

**SIGNATURE PAGE**

Country: FSM

**Expected Outcome(s)/Indicator (s): (MCPD RRF Outcome)**

Environmental Sustainability and Sustainable Energy and mainstreamed in regional and national policies, planning frameworks and programmes.

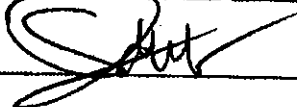
**Expected Output(s)/Indicator(s): (Programme/Project Level)**

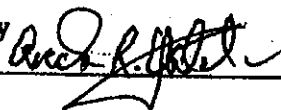
Improved country capacities, policies and participation strengthened at all levels to ensure improved conservation, sustainable use and equitable sharing of benefits from natural resources; and the promotion of renewable energy;


**Implementing partner:** Office of Environment and Emergency Management

**Other partners:** FSM Department of Foreign Affairs, FSM Department of Finance and Administration, Office of Statistics, Budget and Economic Management, ODA and Compact Management (SBOC), UNDP Fiji Multi-Country (MCO) Office

<p>Programme Period: 2008 to 2012 Programme Component: _____ Project Title: <i>FSM Environment Programme Mainstreaming and Coordinated Framework for improved service delivery</i> Project Code: 000XXX Project Duration: Phase 1: 8 months; Phase II: tbc</p>	<p>Total budget: \$100,000 Allocated resources: \$ • Government _____ • Regular _____ <u>UNDP TRAC 1 &amp; 2 - 56,250</u> Other: (including in-kind contributions) ○ Donor 50,000 ○ Donor: tbc for Phase II</p>
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Agreed by: \_\_\_\_\_ Date: 7/22/09  
Department of Foreign Affairs: 

Agreed by: \_\_\_\_\_ Date: 07/02/09  
Office of Environment and Emergency Management: 

Agreed by: \_\_\_\_\_ Date: 24/9/09  
United Nations Development Programme: 

## **Part I. Situation Analysis**

### *Background*

The Federated States of Micronesia (FSM), like most Pacific Island Countries (PICs), is highly dependent on limited natural resource base for economic growth, local livelihood and poverty reduction. Increasing competing demands on these limited resources due to economic growth, population increase, increasing waste management problems and limited capacities to deal with increasing global pressure on the environment posed a challenge to the FSM. Recently, climate change has joined these issues and is becoming, if not, the most challenging threat not only for FSM, but as a matter of fact for all PICs and the whole world.

FSM has been actively involved in climate change. FSM ratified the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol in 1993 and 1999 respectively. FSM submitted its Initial National Communication in 1999 and is in the process of preparing its Second National Communication. While FSM's contribution to global greenhouse gas is negligible, it has been FSM's policy to advocate responses to climate change that address both mitigation and adaptation (e.g. development of solar water system). FSM also recognized that to effectively address the projected adverse impacts of climate change, the nation will require large infusion of resources that are way beyond current (and future) ability of the nation to provide.

Like most PICs, the impacts of climate change are already being felt by us as one of the most vulnerable countries. FSM firmly believes that urgent action is required to address climate change in a holistic manner. FSM already believe that we are suffering the adverse effects of climate change. More severe weather events, coral bleaching, changes in rainfall patterns, changes in the occurrence of vector borne diseases are all part of the noticeable effects attributable to climate change. A few examples of the recent events, among others, that impacted FSM, include but not limited to:

1. Extreme rainfall that caused landslides in Chuuk and Pohnpei with more than 60 deaths.
2. ENSO that caused drought, coral bleaching and fisheries collapse, water shortage and food crops damage.
3. Increased typhoons that did major damages.
4. High tides inundation that killed taro patches, salinated groundwater sources, eroded shoreline causing property and infrastructure loss.

It is projected that these types of climatic events will increase both in intensity and frequency due to climate change. Hence, the urgency to respond is more imminent. While at the same time, FSM has played major roles in pushing the international communities to uphold their responsibilities to provide the necessary resources to support climate change adaptation in small island developing countries like FSM.

implementation of guidelines and institutionalized management practices for protected areas should be implemented. For this to happen, national and state governments need to work closely with the private sector to support benefit-generating activities from environment projects at the community level. Exploration of renewable and clean energy sources have been highlighted in recent years, and increased rural to urban migration indicates the attraction to basic social services and facilities. These migratory shifts have brought with them problems of solid waste management to densely populated areas and this requires urgent attention given the limited availability of land and high dependency on coastal fisheries. However, there is little incorporation or promotion of environmental sustainability as a priority issue. The Plan acknowledges poverty and hardship as issues and intends to address it through MDG-based monitored evaluations.

