

**UNITED NATIONS FOUNDATION, INC. GRANT AGREEMENT**

Grantee: College of the Marshall Islands  
Grant Name: Flipping the IMO, mitigating 1Gt per annum of GHG and unblocking UNFCCC: College of the Marshall Islands  
Grant Number: UNF-22-1402  
Grant Amount: US \$2,682,000.00  
Date: September 22, 2022

This Grant Agreement (“Agreement”) is entered by the United Nations Foundation, Inc. of 1750 Pennsylvania Ave., Suite 300, Washington, D.C., 20006 (“UNF”) and College of the Marshall Islands, 1258 Lagoon Dr., Majuro, Republic of the Marshall Islands (“Grantee”). UNF and Grantee are each referred to herein as a “Party” and collectively as the “Parties”.

1. In support of charitable purposes, UNF shall provide this grant to the Grantee to support the work of key Pacific Island States (including the Marshall Islands, Kiribati, Solomon Islands, Fiji, Tonga, and Tuvalu) to enable decarbonization of international shipping that is both aligned with the 1.5 degrees Celsius goal and equitable through the International Maritime Organization (the “Project”).

The Grantee will serve as the regional hub for the Project, providing administrative management and support as well as in-region expertise. The Grantee will lead regional Project administration, including convening the leadership team and country partners, administering the budget and logistical support, and providing relevant reports to UNF for transmission to UNF’s funder. The Grantee will also draw on in-house and contracted expertise to produce policy proposals and lead discussions of the proposals with the region’s governments to help in the development and deployment of policy positions. As part of the Project, the Grantee will also lead outreach and communications coordination efforts to complement the deployment of positions.

2. Payments received by the Grantee from UNF may be expended only for the purposes specified in the approved proposal attached as **Exhibit A**, subject to all conditions provided in this agreement. For clarity, grant funds may be used to assist Grantee’s partners or sub-grantees, including governmental agencies, to support staff time and capacity, but at no time should funds be used to directly employ government employees. No other uses of grant funds are authorized without the express, written consent of UNF.
3. The Agreement shall be effective September 1, 2022 and will be completed no later than April 14, 2024.
4. Grantee agrees that neither it nor any subcontractor or sub-grantee may use any portion of the funds to participate in or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office. If the Project involves any lobbying activities (as defined by the Internal Revenue Code of 1986, as amended, and regulations thereunder (the “Code”)), the Grantee represents that:

- i) this grant is not earmarked for any lobbying activities, and
  - ii) the amount of this grant, together with any other grants from UNF for the same Project for the same year, does not exceed the amount budgeted (if any) for the year by the Grantee for non-lobbying activities. If this grant covers multiple years, the preceding sentence applies to each year of the grant with the amount of the grant measured by the amount to be disbursed by UNF in each such year.
5. If the Grantee is currently tax-exempt under Section 501(c)(3) of the Code, then, in the event Grantee loses its tax-exempt status, this Agreement will be null and void. The Grantee shall immediately notify UNF, in writing, if: 1) Grantee's federal tax-exempt status is revoked or altered; 2) Grantee has reasonable grounds to believe its tax-exempt status may be revoked or altered; or 3) Grantee has reason to believe that the grant monies are not being or cannot continue to be expended for the specified Project. If the Grantee loses its tax-exempt status or grant funds cannot be expended for the originally awarded purpose, Grantee shall return any unspent portion to UNF immediately.
  6. The Grantee shall indemnify and hold UNF, its partners, their respective affiliates, and all of their respective directors, officers, employees, consultants, representatives, successors, assigns and agents harmless from and against all claims, liabilities, suits, demands, losses, judgments, fines, penalties, interest, expenses, and costs (including, without limitation reasonable accounting and attorneys' fees and disbursements) which result from any breach of any of the terms of this Agreement, or from any acts or omissions of the Grantee, its directors, officers, employees, consultants, representatives, subcontractors, sub-grantees or agents relating to or in any way connected with, activities pursuant to this Agreement, or from any disbursement of, or claim regarding entitlement to, any portion of the grant provided by UNF under this Agreement.
  7. The Grantee shall cooperate with UNF in supplying any information or complying with any procedures that might be required by any governmental agency in order for UNF to establish the fact that it has observed all requirements of the law(s) with respect to this grant.
  8. The Grantee shall maintain insurance coverage sufficient to cover the activities and risks of the Project, and Grantee's acts and omissions in connection with performance of the Project, in accordance with generally-accepted industry standards and as required by law.
  9. UNF may monitor and conduct formal evaluations of operations under this grant, which may include a visit from UNF personnel or other representatives to observe Grantee's projects (including the Project) and programs and to review and/or audit financial and other records and materials connected with activities supported by this grant. The Grantee agrees to keep accurate and complete books and records of receipts and expenditures using grant funds during the term of this Agreement and for at least four (4) years thereafter, or such longer time period as required by applicable law, and will

make these books and records available to UNF and its representative for inspection as reasonably required.

10. Each Party has the right to make factually accurate public statements (orally, on its website(s) and in printed/digital material(s)) that UNF provided a grant to Grantee for the Project and to use the other Party's name within such statements. Except as permitted by the foregoing, neither Party shall use the name, logo, service mark or trademarks of the other Party in any public statement or for any marketing, promotional, or business development purpose (including on customer lists or the like) without the prior written consent of such other Party. If such consent is granted, no further approval shall be required for substantially similar uses during the term of this Agreement.
11. Interim and Final narrative and financial reports are due as follows:

<b><u>Report Type:</u></b>	<b><u>Date Due:</u></b>
Finalized Budget	Within one month of receiving the fully executed grant Agreement
Interim Report	November 14, 2022
Interim Report	May 14, 2023
Interim Report	November 14, 2023
Final Report	May 1, 2024

Please refer to the "Reporting Requirements" attached hereto as **Exhibit B** for reporting guidelines.

In addition to the reports set forth in the Reporting Requirements, Grantee must submit intermittent updates of grant activities as requested, at a minimum, providing a sense of what the organization is accomplishing with UNF's grant.

