



Tuvalu

CLIMATE CHANGE AND DISASTER SURVIVAL FUND REGULATION 2017



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LN 01/2017

MADE UNDER SECTION 17 OF THE CLIMATE CHANGE AND
DISASTER SURVIVAL FUND ACT 2015

Commencement 18th April, 2017

1 Citation

This Regulation may be cited as the Climate Change and Disaster Survival Fund Regulation 2017.

2 Purpose

The purpose of these regulations is to prescribe matters necessary for giving effect to the Climate Change and Disaster Survival Fund Act 2015 and for achieving its purpose.

3 Legal Status and Immunities

(1) The Climate Change and Disaster Survival Fund is established as a statutory trust by sections 6 and 12 of the Act with a Board of Trustees and a Committee.

(2) The rules which set out the operation of the Board and Committee and of a Trust Secretariat and any sub-committee of the Board are those in the Schedules to these regulations.

(3) The immunities for those associated with the Fund are set out section 18 of the Act.

(4) The Trust is established in perpetuity.

4 Objective and Eligible Uses of the Fund

The objective and eligibility to use the Fund are set out in sections 7 and 13 of the Act.

5 Undertakings of the Fund

The undertakings of the fund by the Government of Tuvalu are set out in the Act and in these regulations.

6 The Board

(1) The functions and powers of the Board are set out in sections 8 and 9 of the Act.

(2) The Board shall meet at least once each year at the beginning of the financial year, and without delay whenever necessary and when assessment reports have been referred to it by the Committee.

(3) In the absence of the statutory member from a meeting of the Board the function shall be fulfilled by the person officially designated to act in the office of the member.

(4) Meetings of the Board are convened by the Minister responsible for finance.

(5) The quorum for a meeting of the Board is 3 members.

(6) All decisions of the Board must be unanimous.

(7) The Chairperson shall have a deliberative vote but no casting vote.

(8) The Trustees shall serve without remuneration or other reward.

(9) The Board shall subject to the Act and these Regulations establish its own rules of procedure.

7 Secretariat of the Board

(1) The CCPDCU shall act as the Fund Secretary and shall be responsible for:

(a) Providing such assistance to the Board as requested by the Board and as appropriate to fulfil the purpose of the Fund;

- (b) Assisting the Committee in its managing of and assessing Requests for Assistance and with the preparation of the financial report for Cabinet under section 11 (e) of the Act;
- (c) Assisting the Committee in preparing operations reports of the assistance granted based on a Board approved monitoring, reporting and verification (MRV) plan.
- (d) Providing regular updates to the Minister responsible for climate change on the implementation of the regulation.

8 The Committee

- (1) The establishment, functions and powers of the Committee are those prescribed in sections 10 and 11 of the Act.
- (2) The Committee shall meet at least once each year at a time convenient for the preparation of the financial report required by section 11(e) of the Act, and without delay on receipt of a Request for Assistance.
- (3) Meetings of the Committee will be called by the Secretary to Government on the giving of at least 2 clear days notice.
- (4) The quorum shall be 6 members.
- (5) The decisions of the Committee will be made by majority vote.
- (6) The chairperson of the Committee has a deliberative vote and where needed a casting vote.
- (7) The appointed representatives to the Committee shall not have any potential or real conflict of interest with any of the Board members.
- (8) Members of the Committee shall serve without remuneration or any other form of reward.

9 Financial year

The financial year of the Fund shall commence on 1 January and end on 31 December in each year.

10 Annual budget

The Board shall approve an annual administrative budget by 1 November each year.

11 Fund resources

- (1) The resources of the Fund as designated in section 12 of the Act are held jointly by the members of the Board as trustees of the Fund.
- (2) All disbursements from the Fund shall require the signature of all 3 Trustees.
- (3) Payment for personal services to the Fund and of expenditures and other operating expenses of the Committee or the Board shall be paid only from donations identified in section 12(3) of the Act or from the investment earnings of the Fund.
- (3) The management of all the resources of the Fund shall be in accordance with the investment objectives and policies of the Fund.
- (4) The Board shall not borrow, and shall not mortgage, charge, or pledge any of the assets of the Fund.