## **Part II. Scope and Strategy**

To improve the effectiveness and efficiency of FSM's response to climate change through mainstreaming of climate change including energy into national planning and budgetary process, a two phased approach is envisaged, with key outputs as follows:

### **Phase 1- Development and Mainstreaming of Climate Change/Energy into the 5yr Environment Sector Plan.**

The expected main output of this phase is the revision of the current Five Year Environment Sector Plan to incorporate specific priority climate change and energy programs within the planning period. To attain this output, it is envisaged that the following task or activities will be undertaken:

1. Compilation of baseline climate change/energy information (using matrix) on past, current and proposed internal programs, ODAs and assessment studies;
2. Review of climate change and energy policies
3. Identification of capacity gaps to plan and implement climate change/energy.
4. Identification and recommendation for programs/projects to feed into the 5 year plan.
5. Convening of a Climate Change/Energy Roundtable with donors and partners.
6. Mobilization for Phase II of the project.

Baseline information collected in past and ongoing Global Environment Facility (GEF) funded projects. EU Economic Development Fund (EDF) and other relevant funded projects will be utilized, as well as information presented in other relevant studies on country level priorities and needs. The FSM National Capacity Self Assessment (NSCA) has evaluated capacity needs and analyzed national priorities with a view to identifying how best to mobilize and allocate resources to implement the major multilateral environmental agreements (MEAs) in a coordinated and cost-effective manner. These major MEAs include the United Nations Convention on Biological Diversity (UNCBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD). The NSCA has provided resources to mobilize linkages at the local levels of the three conventions. This project will build on these early works to catalyze actions that integrate local priorities to international requirements in a coordinated manner.

- development programmes in environment and energy. This will include providing recommendations of incorporation of cross-cutting issues of gender and human rights;
2. Incorporation of identified environment and energy capacity assessment studies and recommendations, including resource mobilization strategies, in key policy interventions and programmes;
  3. Identification and implementation of capacity development needs/gaps for Government, State Governments and CSO institutions;

*Effective Coordination and Reporting*

4. Improving State Government's planning and budgetary systems to national planning and budgeting processes;
5. Development of user-friendly policy tools and harmonized reporting mechanisms that are nationally-owned and cost-effective;
6. Development of programmes to address priority areas that need to be strengthened, including capacity challenges relating to mechanisms for effective mainstreaming and linkages between national government and state governments;
7. Establishment/enhancement of system for collection, processing and dissemination of information to monitor development cooperation and aid;
8. Formal arrangements or partnership agreements with identified key partners;
9. Exploration of adoption of principles of Managing for Development Results and mutual accountability based on national priorities in FSM's NSDS;
10. Securing of high level support and initiate implementation and monitoring;

*Regional Alignment*

11. Knowledge Management & Networking with other PICs, in particular Tonga, Kiribati, Tuvalu, Marshall Islands, Vanuatu's and Solomon Islands, who are also piloting this approach to Environment ODA funds; and
12. Reporting & Monitoring Frameworks for donor results monitoring.

This proposed management arrangement will ensure that:

- climate change and energy are effectively mainstreamed in the 5 year Environment Sector Plan
- aid and sectoral coordination of climate change and energy-related activities is improved across sectors as well vertically between national and state governments;

#### **Audit Arrangements**

An annual audit of project resources will be carried out by the government auditor. The government auditor shall pay particular attention to:

- Local government requirements;
- UNDP financial regulations, policies and procedures that apply to projects;
- Project document and work plans, including activities, management arrangements, expected results, monitoring, evaluation and reporting provisions; and
- Key considerations for management, administration and finance.

The audit by the government auditor shall not cover expenses incurred by UNDP.