12. Subject to the Grantee's compliance with the terms of this Agreement, funding for this grant will be paid in two (2) disbursements according to the following schedule:
  - \$1,341,000.00 upon the execution of this Agreement; and
  - \$1,341,000.00 on or around July 31, 2023.

All payments shall be made in US Dollars. The Grantee shall be responsible for monitoring and managing any exchange rate fluctuations that may affect payments under this Agreement. UNF shall not be responsible for any losses the Grantee may suffer from conversion of US Dollar amounts paid to Grantee to another currency or for any banking fees.

It is anticipated that the grant will be paid in accordance with the disbursement schedule noted in this section. However, in the case of a multi-year grant or other grant payable in installments, the payment of each installment shall be additionally subject to a determination by UNF, in its sole and absolute discretion, that i) Grantee has provided all required reports and any other deliverables specified in this Agreement or otherwise

requested by UNF in a timely manner; ii) payments received from UNF have been used solely for the purposes specified in this Agreement; iii) additional payments shall be used solely for the purposes specified in this Agreement; iv) Grantee has otherwise strictly complied with the terms and conditions of this Agreement; v) there have been no material changes in the Grantee's operations, staffing or funding that would adversely affect the objectives for which the grant was authorized; vi) the context in which the Project is to be executed has not been changed in such a manner that the objectives for which the funds were authorized are not likely to be adequately realized; and vii) UNF has received all related funding from its donor.

13. The Grantee agrees that UNF's grant funds will be used in compliance with all applicable anti-terrorist financing and asset control laws, regulations, rules and executive orders, including, but not limited to, the USA Patriot Act of 2001, as amended, and the laws and regulations implemented by the U.S. Department of the Treasury Office of Foreign Assets Control ("OFAC"). In this regard, the Grantee agrees to take all necessary steps to ensure that each person or entity expected to receive funds in connection with this grant: a) is not named on any list of suspected terrorists or blocked individuals maintained by the U.S. government, including but not limited to the Annex to Executive Order No. 13224 (2001) (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism); b) is not named on the List of Specially Designated Nationals ([www.treasury.gov/sdn](http://www.treasury.gov/sdn)), is not named on any other OFAC Sanctions List, and is not an entity owned or controlled by such persons; c) is not listed on the U.S. Government's Excluded Parties List System ("EPLS") and is not excluded from receiving U.S. federal financial and non-financial assistance and benefits; and d) is not a resident of or located in any country or territory against which the U.S. maintains comprehensive sanctions (such as, Cuba, Iran, Syria, North Korea and the Crimea Region of the Ukraine). The Grantee shall perform all necessary due diligence to ensure that use of the grant funds is in compliance with all applicable laws.
14. The Grantee acknowledges that none of the activities financed by the grant violates U.S. laws that prohibit corrupt payments, gifts or other items of value (directly or indirectly) to anyone in order to improperly influence any act or decision relating to UNF or the Project or for the purpose of obtaining or retaining business and that the Grantee has not authorized any activity that would constitute such payments. The Grantee will take all steps necessary to ensure that grant funds are not used to make corrupt payments in violation of this section.
15. UNF may modify, suspend, or discontinue any payment, and/or may terminate this Agreement if: a) UNF is not reasonably satisfied with the Grantee's progress on the Project; b) there are changes in the Grantee's leadership or other organizational factors that UNF reasonably believes may threaten the Project's success; c) funding for this Project is suspended or terminated by a UNF funder; d) there is a change in the Grantee's tax status; or e) the Grantee fails to comply with any of the terms of this Agreement. If this Agreement is terminated, no further distribution of grant funds shall be made to the Grantee, and Grantee will immediately return all unexpended funds to UNF.

16. Neither Party shall be liable for failure of or delay in performing obligations set forth in this Agreement, or shall be deemed in breach of its obligations, if such failure or delay is due to natural disasters or any causes beyond the reasonable control of such Party. In event of such force majeure, the Party affected thereby shall use reasonable efforts to cure or overcome the event and resume performance of its obligations hereunder.
17. UNF and the Grantee are independent contractors. Nothing in this Agreement is intended or shall be deemed to create an association, partnership, joint venture, agency or employer and employee relationship between the parties, or to authorize either Party to act as agent for the other or to enter into contracts on behalf of the other.
18. Neither the Grantee nor any individual employed or contracted by the Grantee shall engage in any personal, business or professional activity that conflicts or could conflict with any of their respective obligations in relation to this Project, or that creates an actual or apparent conflict of interest.
19. This Agreement shall be deemed to be made under, and in all respects, interpreted under and governed by the laws of the State of New York, without reference to its conflicts of laws rules or principles. The Parties agree all disputes arising out of or in connection with this Agreement shall be finally settled by binding arbitration under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The place of arbitration shall be New York, New York, USA. The language of the arbitral proceedings shall be English (or as otherwise determined between the Parties). Judgment upon any award(s) rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator is authorized to include in the award an allocation to any Party of such costs and expenses, including attorneys' fees, as the arbitrator shall deem reasonable.
20. This Agreement (including all attachments hereto, all of which are incorporated herein by reference) constitutes the entire agreement between UNF and the Grantee with respect to the subject matter hereof, and supersedes all prior agreements and understandings, whether oral or written, with respect to such subject matter. This Agreement may not be amended or modified except in a writing signed by UNF and the Grantee that specifically references this Agreement. All provisions of this Agreement that by their terms or nature should survive the expiration or termination of this Agreement shall so survive. Neither this Agreement nor any provision hereof shall be construed against either Party on the grounds that this Agreement or such provision was drafted by said Party. The provisions of this Agreement are severable, and the unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement. A failure by either Party to assert any right or remedy in any instance of breach of this Agreement by the other Party shall not operate or be construed as a waiver of the right to assert such right or remedy unless such waiver is in writing. Any such waiver shall not affect the waiving Party's right with respect to any other or further breach by the other Party. This Agreement may be executed in

counterparts and in electronic (pdf or facsimile) form, each of which shall be deemed to be an original but all of which together shall constitute a single instrument.

