



Inception Workshop Report

ENHANCING THE CLIMATE CHANGE RESILIENCE OF VULNERABLE ISLAND COMMUNITIES IN FEDERATED STATES OF MICRONESIA

Donor: Adaptation Fund (AF)

Implementing or Accredited Entity: Secretariat of the Pacific Regional Environment Programme (SPREP)

Executing Entity/Entities: Department of Environment, Climate Change and Emergency Management, FSM (DECEM)

Date of Inception Workshop: 13 – 15 March 2018

Date of this Report: 30 April 2018

Figure 1 Participants of the Inception Workshop,



Contents

1. Background and Executive Summary.....	3
1.1 Summary and Recommendations.....	3
2. Inception Workshop Objectives and Overview	5
3. Project Overview.....	6
4. Inception Workshop – key issues, outcomes, recommendations	8
4.1 Project Activities	8
4.2 Partners’ Update.....	9
4.3 Governance arrangements for the project.....	9
4.4 Project Budget and Financial Management.....	11
4.5 Project Work Plan	12
4.6 Project Results Framework	12
4.7 Gender action planning.....	12
4.8 Environmental and social safeguards	13
4.9 Other issues raised.....	13
5. Financial Management.....	14
6. Compliance Details.....	15
7. Current Project Status.....	15
8. Inception Workshop Materials	17
Annex A: Inception Workshop Agenda	18
Annex B: Inception Workshop Participants	21
Annex C: Updated Project Work Plan, Inclusive of Proposed Changes	24
Annex D: Terms of Reference for Project Steering Committee	25

1. Background and Executive Summary

This Inception Workshop Report has been prepared by the Department of Environment Climate Change and Emergency Management (DECEM) with assistance from the Secretariat of the Pacific Regional Environment Programme (SPREP). The report documents the Project Inception Workshop proceedings and identifies key issues and recommendations for follow-up and to inform ongoing delivery of the project.

The Project: *Enhancing the Resilience of Vulnerable Island Communities in Federated States of Micronesia* was approved by the Adaptation Fund Board in March 2017, at its 29th meeting (see letter from AFB dated 27 March 2017). The Adaptation Fund Board, and SPREP then entered into a Project Agreement dated 22 June 2017. Subsequently SPREP and the Department of Environment Climate Change and Emergency Management (DECEM, formerly OEEM) entered into a subsidiary (Executing Partner Agreement, (EPA)) which sub-delegates responsibility for the day-to-day delivery of the project from SPREP, to DECEM. The EPA is dated 12 January 2018.

The Executing Partner Agreement was informed by the sub—delegation capacity assessment and checklist process undertaken by SPREP. This assessment considered the financial and management capacity features of DECEM and associated departments. The assessment was undertaken by a SPREP team during an in-country mission in December 2017. During this mission arrangements for the inception workshop were also discussed and it was agreed to undertake the inception workshop during the week of 13 March 2018.

The Inception Workshop was used to officially launch the project, which was done by the Honorable Vice President Yosiwo P. George¹; and to undertake a participatory review of the project details. The workshop was attended by a range of national, state and community representatives, as well as representatives from the non-government and development sector. The inception workshop was completed successfully resulting in a clear understanding across stakeholders as to how the project will be delivered; some modifications to governance arrangements; and identification of issues for follow-up. Details are provided in the report below.

1.1 Summary and Recommendations

Since project approval legal arrangements and agreements have steadily been put in the place and the project is ready to proceed to implementation. The level of participation and interest across project stakeholders during the inception workshop was very positive, and it is important that the project continues to accelerate delivery to build on this interest and support. Based on the current status of the project and inception workshop findings the following recommendations were made (and are elaborated on further within the report):

¹ The Hon Vice Presidents Speech is provided in the Workshop Materials section

- I. Establishment of the DECEM Project Management Unit (team) is a priority and was recommended for DECEM to attend to this as soon as possible. Once in place the PMU will also coordinate the recruitment of the State and Community Coordinators, in consultation with State counterparts.
- II. DECEM should work to establish the Project Steering Committee (under the National Climate Change and Sustainable Development Committee) with a clear Terms of Reference (ToR) which should include:
 - Consideration and approval of the Annual Project Work Plan (and associated procurement plan and budget)
 - Review of the Environmental and Social Monitoring Plan
 - Review of Project Risk Plan
 - Review of the Gender Plan
 - Review of the Results Framework.
- III. A priority task for the DECEM PMU once in place will to review and further develop the Project Work Plan (and associated procurement plan and budget), and seek National Project Steering Committee endorsement of this, along with other project documents.
- IV. DECEM needs to coordinate with State counterparts to establish State based Technical Advisory Groups, and establish any necessary cooperative agreements to ensure smooth delivery of the project down to the local level
- V. Output 1.4 relating to development of community/island resilience plans should be undertaken as a basis for reviewing and identifying the most relevant community based water security measures, taking into account scientific advice, community preference and gender considerations.
- VI. It is recommended that a flexible approach be taken to allow for the reallocation of budget across activities within / across project components, ensuring that proper processes and approvals (where required are sought).
- VII. SPREP, as the Accredited Entity, needs to clarify the process for making modifications to budget allocation and activity design and convey this to DECEM and the project team.
- VIII. The DECEM Project Team establish an informal FSM project network to ensure periodic updates on project progress and opportunities are shared with relevant partners; further partners such as MRCS and MCT that have experience in working with communities to deliver on-ground actions are consulted at appropriate junctures to build on / utilize this experience as may be appropriate. This could include for example engaging relevant organizations to deliver relevant activities.
- IX. It is recommended that the sequencing of the project budget be reviewed by the DECEM project management unit in consultation with SPREP, (primarily based on the Work Plan to be established) and that if necessary, adjustments to the Adaptation Fund disbursement schedule are made.
- X. That the draft workplan (developed during the inception workshop) be further developed by the DECEM PMU once in place.
- XI. That the draft workplan should be endorsed through the Project Governance arrangements on an annual basis.
- XII. It was agreed that Gender be incorporated into the Project Steering Committee ToR as a basis for ensuring that gender considerations are discussed as part of the annual work planning process.
- XIII. Further, the DECEM project team was encouraged to explore how they could actively support delivery of the National Gender Policy, through delivery of the project.
- XIV. The National Gender Focal Point is to be included in the Steering Committee Membership

