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G.N.No. 1010/2026

**ENVIRONMENTAL MANAGEMENT AND CLIMATE
CHANGE (CLIMATE CHANGE AND ENVIRONMENT
PROTECTION FUND) REGULATIONS 2026**

SL No. 41 of 2026

Notified:

Table of Provisions

<u>PART 1 - PRELIMINARY</u>	3
1 <u>Citation</u>	3
2 <u>Commencement</u>	3
3 <u>Interpretation</u>	3
4 <u>Purpose of the Regulations</u>	3
6 <u>Purposes of the Fund</u>	3
<u>PART 2 - COMMITTEES OF THE FUND</u>	4
7 <u>Establishment of the Managing Committee</u>	4
8 <u>Functions of the Managing Committee</u>	4
9 <u>Powers of the Managing Committee</u>	5
10 <u>Establishment of the Supervisory Committee</u>	5
11 <u>Functions of the Supervisory Committee</u>	6
12 <u>Powers of the Supervisory Committee</u>	6
13 <u>Establishment of Technical Working Committee</u>	6
14 <u>Meetings and Quorum</u>	6
15 <u>Conflicts of Interest</u>	7
16 <u>Protection from Liability</u>	7
<u>PART 3 - OFFICERS OF THE FUND</u>	8
17 <u>Chief Administrative Officer</u>	8
18 <u>Accounting Officer</u>	8

G.N.No. 1010/2026 (Cont'd)

19	Appointment of Other Staff	9
20	Delegations	9
PART 4 - FINANCIAL MANAGEMENT AND REPORTING		9
21	Fund Management and Bank Accounts	9
22	Custodian Bank	9
23	Endowment and Operating Accounts	10
24	Sinking Account	10
25	Investment Policy	10
26	Restrictions on Use of Fund Monies	11
27	Withdrawals from the Fund	11
28	Payments and Disbursements	11
29	Return of Unspent Funds	11
30	Financial Record-Keeping	12
31	Annual Projections	12
32	Annual Report	13
33	Financial Statement	13
34	Annual Audit	13
PART 5 - GRANT ADMINISTRATION AND PROJECT APPLICATIONS		14
35	Calls for Proposals	14
36	Categories of Grant	14
37	Eligibility for Grants	14
38	Criteria for Evaluation	15
39	Project Applications	15
40	Project Implementation	16
41	Suspension or Termination of Funding	16
42	Monitoring, Evaluation and Verification	16
43	Grievance Redress Mechanism	17

The Cabinet makes the following Regulations under Sections 40(1)(j) and 62 of the *Environmental Management and Climate Change Act 2020*.

PART 1 - PRELIMINARY

1 Citation

These Regulations may be cited as the *Environmental Management and Climate Change (Climate Change and Environment Protection Fund) Regulations 2026*.

2 Commencement

These Regulations come into effect on the day they are notified in the Gazette.

3 Interpretation

In these Regulations, unless inconsistent with the context or subject matter:

‘Chief Administrative Officer’ means a person appointed under Regulation 17;

‘Custodian Bank’ means the bank referred to in Regulation 22;

‘Endowment Account’ means the account required to be opened under Regulation 23(1)(a);

‘Fund’ means the National Climate Change and Environment Protection Fund established by Part 9 of the *Environmental Management and Climate Change Act 2020*;

‘Guidelines’ means the guidelines for Fund operations approved by the Managing Committee;

‘Managing Committee’ means the Committee established under Part 2;

‘international organisation’ means an international organisation referred to in Section 40(2)(b) of the Act;

‘Operating Account’ means the account required to be opened under Regulation 23(1)(b);

‘public enterprise’ has the meaning given to it under the *Public Enterprise Act 2019*;

‘Supervisory Committee’ means the supervisory committee established under Regulation 10; and

‘Technical Working Committee’ means a committee established under Regulation 13.

4 Purpose of the Regulations

These Regulations prescribe matters necessary to implement the Fund.