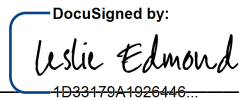
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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives on the dates indicated below.

**Agreed & Accepted:**

For the United Nations Foundation, Inc.:

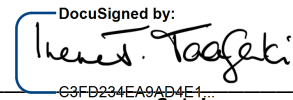
Date: 9/30/2022

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Leslie Edmond  
Chief People Officer

For College of the Marshall Islands:

Date: 10/1/2022

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Name: Irene Taafaki  
Title: President  
Tax ID: 660468587

**EXHIBIT A**



**Flipping the IMO, mitigating  
1Gt per annum of GHG and  
unblocking UNFCCC**

**Empowering the Pacific on shipping decarbonization to  
revolutionize a fossil-dependent sector as well as UN  
processes**

**MICRONESIAN CENTER  
FOR SUSTAINABLE  
TRANSPORT**



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A coalition of large ocean states of the Pacific have consistently shown moral and substantive leadership in the fight against climate change, at the UNFCCC but also other fora such as the International Maritime Organization. Given that they are some of the most vulnerable to the impacts of climate change, and also some of the most impacted by unequal plans to decarbonize key sectors, this leadership is critical for keeping the Paris targets within sight, reaching conclusions in multilateral fora, and also ensuring a just and equitable transition. Yet the capacity of these nations is stretched thin.

This proposal encapsulates over a decade of experience on theories of change in climate transition, and builds on 7 years of collaboration between a network of actors across governments, academia and NGOs, to provide a high impact solution to unlock not just shipping decarbonisation but also wider ambition on climate change across international fora.

## **1 The opportunity and theory of change**

If the shipping sector were a country, it would be the sixth largest greenhouse gas polluting nation in the world. However, the international forum for negotiating climate targets in the sector – the IMO – is one of the least progressive on climate issues. While many of the countries who are leading the charge for progress on the world stage at the United Nations and in the UNFCCC are absent or outright obstacles to progress in the IMO, a coalition of large ocean states of the Pacific have continued to push for ambitious action to reduce emissions and ensure a just transition. These states have a shared high ambition vision, the most senior political buy-in, and strong track record of impact in regional and multilateral processes. Several are hosts of significant shipping registries – most notably Republic of the Marshall Islands – which adds strong commercial and political weight on top of their authentic voice. As a group, they are also engaged in on-the-water transition of regional energy and transport transition, pioneering uses of climate finance for maritime mitigation and adaptation, all activities that are bolstered and leveraged by the foundation they are working to lay in the IMO.

However, these nations are also some of the most capacity constrained, with the same staff having to cover multiple conventions and meetings, often with very little support on extremely technical issues. Delegates change positions often, making it difficult to build a deep bench of expertise on shipping issues and IMO/UNFCCC process and procedure. The global pandemic has made the situation worse, with delegates from the Pacific forced to attend virtual meetings in the middle of the night because they are scheduled on London time. These efforts are further hindered because they are often supported by limited and short term resources that do not allow longer term plans for action.

With the revision of the IMO's GHG Strategy and goals due in 2023, there is an urgent need and opportunity to support these nations in their efforts to raise ambition at the IMO and truly drive decarbonisation in the maritime sector, now and into the future. Supporting these leaders could also serve the larger community of least developed and developing nations at the IMO, and encourage broader and more equitable participation across the board.

This work also has the potential to help unlock UN climate stalemates more generally. The IMO has unique circumstances that create the opportunity for it to lead the world in finding a progressive balance between mitigation and adaptation, and global south and global north demands and expectations. It is also actively debating critical issues such as if/how to price carbon and how to distribute revenues from such schemes that could set precedents and help break logjams in other fora such as the UNFCCC. In addition, because shipping is the enabler of world trade and therefore crucial for economic development and increased equality globally, the IMO's debates on policy measures to unlock reductions in GHGs from shipping are necessarily increasingly integrating solutions to reduce inequities that exist or may arise from decarbonisation. Under proposals led by the Pacific countries engaged in this proposal (but echoing solutions proposed across progressive industry, World Bank and IMF etc.), shipping can decarbonize, address the needs of countries with trade impacts resulting from this transition, and ensure that solutions and technologies are available more broadly across the global south. Pacific States are in a unique position to broker and lead this, partly for the reasons above, but also because internally, they balance the need for equity with a need for urgent, steep reductions in GHG emissions driven by their existential risks. For this reason they already have a track record of bringing together both global south and north countries in a way global north countries have been unable to do on their own, such as through the High Ambition Coalition in the UNFCCC leading up to the Paris Agreement. If Pacific States are supported to be successful, this can flip the IMO from climate laggard to ambitious and efficient implementer of equitable transition, unlocking more confidence that COP and related negotiations can do the same.

The statistics for the number of ships and the quantity of shipping tonnage (gross tonnage, GT) registered in these six islands are listed below:

Country	Number of vessels	GT
Fiji	75	81,213
Kiribati	91	295,356
Marshall Islands	4,107	181,299,536
Solomons	27	8066
Tonga	34	168
Tuvalu	262	1,417,376

In sum, these six countries register over 12% of the global fleet of ships registered in open/international registries (internationally trading), and comprise over 16% of the open/internationally registered global fleet by gross tonnage (e.g. these countries on average register the larger ocean going freight shipping). If national registries are included (e.g. also including all ships that trade nationally/domestically, then the registered tonnage in these six countries is 12% of all global registered tonnage.

## 2 Proposal

UCL/UMAS, UNF and MCST, propose to work in partnership with governments of six Pacific countries (Marshall Islands, Kiribati, Solomon Islands, Fiji, Tonga and Tuvalu), to

support, build, and deepen the work of key Pacific Island States to enable both a 1.5-aligned and equitable decarbonization of international shipping. While this work will focus on multilateral action through the IMO, it will also unlock synergies with efforts on climate finance, multilateral climate action through the UNFCCC, and national and regional shipping and energy policy that have already enabled a massive amount to be achieved with very little resource and funding.

