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**Terminal Evaluation of the UN Environment GEF Project  
“Micronesia Challenge: Sustainable Finance Systems for Island  
Protected Area Management” (GEF project ID: 3626)**

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**FINAL REPORT**



**Evaluation Office of UN Environment  
May 2017**



## Evaluation Office of UN Environment

This report has been prepared by Dr. Nigel Varty and is a product of the Evaluation Office of UN Environment. The findings and conclusions expressed herein do not necessarily reflect the views of Member States or the UN Environment Senior Management.

For further information on this report, please contact:

Evaluation Office of UN Environment  
P. O. Box 30552-00100 GPO  
Nairobi Kenya  
Tel: (254-20) 762 3389  
Email: [chief.eou@unep.org](mailto:chief.eou@unep.org)

Micronesia Challenge: Finance Systems for Island Protected Area Management  
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### ***Evaluation team***

Nigel Varty – Lead Consultant or Team Lead

### ***Evaluation Office of UN Environment***

Tiina Piironen – Evaluation Manager

Harriet Malsaert – Evaluation Manager

Genta Konci – Evaluation Manager

Mela Shah – Evaluation Programme Assistant

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## ABOUT THE EVALUATION<sup>1</sup>

**Joint Evaluation:** No

**Report Language(s):** English

**Evaluation Type:** Terminal Project Evaluations

**Brief Description:** This report is a terminal evaluation of a UN Environment-GEF project implemented between 2011 and 2015. The project's overall development goal was to support the Micronesia Challenge initiative to effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020, in order to protect important, unique and globally important island biodiversity as well as sustaining the livelihoods and cultures of Micronesian communities. This was to be achieved through supporting the development of sustainable financing mechanisms for protected area networks in Micronesia, particularly the establishment, capitalisation and operationalisation of a long-term regional Micronesia Challenge Endowment Fund. The evaluation sought to assess project performance (in terms of relevance, effectiveness and efficiency), and determine outcomes and impacts (actual and potential) stemming from the project, including their sustainability. The evaluation has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote learning, feedback, and knowledge sharing through results and lessons learned among UN Environment, the GEF and their executing partner the Micronesia Conservation Trust, and the relevant agencies of the countries participating in the project.

**Key words:** biodiversity; GEF; GEF project; ecosystem management; Micronesia; Pacific; project evaluation; protected area management; protected area funding; sustainable finance systems; trust fund

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<sup>1</sup> This data is used to aid the internet search of this report on the Evaluation Office of UN Environment Website

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## List of acronyms & abbreviations

BD	Biodiversity
CAP	Conservation Action Planning methodology
CBD	Convention on Biological Diversity
CCSP	Climate Change Sub-programme (UNEP)
CFO	Chief Finance Officer
CI	Conservation International
CNMI	Commonwealth of Northern Mariana Islands
COP	Conference of Parties
CSO	Civil Society Organisation
CSR	corporate social responsibility
DRR	Disaster and risk reduction
EA	(GEF) Executing Agency
EbA	Ecosystem based Adaptation
EMSP	Ecosystem Management Sub-programme (UNEP)
EO	Evaluation Office (EO)
FMO	Financial Management Officer
FSM	Federated States of Micronesia
FSP	Full-size Project
GEB	Global Environmental Benefits
GEF	Global Environment Facility
GEFSEC	GEF Secretariat
GLISPA	Global Island Partnership
IA	(GEF) Implementing Agency
IO	Immediate Project Outcome
LMMA	Locally Managed Marine Area Network
MC	Micronesia Challenge
MCEF	Micronesia Challenge Endowment Fund
MCRC	MC Regional Coordinator
MCRCO	Micronesia Challenge Regional Coordination Office
MCSFP	MC Sustainable Finance Plan
MCT	Micronesia Conservation Trust
M&E	Monitoring and evaluation
MIC	Micronesians in Island Conservation
MIMRA	Marshall Islands Marine Resources Authority
MINA	Micronesia Islands Nature Alliance
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MPAME	Marine Protected Area Management Effectiveness Tool
MTO	Medium-term Outcome
MTR	Mid Term Review
MTS	Medium Term Strategy
NBSAP	National Biodiversity Strategy and Action Plan
NCE	No Cost Extension
NFWF	(US) National Fish and Wildlife Foundation
NGO	Non-governmental organization
NOAA	(US) National Oceanic and Atmospheric Administration
OEPPC	Office of Environmental Policy and Planning Coordination (RMI)
OERC	Office of Environmental Response and Coordination (Palau)
OFP	(GEF) Operational Focal Point
PA	Protected Area
Palau	Republic of Palau
PAN	Protected Areas Network
PAS	Pacific Alliance for Sustainability
PCA	Project Cooperation Agreement
PCS	Palau Conservation Society

