

# **FEDERATED STATES OF MICRONESIA**

## **National Protected Areas Network Policy Framework**

**2015**

SECTION 1.	AUTHORITY.....	3
SECTION 2.	PURPOSE AND BACKGROUND .....	3
2.1	Purpose.....	3
2.2	Background: .....	3
SECTION 3.	DEFINITIONS .....	4
SECTION 4.	ROLES AND RESPONSIBILITIES.....	6
4.1	Department of Resources and Development .....	6
4.1.a	Secretary of the Department of Resources and Development .....	7
4.1.b	Protected Areas Network Coordinator.....	7
4.2	State Focal Points .....	8
4.3	Management Units .....	9
4.4	Technical Committee.....	10
4.4.a	Composition of the Technical Committee .....	10
SECTION 5.	APPLICATION PROCESS .....	11
5.1	Application Contents.....	11
5.2	Application Submission and Initial Processing.....	12
5.3	Technical Committee Review .....	12
5.4	Final Determination and Notification of Decisions.....	13
5.5	Right to Contest Denial of Application.....	13
5.6	Selection Criteria.....	13
SECTION 6.	MANAGEMENT OF DESIGNATED AREAS .....	15
6.1	Identification of Management Purposes and Uses .....	15
6.2	Standardized Monitoring Protocols.....	15
6.3	Management Plan Criteria.....	15
SECTION 7.	FINANCIAL ASSISTANCE .....	16
7.1	Source of Funds.....	17
7.2	Annual Budget Cycle .....	17
7.3	Competitive Project Awards .....	18
7.5	Competitive Proposal Contents and Eligibility Requirements.....	20
7.7	Notification of Funding Decisions .....	22
7.8	Right to Contest Denial of Budget Request or Grant Proposal.....	22
7.9	Issuance of Agreements and Disbursement of Funds.....	23
SECTION 8.	REPORTING AND MONITORING AND EVALUATIONS .....	23
8.1	Recordkeeping.....	23
8.2	Financial Monitoring.....	24
8.3	Performance Monitoring and Evaluations Reporting.....	24
8.4	Annual Report .....	24
SECTION 9.	INCLUSION, WITHDRAWAL, AND MEDIATION PROCEDURES .....	25
9.1	Inclusion .....	25
9.2	Secretary Requests Withdrawal.....	25
9.3	Management Unit Requests Withdrawal.....	26
9.4	Mediation Procedures.....	26
Appendix 1.	Use and Management Categories .....	28

## **SECTION 1. AUTHORITY**

Federated States of Micronesia (FSM) Code Title 2 states in part, that: *The respective duties, responsibilities, and functions of each department and office within the organization of the executive branch of the Government of the Federated States of Micronesia shall be established by, and in accordance with, administrative directive of the President until amended or suspended by law.*

In accordance with the above-cited FSM Code Title 2, Executive Order Number 1 establishes the roles and responsibility of the FSM Department of Resources and Development. Executive Order Number 1 states: *The Department of Resources and Development is responsible on the President's behalf for supporting and managing the development of the nation's economy and the use of its natural resources in a sustainable manner and in line with applicable provisions of the nation's Strategic Development Plan relating to economic development and resource management and conservation.*

This national Protected Areas Network Policy Framework (hereafter referred to as "Policy") is in support of the FSM's Department of Resources and Development's responsibilities as described in Executive Order Number 1 and to its commitments to the United Nations Convention on Biological Diversity and the Micronesia Challenge Initiative. In 2006 the FSM joined the Republic of the Marshall Islands, the Republic of Palau, the Commonwealth of the Northern Mariana Islands, and the United States Territory of Guam and declared the Micronesia Challenge Initiative. The Micronesia Challenge Initiative is driven by three main targets: 1) to establish a system of protected area networks in member countries; 2) to effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020; and 3) to raise \$29 million for FSM's Micronesia Challenge Endowment Fund in order to sustain these efforts in perpetuity.

This Policy also reflects various other international commitments FSM has made towards the fulfillment of the Rio Conventions including the United Nations Framework Convention on Climate Change, and the United Nations Convention to Combat Desertification.

## **SECTION 2. PURPOSE AND BACKGROUND**

### **2.1 Purpose**

In accordance with the Department of Resources and Development's mandate, this Policy establishes a transparent, fair, and efficient system governing the designation and operation of a nationwide Protected Areas Network.

### **2.2 Background:**

The islands of the FSM are home to some of the most biologically diverse terrestrial and marine areas in the world. The islands possess unique natural resources including

geological features and distinctive plants, animals, and other organisms, many of which occur nowhere else in the world. These resources however are highly vulnerable to loss by the growth of population, development, natural disasters and effects of climate change.

FSM's unique plants and animals exist in the context of a full range of ecosystems and communities found across the islands in the FSM, and thus, these ecosystems themselves must be protected. As the governors of all living and non-living resources from land to twelve nautical miles seaward from the traditional baseline, state governments bear the principal responsibility for the management, protection, and development of all resources within their respective boundaries. States, therefore, must be encouraged and supported by the national government in their efforts to protect biodiversity in the FSM through the creation of protected areas. This process must also involve non-governmental organizations (NGOs), municipalities, traditional leaders, communities and individual resource owners in order to be successful.

State, municipal and/or community designated terrestrial, freshwater, and marine areas that support unique communities of natural plants, animals, and other types of organisms, areas of high biodiversity, significant geological sites, as well as other important habitats suitable for preservation must be encouraged, recognized, and supported by the national government. A nationwide Protected Areas Network will allow the national government to assist states and communities in the protection of significant areas of biodiversity, key habitats, and other valuable resources that are important to the future stability and health of the FSM. It will also assist the national government, states and other partners to leverage and secure technical and funding partnerships from regional and international entities.