## 2.1 Goals

Together with like-minded governmental, civil society, and private sector partners, we aim to achieve the following:

- Successful adoption at the IMO of a target of zero emissions from shipping by 2050, aligned with the Paris goal of keeping global temperatures from rising above 1.5°C.
- Adoption of a revised IMO GHG strategy in 2023 that includes meaningful interim targets to get to the overall goal above and measures to ensure an equitable transition in the sector, such as incentivizing the shift to zero-emission fuels and generating funds that could be used to support climate change mitigation and adaptation efforts in vulnerable countries and to subsidize R&D of new zero-emissions technologies and fuels
- Adoption of a basket of mid-term policy measures capable of driving equitable and ambitious decarbonization of international shipping
- Strengthening a cadre of IMO/climate diplomats from Pacific States and other LDCs to ensure their ability to lead on these issues well beyond adoption of the new IMO strategy.
- High level political buy-in for ambitious action at the IMO and potentially beyond through convenings at the global level of senior leaders, led by UNF as a trusted enabler of exchanges of views
- Building a cohort of SIDS, LDCS and developing countries that is engaged and effective at achieving ambitious outcomes at the IMO and potentially beyond in the long term.

## 2.2 Approach

We intend to do this by:

- Creating a deep and stable bench of talent in key Pacific Island States that can serve as negotiators in the IMO and other fora as well as in key negotiation/negotiator-support positions in capitals by developing and training a cadre of IMO Fellows at UCL.
- Providing stable funding for regional and global outreach to likeminded delegations (including one on one as well as convenings) and external media/comms to communicate key positions and increase visibility on IMO activities.
- Provide capacity for the management and administration of Pacific government representation (e.g. logistics support, travel and subsistence arrangements for attendance at key meetings)

- Delivering structured training in negotiation skills and technical education related to key IMO/shipping decarbonization issues to IMO Fellows, government representatives and delegates, to develop the capacity and skills of those in key positions
- Convening high-level political actors to inform and secure buy-in for IMO negotiator-level progressive positions and
- Convening broad spectrum dialogue (all perspectives) on key issues such as achieving equitable transition to ensure constructive exchanges of views, within which Pacific positions are clearly heard
- Creating bridging and linking between UNFCCC, Oceans and IMO debates and key personnel
- Providing information, expert support, and analyses of key issues to Pacific governments and delegations. This could include production of briefings on key topics, white papers providing options for action, unbranded talking points to be adapted by country delegations, and/or a group of experts to provide real-time support at the request of Pacific governments.
- Supporting country delegations with fellows and experts that can increase their ability to engage across the board, including on technical issues

With moderate additional resources, other SIDS, LDCs and developing countries could also participate in the program and benefit from the resources and training provided – see below for details.

### 2.3 Milestones and sub-goals

The next three years hold a number of key meetings at IMO and UNFCCC. Whilst dates for those meeting have not all been agreed, their approximate agendas can be estimated from workplans and strategies that have already been adopted. This is used below to guide the identification of a sequence of milestones/sub-goals and also a narrative of how the mechanism to flip the IMO develops progressively through these meetings:

	Level of ambition and policy stringency	Mid-term measures and equitable transition	Flipping mechanism
ISWG 12 / MEPC 78 – June 2022	Zero by 2050 and 1.5 aligned transition for revision of strategy	Levy as a converged-upon mid-term measure. Initial articulation of equitable transition as a concept	Key policy foundations laid, and leadership position strengthened
COP 27 – Nov/Dec 2022	Broad support for IMO to achieve 1.5 aligned, leverage African COP for higher prioritisation of equity at IMO	Pressure for ambitious and equitable action at IMO – equitable levy. Further CVF action/declaration with broader support	Strengthening of CVF position and connection into wider SIDS, LDC and some progressive developed economies. Strong support for equitable transition in industry

ISWG 14 / MEPC 79 – December 2022	1.5 aligned interim targets for 2030/2040/2050 proposed for revision of strategy and broadly supported	Revision of comprehensive impact assessment process, equitable transition drafting proposed. Levy confirmed for undertaking comprehensive impact assessment	Strengthened appearance of both CVF and African countries at IMO, high-level rhetoric and alignment to Pacific leadership on equitable and ambitious transition
ISWG 16 / MEPC 80 July 2023	Revision of 1.5-aligned strategy adopted at IMO, specific wording broadening equitable transition beyond addressing disproportionate negative impacts	Phase 2 of MTM workplan completes with confirmation of the importance of levy (in combination with revised CII or LGFS)	Clear majority of support from a coalition of SIDS and LDCs acting in collaboration with progressive developed countries for the key outcomes on revision of the strategy and progression of mid-term measures
COP 28 Nov/Dec 2023	Play of IMO outcome on strategy revision back to COP to incentivise wider ambition, connecting equitable transition language in revised strategy to the ability to secure high ambition	Pressure for urgent adoption of an equitable and ambitious basket of MTM at IMO	Further strengthening of CVF position and cross-pollination between IMO and UNFCCC
ISWG 18 / MEPC 81 – March 2024	Conversion of strategy revision into action to revise the short-term measure	Final detailed design of levy agreed, and levy MARPOL amendment text agreed	Clear majority of support grows further for SIDS and LDC led proposal to the IMO, several emerging economies also aligned, as well as large majority of developed economies
ISWG 20 / MEPC 82 – October 2024	Revised stringencies on CII and EEXI provided	Levy adopted	Pressure from revision of strategy back on previously adopted policy (CII/EEXI)
COP 29 Nov/Dec 2024	Pressure for near-term action and stringency increase	Play of IMO outcome on adoption of ambitious and equitable levy back to COP to incentivise wider ambition, connecting equitable transition and ambition	Further strengthening of CVF position/platform and further cross-pollination between IMO and UNFCCC
ISWG 22 MEPC 83 – June 2024	Adoption of revised stringencies on CII and EEXI	Guidelines and finalisation of implementation detail for levy	Strong momentum carried through from continued pressure in implementation stages, safeguarding backsliding