2. Inception Workshop Objectives and Overview

The Inception Workshop for the Adaptation Fund funded project “Enhancing Climate Change Resilience of Island Communities of the Federated States of Micronesia” was held from the 13 – 15 of March 2018. The purpose of the Inception Workshop was to officially launch and commence the implementation of the project. Given the time that has passed between design and implementation phases the workshop was also used as an opportunity to refresh awareness of the project amongst key stakeholders, and review key project activities and implementation arrangements.

The specified objectives of the workshop were to:

1. Officially launch and commence the implementation of the Project.
2. Clarify roles and responsibilities of key stakeholders, including DECEM, other national government departments, state level government departments, outer island and municipality governing councils, SPREP, and other key stakeholders.
3. Raise awareness amongst key stakeholders about the project and identify areas of possible engagement.
4. Review the implementation arrangements of the project.
5. Review (and update) the project governance arrangements
6. Finalize the first Annual Joint Work Plan (and associated procurement plan)
7. Review (and if needed modify) the Environment & Social Safeguard Plan, Results Framework, Gender Action Plan, and the Communication & Visibility Plan (CVP) for the project;

The workshop was officially opened by the Vice President of FSM, Honorable Yosiwo P. George and attended by stakeholders from key government organisations, representatives from the State Governments, and outer islands where the project activities will be delivered, and representatives from civil societies, private sector and the FSM-based development partners’ community. A total of 61 participants attended the workshop, out which 40 of the participants were male and 21 were female. The workshop was co-facilitated by the DECEM and SPREP. It was organised and delivered using a mix of presentations, plenary discussions and group work to enable participants to raise key issues of concern, identify challenges, discuss practical solutions and agree on priority actions to progress the project. In addition to the presentations about the project itself, the representatives from the development partner community were invited to present on current and pipeline projects that could be of relevance to this project and inform participants of linkages and opportunities to sustain activities beyond the life of the project; as well as raising awareness of what other donors are delivering. The program for the five day workshop is in Annex A of this report.

3. Project Overview

Like many Pacific Island countries, FSM's low-lying atolls and coral islands are extremely vulnerable to natural hazards and disasters such as cyclones, sea surges and droughts. On average, annual economic losses due to disasters and severe weather events comes to a total of three per cent of FSM's GDP.

The topography of the FSM islands affects its climate and access of their communities to ecosystems-based services and resources such as water, coastal and marine. These features also contribute to their level of vulnerability and exposure to disaster and climate change risks. The residents of low atoll islands continue to face the risk of water shortages. Limited exposed land on these atolls and their flatness affects its ability to generate orographic rainfall that could provide alternative water supply. The low atoll island aquifers consist of layers/lens of freshwater floating on saltwater which means salinity levels are very high making it unsafe for consumption.

The high islands on the other hand have more landmass and water resources. However, flat land for large-scale settlements, development and agriculture is very limited which led to the concentration of population, infrastructure and development along the low-lying flats of the coastal areas. Thus, the risk of coastal inundation causing damages to these developments and settlements and the potential of loss of lives is highly likely.

Latest global climate model predictions and climate science suggests that business as usual for FSM and the current coping mechanisms are not sufficient. Temperature and sea level are predicted to continually rise with increased incidents of drought, coastal inundation, ocean acidification and coral bleaching. These will have devastating effects on already deteriorating marine and coastal ecosystems, water resources and the safety of the people of FSM.

Addressing these challenges led to the development "Enhancing the Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia" to the Adaptation Fund (AF). The project was co-developed by the Department of Environment, Climate Change and Emergency Management (DECEM) and the Secretariat of the Pacific Regional Environment Programme (SPREP).

The four year \$9 million US Dollar project seeks to enhance community resilience through working with communities focussing on improving water security measures in the outer islands of Yap, Chuuk and Pohnpei, and increase resilience of coastal communities to adapt to coastal hazards and risks induced by climate change in Kosrae. The project is expected to deliver a set of targeted and interlinked economic, social and environmental benefits, as well as serve as a model for future replication throughout the four states of the country in other sectors (such as food security, and marine resource management). The project will promote a set of innovations, together with partner institutions and organisations that will help create better living conditions for the outer islands and coastal communities of FSM.

The overall goal of the project is build social, ecological and economic resilience of the target island communities of FSM and reduce their vulnerabilities to extreme drought, sea level rise and other climate risks through water resource management, coastal resource and development planning and by promoting gender perspectives and ecologically sound climate resilient livelihoods.

The overall objective of the project is to reduce the vulnerability of selected communities to the risks of water shortage and increase adaptive capacity of communities living in Woleai, Eauripik, Satawan, Lukunor, Nukuoro, Kapingamarangi, Utwe, and Malem to drought and flood related climate change and disaster risks.