PICRC	Palau International Coral Reef Center
PIF	Project Identification Form
PIMPAC	Pacific Islands Managed and protected Areas Community
PIPTIEM	Pacific Terrestrial Island Ecosystems Management (program)
PIR	Project Implementation Review
PM	Project Manager
PMG	Project Management Group
PMRI	Pacific Marine Resources Institute
PMU	Project Management Unit
PPG	Project Preparation Grant
PRC	(UNEP) Project Review Committee
ProDoc	Project Document
PSC	Project Steering Committee
RMI	Republic of Marshall Islands
RMIEPA	Republic of the Marshall Islands Environment Protection Authority
ROtI	Review of Outcomes to Impacts
SDG	Sustainable Development Goal
SEM	Socio-Economic Monitoring
SGP	Small Grants Program
SIDS	Small Island Developing State
SPC	Pacific Community
SPREP	Pacific Regional Environment Program
STAR	(GEF) System for Transparent Allocation of Resources
TE	Terminal Evaluation
TM	(UNEP) Task Manager
TNC	The Nature Conservancy
ToC	Theory of Change
UN	United Nations
UNEP	United Nations Environment Program
UNEP PO	UNEP Pacific Office
YELA	Yela Environment Landowners Authority



**Table 1: Project Identification Table**

<b>UNEP PIMS ID:</b>		<b>IMIS number:</b>	
<b>Sub-programme:</b>	Ecosystem Management	<b>Expected Accomplishment(s):</b>	a) Enhanced capacity of countries and regions to integrate an ecosystem management approach into development planning processes Outcome 1.1: Improved management effectiveness of existing and new protected areas. Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management.
<b>CEO approval date:</b>	28 May 2010	<b>PoW Output(s):</b>	2. Coherent application of tools and approaches for the assessment and conservation of biodiversity is promoted by countries and the uptake of such tools and approaches is catalyzed through the United Nations system. Output 1.1. New protected areas (number) and coverage (hectares) of unprotected ecosystems. Output 1.2. New protected areas (number) and coverage (hectares) of unprotected threatened species Output 1.3. Sustainable financing plans
<b>GEF project ID:</b>	3626	<b>Project Type:</b>	FSP
<b>GEF OP #:</b>	1	<b>Focal Area(s):</b>	Strategy and Biodiversity
<b>GEF approval date:</b>	12 September 2011	<b>GEF Strategic Priority/Objective:</b>	Ecosystem Management BD-SPI, BD-SP2, BD-SP3, BD-SP4, BD-SP5 BD – SP1, CC-SP4
<b>Expected Start Date:</b>	July 2010	<b>Actual start date:</b>	February 2011
<b>Planned completion date:</b>	June 2014	<b>Actual completion date:</b>	December 2015
<b>Planned project budget at approval:</b>	\$ 19,376,000	<b>Total expenditures reported as of [30 June 2016]:</b>	\$5,434,545
<b>GEF Allocation:</b>	\$ 5,454,545	<b>GEF grant expenditures reported as of [May 2017]:</b>	US\$ 5,421,545
<b>PDF GEF cost:</b>	N/A	<b>PDF co-financing:</b>	N/A
<b>Expected MSP/FSP co-financing:</b>	\$13,921,455	<b>Secured MSP/FSP co-financing (as of 30 June 2016):</b>	\$6,284,000
<b>First Disbursement:</b>	14 January 2011	<b>Date of financial closure:</b>	
<b>No. of revisions:</b>	2	<b>Date of last revision:</b>	25 March 2015
<b>Date of last Steering Committee meeting:</b>	August 2015		
<b>Mid-term review/evaluation (planned date):</b>	August 2013	<b>Mid-term review (actual date):</b>	Sep-Dec 2013

<b>Terminal Evaluation (actual date):</b>	August 2016 – February 2017		
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Source: Project Document, PIR 2016

## Executive summary

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### *Evaluation background and methodology*

1. The Terminal Evaluation (TE) of the Micronesia Challenge (MC) project (hereafter the Project) was undertaken to assess project performance (in terms of relevance, effectiveness and efficiency), and determine the degree of achievement and/or likelihood of outcomes and impacts (actual and potential) stemming from the Project, including their sustainability. The bulk of the TE, including the interviews with stakeholders, took place between August and November 2016, after the final administrative and financial planning activities of the Project had concluded.