## 2.4 IMO fellows

The term IMO fellows refers to an individual who will, through the programs proposed, receive training on a number of basic skills needed to conduct international negotiations, specialized training on IMO-related issues, and experience in IMO negotiations and related activities such as outreach to member states and coalition building. The Fellows will play active and/or advisory role in the negotiations. As a result of this program, they will:

- Understand the structure of the IMO, its meetings, committees and working groups
- Understand the process in the debates
- Understand the history of the IMO GHG debates, what policy has been adopted to date and what is still in process
- Understand the technicalities of shipping's decarbonisation, the transition/technology pathway, implications to costs and potential impacts on states
- Be able to prepare basic interventions using phrasing that addresses chair's framing of the debate
- Be able to operate in comms channels (including Signal and Whatsapp groups) during the meeting, coordinating timing of an intervention and position 'on the fly'
- Be able to communicate key positions to a variety of audiences, including other member states, industry, and press
- Have joined at least one IMO meeting to understand the dynamics of the meeting

To date, UCL and MCST have delivered this training ad hoc, and also relied on support by peer groups, but under this funding we would undertake a more structured training that can increase the confidence and effectiveness of representatives who member states put forwards and design a process that could be more efficiently delivered and more easily scaled. We would do this by leveraging material already developed, optimising it for remote delivery/learning, and identifying the best structure for its delivery in consultation with the member states and their selected fellows.

We are also in discussion with UNITAR (UN Institute for Training and Research), who are experienced in developing training that supports the Climate Vulnerable Forum's members participation in UNFCCC debates. There is potential to leverage some of their negotiator training for the Pacific, and to leverage some of UCL/MCST training material into a UNITAR programme that would reach CVF members more broadly.

Besides the core skills required for any fellow, we would like to use training funding to give leadership opportunities to the participants from the region. This would include the opportunity to pursue MSc, MPhil and PhD degrees on either a full or part-time basis, as a means to build capacity and expertise for the region. The training budget has the potential to fund 1-4 individuals (depending on the circumstance and degree undertaken).

We would aim to have at least one fellow per country (total 6), but will assess this based on their existing negotiator team and its experience, aiming to have a team of two negotiators/advisors per country (total 12). It will be for individual countries to advise who they would like to be their representative/advisor. Several fellows would be expected to come from those already listed in the team under MCST, if additional fellows are required, they would come from the region and have some relevant pre-existing experience (NGO, govt. or academia).

## **2.5 Registry to government issues**

Many Pacific Islands host major shipping registries – the most significant of which is Independent Registries (IRI), the private company operating the registry of the Marshall Islands. Registries typically represent the interests of their shipowner members, which are conventionally anti-regulation. Therefore, all countries with shipping registries are subject to an industry lobby via their registry that generally acts against a government's desire to regulate the sector. Whilst revenues received by the government from the registry are often very small (relative to the size of the registry), threats about impacts to these revenues can be powerful tools used by the registry to exert influence especially for governments in low-income countries. In the case of the Marshall

Islands, the lead position at the IMO is their permanent representative who is currently a registry (IRI) employee, and the size of IRI staff far outnumbers the govt. representatives. Since ~2015, the government of the Marshall Islands has ensured that on the topic of GHG emissions, unless otherwise instructed, IRI staff cede the microphone to government representatives. However, this does not isolate the government from interference and for governments to have effective, unencumbered operation at the IMO there are a number of tasks that need to be undertaken:

- Identify which issues at the IMO relate to GHG emissions (directly or indirectly), and ensure that there is awareness of these in the appropriate part of government/advisory, independent of the registry
- Prepare material to enable the government to be an informed stakeholder in dialogue with the registry where the registry provide arguments that appeal for weaker regulation
- Monitor the registry when operating at the IMO, to ensure that outside of GHG emissions issues it is operating in a way coherent to the government directions especially on GHG, and not trading off or undermining the government's position.

These tasks are broadly common requirements across all countries with active registries, so there is some efficiency in providing a service centrally at MCST and making that information available to all six governments as required.

## 2.6 Convening, outreach and comms

There are three levels of activity that are important to formulate positions for IMO debates, exchange ideas and help to coordinate and secure political support between the region and other member states who in combination have the potential to form a progressive majority at the IMO on specific proposals.

- Convening key stakeholders
  - o High-level political convenings are needed to ensure high-level cover for the detailed negotiation
  - o Broad spectrum dialogue is required to understand the different views that will be encountered at the IMO in advance of the debate. This creates the opportunity to prepare for the criticism and opposing remarks and have counter proposals ready.
  - o Meetings of 'Likemindeds' are needed to build coalitions and support for key positions. Since early 2021, the Pacific has hosted a virtual Bwebwenato (meeting) every ~2 months inviting both member states, industry, NGOs and academia to discuss a topic pertinent to the IMO GHG debates. These have drawn broad membership of likeminded stakeholders together to exchange thoughts on the topic and help to test out ideas in a safe environment.
- Outreach activity - undertaken bilaterally or in small groups where there is value for in-depth exploration of ideas/proposals and concerns
- Communications – broadcasting to a much broader audience than above, which can help both to create pressure and bring in broader support for ideas

The approach described in 2.2 is inclusive of all three of these levels of engagement, which each require different skills. Whilst each of these levels of engagement will need participation or at minimum approval by the government, there are both coordination and setup actions that can be distributed within the consortium as best suited (e.g. UNF for convening, especially high-level political and broad spectrum dialogue, MCST for outreach activity and comms) to maximise the reach achieved from the level of government resource available.

