



ADAPTATION FUND

AFB/B.44-45/15

29 July 2025

Adaptation Fund Board

**REQUEST FOR NO COST EXTENSION OF PROJECT
COMPLETION DATE:
SECRETARIAT OF THE PACIFIC REGIONAL
ENVIRONMENT PROGRAMME
(FEDERATED STATES OF MICRONESIA)**

Background

1. The Adaptation Fund Board (the Board) at its twenty-ninth meeting, approved a five-year project titled “Enhancing the Climate Resilience of vulnerable island communities in Federated States of Micronesia” submitted by the Secretariat of the Pacific Regional Environment Programme (SPREP) for a total amount of US\$ 9,000,000 (Decision B.29/12).
2. The overall objective of the project is to build social, ecological and economic resilience of the target island communities of the Federated States of Micronesia 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. This will be achieved through the following components: (i) Strengthening policy and institutional capacity for integrated coastal and water management at national, state, and outer island levels; (ii) Demonstration of water security and sanitation measures in outer islands of Yap, Chuuk and Pohnpei; (iii) Demonstration of adaptation measures for coastal communities in Kosrae State; and (iv) Knowledge management for improved water and coastal protection.
3. As mandated by the decision, an agreement was prepared and signed between the Board and SPREP on 22 June 2017 and the project started implementation on 13 March 2018.
4. As of 22 July 2025, five PPRs were cleared by the secretariat and a total project funding for an amount of US\$ 8,857,345 including the project fees has been disbursed by the trustee, which corresponds to 98.4 % of the approved grant.
5. SPREP was granted in 2023 a COVID-related twelve-month no cost extension of the project completion date, from 13 March 2022 to 13 March 2023, which the Secretariat cleared in accordance with Decision B.35.b/16 (Ref. 2023/017). On 9 October 2023, SPREP submitted a second request for a regular eighteen month no cost extension of the project completion date, from 13 March 2023 to 13 September 2025, which was subsequently approved by the Board (Decision B.41 42/16). This second no cost extension was required because the project underwent a revision of project outcomes, outputs, and related indicators, a budget revision, and an amendment of the disbursement schedule, all of which were approved through Decision B.35 36/18. This decision also included project conditionalities that had to be cleared by the Secretariat (clearance provided on 7 April 2025) prior to the execution of the coastal protection measures.
6. On 21 June 2025, SPREP submitted a third request for a regular twelve month no-cost extension of the project completion date from 13 September 2025 to 13 September 2026 (see annex 1). The reasons for raising this request are (i) exhaustion of the Project Management Unit budget line, which led to departure of key personnel; (ii) unexpected delays in implementing both components 1 and 2; (iii) delays in rolling out the project Environmental and Social Management Plan; (iv) change of leaderships within target communities; (v) challenges related to limited availability of local transportation to the outer islands; and (vi) impacts of natural disaster (drought) which resulted in a state of emergency which lasted until May 2024.

Secretariat’s review of the request

7. Following a thorough review of the request and in light of the justification provided by SPREP, the secretariat is of the view that this twelve-month no-cost extension request is warranted. As outlined in the documentation submitted by SPREP (Annex 1), this extension should allow sufficient time to complete all remaining activities and to finalize the development

and submission of all outstanding project reporting requirements. Additionally, the secretariat acknowledges that the Designated Authority has formally endorsed this extension request (Annex 2).

Recommendation

8. The Board may consider and decide to approve the request for a twelve-month no-cost extension of the project completion date from 13 September 2025 to 13 September 2026, for the project “Enhancing the Climate Resilience of vulnerable island communities in Federated States of Micronesia” as requested by SPREP.

Annex

1. Request for an extension of the project completion date from SPREP.
2. Letter of endorsement from the Designated Authority.

Annex 1: Request for an extension of the project completion date from SPREP



ANNEX A: REQUEST FOR EXTENSION OF CONCRETE ADAPTATION PROJECT/PROGRAMME

Request for extension of project completion date

Implementing Entity Name: Secretariat of the Pacific Regional Environment Programme			
AF Project ID: FSM/RIE/Coastal/2015/1			
Project Title: Enhancing the Climate Resilience of Vulnerable Island Communities in Federated States of Micronesia			
Country: Federated States of Micronesia			
Project/Programme Approval (date)	June 22, 2017		
Expected Project/programme Completion (date)	September 13, 2025	Proposed Revised Completion (date):	September 13th, 2026

Reasons/justifications for the extension of project/programme completion:

The project titled *Enhancing the Climate Resilience of Vulnerable Island Communities in Federated States of Micronesia*, started implementation on 13 March, 2018 for a period of five years. The project was granted a blanket no-cost extension of 12 months up until 13 March 2024, due to the impact of COVID-19 which continued to directly affect project implementation up until early 2023 despite international borders reopening in August 2022.