12 Investment objectives and policies

- (1) The Tuvalu Survival Fund bank account at the National Bank of Tuvalu shall be managed by 3 Trustees of the Fund.
- (2)
 - (a) The Board having received advice from its investment sub-committee shall establish a Statement of Investment Objectives and Policies which will govern every investment of the Fund.
 - (b) Every investment of resources of the Fund shall be made in a prudent manner.
 - (c) Terms of Reference for the investment sub-committee are set out in Schedule 3.
- (3)
 - (a) For the purpose of its management of the Fund under section 12 of the Act and in fulfilment of its responsibility for the policy, control and strategic direction and regulation of the Fund under section 8 of the Act, the Board may if necessary decide to invest the resources of the Fund in the account at the National Bank outside of Tuvalu.
 - (b) All investments of the Fund shall be made from the Fund account at the National Bank of Tuvalu and all returns of investments shall be paid into the Fund account at the National Bank of Tuvalu
- (4)
 - (a) The Board may also appoint a suitably qualified investment sub-committee to recommend to the Board a fund manager or fund managers and an investment consultant on such conditions as it determines.

- (b) The costs and expenses of the investment sub-committee, investment consultant and fund managers under this Regulation shall be met from the Fund.

13 Requests for assistance

- (1) Access to the Fund is provided for under section 14 of the Act.
- (2) Every Request for Assistance shall comply with the conditions in Schedule 1 and be submitted to the Committee on the form provided in the Schedule.
- (3) Conditions governing the setting of priorities for the disbursement from the Fund are set out in Schedule 2.

14 Assessment Criteria and Coordination

- (1) In addition to the Strategic Framework formulated under section 11 (1) (b) of the Act, in assessing requests for assistance, the Committee shall assess impacts on biodiversity and eco-systems and social well-being ensuring there is alignment with development activities under Schedule 1 of the Environmental Impact Assessment Regulations 2014, and consider also the specific needs set out in section 13(b) of the Act and the objective of the Fund is set out in section 7 of the Act.
- (2) The Strategic Framework should align with Te Kaniva (Tuvalu Climate Change Policy) and the Tuvalu National Strategic Action Plan for climate change and disaster risk management.
- (3) Co-ordination of the Government's operational management of climate change and natural disasters shall be through the Climate Change Policy and Disaster Coordination Unit (CCPDCU) which acts as the Secretary to the TSF as well as the National Disaster Committee (NDC) and the National Advisory Council on Climate Change (NACCC).

15 Monitoring, Reporting and Verification (MRV)

- (1) Funds will be disbursed in tranches and only released as required and on receipt of the satisfactory report on the use of previous Requests for Assistance verifying the proper use of the funds.
- (2) Where for any reason funds are unable to be acquitted they will be returned to the Fund.

(3) All expenditure and acquittals shall comply with the accounting and audit requirements of sections 15 and 16 of the TSF Act.

16 Review and evaluation

(1) The Board shall periodically, at such intervals as it deems appropriate, review the effectiveness of the Fund in accomplishing its purpose.

(2) The first review shall take place not later than October 2020.

17 Dispute Settlement

(1) A dispute which may arise involving the Fund, the Board, the Committee or any other party which cannot be settled through consultation shall be settled by arbitration in accordance with the principles set out in the Arbitration Act 1991 for arbitration agreements.

(2) The decision of the arbitrator shall be final and binding.

(3) In the event the Board does not accept the Committee's recommendation the Board shall refer the decision back to the Committee with written reasons for the rejection. The Committee shall undertake a second appraisal and promptly resubmit to the Board whose decision shall be final.

SCHEDULE 1

1 PROCESSING REQUESTS FOR ASSISTANCE

- a) For a Request for Assistance from an individual, household or community to be accepted by the Committee for consideration it must be submitted to and approved by the Kaupule to ensure it aligns with the Island Strategic Plan.
- b) For Recovery and Rehabilitation requests, the Committee will assess the application against the report of the Rapid Assessment Team and the Property Registration System.
- c) The Kaupule will act as the conduit to the TSF. Both in the case of a new Climate Change Adaptation project and a specific disaster Recovery and Rehabilitation request, the Kaupule office will combine individual requests into a single request from the island to the TSF.
- d) The general systems and procedures for the government Special Development Expenditures (SDE) (planning, financial management, procurement, acquittals, etc.) will be applied to Requests for Assistance from the TSF.
- e) In addition, proposals must include Key Performance Indicators (KPIs) that are quantifiable, accountable to a person position and time bound as they will be monitored, reported and verified by the CCPDCU.
- f) Issues to be addressed in Requests for Assistance are designed to allow priorities to be established when funding is restricted. These criteria and the process for setting priorities are set out in Schedule 2.

