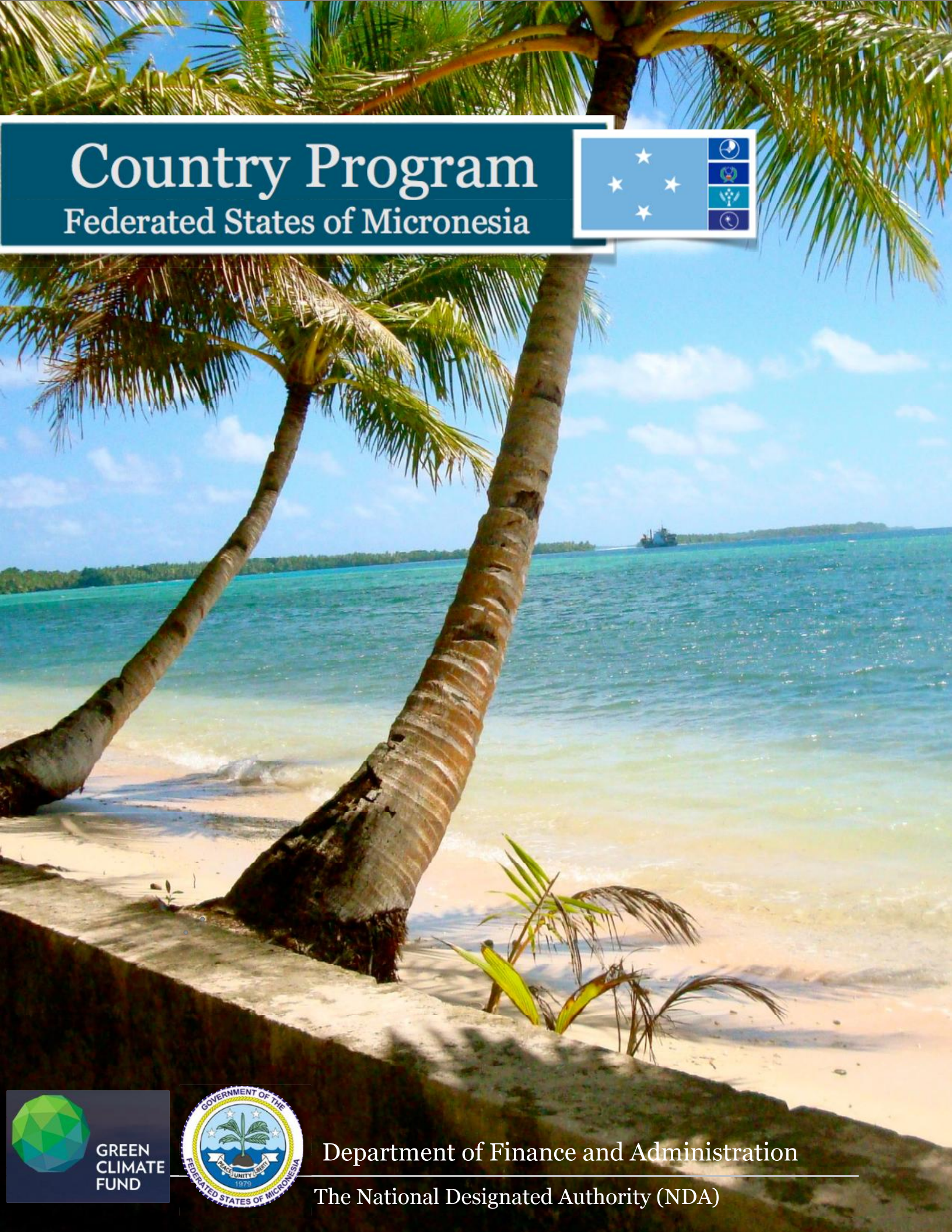


Country Program

Federated States of Micronesia



Department of Finance and Administration
The National Designated Authority (NDA)

Country Program Review Log		
Date of last review	Lead Reviewer	Updates made



This Country Program was prepared by Leah Briones, PhD, Country Program Consultant under the FSM-GCF Readiness Phase, Sep 2016 to Sep 2017, with the Pacific Community as delivery partner.

Cover photograph by Jeffrey Ikosia
 A seawall and the iconic coconut 'trees of life' for the islands.
 Woleai Atoll, Yap State, 2010.

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Acronyms and Abbreviations

ADB	Asian Development Bank	MCT	Micronesia Conservation Trust
AFD	French Agency for Development	M&E	Monitoring and Evaluation
CC & SD Council	FSM Climate Change and Sustainable Development Council	NAMA	Nationally Appropriate Mitigation Actions
CC Policy	FSM Nation Wide Integrated Disaster Risk Management and Climate Change Policy, 2013	NAP	National Adaptation Plan
CI	Conservation International	NDA	FSM National Designated Authority to the GCF
CP	FSM-GCF Country Program	NGO	Non Governmental Organisation
CTF	USA Compact Trust Fund	NOL	FSM No Objection Letter to access GCF resources
DFA	FSM Department of Foreign Affairs	ODA	FSM Overseas Development Assistance
EAFForm	FSM-GCF Eligibility Assessment Form	OEEM	FSM Office of Environment and Emergency Management
EEZ	Exclusive Economic Zone	PMO	Infrastructure Project Management Office (FSM State level)
ENSO	El Niño – Southern Oscillation	PMU	Infrastructure Program Management Unit (national level)
FAO	Food and Agricultural Organization	PRIF	Pacific Region Infrastructure Facility
FDI	Foreign Direct Investment	R&D	FSM Department of Resources and Development
FP	FSM State-based GCF Focal Point	SDGs	UN Global Sustainable Development Goals 2030
FSM	Federated States of Micronesia	SDP	FSM Strategic Development Plan 2004 to 2023
FSMDB	FSM Development Bank	SEEA	System of Environment-Economic Accounting
GCF	Green Climate Fund	SIDS	Small Island Developing States
GDP	Gross Domestic Product	SOE	State Owned Enterprise
GGS	Green Growth Strategy	SPC	Pacific Community
GHG	Greenhouse Gas	SPREP	Secretariat of the Pacific Environmental Program
GIZ	Development assistance provider for the German government	TC&I	FSM Department of Transportation, Communications and Infrastructure
GNDI	Gross national disposable income	TNC	The Nature Conservancy
GNI	Gross national income	UAE	United Arab Emirates
IDP	FSM Infrastructure Development Plan 2016 to 2025	UNDP	United Nations Development Program
IMF	International Monetary Fund	UNEP	United Nations Environment Program
IOM	International Organisation for Migration	UNESCO	United Nations Educational, Scientific and Cultural Organisation
IUCN	International Union for Conservation of Nature	USAID	United States Agency for International Development
JICA	Japan International Cooperation Agency	WB	World Bank
JSAP	Joint State Action Plan for Disaster Risk Management and Climate Change by each FSM State	WHO	World Health Organisation
KfW	German government-owned development bank		



Foreword

This Country Program is an outcome of nation-wide stakeholders' engagement in addressing the FSM's financing needs for resilient development in the FSM. The in-country processes developed to support the implementation of this Country Program will enhance and simplify the review and approval processes for accessing the Green Climate Fund and other complementing sources of climate finance, across the National Government and the country's four State Governments of Yap, Chuuk, Pohnpei and Kosrae.



For the first time in the FSM we now have a consolidated framework to develop large scale, cross-sectoral priority projects and programs which can transform our fossil-fuel reliant economy into a 'green economy' that can make our island communities thrive in the face of climate change. This Country Program presents a strategic framework that integrates top-down 'green' infrastructure development with bottom-up social and environmental safeguards from 'green' communities. As a result, it enhances our climate change and development planning, taking us from a paradigm of 'sustained growth' to *sustainable growth*.

Managing climate change and disaster risks facing the FSM is extremely challenging given the nature of our dispersed population over a vast land and sea area of over one million square miles. While the challenge is formidable, I am confident that we can overcome them in the years ahead through collective policy initiatives for green growth development and through strengthening our institutions and capacities to develop and manage climate smart projects. This Country Program outlines how we will do this through the enabling pillars of leadership, capacity and coordination of efforts.

The development of this Country Program over the last year has brought the nation together to focus our efforts and keep our climate change response plans current and active. As we continue to further develop our plans and projects for accessing the GCF, we will start to do business "unusual" and work towards transforming our island nation into a green economy, that grows and thrives along with the natural environment around us. We will start to see ourselves and our abilities beyond our characterisation as a Small Island Developing State, to that of a Large Ocean State replete with rich and sustainable opportunities. This Country Program is a living document that will grow with us and guide us along the path to a more sustainable FSM.

Finally, and most importantly, this Country Program recognises that country ownership in the FSM is States-driven. Because development projects and environmental management are primarily implemented by our four States, I anticipate working with each of the States to ensure that we deliver on the 'green and prosperous' opportunities which are now upon us.

Sincerely,

Peter M. Christian

President of the Federated States of Micronesia

Executive Summary

The Green Climate Fund (GCF) Country Program (CP) for the Federated States of Micronesia (FSM) was prepared under the direction of the National Designated Authority (NDA) for the GCF at the FSM Department of Finance and Administration, in consultation with all four States: Yap, Chuuk, Pohnpei and Kosrae. Consultations were undertaken with a whole-of-society approach, including stakeholders from government, non-governmental and intergovernmental organisations and the private sector.

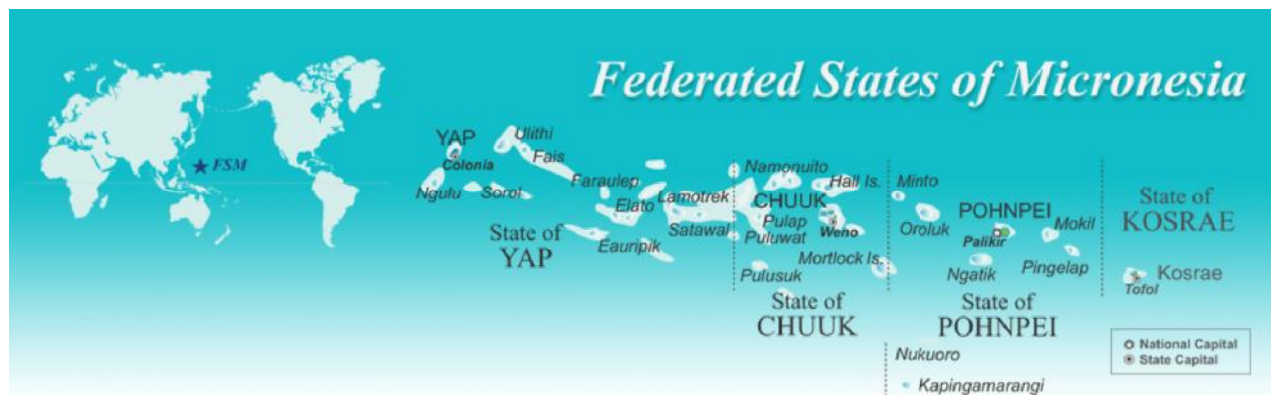
This CP presents the strategic and operational framework for engagement with the GCF. Its purpose is to ensure that project and program proposals submitted to the GCF integrate national priorities with climate-smart development. It further serves to increase the understanding of the linkages between climate change and the sustainable development of the FSM as a Small Island Developing State but also as a Large Ocean State. To this end, the CP is anticipated to maximise access to climate finance opportunities and attract complementing investors to stimulate 'green growth' development in the FSM.

The CP covers the sectors under the Joint State Action Plans for Disaster Risk Management and Climate Change (JSAPs), prepared by each State in 2015. The sectors include: the environment (coastal ecosystem and biodiversity), water resources and sanitation, agriculture, health, education, infrastructure, transportation, fisheries, social and cultural, and private sector development.

The Country Portfolio includes a total of 13 priority projects/programs, which are large scale, multi-year and cross-sectoral, and with an approximate total amount of \$US 1.4 billion. The projects were identified through a States-driven process that consolidated the endorsed priority projects under the JSAPs, the FSM Infrastructure Development Plan (IDP) and the FSM Overseas Development Assistance (ODA) Priorities List for the period 2016 to 2018. The consolidated projects/programs were identified as part of a larger FSM-GCF Proposal Approval Process that ensures early alignment of projects and programs with the FSM nation-wide development priorities and the GCF impact result areas. With the exception of the FSM Renewable Energy Program, all priority projects/programs in this CP are at 'Ideas' stage, requiring further scoping, sector-wide analysis and stakeholder consultations.

The portfolio represents the urgent, large scale needs in the FSM to achieve resilient and transformative development, and positions the country to transition into 'green growth'. The implementation and sustainability of this CP depends on the commitment to strengthen institutional structures in order to absorb and effectively manage the ambitious, yet necessary, portfolio over the longer term. This CP ensures that the institutional pillars of 'leadership, coordination and capacity' are a key part of the strategic and operational implementation of the portfolio. Of the pillars, it is particularly incumbent on leadership to ensure that the Sustainability Plan set out in Section 3 remains active and relevant.

1. Country Profile



Geographical location

Source: www.fsmstats.fm

The FSM is a grouping of 647 small islands in the North Pacific Ocean and comprised of four semi autonomous states: Yap, Chuuk, Pohnpei and Kosrae.

Land and Ocean area

Source: www.fsmstats.fm

273.5 square miles of land area, with a vast exclusive economic zone (EEZ) covering over one million square miles (2.9 million km²). Land area total is made up of Yap State: 46 Sqmi, Chuuk State: 49 Sqmi, Pohnpei State: 132 Sqmi and Kosrae State: 42 Sqmi.

All States except Kosrae have inhabited outer-island atolls. Yap State is made up of 4 volcanic islands, 7 small islands and 130 atolls (of which 22 are inhabited). Pohnpei State is made up of one large volcanic island and 6 inhabited atolls. Chuuk is made up of 7 volcanic island groups within the Chuuk Lagoon and 24 outer-island inhabited atolls.

Population

Source: www.fsmstats.fm, 2010 Census.

FSM total: 102,843 (52,193 males, 50,650 females, average annual growth rate: -0.4% since 2000):

- ▶ Yap: 11,377 (5,635 males, 5,742 females, growth rate: 0.1%)
- ▶ Chuuk: 48,654 (24,835 males, 23,819 females, growth rate: -1.0%)
- ▶ Pohnpei: 36,196 (18,371 males, 17,825 females, growth rate: 0.5%)
- ▶ Kosrae: 6,616 (3,352 males, 3,264 females, growth rate: -1.5%)

Outer-islands: In Yap, around 40% (4,006) of the population live on the outer- islands; Chuuk, 30% (12,502); Pohnpei, under 1% (1,407). Kosrae does not have outer-islands.

Urban population is around 7.4% in Yap, 28.5% in Chuuk, 16.8% in Pohnpei, 32.6% in Kosrae.

Close to 60% of households in the FSM live 200 yards from the shoreline; 70% in Yap, 68% in Chuuk, 38% in Pohnpei, and 80% in Kosrae.

Around half of the population engages in subsistence and mixed subsistence livelihoods.

Types of climate <small>Source: FSM Joint State Action Plans, 2016</small>	<p>The FSM is located on the southern edge of the typhoon belt, resulting in occasional severe damage particularly in the western islands of Yap. FSM islands are also affected by periods of drought and excessive rainfall associated with the phases of the El Niño – Southern Oscillation (ENSO). The eastern high volcanic islands of Kosrae, Pohnpei and Chuuk are prone to variable and heavy rainfall and damaging winds.</p>
GHG emissions profile <small>Source: Foruw and Konno-Anisin, 2010, based on the second greenhouse emissions inventory for the FSM using 1994 baseline data and 2000 data.</small>	<p>0.003% of global CO₂ emissions.</p> <p>The total amount of CO₂ emitted in the FSM as a result of fossil fuel combustion is estimated at 151.91 gigagram, or 151,910 metric ton. CO₂ emissions have decreased by 7.7% since 1994 when the amount of CO₂ emitted in the FSM was estimated to be 164.51 gigagram.</p>
Key emitter sectors <small>Source: Foruw and Konno-Anisin, 2010.</small>	<p>The Energy sector (electricity generation and road transport) is the primary source of GHG emissions (79%), followed by Forestry and Other Land use (12%), Waste (8%), Industrial Processes (0.4%) and Agriculture (0.3%).</p>
Key climate risks <small>Source: FSM Joint State Action Plans, 2016</small>	<p>General: Extreme rainfall event, drought, high sea levels, strong winds, extreme high air temperature.</p> <ul style="list-style-type: none"> ▶ Yap: typhoons, flooding, droughts, and high seas storm surges in its outer-islands. ▶ Chuuk: droughts, typhoons, tropical storms, storm-waves, flooding, landslides, and high sea surges in its outer- islands. ▶ Pohnpei: droughts, variable rainfall patterns, typhoons during El Niño periods, tropical storms, and high sea levels during La Niña. ▶ Kosrae: tropical storms and typhoons, droughts, landslides, higher than normal high tides, large sea swells, increased impact of storm surges and flooding as a result of sea level rise.
Vulnerable sectors <small>Source: FSM Joint State Action Plans, 2016</small>	<p>Water Resources, Agriculture, Human Health, Transport and Infrastructure, Fisheries, Coastal Ecosystem and Biodiversity, Private Sector</p>
NDA/FP	<p>Secretary, FSM Department of Finance and Administration</p>
National/Regional AEs	<p>Micronesia Conservation Trust (MCT) - Micro, Category C. Secretariat of the Pacific Environmental Program (SPREP) - Category C.</p>
International AEs relevant to the FSM	<p>CI, ADB, UNDP, AFD, KfW, IUCN, UNEP, GIZ, FAO</p>
Potential AEs nominated	<ol style="list-style-type: none"> 1. Federated States of Micronesia Development Bank (FSMDB) 2. Vital (an energy company)

1.1 Climate Change Profile: ‘Highly Vulnerable’

Current and Projected Climate Impacts

The FSM has experienced increases in air temperature at 0.1°C per decade since 1952. It also continues to experience ocean acidification and accelerated above average sea-level rise at 10mm per year (since 1993). Projections indicate that air and sea-surface temperature, ocean acidification and sea level rise, along with coastal erosion, will all continue to intensify. Variable and heavy rainfall, severe droughts and extreme weather continue to affect the main and outer-islands. While current projections on their frequency carry some uncertainty, climate modelling to the year 2100 provides high to very high confidence levels of negative climate change impacts in the FSM (Table 1).¹

Table 1: Climate Projections for the FSM to the year 2100

Impact	Confidence level
El Niño and La Niña events	Very High
Extreme high temperatures	Very High
Average rainfall increase	Medium
Extreme rain events	High
Decreased drought frequency	Medium
High ocean acidification	Very High
Coral bleaching continuing	Very High
Sea level rise continuing	Very High
Wave height decrease during Dec to Mar	Low

FSM’s climate can vary considerably from year to year due to the cyclical El Niño and La Niña events of the El Niño-Southern Oscillation (ENSO). El Niño causes drier conditions which results in droughts. La Niña causes above-average rainfall and tropical storms.

The vast geographical spread of the FSM islands from Yap State to Kosrae State sees a wide variation in location and geology from west to east. The islands have thus a wide range of climates and different impacts are experienced across the country. Yap is characterised by gentle slopes and swampy lowlands, unlike the other three states which have rugged highlands. Yap is drier than the other states and is highly susceptible to droughts and wildfires. It is also the most susceptible to typhoons; between three and five typhoons hit the State each year. During the summer months (June to October), Yap experiences heavy showers or thunderstorms, occasionally accompanied by strong and shifting winds. Chuuk State is composed of a large archipelago with mountainous islands surrounded by a string of islets on a barrier reef, a large lagoon, and islands which are flat and small located outside the lagoon, referred to as ‘outer-islands’. As the most populated State, Chuuk’s dispersed geography and demography is unique compared to the other states, all which have the majority of their populace concentrated on large central islands. Storms and typhoons have caused widespread damage in Chuuk, while also bringing heavy rainfall causing extensive flooding, mudslides, and landslides that have resulted in deaths. Pohnpei State periodically

¹ Pacific-Australia Climate Change Science and Adaptation Planning Program, 2014. See Annex 7 for full reference details.

experiences droughts and short, severe tropical storms. The northern part of Pohnpei often experiences tropical disturbances. Kapingamarangi is the State’s southernmost atoll and is the most subject to droughts. Kosrae State has experienced severe droughts and also frequent severe rainstorms, accompanied by damaging winds, during the rainy season of November through March. Table 2 shows the projected climate change impacts for each State.