The project objectives will also contribute to the relevant outcomes and outputs of the Adaptation Fund Strategic Results Framework (AFB2/3 from 31 August 2010) that are as follows:

Project Objective 1: Prepare the necessary institutional and regulatory frameworks, policies, guidance and tools to help deliver a climate resilient FSM.

Project Objective 2: Strengthen water and livelihood security measures to help six outer atoll islands adapt to the impacts of climate change related to water, health and sanitation.

Project Objective 3: Provide communities with climate resilient infrastructure to help relocate from high risk coastal inundation sites.

Project Objective 4: Capture and share the local knowledge produced on climate change adaptation and accelerate understanding about the kinds of interventions that work in island environments in FSM.

These will be achieved through the implementation of activities under four key components of the project. They are (1) Strengthening policy and institutional capacity for integrated coastal and water management at national and state levels; (2) Demonstration of water security measures in outer islands of Yap, Chuuk and Pohnpei; (3) Demonstration of Kosrae Inland Road relocation initiative; and (4) Knowledge management for improved water and coastal protection. The project will provide all four State Governments of FSM with development planning tools and institutional frameworks to help coastal communities prepare and adapt to higher sea levels and adverse and frequent changes in extreme weather and climate events. It will also provide communities with resources and technical support needed to adopt and manage concrete climate change initiatives and actions.

The project will be delivered by the DECEM through the DECEM based Project Management Unit (PMU), State and outer islands project staff working in close collaboration with national and state level government departments as well as municipalities and outer islands governing councils. SPREP as a Regional Implementing Entity for the Adaptation Fund will provide support and guidance to DECEM and the project team to deliver the project.

4. Inception Workshop – key issues, outcomes, recommendations

This section of the report documents the key issues discussed over the course of the Inception Workshop and includes key recommendations (as summarised in the Executive Summary)

4.1 Project Activities

A detailed overview of project activities was presented (see 8. Inception Workshop Materials - IW *Presentation 1 – Project Details*) and a spotlight was put on five key project outputs:

- Output 1.2:- State regulations for development projects amended to consider climate change risks and resilience measures
- Output 4.1:- Community resilient development plans developed and communicated
- Output 2.2:- Water Harvesting and Storage Systems repaired and installed in 6 atolls
- Output 2.3:- Self-composting waterless toilets constructed to conserve water, improve soil environment and reduce marine eutrophication on lagoon side
- Output 3.1 – Construction of the Malem – Utwe Road

Workshop participants broke into State based groups to discuss the activities. The following key issues arose

- **Existing Policies** - Participants felt the project will be developing a number of policies and noted that numerous policies, particularly those pertaining to water resource management, are already in place. They suggested a review of existing policies and integrating climate change resilience where appropriate.
- **Priority Activities** - Some participants enquired about the possibility to change the scope of activities, particularly those to be delivered at the community level, as in some cases the proposed water security measures are not necessarily the top priority for communities. Participants were reminded that ‘water security’ was determined as the priority theme for the project through the consultation process, noting that the project funds were not sufficient to deliver on all priority areas for communities.
- **Island Resilience Plans** – The need to use the island resilience planning process (Output 4.1) as the basis for further specifying the activities to be delivered at the community level was emphasized. Interest was expressed in using this planning process to gather a range of scientific and other data, and to verify community priorities. While there is a commitment to water security as a priority, the specific activities to be undertaken to address water security issues should be kept flexible and be responsive to the planning process.

In relation to the project activities the following changes / recommendations are made:

- **Output 1.4 relating to development of community/island resilience plans should be undertaken as a basis for reviewing and identifying the most relevant community based water security measures, taking into account scientific advice, community preference and gender considerations.**
- **SPREP, as the Accredited Entity, needs to clarify the process for making modifications to budget allocation and activity design and convey this to DECEM and the project team.**

4.2 Partners' Update

The inception workshop provided an opportunity for FSM-based development partners to provide an update on relevant projects. Presenters included

- Micronesia Red Cross Society – experience and existing projects delivering community managed and owned WASH initiatives.
- The Government of Japan – provides Grant Aid and Technical Cooperation ODA, including having provided heavy machinery to the State of Kosrae.
- Secretariat of the Pacific Community (SPC) – SPC has its North Pacific Office in Pohnpei and provided a summary of lessons learned when delivery projects of this type.
- USAID Climate Ready Project – update on projects funded by USAID
- Peoples Republic of China – update on projects funded by the Government of the Peoples Republic of China
- Micronesia Conservation Trust (MRCS) – update on the work undertaken by MRCS

See section 8. Inception Workshop Materials for Presentations.

Having noted the various initiatives underway and emerging issues, it is recommended that:

- **The DECEM Project Team establish an informal FSM project network to ensure periodic updates on project progress and opportunities are shared with relevant partners;**
- **Partners such as MRCS and MCT that have experience in working with communities to delivery on-ground actions are consulted at appropriate junctures to build on / utilize this experience as may be appropriate. This could include for example engaging relevant organizations to deliver relevant activities.**

4.3 Governance arrangements for the project

The Governance Arrangements (as described in the project document) were presented at the Inception workshop and reviewed by the participants. Each break-out group, based by State, discussed options for establishing state-based technical advisory / steering committees, and presented back to everyone. Over the course of the workshop a new governance framework was established.

The new framework is summarised by the schematic below. The structure is simple and utilises existing governance frameworks more effectively to help reduce burden on stakeholders.