2 RECOVERY AND REHABILITATION

- a) For urgent recovery and rehabilitation requests associated with a natural disaster each Request for Assistance shall be submitted on the Form attached to this Schedule.

3 CLIMATE CHANGE ADAPTATION

In addition to the general requirements, Adaptation projects must meet minimum conditions for access. Good performance in areas such as planning, budgeting, project execution, accountability and transparency and performance in implementation will be taken into account in the size of the future grant allocations from the TSF that are recommended by the Committee for approval by the Board.

4 ACQUITTALS

- a) In order to facilitate a timely acquittals process reporting on project delivery including expenditure shall be on the following basis:
- b) Recovery projects: 3 monthly (with a maximum period of up to 6 months)
- c) Rehabilitation and Adaptation projects: annually.

Date Received: _____
Date Submitted to TSF Board: _____

| Contribution | |
|--|-----------|
| Individual or Organisation In-Kind Contribution | |
| Kaupule Contribution | |
| TOTAL Contribution | \$ |

| Expenditure | |
|--------------------------------------|-----------|
| Salaries and Consultancy Fees | |
| Equipment/Materials | |
| Other (list other items) | |
| | |
| TOTAL Expenditure | \$ |

| | |
|--|-----------|
| Request from Tuvalu Survival Fund | \$ |
|--|-----------|

Request to Selection Criteria (Describe how the application addresses the following criteria)

- | | |
|----------|--|
| 1 | <p>Policy:</p> <ul style="list-style-type: none"> • Aligns with the goals, milestones and KPIs of Kakeega III • Contributes to the priorities of the Island Strategic Plan • Meets the purposes of the TFS; and • Is linked to the property registration system |
|----------|--|

- | | |
|----------|--|
| 2 | <p>Social</p> <ul style="list-style-type: none"> • Contributes to meeting improved standards of living and/or service delivery • Leads to improved health and wellbeing • Identifies the beneficiaries • Addresses social inequalities and advances gender equality |
|----------|--|

| | |
|----------|--|
| 3 | <p>Readiness:</p> <ul style="list-style-type: none"> • Meets immediate needs • Aligns with critical project timing • Does not duplicate or conflict with existing projects • Addresses any land and/or social owner impacts • Identifies degree of development partner engagement |
| 4 | <p>Environment:</p> <ul style="list-style-type: none"> • Enhances long term climate change adaptive capacity • Protects, restores and/or enhances biodiversity and natural ecosystems • Directly improves the physical environment • Complies with Environmental Impact Assessment (EIA) Regulations. |
| 5 | <p>Economic:</p> <ul style="list-style-type: none"> • Adds to increased economic self reliance and jobs • Is critical to restoring or improving an existing essential service • Is value for money • Identifies co-benefits • Identifies other co-funding and/or in kind contributions |
| | <p>Applicant: _____ Signature: _____</p> <p>Date: _____</p> |

Schedule 2**PRIORITISING REQUESTS FOR ASSISTANCE****(1) TSF Resources**

- (a) This part of the TSF procedures is designed to assist the Board make fair and equitable decisions based on a set of agreed criteria that address the three purposes of the Fund: Recover, Rehabilitate and Adapt. It uses a tool called Multi-Criteria Analysis (MCA) to assist in the setting of priorities.
- (b) Each purpose of the Fund shall have a proportional allocation of the capital of the Fund as shown in the second column of Table 1 below.