Table 2: Projected Climate Change Impacts by State in the FSM

Impacts:	Yap	Chuuk	Pohnpei	Kosrae
Reduced frequency of droughts	✓	✓	✓	✓
Decreased typhoon frequency	✓	✓	✓	✓
Decreased frequency of severe storms	✓	✓	✓	✓
Increased ocean acidity	✓	✓	✓	✓
Rise in sea levels up to 60cm by 2070	✓	✓	✓	✓
Increase in air and sea temperature up to 3.5°C	✓	✓	✓	✓
Land loss via erosion and salination	particularly in the low lying outer islands.	not indicated	particularly in the low lying outer islands.	✓
More often extreme rainfall days	✓	✓	✓	✓

Source: FSM Rapid Vulnerability Assessment Report, February 2017.

Vulnerable Groups



Vulnerable communities

- The young, elderly and disabled
- Women and girls
- The socially disadvantaged
- Those with existing health conditions
- Outdoor workers
- Rural and outer-island communities
- Residents of hillsides, riverbanks and coastal areas
- Displaced and migrant communities

The communities who are most at risk include the young and the elderly; the disabled and those with other health and mobility problems; the socially disadvantaged; those that lack access to public information broadcasts and communications; those that work outdoors such as fishers and farmers; and those who have already been, or are likely to be displaced, such as residents of riverbanks and hillsides, low-lying atolls and those living close to the coasts. Those living in rural areas and outer-islands are particularly vulnerable, given the long distances, at times unfavourable weather, logistics and high-cost challenges in inter-island transportation that make it particularly difficult to deliver assistance. The social group of women and young girls, especially if pregnant, rearing young children, caring for the elderly, and/or affected by sexual violence², are also especially at risk.

² The FSM National Climate Change and Health Action Plan (2012), highlights that ‘it is also important to recognise the risk of violence, including sexual violence, that often occurs in the aftermath of natural disasters, and which disproportionately affects women and children.’

Adaptive Capacity

As a Small Island Developing State (SIDS), the FSM’s vulnerability profile is characterised by its environmental fragility, remoteness and geographic dispersion across a vast ocean. It is further characterised by fragmented governance, underdeveloped infrastructure and low availability of technical capacity. These challenges are compounded by high exposure to economic shocks, natural disasters and climate change. Table 3 summarises the current level of capacity in the FSM States to respond to negative climate change impacts.³

Table 3: Summary of Vulnerability Status by State in the FSM

FSM State:	Sensitivity	Adaptive Capacity	Vulnerability
Yap State	High	Medium	High
Chuuk State	High	Low in all sectors, Medium in Fisheries, coastal ecosystem and biodiversity	High
Pohnpei State	High	Medium	High
Kosrae State	High	Medium in all sectors, Low in the Private Sector (nature-based tourism)	High

Source: FSM Rapid Vulnerability Assessment Report, February 2017.

Vulnerable Sectors

In 2015, each FSM State prepared its Joint State Action Plans for Disaster Risk Management and Climate Change (JSAP), and identified the vulnerable sectors of the environment (coastal ecosystem and biodiversity), water resources and sanitation, agriculture, health, education, infrastructure (transport and energy), fisheries, social and cultural, and the private sector. Cutting across these sectors are three main identified areas of vulnerability: private sector investment, food and water security, and infrastructure and energy development.

Private Sector Investment

Across the States, private sector investment is concentrated in the three main economic sectors of agriculture, fisheries and tourism.⁴ However, all three sectors are highly dependent on a healthy and well-managed natural environment, which in turn, is highly vulnerable to climate change. For example, fisheries have high correlations of fish catch with sea surface temperatures and ENSO events; as pelagic fish leave the region due to rising temperatures and as reef fish stocks dwindle due to coral bleaching, the FSM could suffer severe economic setbacks. Nature-based tourist operators are concentrated in the coastal zone, and are therefore vulnerable to sea-level rise, high seas/swell events, heavy rainfall and severe

³ For a detailed vulnerability assessment by sector and by State (compiled from the JSAPs), refer Annex 2 of the Rapid Vulnerability Assessment Report. The Report was prepared in February 2017 to inform the development of this CP. See Annex 7 for full reference details.

⁴ The FSM Strategic Development Plan (2004 to 2023) identifies these sectors as providing the strongest chance for sustained growth. The 2013 FSM Investment Guide highlights that for Yap State, investments are encouraged under cultural and nature-based tourism and fish production. For Chuuk State, marine tourism and fisheries and agriculture production. For Pohnpei State, cultural and nature-based tourism development around a World Park, a Micronesian Tourism Complex, historical and archaeological sites such as the ruins of Nan Madol, and water sport activities such as surfing, food production and processing; and tuna onshore processing. In its State Strategic Development Plan, Kosrae State highlights nature-based tourism as a key area for development.

weather. Climate impacts include the potential of high sea-swell events to disrupt commercial transport access, posing a risk to both incoming people and supplies to the islands. Further, the tourist drawcards of thriving terrestrial and marine ecosystems are likely to be negatively impacted by rising sea surface temperatures and ocean acidification.

Food and Water Security

Higher disturbance frequencies on terrestrial and marine ecosystems are expected to negatively impact food and water security.⁵ These include increased impacts of droughts in Yap and Chuuk on natural vegetation; shortages in freshwater supplies, especially in the outer-islands; increased incidence of lowland flooding and seawater inundation of traditional taro pits; and of landslides, especially in the steep topographies of Chuuk, Pohnpei and Kosrae; depleted coral-based marine ecosystems as a result of ocean acidification; negative impacts on fisheries, turtle nesting beaches and low-lying seabird nesting areas on atolls as a result of sea temperature rise and change in ocean currents. Compounding these climate-induced hazards is the widespread unsustainable use of natural resources, common across all the States. These human-induced vulnerabilities include over-fishing, deforestation and the building of roads and other infrastructure that negatively impact the coastal environment. In addition, inadequate land, water and wastewater management practices exacerbate climate-induced natural disasters.

Infrastructure and Energy Development

Infrastructure is highly vulnerable to sea level rise. For the States of Chuuk, Pohnpei and Kosrae, most infrastructure is located close to the coastline as the interior of the islands are mountainous. Kosrae State is presently tackling the most urgent example of the damaging impacts of shoreline change, high tide and storm flooding in the FSM, as it strives to reposition its major roads and other infrastructure for resilience. Infrastructure development also offers the greatest potential for economic growth, effective public service delivery and strong adaptive capacity in the FSM. Yet, the sector poses the biggest challenges to the protection of the natural environment, which is ‘the most important infrastructure’.⁶ The FSM recognises that infrastructure development must thus be undertaken with great caution, and has integrated climate change planning into its updated Infrastructure Development Plan (IDP) (discussed further in Section 1.2).

The FSM also recognises that clean energy underpins climate-smart infrastructure development while it remains highly dependent on imported petroleum fuels for both

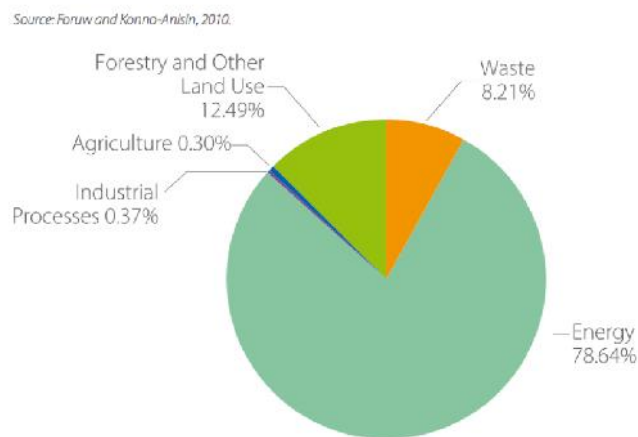
⁵ Also expected is the increase in climate-induced migration from outlying islands particularly as a result of food and water scarcity. However, climate migration management was identified as a priority project only in Yap State’s JSAP.

⁶ From a remark made by the Pohnpei State GCF Focal Point, Feliciano Perman, during stakeholders’ consultations: “infrastructure is important, but the environment is the most important infrastructure”.

electricity generation and transportation. Progress in the energy sector is thus considered particularly important, and especially given that it is the principal source of greenhouse gas emissions in the country (Figure 1). The FSM's Intended Nationally Determine Contribution (INDC) has an unconditional target of 28 per cent reduction in greenhouse emissions by the year 2025, and a conditional target of 35 per cent.

The Country priority pipeline of projects and programs (Section 2.5.1) responds to these main areas of vulnerability.

Figure 1: Sectoral breakdown of FSM's total GHG emissions in 2000



1.2 Climate Change Policy Response

In the FSM, climate change and development are inextricably linked. A key goal in the FSM's twenty year (2004 to 2023) Strategic Development Plan (SDP) is to 'mainstream environmental considerations, including climate change, in national policy and planning as well as in all economic development activities'.⁷

Since 2013, the FSM has established concrete policy and planning initiatives to advance climate change considerations in development planning. Consistent with the SDP goal above, its Integrated Disaster Risk Management and Climate Change Policy (CC Policy) goal is:

“to promote development that proactively integrates the management of disaster and climate related hazards by investing in disaster risk management, climate change adaptation and greenhouse gas emissions reduction in pursuit of a safe, resilient and sustainable future for our country.”

The Climate Change Act was developed in 2014 to implement the CC Policy by introducing climate change-mainstreaming obligations for departments and agencies of the National Government.⁸ In March 2017, a Climate Change and Sustainable Development Council (CC&SD Council) was established to ensure the implementation of the Act. The Council will provide leadership and institutional coordination on the mainstreaming of climate change into policies and actions across all sectors and initiatives in the country. Significantly, the Overseas Development Assistance (ODA) Division is represented in the Council to ensure country-driven donor coordination as well as to facilitate leveraging of ODA funds. In June

⁷ Section 7.2.1 of the FSM SDP.

⁸ The Act also serves to provide the overarching framework for detailed legislation on climate change.

2017, the FSM Congress progressed a bill to raise the status of the Office of Environment and Emergency Management (OEEM) to Department level, indicating a solid recognition that climate change and the environment remains a top priority for the FSM.

The JSAPs⁹ were developed to take policy and planning forward by identifying priority projects that establish consistency in climate change-related objectives, strategies and outcomes across development sectors. The JSAPs reviewed vulnerabilities and opportunities for climate-smart development in each State of the FSM. The documents analysed and presented options for implementation of priority projects. Each JSAP developed an action plan with suggested policies and actions, their timelines, responsible government offices, and estimated project costs. Each activity matrix in the JSAP was developed through extensive and inclusive stakeholder engagement and addressed adaptation efforts that were considered to be the most impactful and most immediately needed at both community and State levels. As of August 2017, the JSAPs have been endorsed by all States.

In the same period, the FSM produced its updated IDP (2016 to 2025) which aligns planning with the JSAPs and which incorporates environmental and climate change considerations. In also aligning with the SDP goal, the IDP provides a good example of mainstreaming climate change in a significant economic development undertaking. One of the main objectives of the IDP is to improve environmental outcomes and conditions while also improving natural disaster and climate change resilience of infrastructure in the FSM. The plan covers ten sub-sectors: electric power, water/wastewater systems, solid waste management, road and pedestrian facilities, maritime transportation, air transportation, telecommunications, education, health and government administrative buildings. While the Plan identifies one project that specifically targets cross-sector climate change adaptation in Yap State's infrastructure projects, this approach is mainstreamed across the JSAPs, with each State prioritising a climate resilience approach to their respective infrastructure programs. Projects in the IDP are anticipated to contribute to adaptation and mitigation through the building of climate-proof roads and buildings; improvements to water supply and sanitation, waste management and inter-island transport; and reduced fossil fuel use through upgraded road systems and increased use of renewable energy. A Climate Adaptation Guide for Infrastructure was concurrently developed to support the mainstreaming of climate change in all infrastructure projects. In 2015, the FSM began to implement the plan.

In July 2017, R&D released the FSM's first Environment Statistics and System of Environment-Economic Accounting (SEEA)-National Assessment Report. Based on existing national policy documents and a national technical assessment of environment statistics, the Report provides a foundation for statistical development that can inform decisions related to supporting the development of a green economy in the FSM.

⁹ Key national and State-specific policies of relevance to climate change and disaster risk management are highlighted with key policy goals and priority actions in each respective State's JSAP.

To channel these significant developments into a development pathway of low carbon emissions, increased adaptation and ‘green growth’ for the FSM (see Section 1.4), the FSM-GCF Readiness Program is working with partners to develop a national adaptation plan (NAP) and a green growth strategy (GGS) for the FSM. The NAP will provide a reference framework to define national targets, and ensure a consistent approach in adaptation planning and implementation across sectors, and across the FSM States. The GGS will institutionalize climate proofing and green growth strategies in the design of the infrastructure projects in the pipeline projects/programs (Section 2.5.1) to maximise economic gains under a green growth scenario. Together, these initiatives will inform the development and implementation of a nation-wide approach that adapts infrastructure development to climate change as well as to a green growth development pathway.

These initiatives are supported by the forthcoming implementation of the INDC. Table 4 presents a summary of INDC targets. The Office of Environment and Emergency Management is currently working with the United Nations Development Program (UNDP) to develop the FSM’s INDC assessment and progress report. The report will enable identification of Nationally Appropriate Mitigation Actions (NAMA), of supporting technology and capacity building needs, and the estimated resources for implementation.

Table 4: Summary of INDC/NDC targets

Conditional	Adaptation:	Estimated resources required USD: 1.4 billion (as per current pipeline of projects)
	Mitigation: 35% GHG reduction below BAU	Estimated resources required USD: to be determined.
Unconditional	28% GHG reduction below BAU; Focus on energy, especially electricity generation and transport subsectors.	Estimated resources required USD: to be determined.

Given the significance of the energy sector in the INDC, a multi-pronged approach is required to meet the targets. At the systemic level, mitigation challenges can be overcome with support from high levels of government, for example, through clean energy legislation and with well-planned actions to secure funding for technology transfer. At the institutional level, the challenges can be met with improved plans, data and implementation to support the establishment of a system that monitors GHG savings from mitigation projects. The report on the Experimental Energy Accounts for the FSM, released by R&D in July 2017, is a critical step forward. The energy accounts present existing energy data to inform the development, implementation and monitoring of national energy policies and priorities, particularly through infrastructure capacity planning; regulatory development; and through the tracking of implementation progress against nation-wide development priorities. The data can further inform the design and delivery of education and training for local communities to maximise participation in the development of renewable energy sources and the adoption of energy efficient practices. The FSM Energy Policy, and related Action Plans at the national and State levels, are making measurable progress towards greater energy independence by increasing the share of renewable energy sources, and by developing cross-sectoral energy conservation and

Figure 2: International and Regional Engagements



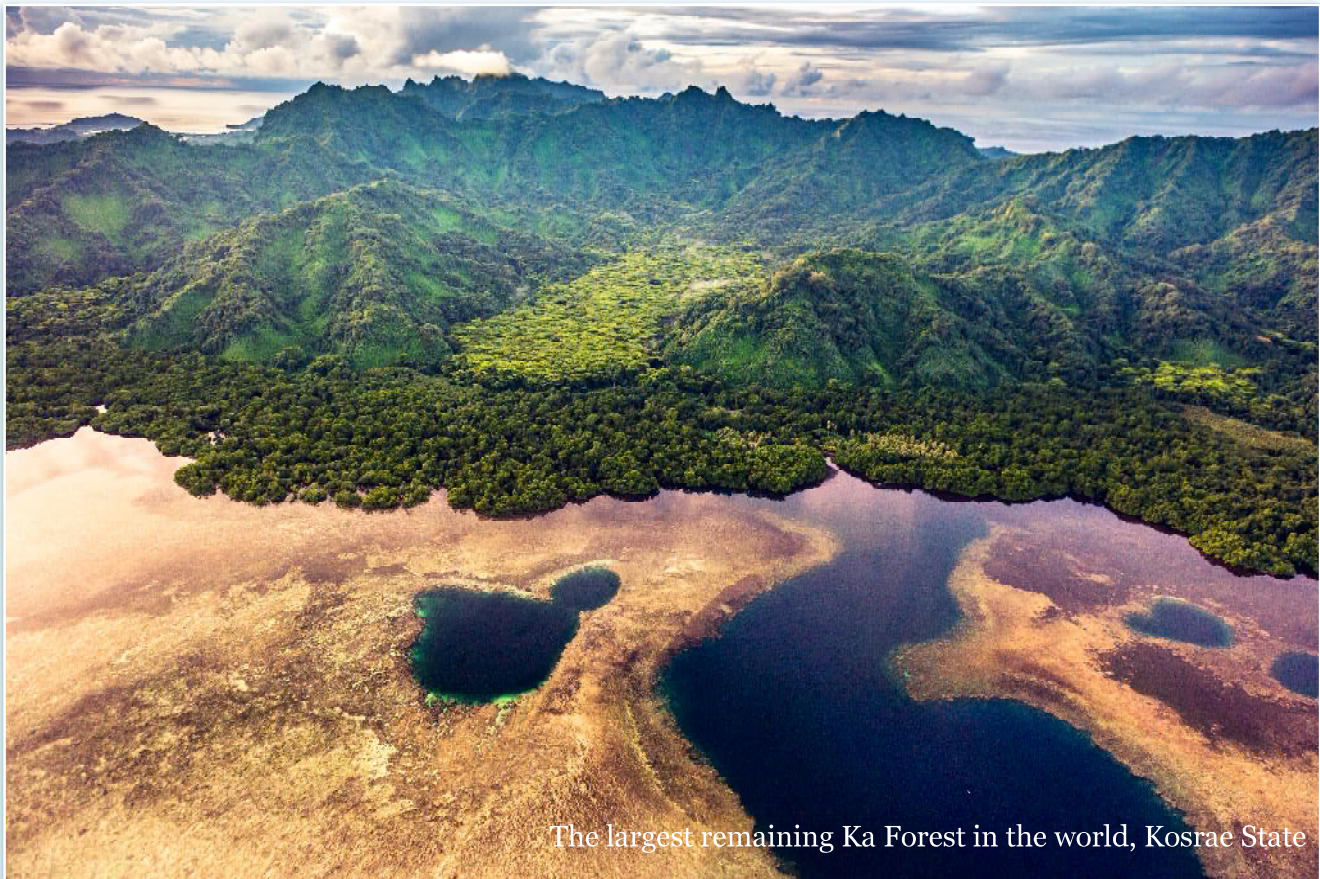
- UNFCCC Kyoto Protocol
- United Nations Conference on the Environment and Development
- Sustainable Development Goals (SDG) 2030
- Barbados Program of Action (BPOA) on SIDS
- Alliance on Small Island States (AOSIS)
- Micronesia Challenge 2020
- Pacific Islands Forum
- Council of Regional Organizations in the Pacific
- Western and Central Pacific Fisheries Commission
- The Palau Declaration on 'The Ocean: Life and Future'
- bilateral development partners include Australia, the European Union, Japan, New Zealand, China and the USA.
- multilateral agencies include the Asian Development Bank, the International Monetary Fund and the World Bank Group

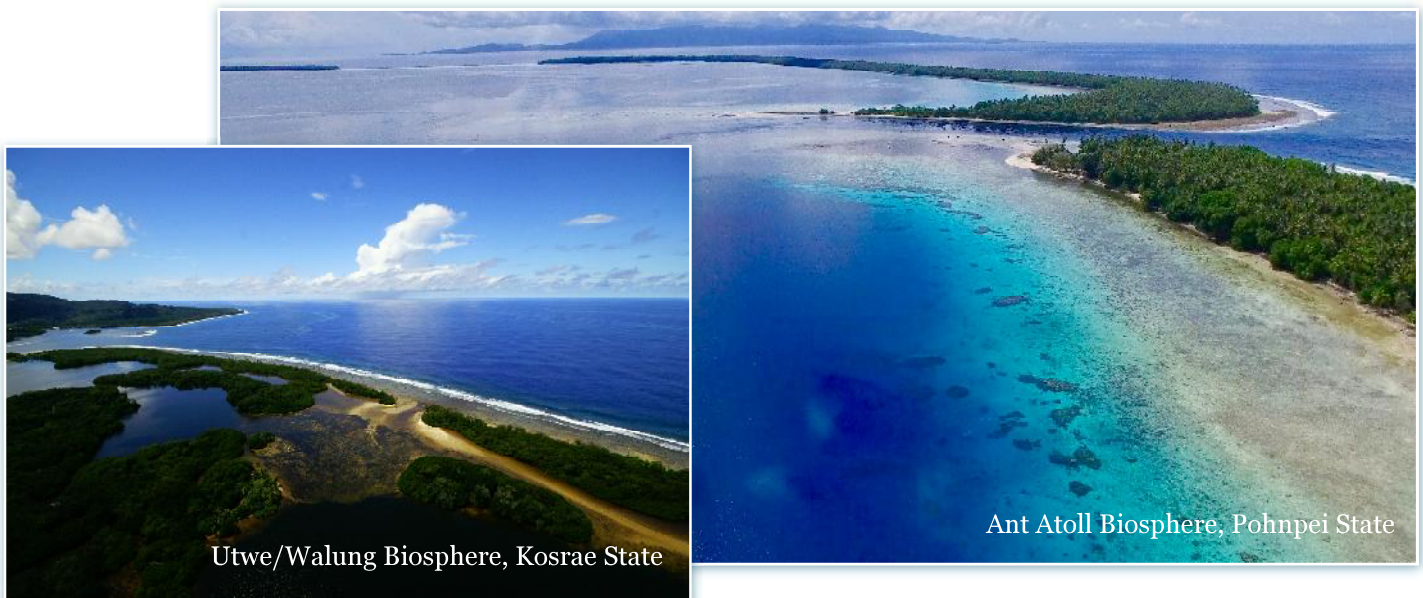
efficiency standards. The FSM’s Energy Masterplan Roadmap is scheduled to be completed by early 2018 to catalyse progress and guide medium to long term planning towards a cleaner and efficient energy future for the FSM.