### **SECTION 3. DEFINITIONS**

In this Policy, the following definitions apply:

- “Annual Budget Cycle” refers to the process of 1) establishing the amount of funds available for disbursement from the FSM's Micronesia Challenge Endowment Fund, and other sources as applicable, 2) submission of workplans and funding requests for the year by the Management Units of Protected Areas Network member sites, and 3) the determination by the Technical Committee of the levels of funding to provide each Management Unit
- “Applicant” means the state government, non-governmental organizations (NGOs), municipality, community, or combination thereof, that submits and Application for an area to be included in the Protected Areas Network or a Funding Request. “Applicant” also refers to an entity that submits a proposal in response to a competitive solicitation
- “Application” means the Protected Areas Network application form

- “Technical Review Committee” means the standing body that advises the Secretary of the Department of Resources and Development about whether or not to accept Applications to the Protected Areas Network and in approving all funding decisions
- “National PAN Coordinator” means the person appointed by the Secretary of the Department of Resources and Development who is responsible for coordinating the implementation of the Protected Areas Network
- “Ecosystem” means a dynamic complex of plant, animal, and micro-organism communities and their non-living environment interacting as a functional unit
- “Fiscal Sponsor” a non-profit organization which offers its legal and tax status to groups engaged in activities that support the non-profit’s goals, in this context Fiscal Sponsors can partner with Management Units to strengthen Funding Requests
- “Funding Request” means 1) the submission of a request for funding by a Management Unit as part of the Annual Budget Cycle, or 2) an application for a grant submitted as part of the competitive solicitation process
- “Management Plan” means a course of action formulated and formally adopted for the supervision and guidance of a specific site deemed a protected area by the community, municipality, and/or state government in which it is located
- “Management Unit” means the group of people responsible for implementing the Management Plan of a particular protected area. Management Units, depending on the resource tenure of the site, may include state government representatives, NGOs, community members, municipal officials, and/or private resource owners
- “Micronesia Conservation Trust” is a Non-Profit Corporation registered in the FSM that is tasked with administering the FSM’s Micronesia Challenge Endowment Fund
- “Order” means the written notification from the Secretary of the Department of Resources and Development as to whether or not an Application to join the Protected Areas Network has been accepted or denied and as to whether or not a Funding Request has been granted in full, in part, or denied
- “Protected” means maintained, intact, preserved, conserved, or otherwise managed in a sustainable manner
- “Protected area” means an area designated by a state in accordance with its procedures and/or legislation to be protected
- “Protected Areas Network” means the aggregate of protected areas, reserves, and refuges that have been designated by the Department of Resources and Development as part of the national Protected Areas Network in accordance with this Policy

- “State Focal Point” coordinates the implementation of Protected Areas Network sites within that state. The State Focal Point is also the primary point of contact at the state level with Protected Areas Network sites and with the National PAN Coordinator

## **SECTION 4. ROLES AND RESPONSIBILITIES**

The Protected Areas Network is to be administered by the Department of Resources and Development in conjunction with State Focal Points, the Micronesia Conservation Trust (MCT) and the Technical Committee as described below.

### **4.1 Department of Resources and Development**

The Department of Resources and Development administers the Protected Areas Network at the national level by:

- Providing access to technical assistance to new sites seeking to join the Protected Areas Network
- Providing access to technical assistance to improve the management capacity of Management Units already operating Protected Areas Network member sites
- Facilitating access to finance and programs for Protected Areas Network Management Units, for which the individual states and other actors are not ordinarily eligible
- Securing financial resources from donor organizations to support Protected Areas Network member sites

Specifically, the Department of Resources and Development is responsible for the following:

- Implementing the Protected Areas Network in accordance with this Policy
- Establishing, and amending as necessary, transparent and consistent standards and criteria for the selection of a site to be included in the Protected Areas Network, and determine reasonable conditions for the ongoing inclusion of a site in the Protected Areas Network
- Providing access to technical assistance to State Focal Points and/or Management Units including, but not limited to:
  - Assistance in surveying,
  - Developing site preservation plans,
  - Identifying and establishing sustainable use practices,
  - Conducting scientific investigations

- Educating the public about preservation and protected areas
- Assistance in monitoring and evaluation of protected areas
- Collecting and maintaining information from records, monitoring, and reporting requirements as necessary and appropriate to carry out the purposes of this Policy
- Developing and championing mechanisms for sustainable financing of protected areas in the Protected Areas Network, including but not limited to, the FSM's Micronesia Challenge Endowment Fund
- Establishing a Country Program Strategy and mechanism for the disbursement and management of the FSM's Micronesia Challenge Endowment funds
- Collaborating with other FSM government departments, and/or the Micronesia Conservation Trust, to accept and disburse appropriations, loans, and grants from the FSM Government, foreign governments, the United Nations, or any agency thereof and other sources, public and private, which appropriations, loans, and grants shall not be expended for other than the purposes supporting the Protected Areas Network and this Policy

#### **4.1.a Secretary of the Department of Resources and Development**

The Secretary of the Department of Resources and Development is the head official in the Protected Areas Network and his/her authority will be such. Specifically the Secretary will:

- Approve the nomination of representatives to the Technical Committee
- Grant or deny Applications to join the Protected Areas Network based on the evaluation and recommendations made by the Technical Committee
- Issue Orders regarding Funding Requests based on the decisions made by the Technical Committee
- Appoint and oversee the work of the National PAN Coordinator
- Providing PAN annual reports to the FSM Government and the States' Leadership and to other key stakeholders, including donors and technical agencies such as the UN CBD Secretariat

#### **4.1.b National Protected Areas Network Coordinator**

The National PAN Coordinator is the primary point of contact with the State Focal Points, any other national or state government agencies, the Micronesia Conservation Trust, and other local, regional or international conservation organizations involved in the implementation of the Protected Areas Network. During the selection process and in the

absence of a Coordinator, the Secretary may select an interim Coordinator. The Coordinator is to:

- Manage the process of collecting and reviewing Applications by working closely with State Focal Points, the Technical Committee, and the Secretary
- Manage the process of collecting and reviewing Funding Requests by working closely with Management Units during the Annual Budget Cycle, MCT during any competitive solicitations cycles, the Technical Committee, and the Secretary
- Serve as Secretariat of the Technical Committee including but not limited to setting and organizing and preparing agendas for all Technical Committee meetings, taking notes and minutes, and keeping all records of Technical Committee decisions
- Collect and house all monitoring and reporting information provided by the State Focal Points, MCT, and/or other sources related to the implementation of the Protected Areas Network
- Assist in formulating additional policies, any national legislation, or regulations, as necessary, to implement the Protected Areas Network
- Prepare Annual PAN reports to be provided to relevant stakeholders

#### **4.2 State Focal Points**

Each state in the FSM is encouraged to participate in the Protected Areas Network by selecting a State Focal Point and providing technical support to the implementation of the Protected Areas Network. The selection criteria and process for selecting State Focal Points is to be at the discretion of State Governments. Once selected, each State Focal Point will operate in accordance with all applicable state legislation, regulations, and policies regarding protected areas set within the state.