6 Purposes of the Fund

For the purposes of Section 40(1)(j) of the Act, the Fund is also established to:

(a) improve resilience to climate change through adaptation and mitigation measures;

G.N.No. 1010/2026 (Cont'd)

- (b) increase uptake of renewable energy; and
- (c) ensure climate change information is available to end-users.

PART 2 - COMMITTEES OF THE FUND

7 Establishment of the Managing Committee

- (1) There shall be a Managing Committee for the Fund.
- (2) The ex officio members of the Managing Committee are the:
 - (a) Secretary for Environmental Management and Agriculture;
 - (b) Secretary for Climate Change and National Resilience; and
 - (c) Secretary for Finance.
- (3) The Managing Committee may recommend that the Minister appoint additional members including representatives of:
 - (a) a public enterprise; or
 - (b) an international organisation.
- (4) The term of appointment of:
 - (a) an ex officio member shall be the duration of time that he or she holds office in the position; and
 - (b) a member appointed under subregulation (3) shall not exceed 3 consecutive years.
- (5) Except as otherwise provided under the Act or these Regulations, members of the Managing Committee shall be in a fiduciary relationship to the Fund and shall exercise powers and functions under these Regulations:
 - (a) in good faith; and
 - (b) with reasonable care and diligence.
- (6) Members of the Managing Committee are presumed to exercise powers and functions under these Regulations in good faith and with reasonable care and diligence unless the contrary is proved.

8 Functions of the Managing Committee

- (1) The Managing Committee shall manage the Fund in accordance with the Act, these Regulations and the Guidelines.
- (2) Without limiting subregulation (1), the Managing Committee has the following functions:
 - (a) approve Guidelines for the Fund;

G.N.No. 1010/2026 (Cont'd)

- (b) submit annual projections of income and expenses to the Department of Finance in accordance with Regulation 31;
- (c) approve or reject project funding applications in accordance with Regulation 39;
- (d) make all necessary arrangements for investment of the Fund in accordance with Regulation 25;
- (e) provide reports, updates and other information to the Supervisory Committee as requested, in accordance with Regulation 11;
- (f) advise on any matter for the purposes of meeting the objectives of the Fund;
- (g) appoint officers and staff in accordance with Regulations 17, 18, and 19;
- (h) delegate powers and functions to Officers in accordance with the Act, these Regulations, and the Guidelines;
- (i) establish Technical Working Groups in accordance with Regulation 13;
- (j) appoint a Custodian Bank in accordance with Regulation 22;
- (k) approve and implement an investment policy in accordance with Regulation 25;
- (l) approve withdrawals from the Fund following authorisation by Cabinet in accordance with the Act and Regulation 27;
- (m) evaluate and approve grant applications in accordance with Regulations 39 and 40;
- (n) suspend or terminate a project in accordance with Regulation 42;
- (o) enter into contracts, and commence or defend legal proceedings, on behalf of the Fund; and
- (p) do all such other things as are incidental or conducive to the fulfilment of the purposes of the Fund.

9 Powers of the Managing Committee

The Managing Committee has the power to do all things necessary or convenient for the performance of its functions.

10 Establishment of the Supervisory Committee

- (1) There shall be a Supervisory Committee for the Fund.
- (2) The ex officio members of the Supervisory Committee are the:
 - (a) Minister for Environmental Management and Agriculture;
 - (b) Minister for Climate Change and National Resilience; and
 - (c) Minister for Finance.

G.N.No. 1010/2026 (Cont'd)

11 Functions of the Supervisory Committee

- (1) The Supervisory Committee shall provide oversight of the Fund in accordance with the Act, these Regulations, and the Guidelines.
- (2) Without limiting subregulation (1), the Supervisory Committee has the following functions:
 - (a) approve the annual projections of income and expenses as well as the annual report of the Fund;
 - (b) provide recommendations to the Managing Committee on Fund priorities, coordination of Fund activities, and improvements to Fund performance;
 - (c) obtain reports, updates and other information from the Managing Committee;
 - (d) require changes to the annual projections of income and expenses as well as the annual report of the Fund;
 - (e) commission strategic reviews of the Fund as appropriate; and
 - (f) take any action necessary or convenient for the performance of oversight functions under these Regulations.

