



ADAPTATION FUND

AFB/B.46-47/7
13 August 2026

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 27 July 2026, six 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). 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, which was subsequently approved by the Board (Decision B.44-45/20).
6. On 27 July 2026, SPREP submitted a fourth request for a regular eighteen-month no-cost extension of the project completion date, from 13 September 2026 to 13 March 2028 (see annex 1). The request is based on several factors including: (i) limited market response to the call for bids for the specialized coastal protection works, which necessitated an extension of the procurement process; (ii) delays in national and state-level coordination and decision-making; (iii) delays in finalizing the design of the coastal protection works; and (iv) reduced capacity within the Project Management Unit.

Secretariat's review of the request

7. Following a review of the request by the secretariat and considering the explanation provided by SPREP, the secretariat is of the view that this eighteen-month extension request is justified. As evidenced by the memo provided by SPREP, it is noted that this request should allow sufficient time to deliver all remaining activities. Finally, the secretariat acknowledges that the Designated Authority has been notified, in accordance with the amended Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

8. The Board may consider and decide to approve the request for an eighteen-month no-cost extension of the project completion date from 13 September 2026 to 13 March 2028, 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 SREP.

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, 2026	Proposed Revised Completion (date):	March 13th, 2028

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 (Decision B.41-42/16) of 12 months up until 13th September 2025, and a further 12 month extension (Decision B.44 – 45/20) was granted until 13th September 2026, due to various challenges faced by the project.

The project has progressed well with Components 1,2, and 4 however budget and work is still ongoing for Component 3, Output 3.2 on the *'Transitional coastal protection at Mosral and Paal upgraded for immediate coastal protection'*. For this output, the coastal revetment design has been completed and the tender for construction has been evaluated. However, the estimated timeline for construction is 10 months from the notice to the construction company to proceed, thus this request for extension.

This regular no-cost extension request to the above mentioned project, seeks an additional 18 months extension to the project end date up to 13th March, 2028, due to the following reasons/justifications:



1. **Limited market response** – Following the advertisement of the Request for Proposals, the procurement process experienced delays related to limited market response. Initial interest from qualified bidders was low, reflecting common challenges associated with procuring specialized coastal protection works in remote island locations, including the scale and complexity of the works, logistical constraints, and the remoteness of the project sites.

By the original bid submission deadline, only one compliant bid was received. To ensure adequate competition and value for money, the Government approved an extension of the bidding period by one month to allow additional qualified firms sufficient time to prepare and submit proposals. Following the extended deadline, two bids were received and subsequently evaluated. While this approach strengthened the procurement process, it resulted in an extended timeline for contract award and commencement of construction activities.

2. **Delay in national and state level coordination and decision making capacity** - Delays were experienced in obtaining timely feedback and concurrence from national and state-level counterparts due to the limited capacity of the public service, with officials managing multiple competing responsibilities. The evaluation process required input from state-level panel members, and progress was affected by competing work priorities, the time required to clarify and address technical comments, and periods when panel members were unavailable due to official travel. These constraints contributed to extended timelines for reaching consensus and advancing procurement and implementation decisions.
3. **Design-phase delays following contract award** – Following contract award, the design phase experienced delays as the contractors, who were based in Australia, were required to travel to the project sites to undertake essential field investigations. Additional time was also required for the review of the detailed designs to ensure compliance with the Environmental and Social Management Plan (ESMP), as well as for the preparation and finalisation of construction bidding documentation. These processes were further extended due to slower-than-anticipated turnaround times for technical reviews and clearances, contributing to delays in progressing to construction.
4. **Reduced capacity within the Project Management Unit (PMU)** – Project delivery was further constrained by reduced capacity within the Project Management Unit due to exhausted budget allocations and high staff



turnover. While the PMU initially comprised seven staff, this was reduced to a single Project Manager from 2025 onward. Given the fully committed PMC budget and ongoing challenges in retaining qualified personnel, it was not feasible to recruit additional staff. As a result, the remaining Project Manager was required to cover multiple functional areas across the PMU, limiting management and coordination capacity and contributing to delays at both national and state levels.

While this request is being submitted within six months of the current project completion date, the Implementing Entity respectfully notes that the timing reflects exceptional and cumulative circumstances rather than a lack of advance planning.

The Federated States of Micronesia has experienced an extended State of Emergency in response to severe and continuing drought conditions and the recent severe impacts of Typhoon Sinlakuⁱ (Annex 2), which have placed additional pressure on Government systems and required the mobilization of national resources, emergency coordination mechanisms, and sustained engagement across national and state authorities. These conditions have disrupted normal Government processes, redirected administrative attention toward urgent drought response and relief coordination, and affected the pace at which procurement, technical review, decision-making, and implementation approvals could be completed. Based on the severity of the damage from Typhoon Sinlaku, it is anticipated to take 3 years to restore complete normalcy.

In addition, the national enabling environment for the project was affected by significant institutional transitions, including the untimely passing of the former Designated Authority, the appointment of a new Designated Authority, and changes in senior leadership within the Department of Environment, Climate Change and Emergency Management (DECEM), including the appointment of a new Secretary. These transitions required appropriate time for handover, briefing, internal consultation, and re-confirmation of national processes, and temporarily affected administrative continuity on the national side.

The Implementing Entity and the Government of the Federated States of Micronesia have sought to manage these circumstances diligently and respectfully, while maintaining accountability for project delivery and ensuring that remaining activities are implemented in accordance with Adaptation Fund policies and procedures.

Given the combined impact of the ongoing drought-related emergency, administrative transitions, procurement timelines, and the estimated ten-month



construction period required following notice to proceed; the remaining activities cannot be completed responsibly within the current project period. SPREP will also communicate directly with the Adaptation Fund to provide context for the timing of this request and to reaffirm that the requested extension is a no-cost extension intended solely to enable orderly completion of the approved project outputs, safeguards requirements, reporting, and closure obligations.

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:

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.

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¹ President of the Federated States of Micronesia declared a State of Emergency in response to the impacts of Typhoon Sinlaku. The declaration follows the emergency proclamation issued by the Chuuk State Government on April 12, 2026. In response, President Simina convened his Cabinet to assess conditions and direct a whole-of-government response. The National Disaster Committee has since been activated and met with key partners to align and coordinate ongoing relief efforts, and will continue to work in close coordination with its state counterparts to ensure a unified, timely, and effective response across all affected areas. The declaration enables the mobilization of national resources to support relief, recovery operations, activate disaster response funding, and strengthens coordination between national and state agencies to safeguard lives and property.