It is expected that closest alignment will be found with a number of groups of member states with whom links are already established:

- SHAC – the Shipping High Ambition Coalition is an informal convening that was originated by the Marshall Islands, convenes approximately 40 countries (progressive developed countries, Pacific SIDS) and has met at high frequency throughout the year but especially around IMO meetings since ~2016. The positions taken are not all shared
- CVF – the Climate Vulnerable Forum, under a diplomatic push by the Marshall Islands, adopted language in the Dhaka-Glasgow declaration that called on the IMO to adopt policy in line with a 1.5 degree pathway for decarbonisation, and to implement a policy mechanism that enables that pathway whilst generating revenues for use in developing countries.
- African maritime nations – UCL is leading German govt. funded efforts to help five African governments develop national and international positions on shipping decarbonization(?), and will look to make links between this initiative, existing ongoing work in South Africa.
- Progressive industry – GMF/GtZ and the Maersk Centre for Zero Carbon Shipping have brought together groups of progressive industry stakeholders who are actively calling for outcomes at the IMO in line with the Pacific. Whilst not member states at the IMO, and so not counted in the way IMO makes decisions, the perspective of industry is important especially for those member states with significant shipping industry.

The objective for any dialogue with other member states is to form a common strategy that can enable specific proposals to be brought to the IMO at the appropriate point in time and with as broad a support as possible, and therefore maximising their potential for success. The key specific proposals that this effort is intended to secure are to align the IMO's GHG Strategy revision to the 1.5 degree temperature goal, and for the adoption of a progressive package of mid-term measures able to achieve that temperature goal whilst ensuring an equitable transition.

## **2.7 Other points of influence used in this strategy**

The IMO's level of ambition on climate change has not kept pace with either the need for action or the commitments many countries have made domestically or in other forums, such as the UNFCCC, to take action on climate change. It is often disconnected from progressive private sector leaders and national governments' own climate priorities – as evidenced by the fact that several of the countries who are leading the global charge for progress on climate change at the United Nations and in the UNFCCC are absent or obstacles to progress in the IMO. We will use capacity provided by this grant to work across government departments and international forums to highlight the need and opportunity for action at the IMO to reduce emissions from shipping, and to push countries to hold the IMO to the same high standards they defend at UNFCCC and support progressive measures to decarbonize shipping in line with the Paris Agreement's temperature goals and the principle that no country be left behind. This work will include reaching out to countries that are climate champions but do not participate at the IMO; engaging government ministries that are not part of the IMO but that support strong climate policies; and/or engaging countries that are not progressive at the IMO in other fora where they are making strong climate pledges, to push for the same at the IMO. By shining a light on inconsistencies in IMO actions and in countries own positions on climate change, we can bring both domestic and international pressure for change in the IMO context.



This will complement additional efforts to ensure non-governmental commitments such as those to identify and implement “green corridors” include LDCs and particularly SIDS, strengthening their voice on these issues and providing tangible examples of what “equitable transition” can look like in practice.

### 3 Structure

Funds and the resulting program will be administered by the University College of London with subgrants to the regional centre MCST (Micronesian Centre for Sustainable Transport) and UNF. UCL will also engage in-region independent expert consultants or subcontractors as needed. UCL will also house the cohort of “IMO Fellows” from/working with Pacific Island States who will receive support, training and resources through the program to support and participate in IMO delegations and related conferences and efforts.

Governance – the three partners will form a management committee and that committee will conduct regular meetings to review and receive feedback on the ongoing work with key representatives from the region and its governments.

#### 3.1 Leveraging this proposal’s efforts in wider system change

This project produces at least three opportunities for leverage and scaling up of impact that could be built out with additional funding:

**Building even greater support for climate ambition in the IMO** – The partners in this proposal and the Pacific States we are working with have strong ties to other regional groups and blocks within the IMO and beyond, such as the Shipping High Ambition Coalition and Climate Vulnerable Forum. This consortium will be in a strong position to leverage the resources and knowledge developed through this program to support and empower a broader group of Least Developed Country and Small Island Developing States and encourage their participation and leadership within the IMO. For example, UCL/UMAS is leading an initiative funded by the German government to develop capacity across five African nations, to create hubs of national and international action on shipping decarbonisation. Links with these countries can be facilitated so that the experience gained from each project strengthen each other, as well as enabling trust and collaboration to be built between groupings of countries facing similar threats to their existence and economic development.

**Improving overall ocean/environment outcomes at the IMO** – The capacity developed to intervene effectively on the GHG agenda at the IMO can also be used to advance other agenda items. Examples of this already exist, where Pacific delegates present in meetings on GHG have been able to add their voices to calls for more action on ocean plastics, abandoned fishing gear, and black carbon emissions, among other issues. This demonstrates that a strong core capacity and presence built for action on GHG emissions also produces expertise that can be leveraged many times over with much fewer ‘barriers to entry’ and greater efficiency. The emerging theme of Ocean in the UNFCCC and other UN fora produces an obvious opportunity for this to be developed.

**Building capacity for better climate outcomes beyond the IMO** – Groupings of ‘likeminded’ countries such as the Climate Vulnerable Forum and High Ambition Coalition, Association of Small Island Developing States engage across the UN system and often operate collectively to further their positions, as their capacity allows. The Pacific States supported in this proposal are well connected into these networks, with additional capacity can help to lead drives for more ambitious outcomes across a range of fora. For example, their leadership at COP 26 resulted in important IMO-related commitments included in the CVF’s Dhaka-Glasgow declaration (signed by 55 member states). With more capacity in a core Pacific-led team, there is the potential not to just to further leverage for shipping decarbonization, but wider global economy mitigation and adaptation efforts.

## 4 Roles and team

### 4.1 Roles per organisation

MCST provide the core effort in this project, and all the in-region expertise. The team has a long experience of the IMO negotiations on GHG, as well as the overlapping UNFCCC negotiations and will draw on this in order to produce policy proposals. MCST will lead the production of policy proposals and the discussion of these with the region's governments to help the development and deployment of positions. MCST will also lead the outreach and comms efforts to complement the deployment of positions.

UMAS role is to provide a combination of deep technical knowledge of shipping's decarbonisation in the context of a decade's awareness and experience of the IMO GHG debates. UMAS will both host the project and convene its leadership and direction setting, but also make its pool of experts, data, models and knowledge products available to the project to produce outputs and evidence for use in collaboration with MCST and UNF.