12 Powers of the Supervisory Committee

- (1) The Supervisory Committee has the power to do all things necessary or convenient for the performance of its functions.
- (2) The Supervisory Committee shall not exercise powers vested in the Managing Committee.

13 Establishment of Technical Working Committee

- (1) The Managing Committee shall establish Technical Working Committees to assess project applications under Part 5 of these Regulations.
- (2) Technical Working Committees shall in accordance with Regulations 38 and 39:
 - (a) evaluate and assess project applications; and
 - (b) provide recommendations on project applications to the Managing Committee.
- (3) The Guidelines shall prescribe the procedures for the Managing Committee to appoint expert members of Technical Working Committees.

14 Meetings and Quorum

- (1) The Managing Committee shall conduct its meetings in the manner that is determined by the Managing Committee.
- (2) The Supervisory Committee shall conduct its meetings in the manner that is determined by the Supervisory Committee.

G.N.No. 1010/2026 (Cont'd)

- (3) The Technical Working Committee shall conduct its meetings in the manner that is determined by the Managing Committee.
- (4) If a member is unable to attend a meeting of any Committee established under these Regulations, the member may designate a Proxy to represent the absent member in the meeting.
- (5) In relation to the quorums of the Committees:
 - (a) all members of the Managing Committee, Supervisory Committee, inclusive of designated Proxies, shall constitute a quorum for the purposes of meetings; and
 - (b) the quorum for a Technical Working Committee is a majority of its members, inclusive of designated Proxies.
- (6) Decisions of a Committee established under these Regulations shall be made by consensus.
- (7) The Chief Administrative Officer shall ensure that proper minutes are recorded and maintained in respect of all meetings of a Committee established under these Regulations.
- (8) The rules of procedure of each Committee established under these Regulations shall be prescribed in the Guidelines.

15 Conflicts of Interest

- (1) The members of a Committee established under these Regulations is not entitled to receive payment, allowance or remuneration for the performance of functions or exercise of powers under the Act, these Regulations, or the Guidelines.
- (2) A member of a committee established under these Regulations who has, directly or indirectly, a financial or personal interest in any matter before the Committee shall declare his or her interest in the matter prior to a meeting.
- (3) A member of a Committee established under these Regulations who has, directly or indirectly, a financial or personal interest in any matter before the Committee shall not with respect to that matter:
 - (a) be present during deliberations by the Committee; and
 - (b) participate in or vote on such matter.
- (4) The exclusion of a Committee member under subregulation (3) shall be disregarded for the purposes of constituting a quorum under Regulation 14(5).
- (5) The decisions of a Committee made in contravention of subregulation (3) shall be void and have no legal effect.

16 Protection from Liability

The members of a Committee established under these Regulations shall not be liable for any loss or damage arising from, or be subject to, any criminal prosecution and civil claims for the performance of a function or duty or exercise of a power in good faith under the Act, or any other written law.

PART 3 - OFFICERS OF THE FUND

17 Chief Administrative Officer

- (1) The Chief Secretary shall appoint a Chief Administrative Officer in consultation with the Managing Committee.
- (2) The terms and conditions of the employment of the Chief Administrative Officer shall be regulated under the *Public Service Act 2016*.
- (3) The Chief Administrative Officer is accountable to the Managing Committee and is responsible for the administration of the Fund.
- (4) Without limiting subregulation (2), the Chief Administrative Officer has the following functions:
 - (a) convene Committee meetings at the request of the Chairperson;
 - (b) provide administrative support for Committee meetings;
 - (c) prepare annual projections of income and expenses as well as the annual report of the Fund;
 - (d) coordinate and facilitate the implementation of Managing Committee decisions;
 - (e) assist in the selection and supervision of the Custodian Bank; and
 - (f) liaise with project applicants and implementers.