State Focal Points will undertake the following activities to support Protected Areas Network member sites within state borders:

- Collect and review all Applications from Applicants within the respective state against the criteria in Section 5.6 of this Policy, any applicable state laws or policies, and provide feedback to Applicants
- As required, provide access to technical and capacity building assistance to Applicants to strengthen Applications
- Submit all Applications that meet the criteria of this Policy to the Coordinator

- Provide access to technical assistance as requested by Management Units within the state to develop and/or revise as necessary Management Plans for sites designated as part of the Protected Areas Network
- Review Management Plans to ensure consistency with this Policy regarding the content and criteria for Management Plans in Section 6.3
- Provide access to additional technical assistance to Management Units, including but not limited to:
  - Support for improving management effectiveness
  - Support for monitoring and research activities
  - Support for enforcement
- Collect and compile reports and information about Protected Areas Network member sites in the state and provide it to the National PAN Coordinator
- Provide updates on PAN implementation to the States' Leadership
- Work with State leadership to develop state policies and laws in support of the PAN, including provision of state funds to PAN sites and activities

#### **4.3 Management Units**

As there are a variety of resource tenure systems in the FSM, this Policy acknowledges and supports the Application of all sites, regardless of ownership status, to join the Protected Areas Network. Therefore the configuration of each Management Unit, the group of people responsible for implementing the Management Plan of a particular protected area, is site specific and may or may not necessarily include state or municipal government representatives. Management Units will undertake the following activities:

- Submit Applications to the State Focal Point for review and work with State Focal Points to revise Applications as necessary
- Develop Management Plans and submit them for review and approval to the State Focal Point, resubmit Management Plans when they are updated or modified
- Conduct day-to-day site operations, including but not limited to management, monitoring, and enforcement
- Submit Funding Requests to the Coordinator during the Annual Budget Cycle open to Protected Area Network member sites
- Collect data and information at the site-level and provide it to the State Focal Point as appropriate

- Manage grants, including setting up financial systems to account for the grants
- Submit all administrative, technical, and financial reports as may be required by this Policy

#### **4.4 Technical Committee**

Technical Committee members are nominated by the State Governments and confirmed by the Secretary and are to serve three-year terms, which can be renewed. The rules governing the operation of the Technical Committee are to be drafted by the National PAN Coordinator, reviewed by the appropriate Executive branch agency, and approved by the Secretary. The duties of the Technical Committee are as follows:

- Evaluate completed Applications using the criteria outlined in Section 5.6 and submit written recommendations, including justifications, to the National PAN Coordinator in a timely manner as directed by the Coordinator, no later than one month after receipt of the Applications
- Participate in teleconferences, email groups, and/or meetings with the Secretary and/or National PAN Coordinator to discuss Applications, as required
- Evaluate all Funding Requests, including those submitted as part of the Annual Budget Cycle as well as any submitted in response to any competitive solicitations, using the process outlined in Section 7 and the FSM Country Program Strategy.
- Submit written decisions, including justifications, regarding all Funding Requests to the National PAN Coordinator in a timely manner as directed by the Coordinator
- Participate in teleconferences, email groups, and/or meetings with the Secretary and/or National PAN Coordinator to discuss Funding Requests, as required

##### **4.4.a Composition of the Technical Committee**

The Technical Committee is to consist of at least nine (9) qualified representatives, including:

- At least one official from the FSM National Government
- Each State Focal Point
- At least one representative from the College of Micronesia FSM
- At least one representative from a regional scientific organization
- At least one representative from an international conservation NGO and/or international donor organization
- One representative from MCT that will participate as a non-voting member

## **SECTION 5. APPLICATION PROCESS**

Notwithstanding this Section, sites legally recognized by a State Government as a refuge, protected area, or preserve, and having a Management Plan as described in Section 6.3, can automatically acquire Protected Areas Network site status upon the request of the Governor of that state to the Secretary. Upon confirmation that the site has a Management Plan in accordance with this Policy, the Secretary shall notify the state seeking the automatic inclusion of a protected area that such status has been granted. In all other instances, the following procedures and criteria apply:

### **5.1 Application Contents**

An Applicant who wishes to include a site in the Protected Area Network is to complete an Application Form. The Application Form is to be made available through the Department of Resources and Development and State Focal Points. The format of the Application Form is subject to change, however at a minimum Applicants are to provide the following information:

- The Applicant(s) name, address, phone number, and email (if available), together with the name of the person who has authority to act on behalf of the Applicant with regard to the Application
- A description of the area, site name(s), cadastral lot number(s) and/or GIS location points, legal description, and location of the area, including a map, that is being nominated
- Proof in the form of a copy of the Certificate to Title or other documentation acceptable to the Department of Resources and Development, evidencing title to the land or marine area proposed for inclusion in the Protected Areas Network
- In cases in which public land is proposed, an official letter from the applicable State Government in support of the Management Unit's application
- Information about whether or not there are any outstanding land/marine use or title disputes regarding the nominated area
- The current management plan (if available) or a description of the ongoing management practices of the site
- A statement as to why the site should be included in the Protected Areas Network, including supporting documentation that the site is recognized as a protected area either by the state in which it is located, through a municipal ordinance, by community declaration, and/or traditional practices
- A description of how the Applicant has involved the local community(ies) contiguous to the site in nominating the proposed site