Regional and International Partners

The FSM’s climate change policy response has involved active engagement with regional and international partners (Figure 2). Notably, The FSM is a signatory to the Micronesia Challenge, a regional initiative with Palau, the Marshall Islands, the Commonwealth of the Northern Mariana Islands and Guam, to conserve at least 30 per cent of near-shore marine resources and 20 per cent of terrestrial resources across Micronesia by 2020. Since 2002, the initiative has established around 35 marine and terrestrial protected areas in the FSM,

including the conservation easement in Kosrae State for the largest remaining stand of Terminalia Carolinensis (“Ka”) trees in the world. The initiative has also enabled the designation of two UNESCO Biosphere Reserves in Utwe/Walung in Kosrae and Ant Atoll in Pohnpei State.





Utwe/Walung Biosphere, Kosrae State

Ant Atoll Biosphere, Pohnpei State

1.3 Development Profile: 'Fragile'

Context

As a SIDS, the FSM's developmental challenges are vast, volatile and fragile. These challenges include a limited resource base that is incompatible with economies of scale and sustained economic growth; small domestic markets with heavy dependence on a few external and remote markets; high costs of energy, infrastructure and transportation; constrained private sector development; limited productive use of land; limited institutional and technical capacity; an apparent rate of gender-based violence and inequality; widely dispersed geography; low resilience to natural disasters and a fragile natural environment. Taken as whole, these challenges make the FSM highly vulnerable to external shocks and heavily dependent on overseas aid, thus forming a formidable barrier to sustainable development.

The FSM's development profile is to be understood in the context of its strategic and socio-economic ties with the United States within the two periods of their Compact of Free Association. The first or original Compact commenced in 1987 and the second or Amended Compact commenced in 2004. Both provide support to the operations of Government and public sector investment. The Amended Compact provides financial assistance of \$92 million annually, with a focus on public service delivery, infrastructure and contributions towards the Compact Trust Fund (CTF), which was established to replace the assistance upon its termination in 2023. The Compact also permits unrestricted migration to the USA, which has functioned as a development mechanism in both positive and negative ways for the FSM economy. On the one hand, migration has enabled employment with higher wages and the generation of remittances, especially in the difficult economic period under the second Compact. On the other, it creates wage distortions in the domestic labor market, increases dependency on remittances, and results in a loss of skilled, human capital, thus reducing the long-term productive potential of the economy.

Macro-economic and fiscal circumstances and strategies

Given its engagement with the US Compact, the FSM uses the US dollar as its official currency and has not seen the need to develop any domestic debt instruments with which to affect interest rates or monetary aggregates. As a result, macro-economic management in the FSM is limited to fiscal policy, which is composed of maximising revenues from the CTF, the FSM Trust Fund and ODA; maintaining a prudent external debt profile;¹⁰ managing appropriations on public projects; and delivering financial assistance to the States.

Following years of difficult fiscal adjustments to meet the requirements of the Amended Compact, the FSM's fiscal balance turned positive in FY2014, when the overall fiscal balance recorded a surplus of \$42.7 million. In FY2015, the fiscal surplus dropped to \$29.3 million, and to \$22.3 million in 2016. Provisional fiscal surplus for FY2017 is \$14.2 million, with a surplus forecast of around 15 million per annum for the following three years based on stable fishing license fees. Notably, the surplus is mainly applicable to the national government; in FY2015, for instance, all State governments recorded deficits. However, revenue-sharing arrangements allows for redistribution that has seen an increasing share of revenue to the States.

GDP growth in the FSM has averaged -0.2 per cent per annum since the beginning of the Amended Compact in 2004. FY2015 saw a recovery with the FSM's economy growing by 3.7 percent, largely owing to growth in the fisheries sector, wholesale and retailing as well as business and financial services. In this same year, the implementation of the updated IDP contributed to a slight increase of 3.8 percent growth in 2016. Continued growth is forecasted in the medium term as the IDP continues to be implemented over the next ten years.

The well-performing economy of recent years has enabled the National Government to rapidly grow the FSM Trust Fund from \$8 million in FY2012 to \$81.5 million in FY2016. The government anticipates to contribute \$10 million per annum (of the forecasted \$15 million per annum surplus) to reach a target Fund value of \$250 million by FY2023. In contrast, the CTF has a current value of \$524.7 million, and has so far performed well in FY2017. However, projections based upon actual performance demonstrate that the CTF will be underfunded by FY2023 if it continues on its current trajectory. A fiscal gap of \$40 million per annum in the CTF is projected from FY2024 onwards, although this may be eased to \$30

Table 5: FSM Development Indicators

GDP (2015)	FSM: US 239.5 m Yap: US 40.9 m Chuuk: US 66.1 m Pohnpei: US 117.8m Kosrae: US14.6 m	FSM GDP growth rate: 3.8% Average -0.2% (2004 to 2016)
GNI	18% higher than GDP in 2015	
GNDI	53% higher than GDP in 2015	
HDI	Index: 0.638 Medium human development Ranked 127th out of 188 countries	

¹⁰ As per the *FSM Economic and Fiscal Update 2017*, the external debt to GDP ratio was relatively low at 23.4 percent in FY2016, and the debt service to domestic revenue ratio at a rate of 5 percent.

million per annum following the intended contribution of the \$10 million per annum from the FSM Trust Fund.

The economic outlook beyond the Amended Compact is therefore uncertain and fragile. Beyond 2023, the FSM's priority is to grow the economic sectors of agriculture, tourism and fisheries so that it can continue funding the social services of health and education at current levels under the Compact. The fiscal gap and uncertain continued performance of both the FSM Trust Fund and the CTF, however, presents a great challenge. Historically, economic activity has largely been driven by the disbursement of Compact funds. GDP is therefore projected to decline by an annual average of 1.0 percent per annum over the post 2023 period. GNDI is also likely to be affected given that in the case of secondary incomes, Compact and other U.S. grant receipts have significantly contributed to GNDI. Finally, difficult fiscal circumstances may place the FSM in a position where it may not be qualified to access any large external borrowing to help off-set any additional fiscal shortfalls. In order to overcome these challenges, the FSM is committed to continued fiscal reforms; to strengthening ODA effectiveness; and to pursuing its strategies for growth.

Private sector

The 2023 Action Plan sets out a long-term economic growth strategy with emphasis on private sector led growth. Ideally, private sector growth is expected at a rate sufficient to produce jobs, entrepreneurial opportunities and to contribute to closing the fiscal gap in FY2024. However, the development of a vibrant private sector in the FSM has also been challenging.

The private sector in the FSM is characterised by a high dependency on the relatively larger public sector. The role of the government in the FSM economy continues to be large even relative to other small Pacific Island nations. Since the first Compact, the government has been the largest sector in the economy, due largely to Compact transfers made directly to national and State governments. Government wages in the FSM are higher than those of the private sector for comparable jobs. Dependency is particularly apparent in public spending on infrastructure development; private sector contraction has directly correlated with the reductions in construction being the dominant factor, particularly in the years 2012 to 2014. Dependency is also characterised by the direct effects of policy decisions on fiscal activities on the private sector. For example, the impact of fiscal shocks on the government translates directly into impacts on the private sector. In the case of a negative fiscal shock, government expenditure cuts goods and services. In the case of positive fiscal shocks, government expenditure increases, as experienced in the FSM, particularly towards wages.

Private sector development is further constrained by remoteness from major markets, costly operations, and by barriers in attracting foreign investors and retaining skilled workers. The commercial sector in the FSM consists mainly of small family-based businesses in the wholesale and retail sectors or service enterprises such as small hotels, restaurants, taxis and

vehicle maintenance. There are around twenty-two major state-owned enterprises (SOEs) operating in the financial sector, power, telecommunications, utilities, fisheries, and other miscellaneous activities. With the exception of Vital and FSM Telecom, a significant number of SOEs have been found to post recurring losses. The key economic sectors of agriculture, tourism, fisheries and energy, remain largely under-developed and the economy remains heavily reliant on imported products.

Going forward, the government recognises that growth of the private sector will need to be driven by increases in production of competitively traded goods and services from the key economic sectors. Despite challenges, it is committed to forging ahead with reforms to create an enabling environment for private sector development, such as tax reform to replace an outdated and inefficient system and foreign direct investment (FDI) reform to streamline foreign investment under the jurisdiction of the national government. The growth of the utility sector, power and telecommunications since the start of the Amended compact has resulted in the increasing significance of SOEs in the economy. Attention to reforms that increase SOE efficiency and profitability will also thus be helpful. Given the sensitive dependency of the private sector on government fiscal policy, a gradual strengthening of fiscal management will ensure timely and transparent adjustments that can lessen the impacts of shocks on the private sector.

Domestic Credit Levels

The FSM banking system has remained sound and stable, providing a secure basis for financial intermediation, due largely to regulation by the FSM Banking Board and supervision by the Federal Deposit Insurance Corporation (provided under the Compact). The FSM has two banks; the U.S. Bank of Guam and the nationally-owned Bank of the Federated States of Micronesia. Between 2008-2015, the deposit base grew rapidly at an average of 11 percent since the early period of the Compact. Reflecting the trends in deposits and domestic credit, the level of foreign assets rose strongly from an average of \$92 million in the early years of the Compact to \$199 million in 2015. Consumer lending has grown by an annual average of 12 percent during the Amended Compact. Commercial credit grew from FY2004 to FY2011 by an annual average rate of 14 percent but has since dropped from around 17 million in 2011 to around 11 million in FY2015.

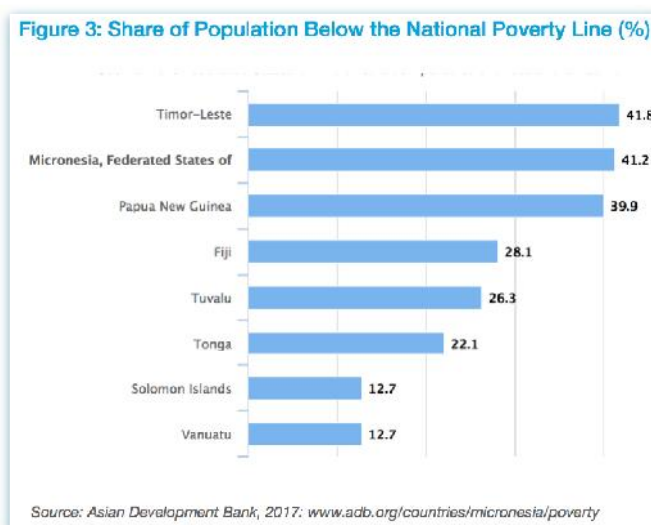
The growth of the financial sector in the FSM remains inhibited. Despite capital accumulation through a growing level in domestic credit, the difference between the level of deposits and loans are being invested offshore. This reflects a large level of liquidity in the banking system and a high level of perceived risk in the FSM but also to limited opportunities given the low availability of bankable projects, lack of collateral, the cultural and legal difficulty to use land as security, and inadequate provisions to secure transactions. As in other SIDS, limited access to finance is a major constraint where only a nominal number of the population on average, including small and medium businesses, have access to the formal

financial sector. In the FSM, the banks have thus generally extended credit to those with secure public sector jobs.

Poverty Levels

Multi-dimensional and long term indicators suggest a positive trend in quality of life for the FSM islands. In 2013, more households had access to electricity at 32 percent, compared to 24 percent in 2005, and more dwellings had improved sanitary facilities at 46 percent compared to 21 percent. From 2000 to 2015, the FSM's Human Development Index (HDI) increased 5.6 percent to 0.638 (or 127 out of 188 countries), placing it in the medium human development category. Between 1990 and 2015, life expectancy at birth increased by 3.1 years, mean years of schooling increased by 0.9 years and expected years of schooling increased by 1.6 years. GNI per capita increased by about 14.9 percent between 1990 and 2015. GNI and GNDI (\$4,850) per capita were 18 percent and 53 percent higher than GDP (\$3,079) in 2015.

However, poverty levels are high with the FSM having one of the highest rates of poverty among its Pacific neighbours (Figure 3). Forty one per cent of the population struggle to meet basic needs; and 10 percent live on consumption levels below the food poverty line (less than US\$1.90 per person per day). Kosrae has the lowest rate of poverty at 21 percent. Yap and Pohnpei have 39 percent, and Chuuk has the highest at 46 percent. The FSM 2013/4 Household Income and Expenditure Survey found that of the four States, basic-needs poverty is most common and most severe in Chuuk, as is the deprivation in access to electricity, water sources, schools and general assets. Yap has the highest proportion of households with poor-quality housing, and also the highest proportion with no improved sanitation. Poverty in Pohnpei and Yap is characterised by a high cost of living. In general, the Survey found that basic-needs poverty was higher for larger households and lower for households that were either headed by a male, or by individuals with education, or individuals employed in the public sector.



Sustained and substantial outmigration indicates a lack of employment opportunities and low-wage rates. Estimates¹¹ suggest that between 15 per cent and 50 per cent of the

¹¹ The 15 per cent estimate is from the *FSM Fiscal Year 2015 Economic Review* while the 50 percent estimate is from the *Migration in the FSM Country Profile 2015*, which states that the total number of emigrants increased from about 12,000 in 1995 and 50,000 in 2013. See Annex 7 for full details on these references.

population have migrated to US territories, Hawaii and the US Mainland, the majority of which migrated during the economic hardships at the end of the original Compact and during the public sector reductions in Chuuk and Kosrae, in 2007.

1.4 Development Prospects and Strategies: ‘Green Growth’

As a SIDS, it is clear that sustainable development in the FSM will not be attainable under the classic economic growth strategies used in larger or industrialised countries. The best available option for the FSM is to strongly pursue a development pathway of increased resilience. The country’s substantial endowment of natural resources makes this option highly viable. Indeed, the country’s long-standing identified priority economic sectors of agriculture, tourism and fisheries are all dependent on a healthy terrestrial and marine ecosystem. While the FSM’s total land area amounts to only 273.3 square miles, the country covers a vast exclusive economic zone of more than one million square miles of the Pacific Ocean. Thus although characterized with the challenges of a small island developing state, it is in fact a Large Ocean State¹² replete with opportunities.

Given the fragility of the FSM’s natural environment, the need for careful development planning and implementation cannot be overstated. Also, given the accelerated climate change impacts already being felt by communities and the projected increased frequency of natural disasters, the speed of committed planning and implementation will need to gain pace. The country’s SDP (2004 to 2023) has key components that are still to be implemented, for example tax reform and the mainstreaming of gender equality. The absence of systemic monitoring of SDP goals has left the status of progress largely unreported, resulting in a lack of leadership focus and institutional commitment to fully execute the Plan. The sectoral planning that has occurred, for example in energy, export strategy, agriculture, can be put to effective use under a more coordinated and strategically focused approach. In 2015, the FSM endorsed the 2023 Action Plan in order to revitalise development planning with a focus on accelerating economic growth and sustainable development. The Action Plan is divided into three-year goals. In the first three years, a number of achievements have been made to date. Most significant of these achievement include financing the FSM Trust Fund, which as discussed above, has performed well. The Action Plan has also been instrumental in ensuring the release of Compact infrastructure grants, enabling the release of around \$150 million on infrastructure to stimulate the economy in the short to medium term.

The Action Plan, however, is more focused on economic growth and does not explicitly progress the SDP goal on productivity based on environmental sustainability. This gap in government planning and implementation in the environmental sector has largely been filled

¹² While still in development, the term ‘Large Ocean States’ is gaining popularity to more accurately represent the characterisation of island developing States in the international arena from a deficit-based model to a strengths-based approach. SIDS are custodians of 15 of the 50 largest exclusive economic zones in the world and represent almost 20 per cent of UN membership.

by efforts from conservation non-governmental organisations (NGOs), which include a network of international, regional, national, States and community-based organisations. Namely, the Nature Conservancy, the Micronesia Conservation Trust, the YapCap environmental office, Chuuk Conservation Society, Conservation Society of Pohnpei and Kosrae Conservation and Safety Organisation. Given its community focus to conserve natural resources, NGO efforts have been significant drivers for poverty reduction and increased resilience in the FSM. For over a decade, they have been at the forefront of science-based awareness campaigns, community adaptation training as well as legislation development and enforcement. Yet given the gap in government planning, NGO efforts have largely been fragmented and under-supported both politically and financially.

Going forward, great opportunities exist to embark on ‘resilient’ or ‘green’ development that is more suited to the FSM’s unique geography, demography and economic base. Unlike the more industrialised countries which are locked into high carbon infrastructure, systems and lifestyles, the FSM has the opportunity to leapfrog old and environmentally destructive technologies. It can build a green economy that is resilient to oil prices spikes and to a changing climate, and with it, a highly adaptive society that can act as stewards of this sustainable economy.



Within this favourable setting, the FSM has the opportunity to establish climate-smart infrastructure, and mostly avoid the high cost of retro-fitting or replacing capital intensive infrastructure. Further, thanks to its established network of community and environmentally-focused NGOs, it has the opportunity to instil climate-smart social and cultural systems that ensure inclusive access not only to natural resources but also access to political voice, employment, information and other rights.

This CP represents an increasing acknowledgement and commitment in the FSM towards green growth, and provides a great potential for the country to meet goal number eight of the 2030 global sustainable development goals (SDGs). It takes the SDP’s ‘sustained growth’ approach to the

next step of integration and reconciliation of economic-centred growth with social inclusivity and environmental sustainability; thus, from sustained growth to sustainable growth.

With careful and committed implementation, this CP provides two major game-changing or ‘transformative’ pathways for holistic and sustainable development in the FSM (Figure 4). The first pathway is infrastructure development driven by green growth strategies. The second pathway is resilient communities and ecosystems supported by an effective network of conservation NGOs. These two paths converge through the consolidation of adaptation initiatives across the JSAPs, IDP and ODA priorities. The convergence importantly reconciles ‘hard’, top-down economic infrastructure development with ‘soft’, bottom-up social and environmental safeguards, leading to sustainable development that is underpinned by a green economy.

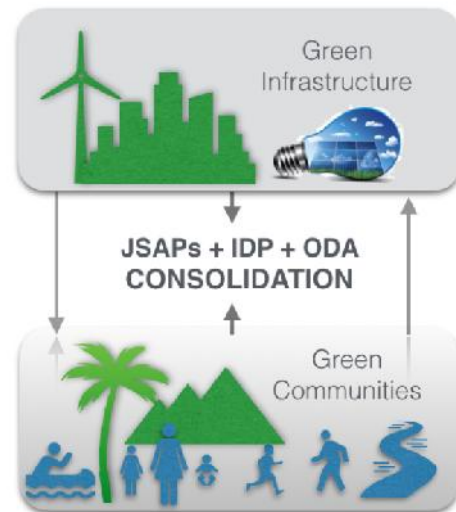
Green Growth and Infrastructure Development

In response to climate change threats discussed in Section 1.1, the projects/programs pipeline (Section 2.5.1) captures critical infrastructure needs that span the main and outer-islands. The IDP estimates that it will cost \$1,082 million over ten years (2016 to 2025) to deliver on these

infrastructure needs. As discussed above, around \$150 million of Compact funding is currently available. With sound ‘green growth’ planning as discussed in Section 1.2, and with effective coordination amongst other donors to the FSM, the GCF can contribute to ensuring that critical infrastructure needs in the FSM are designed and implemented for resilience and minimal emissions that will enable the FSM to reach, or exceed, its conditional INDC of 35 per cent GHG reduction below BAU.