#### **Part IV. Monitoring and Evaluation**

##### *Quarterly and Annual Monitoring*

The project will be monitored and evaluated according to UNDP rules and procedures. The executing department (OEEM) will prepare annual work plans, Quarterly Operational Reports (QORs) and Annual Progress Reports (APRs) and Project Implementation Reports (PIRs) on the technical and substantive progress of the project. The FSM CCCT will meet regularly to review these reports and to resolve any issues constraining implementation. Tripartite Review (TPR) meetings involving the Country Programme Action Plan (CPAP) Board, FSM CCCT and UNDP will be held at the end of the first 12 months and at the completion of the project.

The Office of EEM will ensure that progress reports are submitted by all consultants involved in project activities. These include surveys, trainings, workshops, meetings and field activities.

The FSM CCCT, together with the Office of EEM, will monitor the activities of the project by assessing progress at all stages, analyzing situations to determine the cause for any major deviations from the plan and deciding necessary action to remedy the situations as appropriate.

##### *Final Evaluation*

A Final Impact Evaluation will be conducted at the end of the project to provide an overall assessment of the project process and to consider opportunities for implementing and supporting the Work Plan and Resource Mobilization Strategy. This evaluation will be carried out in accordance with UNDP procedures and requirements and will be undertaken by an independent evaluator with the help of a local expert.

UNDP Fiji, with inputs from key partners and the Government of FSM, will prepare and finalize the Terms of Reference for the Final Evaluation. UNDP will also contribute to the evaluation by:

- Providing nominations for consultants and agreeing to the final selection;

## PROJECT RESULTS AND RESOURCES FRAMEWORK

<p><b>Intended Outcome as stated in the Multi-Country Programme Document (MCPD) Results and Resource Framework:</b></p> <p>4.1. Environmental sustainability mainstreamed into regional and national policies and planning frameworks</p> <p><b>Outcome indicators as stated in the Multi-Country Programme Document (MCPD) Results and Resources Framework, including baseline and targets:</b> 4.1.1.1 # of national development strategies, policies, plans of PIC's incorporating environmental sustainability issues; and 4.1.2.1 # of PICs with strategic environmental action plans implemented and monitored.</p> <ul style="list-style-type: none"> <li>o <b>Indicator: Phase 1:</b> FSM Plan for CC &amp; Energy implemented as part of National Plans; <i>Phase 2:</i> FSM Coordinated framework for climate change/energy program funding. % of CC &amp; Energy funds committed at state levels;</li> </ul> <p><b>Baseline:</b> 5 year Environment Sector Plan; Existence of SBOC; Target: Periodical ODA system monitoring and reports supported</p>				
<p><b>Applicable MYFF Service Line:</b></p> <p>Mainstreaming Environment and Energy and Mobilising environmental financing, promoting inclusive growth, gender equality and the achievement of the MDGs</p>				
<p><b>Partnership Strategy:</b> Partnerships are central to the success of this country programme outcome. They provide new opportunities for joint advocacy, programming and evaluation, knowledge-sharing, resource mobilization. UNDP will strengthen the co-operation with the government to promote mechanisms and for dialogue and interaction among national, regional, bilateral, multilateral and international development partners.</p>				
<p><b>Project title and ID (ATLAS Award ID):</b> To be decided</p>				
Intended Output	Output Targets for 18 months	Indicative Activities	Responsible parties	Input and Budget (US\$)
<p>1. Development and Mainstreaming of Climate Change/Energy into the 5yr Environment Sector Plan.</p> <ul style="list-style-type: none"> <li>o Environment Sector round table</li> <li>o Consolidation of baseline information</li> <li>o Support and commitment by donors and key stakeholders</li> <li>o Roadmap for Change</li> <li>o UNDP project document for Phase 2</li> </ul>	<p>Incorporate CC/Energy in to Five Year Environment Sector Plan and List and status of ongoing and pipeline projects &amp; deliverables;</p> <p>List of FSM Government donor and partnerships for environment interventions; Partnership arrangements finalized;</p> <p>Project Document signed by relevant parties..</p>	<p>1.1 Develop TOR and recruit consultant;</p> <p>1.2 Assessment and consolidation of baseline information &amp; Capacity Assessment;</p> <p>1.3 RT meeting to discuss report &amp; agree on actions and timeframes; mobilize support</p> <p>1.4 Finalisation of project document</p>	<p>FSM OEEM, UNDP Fiji</p> <p>Partners: States, SBOC, DFA, NGOs &amp; Consultants</p>	<p>Consultant Fees, travel and DSA costs: 15,000;</p> <p>Travel Budget 10,000;</p> <p>Round Table &amp; Consultations/Meeting Expenses 10,000;</p> <p>Documentation/support costs 5,000.</p>
<p>2. Coordination &amp; Implementation of FSM CCT/Energy:</p> <ul style="list-style-type: none"> <li>o Review of CCT/Energy in 5 Yr Plan;</li> </ul>	<p>Review Assessment Report; Partnership agreements; Action Plan for policy development and capacity interventions;</p>	<ul style="list-style-type: none"> <li>o Review of current CC aid management and coordination policies and organization</li> <li>o Incorporation of relevant capacity assessment studies and</li> </ul>	<p>UNDP Fiji, FSM Finance, SBOC, FSM OEEM</p>	<p>Consultant fees, travel and DSA costs: 5,000;</p> <p>Capacity Development interventions: 10,000;</p>