- A description of any past applications to other providers of technical and/or financial assistance and a summary of such assistance received to date
- A statement attesting that the information contained therein is true and correct to the best of the knowledge of the person signing the Application

## **5.2 Application Submission and Initial Processing**

State Focal Points are authorized to submit Applications on behalf of Applicants to the National PAN Coordinator. Applicants are to share initial drafts of Applications with the State Focal Points, who then conduct an initial review and provide feedback and assistance as appropriate. Once the State Focal Point determines each Application meets the criteria outlined in this Policy, the State Focal Point submits the Application to the National PAN Coordinator.—The National PAN Coordinator is expected to do the following upon receipt of each application:

- Date stamp each Application when it is received
- Review each Application to ensure it is complete by containing at a minimum the information outlined in Section 5.1 above
- Return an incomplete Application to the State Focal Point and Applicant within thirty (30) days of its receipt along with written documentation as to the reason(s) that the Application was determined to be incomplete.

After working with the Applicant to address deficiencies identified by the Coordinator, the State Focal Point may resubmit an Application that was deemed to be incomplete. If an Application is not returned to the State Focal Point within thirty (30) days of its receipt, it shall be considered as complete and will be submitted by the Coordinator to the Technical Committee for review.

## **5.3 Technical Committee Review**

The National PAN Coordinator collects Applications on a rolling basis and after confirming that the Application is complete distributes the Applications to the Technical Committee in either electronic or hardcopy format.

Technical Committee members are to first individually evaluate Applications in accordance with the criteria outlined in Section 5.6 below and provide in writing a recommendation to either grant each application or deny it, along with a written justification for their recommendation to the Coordinator. Technical Committee members must submit this recommendation within a month of receiving the Application.

Once the Technical Committee members have individually reviewed the Application, the Coordinator will convene a meeting of the Technical Committee via telecommunications

methods such as video conferencing, email, or in-person. During this committee meeting the Coordinator will share the compiled recommendations for each Application for discussion and to reach a consensus as to whether to recommend approving or denying each Application. The Coordinator compiles these final recommendations and submits them to the Secretary of the Department of Resources and Development.

#### **5.4 Final Determination and Notification of Decisions**

The Secretary is authorized to make the final determination as to whether or not to accept each Application. The Secretary is to make each decision to grant or deny an Application based on the criteria in Section 5.6 below and taking into consideration the recommendations of the Technical Committee. The Secretary will make all reasonable efforts to issue Orders granting or denying Applications within 15 days after receiving the Technical Committee recommendations from the National PAN Coordinator.

Once the Secretary makes a determination the Department of Resources and Development will issue an Order as to whether or not an Application has been granted or denied. Each Order is to include findings of facts that support the reason(s) for granting or denying the Application. The Order shall be delivered either in person, by mail, or via email to the Applicant with a copy to the relevant State Focal Point. Acknowledgment of receipt by the Applicant of each Order is to be obtained.

#### **5.5 Right to Contest Denial of Application**

If an Applicant seeks to contest an Order of denial, the Applicant must submit written notice to the Secretary, with a copy to the State Focal Point, within 30 days of receipt of the Order. The notice shall set forth the grounds upon which the Order is contested and specify which finding of facts, if any, the Applicant disputes. The Secretary shall have 30 days to reconsider the Application and give a new written Order to the Applicant and the relevant State Focal Point. Applicants are also authorized to restart the Application process by submitting a revised Application to the State Focal Point.

Any dispute arising from an Application to, participation in, or withdrawal from, the Protected Areas Network shall be handled according to Section 9 below.

#### **5.6 Selection Criteria**

Each Application shall be evaluated based on the following criteria:

- **Key sites:** Does the proposed site contain rare or unusual features, areas of special cultural significance, areas of high biodiversity or endemism, and/or areas with significant populations of threatened species?
- **Comprehensiveness:** Does the proposed site contribute to the Protected Areas Network in representing the full range of biogeographic and socio-cultural diversity of the FSM? Does it align with existing state and or national policies and plans, such as Biodiversity Strategic Action Plans and/or the Micronesia Challenge?

- **Balance:** Does the proposed site contribute to a balanced Protected Areas Network (i.e. not under representing some targets and over representing others)?
- **Adequacy:** Is the proposed site large enough, and do the ecosystems to be protected have viability, integrity/intactness, buffering to allow them to persist?
- **Representativeness:** Is the proposed site a typical of, or a good example of, the habitat type or feature to be protected?
- **Resiliency:** Does the proposed site include resistant communities, bleaching resistant communities, functional group representation?
- **Efficiency:** What is the likelihood that the Management Unit will be able to achieve the site objectives with reasonable resource use, cost and effort?
- **Feasibility:** Is the area in an established protected area with community support? Is the potential for management capacity, funding, monitoring, enforcement, and partnership sufficient to reach site objectives?
- **Sustainability:** Is there a sustainability plan or potential sustainable financing for the site?
- **Socio-Economic Criteria, including;**
  - Does the Management Plan or management practices reflect community input and incorporate local knowledge and traditional management and conservation practices?
  - Does the Application recognize and respect local resource owners and customary terrestrial and marine tenure systems and protect areas of cultural importance?
  - Would the site have negative impacts on existing livelihood strategies (are there conflicting uses of the area)?
  - Would the costs and benefits of the site be distributed fairly within and among communities?
  - What are the impact of current future populations trends and changing resource use on the site? What is the tourist potential to the site?
  - Are there existing use patterns or threats that pose an unsustainable threat, such as invasive species, existing human impacts, potential development impacts, pathogens?

- What is the potential for new developments, new enterprise that may affect the site?
- Would the site contribute to the maintenance of cultural heritage and community lifestyles, including food security and community livelihoods?
- Does the Management Plan or management practices support a transparent decision-making process?

## **SECTION 6. MANAGEMENT OF DESIGNATED AREAS**

Each Management Unit shall be responsible for activity implementation, operations and management of the protected areas that are designated as part of the FSM's Protected Areas Network.