In summary:

- The DECEM Project Team will report to the National Project Steering Group on an annual basis. Establishment of the National Project Steering Group is made by the National Climate Change and Sustainable Development Committee and is chaired by the Secretary of DECEM, who is also the focal point for project. The members are representatives from key government departments and a representative from each of the State steering committee. The draft ToR of the National Project Steering Group is in Annex D.
- Each of the State-based Operations and Finance Officers (Pohnpei, Kosrae, Chuuk, and Yap) will support delivery of project activities at state level, under the direction of the DECEM-Project team. The state-based officers will ensure alignment of project activities with state

priorities and processes by reporting to the relevant state based Technical Advisory Group (TAG). The TAGs will provide advice and facilitate delivery of the project activities to ensure harmonization with other state based projects, policies and priorities

- Outer Island Coordinators will be responsible for facilitating the delivery of activities at community level. The OICs will work under the direction of the state based operations and the DECEM project team and will ensure harmonized and relevant delivery at community level through regular consultation with island level councils, and in the case of Chuuk, the island level Mayor.

Figure 2: Revised Governance Framework



Based on the extensive discussions by the stakeholders, it is recommended that:

- The new project governance arrangements be adopted and DECEM should work to establish the Project Steering Committee (under the National Climate Change and Sustainable Development Committee) with a clear ToR which should include:
 - Consideration and approval of the Annual Project Work plan (and associated procurement plan and budget)
 - Review of the Environmental and Social Monitoring Plan
 - Review of Project Risk Plan
 - Review of the Gender Plan
 - Review of the Results Framework.

4.4 Project Budget and Financial Management

The project activity budget was presented and discussed (refer to section 8. Inception Workshop materials; *IW Presentation 3 – Project Budget*)

Through the course of the inception workshop, a few issues were raised with regards to the project budget:

- **Budget for Component 3 – construction of the Kosrae road.** Although this component takes up a large proportion of the fund, there was some discussion on the need to ensure an efficient process to reduce the possibility of budget blow-outs.
Kosrae participants explored options for the topographic survey and the design. The former will have to be done by the Department of Transport and Infrastructure (DTI) through the use of their surveying equipment and personnel but it has to be done in close collaboration with the engineer who will be undertaking the design of the road and coastal protection. In addition, the supervision of the works will be undertaken by the DTI together with Kosrae Island Resource Management Authority (KIRMA) to save up some funds for the construction.
- **Budget for Project Staff** – Concerns were raised about the salary for project team staff given the expectations of the project and the scope of services expected of the project staff at the outer islands, State and National levels. For the outer islands, it is very difficult to get people with the required skill set and therefore remuneration becomes a key to attracting highly skilled candidates to apply for project positions. DECEM expressed interest in being able to increase the Project Manager (PM) budget based on a reallocation of the existing Project Management budget.
- **Budget Scheduling** – It was noted that each project activity budget is allocated across the 5 year duration of the project. It is also the case that the disbursement schedule is based on the annual project budget. However it is recognized that some activities (and associated budget) will not be delivered across the full 5 years, and a more nuanced budget phasing will be required.
- **Procurement** - Some participants voiced concerns over delays in receiving goods and services under projects where procurement is handled at a national level. It was clarified that the PMU will have an accountant who will be managing the procurement of required goods and services in consultation with project team members based in the outer islands and at State level. Clarification of procurement arrangements ensured participants understood that funding will be with the Treasury at the national level and therefore procurement must also be managed at this level.

Based on review of the project budget the following changes/ recommendations are made:

- It is recommended that a flexible approach be taken to allow for the reallocation of budget across activities within / across project components, ensuring that proper processes and approvals (where required are sought).
- It is recommended that the sequencing of the project budget be reviewed by the DECEM project management unit in consultation with SPREP, (primarily based on the Work Plan to be established) and that if necessary, adjustments to the Adaptation Fund disbursement schedule are made.

4.5 Project Work Plan

A detailed work plan had not been developed during the project design period, or prior to the inception workshop. Based on a SPREP work plan template, work on the first annual revision of the project work plan commenced with a series of group work undertaken by each State.

Participants raised the importance of a project management unit (PMU) being in place to finalise development of the work plan, as the PMU will be responsible for managing and implementing the work plan. Hence the PMU's ownership and familiarity with the work plan is paramount.

In addition, there was consensus that the State and outer-island based inception workshops should also contribute to the detailed design of activities which will inform the final detailed work plan and budget for year one (1). This should be achieved through the Project Governance framework, whereby State level Technical Advisory Groups provide advice on the timing and other aspects of activities to be delivered also at state level.

The Draft detailed work plan and budget is in Annex C.

Based on discussion regarding the Project Workplan, it is recommended that:

- That the draft workplan (developed during the inception workshop) be further developed by the DECEM PMU once in place.
- That the draft workplan should be endorsed through the Project Governance arrangements on an annual basis.

4.6 Project Results Framework

The Project Results Framework (as per the Project document) was presented to the inception workshop. It was noted that the Project Results Framework would be reviewed and updated through the Project Governance Arrangements on an annual basis.

4.7 Gender action planning

An overview of the Adaption Fund, and SPREP Gender Policies were provided to the Inception workshop. The National Gender Focal Point also provided a detailed overview of the National Gender Policy. After some plenary discussion, participants were asked to break into State based groups to discuss how gender could be an issue in the design and delivery of activities and then to present to the wider group.

Gender and women's empowerment is recognised in the project's Environmental and Social Safeguard Management Plan as 'low risk' as the community, through project design consultations, have ensured equal participation by men, women, children and youth.

