Designated Authority (NDA) to the Green Climate Fund (GCF). This should include:
 - Diagram and description of the No-Objection Letter (NOL) procedure;
 - Provide links to GCF website and GCF resources;
 - Include link to download PDF of Vanuatu GCF publication;
 - Include link to Vanuatu GCF project and completed Readiness project documents; and
 - Additional information space to be filled with information relating to other GCF functions such as accredited entity nomination, readiness project submission, etc.
- Creating a “For Kids” space and brainstorming ideas for content for the For Kids space.
- Improving the organization and functionality of the Images tab.
- Create “I want to...” menu for most frequent uses of the website (see lower banner of <https://www.environment.sa.gov.au/topics/climate-change> for an example).
- Create a general information tab to be populated later with climate change information for Vanuatu. Information categories should be organized in a logical manner that makes it efficient for users to find the information they need. This information should be based on the review conducted for Task 1.
- Site on the webpage for customary and traditional knowledge to replace existing “Adaptation Actions” tab. This area on the website will require future build out beyond the scope of this assignment, but the space should be organized to share general information about *Kastam*, research findings, multimedia including audio and video recordings of stories, ceremonies, traditions, etc. The space should be appealing and useful for general knowledge seekers and curious people, but should also be functional for users seeking both climate information and those seeking anthropological information.
- Create a tab for relevant links to other departments, development partners, the UNFCCC, etc., organized in such a way that it is not merely an incoherent collection of links, but is rather a useful resource and tool.
- Reorganize “resources” so that it is a more use-friendly library.

3. Develop a manual and handbook describing procedures for updating and maintaining the website.

4. Conduct a half-day workshop for DoCC staff and other stakeholders to familiarize them with the content for the website as well as the procedures described in the manuals.

Deliverables

The deliverables of the activity are as follows:

1. Database of data and information relevant to DoCC's duties as listed in the "Context" section (above), as well as any modifications to the list determined by the Director of DoCC.

2. Written guidance addressing the considerations described in the "Detailed Tasks" section (above).

3. Manual describing standard operating procedures for maintaining the website.

4. At least one presentation with detailed speaker notes describing the website content and updating procedures.

5. One half-day in-service workshop delivered in Port Vila, Vanuatu, to DoCC staff and other stakeholders.

Duration of Assignment

This activity is estimated to require 20 days of work, including one field trip to Port Vila, Vanuatu for consultations and to conduct the training workshop.

Appendix I: Draft Terms of Reference for Establishing a Mechanism of Coordination between Vanuatu Department of Climate Change and Other Relevant Stakeholders

Terms of Reference

Establishing a Mechanism of Coordination between Vanuatu Department of Climate Change and Other Relevant Stakeholders

Context

In 2016, by passing the Meteorology, Geological Hazards and Climate Change Act (25/2016), the Government of Vanuatu (GoV) formally established the Department of Climate Change (DoCC) under the Ministry of Climate Change Adaptation (MCCA). DoCC began operating in the latter half of 2018. However, DoCC is only one of several agencies within the Government of Vanuatu (GoV) that has responsibilities and powers related to the management of GoV's response to climate change. Other agencies include:

- National Advisor Board on Climate Change and Disaster Risk Reduction (NAB), also under MCCA. NAB is the “supreme policy making and advisory body for all disaster risk reduction and climate change programs, projects, initiatives, and activities”. NAB develops disaster risk reduction (DRR) and climate change (CC) policies, guidelines and positions and advises the government on international and regional DRR and CC obligations. NAB is co-chaired by the Director of Vanuatu Meteorology and Geohazards Department and the Director of the National Disaster Management Office and consists of members from government (generally senior-level representatives from key sectoral agencies) and non-government agencies. It is supported by full-time Secretariat housed under the Ministry of Climate Change Adaptation.
- Department of Environmental Protection and Conservation (DEPC), also under MCCA.
- Climate Finance Working Group (CFWG). This serves as the consultative arm of the NAB Secretariat to progress issues related to climate finance. It is chaired by the Strategic Manager of the NAB Secretariat and is composed of 15 members representing the Ministry of Climate Change Adaptation, the PM's Office, Ministry of Finance, Ministry of Agriculture, Ministry of Infrastructure and Public Utilities, the National Trade Development Committee Secretariat, NGOs, development partners, and private sector partners.
- Department of Meteorology and Geohazards (DoMG), also under MCCA. The duties and powers of DoMG are also outlined in Act 25/2016. However, the Act provides for the establishment of separate departments for meteorology and geohazards. In practice, these remain under one single agency.