Table 1. TSF funding allocation

| Purpose | Proportional allocation | Actual funding allocation for FY 2017 |
|---|--------------------------------|--|
| Recovery | 30% | \$1.05m |
| Rehabilitation | 50% | \$1.75m |
| Adaptation Of which small scale adaptation accounts for \$0.1m | 20% | \$0.7m (\$0.1m) |
| Total | 100% | \$3.5m |

- (c) For the Fund to always provide funding, no matter the allocation in the previous year, only 50% of the opening value of the Fund shall be made available in any year. The remaining 50% will be invested in accordance with the TSF Statement of Investment Objectives and Policies.
- (d) As part of the allocation to Adaptation, there will be a \$100,000 allocation to small scale adaptation projects (\leq \$5,000) each year. On the recommendation of the Committee the Board may prior to the start of the fiscal year change the allocation to small scale adaptation projects.
- (e) Any unallocated funds will carry over to the opening value of the Fund in the following year.

(2) Multi Criteria Analysis

- (a) Multi criteria analysis is a tool that can be used to rank projects of different types and timeframes within the allocation to each purpose. The objective of this tool is to enable quick prioritization of projects in the “absence” of a detailed national policy. It is a rapid approach in lieu of a full social and economic Cost Benefit Analysis (CBA).
- (b) MCA is intended to be used for the quick response needed in a national emergency and as a tool that the Committee can use on a regular basis to update the Board on Recovery, Rehabilitation and Adaptation projects. Because of this, the MCA needs to be simple but not simplistic, with only the minimum but necessary criteria to achieve agreed results. For it to be sustained in the future, it must also be easy to apply, able to be improved, transparent and repeatable. It needs to be a tool that is owned by the stakeholders.
- (c) The Project Ranking process includes the steps as shown in Table 2 and then outlined in more detail below:

Table 2. Project Ranking Process

| | |
|---|--|
| 1 | Initial screening to separate projects into the three purposes: Recovery, Rehabilitation, Adaptation |
| 2 | Criteria selection - Develop, outline and agree on weighting and key criteria |
| 3 | Scoring - Key Stakeholders individually score (1-4) each project using Q&A matrix |
| 4 | MCA Rating - Each project achieves a final Project Rating of High, Medium or Low based on the banding of scores |
| 5 | Sanity checking - the final list is subject to a group discussion of scores, bands and ranking as a sanity check |

(3) Initial Screening

- (a) This part of the prioritization focuses on screening the requests for assistance to identify those that align strongly with the three purposes

of the TSF and deliver significant benefits to the Tuvalu people, the environment, and the economy.

- (b) The immediate priority of Board during an emergency is to ensure communities in greatest need receive appropriate assistance and supplies in the quickest feasible time for Recovery. Time is less of a critical factor at the Rehabilitation phase and even less in Adaptation.

(4) Priority Criteria

- (a) The key criteria for deciding priorities using MCA include five thematic areas:

- Policy – Links with Kakeega III and Island Strategic Plans
- Social – Provides for basic services and minimum service levels
- Readiness – Addresses the appropriate level of urgency
- Environmental – Protects and improves the natural environment
- Economic – Contributes to sustainable growth

- (b) The criteria can be subject to weighting to enable more emphasis to be placed on one versus another. Depending on the purpose certain criteria will be more pertinent than others. In the first instance, each of the 5 criteria should be weighted evenly, if need be and with experience the Committee can make recommendations to the Board on different weights on the criteria for the different purposes of the Fund.

- (c) The criteria are assessed using questions to inform an average ranking for those criteria. The detailed questions are outlined in Table 3.

Table 3: MCA Assessment Criteria

| | |
|---|--|
| 1 | <p>Policy</p> <ul style="list-style-type: none"> • Aligns with the goals, milestones and KPIs of Kakeega III? • Contributes to the priorities of the Island Strategic Plan? • Meets the purposes of the TSF? • Is linked to the property registration system? |
| 2 | <p>Social</p> <ul style="list-style-type: none"> • Contributes to meeting improved standards of living and/or service delivery? • Leads to improved health and wellbeing? |