Directly supporting green infrastructure development is the potential accreditation of Vital and FSMDB to the GCF. The accreditation of Vital could provide the catalyst to transition into cleaner energy supply in the FSM. Since 2008, the company has been the largest supplier of petroleum-based energy to the FSM. As part of its ten-year strategic plan (2015 to 2025), the company is exploring ways to broaden its energy mix by investing in renewable energy development, including solar and potentially, coconut biofuel. The company is also venturing into the development of coconut products, with the potential to generate \$4 million annually in jobs and profits for outer-island and rural households while also potentially generating over \$12 million in annual exports. The accreditation of the FSMDB could stimulate the domestic economy further by supporting investments in cleaner energy as well as in potentially profitable adaptation initiatives such as coconut products development.

Figure 4: FSM Sustainable Development Model



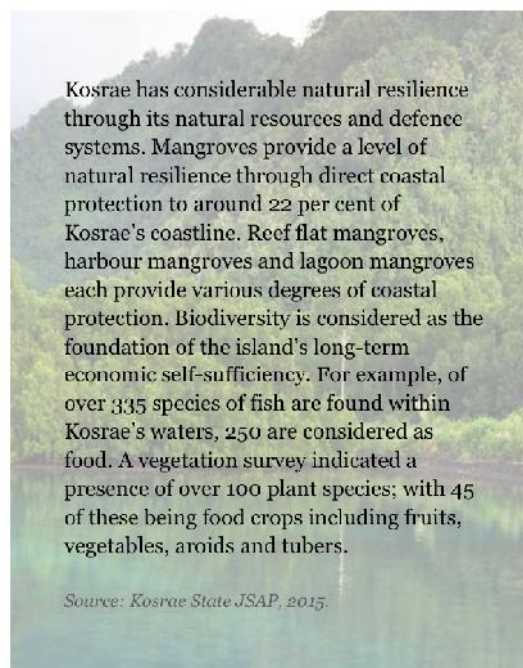
Green Communities: Strengthening Community-Driven Adaptation

Further supporting the above developments is the recent accreditation of the MCT to advance adaptation efforts from a bottom-up approach; from the community level-up. The MCT is also accredited to the Adaptation Fund, and has a comprehensive ecosystems-based program which include outer-island communities. For over a decade, the organisation has been a bridge between national, States and community decision-making levels on adaptation initiatives for the FSM; and by extension, has been directly connecting international financing with community level financing for adaptation efforts in the FSM. In this regard, the MCT can play a key role in enabling community-based access to the GCF, through smaller NGOs, by supporting the development and financing of areas relevant to MCT expertise across the pipeline of projects/programs.

Along with its numerous local NGO partners, MCT has an extensive and long-standing experience in increasing the resilience of small island communities through its on-granting mechanism. It devolves grants to State-based and other local conservation and civil society partners for capacity building and network coordination on adaptation efforts, such as climate change awareness training, vulnerability assessments and development of adaptation plans. A significant part of its sustainable financing efforts is the Micronesia Challenge program, whose endowment fund is currently around USD 19 million. The organisation is currently working with the FSM's national and States leadership to establish processes to access the FSM's \$4.6 million portion of the Fund, while ensuring that these funds reach communities and support their conservation and adaptation efforts.

The climate impact potential of strengthening the capabilities of the conservation and community-based NGOs in the FSM is perhaps the most sustainable of all investments. As stewards of the country's biodiversity and natural resources (or 'natural resilience'), island communities are not only the end beneficiaries of climate change interventions but also the building blocks of effective adaptive capacity (see Box 1 for an example of natural resilience in Kosrae State). Yet they are the most vulnerable to the negative climate impacts, including shoreline erosion, damage to reefs and fisheries, loss of agriculture and water resources, as well as of land, homes, and public infrastructure.

Box 1: Example of 'natural resilience' in Kosrae State



While their vulnerability have been identified in a number of policy papers, intended interventions have proven difficult to implement on the ground largely due to the lack of financial and effective delivery mechanisms, and particularly to those living in the rural and outer-island communities.

The recognition of the key role of conservation and other NGOs in the JSAPs indicates significant reliance on the NGO sector to implement adaptation activities. Yet, as mentioned above, limited funding and political support have constrained the capabilities of local NGOs. The accreditation of the MCT to the GCF should result in the much-needed institutional and funding strengthening of local NGOs to effectively deliver adaptation projects for, and with, communities.

Consolidating for Sustainable Development

Over the last decade, a plethora of adaptation and mitigation initiatives of various scale and focus have been implemented across the FSM States with the assistance of various agencies at the international, regional, States and community levels, and with funding support ranging from private individual donors to bilateral and multilateral donors. They are further spread across various government departments and agencies as well as across a number of NGOs. As yet, no centralised data collection and storage system is available, nor has there been a dedicated study commissioned to collate and analyse the impacts of the numerous assistance throughout the years.

This CP has come at a time when sectoral plans on infrastructure and State-based action plans on their respective development priorities, climate change and disaster risk response have been completed through the JSAPs. The large and encompassing size of GCF projects as well as the strong stakeholder engagement requirements for developing projects, has been conducive to the consolidation of around three hundred and fifteen separate initiatives into thirteen projects/program (see Section 2.3). Within the context of the two transformative pathways discussed above, the consolidation of infrastructure priorities with the more holistic development and adaptation priorities in the JSAPs sees the FSM well-placed to transition towards green, sustainable growth.

The extent to which consolidation will be impactful depends on the enabling pillars of visionary and committed leadership, effective coordination and sufficient capacity.¹³ Figure 5 shows how the key GCF investment approaches on transformative development, gender equality, technological innovation, and programmatic funding provide re-enforcements to these pillars. Once enabled, these pillars can propel the FSM to embark on a programmatic approach, thus in turn, enabling the country to concentrate its limited human resource capacity to fewer, albeit impactful, initiatives while also maximising access to the wider range

¹³ A detailed version on the case for the consolidation of opportunities under the GCF is available in Section 5 of the Rapid Vulnerability Assessment Report, 2017.

of climate financing opportunities beyond the GCF. More importantly, it will improve planning and coordination that will ultimately result in a high level of both institutional and community adaptive capacity across all its States.

In order to strengthen readiness and maximise access to GCF resources, leadership efforts can prioritise the development of the NAP and an accompanying Capacity Building Plan,¹⁴ with a particular focus on harnessing urgent, technical capacity that will:

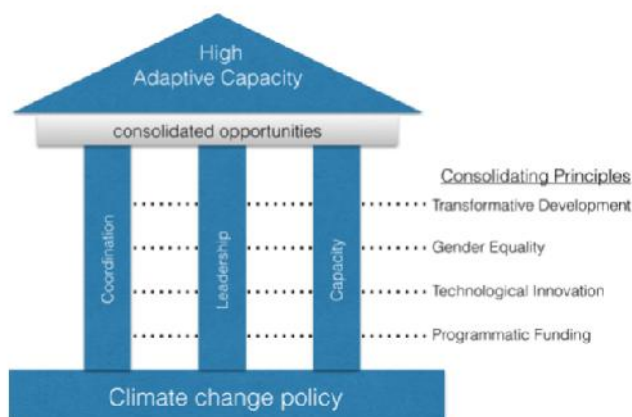
- Strengthen the capacity of the Department of Finance and Administration and State-level finance departments to qualify for direct budget support from overseas development assistance as well as for accreditation to the GCF.
- Enable programmatic funding for the Country Portfolio and other multi-year, cross-sectoral adaptation and mitigation initiatives by developing an integrated adaptation framework (or NAP) while concurrently strengthening ODA coordination.
- Develop and implement a national policy on gender and vulnerable groups to enable the full realisation of the paradigm shift to low-carbon and climate-resilient development in the FSM.

With the large size of funds available under the GCF on the one hand, and the strong environmental and social safeguards required to access funds on the other, there seems a real opportunity to establish a consolidated pathway for new, clean and green development across island communities, and with that, the great possibility of a vibrant green economy.

1.5 ‘A Green and Prosperous FSM’ Strategic Framework

The sustainable development model for the FSM (Figure 4) is already well-captured in the FSM’s climate change, disaster risk management and development strategies discussed in Section 1.2. Figure 6 translates this into a strategic framework format to guide the implementation of this CP. The framework was further shaped by contributions from

Figure 5: FSM High Adaptive Capacity Model



¹⁴ For details on the Capacity Building Plan and a preliminary list of required technical capacity, see the Rapid Vulnerability Assessment Report, especially pages 7, 18 and 19.

stakeholders during the three stakeholders workshops (Table 6). See Annex 1 for a reference guide on its development.

The **Vision** of a ‘safe and climate resilient communities prospering in a sustainable, low carbon economy’ is in accordance with the ‘green growth’ development strategy presented in the previous section.

The **Strategic Objectives** and **Programs of Action** align with both the FSM development priorities and the GCF strategic adaptation and mitigation results areas.¹⁵ The pipeline of projects and programs (Section 2.5.1) all feed into the Programs of Action.

The **Enabling Pillars** capture the key areas of improvements required at the institutional level to ensure effective implementation.

The **Implementation Roadmap** rests on the operational implementation of the Country Portfolio (Section 2.5); both

with regards to the development and management of the pipeline projects and programs, and to the effective utilisation of the readiness and other supporting funds under the GCF (for instance, to assist in strengthening the Enabling Pillars). Following the sustainable development strategies outlined in the previous section, the main elements of the roadmap

Figure 6: A ‘Green and Prosperous FSM’ Strategic Framework



¹⁵ The eight GCF results areas are included in the FSM-GCF Eligibility Assessment Form in Annex 5.

include: the consolidation of adaptation efforts across the JSAPs, IDP, ODA priorities; ‘green growth’, particularly through community-driven infrastructure development and clean energy investments; strengthening of the Enabling Pillars; and projects development and management, including monitoring and evaluation (M&E).

This framework thus also provides a sound basis on which to base the monitoring and evaluation of the pipeline projects/programs, once they are progressed to proposal development stage. It should be noted, however, that this strategic framework can be greatly improved with the development of a NAP to identify more concrete goals for the Programs of Action and for the Enabling Pillars.

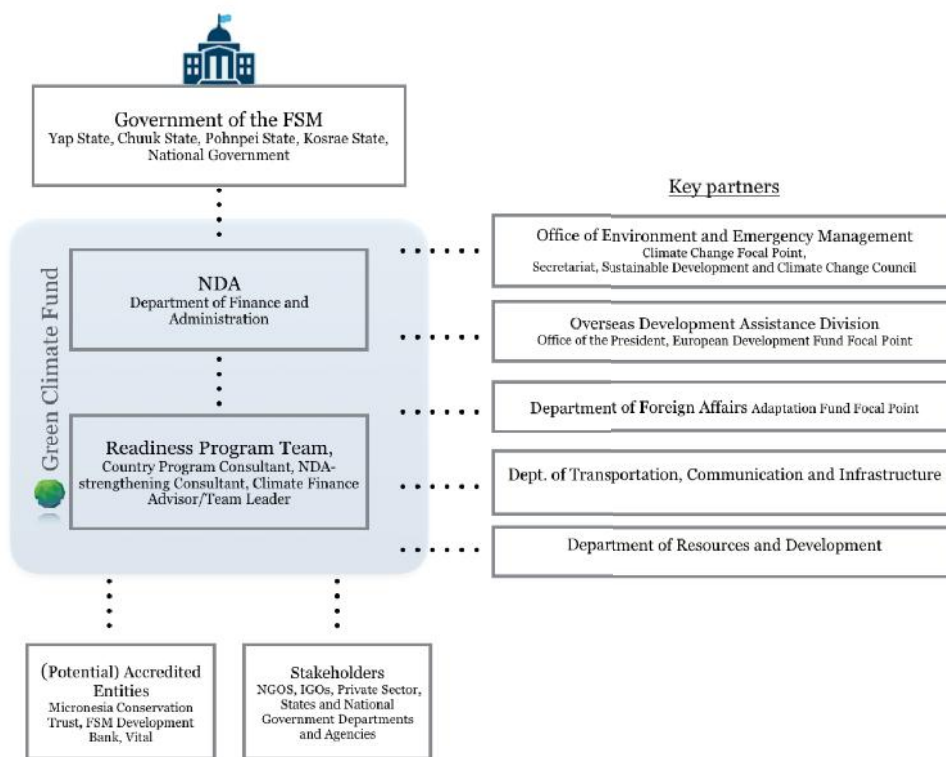
2. Country Agenda and GCF Engagement

2.1 Institutional Arrangements

The preparation of this CP was facilitated through the positioning of the NDA as per the current institutional set up in the FSM in which responsibility for environmental issues is shared between the FSM National Government and the four State Governments (Figure 7).

The national government provides overall national coordination on nationwide policies and projects. The State governments of Chuuk, Kosrae, Pohnpei and Yap are relatively autonomous and have the Constitutional mandate to take the decision-making role in the development of their respective States, including environmental management. In the FSM, country ownership is therefore determined through States ownership.

Figure 7: Institutional arrangement for preparation of the Country Program



As the Climate Change focal point for the country, the OEEM is the operational focal point for the Global Environment Facility (GEF). A number of significant climate fund engagement have been established with other government agencies. The Secretary of the Department of Finance and Administration is the NDA for the Green Climate Fund, the Secretary of Foreign Affairs is the NDA for the Adaptation Fund while the Administrator for Overseas Development Assistance (ODA) is the ‘National Authorising Officer’ for the European Development Fund’s targeted assistance on energy development for the FSM.

The Department of Transportation, Communication and Infrastructure is a key partner for all infrastructure-related priority projects in the Country Portfolio.

The Department of Resources and Development is a key partner for the priority projects on Food and Water Security and Renewable Energy. The department also oversees matters on tourism development as well as terrestrial and marine conservation and biodiversity.

The recent establishment of the CC&SD Council seeks to address these dispersed responsibilities by acting as the coordinating body for the use of climate finance in the country.

2.2 Roles and Contributions of Key Stakeholders

The Readiness Program Team developed this CP using a three-part series workshop over a nine-month period: introductory, validation and confirmation (see Table 6). The first part involved a three and half-day inception workshop to introduce and connect stakeholders with the NDA Office, thus defining roles and responsibilities to

organise around the development of the CP and instilling the paradigm shift towards low-emission and climate-resilient development. The second part involved week-long consultations at the State-level to validate project/program priorities for inclusion into the CP along with supporting in-country processes. The third part involved the confirmation and endorsement of the CP and the supporting in-country processes for its implementation, across the States and national levels.

Table 6: Overview of Consultation Process

Stakeholder group	Date of consultation	Type or objective of consultation	Outcome
Nation-wide; cross-sectoral, including NGOs, IGOs and private sector representatives	Nov 21-24, 2016	2.5 day Inception workshop + supplementary meetings	Nation-wide stakeholder awareness of the GCF and Readiness Program
One-on-one supplementary consultations	Jan to June 2017	To reach key stakeholders who were not available to attend the inception workshop	Nation-wide stakeholder awareness of the GCF and Readiness Program
Cross-sectoral; Yap State, Chuuk State, Pohnpei State, Kosrae State	March 21 to April 26, 2017	States-level priority projects/program validation. Week-long consultations including between 2.5 to 4-day workshops .	States-level validation of priority projects for inclusion into CP.
Nation-wide; cross-sectoral, including NGOs, IGOs and private sector representatives	August 16 to 17, 2017	Confirmation of CP and supporting in-country implementation processes.	1. Nation-wide stakeholder awareness and engagement of the CP. 2. Official confirmation of CP at States and national levels

Given the challenges in securing workshop attendance, the Readiness Team undertook one-on-one meetings to supplement the inception workshop and maximise stakeholder

knowledge on the FSM's engagement with the GCF (Annex 2). Challenges in securing workshop attendance is expected in the FSM where both government and non-government staff are usually over-extended, and numerous policy and planning activities are fragmented. Off-island meetings and conferences add to the unavailability of key officials/representatives to attend.



Inception Workshop (left), States Workshops (top), Final Workshop (below).



As the CP is based on already endorsed priority projects under the JSAPs, IDP and ODA Priorities of 2016 to 2018 (discussed further in Section 3.3), key stakeholders composed of those involved in the development and implementation of these initiatives. Figure 6 provides an outline of the stakeholders involved in developing the CP. Each State government has an NDA focal point who organises State-based stakeholder consultations. The focal points provided oversight of the consolidation of priority projects/programs. At the national level, the key partners provided guidance to the NDA by their respective areas of expertise. The OEEM provided guidance on climate change, water security, and disaster risk management; the ODA division on project priorities and donor coordination; DFA on the Adaptation Fund; TC&I on infrastructure; and R&D on energy, biodiversity, agriculture and food security. R&D is also currently the executing agency for the FSM Renewable Energy project being developed with the Asian Development Bank (ADB).

The stakeholder consultation process included other line departments (Health, Education, Justice), local government, civil society groups, intergovernmental organisations and the private sector. Given the large size and cross-sectoral nature of the pipeline projects and programs, their expected roles in the implementation of the CP will become clearer at the projects design and development stage.

With the support of GCF Readiness funding, the NDA has recently recruited a Projects Development Specialist to take CP processes forward with stakeholders. Given the large-scale work ahead, the NDA is also seeking additional technical assistance in projects/programs preparation, for example, by engaging expertise under the USAID Climate Ready program, and potentially under SPREP-JICA Pacific Climate Centre and NZ MFAT Technical Assistance.

During the period of CP development, the nominated national entities of the MCT, FSMDB and Vital were all focused on their respective applications for accreditation to the GCF. The MCT received accreditation only recently (July 2017) and will begin to work with the NDA and Readiness Program to access GCF financing instruments, including the Enhanced Direct Access modality. Once operational as an accredited entity, their role in the execution of relevant project areas in the Country Portfolio will be prioritised.

Table 7 below provides details of the FSM's relationship with existing accredited entities and other relevant partners.

Table 7. Relationships with existing Accredited Entities and Relevant Partners

Entity/ Partner Name	Area/s of focus	Engagement in country	Efforts to strengthen engagement
ADB	Donor. Cross-sectoral. Focus on the FSM: renewable energy, infrastructure development, public sector reform, tourism sector development.	In-country presence. Development of Climate Change Strategic Framework 2017-2030 and Country Operations Business Plan. Accredited Entity for the FSM Renewable Energy Program. Providing project preparation funding. Has existing loan with Yap State financing the windmill and solar energy pilot project.	Continue engagement with regards to other infrastructure-related projects, identified in the FSM-GCF country portfolio; also, with regards to complementing institutional strengthening assistance.
College of Micronesia	Higher education, training, climate information.	Potential Implementing Entity. Higher education facility in-country.	Continue engagement with regards to capacity building/education and training-related projects, identified in the FSM-GCF country portfolio
European Union/ European Development Fund (EDF)	Donor. Renewable Energy. Disaster Preparedness.	EDF 10 provided funding for solar power in Chuuk, Kosrae and Yap; refurbish the hydropower station on Pohnpei; EDF 11 is programmed for village access to electricity/solar for Chuuk, solar and transmission line upgrading for Pohnpei, sizing transformers on Kosrae and improving the electricity access in the outer-islands of Yap. Emergency operations centres in each of the States and National government.	Dialogue on co-financing.
Government of China	Donor. Infrastructure (Roads, bridges, buildings. Agriculture.	Embassy presence.	Dialogue on co-financing and provision of technical assistance.
FAO	Food and Water Security	Potential accredited entity for the Food and Water Security project.	Ascertain FAO's interest to work with the FSM through dialogue.
FSMDB	Development banking/finance.	Potential accredited entity for private sector and residential development.	Continue engagement with regards to private sector and housing development-related projects, identified in the FSM-GCF country portfolio
Vital	Renewable Energy, Private Sector Adaptation	Potential accredited entity to support renewable energy industry development in the FSM; also to raise the economic security of outer-islands through its niche organic coconut oil venture.	Support to secure accreditation.