The National Gender Focal Point was invited to present on the National Gender Policy. This function sits with the Department of Health. The theme of the National policy is "All men and women in FSM reach their potential". The policy was designed to ensure social inclusion, provide the linkage to FSM's Strategic Development Plan and the Sustainable Development Goals (SDGS), and implement the Government's commitments under the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Pacific Declaration on Gender Equality. The policy

identifies the most important areas where gender related barriers are present that could prevent women or men from reaching their maximum potential capacity, sets the targets for improvements and address gaps and it provides a framework for States and National levels to progress towards achieving gender equality.

The discussion amongst the participants revealed some very useful information for consideration in the approach to and the design of activities and the procurement of goods and services. Each State and outer islands have different cultures, customs and values and therefore the meaning and application of gender varies. The waterless toilets in Chuuk is a culturally sensitive issue that is men and women cannot share toilets. To address this issue, the project will have to consider building separate toilets for men and women. Gender in Kosrae is about providing and having access to the same opportunities for both men and women. In Pohnpei, women use more water than men because they are culturally responsible for washing, cleaning and cooking.

Based on the discussion on gender issues

- **It was agreed that Gender be incorporated into the Project Steering Committee ToR as a basis for ensuring that gender considerations are discussed as part of the annual work planning process.**
- **Further, the DECEM project team was encouraged to explore how they could actively support delivery of the National Gender Policy, through delivery of the project.**
- **The National Gender Focal Point is to be included in the Steering Committee Membership**

4.8 Environmental and social safeguards

The ESMP was presented to the participants, informing them of key features. Participants were also informed of the permits being granted for construction of the road and coastal protection, following the Environmental Impact Assessment.

There were no comments or concerns about the ESMP and it was reaffirmed that the KIRMA and other project stakeholders have a key role in supporting the implementation of the ESMP. The approval of any changes to the ESMP as well as monitoring compliance would be integrated into the National Level Project Steering Committee ToR.

The potential for land disputes was highlighted as another possible delay for the road construction activity. Participants from Kosrae discussed this issue and saw the best way forward was to have an initial consultation with the Municipalities of Utewe and Malem to reaffirm their commitment to the project. It is critical for the topographic survey to be conducted first, to determine the land that will be required for the road construction.

4.9 Other issues raised

- **Recruitment of the PMU** - The participants enquired about the recruitment process whether the outer islands and States can recruit their respective officers and coordinators. It was clarified that DECEM will be leading the recruitment following the National Government recruitment regulations and procedures. However the Terms of References for each position at the outer island and State level will be circulated for comments. It was noted that there may be a need for

DECEM to re-arrange the staffing salary structures to meet current expectations for relevant positions.

- **Logistical challenges** - Logistics has always been a major challenge and cost for any project on the islands due to distance in between islands and service reliability. There is also an issue with transportation of materials from State to outer islands as the boats might not be of the right capacity to carry materials or equipment such as tanks. It was recommended that all materials procured from outside the country be delivered to Pohnpei as the central distribution centre to the States, and then from States to outer islands. It was also recommended that goods that are found on the islands and States must be procured at that level to avoid logistical issues and additional costs. Lastly, it was recommended that the Department of Transport, Communication and Infrastructure be consulted and their assistance sought in supporting transportation of goods to the States and outer islands.
- **Technical support** - There are a number of projects that are currently being implemented in FSM with the same government staff, at both national and state level, also also expected to deliver the activities for the new Adaptation Fund project. Concerns were raised about the potential for delays in the absence of extra support from the project. It was clarified that technical support through consultancies will be procured under the project to implement some of the specific activities.
- **Engagement of communities and community-based organizations** – At the initial stages of the project this is seen to be critical to the success of implementation. It was generally agreed by all States and outer islands that inception workshops must be convened at these levels to inform communities of the project activities, raise their awareness and to gauge their views and commitment to support the implementation of the activities of the project. There were also concerns about ‘over-consultation’ and it was recommended that a Community Engagement Strategy be developed by the PMU to guide strategic consultation approaches. In addition, it was recommended that assessments be undertaken to determine beneficiaries for the water harvesting and storage systems and waterless toilets. It was also recommended that community-based organisations at the State and outer island levels be engaged to deliver some activities for example sanitation awareness and training at the community and schools.

5. Financial Management

Financial management arrangements were raised and discussed at various points throughout the inception workshop.

The Financial Management Arrangements are defined in the Executing Partner Agreement between SPREP and FSM. In summary, SPREP will transfer funds to DECEM for delivery of the project activities. *DECEM is responsible for ensuring the proper management of these funds and is accountable for them.*

There was some interest in establishing arrangements whereby project funds are provided to state and/or community level entities for management for the delivery of project activities. It was clarified that in general all expenditure will be through and in accordance with the National government processes; all expenditures must be authorised by the Project Manager and the DECEM delegate, following established delegate thresholds. Where DECEM sub-delegates the management of finances to a State or community entities it must ensure the same standards, requirements and documentation is maintained to meet Executing Partner Agreement requirements. It is noted that the project will establish State and community based coordinators to facilitate activity financial

expenditure from community/state level through to the national system. The PMU will have a dedicated project financial manager to facilitate transactions at the national level and minimise delays. DECEM will be required to provide quarterly financial reports that include:

- i. the actual expenditures including dates and amounts disbursed for project activities, for the period reported and cumulative amounts up to the period, broken down by each project Activity and Output;
- ii. transaction listings for each Activity
- iii. the date on which any Activity or Output is financially closed; the final amount disbursed for such Funded Activity; the amount of any unused funds from such Funded Activity;
- iv. Information on the type and amounts of co-finance provided to the project by DECEM.