| | |
|---|--|
| | <ul style="list-style-type: none"> • Identifies the beneficiaries? • Addresses social inequalities and advances gender equality? |
| 3 | <p>Readiness</p> <ul style="list-style-type: none"> • Meets immediate needs? • Aligns with critical project timing? • Does not duplicate or conflict with existing projects? • Addresses and land and/or social owner impacts? • Identifies degree of development partner engagement? |
| 4 | <p>Environment</p> <ul style="list-style-type: none"> • Enhances long-term climate change adaptive capacity? • Protects, restores and/or enhances biodiversity and natural ecosystems? • Directly improves the physical environment? • Complies with Environmental Impact Assessment (EIA) regulations? |
| 5 | <p>Economic</p> <ul style="list-style-type: none"> • Adds to increased economic self-reliance and jobs? • Is critical to restoring or improving an existing essential service? • Is value for money? • Identifies co-benefits? • Identifies other co-funding and/or in-kind contributions> |

(4) The MCA scoring process

- (a) The TSF Committee will form the scoring group.
- (b) The scoring process is a modified Delphi Technique. This utilizes individual scoring, compiled into anonymous results. This is followed by group discussion of results where there are major outliers (e.g. one respondent scored one criteria outside the range of other respondents). When fully discussed, the process is repeated until results are smoothed – representing consensus.
- (c) Each project is first presented to the individual Committee members. Each member then scores the project by providing a number (1-4) against each question in Table 3. The score of 1 means the project does not satisfy the question in any way. A score of 4 indicates that it fully or strongly satisfies the question. Scores of 2 and 3 indicated

less confirmation, with no allowance for a middle score. To work consistently, each member needs to score each question for each project.

- (d) The final scores are entered into a spreadsheet and then averaged across all respondents for each question. The average scores for each question are then averaged for each of the five thematic criteria resulting in 5 scores under each project in a particular round.
- (e) Within each criterion, the range between maximum and minimum scores across the projects are assessed and divided by three – allowing for a high, medium or low band. Each project's criteria are then identified in which band they fall. This allows for project ranking to be smoothed between tightly clustered projects. Projects are then ranked by the number of high, medium and low scores it receives.

(5) Sanity Check

- (a) To complete the technique, the ranking process and results are reviewed by the participants. The range across aggregated and averaged scores is presented to indicate where there are significant differences of opinion. Scores are discussed by the group to ensure that everyone understands the questions and is happy with the resultant score. The final ranking is discussed as to whether it makes sense within their understanding of the needs of Tuvalu.
- (b) The final list of projects is ranked into high, medium and low categories.

(6) Options Development

- (a) The final ranked projects are then subject to consideration of timing and funding implications. Adaptation projects have significantly longer lead times (planning and design) than Recovery or Rehabilitation. Some projects will require significant immediate funding commitments, while others can be spread over a number of years.

Schedule 3

(1) INVESTMENT SUB-COMMITTEE

- a. Investment sub-committee Terms of Reference
- b. To report to the Board on all significant investment related activities in the inter-board meeting periods.
- c. To monitor the investment performance of the investment managers against the pre-defined investment criteria and to report to the Board thereon. (Quantitative analysis).
- d. To liaise with the investment consultant in regard to any non-performance issues of the investment managers and report to the Board thereon. (Qualitative analysis).
- e. To review the investment consultant's report, if any, on the adequacy of the managers to carry out their roles as detailed in the Statement of Investment Objectives and Policies (SIOP).
- f. To liaise with the investment consultant in regard to the retention, termination or appointment of any manager and to action as appropriate. Appointments and terminations are approved by the Board based upon recommendation(s) of the investment sub-committee.
- g. To keep under review the provisions of the SIOP and to recommend amendments as appropriate.
- h. To keep under review the investment strategy of the Fund and report to the Board on any recommended changes.
- i. To investigate any specific issues raised by the Board.
- j. To attend Board Meetings if requested.
- k. By 1 November each year the investment sub-committee shall submit to the Board a recommended Statement of Investment Objectives and Policy.
- l. The investment sub-committee shall meet no less than twice in each financial year.
- m. Meetings shall be called by the Secretary of the Board after consultation with the Chairperson of the investment sub-committee.
- n. Reasonable notice shall be given of all meetings.

- o. The quorum for a meeting of the investment sub-committee is all members.
- p. Subject to these Regulations, the investment sub-committee shall set its own rules of procedure.