Government of Australia	Donor. Gender policy development, Climate Information	Embassy presence. Pacific Women Shaping Pacific Development providing a Gender Specialist TA to the FSM; Climate Change Science Program (2008-13) produced information on FSM's past, current and projected climate.	Dialogue on co-financing and provision of technical assistance.
Government of Japan/ JICA	Donor. Renewable Energy, Infrastructure; small community buildings; Transport; Airports; waste management	Embassy presence. Existing projects: renewable energy projects under the Pacific Environment Community Fund; waste management project under JICA. In partnership with SPREP to establish the Pacific Climate Centre.	Dialogue on co-financing and provision of technical assistance.
Government of New Zealand	Donor. GCF project preparation technical assistance	Presently minimal. NZ renewable energyXX 1m extension to UAE solar farm in Pohnpei	Dialogue on co-financing and provision of technical assistance.
MCT	Marine and terrestrial ecosystems conservation. Sustainable financing for conservation. National implementing entity for the Adaptation Fund. Accredited to the GCF.	National accredited entity. Candidate for Enhanced Direct Access under the GCF. Manages the Micronesia Challenge endowment fund. Community-based adaptation projects.	Continue engagement with regards to conservation and community development-related projects, identified in the FSM-GCF country portfolio.
IMF	Fiscal management, economic reform	Supports macroeconomic reform and statistics. Fiscal sustainability, building resilience to climate change, facilitating private sector development, and promoting safe financial inclusion.	Dialogue on co-financing and provision of technical assistance.
IOM	Disaster Risk Management, Infrastructure; climate proof	Potential Accredited Entity. Potential Implementing Entity. Manages two USAID programs; DMRP (Disaster, Mitigation and Reconstruction Program) for the FSM and PREPARE (Disaster Preparedness for Effective Response program); CADRE (Climate Adaptation, Disaster Risk Reduction, and Education Program); Migrant Resource Centre.	Dialogue with regards to infrastructure and disaster risk management related projects, identified in the FSM-GCF country portfolio.
PRIF	Infrastructure Technical Assistance	Presently minimal.	Dialogue on provision of technical assistance.
SPC (Pacific Community)	GCF Readiness Program Delivery Partner, Renewable Energy/ Efficiency Gender, Agriculture, Fisheries, Geoscience, Food Security, Coastal Management, Health, NDC implementation	Potential Accredited Entity. Potential Implementing Entity.	Continue engagement in the focus areas.
SPREP	NDC implementation, technical assistance, climate information. Regional implementing entity for the Adaptation Fund.	Accredited Entity. Implementing Entity. Executing Entity. RTSM (Regional Technical Support Mechanism) active for the FSM. In partnership with JICA to establish the Pacific Climate Centre.	Continue engagement in the focus areas.

TNC	Marine and terrestrial conservation. Adaptation.	Potential Implementing entity. Micronesia Challenge sponsor. Works with MCT on community-based adaptation projects.	Continue engagement in the focus areas.
UNDP	Cross-sectoral. Biodiversity. Civil society development. poverty reduction. Disaster Risk Management. Coastal Management. Food Security. Water resource Management. NDC implementation.	In-country presence; UNDP Joint-presence Office since 2008. Has a significant and active GEF biodiversity portfolio in FSM.	Continue engagement in the focus areas.
US Compact	Infrastructure, Health, Education, Environmental Management. Private Sector development.	First Compact (1987 to 2003). Second Compact (2004 to 2023). Public service delivery. Critical infrastructure support. Banking supervision through FDIC. FSM-US open migration policy.	Dialogue on co-financing. Continue engagement in the focus areas.
US Federal Grants	Public and preventative health, supplementary education programs, FDIC, USDA	Supplementary development grant programs to support the US Compact sectors.	Dialogue on co-financing. Continue engagement in the focus areas.
UAE	Donor. Renewable Energy		Dialogue on co-financing and provision of technical assistance.
USAID	Institutional Strengthening on climate finance; GCF-related technical assistance	In addition to its work with the IOM, provides project preparation and implementation support through the Climate Ready program (in-country presence); and institutional strengthening support through the ISAAC program.	Coordination with Climate Ready program to progress project development work as per the FSM-GCF Country Portfolio.
World Bank Group	Donor. Cross-sectoral, with a focus on private sector development, fiscal management and infrastructure.	Country Partnership Framework (CPF). Active projects include energy sector development, ICT development, Safety and sustainability of maritime services, public financial management improvement, fisheries revenue management, coastal fisheries development, poverty analysis.	Continue dialogue/ engagement/coordination of the CPF focus areas.
WHO	Health. Technical Assistance.	In-country presence. WHO	Continue engagement in the focus areas.

2.3 Identification of Country Priorities for the GCF

The CP is based on endorsed priority projects planned under the JSAPs, IDP and ODA Priorities. These have been channelled through the bi-ennial ODA Priorities submission process for 2016 to 2018, which ensures country ownership alignment (from States to national; from national to international donors, such as the GCF). Figure 8 shows the projects/programs prioritization methodology.

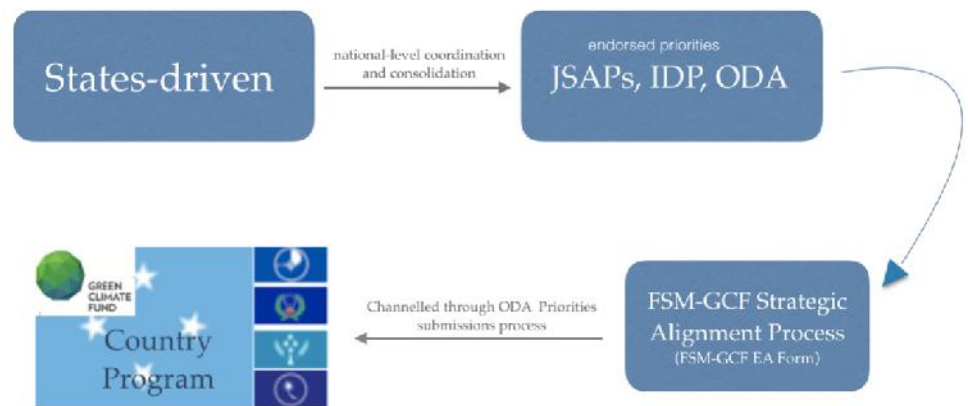
Prior to consolidation, there were one hundred project concepts across the JSAPs (24 for Yap, 21 for Chuuk, 25 for Kosrae, 30 for Pohnpei), and two hundred and eleven project concepts in the IDP (53 for Yap, 35 for Chuuk, 33 for Kosrae, 57 for Pohnpei). Within the ODA bi-ennial

submission process are

additional projects which were not identified in the JSAPs or IDP but which are nonetheless endorsed as State or nation-wide priority projects and have thus been incorporated into the JSAP and IDP consolidation process. These included the Human Resource Development for Health and Education project, the establishment of a National Diagnostic Facility located in Pohnpei State, a pilot project on Supporting Entrepreneurs and Enterprise Development project, Sport Facilities improvement in Chuuk State and Tourism Sector Development in Pohnpei State (see Annex 3 for the full list on ODA Priorities).

As part of the validation workshop, the CP Consultant facilitated a ‘first-cut’ consolidation exercise across the JSAP, IDP and ODA priorities for each State. A total of 13 large scale projects were identified (4 nation-wide, 3 for Yap, 1 for Chuuk, 3 for Pohnpei, 2 for Kosrae). At the time of the exercise (March 2017), the Chuuk JSAP was not yet endorsed¹⁶ and therefore only projects under the Chuuk IDP and ODA priorities were included in the consolidation. The States were also able to validate three of the four nation-wide projects which were submitted to the GCF as indicative priority projects prior to the development of the CP: Food and Water Security Program, Renewable Energy Program and the Inland Road project for Kosrae State. The fourth project on Technical Assistance for Climate Proofing Infrastructure has been re-worked to include a green growth approach. It remains as an

Figure 8: Projects/Programs Prioritization Methodology for the Country Program



¹⁶ The Chuuk JSAP was endorsed in August 2017.

activity under the Readiness program in the Country Portfolio (Section 2.5). The project prioritization methodology enabled a retrofit of these four priority projects, thus bringing them into coordination and consolidation with the more recently identified projects.

The consolidated projects were identified as part of a larger FSM-GCF Proposal Approval Process (Annex 4) that ensures early alignment of the GCF's required strategic impacts across the mitigation and adaptation areas. For each consolidated project, the project proponent is required to complete an FSM-GCF Eligibility Assessment Form (Annex 5), which provides the opportunity for an alignment rating across both FSM development priorities and the GCF impact results areas. Only projects with a satisfactory rating are advanced through to inclusion into the CP. Given the centrality of climate change considerations in the JSAPs and IDP, all consolidated projects rated highly.

It is important to note that with the exception of the FSM Renewable Energy Program, all projects are at 'Ideas' stage, with partner Accredited Entities yet to be identified and selected, and further scoping, sector-wide analysis and stakeholder consultations yet to be conducted. The ratings are therefore based on perceived or expected impacts, which are to be designed into the projects/programs as they are developed into full proposals. Similarly, fuller alignment with GCF policies, particularly with the GCF investment criteria,¹⁷ will be designed into the projects. At this stage, all other complementing financing options will be explored, including options for leveraging the private sector.

As per the Country Portfolio in Section 2.5, the FSM has urgent, large scale needs to achieve resilient and transformative development. The GCF has a comparative advantage relative to other donors particularly in the area of grants-based, large-scale finance dedicated to adaptation and mitigation that are commensurate with both the country's needs and its present financial management capacity. As exemplified in this CP, it is already proving to be a consolidating force for the large numbers of adaptation priority projects across the FSM States; prior to the GCF-funded validation workshops, many officials and other stakeholders in the States were not aware of the projects under the JSAPs, IDP and ODA priorities list.

2.4 Private Sector Engagement

While private sector mobilisation is a key part of the GCF agenda, the extent of private sector engagement in the context of the FSM is currently limited to projects/programs which have a private sector development component, rather than for projects that are generated by private sector actors. As outlined in Section 1.3, the private sector in the FSM is relatively small and under-developed. In this regard, the opportunities to mobilize private-sector led projects and

¹⁷ The GCF has six criteria in its investment framework: climate impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness.

co-investments with corporations under the GCF Private Sector Facility is currently outside of the scope of private sector capabilities in the FSM. However, this situation may change with the possible accreditation of Vital and the FSMDB in the coming year.

2.5 Country Portfolio

The country portfolio is organised into two sections. Section 2.5.1 presents an overview of the pipeline for projects and programs. These are, in turn, organised into nation-wide and States-level subsections. Table 9 provides a summary of the pipeline projects/programs. Section 2.5.2 presents an overview of pipeline activities related to project/program preparation, to the country readiness program, and to the accreditation of nationally nominated entities.

2.5.1 Country projects/programs pipeline

Initial approach to prioritization

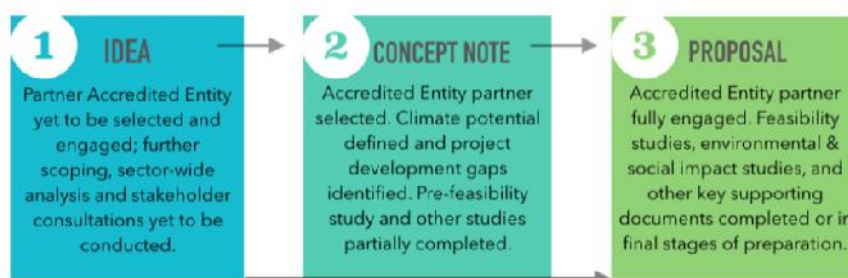
With the exception of the FSM Renewable Energy Program, all pipeline projects are at ‘Ideas’ stage (refer, Figure 9).

At this ‘initial’ programming stage of the CP, prioritization is based on the readiness of project proponents to develop their respective projects/programs. Once climate impact potential of projects have been made clearer during the projects development stage, additional criteria can be added to the prioritization

process, such as: climate impact or ‘transformative’ potential and urgency of need. During the projects development stage, the foregrounding of climate impact potential of projects/programs can be supported in three ways: 1. through the confirmation of the preliminary scoring/assessment on the GCF Impact results areas in the EAForm; 2. through their alignment with the Programs of Action under the Strategic Framework; and 3. with the development of the GGS and the NAP that would then make available any green growth and sectoral data analysis/quantification in relation to climate impact scenarios.

The Readiness Program will facilitate the next steps for selecting appropriate accredited entities.

Figure 9: Stages of Projects/Programs Development



Adapted from the GCF clusters for programming roadmap, August 2016.

Initial approach to sectoral considerations

Sectoral consultations were not found to be applicable in the development of this initial CP for two reasons. Firstly, the small size of the FSM on the one hand, and the current fragmented management of a large number of climate change and development initiatives on the other, renders attempts at ‘transformative development’ to be necessarily cross-sectoral. The consolidation process of priority projects across the IDP, JSAPs and ODA priorities was thus cross-sectoral in nature, resulting in for example, the activities under the priority sectors of fisheries and agriculture being consolidated under the ‘Food and Water Security’ program. Secondly, as discussed in Section 1.4, there has been limited, coordinated sectoral planning undertaken in the FSM to date. However, the sectoral data analysis/quantification in relation to climate impacts and scenarios as part of the development of a NAP along with the information needs of the design process of the priority projects, should strengthen sectoral planning in the FSM in the near future.

Initial approach to consolidation

Yap State’s “Resilient Transport and Private Sector Development in the Main and Outer-islands of Yap Program” is a consolidation of its Resilient Outer-islands Transport Response and Private Sector Development (\$15, 259, 058) and Resilient Transport and Private Sector Development (\$81,120,215) projects. The “Resilient Infrastructure for Health and Education Delivery Program” is a consolidation of its Resilient Health Infrastructure project (\$13,729,704) and Resilient Education Infrastructure project (\$10,3297,04).

The Chuuk State project is a consolidation of 12 separate projects under its IDP. At the time of consolidation, the Chuuk JSAP was not yet endorsed and was therefore excluded. Inclusion can be undertaken at the projects development stage.

Further consolidation or re-arrangement of activities within these projects are probable at projects development stage.

Cost-estimate considerations

The total financing required for the pipeline projects/programs is approximately US\$1.4 billion over the next seven years to 2024. This amount is over five times the national GDP for 2015, and as an overall cost, would not be eligible for GCF financing. At present, GCF financing is confined to the climate impact aspects of infrastructure projects, such as making infrastructure and roads climate-resilient. Co-financing arrangements along with improved government fiscal revenue-making and more effective use and access of both Compact and non-Compact grants is expected to cover the gaps in total financing. Improved fiscal management can ensure that fiscal surplus (primarily from fishing fees and corporate tax earnings) is used to invest in adaptation and green growth efforts. Improved access to Compact grants will see a rise in capital grants, particularly around the \$150 million worth of

infrastructure grants in the coming years. Improved access to non-Compact grants is possible through improved coordination of overseas development assistance.

It is important to note also that total financing is based on estimated costs which are likely to be outdated at the time of projects development given that the JSAPs and IDP were completed in 2015. Significant fluctuations in estimated costs should also be expected at the time of developing the projects given that some projects will either no longer be required due to having been fully financed by another fund/s, or have been completed. Technical factors may also see that some projects are no longer relevant or need to be re-designed.

Table 8: Summary of Priority Projects/Programs

Jurisdiction	Consolidated Projects	Estimated Cost
Nationwide	1. FSM Food and Water Security Program	\$10,000,000
	2. FSM Renewable Energy Investment Program	\$125,000,000
	3. FSM National College Resilient Infrastructure Development Program	\$63,838,000
	4. Nation-wide Climate Change and Disaster Risk Management Coordination and Communications Program	\$43,284,549
	Total:	\$242,122,549
Yap State	1. Resilient Transport and Private Sector Development in the main and outer-islands of Yap Program	\$92,660,703
	2. Yap Renewable Energy Investment Program Phase 3	\$95,913,219
	3. Resilient Infrastructure for Health and Education Delivery Program	\$13,929,704
	Total:	\$202,503,626
Chuuk State	1. Chuuk State Resilient Critical Infrastructure Program	\$349,173,472
	Total:	\$349,173,472
Pohnpei State	1. Pohnpei State Resilient Critical Infrastructure Program	\$141,871,976
	2. Pohnpei State Resilient Social Protection Program	\$25,305,659
	3. Pohnpei State Resilient Tourism Development Program	\$3,198,090
	Total:	\$170,375,725
Kosrae State	1. Kosrae State Inland Road Completion Project	\$35,966,000
	2. Building Resilient Communities in Kosrae State Program	\$97,200,364
	Total:	\$133,166,364
Overall Total:		\$1,446,515,208

Table 9: Country Projects/Programs Pipeline

Nation-wide: 4 programs in total			
Project Title	Description	AE	Submission timeframe
FSM Renewable Energy Program	This is a component of the ADB Pacific Islands Renewable Energy Investment Program (approved by the GCF in Dec 2016).	ADB	Q4 2018
GCF strategic impacts	This project component for the FSM, involves two program support and technical assistance for the following projects:	Total financing: \$125m	Status: PROPOSAL stage
Mitigation: 1,3 Adaptation: 5,6,7,8	For Yap: Upscale Renewable Energy: 2 wind turbines (2x275kW), battery storage + Adaptation/Upscale Renewable Energy: 1.5MW floating solar. For Chuuk: Improved Energy Access: 9 solar-diesel hybrid systems, solar home systems. For Pohnpei: Upscale Renewable Energy: 9MW Pohnlangas Solar, 5.5MW Lehnmesi/Nankawad Hydropower, battery. For Kosrae: Upscale Renewable Energy: 0.5MW solar, Adaptation: 42km distribution grid replacement/relocation. This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Energy Security, Infrastructure.	<u>GCF:</u> \$106m: 15m for Yap, 55m for Pohnpei, 23m for Chuuk, 13m for Kosrae <u>Other:</u> ADB grant: 4m; 1 for each state. FSM Gov: Yap State: 1m, Pohnpei 12m, Chuuk, 1m, Kosrae, 1m.	NOL issued for ADB, 6 Oct. Issued RFP in Apr 2017. ADB to begin in-country proposal preparation in May /June 2017.
Actions	Lead	Timeline	
Proposal development	FSM R&D and AE(ADB)	Start: Q2 2017, Complete: Q4 2018	
Project Title	Description	AE	Submission timeframe
FSM Food and Water Security Program	This project aims to address food security and its critical linkage with water security, its objectives being to: to improve food and nutrition security of vulnerable populations; promote value addition and product diversification strategies; and improve access to clean water. It will build on lessons and practices learned from pilot projects on food and water development funded by the GCCA, PAAC, FAO.	FAO (TBC)	TBA
GCF strategic impacts		Total financing: TBA	Status: IDEAS Stage
Adaptation: 5,6,7,8	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Food and Water Security, Education, Health and Social Protection.	<u>GCF:</u> TBA <u>Other:</u> TBA	Preliminary scoping.