18 Accounting Officer

- (1) The Chief Secretary shall appoint an Accounting Officer in consultation with the Managing Committee.
- (2) The Accounting Officer is accountable to the Chief Administrative Officer and shall provide financial support services to the Managing Committee.
- (3) The terms and conditions of the employment of the Accounting Officer shall be regulated under the *Public Service Act 2016*.
- (4) Without limiting subregulation (3), the Accounting Officer has the following functions:
 - (a) receive transfers to the Fund;
 - (b) ensure Fund moneys are deposited into one of the bank accounts prescribed in Regulations 23 and 24; and
 - (c) approve payments and disbursements from the Fund for authorisation by the Managing Committee.
- (5) The Managing Committee may delegate record-keeping powers and functions to the Accounting Officer, to be performed in accordance with Regulation 30.

G.N.No. 1010/2026 (Cont'd)

19 Appointment of Other Staff

The Chief Secretary in consultation with the Managing Committee, may appoint any other staff of the Fund for the proper and efficient performance of the objectives of the Fund.

20 Delegations

- (1) The Managing Committee may delegate any of its powers and functions under these Regulations to any officer of the Fund, except the power of delegation.
- (2) The Chief Administrative Officer may delegate any of his or her powers or functions under these Regulations, to any staff of the Fund, except the power of delegation.
- (3) Delegation of powers and functions must be in writing and may include conditions for the exercise of a delegated power or function.
- (4) A delegated power or function must be exercised or performed in accordance with the written delegation.
- (5) The Managing Committee may vary, revoke, or continue to exercise a power or function delegated pursuant to subregulation (1).
- (6) The Chief Administrative Officer may vary, revoke, or continue to exercise a power or function delegated pursuant to subregulation (2)

PART 4 - FINANCIAL MANAGEMENT AND REPORTING

21 Fund Management and Bank Accounts

- (1) The Managing Committee shall maintain bank accounts of the Fund in accordance with these Regulations.
- (2) All moneys payable to the Fund under the Act, these Regulations, or any Donor agreement must be deposited into bank accounts of the Fund in accordance with these Regulations.

22 Custodian Bank

- (1) The Managing Committee shall appoint a Custodian Bank for the Fund that:
 - (a) is an existing financial institution in Australia;
 - (b) has a net worth in excess of AUD 100 million;
 - (c) has at least 10 years of experience as a custodian of financial assets; and
 - (d) is capable of providing financial services in Naoero.
- (2) The Custodian Bank shall maintain full and accurate records of income, expenditure, and transactions of the Fund.
- (3) The Guidelines shall set out further requirements for the agreement between the Fund and the Custodian Bank.

G.N.No. 1010/2026 (Cont'd)

23 Endowment and Operating Accounts

- (1) The Managing Committee shall with the written authorisation of the Minister for Finance, direct the Accounting Officer to open 2 accounts at the Custodian Bank as follows:
 - (a) an Endowment Account; and
 - (b) an Operating Account.
- (2) The Endowment Account under subregulation (1)(a) shall consist of funds provided under Section 40(2) of the Act.
- (3) The Operating Account under subregulation (1)(b) shall consist of:
 - (a) funds available for operational expenses including procurements under Part 3A of the *Public Finance (Control and Management) Act 1997*; and
 - (b) funds allocated for approved projects by the Managing Committee pursuant to Part 5 of these Regulations.
- (4) The Guidelines shall set out rules and procedures for the Endowment and Operating Accounts of the Fund.

24 Sinking Account

- (1) Upon agreement with an international organisation and with the written authorisation of the Minister for Finance, the Managing Committee may direct the accounting officer to open at the Custodian bank:
 - (a) a sinking account; and
 - (b) sub-accounts of the sinking account.
- (2) The sinking account and its sub-accounts may consist of grants, donations or contributions from international organisations, pursuant to Section 40(2)(b) of the Act.
- (3) Monies in a sinking account or sub-account may be subject to any condition set out in agreements between the Fund and an international organisation.
- (4) The Guidelines shall set out further requirements for sinking accounts of the Fund.