Currently there are some points of confusion with respect to these different institutional stakeholders with respect to their respective roles and responsibilities. Some of this confusion stems from the way that Act 25/2016 is written. This institutional confusion hinders the ability

of each individual agency to specialize in a set of core tasks and develop relevant institutional and human competencies. Specific points include:

- Legal definition of the word “**support**”. The word “support” is used in a number of instances in the law, but there is no clear definition of what “support” entails. In addition, the law calls for different entities to “support” the same activities in some cases. Examples:
 - 3.9.1.c states that a function of NAB is “to support the development of disaster risk reduction and climate change projects, initiatives, activities, priorities and policies for Vanuatu”. At the same time, 6.23.h states that a function of the Director of Climate Change is to “support climate change programs and projects aimed at protecting the well-being and livelihood of the citizens of Vanuatu”. There is a clear overlap here, and the specific responsibilities of both entities is not clearly demarcated. Note that from the context outlined elsewhere in the Law, it appears that the intent is that NAB maintain a supervisory and strategic oversight and guidance role, whereas DoCC is envisaged as having a more technical support role, however this is not explicitly mentioned. At the same time, 3.14.2.e states that a function of the NAB Secretariat is to “coordinate the assessment of and make recommendations for the funding and implementation of new climate change and disaster risk reduction projects against agreed national priorities”. Clearly the Secretariat is to have a role in project development, but it is not clear what that role is; the suggestion here is that the Secretariat’s function is to *identify* project areas.
 - Thus a process chart for project development which clearly describes the roles of NAB, the NAB Secretariat, DoCC, and other entities in **the project cycle** would be useful.
 - 3.10.2.f states that a power of NAB is to “encourage and support other persons or bodies in carrying out research and studies into matters concerning climate change and disaster risk reduction and to disseminate knowledge and advice on such matters”.
 - 3.14.2.a states that a function of the NAB Secretariat is to “coordinate and have oversight of the development of policies and guidelines related to climate change and disaster risk reduction”.
 - 3.14.2.c states that a function of the NAB Secretariat is to “coordinate the preparation of papers related to global and regional climate change and disaster risk reduction obligations”.
- What are the respective responsibilities over data and information? Here again there is a lack of clarity in Act 25/2016, specifically with respect to data and information management tasks between DoCC and DoMG. The difference between data and information relevant to “meteorology” and data and information relevant to “climate” is not clear. Technically there are numerous overlaps here. It may help to devise a process chart for the handling of data and information that clarifies the different types of data and information, how the entities will coordinate, and what their specific roles and responsibilities are with respect to data, information, and research. Specific points include:

- 4.17.1.f states that a function of DoM²⁷ is “to collect, collate and make available meteorological data and information required under this Act including archiving of such data and information” whereas 6.23.f states that a function of the Director of DoCC is “to support the collection, analysis and interpretation of data relevant to climate change and its impacts in Vanuatu by any body established under this Act or any other person”. Here the difference between climate and meteorological data is important. A potential clarification here that DoCC is responsible for data and information on *impacts* whereas DoMG is responsible for *hydrometeorological physical processes*, along with examples, might be useful. Further, 6.23.k states that a function of the DoCC Director is to “collect, collate, archive and make available climate data and information required under this Act including archiving of such data or information”.
- 4.17.1.i states that a function of DoM is to “promote the effective use of meteorological information and arrange for programs of public awareness and education”, whereas 6.23.d states that a function of the DoCC Director is to “increase awareness within Vanuatu about the causes and implications of climate change in Vanuatu”. There is some potential overlap here; clarification of the respective functions would be useful.
- 4.17.1.k states that a function of DoM is to “provide general advice on matters relating to meteorology and provide meteorological data and advice in support of specific national development project or any other important weather sensitive economic activity”.
- 4.17.1.p states that a function of DoM is to “promote the understanding of traditional practices and knowledge related to weather and climate through the observation of weather indicators, occurring in nature and by other means”, whereas 6.23.l states that a function of the Director of DoCC is to “promote the understanding of traditional practices and knowledge relating to weather and climate through the observation of weather indicators occurring in nature and by other means”. Here two separate agencies have the same responsibility.
- 4.17.1.t states that a function of DoM is “to ensure that climate-related services are provided in accordance with recognized standards and applicable guidelines”.
- 4.18.b states that a power of DoM’s Director is “to restrict the rights of any person or agency to undertake meteorological service for public use”.
- Several provisions in 4.18 govern the use, ownership, and regulation of meteorological data and information. There are similar provisions in 6.24 granting similar powers to the Director of DoCC over climate change research, data and information. Here again there needs to be clarification as to what

²⁷ It should be noted here that the Act provides for a separate Department of Meteorology and a Department of Geohazards, and there are separate sections in the Act for each Department. However, in practice, these Departments remain consolidated under the Department of Meteorology and Geohazards (DoMG). Since this document quotes from the actual Act, the “DoM” acronym is used to refer to powers and responsibilities that are legally delegated to the DoM, however in practice these powers and responsibilities apply to DoMG.

constitutes meteorological vs. climate research, data, and information. This lack of clarity could prove to be quite contentious.

There are also inconsistencies in the MCCA Corporate Plan 2019-2021. Specific elements to consider include:

- Pillar 1 Soc 1.2 DoCC: “Incorporate traditional knowledge and practices into MCCA ESSF Frameworks for DDCRR activities, projects/programs”. Note that this provision of the Corporate Plan would suggest that promotion of understanding of traditional practices and knowledge should be consolidated under DoCC. However, Pillar 1 Soc 1.2 VDMG is “collect, monitor, analyze and preserve traditional knowledge on weather and climate forecasting and response”, and Pillar 1 Soc 1.2 DoE is “Develop an environment and social safeguards framework (ESSF) to protect traditional societal values and practices when designing and implementing project activities”. Thus there is confusion over not only the management of traditional knowledge, but also the development of safeguards.
- Pillar 1 Soc 6.8 DoCC: “Utilize CPEIR/Climate Finance Review and Climate Finance Roadmap frameworks to progress NIE status to secure direct access to CC funding”. At the same time, Pillar 1 Soc 6.8 Corporate Services Unit states: “Utilize NAB Secretariat and NAB Working Groups support to meet accreditation requirements for at least one multilateral climate fund by 2030”. Moreover, Pillar 3.5.2 DoCC is “progress direct access by implementing and updating Climate Finance Roadmap, CPEIR Review and by support and strengthen institutional frameworks”, and Pillar 3 2.9 DoCC is “seek direct access accreditation for GoV and local private sector and civil society agencies”. There is some clear overlap here as to what the respective agencies’ roles are with respect to the accreditation process. This should be clarified with one agency designated as the lead agency. Attention should be paid to the existing competencies in each entity; for example, not all entities have expertise relevant to reviewing/updating the CPEIR.
- Pillar 2 Env 3.1 Corporate Services Unit: “Support stakeholders and Ministries to develop and mainstream CC and DRR interventions, policies, budgets and legislation”. At the same time, the White Paper supporting establishment of DoCC indicates that one of the focuses of the DoCC should be to “mainstream Climate Change across the Vanuatu Government”, and Pillar 2 Env 3.1 DoCC is “support the improving the proportion of GoV Ministries mainstreaming policies, budgets, legislation for CC and DRM”, and 3.1.3 DoCC is “Mainstream Climate Change and Disaster Risk Management Strategies into sectoral policies and plan”. Other elements of the Corporate Plan suggest that CSU should have additional roles related to mainstreaming and sector alignment to CC/DRR policy and legislation. There should be clarification about the specific roles and responsibilities of DoCC and CSU so that these can be integrated into staff ToRs.
- In the Corporate Plan there are some tasks for DoCC that perhaps would be better suited for VMGD. This could be the result of formatting errors in the Corporate Plan. This includes:
 - 3.2.1: Establish, maintain + improve monitoring and early warning systems thorough installation of multi-hazard warning systems with maintenance plans in place.