Actions		Lead	Timeline
Submit completed FSM-GCF Eligibility Assessment Form to the NDA		R&D	ASAP
Project Title	Description	AE	Submission timeframe
FSM National College Resilient Infrastructure Development Program	The College of Micronesia (COM) provides accredited post-secondary education from six campuses across all the FSM States. The COM has prepared a Master Plan which sets out the development strategy for achieving the educational and community goals/vision for higher education in the FSM. Infrastructure is a major component of this Plan, with 20 of its most urgent infrastructure needs identified as priority projects in the FSM National IDP.	TBA	TBA
GCF strategic impacts		Total financing: \$63,838,000	Status: IDEAS Stage
<i>Adaptation: 5,6,7,8</i>	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Education, Infrastructure.	<u>GCE:</u> TBA <u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead	Timeline
Engage projects development assistance		TC&I	ASAP
Project Title	Description	AE	Submission timeframe
Nation-wide Climate Change and Disaster Risk Management Coordination and Communication s Program	The program will enhance the capabilities of the national government to coordinate climate change and disaster risk management under three project components: 1. Improved telecommunications services; including a 24/7 disaster/emergency alert capability connecting the outer-islands with the Capital; and video conferencing capabilities for each branch of each national and State Governments 2. Improved national government facilities and implementation of the Micronesian Village project, which will provide a complex within which intergovernmental	TBA	TBA
GCF strategic impacts		Total financing: \$43,284,549	Status: IDEAS Stage

<p><i>Adaptation:</i> 5,6,7,8</p>	<p>and other non-government organizations from both the national and international community can be co-located for centralised and efficient coordination of international assistance on climate change response.</p> <p>3. Improved States and National-level coordination on climate change and disaster risk management.</p> <p>This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Infrastructure.</p>	<p><u>GCF:</u> TBA</p> <p><u>Other:</u> TBA</p>	<p>'Idea' stage; seeking assistance for project development.</p>
Actions	Lead	Timeline	
Engage projects development assistance	TC&I	ASAP	
Yap State: 3 programs in total			
Project Title	Description	AE	Submission timeframe
Resilient Transport and Private Sector Development in the Main and Outer- islands of Yap Program	Major infrastructure development critical to enable connected and resilient private sector growth on whole of islands (ie both in the main and outer-islands of Yap), while also enabling improved transport to climate change and disaster management response. For the infrastructure component, project scope includes: main island airport and marine port improvements, Fais Island airstrip improvement, replacement of bridges and a multi role vessel for outer-islands transport and Septic tank improvements for the outer-islands. For the private sector development component, scope includes enhancement of the business environment, especially in the tourism sector. The program will set the standards for critical private sector growth infrastructure that is highly adaptive to climate change while also contributing to the emergence of a green growth industry in Yap State.	TBA	Q2 2018
GCF strategic impacts		Total financing: \$92,660,703	Status:
<p><i>Adaptation:</i> 5,6,7,8</p>	<p>This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Infrastructure, Waste Management and Sanitation.</p>	<p><u>GCF:</u> TBA</p> <p><u>Other:</u> TBA</p>	<p>'Idea' stage; seeking assistance for project development.</p>
Actions	Lead	Timeline	
Engage projects development assistance	Yap State GCF Focal point	August 2017	

Project Title	Description	AE	Submission timeframe
Yap Renewable Energy Investment Program Phase 3	<p>This project supplements and builds on the IDP phases 1 and 2 renewable energy projects (currently under development with the ADB for GCF support). The project will enable a more complete response to Yap State's Renewable Energy infrastructure by 2025. Scope includes improving energy efficiency and renewable energy use in water supply and transport infrastructure (in the State's IDP), and the development of an overall renewable energy sector growth program as a result of the developments in infrastructure.</p> <p>This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Energy Security, Infrastructure.</p>	ADB (TBC)	Q2 2018
GCF strategic impacts		Total financing: \$95,913,219	Status
Mitigation: 1,2,3,4 Adaptation: 6,7,8		<u>GCF:</u> TBA <u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead	Timeline
Engage projects development assistance		Yap State GCF Focal point	August 2017
Project Title	Description	AE	Submission timeframe
Resilient Infrastructure for Health and Education Service Delivery	<p>The program's aim is to enhance health and education delivery in the Yap main and outer islands through improved wastewater and solid waste infrastructure and through replacement and improvement of bridges. The project will set the standards for critical public service infrastructure delivery that is highly adaptive to climate change while also contributing to the emergence of a green growth industry in Yap State.</p> <p>This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Education, Health and Social Protection, Waste Management and Sanitation, Infrastructure.</p>	TBA	Q2 2018
GCF strategic impacts		Total financing: \$13,929,704	Status
Mitigation: 1,3,5 Adaptation: 5,6,7,8		<u>GCF:</u> TBA <u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead	Timeline
Engage projects development assistance		Yap State GCF Focal point	August 2017
Chuuk State: 1 program in total			
Project Title	Description	AE	Submission timeframe

Chuuk State Resilient Critical Infrastructure Program	The program covers the critical infrastructure needs of Chuuk State as identified in the State's IDP. Program scope covers five project streams: 1. Outerislands critical infrastructure 2. Transport 3. Roads 4. Solid Waste Management 5. Renewable Energy. The program will enhance Chuuk's urban and outerislands infrastructure resiliency in the critical areas of transport, solid waste management, roads improvement and clean energy use. The program will set the standards for critical public service infrastructure delivery that is highly adaptive to climate change while also contributing to the emergence of a green growth industry in Chuuk State.	TBA	Q2 2018
GCF strategic impacts		Total financing: \$349,173,472	Status
Mitigation: 1,2,3 Adaptation: 6,7,8	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Education, Health and Social Protection, Waste Management and Sanitation, Infrastructure, Energy security.	<u>GCF:</u> TBA <u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions	Lead	Timeline	
Engage projects development assistance	Chuuk State GCF Focal point	August 2017	
Pohnpei State: 3 programs in total			
Project Title	Description	AE	Submission timeframe
Pohnpei State Resilient Critical Infrastructure Program	The program covers the critical infrastructure needs of Pohnpei State as identified in the State's IDP. Program scope includes the sub component sectors of Water, Solid waste management, Roads and Bridges, Health and Education Facilities, Transport, as well as infrastructure relating to Marine Safety and Outerislands response. The program will enhance Pohnpei's urban and outer-islands infrastructure resiliency in the critical areas of transport, solid waste management, roads improvement and clean energy use. The program will set the standards for critical public service infrastructure delivery that is highly adaptive to climate change while also contributing to the emergence of a green growth industry in Pohnpei State.	TBA	Q2 2018
GCF strategic impacts		Total financing: \$141,871,976	Status

Mitigation: 1,2,3,4 Adaptation: 5,6,7,8	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Education, Health and Social Protection, Waste Management and Sanitation, Infrastructure, Energy security.	<u>GCF:</u> TBA	<u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead		Timeline
Engage projects development assistance		Pohnpei State GCF Focal point		August 2017
Project Title	Description	AE	Submission timeframe	
Pohnpei State Resilient Social Protection Program	The project will enhance the adaptive and response capacity of the social sector in Pohnpei State. Project scope includes the sub-component sectors of the Environment, Social Protection, Health and Education, with Coordination for Climate Change and Disaster Risk Management cutting across the subsectors.	TBA	Q2 2018	
GCF strategic impacts	The program will develop the social-cultural capital of the State to become highly adaptive to climate change while also contributing to the emergence of a green growth industry in Pohnpei State.	Total financing: \$25,305,659	Status	
Mitigation: 1,2,3,4 Adaptation: 5,6,7,8	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Health and Social Protection, Waste Management and Sanitation, Infrastructure.	<u>GCF:</u> TBA	<u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead		Timeline
Engage projects development assistance		Pohnpei State GCF Focal point		August 2017
Project Title	Description	AE	Submission timeframe	
Pohnpei State Resilient Tourism Sector Development project	The project will enable the development of environmentally friendly tourism industry in Pohnpei State. Project scope includes development of a green growth strategic plan, accompanied by legislative/tax incentives; supporting entrepreneurs and enterprise development in agriculture-based products to serve the tourism industry; and ensure that infrastructure	TBA	Q2 2018	
GCF strategic impacts		Total financing: \$3,198,090	Status	

Mitigation: 1,2,3,4 Adaptation: 5,6,7,8	development at tourism sites are eco-friendly. Project outcomes include increased economic resiliency along with improved preservation of heritage and nature conservancies in the State. This project contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience.	<u>GCF:</u> TBA	<u>Other:</u> TBA	'Idea' stage; seeking assistance for project development.
Actions		Lead		Timeline
Engage projects development assistance		Pohnpei State GCF Focal point		August 2017
Kosrae State: 1 project and 1 program in total				
Project Title	Description	AE	Submission timeframe	
Kosrae State Inland Road Completion Project	This project will enable the completion of Kosrae's inland road adaptation strategy as per the Kosrae Shoreline Management Plan (2013). A portion of the road repositioning project is already funded by the Adaptation fund. Remaining road portions include: 1. Malem-Yeseng-Pilyuul tar sealing, 2. Mutunnenea-Sialat upgrade to tar seal, 3. Malem-Pilyuul tar seal, Sialat-Yekula upgrade to tar seal, 4. Cross Island Road, Utwe-Walung & Pilyuul-Tenwak upgrade to tar seal. Project scope will further include: • Transitional revetment defences, specifically the highest priority defences at Mosral and Paal to enable the only road access to the villages of Utwe and Walung to remain passable until the inland road is constructed (KSMP section 5.1.2) • Development of a relocation strategy, including incentives to relocate to safer areas. This project contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Infrastructure and Settlements.	TBA	Q2 2018	
GCF strategic impacts		Total financing: \$35,966,000	Status	
Mitigation: 1,2,3,4 Adaptation: 6,7,8		<u>GCF:</u> TBA <u>Other:</u> AF:2.9m	'Idea' stage; seeking assistance for project development.	
Actions		Lead		Timeline
Engage projects development assistance		Kosrae State GCF Focal point		August 2017
Project Title	Description	AE	Submission timeframe	
Building Resilient Communities in Kosrae State Program	This program implements Kosrae's whole of island adaptation plan as per the Kosrae Shoreline Management Plan (2013). Following closely the eight strategies in the Plan, the program will cover the vulnerable	TBA	Q2 2018	

GCF strategic impacts	sectors in Kosrae State which include health, education, environment, infrastructure (not including the completion of the inland road project which is under a separate application for GCF support), social and cultural and private sector. The program will set the standards for infrastructure development that is highly adaptive to climate change while also contributing to the emergence of a green growth industry in Kosrae State.	Total financing: \$97,200,364	Status
Mitigation: 1,2,3,4 Adaptation: 6,7,8	This program contributes to the following 'programs of action' under the 'Green and Prosperous FSM Strategic Framework': Economic Resilience, Infrastructure and Settlements, Waste Management and Sanitation, Health and Social Protection, Education.	<u>GCF:</u> TBA	<u>Other:</u> TBA 'Idea' stage; seeking assistance for project development.
Actions	Lead	Timeline	
Engage projects development assistance	Kosrae State GCF Focal point	August 2017	

Section 2.5.2 Pipelines for Project Preparation, Country Readiness Program and Accreditation

Table 10: Country Projects/Programs Preparation Pipeline

Project Title	Description	Accredited Entity	Submission timeframe
Promotion of energy efficient appliances, lighting and equipment in Pacific Island Countries	Regional project in the Pacific involving a number of countries (10). It is the upscale of the Pacific Appliance Labeling and Standards Project. It focuses on appliances and retrofitting of buildings.	UNEP	Q2 2017
GCF strategic impacts		Total financing: TBA	Status
TBA		<u>GCF:</u> TBA	<u>Other:</u> TBA EOI Issued 17 October; NOL to be reviewed by the CC & SD Council.
Action	Lead	Timeline	
Confirm whether this project is appropriate for the FSM. If affirmative, NOL to be reviewed by the CC & SD Council.	R&D, through the SD&CC Council Steering Committee.	June 2017	

Table 11: Country Readiness Program Pipeline

Title	Description	Delivery Partner	Submission timeframe
NDA Strengthening and development of a Country Program	<p>Readiness is focused on strengthening NDA’s capacity by establishing:</p> <ol style="list-style-type: none"> 1. in-country processes to deliver core functions, including stake- holder stewardship, accreditation support and approvals of programs and projects for efficient engagement with the GCF. 2. a ‘no objection’ procedures to guarantee country ownership of GCF-funded projects. 3. stakeholder engagement processes in relation to strategic priorities for engagement with GCF through a ‘live’ Country Program that is annually reviewed. 	SPC	August/September 2017 for the Country Program
		Total financing: \$413,110	Status
		GCF: \$300,000 Amendment: additional \$113,110 for the Projects Development Specialist	Country Program completed. Projects Development Specialist recruited.
Action	Lead	Timeline	
Amend Grant Agreement to include funds for a Projects Development Specialist to expedite development of project ideas in the Country Program portfolio.	NDA	Feb 2017 (completed)	
Recruitment of a Projects Development Specialist	SPC	September 2017 (completed)	
Assessment exercise using the Capacity Assessment Template	NDA	June 2017 (completed)	
States Validation Workshop of country priority projects, proposal generation processes, including establishment of a steering committee for projects/ program country level review and approval	NDA	April 2017 (completed)	
Country Program Submission	NDA	Q3 2017 (completed)	
Title	Description	Delivery Partner	Submission timeframe

Accreditation support to MCT	Micro, non-profit, seeking accreditation for Project Management and Granting. Developing an action plan to meet the ESS, gender and fiduciary standards for GCF accreditation.	PwC	April 2016 – March 2017
		Total financing:	Status
		\$37,000	Action Plan Completed. Accreditation application successful.
Action		Lead	Timeline
Action Plan submitted by PwC		PwC	October 2016
Submit full application		MCT	March 2017
Title	Description	Delivery Partner	Submission timeframe
Accreditation support to FSMDB	Micro, development national bank, seeking accreditation for Project Management, Granting, Lending, Blending. Developing an action plan to meet the ESS, gender and fiduciary standards for GCF accreditation.	PwC	April 2016 – June 2017
		Total financing:	Status
		\$37,000	Action Plan Completed. Accreditation application in progress.
Action		Lead	Timeline
Action Plan submitted by PwC		PwC	November 2016
Title	Description	Delivery Partner	Implementation timeframe
NAP – 1. Green Growth and Climate Proofing Infrastructure TA.	The NAP funding umbrella can address this priority: A TA to institutionalize climate proofing and green growth strategies in the design of the infrastructure-related projects in	PRIF (TBC)	As soon as PMU and PMO set up is complete - approx. Sep 2017.
		Total financing: USD	Status

	the Country Portfolio. The TA will work with, and across, the project management unit and State project management offices to enable effective implementation.	TBA	
Action		Lead	Timeline
Involve DTC&I in the priority projects validation workshops at State level to raise understanding of needs with regards to the TA.		TC&I	March/April 2017 (completed)
Finalise TOR for Green Growth Specialist to enable recruitment		TC&I	October 2017
Title	Description	Delivery Partner	Implementation timeframe
NAP – 2. National Adaptation Plan	The NAP funding umbrella can address this priority:	TBA	Aug 2017 to Aug 2018
	Develop a National Adaptation Plan (NAP) on Climate Change and Disaster Risk Management. The NAP will provide the FSM with a reference framework to define targets, and ensure a balanced approach in adaptation planning and implementation across the States. Balanced and coordinated action is required across adaptation and mitigation actions; across States; across sectors; and across prioritisation needs between short term, near term and long term strategies and actions. The NAP can also include strategies to address policy, data and capacity gaps to strengthen access to global climate finance for adaptation and mitigation priorities.	Total financing: USD	Status
		TBA	In progress
Action		Lead	Timeline
Confirm OEEM's commitment to lead the NAP development		NDA	June 2017 (completed)
Finalise TOR for NAP Specialist to enable recruitment		OEEM	October 2017

Table 12: Accreditation Pipeline

Entity Name	Type	Action	Lead	Timeline
MCT	Micro, non-profit conservation organisation	Accredited.	MCT	July 2017
FSMDB	Micro, development national bank.	Engage support of USAID Climate Ready program to assist in addressing gaps identified by PwC Report <i>i.e.</i> strengthening accounting procedures and procurement.	FSMDB	September 2017
Vital	SOE, largest energy/oil supplier in the FSM	Nomination letter submitted, March 2017. Awaiting response from GCF.	NDA	ASAP

3. Country Program Implementation and Sustainability Plan

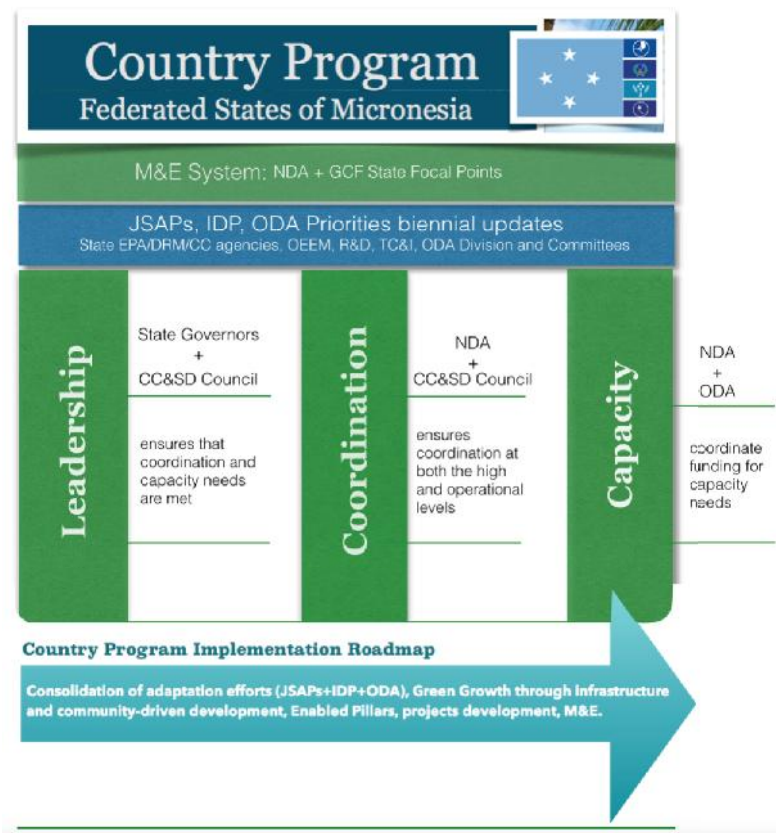
3.1 Implementation Timeline and Institutional Arrangements

CP implementation begins immediately with oversight from the NDA and with the following guidance to:

1. progress the projects/programs pipeline on an ‘as ready basis’.
2. facilitate any further consolidation or rearrangement of projects/programs in the pipeline.
3. update the other areas of the Country Portfolio regarding requests to access resources under the FSM-GCF Readiness Program, including accreditation assistance and project preparation on an ‘as needs basis’.
4. develop a Communications Strategy by March 2018, ready for implementation by April 2018.
5. facilitate the completion of the M&E results framework for this CP across the States and National government in August/September 2018.
6. ensure that this CP is updated in September/October 2018, and yearly thereafter.
7. ensure that State and National consultations are undertaken as part of the annual update of the CP.

The institutional arrangement for implementation of the CP is based on the implementation roadmap of the Strategic Framework (Section 1.5). As per Figure 10, the NDA and GCF State Focal Points will manage the CP's M&E system. The agencies responsible for keeping the IDP, JSAPs and ODA Priorities updated will inform projects design and development over the course of proposal development. The State Governors and the CC&SD Council represent the enabling pillar of 'leadership', ensuring that coordination and capacity needs are met. The NDA and the CC&SD Council represent the pillar of

Figure 10: Institutional Arrangement for Country Program Implementation



'coordination', ensuring that coordination occurs at the high levels of government as well as at the operational level of the CP. The NDA and ODA division represents the pillar of 'capacity', ensuring that funding for capacity needs are coordinated.

Accountability for implementing the CP and its M&E results framework at State level lies with the State Leadership and the State GCF Focal Points.

Accountability for implementing the CP and its M&E results framework at national level lies with the NDA. The NDA will assume the overall program coordination role, working closely with the State GCF focal points and its key national government partners: OEEM, ODA, DFA, R&D and TC&I (PMUs/PMOs).

Accountability for ensuring that the CP is fully implemented lies with the CC&SD Council.

3.2 Reporting

Following the institutional arrangement above, the State GCF focal point reports to the State Governor. The NDA reports to the CC&SD Council. The CC&SD Council reports to the President of the FSM.

Reporting includes an annual report on the M&E results. The M&E framework is detailed below.

3.3 M&E System: Results Framework and Context

The results framework for this CP consists of a Master framework and States and national-based frameworks. It has three main monitoring areas: strategic, institutional and administrative. Strategic monitoring involves the progress made towards ensuring that State-based and nation-wide plans supporting climate change adaptation and infrastructure are developed and/or up to date. Institutional monitoring refers to the progress made on the enabling pillars of leadership, coordination and capacity. Administrative monitoring involves the progress made of projects/programs towards a No Objection Letter (NOL).

Accountability for ensuring that projects are progressed will lie with the ‘executing agency’ of the project or program. The ‘executing agency’ will assume the executive decision-making role, working closely with the NDA, and if a State-based project, with both the NDA and the State GCF focal point. The ‘executing agency’ will also assume the executive decision-making role for engagement of accredited entities. For example, the FSM Department of Resources and Development is the executing agency of the FSM Renewable Energy program, while the Accredited Entity is the Asian Development Bank, and the implementing entities are the State power utilities.



The States and national-based frameworks feed into the Master framework. The States-based results framework are maintained by the State GCF Focal Points. The national-based and Master framework are controlled and maintained by the NDA. The template spreadsheet of the Master and States-based results frameworks is in Annex 6.¹⁸

The M&E results framework is to be understood within a ‘pre-climate impact results’ context. At this ‘readiness stage’ of the CP, the results being measured are not based on projects performance. Rather, they are foundational results; those that provide the basis to deliver on the eight GCF strategic impact mitigation and adaptation result areas (or GCF Results Management Framework).¹⁹ A new framework will need to be established once the pipeline projects and programs are producing results. Each project or program will then have its own M&E results framework which incorporate the requirements under the GCF Results Management Framework. The country will thus be ‘ready’ to fully contribute to greater adaptation and mitigation goals once projects and programs are rolled out.

¹⁸ The working template is available through this link: <https://drive.google.com/file/d/oB4svg2MiNAycNTFpNWFJZnVpMUE/view?usp=sharing>

¹⁹ For a copy of the latest iteration of the GCF Results Management Framework, contact the the GCF Country Program Liaison Officer for the FSM.