25 Investment Policy

- (1) The Managing Committee shall develop an investment policy for investment of funds in the Endowment Account established under these Regulations.
- (2) The Managing Committee may appoint investment advisers through a competitive tender process to assist in the development of an investment policy under subregulation (1).
- (3) Investment advisers appointed pursuant to subregulation (2) shall be obliged to exercise integrity, prudence and professional skill in fulfilling functions delegated to them by the Management Committee.

G.N.No. 1010/2026 (Cont'd)

- (4) The investment policy referred to in subregulation (1) shall ensure that the Endowment Account of the Fund is invested in low-risk financial instruments that protect capital and maintain adequate liquidity for operations of the Fund.
- (5) Moneys payable to the Fund shall not be withdrawn from the Endowment Account other than in accordance with these Regulations and any investment policy established pursuant to subregulation (1).

26 Restrictions on Use of Fund Monies

- (1) The Fund assets and monies shall not be withdrawn, disbursed, or disposed of in any manner other than in accordance with the Act and these Regulations.
- (2) The Managing Committee and Supervisory Committee shall ensure the Fund assets and monies are not used to lend, borrow, mortgage or otherwise charge the assets of the Fund.
- (3) The Managing Committee and Supervisory Committee shall ensure not to use more than 30% of the Operating Account to meet operational expenses of the Fund including procurements under Part 3A of the *Public Finance (Control and Management) Act 1997*.

27 Withdrawals from the Fund

- (1) The Managing Committee shall ensure that no withdrawal is made or authorised from the Fund unless the:
 - (a) withdrawal is for the purpose for which the Fund is established; and
 - (b) purpose of the withdrawal has been authorised by the Cabinet in consultation with the Minister.
- (2) For the purpose of Section 41(2) of the Act, the Managing Committee shall authorise withdrawals from the Fund prior to signature by the Secretary for Environmental Management and Agriculture, Secretary for Climate Change and National Resilience and the Secretary for Finance.
- (3) Withdrawals from the Endowment Account may only be made to the Operating Account in accordance with the approved annual projections of the Fund under Regulation 32.
- (4) Subject to the Act and these Regulations, the Management Committee shall develop a withdrawal policy for approval by the Supervisory Committee.

28 Payments and Disbursements

- (1) Payments and disbursements from the Fund shall be made in a manner consistent with the Act and these Regulations, the *Public Finance Control and Management Act 1997*, and the *Public Finance (Control and Management) Regulations 2013*.
- (2) The Guidelines may set out further procedures for payments and disbursements from the Fund pursuant to subregulation (1).

29 Return of Unspent Funds

Where grant monies under Part 5 of these Regulations have not been spent:

G.N.No. 1010/2026 (Cont'd)

- (a) at the completion of the project; or
- (b) due to the termination of the project pursuant to Regulation 41,

the Managing Committee shall direct in writing that the unspent money be returned and deposited into either the Endowment Account or the Operating Account.

30 Financial Record-Keeping

- (1) Where the Secretary delegates his or her functions under Section 42(1) of the Act to the Managing Committee, the Managing Committee shall:
 - (a) ensure that all payments, disbursements, and withdrawals of Fund monies are recorded in accordance with the *Public Finance (Control and Management) Act 1997* and the *Public Finance (Control and Management) Regulations 2013*; and
 - (b) keep written financial records that:
 - (i) record the transactions, financial position and performance of the Fund;
 - (ii) enable financial statements to be prepared and audited in accordance with the Act and these Regulations;
 - (iii) enable other reports required by these Regulations to be prepared; and
 - (iv) comply with any additional record-keeping requirements specified in an agreement between the Fund and an international organisation.
- (2) The records required under subregulation (1)(b):
 - (a) must be kept for at least 7 years after the most recent transaction to which they relate; and
 - (b) may be kept in electronic form that are readily retrievable and convertible into physical copy.