Further, on an annual basis SPREP will require that an Annual Project Audit Report (APAR) be provided. The annual audit on the DECEM project account may be commissioned by either DECEM or SPREP in accordance with standards set in the EPA.

Release of funds from SPREP is subject to DECEM meeting the conditions in the Agreement with DECEM which requires that :

- i. the expenditure of at least seventy per cent (70%) of the previous disbursements for project activities.
- ii. the provision of all relevant Reports as detailed in this Agreement
- iii. delivery to SPREP a Request for Disbursement using the template at Schedule 3 made by the Authorised Representative
- iv. the provision of the Annual Work Plan as required by this Agreement

6. Compliance Details

The following documents were highlighted as key documents establishing a range of compliance requirements that must be adhered to:

- The Adaptation Fund Operational Policies and Guidelines (March 2016) and its annexes.
- The Project Agreement between the Adaptation Fund Board and SPREP.
- The Executing Partner Agreement between SPREP and FSM.
- The Environmental and Social Management Plan for the project.
- The National Gender Policy

7. Current Project Status

At the time of writing of this Inception Workshop Report; SPREP has made the first disbursement transfer to DECEM; DECEM has coordinated the Inception Workshop; DECEM is in the process of recruiting the PMU and finalising the terms of reference for the project staff at State and outer island levels. The interviews for the Project Manager has been finalised and pending the appointment by DECEM. It is foreseen that the project manager should be on board before the end of June 2018.

Other than the recruitment of the PMU staff and project officers at State and outer island levels, the next key activities include:

1. Finalisation of the draft workplan and budget for year one (1) by the Project Manager. This should take into account the feedback from the State and outer islands inception workshops and initial consultations.
2. Initiate and conduct the inception workshops and initial consultations in each of the States and outer islands.

The implementation of the rest of the activities should follow through upon the completion of the inception/initial consultations and the assessments.

8. Inception Workshop Materials

- *Opening remarks of the Vice President of FSM:*
- *IW Presentation 1- Project Details*
- *IW Presentation 2 – Overview of SPREP and Adaptation Fund*
- *IW Presentation 3 – Project budget*
- *IW Presentation DP- MRCS:*
- *IW Presentation DP - GoJ*
- *IW Presentation DP – SPC*
- *IW Presentation DP - US Climate Ready*
- *IW Presentation DP – MCT*
- *Various workshop materials – Key Activities Discussed*
- *Various workshop materials – Gender*
- *Various workshop materials - Governance*

The materials above are available here:

<https://cloud.sprep.org/owncloud/index.php/s/91YmzCdTwITyWMN>
(password: SPREP1)

Annex A: Inception Workshop Agenda

Monday 12 March 2018		
8:00am-8:50am	Registration	DECEM
Session 1: Welcome Formalities, Chair – DECEM		
8:55am	Payer	
9:00am	Official Keynote and Launch Address Official Remarks	VICE PRESIDENT Yosiwo P. George Tagaloa Cooper, Director Climate Change Resilience Programme, SPREP
9:15am	Photo session/Morning tea break	DECEM
Session 2: Setting the Scene, Chair – DECEM		
9:45am	Appointment of Chair rotational by State Introduction of Participants	States
11:00am	Presentation: 1. FSM Climate Change Priorities/DECEM Overview 2. Role of SPREP as the RIE for Adaptation Fund 3. Q&A & Summary	DECEM SPREP DECEM/SPREP
12:30 Lunch		
Session 3: Project Components, Outputs & Activities - DECEM		
1:30pm	Presentation: 4. Project components, outputs and activities 5. Q&A & Summary	SPREP DECEM/SPREP
2:30pm Afternoon tea break		
Session 4: Development, Chair – SPREP		
3:00pm	Presentation: 6. Development Partners to share projects (current & pipeline) with linkages to the AF project. 7. Q&A & Summary	Development Partners DECEM/SPREP
4:30	Wrap up and Summary	DECEM
5:00 – End of Day 1		
Tuesday 13 March 2018 - Implementation Arrangements and Planning, DECEM		
Session 1: Executing partners and stakeholders involvement in implementation, Chair – DECEM		
8:30am	Recap	
9:00am	Presentation: 1. Institutional arrangements/roles and responsibilities for implementation of the project activities at all levels 2. Q&A	DECEM DECEM/SPREP
10:00am	Morning Tea	
Session 2: Overview of the Project Work Plan and Budget, Chair - DECEM		
10:30am	Presentation: 3. Project Budget per activity 4. Q&A	DECEM DECEM/SPREP