3.4 Management Needs

The ongoing management of the CP requires staffing of the NDA office to progress the development of the Country Portfolio and associated processes, which have been established in this first year of the readiness phase.

At a minimum, a long term position for an FSM-GCF Program Coordinator or similar, is required. This position would oversee the day to day operations and coordination needs of the NDA office, including the ongoing update of the Country Portfolio and the administration of the FSM-GCF Proposal Approval Process. The position would also mobilise assistance to undertake the annual review and update of the CP, and ensure that the CP Review Log, located at the start of this document, is to be completed after each annual review, or earlier as required.

A short term consultant with expertise in program management and M&E is needed to support the update of the CP with any new developments related to economic circumstances and climate change issues, new information on the viability or costs of the Country Portfolio options, and other matters of relevance such as:

- Updating and refining of the Strategic Framework with a completed NAP, or as required by more current needs;
- Updating the M&E System and associated templates and processes;
- Visiting each State to conduct monitoring and provide training to refresh State-based users of the M&E system, and to facilitate completion of the States-based M&E results framework.

Implementation of the CP is stakeholders-driven, and as such necessitates the development and implementation of a Communications Strategy in the coming months of readiness activities. The Communications strategy would assist in coordination between the States and national governments and stakeholders, while providing much needed education and awareness to the greater public to build understanding and support for the implementation and sustainability needs of the CP. The strategy would include a built-in communications M&E results framework to monitor and assess the effectiveness of outreach modes and materials including media articles and broadcasting outputs.

3.5 Mechanisms for Keeping the Future, Present:

The two re-enforcing mechanisms for CP implementation and sustainability are the CC&SD Council and the M&E system. As the body responsible for the successful implementation of the CP, the CC&SD Council ensures that this Implementation and Sustainability Plan is appropriately funded and adjusted as necessary for relevance and for continued active engagement by key stakeholders. The annual M&E reports serve to guide Council support.

Annex 1: Reference Guide on the Development of the Strategic Framework

The CP strategic framework follows a 'green growth' development pathway. The formulation of the framework is based on the policy frameworks, laws and regulations and planning documents on climate change and sustainable development in the FSM, primarily deriving from the Nation-wide Integrated Disaster Risk Management and Climate Change Policy, the Joint State Actions Plans for Disaster Risk Management and Climate Change and National Infrastructure Development Plan.

Vision

Vision 2025 sees the FSM achieving sustainable development by transforming into a climate-smart society that thrives in a low carbon economy.

The vision was distilled from the 2013 Nationwide Disaster Risk Management and Climate Change Policy's (CC Policy) Goal and Policy Statement, which aligns with the FSM Strategic Development Plan 2004 to 2023, and with the JSAPs.

Guiding Principles

The guiding principles follow those of the CC Policy:

- safeguard the development of FSM's people, resources and economy, now and in the future, to the risks posed by a changing climate and the range of natural and human-made hazards
- pro-active integration of disaster risk reduction, climate change adaptation and climate change mitigation considerations into relevant national, sectoral, state and community-level development strategies and programs.
- holistic, integrated, community and ecosystem based 'ridge to reef' approach to risk reduction and natural resources management to ensure that adaptation measures are socially and ecologically sound.
- inclusive development with attention to issues on gender-responsive development, the needs of marginalized groups, such as small atoll communities, the disabled, youth and the elderly
- recognition of the rights of island communities to their ancestral lands, while acknowledging the role that migration has played, and will continue to play, as an adaptation strategy to a changing environment.
- Adopting the 'building back better' approach in recovery and reconstruction programs following loss and damage caused by natural and human-induced disasters.
- Honours regional and international commitments, notably the Pacific Disaster Risk Reduction and Disaster Management Framework for Action 2005 – 2015 (RFA), the Pacific Islands Framework for Action on Climate Change 2006 – 2015 (PIFACC), the international Hyogo Framework for Action: Building the Resilience of Nations and Communities to Disasters 2005 – 2015, and the United Nations Framework Convention on Climate Change (UNFCCC).

Strategic Objectives

The Strategic Objectives follow those of the CC Policy. However, for implementation purposes, the strategic framework places Capacity Building and Enabling Environment in under 'Enabling Pillars':

1. Public Awareness

- ▶ Develop and disseminate education materials on climate change and disaster risk reduction and integrate these materials through intermediate, primary and secondary education curriculums.
- ▶ Promote, facilitate and implement public and political awareness programs on disaster risk reduction and climate change and its effects at national, state and community levels.

2. Disaster Risk Management

- ▶ Use existing and new policy and planning instruments, resources and capacities to reduce, or eliminate, the risks associated with the adverse effects of hazards through activities and measures for prevention, (hazard) mitigation and preparedness, response, recovery and reconstruction.

3. Climate Change Adaptation

- ▶ Enable adjustments in natural and human systems in response to actual or expected changes in the climate or its impacts in order to moderate harm or exploit beneficial opportunities.
- ▶ Adapt development and economic activities to gradual changes in average temperature, sea level, ocean acidification and precipitation.
- ▶ Reduce and manage the risks associated with more frequent, severe and unpredictable extreme weather events.
- ▶ Prevent environmental migration through adaptation strategies, while addressing human mobility associated with natural disasters and climate change through durable solutions.
- ▶ Ensure environmental migration is managed to the extent possible in a humane and orderly manner, including the protection of displaced populations.

4. Greenhouse Gas Emissions Reduction

- ▶ Reduce dependence on, and use of, fossil fuels.
- ▶ Increase investment in the development of renewable energy sources.
- ▶ Conserve energy consumption and improve energy efficiency across all sectors of society.
- ▶ Meet INDC commitments as per INDC contribution statement.

Programs of Action

The Programs of Action provide the strategic guidance at a programmatic level to implement the vision and objectives above through the pipeline projects/programs. Sub-actions, which have been added in the highlighted colour green, represent an expansion or update of the program areas as a result of lessons learned from the Rapid Vulnerability Assessment desktop report (February 2017) as well as from the priority adaptation activities, identified in the JSAPs.

1. Economic Resilience

- ▶ robust agriculture, forestry and fisheries sectors that are able to rapidly recover from hazards and positively adapt to changing environmental circumstances
- ▶ strengthened private sector and increased public and private investment in climate and environment–friendly trade activities (green economy)
- ▶ reduced reliance on imported commodities
- ▶ socially and environmentally responsible tourism sector
- ▶ development of Conservation and Payment Ecosystem Services schemes

2. Food, Water and Energy Security

- ▶ uninterrupted supply of locally grown high–quality food crops for domestic consumption
- ▶ secure access to safe and clean water
- ▶ consistent, safe, affordable and clean supply of energy
- ▶ sustainable land use management
- ▶ sustainable forestry, agro forestry and biomass
- ▶ small scale energy access in rural areas and outer-islands

3. Infrastructure and Settlements

- ▶ Safe infrastructure and secure settlements that are able to withstand the impacts of non– climate and climate related hazards, including sea level rise.
- ▶ low carbon energy grid/urban systems
- ▶ resilient transport systems
- ▶ infrastructure needs preparation for climate migration settlement and resettlement
- ▶ policy development for implementation of ‘building back better’ approach as part of recovery and reconstruction programs following loss and damage caused by natural and human–induced disasters

4. Waste Management And Sanitation

- ▶ protection of people and the environment from hazardous substances and wastes
- ▶ integrated water resource management
- ▶ integrated solid waste management

5. Health and Social Protection

- ▶ with a focus on climate-induced disease preventions, reduced occurrence of epidemics and other health hazards
- ▶ improved resilience and health status of the population, including special protection measures for vulnerable groups

6. Education

- ▶ uninterrupted learning for students in safe locations

Enabling Pillars

This section expands on the strategic objectives and enabling environment outlined in the CC Policy, further refining the five enabling pillars of Institutional Arrangements, Finance, Capacity Building and Knowledge Management, Technology, Innovation and Infrastructure, and Integrated Data and Planning Management into the three enabling pillars of Leadership, Coordination and Capacity. Updates and expansion to the pillars have been added in the highlighted colour green, as a result of lessons learned from the Rapid Vulnerability Assessment desktop report (February 2017), and subsequently validated in the two stakeholders workshop (March to April 2017, and August 16 to 17, 2017).

1. Leadership

- ▶ Institutional arrangements: strengthen governance and management arrangements for Disaster Risk Management, Climate Change Adaptation and Greenhouse Gas Emissions Reduction including policy, compliance, legislative and regulatory frameworks, data management, performance monitoring and reporting frameworks that enable the ongoing assessment and management of disaster and climate risks and impacts by establishing a Climate Change and Sustainable Development Council to:

- streamline the review and approval of investments in adaptation and mitigation projects and programs for the country
- guide the development and implementation of a National Adaptation Plan (NAP) for the FSM
- guide the development and implementation of a national Capacity Building Plan under the NAP
- ensure that the FSM INDC targets are met
- ensure compliance and implementation of the Climate Change Act provisions
- lead the development of regulatory reforms to incentivize low-emissions pathways
- drive the economic and infrastructure development of climate-smart innovative technology across each of the FSM states
- ensure that the Overseas Development Assistance (ODA) Policy remains current/relevant and is implemented
- ensure that required institutional coordination for maximising the beneficial impact of climate finance is effective and well-funded.
- Strengthen the delivery of activities that are conducive to institutional coordination, including donor coordination as set out in the FSM Overseas Development Assistance 2013.
- Strengthen the delivery of activities that are conducive to capacity building, particularly in the areas of knowledge management; technology, innovation and infrastructure; integrated planning and data management:

Capacity Building and Knowledge Management

- recognition that the assessment and treatment of *existing* risks is the starting point for reducing and managing *future* risks.

A. Technology, Innovation and Infrastructure

- innovative and creative thinking to seek approaches that simultaneously reduce threats and identify possible opportunities arising from climate change.
- make use of new approaches and technologies that are climate and environment friendly. Recognizes the intrinsic inter-relationships that exist between development activities, people's well-being and the state of the environment.

B. Integrated Planning and Data Management

- Knowledge-based decision making with an emphasis on understanding and addressing root causes of hazards and vulnerabilities and using a science-based, no regrets and precautionary approach.
- A 'multi-hazard' risk management and reporting approach that integrates disaster risk management, climate change adaptation and greenhouse gas emissions reduction.

▶ Finance

- establish sustainable funding for Disaster Risk Management, Climate Change Adaptation and Greenhouse Gas Emissions

2. Coordination

▶ Institutional Arrangements:

- Develop and implement national, state and community-level Integrated Disaster Risk Management and Climate Change Action Plans.
- Reactivate and fully resource the States-National Joint Risk Management Network to enable coordination of disaster risk management and climate change issues between:
 - the national government and the State governments
 - the national and state governments with Compact-funded initiatives
 - the national and state governments with municipal and island-level governance agents, non-governmental organisations, intergovernmental organisations and the private sector.
- Ensure that the terms of reference of the Network include compulsory information-sharing on plans and projects/programs on adaptation and mitigation initiatives.
- Ensure that representatives from State and national overseas development assistance offices participate in the Network to enable updated reports on ODA funds coordination.

▶ Finance

- coordinate sustainable funding for Disaster Risk Management, Climate Change Adaptation and Greenhouse Gas Emissions Reduction through coordination of official development assistance.

3. Capacity

▶ Develop, fully resource and implement a Capacity Building Plan under the NAP, that prioritises:

- building expertise in the areas of projects/program development and management; overseas development assistance and climate finance management; climate knowledge and data management; climate smart innovation and technologies; climate-smart urban planners; gender and climate change.
- State-level capacity: capacity needs are particularly pronounced at the states level.
- capacity-strengthening of the Office of Environment and Emergency Management to coordinate climate change activities
- capacity-strengthening of the Department of Finance and Administration to receive direct budget support from climate finance donors, as well as to efficiently disburse to the States and other legitimate agencies.
- capacity-strengthening of the ODA office to coordinate climate funds with other development funds
- provision of incentives and other support to increase the numbers of accredited national implementing entities for climate finance in the FSM.
- promote, facilitate and develop training programs on disaster risk management and climate change for scientific, technical, managerial personnel and policy makers.

Annex 2: Supplementary Consultations

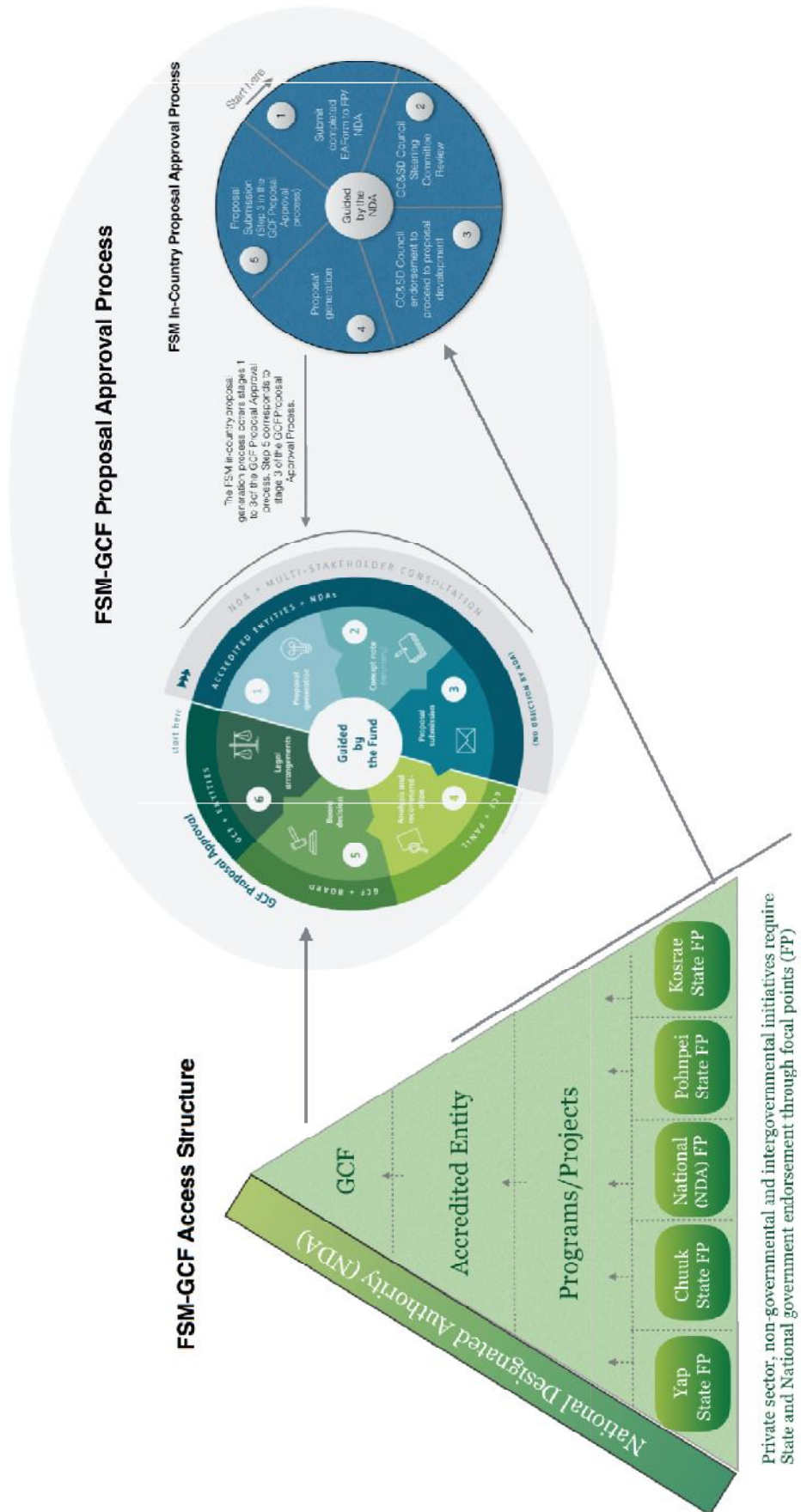
List of one-on-one meetings to reach key stakeholders who were not available to attend the inception workshop.

Contact/s	Position/s	Organisation/Agency	Date (2017)
Dickson Wichep	Assistant Secretary	Department of Transport, Communication and Infrastructure	12 January
Gillian Doone/Calvin Ehmes	Administrator/Assistant	Overseas Development Assistance Office	23 January
Rose Yatilman	Project Manager	Ridge to Reef Ecosystems project	27 January
Eugene Amor	Assistant Secretary	Department of Finance and Administration	27 January
Nathan Glancy/ Alyson Gombas	Chief of Party/Education Specialist	International Organisation for Migration	30 January
Evelyn Adolph	Coordinator	UNDP Joint Presence Office	30 January
Elina Paul/ Cindy Ehmes	Assistant Director, Disaster Risk Management/Assistant Director, Climate Change	Office of Environment and Emergency Management	31 January
Marion Henry/Alissa Takesy	Secretary/Assistant Secretary	Department of Resources and Development	31 January
Gienah Narruhn	Director	National Chamber of Commerce	30 January
Awake Yoshida	Projects Formulation Advisor	Japan International Cooperation Assistance	1 February
Eunyoung Ko	Country Officer	World Health Organisation	1 February
Mason Wiley	Director	College of Micronesia, Entrepreneur Centre	2 February
Mason Albert	Country Officer	Asian Development Bank	2 February
Kemsky Sigrah	Administrator	Compact Management Office	3 February
Jared Morris	CEO	Petrocorp/Vital	7 February
Norleen Oliver/Moses Petrick	Gender Officer/Health and Climate Change Focal Point	Department of Health and Social Affairs	7 February
Fabian Nimea	Consultant	FSM Development Bank	8 February
Simpson Abraham	Country Officer	Secretariat of the Pacific Regional Environmental Program	8 February
Rupeni Mario/Sylvie Goyet/Maire Dwyer	Country Representative/Regional Director/Gender Officer	Pacific Community	15 February
Wayne Mendiola	Assistant Secretary, Curriculum Development	Department of Education	15 February
Lee Baker/Stephen Boland/Patterson Shed	Chief of Party/Climate Finance Consultant/Coordinator	USAID Climate Ready Program	21 February
Caroline Adams/Annette Leith	Implementation Specialist/Country Officer	World Bank	6 March
Herman Semes/Adelino Lorens,	Director/Pohnpei State Umbrella NGO representative	FANGO (FSM Alliance of NGOs)	21 June

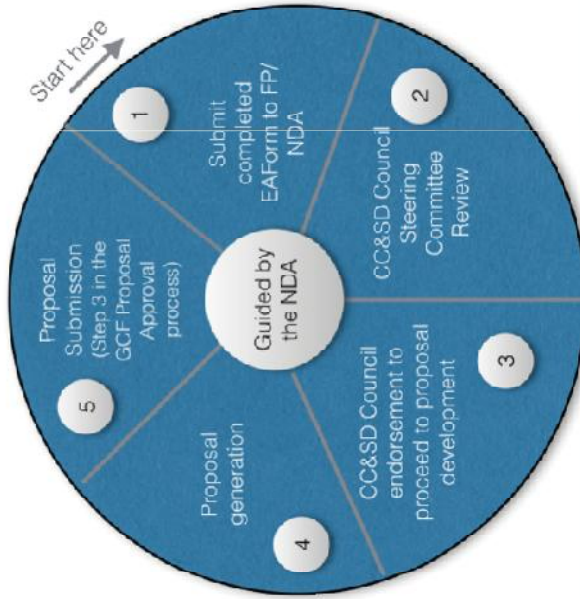
Annex 3: ODA Priorities List (2016 to 2018)

ODA Priorities 2016 to 2018 (14 Priorities in total; 6 at National level and 2 per State).		
NATION-WIDE Priority Areas		
	2015 Cost Estimates	
1	Food and Water Security	\$10,000,000
2	Enhancing Energy Security through the Promotion of a Green Economy for the FSM.	\$72,000,000
3	Infrastructure Development Plan	\$1,082,000,000
4	Human Resource Development for Health and Education	\$5,627,500
5	Diagnostic Facility in Pohnpei (medical)	\$7,345,000
6	Supporting Entrepreneurs and Enterprise Development	\$173,500
STATE-LEVEL Priority Areas		
	2015 Cost Estimates	
Yap		
1	Replacement Bridges (Y22)	\$6,600,000
2	Multi-Role Vessel (Y31)	\$500,000
Chuuk		
1	Weno Circumferential Road Phase II (C8)	\$73,055,000
2	Improvement of Sports Facilities	\$2,405,472
Pohnpei		
1	Pohnpei Port Development Project	\$12,000,000
2	Tourism Sector Development	\$2,950,000
Kosrae		
1	Kosrae Airport Terminal Improvement Project	\$11,000,000
2	Construction of Inner Road, connecting Malem and Utwe (K13)	\$11,495,000 (K13)

Annex 4: FSM-GCF Proposal Approval Process



FSM In-Country Proposal Approval Process



- 1 For States, FSM-GCF Eligibility Assessment Forms (EAF Forms) are submitted to Focal Points (FP). For national and regional, submit to the NDA. Within two weeks of receipt, the NDA undertakes an internal review of the project/program submissions to ensure alignment with Country Program strategies. Successful projects/programs are progressed for review by the Climate Change and Sustainable Development Council (CC&SD Council).
- 2 Within two weeks of receipt, the CC&SD Steering Committee reviews the projects/programs based on the EAF Forms and the NDA's internal assessment to ensure alignment and coordination on climate and overseas development assistance financing at the national-level. The Department of Resources and Development is the secretariat for the CC&SD Committee.
- 3 Within one week of receipt, the CC&SD Council reviews the projects/programs based on the EAF Forms, the NDA's internal assessment and the Steering Committee's recommendations to provide the country or national-level endorsement to proceed with proposal development. The endorsement will serve to authorise the NDA to provide No Object on Letters (NOLS) to access GCF resources directly to support the development and submission of the reviewed projects/programs. The Office of Environment and Emergency Management (OEEEM) is the secretariat for the CC&SD Council.
- 4 The NDA facilitates the proposal development process with the project proponent. Within the first year, accredited entity arrangements are firm'd up, and concept notes are prepared as a first step to full proposal development. Note that there may be rare cases in which concept note preparation is not necessary; this will be determined with the accredited entity. Proposal development can take around 2 years depending on the project size, scope and complexity. When appropriate, the NDA can facilitate access to the GCF Project Preparation Facility (PPF) which provides up to 1.5 million per project or 10% of the total project costs, whichever is lesser.
- 5 The NDA facilitates the proposal submission process to the GCF.