### **6.1 Identification of Management Purposes and Uses**

Management purposes and uses categories are to be used for classifying protected areas in the FSM's Protected Areas Network. These categories have been developed to facilitate communication and information sharing within the FSM, as well as regionally and internationally. Management Units are to identify in each Management Plan which management purpose and use category is most appropriate for the site.

Appendix 1 of this Policy lists the International Union for Conservation of Nature's management categories. Protected Areas Network sites are to be established to meet objectives consistent with state, municipal, and community goals and needs. Once these objectives are established Management Units are to review the categories in Appendix 1 and select that which best applies.

### **6.2 Standardized Monitoring Protocols**

Management Units are to use, at a minimum, standard regional monitoring guidelines and protocols developed through the Micronesia Challenge. Such guidelines and protocols include, but are not limited to, marine and terrestrial biological monitoring protocols, management effectiveness monitoring protocols, and socio-economic monitoring protocols. Standard Micronesia Challenge protocols shall be available through the Department of Resources and Development, and are subject to change. Management Units may decide to expand on these standard regional monitoring guidelines and protocols beyond those developed for the Micronesia Challenge.

### **6.3 Management Plan Criteria**

Management Units are to develop or revise Management Plans for each protected area admitted into the Protected Areas Network within twelve (12) months after designation to reflect the criteria for Management Plans set in this Section. Management Units are required to submit initial and all revised Management Plans to the State Focal Point for

review and approval to ensure it meets the criteria of this Section. At a minimum, Management Plans are to include the following information:

- General information about the designated protected area, including biological, ecological, socio-economic, cultural, and historical information
- Goals and objectives of the area
- Identification of management purposes and uses
- Composition of the Management Unit and clarification of the relationship between different stakeholders (if any) in the Management Unit
- Management policies
- Day-to-day operational procedures for site maintenance and administration
- Identification of at a minimum, the standard Micronesia Challenge monitoring protocols to be used, as well as any other additional site monitoring objectives and procedures
- Key factors to measure (targets and milestones, threats, human populations, livelihood, governance, strategies and practitioners)
- Plans to promote public awareness of, and community education about, the protected area
- Enforcement objectives and procedures
- Procedures for reviewing and updating the Management Plan
- Sustainable Finance Plan for the site, including ideas for sustainable financing mechanisms (i.e. conservation easements, payment for ecosystem services, revolving funds, etc...)

## **SECTION 7. FINANCIAL ASSISTANCE**

Membership in the Protected Areas Network provides Management Units with the opportunity to submit annual requests for funding site operations as part of the Protected Areas Network Annual Budget Cycle. In addition to the Annual Budget Cycle, the Technical Committee may also make available a competitive grant pool for projects that support the wider Protected Areas Network.

## 7.1 Source of Funds

The Micronesia Challenge has resulted in the establishment of an Endowment for the FSM which is administered by the Micronesia Conservation Trust. Additional possible funding sources for the Protected Areas Network, which may or may not be deposited in the FSM's Micronesia Challenge Endowment Fund, include, but are not limited to:

- National and/or state budget allocations
- Contributions from foreign governments and other international organizations
- Local financing mechanisms (Payments for Ecosystems Services, revolving funds, conservation easements)
- Private sector donations

These other potential sources of funding for the FSM Protected Areas Network may be deposited directly into the FSM's existing Micronesia Challenge Endowment Fund, or could take the form of a FSM 'Protected Areas Network Fund' that includes multiple funding streams as well as the FSM's Micronesia Challenge Endowment Fund.

## 7.2 Annual Budget Cycle

The process for distributing funds to Management Units is based on an Annual Budget Cycle. At least two months prior to the end of each fiscal year the Technical Committee determines the amount of money available to support Management Units during the next fiscal year. This budget is based on the amount of funds available from the FSM Micronesia Challenge Endowment Fund, per the priorities and distribution guidelines established in the FSM Country Program Strategy, as well as any additional funding available.

At least one month prior to the start of the next fiscal year Management Units of Protected Areas Network member sites are to submit requests for funding activities in the protected area's next annual workplan to the Coordinator. Each Funding Request must include the following:

- Documentation that a Management Plan that meets the criteria of this Policy is in place. All Management Units must have a current Management Plan prior to receiving funds through the Annual Budget Cycle
- Description of what activities are to be funded, including a description of planned outcomes and results
- Identification of anticipated outcomes and results, and description of indicators and procedures to be used to monitor and determine progress towards outcomes and results
- Detailed budget reflecting the proposed activities, including line items, subtotals, and totals. Preferably in Microsoft Excel or equivalent

- Written explanation and justification for each budget line item requested
- Copy of the site's full annual workplan and corresponding budget
- Summary of implementation of prior annual workplans, including description of any previous funding received through the Protected Areas Network with an emphasis on accomplishments to date and remaining challenges (and/or the performance monitoring and evaluations report described in Section 8.3 below)

The National PAN Coordinator compiles all submitted Funding Requests and submits the package to the Technical Committee within ten (10) working days following the start of a new fiscal year. Technical Committee members are to first individually evaluate Funding Requests, taking into consideration content of each request and the annual budget for the Protected Areas Network. Technical Committee members are to provide in writing an initial recommendation to either grant each Funding Request in full or in part, along with a written justification for their recommendation to the Coordinator within 30 days of receiving the Funding Request packages.

Subsequently the Coordinator will convene a meeting, or meetings, of the Technical Committee via telecommunications methods such as video conferencing, email, or in-person. During this committee meeting(s) the Coordinator will share the compiled recommendations for each Funding Request with the Technical Committee for discussion and to reach consensus-based decisions as to fund each request in whole or in part, or to deny a request, taking into consideration the annual budget for the Protected Areas Network.

After the Technical Committee makes its final recommendations, the Coordinator is to compile the final decisions for each Funding Request and submit them to the Secretary of the Department of Resources and Development, per Section 7.7 below.