This regular no-cost extension request to the above mentioned project, seeks an additional 12 months extension to the project end date up to 13th September, 2026, due to the following reasons/justifications:

1. Project Management Unit (PMU) budgetline exhaustion, leading to non – retention of key staff, leading to delays in the states – With the first extension now scheduled for completion in September 2025, the budget allocated for Component 5 dedicated to the PMU has been exhausted. As a result, the operations and finance officers from the four states could not be retained. These officers played a crucial role in the day-to-day management

- of the project, including procurement, finance, and technical work. Their absence has created a gap in project capacity, which has occasionally been filled by the Project Manager. However, this has sometimes diverted the Project Manager's attention from other important activities. Additionally, direct assistance from the Accredited Entity (SPREP) has been necessary, which has impacted the timely progress of certain project activities.
2. **Rolling delays due to previous delays in startup activities** – During the project inception phase, the PMU team conducted awareness sessions in the communities to inform them about the project activities and the planned work schedule. Additionally, throughout the implementation phase, the PMU team has been providing regular updates on upcoming activities and associated timelines. Despite these efforts, delays have occurred due to cultural obligations, such as funerals, religious events, and communal gatherings. As a result, activities under Components 1 and 2 have been postponed multiple times, with delays accumulating significantly over the course of the project
 3. **Delays in Component 3 mobilization** - Component 3 has experienced the most significant delays, primarily due to several factors. The first issue was the delay in the review and approval of the Environmental and Social Management Plan (ESMP). While the initial ESMP was approved in 2022 for road construction, it was not implemented due to a lack of funding in the respective component. As a result, the funds were redirected towards the coastal protection activity, but this required a separate ESMP specifically for coastal protection. The absence of an approved ESMP has had a cascading effect on the project timeline, as it has prevented the team from procuring a firm to design the coastal protection in FSM. The recruitment of the firm is expected to take at least two months, with the design work estimated to take up to three months, which coincides with the end of the current implementation period. Given this timeline, there is insufficient time to complete the actual construction of the coastal protection, necessitating this extension request.
 4. **Community level changes in leadership, impacting project execution** – Community mayors and leaders play a vital role in project implementation as they represent the people and play a key part in the approval of plans, community mobilization, and support of implementation plan and are generally a mouth piece of the project at community level. However every 4 years, they are up for re-election, and for Chuuk and Pohnpei this was the situation in 2024. As such there was a break in momentum of the project with the PMU having to manage this by going back into the islands to re – socialize the project as well as gather feedback and support of the new office bearers.



5. **Challenges in project execution due to the availability of transportation to the outer islands** – Outer island transportation, particularly the chartering of boats, poses a significant challenge due to the high demand and limited availability of boats. Additionally, some boats have limited capacity to transport heavy and bulky construction materials such as cement and water tanks. As a result, the Project Management Unit (PMU) often has to wait for a boat to become available, which can take anywhere from two to three months. To make matters more difficult, the government can divert or utilize pre-booked boats on short notice in response to medical emergencies or disaster situations.
6. **Impact of natural disaster and shift in national priorities** – The Federated States of Micronesia (FSM) experienced a severe drought which started in September 2023 with a national state of emergency declared on March 11, 2024. The State of Emergency was in effect until May 2024. Due to a whole of Government focus on response and recovery, project implementation was also impacted with project teams required to support national response efforts.

The attached updated implementation plan, has taken into consideration the compounded impacts of the above challenges; as reflected in the extended timeframes for delivery of remaining activities over the 12 months requested for a no-cost extension, as well as modification of the following activities (as reflected in the Revised Framework for 2025) in the attached implementation plan:

- Modification of activity 1.3.1 as per the Revised Framework for 2025 in annexed *Implementation Plan Regular Extension*.

Additionally, where revised costs are justified (within available budget) to accommodate extended implementation timelines and to directly address some of the challenges identified above; these have been marked up accordingly in the attached budget for the extension period. Attention is drawn to the component by output budgets, where separate columns have been inserted to reflect reallocation of budget within prescribed policy. There are no additional funds being requested.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.

Project/programme contact person: Filomena Nelson



Date: 6 June, 2025	Tel. and Email: (685)21929, filomenan@sprep.org
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Annex 2: Letter of endorsement from the Designated Authority



DEPARTMENT OF FOREIGN AFFAIRS

of the

FEDERATED STATES OF MICRONESIA

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June 18, 2025

Mr. Mikko Ollikainen
Head of Secretariat
Adaptation Fund
1899 Pennsylvania Avenue, NW
Washington DC 20433

Subject: *(FSM/RIE/Coastal/2015/1) No Objection Request for Regular Extension for a period of 12 months*

Dear Mr Ollikainen,

I present my compliments wish to offer No Objection as the Adaptation Funds Designated National Authority for a regular extension of 12 months for the following project – Enhancing Climate Change Resilience of Vulnerable Islands Communities in the Federated States of Micronesia (FSM/RIE/Coastal/2015/1).

The Project Management Unit under the Department of Environment, Climate Change and Emergency Management as the Executing Entity, has worked closely with the Implementing Entity to provide sufficient evidence in support of this no cost extension. Where appropriate, the Designated Authority wishes to support the projects revised implementation plan in the extended period. Where it is necessary to reallocate the project budget lines as requested by the Implementing Agency, the Designated Authority also wishes to convey its support and to confirm that the Executing Entity has worked with the Implementing Entity to justify these changes.

Your consideration, and the Secretariats appropriate action to progress this request is greatly appreciated.

Thank you and with best regards, I am,

Sincerely

A handwritten signature in black ink, appearing to read 'Lorin S. Robert'.

Lorin S. Robert
Secretary