Annex 5: FSM-GCF Eligibility Assessment Form

 FSM-GCF Eligibility Assessment Form										Form last updated: 23 Aug 2017	
Project Title:										Sector/s covered:	
Project Description/Scope:	Briefly describe here the objectives and scope of the project or program.									Proposed Start and End dates:	
Agencies Responsible:	Write here which agency/agencies will be responsible for oversight of the project or program. If more than one agency, please clarify institutional arrangements amongs: the agencies.										
Project Outcomes:	Write here what the ultimate impact the project or program is expected to have on reducing emissions for the FSM and/or increasing resilience of communities in the FSM.										
Project Justification:	Explain here why the project or program is needed and how it relates to the endorsed priorities under the FSM Joint State Action Plan for Climate Change and Disaster Risk Management and/or the FSM Infrastructure Development Plan and/or the FSM Overseas Development Assistance Priorities List. Also write here any alignments and complementarities with existing or upcoming projects and programs.										
Strategic Alignment with FSM Development Priorities (please click next tab for rating guide)											
Support investment and economic growth	Improve private sector capacity and/or increase employment	Improve living conditions and/or income generation	Improve access to delivery of public health services	Improve access to delivery of education	Improve environmental outcomes/conditions	Improve natural disaster and climate change resilience	Improve capacity of government infrastructure agencies	Improve financial sustainability of infrastructure	FSM Strategic Rating (out of 5)	0	
Strategic Alignment with GCF Results Impacts (please click next tab for rating guide)											
INCLUSION OF:											
Co-benefits across gender and vulnerable groups	1. Energy access and power generation	2. Transport	3. Buildings, cities, industries and appliances	4. Sustainable land use and forest management	5. Livelihoods of most vulnerable people/communities	6. Health/well-being, Food and Water security	7. Infrastructure and Built Environment	8. Ecosystems and ecosystem services	GCF Strategic Rating (out of 5)	0	
GCF Alignment Issues	If your project has a TOTAL rating of 1, or 2 in the FSM development priorities or GCF result areas yet you feel that the project or program should be eligible for GCF funding, please explain here what further considerations the NDA Office should take to ensure that your project/program is considered for funding. See also next tab for more information on understanding the ratings.										
Project Stage:	Idea or Concept or Proposal; please refer to guide in next tab.										
Accreditation Entity (AE) Arrangements:	Project Type: Write here: Adaptation OR Mitigation OR Cross-cutting (adaptation + mitigation)										
Environmental and Social Safeguards	Write here the name of your accredited entity partner. If you are in search for an accredited entity, you can visit the Green Climate Fund website for a current list of accredited entities: www.greenclimate.fund/partners/accredited-entities/ae-directory . You may also contact the FSM NDA Office for further assistance.										
Capacity Needs for proposal development:	Include here any environmental and social safeguards (ESS), including considerations of gender inclusion within the project or program. Note that Accredited Entities are required to have an ESS policy so if these considerations are not yet made, simply write: "ESS will be developed once AE partnership is established for the project/program".										
Estimated Planning & Design Costs USD:	Include here any additional technical needs that your agency might require to complete a full proposal to the Green Climate Fund. These may include experts in cost-benefit analysis, monitoring and evaluation, grant writer etc.										
Estimated Planning & Design Costs USD:			Other co-financing:			GCF portion:			Other co-financing:		
TOTAL amount here only. The amount should include proposal preparation and project/program design costs.			Estimated Implementation Costs USD:			TOTAL amount here only. The amount should include costs that will be incurred at implementation.			Other co-financing:		



GUIDE to the FSM-GCF Eligibility Assessment Form

ALIGNMENT WITH FSM + GCF STRATEGIC OBJECTIVES RATINGS

Rating 1	The project/program will make little or no contribution to the strategic objective
Rating 2	The project/program will make a low contribution to the strategic objective
Rating 3	The project/program will make a medium contribution to the strategic objective
Rating 4	The project/program will make a high contribution to the strategic objective
Rating 5	The project/program will make a very high contribution to the strategic objective

NOTE regarding the GCF Strategic Objectives Ratings: The NDA Office will consider a TOTAL rating below 3 as long as your project/program rates as 3 or above in any one of the eight result criteria under emissions reduction and resilience.

PROJECT STAGE

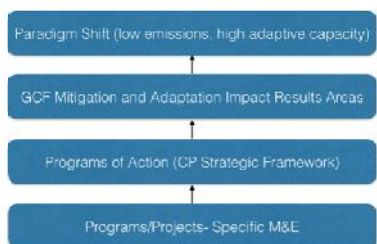
1. IDEAS	At this stage, partner Accredited Entities are yet to be selected and engaged, and further scoping, sector-wide analysis and stakeholder consultations are yet to be conducted.
2. CONCEPT NOTE	At this stage, an Accredited Entity partner has been selected. Climate potential has been defined and project development gaps identified. Pre-feasibility study and other studies partially completed.
3. PROPOSALS	At this stage, an Accredited Entity partner has been fully engaged. Feasibility studies, environmental & social impact studies, and other key supporting documents completed or in final stages of preparation.

Annex 6: Country Program M&E Results Framework Template

FSM-GCF Country Program Master READINESS Results Framework					
Readiness Progress Indicator:	Stalling	In-progress	Progressing well	Date of Evaluation:	Name /Title of Lead Evaluator:
	<i>PROGRESS SNAPSHOT</i>				
	Strategic	Institutional	Administrative	Evaluation Comments	
Nation-wide					
National					
Yap State					
Chuuk State					
Pohnpel State					
Kosrae State					

NOTE: The M&E results framework is to be understood within a 'pre-climate impact results' context. At this 'readiness stage' of the CP, the results being measured are not based on projects performance. Rather, they are foundational results; those that provide the basis to deliver on the eight GCF strategic impact mitigation and adaptation result areas (or GCF Results Management Framework). A new framework will need to be established once the pipeline projects and programs in the framework are producing results. Each project or program will then have its own M&E results framework which incorporate the requirements under the GCF Results Management Framework which would follow a log-frame such as the one suggester in figure 1. The country will thus be 'ready' to fully contribute to greater adaptation and mitigation goals once programs and projects are rolled out.

Figure 1: Projects-based M&E log frame



National GCF READINESS Program Results Framework

Readiness Progress Indicator:	Stating	In progress	Progressing well	Date of Evaluation:	Name/Title of Lead Evaluator:	
1 STRATEGIC						
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
The FSM has a comprehensive long-term climate adaptation and mitigation plan that integrates climate change into national decision-making.	National Adaptation Plan (NAP), Nationally Appropriate Mitigation Actions (NAMA) and National Gender and Vulnerable Groups Policy developed.	NAP	OCEM	No national, operational plan yet. No National Gender and Vulnerable Groups Policy in place yet.		
The FSM-GCF Country Program Strategic Framework is aligned with the NAP and NAMA.	National Adaptation Plan (NAP), Nationally Appropriate Mitigation Actions (NAMA) and National Gender and Vulnerable Groups Policy developed.	The FSM-GCF Country Program with updated strategic framework	NDA	No national, operational plan yet. No National Gender and Vulnerable Groups Policy in place yet.		
The FSM has a comprehensive long-term infrastructure plan that integrates climate change into nation-wide decision-making on infrastructure development. FSM Stakeholders are well-informed of Country Program progress.	Communications Strategy developed and implemented. Second institutional and public support for CP implementation.	Up-to-date nationwide IUP Communications Strategy, M&E Results Frameworks detailing publication or broadcasting outputs. Working and other outreach feedback forms	O&I NDA	IUP (2019) No communications strategy in place yet.		
2 INSTITUTIONAL						
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
Leadership in climate change and adaptation planning and implementation	National Adaptation Plan (NAP), Nationally Appropriate Mitigation Actions (NAMA) and National Gender and Vulnerable Groups Policy developed. CC&SD Council meetings are regular and effective.	CC&SD Council minutes.	OCEM	No national, operational plan yet. CC&SD Council newly established. CC&ACT inactive		
Coordination in climate change and adaptation planning and implementation	JHM Networks reactivated and meetings are regular and effective. Well-functioning ODA national and state offices. Well-functioning NDA and States GCF focal point counterparts.	JHM Network minutes.	OCEM	JHM Network inactive. ODA national and state offices currently low capacity. NDA and States GCF focal point counterparts currently minimal capacity.		
Capacity in climate change and adaptation planning and implementation	Capacity building Plan under the NAP is developed. Capacity building Plan under the NAMA is developed.	NAP and NAMA	OCEM	No plan yet		
3 ADMINISTRATIVE						
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
Well-functioning NDA	NDA Office is sufficiently resourced and has long-term staffing. GCF Readiness and resources fully accessed. Country portfolio activities show progress. Annual nation-wide Country Program update workshop is conducted. Communications Strategy developed and implemented.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&E Framework Up-to-date FSM-GCF Applications and Proposal Generation Toolkit Up-to-date NDA Administration Register Up-to-date Project/Program Pipeline Tracker Annual nation-wide Country Program update workshop report. Communications Strategy bi-annual reports.	NDA	NDA currently resourced by short and medium term consultants. Currently no budget for annual workshops. No communications strategy in place yet.		
Project 1: Food and Water Security	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	HSU	Idea stage		
Project 2: FSM Renewable Energy	Proposal work completed or almost completed.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&E Framework	HSU	Proposal stage		
Project 3: Resilient National College Infrastructure Program	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	TC&I	Idea stage		
Project 4: Nation-wide CO and O&M Coordination and Communications Program	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	TC&I	Idea stage		

Yap State GCF READINESS Program Results Framework

Readiness Progress Indicator:	Stalling	In-progress	Progressing well	Date of Evaluation:	Name /Title of Lead Evaluator:	
1	STRATEGIC					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Yap State continues to have a comprehensive long-term climate adaptation plan that integrates climate change into State and national decision-making.	Up-to-date Joint State Action Plan (JSAP)	Up-to-date JSAP	to be identified by the State	USA- (2015)		
Yap State continues to have a comprehensive long-term infrastructure plan that integrates climate change into national decision-making.	Up-to-date State infrastructure development plan (IDP)	Up-to-date IDP	to be identified by the State	IDP (2015)		
Yap State projects portfolio for the GCF are aligned to the latest FSM-GCF Country Program Strategic Framework	Project design aligns with the Programs of Action in the FSM-GCF Country Program Strategic Framework	Concept note or Proposal document	GCF focal point? to be identified by the State	No concept note or proposal documents available yet		
2	INSTITUTIONAL					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Leadership in climate change and adaptation planning and implementation	ISA's, IDP are up-to-date.	Up-to-date JSAP and IDP	to be identified by the State	ISA and IDP (2015)		
Coordination in climate change and adaptation planning and implementation	State-based JRM Network is reactivated and meetings are regular and effective. Well-functioning ODA state office Well-functioning State GC- focal point	JRM Network minutes.	OEM and state participant? to be identified by the State	JRM Network inactive. ODA state offices currently at low capacity. State's GCF focal point currently at minimal capacity		
Capacity in climate change and adaptation planning and implementation	Capacity Building Plan under the NAP is developed	NAP	OFFM	No plan yet		
3	ADMINISTRATIVE					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Well-functioning GCF State Focal Point (FP)	NDAFP is resourcee and has long-term staffing GCF Readiness and resources fully accessed. State portfolio activities show progress.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&E Framework	GCF State FP	NDA currently resourcee by short and medium term consultants Currently no formal administration process to track development of projects		
Project 1: Resilient Transport and Private Sector Development in the main and outer islands of Yap	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	idea stage		
Project 2: Yap Renewable Energy Investment Program Phase 3	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	idea stage		
Project 3: Resilient Infrastructure for Health and Education Delivery	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	idea stage		

Chuuk State GCF READINESS Program Results Framework

Readiness Progress Indicator:	Stalling	In-progress	Progressing well	Date of Evaluation:	Name /Title of Lead Evaluator:	
1	STRATEGIC					
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
Chuuk State continues to have a comprehensive long-term climate adaptation plan that integrates climate change into State and national decision-making.	Up-to-date Joint State Action Plan (JSAP)	Up-to-date JSAP	To be identified by the State	JSAP (2015)		
Chuuk State continues to have a comprehensive long-term infrastructure development plan that integrates climate change into national decision-making.	Up-to-date State infrastructure development plan (IDP)	Up-to-date IDP	To be identified by the State	IDP (2015)		
Chuuk State projects portfolio for the GCF are aligned to the latest FSM-GCF Country Program Strategic Framework	Project design aligns with the Programs of Action in the FSM-GCF Country Program Strategic Framework	Concept note or Proposal document	GCF focal point/ to be identified by the State	No concept note or proposal documents available yet		
2	INSTITUTIONAL					
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
Leadership in climate change and adaptation planning and implementation	JSAPs, IDP are up to date.	Up-to-date JSAP and IDP	To be identified by the State	JSAP and IDP (2015)		
Coordination in climate change and adaptation planning and implementation	State-based JRM Network is reactivated and meetings are regular and effective. Well-functioning ODA state office Well-functioning State GCF focal point	JRM Network minutes.	OCEM and state counterpart/ to be identified by the State	JRM Network inactive. ODA state offices currently at low capacity. States GCF focal point currently at minimal capacity		
Capacity in climate change and adaptation planning and implementation	Capacity Building Plan under the NAP is developed	NAP	OCEM	No plan yet		
3	ADMINISTRATIVE					
Results	Indicators	Source	Lead	Baseline	Progress	Evaluation Comments
Well-functioning GCF State Focal Point (FP)	NDAFP is resourced and has long-term staffing GCF Readiness and resources fully processed. State portfolio activities show progress.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&F Framework	GCF State FP	NDA currently resourced by short and medium term consultants Currently no formal administration process to track development of projects		
Project 1: Chuuk State Resilient Critical Infrastructure Program	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	To be identified by the State	Idea stage		

Pohnpei State GCF READINESS Program Results Framework

Readiness Progress Indicator:	Stalling	In progress	Progressing well	Date of Evaluation:	Name /Title of Lead Evaluator:
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1 STRATEGIC

Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Pohnpei State continues to have a comprehensive long-term climate adaptation plan that integrates climate change into State and national decision-making.	Up-to-date Joint State Action Plan (JSAP)	Up-to-date JSAP	to be identified by the State	JSAF (2015)		
Pohnpei State continues to have a comprehensive long-term infrastructure plan that integrates climate change into national decision-making.	Up-to-date State Infrastructure development plan (IDP)	Up-to-date IDP	to be identified by the State	IDP (2015)		
Pohnpei State projects portfolio for the GCF are aligned to the latest FSM-GCF Country Program Strategic Framework	Project design aligns with the Programs of Action in the FSM-GCF Country Program Strategic Framework	Concept note or Proposal document	GCF focal point? to be identified by the State	No concept note or proposal documents available yet		

2 INSTITUTIONAL

Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Leadership in climate change and adaptation planning and implementation	JSAPs, IDP are up to date.	Up-to-date JSAP and IDP	to be identified by the State	JSAF and IDP (2015)		
Coordination in climate change and adaptation planning and implementation	State based JHM Network is reactivated and meetings are regular and effective. Well-functioning ODA state office Well-functioning State GCF focal point	JHM Network minutes.	OEBM and state counterpart? to be identified by the State	JHM Network inactive. ODA state office currently at low capacity. States GCF focal point currently at minimal capacity		
Capacity in climate change and adaptation planning and implementation	Capacity Building Plan under the NAI is developed	NAP	OEBM	No plan yet		

3 ADMINISTRATIVE

Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Well-functioning GCF State Focal Point (FP)	NDAFF is resourced and has long-term staffing GCF Headness and resources fully accessed. State portfolio activities show progress.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&E Framework	GCF State FP	NDA currently resourced by short and medium term consultants Currently no formal administration process to track development of projects		
Project 1: Pohnpei State Resilient Critical Infrastructure Project	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	Idea stage		
Project 2: Pohnpei State Resilient Social Protection Program	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	Idea stage		
Project 3: Pohnpei State Resilient Tourism Sector Development	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	to be identified by the State	Idea stage		

Kosrae State GCF READINESS Program Results Framework

Readiness Progress Indicator:	Stalling	In-progress	Progressing well	Date of Evaluation:	Name/Titles of Lead Evaluator:	
1	STRATEGIC					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Kosrae State continues to have a comprehensive long-term climate adaptation plan that integrates climate change into State and national decision-making.	Up-to-date Joint State Action Plan (JSAP)	Up-to-date JSAP	To be identified by the State	JSAP (2015)		
Kosrae State continues to have a comprehensive long-term infrastructure plan that integrates climate change into national decision-making.	Up-to-date State infrastructure development plan (IDP)	Up-to-date IDP	To be identified by the State	IDP (2015)		
Kosrae State projects portfolio for the GCF are aligned to the latest FSM-GCF Country Program Strategic Framework	Project design aligns with the Programs of Action in the FSM-GCF Country Program Strategic Framework	Concept note or Proposal document	GCF focal point to be identified by the State	No concept note or proposal documents available yet		
2	INSTITUTIONAL					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Leadership in climate change and adaptation planning and implementation	JSAPs, IDP are up to date	Up-to-date JSAP and IDP	To be identified by the State	JSAP and IDP (2015)		
Coordination in climate change and adaptation planning and implementation	State-based JRM Network is reactivated and meetings are regular and effective Well-functioning IJIA state office Well-functioning State GCF focal point	JRM Network minutes.	OCEM and state counterpart to be identified by the State	JRM Network inactive. ODA state offices currently at low capacity. States GCF focal point currently at minimal capacity		
Capacity in climate change and adaptation planning and implementation	Capacity Building Plan under the NAP is developed	NAP	OCEM	No plan yet		
3	ADMINISTRATIVE					
Results	Indicator/s	Source	Lead	Baseline	Progress	Evaluation Comments
Well-functioning GCF State Focal Point (FP)	NDAFP is resourced and has long-term staffing GCF Readiness and resources fully accessed. State portfolio activities show progress.	NDA quarterly Reports Up-to-date FSM-GCF Country Program and M&E Framework	GCF State FP	NDA currently resourced by short and medium term consultants Currently no formal administration process to track development of projects		
Project 1: Kosrae State Inland Road Completion Project	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	To be identified by the State	Idea stage		
Project 2: Building Resilient Communities in Kosrae State	Accredited Entity secured Concept note or proposal work in progress	Up-to-date FSM-GCF Country Program and M&E Framework	To be identified by the State	Idea stage		

Annex 7: Key Sources Consulted

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- Federated States of Micronesia, Pohnpei Joint State Action Plan for Disaster Risk Management and Climate Change (2016), prepared the Pacific Community.
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