12:30	Lunch	
Session 3: Detailed Annual Workplan, DECEM		
1:30pm	Presentation: 5. Overview of workplan template and procurement plan Group Discussion: 6. Activity design, delivery and timeframe	DECEM DECEM/SPREP
2:30pm	Afternoon tea	
3:00pm	Continue with Session 3 7. Initial feedback from the groups 8. Q&A	DECEM Groups DECEM/SPREP
5:00pm – End of Day 2		
Wednesday 14 March 2018		
8:30am	Recap	
Session 1: Detailed Workplan – DECEM		
9:00am	1. Continue with Detailed Workplan	DECEM/SPREP
10:00 am	Morning tea	
10:30am	Group Feedback on Workplan	DECEM/SPREP
Session 2: Monitoring & Evaluation and Reporting Validation - DECEM		
10:30am	Presentations: 2. Overview of Results Framework Group Work: 3. Review of Results Framework	DECEM/SPREP
12:30	Lunch Break	
1:30pm	4. Continue Group Work on Results Framework	DECEM/SPREP
2:30pm	Afternoon Tea	
3:00pm	Group Feedback on Results Framework	DECEM/SPREP
5:00pm – End of Day 3		
Thursday 15 March 2018		
8:30am	Recap	DECEM
Session 1: Environmental and Social Safeguards Framework – DECEM		
9:00am	Presentation: 1. Overview of the Environmental and Social Management Plan for the Project 2. Review of the ESMP 3. Roles and Responsibilities for the ESMP 4. Q&A	DECEM/SPREP
10:00am	Morning Tea	
Session 2: Gender, Chair -		
10:30am	Presentations: 5. Government of FSM's Gender Policy 6. Overview of gender component of the project 7. Development of draft gender plan for the project 8. Q&A	National Gender Focal Point for FSM DECEM/SPREP
12:30	Lunch Break	
Session 3: Communication & Visibility		

1:30pm	Presentation: 9. Draft Communication & Visibility Plan 10. Review of the CVP 11. Q&A	
2:30pm	Afternoon Tea	
Session 4: Way Forward and Close		
3:00pm	Way Forward & Next Steps	
4:00pm	Official Closure of Inception Program	
5:00pm – End of Day 4 Official Inception Reception		

Annex B: Inception Workshop Participants

INCEPTION WORKSHOP: Enhancing the CC Resilience of Vulnerable Island Communities

MARCH 12-15, 2018 Central Facilities Building

No.	NAME	TITLE	DEPT./OFFICE	STATE	GENDER	CONTACT
1	Andrew R. Yatilman	Secretary	ECCEM	National	M	decem.fsm@gmail.com
2	Cynthia Ehmes	Assistant Secretary	ECCEM	National	F	climate@mail.fm
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7	Miachy Assito	Mayor	Satowan Municipality	Chuuk	M	691 330-2310
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9	Hermes Fichi	Project Director	Lekinioch Mun	Chuuk	M	
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25	Likiaksa E. Elesha	Councilman	Malem MG	Kosrae	M	

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28	Sendilina Lekka	Senator	Legislature	Pohnpei	F	lekkacindy@yahoo.com
29	Koisimy Rudolph	Rep	Nukuoro MG	Pohnpei	M	
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31	Lisa Andon	Deputy Director	MCT	Pohnpei	F	deputy@ourmicronesia.org
32	H.E. Ryoichi Horie	Ambassador	Japan Embassy	FSM	M	-
33	Isao Frank Jr.	Ex. Director	MRCS	Pohnpei	M	mracs@mail.fm
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35	Nakaya Ratsuki	OIC	Japan Embassy	FSM	M	-
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50	Henry Susaia	Director	Pohnpei EPA	Pohnpei	M	pohnpeiepa@gmail.com
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52	Stephen Boland	Senior Policy Advisor	USAID Climate Ready	Pohnpei	M	sboland@pacificclimateready.org

54	Caleb Gamule	Chief Magistrate	Kapinga MG	Pohnpei	M	
55	Immaculata Sewell	Manager	Chuuk EPA	Chuuk	F	isewell.chuuk16@gmail.com
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Annex C: Updated Project Work Plan, Inclusive of Proposed Changes

<https://cloud.sprep.org/owncloud/index.php/s/j4pzHWVLc3NyYua/download>
(password: SPREP2)

Annex D: Terms of Reference for Project Steering Committee



ADAPTATION FUND

ENHANCING CLIMATE CHANGE RESILIENCE OF ISLAND COMMUNITIES IN FSM PROJECT STEERING COMMITTEE
Terms of Reference

Version Control

Date	Version	Description	Author/Reviewer
18/06/2018	Version 0	Initial Draft	SPREP

1. Introduction

This document describes the roles and responsibilities of the Project Steering Committee (PSC) for the Project “Enhancing Climate Change Resilience for Island Communities of the Federated States of Micronesia” funded by the Adaptation Fund (AF) and supported by the Secretariat of the Regional Environment Programme (SPREP).

2. Role of the Project Steering Committee

The PSC will be responsible for the overall governance of the project. Its primary role will be to provide strategic oversight and direction for the project including the activities being delivered by the each of the States and municipalities. The PSC will execute the following functions:

- Ensure the program is addressing relevant national priorities.
- Assist with resolving strategic level issues, priority-setting and managing associated risks.
- Provide overall strategic guidance and direction to the project and its implementation
- Review and approval of project workplans, budgets, progress reports, and audited financial reports prior to submitting them to SPREP
- Participate in the periodic reviews of the project including the mid-term and final review of the project
- Establish working groups to implement specific tasks to achieve project objectives if and when required.
- Ensure that the implementation of activities under the project adheres to the Government of FSM laws, policies and systems as well as AF and SPREP as set out in the agreement between the Department of Environment, Climate Change and Emergency Management (DECCEM) and SPREP

3. Role and responsibilities of the PSC Chair

The Steering Committee Chair will be the Secretary of the DECCEM. Should the Secretary is unable to attend a meeting, the Assistant Secretary of Environment and Climate Change will resume the role of the Chair.

The responsibilities of the Steering Committee Chair are as follows:

- Confirm the agenda for each meeting.
- Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting.
- Clarify and summarise what is happening throughout each meeting.