UN Foundation will contribute through a combination of strategic outreach to selected IMO parties and other key actors, such as the UN Secretary General's office; hosting/managing convenings in which Pacific States can raise awareness of and build support for key positions; and ensuring Pacific voices are recognized and heard in global ocean and climate forums such as the U.S.-hosted Our Ocean Conference, the UN Ocean Conference, UN General Assembly and Climate Week, and COP27. UNF's standing within the Climate and Ocean communities complements the IMO and shipping expertise of UMAS and MCST and will provide a pathway for extended reach from the project. UNF will also work with UMAS and MCST as part of the project's leadership team.

### 4.2 Overview of available staff and expertise involved in the project team

Organisation	Name	Area of expertise	Role in project
MCST	Winder Loeak	IMO, technical expert	Drafting submissions, discussing IMO positions and strategy, outreach to other countries and organisations, advising at the govt/registry interface
	Pierre-Jean Bordahandy	IMO policy, law, registry support	
	Fe'ilokitau Kaho Tevi	IMO policy, leadership	
	Maria Sahib	IMO policy, leadership	
	Michael Prehn	IMO policy	
	Peter Nuttal	IMO policy, leadership, registry support	
	Atina Schutz	IMO policy, law, equitable transition	
	Andrew Irvin	Techno-economics of shipping decarbonisation	Technical analysis in support of submissions
	Kelvin Anthony	Communications	Media/comms leadership
	Brad Carte	Management and administration	Coordination and management of the team
Aileen Sefeti	Project management and administration		

UMAS	Tristan Smith	IMO policy, techno-economics, leadership	Overall coordination in collaboration with UNF and MCST leadership, IMO policy advice/strategy
	Aly Shaw	IMO policy	IMO policy analysis, advice/strategy
	Aidee Saucedo	IMO policy	
	Isabelle Rojon	IMO policy, climate finance	
	Nishatabbas Rehmatulla	Market barriers, failures, decarbonisation initiatives	Analysis in support of IMO submissions
	Domagoj Baresic	Transition theory and domestic policy	
	Santiago Suarez	Techno-economics of shipping decarbonisation	
	Eoin O'Keefe	Techno-economics of shipping decarbonisation	
	Camilo Velandia-Perico	Techno-economics and spatial/route analysis	
	Jean-Marc Bonello	Commercial behaviour under decarbonisation	
	Akash Kapur	Commercial behaviour under decarbonisation	
	Chris Thorne	Management, operation and administration	Coordination and management of the team
	Alexis Fidgett and colleagues	Project management and administration	
UNF	Susan Ruffo – senior advisor for ocean and climate	UN and national decarbonisation and oceans policy, convening	Overall coordination in collaboration with UMAS and MCST leadership, oceans expertise and convening
	Ocean program director		
	Climate and energy team personnel		

## 5 Budget

The budget is for a 3-year programme which covers the period associated with the goals, but includes figures that are estimates on a per annum basis.

Funding area	Per annum funding need	Total for a three year campaign	Comment
Travel and subsistence for both government representatives and fellows	400k	1.2m	Pre-covid, travel to IMO meetings (in London) and regionally was a large and important component of cost. The cost is now returning and will be important for 2022-2025
Convening, outreach and comms	300k	900k	Regional convening to consult and secure senior political support is the foundation of strong regional coordination
IMO submissions, briefing, supporting analysis	300k	900k	Assumes 2-3 key meetings per annum,
Advisory support for registry-to-government issues related to the IMO	300k	900k	Countries with open flag (shipping) registries have the added complication of managing the interface between government and registry on the IMO portfolio. This budget supports that effort
Representation	200k	600k	Negotiator and support time (IMO fellows) and presence in London/Brussels + other locations
Project direction and leadership	200k	600k	Strategy, planning and management/operations time for overall delivery, through leadership team from across the three partners
<b>Total</b>	<b>1.7m</b>	<b>5.1m USD</b>	

### 5.1 Per annum budget breakdown

The below provides a more detailed breakdown to a subtask level of the estimated per annum budget. The estimate formed on ~7 meetings per annum (UNFCCC and IMO). 5 meetings per

annum are listed in Section 2.3 above, but we also expect further IMO Assembly, Council and expert group meetings over the period, which will need attendance. In the event of an interruption of travel due to covid, the travel and accommodation costs will be significantly reduced. This may allow for more spending on training, which could also accommodate more of the Pacific team in London/Europe, and enable attendance at a number of IMO meetings by a core in-person Pacific representation.

Funding area	Subtask	MCST	UNF	UMAS	non-time costs	total
Travel and subsistence	travel cost	0	0	0	110150	110150
	accommodation	0	0	0	211000	211000
	administration	16000	0	64000		80000
						<b>401150</b>
Convening (inc. prep)	pre-negotiation workshop	33600	6000	9600		49200
	Bwebwenato series	20000	0	0		20000
	Bilateral calls	96000	6000	4800		106800
	SHAC attendance	40000	0	0		40000
	higher-SHAC attendance	56000	20000	8000		84000
						<b>300000</b>
IMO submissions, briefing supporting analysis	ambition 1.5 proposals	86400	0	9600		96000
	equitable transition proposals	76800	12000	9600		98400
	mid-term measures proposals	83200	0	20800		104000
						<b>298400</b>
Advisory support for registry-to-govt. issues related to the IMO	review of broad IMO content for relevant agenda items	96000	0	24000		120000
	technical briefing note presentation	96000	0	24000		120000
	dialogue with stakeholders	32000	0	8000		40000
						<b>280000</b>

Representation	attendance at meetings	120000	0	0		120000
	training	0	0	0	80000	80000
						<b>200000</b>
Projection direction and leadership	leadership team	12800	12000	9600		34400
	strategy document preparation	28800	12000	9600		50400
	operations management	81200	0	34800		116000
						<b>200800</b>

## 5.2 Sub-granting

It is proposed that UMAS act as prime contractor to the funder, and operate with a partner agreement with UNF and MCST as sub-grantees / sub contractors to distribute the funds needed for their operations. Basic operating costs (salaries) for all organisations would be estimated in detail for the duration, agreed and approved. These detailed and approved budgets would be reviewed annually and any suggestion to divert from the approved plan would be discussed collaboratively. Travel funds would either be dispersed for management within each organisation, or held centrally by UMAS and managed from there.

