	Project Name	FSM Private Sector led climate adaptation and climate resilience project
1	Preliminary Financing and Administrative Information	
1.1	Project Lead and Contact	FSM Development Bank (FSMDB) Lead. Contacts: President/CEO Anna Mendiola, Senior Vice President Alik Alik, and Gender Specialist Norleen Oliver
1.2	EE Approach	FSMDB
1.3	AEs Approach	FSMDB
1.4	Programming Status	Currently 1 of the top 5 priority projects in the FSM-GCF CP Programming Cycle 2024 to 2027
1.5	Type of project	Private Sector
1.6	Est. duration	5-10 years
1.7	Est. total cost	$10 Million
1.8	Est. GCF contribution	$10 Million
1.9	Co-Financing Approach (coherence, complementarity and sustainability)	It is expected that the financial arrangement that blends grants and cofinancing will be utilized in this project to maximize the financial resource with structures and processes to support FSM's private sector's appetite to do business in the climate financing space.
1.10	Complementing projects stocktake	This project will be complemented by an absorptive capacity assessment/study that will be one of the primary focus out of the FSMDB's Readiness funding proposal. The assessments will give clarity to FSMDB's absorptive capacity in the climate financing space and the development of a Roadmap to guide investment opportunities.

1.11	GCF Investment Criteria	The project design will closely follow all of GCF Investment Criteria which includes the following: 1. Impact Potential, 2. Paradigm Shift Potential, 3. Sustainable Development Potential, 4. Needs of the Recipient, 5. Country Ownership, 6. Efficiency and Effectiveness.
1.12	GCF Funding Modality	The GCF Funding Modality sought for this project is SAP which looks at the Simplified Approval Process (SAP) allowing projects or programs to be transformative in promoting low emission and climate resilience development.
2	FSM-GCF Strategic Alignment	
2.1	FSM Sustainable Development Strategic Framework alignment	
2.2	SDGs alignment	End poverty, End hunger, good health and wellbeing, gender equality, clean water and sanitation, affordable and clean energy, industry, innovation and infrastructure, climate action, sustainable economic growth and sustainable use of the ocean.
2.3	FSM NDC sector alignment	Agriculture, fisheries, tourism, energy
2.4	GCF Result Areas alignment [reported through the IRMF]	Health, water and food security, livelihood, people & communities,

2.5	GCF Investment Sectors alignment	Agriculture, fisheries, tourism, and energy.
2.6	ESS and Categorisation [Environmental, Gender, Social Inclusion, Traditional Knowledge)	The project will be aligned to the Bank's core business of lending to interested clientele or participants to venture into climate adaptation solutions while also strictly adhering to its ESS guideline approved by GCF, its Gender Equality Policy, FSM National Gender Equality Policy 2025, and the applicable conventions for the FSM such as the Conventions on the Elimination of all Forms of Discrimination against Women (CEDAW), Convention on the Rights of the Child (CRC), and the Convention on the Rights of Persons with Disabilities (CRPD).

3	Project Concept	
3.1	Project Climate Change Rationale	The climate change impacts have affected many aspects of the ways in which communities in the FSM thrive in the islands. Long droughts, inundation of salt water in the outer islands, sea level rise and changing of weather patterns that have long being observed and recorded in the indigenous knowledge of the communities that are passed down from generation to generation to outlive these realities have surpassed their level. FSMDB will mobilize the private sector to engage in investable projects to address these climate change impacts.
3.2	Geographic Scope	This is going to be an FSM wide project. Once the funding source is available to the Bank, it will be implemented through all its branches across FSM so anyone and everyone from any business sector with project idea that is aligned to the climate adaptation solutions around food security, green energy and resilient building can be part of the project.

3.3	Estimated population impact and target beneficiaries	It is envisioned that more than 50% of the total population of the FSM will have a direct impact and targeted beneficiaries of the project because most of the population is concentrated around the main islands and the commutable inhabited neighbouring islands.
3.4	Scalability of project	The project can be scaled regionally through the idea that FSMDB could potentially be raised up to be a regional DAE for the North Pacific Development Banks. This is an ongoing discussion with the Association of the North Pacific Development Banks.
3.5	Project Objectives	The objective of the project is to support the private sector led climate adaptation projects to complement the public sector initiatives for a sustainable future for FSM.
3.6	Project Components	Investment in the local businesses in the supply chain process for climate smart investment in all the sectors of the economy, in particular, agriculture, fisheries, tourism, transportation and energy. (putting together working group on climate smart investment, providing technical assistance to MSMEs,(training for small scale farmers, peer to peer learning to replicate climate smart agriculture) and resilient fisheries (upgrade the existing fisheries infrastructure, or community fish market, provide marine monitoring stations, training small scale fishers and communities and sustainable fishing methods, establishing environmental marine surveillance) -marketing strategy and materials …viable business plans for adoption.
3.7	Paradigm Shifting Pathways	
3.8	Project Innovations	
3.9	Theory of Change	What is significantly different from status quo that this project is able to facilitate? Scaling food security from subsistence activity to sustainable commercial activity, creating reliance on local food and less on important processed food. This project help improve health by minimizing consumption of food that contribute to the high

		level of NCD in the FSM. Agriculture- sustainability and the training component and allows the mechanism to keep going. The project will provide alternative investment activities that is less damaging

^^activity- providing technical assistance through the technical partners (technical agency to help develop the business plan)

Through letter of agreement with a technical partner to do all the technical activities…