### **7.3 Competitive Project Awards**

Following the completion of the Annual Budget Cycle, should funds remain available and unallocated, the Technical Committee has the option to direct the opening of a competitive solicitation for additional projects in support of the Protected Areas Network.

The primary purpose for any additional projects are to support the growth, consolidation and effectiveness of the Protected Areas Network as a whole. As such, these competitive awards are not limited to supporting the work of one Management Unit or member site. The following types of activities may be considered for competitive awards, as well as others deemed relevant by the Technical Committee:

- Provision of management, monitoring, and/or enforcement capacity building training related to protected areas targeted to multiple Management Units, State Focal Points,

and/or local conservation NGOs engaged in implementing the Protected Areas Network

- Programs to support institutional development and effectiveness of entities engaged in implementing the Protected Areas Network
- Programs to support professional development of entities engaged in the implementation of the Protected Areas Network
- Programs to support peer-learning networks between entities engaged in the implementation of the Protected Areas Network
- Programs to develop and/or promote supportive policy development and implementation (e.g. fisheries reform, land use planning outside of protected areas)
- Public education and awareness campaigns designed to increase support and commitment to protected areas conservation in the country

The following activities are ineligible for funding under the FSM's Protected Areas Network:

- Decontamination activities
- Projects for profit
- Requests that consist solely (i.e. 100%) of capital to build or purchase equipment

#### **7.4 Competitive Solicitation Review Process**

If the Technical Committee decides to open a competitive solicitation the Secretary of the Department of Resources and Development will direct the MCT to issue it and keep it open until such time as all remaining funds have been awarded and/or MCT is directed by the Technical Committee, through the Secretary of the Department of Resources and Development to close it. Solicitations will reflect the contents of this Policy, the FSM Country Program Strategy, and MCT policies and procedures.

MCT will collect proposals on a rolling basis and:

- Review each to ensure it is complete by containing at a minimum the information outlined in Section 7.5 below
- Return an incomplete proposal to the Applicant within thirty (30) days of its receipt along with either a letter or email identifying the reason(s) that the proposal was determined to be incomplete.
- Follow all other procedures required by the MCT Policy and Operations Manual

- Submit complete proposals to the National PAN Coordinator who is responsible for managing the Technical Committee's review of each proposal

The Coordinator collects proposals on a rolling basis from MCT and submits them to the Technical Committee for review. Technical Committee members are to first individually evaluate proposals in accordance with the criteria outlined in Section 7.6 below and taking into consideration the funds remaining in the Protected Areas Network annual budget. Technical Committee members are to provide in writing a recommendation to either award or deny each proposal, along with a written justification for their recommendation to the National PAN Coordinator within 15 days of receiving each Grant Proposal.

Subsequently the National PAN Coordinator will convene a meeting, or meetings, of the Technical Committee via telecommunications methods such as video conferencing, email, or in-person. During this committee meeting(s) the National PAN Coordinator will share the compiled recommendations for each proposal with the Technical Committee for discussion and to reach a consensus-based decisions as to whether or not to make an award. After the Technical Committee makes its rulings, the National PAN Coordinator share them with the Secretary of the Department of Resources and Development to issue an Order pursuant to Section 7.7 below.

### **7.5 Competitive Proposal Contents and Eligibility Requirements**

Applicants that submit proposals in response to an open solicitation are expected to provide, at a minimum, the following information:

- The Applicant name, address, phone number, and email (if available), together with the name of the person who has authority to act on behalf of the Applicant with regard to the proposal
- Technical proposal including detailed description of activities along with a timeline for proposed activities
- Identification of anticipated outcomes and results, and description of indicators and procedures to be used to monitor progress towards outcomes and results
- Detailed budget reflecting the proposed activities, including line items, subtotals, and totals. Preferably in Microsoft Excel or equivalent
- Description of how the proposal would benefit the FSM's Protected Areas Network, including a description of how the project is aligned to existing Management Plans, state, and/or national policies and action plans
- Description of organizational capacity including technical, financial, and management capacity to implement the proposed project

- Description of any previously implemented activities similar in size and scope to those proposed, and summary of results achieved
- A statement attesting that the information contained therein is true and correct to the best of the knowledge of the person signing the proposal
- Any other information required in the Solicitation

In addition to submitting a proposal that includes the minimum elements outlined above, Applicants for competitive project awards are required to meet the minimum criteria set below:

- Be registered and have been in existence for at least two years.
  - If they have not yet been in existence for two years, they must be fiscally sponsored by another organization that has been registered for 2 years. MCT must be familiar with the sponsoring organization and approve its project management and monitoring capacity. The role of the Fiscal Sponsor is to receive and disburse funds for the project in a timely manner and to maintain prudent and accurate records of all transactions as required by MCT.
  - A non-registered Community-Based Organization (CBO) should be prepared to accept to be a sponsored CBO so that they may ultimately become a registered CBO or NGO and be able to operate independently; they will be allowed to receive up to a fixed ceiling amount, which will be determined by MCT's policies.
- Have project management experience, particularly in the field of conservation or natural resource management and/or in a development context where environmental concerns are incorporated into the project objectives
- Possess expertise in the specific fields proposed. (For example: training, research, NGO management, conservation, biodiversity survey, delineation of protected area boundaries, community-based planning and management, creation of eco-enterprise and cooperative)
- Have the human resources and institutional capacity to manage and/or implement the project
- Be able to establish and work within budget guidelines
- Be able to produce activity reports and financial reports for previous financial periods

- Be integrated (presently working or having worked previously) in the area where the project will take place, and the project beneficiaries must have a positive opinion of the project and the organization(s) that will implement the project

## **7.6 Criteria for Reviewing Competitive Solicitations**

Proposals that meet the minimum standards established in Section 7.5 above are to be evaluated by the Technical Committee according to the below criteria:

- Do the proposed activities fit with the FSM's Protected Areas Network mission and goals and are they aligned with existing Management Plans, relevant state, and/or national policies and action plans?
- To the extent possible, do the proposed activities engage local communities and respect and support traditional management systems?
- Does the technical proposal include clear objectives, a coherent strategy, identify indicators to monitor progress towards milestones and assess impact, and a plan for sharing results with relevant stakeholders?
- Does the budget consist of reasonable costs that reflect the technical proposal?
- Does the proposal include cost sharing or matching resources?
- Does the proposal consider sustainability? Including but not limited to sustainable financing for future programming
- Does the Applicant demonstrate technical and management capacity to implement the proposed activities?