## 6 Track Record

Dr Tristan Smith (Associate Professor UCL, Director UMAS) has been an active participant in the IMO GHG negotiations for over a decade, and UNFCCC/COP shipping decarbonisation dialogues since 2015. He has worked closely with the Pacific country governments since 2014, supporting their government leaders with advice on the sector and the IMO process, including as part of their national delegations. He has chaired coalitions of government actors participating in IMO negotiations, led a series of key publications to the IMO, and he and the group at UCL/UMAS have long experience coordinating progressive policy positions across the UN Climate Action Team, national governments, environment and industry NGOs.

### 6.1 MCST

The Micronesian Center for Sustainable Transport (MCST) is a unique program and approach to addressing the need for Pacific states to transition to low carbon transport pathways. The MCST Framework sets out a structured fifteen-year program to achieve this by first aiming to achieve such transition in one country, Marshall Islands, and then use this as a catalyst to cascade successful results to neighboring states and outward through the region.

MCST provides a space for willing partners to collaborate on research, analysis and implementation of practical projects within a common program under this Framework. In many instances, the MCST formalizes and consolidates already existing research and project networks that have been active in this space now since 2013. We welcome all those who have been our active supporters and collaborators to date and invite new partners to join this circle. The MCST knowledge portal is a virtual Center of Excellence providing connectivity between a number of related international programs and our work here in the Pacific on low carbon transport transition.

The MCST was the brainchild of the late Hon. Tony de Brum and bringing together work on NDCs and international shipping targets.

### 6.2 UCL/UMAS

In combination, UCL Energy Institute and UMAS International operate under the branding of the entity UMAS. UMAS is a sector focused commercial advisory service that draws upon the world leading shipping expertise of the UCL Energy Institute, combined with the advisory and management system expertise of UMAS International.

Since 2014 UMAS has been delivering maritime and shipping projects for a range of clients in the public and private sector, including the International Maritime Organisation, European Commission, European Bank of Reconstruction and Development, Committee on Climate Change, Carbon War Room, International Paint and Danish Shipowners Association. Work undertaken by UMAS is underpinned by state of the art data supported by rigorous models and research practices. This makes UMAS world leading on two key areas; using big data to understand trends and drivers of shipping energy



demand or emissions and using models to explore what-ifs for future markets and policies.

UCL is among the world's top universities as reflected in performance in a range of national and international rankings. UCL Energy Institute has, since its launch in June 2009, developed a strong national and international reputation for energy demand and energy systems research. The shipping research group at UCL Energy Institute consists of around 15 researchers and PhD students, involved in a number of on-going projects, funded through a mixture of research grants and our consultancy. The group undertakes research both using models of the shipping system, shipping big data and qualitative and social science analysis of the policy and commercial structure of the shipping system.

### **6.3 UN Foundation**

As a strategic partner of the United Nations, the United Nations Foundation has a unique position from which to affect change in larger UN processes and discussions. In general, our work is to build communities of support and nurture initiatives to advance the dignity and well-being of people and planet. This includes working behind-the-scenes, shaping negotiations and connecting experts, advocates, and decision-makers as well as driving public awareness and involvement through communications, campaigns, and events. Always we work to build collective action through the UN, the only place where everyone on earth can have a voice.

UNF's position as a trusted partner and advisor to UN agencies and member states puts it in a unique position to build broader support for action within the IMO. In addition, UNF has strong, long-term collaborative relationships with the UN Secretary-General's team, the UN Special Envoy for the Ocean, the IPCC, UNFCCC, other key UN agencies, and U.S. and international media. These assets allow us to effectively partner with and complement ongoing efforts to increase climate ambition at the IMO. Over the past nine months, we have tested this proposition through hosting invitation-only briefings for UN member states, leading global efforts to reach out to key governments, engaging directly with multiple agencies in the U.S. and other capitals, and coordinating with the office of the UN Secretary-General, all in collaboration with other civil society efforts.

## **EXHIBIT B**

### **REPORTING REQUIREMENTS**

UNF requires for our records an annual or final report by May 1, 2024, and interim reports as may be specified in a Grant Agreement. Each report must: i) describe in narrative fashion what was achieved with the grant funds; and ii) provide a full financial accounting of the grant funds.

#### **I. Narrative Report**

Each narrative report must, in five (5) pages or less, summarize how the grant funds were used and the results that were achieved. The report will be used by UNF staff to evaluate and provide an overview of your work to our Board of Directors. Please address the following topics in your report:

- a. Please describe any notable accomplishments (updates on major meetings, achieved benchmarks, major gifts, etc.). For each accomplishment, please describe any activities that contributed substantially to these successes.
- b. Address all challenges or obstacles that were experienced with respect to performance of the project during the reporting period. Were these challenges outlined in the original grant proposal? Describe how these challenges were addressed and if it is possible to prevent them from reoccurring.
- c. Please describe the tangible results of the project. What did the project produce (e.g. print publications, scholarship)? If your grant was for operating support, please include how the accomplishments in (a) were supported with operating funds (e.g. staff salary, meeting expenses, supplies, conference costs, etc.). We would like to know the productive activities that are produced by supporting your operational infrastructure.
- d. Please submit copies of significant reports, books or media productions that stem from your efforts in connection with this grant.

#### **II. Financial Report**

Each financial report must be as detailed as possible and include the following:

- a. A line item comparison of budgeted versus actual expenses as they relate *specifically to this grant*.
- b. A statement certifying that all grant funds were expended for the purposes of the grant. If the entire grant funds have not been expended, please explain the proposed usage of the unexpended amount.
- c. An explanation of any variance of more than ten percent (10%) from the project budget submitted with your organization's proposal.