31 Annual Projections

- (1) The Managing Committee shall submit annual projections of income and expenditure of the Fund to the Department of Finance after approval by the Supervisory Committee.
- (2) The annual projections referred to in subregulation (1) shall include estimates of:
 - (a) moneys payable to the Fund under Section 40(2) of the Act;
 - (b) operational expenses of the Fund;
 - (c) expenditure on grants under Part 5 of these Regulations; and
 - (d) transfers from the Endowment Account to the Operations Account.
- (3) The annual projections referred to in subregulation (1) shall be tabled:
 - (a) before the start of the financial year; or

G.N.No. 1010/2026 (Cont'd)

- (b) if Parliament, by resolution, determines a later date for the tabling of the annual projections for the financial year, by the later date.

32 Annual Report

- (1) The Managing Committee shall provide an annual report, approved by the Supervisory Committee, in order to meet reporting requirements to the Cabinet pursuant to Section 42(2)(a) of the Act.
- (2) The annual report shall include for the financial year to which it relates:
 - (a) the financial statement set out in Regulation 33(2);
 - (b) the number and nature of projects approved, including the amount of Fund monies allocated;
 - (c) the status of all ongoing and completed projects;
 - (d) for each reportable deviation from the annual projections approved under Regulation 30, whether previously reported or not, specify the reason for the deviation; and
 - (e) a statement on the extent to which the Managing Committee believes the Fund has achieved one or more of the purposes set out in Section 40(1) of the Act and Regulation 6.
- (3) The Minister of Finance shall table in Parliament the annual report referred to in subregulation (1) and (2):
 - (a) within 2 sitting days after the end of the financial year; or
 - (b) if Parliament, by resolution, determines a later date for the tabling of the annual report for the financial year, by the later date.

33 Financial Statement

- (1) The Managing Committee shall provide an annual financial statement, approved by the Supervisory Committee, in order to meet reporting requirements to the Auditor General under Section 42(2)(b) of the Act.
- (2) The financial statement in subregulation (1) shall include the following information regarding the Fund, for the financial year to which it relates:
 - (a) a balance sheet of assets and liabilities; and
 - (b) a comprehensive income and expenditure statement.

34 Annual Audit

- (1) The audit of the Fund by the Auditor General under Section 42(3) of the Act shall be performed in accordance with the *Audit Act 1973*.
- (2) Members of Committees established under these Regulations shall comply with any direction by the auditor to provide information, explanation, or assistance in connection with the audit.
- (3) Agreements between the Fund and an international organisation may specify additional audit requirements.

G.N.No. 1010/2026 (Cont'd)

- (4) Audit provisions specified in subregulation (3) do not displace or otherwise affect statutory audit requirements under Section 42(3) of the Act.

PART 5 - GRANT ADMINISTRATION AND PROJECT APPLICATIONS

35 Calls for Proposals

- (1) The Managing Committee shall issue an annual Call for Proposals once it determines that there are sufficient funds in the Operations Account of the Fund.
- (2) The Call for Proposals may include priority themes identified in the most recent national action plan relating to climate change or environment protection approved by the Cabinet.
- (3) The Chief Administrative Officer shall ensure that a Call for Proposals is published:
- (a) in the Government Gazette; and
 - (b) in a manner that is accessible to members of the public in Naoero.

36 Categories of Grant

- (1) The Managing Committee may establish categories of grant for funding through the Call for Proposals.
- (2) The categories of grant pursuant to subregulation (1) may include small and large grant programs.
- (3) Small grants funded through the Call for Proposals shall not be substantial development projects for the purposes of the Act.
- (4) The Guidelines shall set out rules and procedures for grant applications under this Regulation, including where appropriate for small and large grant programs.

37 Eligibility for Grants

- (1) The following are eligible to apply for grants under this Part:
- (a) citizens of Naoero;
 - (b) Departments or Agencies of the Government of Naoero;
 - (c) public enterprises in Naoero as defined in the *Public Enterprises Act 2019*; and
 - (d) non-governmental organisations or community-based organisations with a representative office in Naoero.
- (2) Eligible applicants may partner with, or receive co-financing from, international organisations in applications for funding under this Part.
- (3) Applicants for grants under this Part shall provide proof of eligibility in accordance with subregulation (1).