- Keep the meeting moving by putting a time limit on each agenda item and keeping all meetings to no more than a day.
- Encourage broad participation from members.
- Ensure all discussion items end with a decision, action or definite outcome.
- End each meeting with a summary of decisions and assignments.
- Review and approve the draft minutes before distribution.

4. Responsibilities of the Project Steering Committee

Individual Steering Committee members have the following responsibilities:

- Understand the goals, objectives and the desired outcomes of the program.
- Understand and represent the interests of their institutions and stakeholders.
- Act on opportunities to communicate positively about the program.
- Check that the program is making sensible funding decisions – especially in responding to issues, prioritisation, risks and proposed program changes.
- Check that the program is aligned with relevant regional and national strategies and priorities.
- Actively participate in meetings through attendance, discussion, and review of minutes, papers and other committee documents.
- Support open discussion and encourage fellow committee members to voice their insights.

5. Responsibilities of the Secretariat

The responsibilities of the Secretariat of the PSC will be undertaken by the DECEM-based Project Management Unit.

The responsibilities of the Secretariat are as follows:

- Schedule meetings and notify PSC members.
- Organise the meeting venue and other facilities for the meeting, and travel and accommodation for members if required.
- Ensure the agendas and supporting materials are delivered to members in advance of meetings.
- Invite other individuals or organisations to attend meetings when required by the PSC.
- Take notes of proceedings and prepare minutes of the meeting.
- Distribute the minutes to all PSC members within 2 to 4 weeks after the meeting.

6. General

6.1 Membership

Department of Environment, Climate Change	Secretary
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& Emergency Management (Chair)	
Department of Finance & Administration	Secretary
Department of Transport, Communication & Infrastructure	Secretary
Department of Education	Secretary
Department of Health	Secretary
Pohnpei State Project Steering Committee	Chair
Kosrae State Project Steering Committee	Chair
Chuuk State Project Steering Committee	Chair
Yap State Project Steering Committee	Chair
Department of Environment & Climate Change	Assistant Secretary, Environment & Climate Change
Project Management Unit	Project Manager – Secretary
Secretariat of the Pacific Regional Environment Programme	Director, Climate Change Resilience Manager, Project Coordination Unit
Invited observers/resource personnel	If acceptable

6.2 Observers

Non-members may raise issues or their concerns to the PSC by submitting papers through the Secretariat prior to the meeting. The Secretariat will circulate relevant papers to the members for their consideration and approval for inclusion in the meeting agenda. A member, through the Secretariat, can request that an observer attend all or relevant sessions. The PSC will consider and approve/reject the attendance of the nominated observer/s prior to the meeting. Approved observer/s may provide inputs during the meeting if requested by the Chair. The PSC may invite non-members, individuals or organizations to attend the meeting or relevant sessions when required.

6.3 Quorum

A minimum number of seven PSC members is required for decision-making purposes. The quorum must include the Chair or Acting Chair. During a meeting when there is not full membership, minutes should be circulated to all members for endorsement.

6.4 Out of Session Decision Making

If issues arise between meetings that require Project Steering Committee consideration or decisions, it is proposed that out-of-session papers be circulated, seeking members' views (with a two-week response time). DECEM in consultation with the SPREP will then consider Committee members' views, make a decision and advise members of the decision immediately.

In the event that Project Steering Committee members cannot come to an agreement on an issue related to the project, the Project Coordination Unit of SPREP in its capacity as the AF Regional Implementing Entity (RIE), consult with the AF Secretariat and the PSC Chair to determine the final outcome or decision in accordance with Program objectives.

6.5 Frequency of meetings

The Project Steering Committee meetings will be held at least once per year, in conjunction with the Project planning meeting. Wherever possible both the meetings will be synchronized with other meetings and all members will be invited.

6.6 Agenda, Minutes and Decision Papers

A package will be sent to members at least two weeks in advance of a Steering Committee meeting. The package will include the following:

- Agenda for the upcoming meeting
- Minutes of the previous meeting
- A report on project activities and progress to date
- Draft work plan for the upcoming financial year
- Draft papers with PSC decisions, if required
- Any other documents/information to be considered at the meeting.

6.7 Standard Agenda

Steering Committee Meeting

Location
Date, Time

STEERING COMMITTEE PARTICIPANTS

Department of Environment, Climate Change & Emergency Management (Chair)	Secretary
Department of Finance & Administration	Secretary
Department of Transport, Communication & Infrastructure	Secretary
Department of Education	Secretary
Department of Health	Secretary
Pohnpei State Project Steering Committee	Chair
Kosrae State Project Steering Committee	Chair
Chuuk State Project Steering Committee	Chair
Yap State Project Steering Committee	Chair
Department of Environment & Climate Change	Assistant Secretary, Environment & Climate Change
Project Management Unit	Project Manager – Secretary
Secretariat of the Pacific Regional Environment Programme	Director, Climate Change Resilience Manager, Project Coordination Unit
Invited observers/resource personnel	If acceptable

DRAFT AGENDA

1. **Opening Prayer**
2. **Welcome and introductions** (Chair)
3. **Acceptance of Minutes of previous Project Steering Committee** (Chair)
4. **Progress report on implementation** (DECEM - PMU)
5. **Feedback on the activities**
6. **Steering Committee endorsement of Annual Workplan 20XX – 20XX** (Chair)
7. **Coordination with related programs**
8. **Other Business** (Chair)
9. **Next meeting** (Chair)

Attachments:

For Discussion: (for e.g.)

1. Annual Workplan
2. Progress Report
3. Budget reports
4. Other relevant documents