- 3.2.2: Expand annually the proportion of population with access to early warning technology.
- 3.2.3: Undertake a restructuring of VMGD establishing a research division.
- Improve number of research papers and research proposals in atmospheric or earth sciences supervised or in collaboration with VGMD.
- The Corporate Plan also contributes to the aforementioned ambiguity regarding data and information. Specifically, Pillar 3 Eco 1.2 VMGD is “improve GoV revenue generation potential through VMGD activities i.e. Marine and Aviation forecast fees, Met Reports for private sector, climate data, research fees, the TC subscriptions”. Since Act 25/2016 seems to give the Director of DoCC powers and responsibilities relating to climate data and research related to climate, this could potentially become a contentious item, particularly because it relates to the generation of revenue.

Clarification of the respective roles and responsibilities between the various agencies would improve performance, as would the establishment of an effective mechanism of coordination between the various institutional stakeholders.

Activity Objective

The objective of this activity is to support DoCC by providing suggestions and technical support to **establish a mechanism for coordination of climate change-related activities among relevant stakeholders**. This will include an analysis of current institutional arrangements for climate change planning and implementation in Vanuatu, a stakeholder mapping exercise, consultations with relevant stakeholders, and a review of institutional arrangements from other similar contexts. The activity will also include drafting a set of institutional arrangements which clarify the aforementioned points of ambiguity in Act 25/2016 to determine specific delineation of responsibilities among the various stakeholders. Lastly, the activity involves the design and validation of a coordination mechanism between the relevant stakeholders.

Detailed Tasks

This activity consists of several specific tasks that will clarify institutional responsibilities and which will enhance coordination between stakeholders engaged in the GoV's response to climate change.

1. Conduct a detailed review and analysis of existing functions of DoCC, NAB, CFWG, and DoMG, including staff ToRs, agency workplans, and other relevant documentation. Compare these existing functions to Act 25/2016 and the MCCA corporate plan to determine strengths as well as gaps. This analysis should include recommendations for clarification of Act 25/2016 and the MCCA Corporate Plan 2019-2021. The review will also be based on stakeholder consultations conducted in Vanuatu.
2. In consultation with DoCC and other stakeholders, develop a draft coordination mechanism for climate change activities that facilitates communication, coordination, and cooperation

between the various institutional stakeholders. Based on input from stakeholders, revise and update the plan for the coordination mechanism.

3. Conduct a validation workshop in Vanuatu to secure approval and endorsement from the relevant stakeholders.

Deliverables

The deliverables of the activity are as follows:

1. Written report describing the review and analysis of existing functions of DoCC, NAB, CFWG, and DoMG with strengths and gaps with respect to Act 25/2016.
2. Draft and revised draft of institutional coordination arrangements and mechanism.
3. Validation workshop and final report.

Duration of Assignment

This activity is estimated to require 20 days of work, including two field trips to Port Vila, Vanuatu, for consultations and to validate the final coordination mechanism.