G.N.No. 1010/2026 (Cont'd)

38 Criteria for Evaluation

- (1) The Technical Working Committee shall evaluate grant applications under this Part according to the following criteria:
 - (a) alignment with priority themes set out in the Call for Proposals;
 - (b) alignment with purposes of the Fund under the Act and these Regulations;
 - (c) alignment with national plans, strategies and policies approved by Cabinet relating to climate change and environment protection;
 - (d) cost-effectiveness of the proposal with reference to project objectives and budget;
 - (e) the capacity of the applicant to implement the project and meet project objectives;
 - (f) the capacity of the applicant to meet reporting and record-keeping requirements under this Part;
 - (g) complementarity of the proposal with other projects funded by the Treasury Fund or Development Fund of Naoero;
 - (h) protection of vulnerable persons, including women, children, and the disabled; and
 - (i) compliance with Environmental and Social Safeguards as set out in the Guidelines, or in Agreements between the Fund and international organisations.
- (2) The Managing Committee shall approve or reject applications under this Part in accordance with the criteria set out in subregulation (1).

39 Project Applications

- (1) The Chief Administrative Officer shall collate grant applications under this Part for evaluation by a Technical Working Committee.
- (2) The Technical Working Committee shall provide written recommendations on grant applications under this Part to the Managing Committee.
- (3) Written recommendations under subregulation (2) shall be provided:
 - (a) within 2 months of the receipt of grant applications under this Part; or
 - (b) at a date to be set by resolution of the Managing Committee.
- (4) The Managing Committee shall reject or approve grant applications under this Part within 1 month of receipt of written recommendations from the Technical Working Committee.
- (5) The Managing Committee shall:
 - (a) take into account the recommendations of the Technical Working Committee; and
 - (b) provide reasons in writing within 7 days in the event of failure to follow recommendations Technical Working Committee.

G.N.No. 1010/2026 (Cont'd)

- (6) The Managing Committee shall provide a list of approved projects to the Department of Finance and the Cabinet.

40 Project Implementation

- (1) The Managing Committee shall enter into project implementation agreements with successful grant applicants under this Part on behalf of the Fund.
- (2) A project implementation agreement under subregulation (1) shall include:
 - (a) names of the parties;
 - (b) description of the project;
 - (c) date of commencement of implementation;
 - (d) project work schedule and deliverables;
 - (e) monitoring, evaluation and verification measures;
 - (f) reporting requirements; and
 - (g) a grievance redress mechanism.
- (3) A successful grant applicant under this Part shall provide the following project implementation reports:
 - (a) quarterly financial and implementation reports; and
 - (b) a project completion report with consolidated financial statements.
- (4) Project implementation reports under subregulation (3) shall include monitoring, evaluation, and reporting mechanisms as set out in the Guidelines.
- (5) The Guidelines shall set out prescribed forms for project reporting.

41 Suspension or Termination of Funding

The Managing Committee may choose to suspend or terminate funding for a project under this Part in the event of non-compliance with the project implementation agreement, or any other obligation imposed by the Act, these Regulations or any other written law.

42 Monitoring, Evaluation and Verification

- (1) The Chief Administrative Officer shall be responsible for monitoring, evaluating and verifying projects under this Part in accordance with procedures set out in the Guidelines.
- (2) The Chief Administrative Officer shall provide an annual monitoring, evaluation, and verification report on projects under this Part to the Managing Committee.
- (3) The Managing Committee shall include monitoring, evaluation, and verification outcomes in the annual report provided to the Supervisory Committee.

No. 335

2nd October, 2026

Naoero

G.N.No. 1010/2026 (Cont'd)

43 Grievance Redress Mechanism

The Managing Committee shall approve a grievance redress mechanism to be set out in the Guidelines.