## **7.7 Notification of Funding Decisions**

The Secretary is responsible for issuing the Orders reflecting the Technical Committee's funding decisions including those made during the Annual Budget Cycle as well as any competitive projects awarded. The Secretary will make all reasonable efforts to issue Orders within 15 days after receiving the decisions from the National PAN Coordinator. Each Order is to include findings of facts that support the reason(s) for granting in full, in part, the budget requests and awarding or denying proposals. The Orders shall be delivered to the Applicants with a copy to MCT. Acknowledgment of receipt by the Applicant and MCT is to be obtained.

## **7.8 Right to Contest Denial of Budget Request or Grant Proposal**

If an Applicant seeks to contest an Order, the Applicant must submit written notice to the Secretary either in person or via email, within 30 days of receipt of the Order. The notice shall set forth the grounds upon which the Order is contested and specify which finding of facts, if any, the Applicant disputes. The Secretary is to provide any such notice to the

Technical Committee, which shall have 30 days to reconsider the Funding Request. Any dispute arising from a Funding Request shall be handled according to Section 9.4 below.

### **7.9 Issuance of Agreements and Disbursement of Funds**

MCT, as the administrator of the FSM's Micronesia Challenge Endowment Fund, will be responsible for issuing and managing agreements, grants or contracts as applicable, to all organizations that are to receive Endowment funds. MCT will issue, manage, and disburse funding for each award in accordance with its policies and procedures. Should the Secretary and Technical Committee determine in writing that an awardee is out of compliance with any element of this Policy during the implementation of an award (either a competitively selected project or a budget award under the Annual Budget Cycle), MCT will withhold funds until otherwise instructed in writing by the Secretary and the Technical Committee.

The entity to issue and manage agreements funded with non-FSM Micronesia Challenge Endowment funds (see Section 7.1 above) will be determined on a case-by-case basis by the Secretary of the Department of Resources and Development.

## **SECTION 8. REPORTING AND MONITORING AND EVALUATIONS**

The Department of Resources and Development shall collect information and establish record keeping, reporting, and monitoring and evaluation requirements related to the performance of the Protected Areas Network.

### **8.1 Recordkeeping**

The Department of Resources and Development shall be responsible for maintaining national-level records related to the Protected Area Network. Each Management Unit is responsible for all record keeping related to their designated Protected Areas Network site and shall provide a copy of such records to the State Focal Point at least annually. The State Focal is responsible for keeping state-level copies, then forwarding the reports to the National PAN Coordinator. MCT is responsible for collecting all deliverables proscribed under competitive awards issued with FSM's Micronesia Challenge Endowment funds and providing a copy to the National PAN Coordinator.

Records include site workplans, monitoring reports, annual financial statements, and other documents such as scientific reports generated during the implementation of work plans and deliverables from any competitively funded projects. Failure by Management Units to adequately provide records may result in the loss of funding and finally result in the withdrawal from the Protected Areas Network per Section 9.2 below. Failure by competitive project awardees to adequately provide records may result in the cancellation of agreements and cessation of project funding.

## **8.2 Financial Monitoring**

The Secretary or his/her designee shall keep records of and monitor the finances of the Protected Area Network. MCT, as the administrator of the FSM Micronesia Challenge Endowment Fund will undergo annual audits as described in the FSM Country Program Strategy.

## **8.3 Performance Monitoring and Evaluations Reporting**

In accordance with Section 7.3 for the Annual Budget Cycle and Section 7.5 for competitive projects, all entities receiving funding under the Protected Areas Network are required to identify anticipated outcomes and results along with the indicators and procedures to be used to monitor progress towards those outcomes and results. During implementation Management Units and competitive project implementers may receive monitoring visits from the National PAN Coordinator, representatives of the Technical Committee, and/or MCT. These visits are to verify progress, and contribute where possible, to the outcome of the project or work plan.

Management Units that receive funding through the Annual Budget Cycles are required to submit an annual report to the State Focal Point prior to the end of the current fiscal year on progress towards proposed outcomes (i.e. number of monitoring activities conducted) and results (i.e. impact of monitoring activities on protected area management) using the indicators proposed. The State Focal Points will keep a copy of each performance monitoring and evaluations report and send them to the National PAN Coordinator.

Other entities that receive a competitive award are required to submit monitoring and evaluation reporting in accordance to their agreements with MCT, or other organizations administering the award. MCT will keep a copy of each performance monitoring and evaluations report in accordance with its policies and procedures, and send them to the National PAN Coordinator.

The Department of Resources and Development is responsible for maintaining national-level records of performance monitoring reports as part of the recordkeeping requirements outlined in Section 8.1.

Failure to adequately compile performance monitoring and evaluation reports may result in the loss of funding and finally result in the withdrawal from the Protected Areas Network per Section 9.2 below.

## **8.4 Annual Report**

The Department of Resources and Development shall compile an annual summary report, to be released publically no later than three (3) months following the end of a fiscal year, about the implementation of the Protected Area Network. At a minimum this summary is to include:

- A summary of key accomplishments of the year and discussion of remaining or emerging challenges, drawing on information provided in performance monitoring and other reports
- A list of all funding recipients and the amounts awarded during the Annual Budget Cycle
- A list of all entities that were awarded a competitive project, if any, and the amount of the award.
- Analysis of the collective performance of funding recipients and competitive project implementers, including feedback about the funding processes, and recommendations for improvement, if any
- Summary state of Protected Areas Network finances, including performance of the FSM's Micronesia Challenge Endowment Fund and identification of any other available funds

## **SECTION 9. INCLUSION, WITHDRAWAL, AND MEDIATION PROCEDURES**

### **9.1 Inclusion**

Upon receipt of an Order granting acceptance, all Protected Areas Network sites shall remain and be perpetually included in the membership of the Protected Areas Network for its duration, except as provided below.