## **Annex 1 - Terms of Reference for Consultants (2)**

The United Nations Development Programme and the Government of FSM

Terms of Reference for the Review of Donor Funds Management for Environment and Energy and Design of the FSM Environment Programme Coordinated Framework of Support to Improved Service Delivery

### *Background*

FSM is committed to the proper and more effective coordination and management of development aid funding and the establishment of its ODA unit opens up avenues for improved monitoring of performance of development outcomes that is aligned to the Paris Declaration principles that donor agencies and member countries aspire to. Key principles from these commitments include the harmonization of donor funding and the alignment of development partners' programmes with existing country and regional programmes through national and regional mechanisms. Weaknesses with regards to institutional and social capital within the national planning and aid coordination bodies of PICs necessitate the support which UNDP is committed to providing through:

- 1) Building and enhancement of capacities at the national level to manage foreign assistance and minimize duplication or misuse of donor funds;
- 2) Reduce aid management burdens on national governments and budgets;
- 3) Empower national planning and aid coordination institutions through development of policy tools and improved planning infrastructures; and
- 4) Support national mechanisms for better coordination.

### *Objectives of TOR*

Establish a round-table forum for discussion to address the following and to finalise the UNDP project document as the end product:

### *Consultant 1*

- o Undertake assessment of existing information, studies, reports for consolidation of baseline information on environment donor programmes and status of pre-investment activities;
- o In close liaison with relevant departments, establish a forum for dialogue to address coordinating mechanisms;
- o Facilitate preparation and organization of round table for dialogue to include discussion on FSM's response to the Climate Change debate and areas requiring assistance;
- o Undertake analysis to identify critical gaps in FSM's capacity to address environmental priorities;
- o Facilitate process towards an agreement on the road map for sequential changes and improvement to processes to progress key decision points; and
- o Facilitate mobilization of resources for Phase 2 implementation.

### *Reports and Documentation for Consultant 1:*

- o Report on consolidated baseline information and pre-investment activities;

*Reports and Documentation (Consultant 2)*

1. Report on reviews undertaken on policies, programmes and organizations and Action Strategy for priority capacity development interventions and incorporation of points 1-10 above;
2. An Action Strategy with confirmed resources for implementation of interventions.

*Qualifications and Background for Consultants*

1. Post graduate qualification in economics, development planning, administration, finance and Information system with sound knowledge on International Aid Effectiveness agreements and guidelines (DAC practice on Aid Delivery, Rome Declaration on Harmonisation, Paris Declarations and the Pacific Aid Effectiveness principles).
2. A minimum of 5 years experience in managing operations of Aid Management Information System or working in the area of aid management and coordination, preferably in PICs; or a minimum of 5 years experience working with developing countries in finance and economic management preferably in PICs;
3. Sound knowledge and understanding of environment and energy practice areas, gender, conventional aid mechanisms, familiarity with the planning and budgeting process in the PICs. Working experience in Tuvalu would be an asset.

Duration of Consultancy: 6 weeks