### **9.2 Secretary Requests Withdrawal**

Upon a showing of good cause, the Secretary, after consultation with the Technical Committee, relevant State Focal Point, and National PAN Coordinator, may propose that a Protected Areas Network site be removed from the Protected Areas Network or impose reasonable conditions for that site's continued inclusion. Good cause shall include, but is not limited to any or a combination of the following:

- The site no longer satisfies the selection criteria in Section 5.6
- The site is not being managed in accordance with a Management Plan that satisfies the criteria in Section 6.3
- Site Management Unit failure to submit records per Section 8.1
- Financial malfeasance of funds provided under the Protected Areas Network as determined by the FSM National Public Auditor, a third-party auditor, or MCT

The Secretary shall give written notice to the Management Unit of its removal and to MCT, or other organization as may be applicable, to cease disbursement of any funds from the Protected Areas Network.

### **9.3 Management Unit Requests Withdrawal**

Upon provision of 30 days written notice, the Management Unit of a site may withdraw from the Protected Areas Network. Prior to withdrawal, any unexpended funds granted to the site must be reimbursed to its original source. Any equipment and property purchased with funds from the Protected Areas Network must also be returned, if requested in writing by the Secretary.

### **9.4 Mediation Procedures**

Should a dispute arise regarding the Application process, Annual Budget Cycle, competitive solicitations, and/or continuing site inclusion or withdrawal from the Protected Areas Network, the following mediation procedures apply:

(a.1) Any dispute between two or more states or between one or more states and the national government regarding the designation or management of a protected area or related to the funding of a protected area which is not settled by good faith negotiation, shall, at the request of one of them, be submitted to mediation

(a.2) Any dispute between one or more Management Units and a State Focal Point and/or the national government regarding the designation or management of a protected area which is not settled by good faith negotiation, shall, at the request of one of them, be submitted to mediation

(a.3) Any dispute between one or more recipients of funding through Annual Budget Cycles, or awardees of competitive projects, and a State Focal Point, and/or the national government, and/or the organization administering the award which is not settled by good faith negotiation, shall be dealt with in accordance with the contents of the agreement (grant/contract) issued pursuant to the funding award. In cases in which the agreement does not contain dispute resolution procedures, then at the request of one of them, the dispute is to be submitted to mediation

(b) Each party shall nominate a person to select a mediator, and the two nominees shall select a third person to serve as the mediator.

---

### **Department of Resources and Development Policy Acceptance**

Before this policy becomes applicable to the Department of Resources and Development the Secretary must indicate consent to this Policy. The Policy must be consented to in its entirety; partial acceptance is not valid. An attempt by the Secretary to withdraw acceptance of this Policy shall be treated as a request under Section 9.2 for all Protected Areas Network sites.

Any future amendments to this Policy must be accepted by the Secretary prior to being valid.

---

### **State Policy Acceptance**

Before this policy becomes applicable to an individual state, including the application, financing, and participating in the Protected Areas Network, the state must indicate consent to this Policy. The Policy must be consented to in its entirety; partial acceptance is not valid. The consenting state shall submit a signed copy of the Policy to the Department of Resources and Development.

Any future amendments to this Policy must be accepted by the state.

---

## Appendix 1. Use and Management Categories

1.1 Use Categories. This set of categories reflects the traditional, local, and/or state uses of a protected area

- 1) Restricted non-extractive uses
  - a. Permission or permit required
  - b. Recreation and extractive uses not allowed
  - c. Education, monitoring and/or research with permission
- 2) Non-extractive uses
  - a. Permission or permit may be required
  - b. Recreation, education, monitoring and/or research use allowed
  - c. Extractive uses not allowed
- 3) Sustainable uses
  - a. Permission or permit may be required
  - b. Recreation, education, monitoring and/or research use allowed
  - c. Sustainable and/or subsistence extractive uses may be allowed

1.2 Management Categories. This set of categories reflects the International Union for Conservation of Nature (IUCN)'s guidelines for protected area management. This set of categories is based on a single international classification system for protected areas and provides information that is comparable across countries and regions as recognized in the Convention of Biological Diversity (Decision VII/28).

- 1)
  - a. Protected area managed mainly for science – Area of land and/or sea possessing some outstanding or representative ecosystems, geological or physiological features and/or species, available primarily for scientific research and/or environmental monitoring
  - b. Protected area managed mainly for wilderness protection – large area of unmodified or slightly modified land, and/or sea, retaining its natural character and influence, without permanent or significant habitation, which is protected and managed so as to preserve its natural condition.
- 2) Protected area managed mainly for ecosystem protection and recreation – Natural area of land and/or sea, designated to (a) protect the ecological integrity of one or more ecosystems for present and future generations, (b) exclude exploitation or occupation inimical to the purposes of designation of the area and (c) provide a foundation for spiritual, scientific, education, recreational and visitor opportunities, all of which must be environmentally and culturally compatible.
- 3) Protected area managed mainly for conservation of specific natural features – Area containing one, or more, specific natural or natural/cultural feature which is

of outstanding or unique value because of its inherent rarity, representative or aesthetic qualities or cultural significance.

- 4) Protected area managed mainly for conservation through management intervention – Area of land and/or sea subject to active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species.
- 5) Protected area managed mainly for landscape/seascape conservation and recreation – Area of land, with coast and sea as appropriate, where the interaction of people and nature over time has produced an area of distinct character with significant aesthetic, ecological and/or cultural value, and often with high biological diversity. Safeguarding the integrity of this traditional interaction is vital to the protection, maintenance and evolution of such an area.
- 6) Protected area managed mainly for the sustainable use of natural ecosystem – Area containing predominantly unmodified natural systems, managed to ensure long term protection and maintenance of biological diversity, while providing at the same time a sustainable flow of natural products and services to meet community needs.