2. The TE was undertaken as a mix of desk reviews of project documents and other relevant literature and studies, and in-depth interviews by Skype or telephone, with relevant staff from the United Nations Environmental Programme (UNEP), the Project Management Unit (PMU) at the Micronesia Conservation Trust (MCT) office on Pohnpei, Federated States of Micronesia (FSM), major donors to the project including The Nature Conservancy (TNC) and Conservation International (CI), representatives from the Governments of the three states involved – Republic of Palau (Palau), FSM, and the Republic of the Marshall Islands (RMI) - as well as other national and international stakeholders involved in the design, implementation and management of the Project. Unfortunately, the Evaluation consultant was unable to visit Micronesia to hold face-to-face interviews or undertake field visits to Project sites.

### *Summary of the main evaluation findings*

#### *A. Strategic relevance*

3. The project focused largely on developing sustainable finance systems for funding protected area networks (PANs) and mechanisms for their delivery (Component 2) along with some targeted capacity to develop, maintain and adaptively manage protected areas in and between the target countries (Component 1). The MC states involved in the Project have either passed or are actively considering protected area network (PAN) legislation, and all have prepared and approved NBSAPs, and National Environment Management Plans (or equivalents) providing frameworks for the adoption of sustainable approaches to addressing key threats to the region's biodiversity and natural resources which highlight the need for financing of PAs. Importantly, the Project builds directly on the MC commitment made by the 5 participating governments at CBD VIII in Curitiba, 2006, and aimed to help meet the goal of the MC<sup>2</sup>, largely through its financing for the establishment of a Micronesia Challenge Endowment Fund (MCEF), as well as supporting building capacity for improving protected area (PA) effectiveness.

4. The Project contributes to the GEF Biodiversity (BD) Focal Area and some of Project elements are also relevant to the GEF Land Degradation and Climate Change focal areas. The Project fits well under UNEP's Medium Term Strategy (MTS) for 2010-2013, and contributes indirectly to all three MTS Expected Accomplishments within UNEP's Ecosystem Management Sub-programme (EMSP) for 2010-2013.

#### *B. Achievement of outputs*

5. Most outputs were fully or largely delivered, and on the whole delivered well, although many of those delivered relating to the establishment and effective management of the PANs in Palau, FSM and RMI were financed and delivered through partner programmes (as co-financing and parallel financing to the Project). Palau has a functioning PAN Fund and a PAN Office but neither FSM nor RMI had established these by end August 2016. PAN Fund operations in Palau began in 2012 (but legislation was in place before the GEF Project began), a draft National PAN Policy Framework was being considered in FSM in August 2016, and national PAN legislation was passed in RMI in 2015. The Project also provided training in various areas

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<sup>2</sup> The MC aims 'to effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020, in order to protect important island biodiversity, preserve unique island biodiversity, sustain the cultures and livelihoods of Micronesian communities and contribute to global biodiversity targets'.

of natural resource management including conservation area planning and monitoring effectiveness to stakeholders, and a Measuring Protected Area Management effectiveness (MPAME) tool was developed and successfully piloted by the Project, and shown to be effective for use in marine systems in Micronesia. However, it still needs more development and testing in terms of its use for terrestrial ecosystems, and it would also be useful to incorporate other criteria, such as invasive species into the tool.

**6.** Most of the GEF financing was focused on development and delivery of sustainable finance policies and systems that aimed to provide long-term core resources for conservation management, particularly for the three jurisdiction's PANs, with the Project's key achievement being the capitalisation of the regional MCEF to US\$ 18 million in the final year of the Project (although this has fluctuated due to changes in stock markets). However, although Palau has adequate finance systems and policies in place enabling it to access income from the MCEF it has not yet done so, and RMI and FSM haven't yet fully developed their finance and disbursement systems. Consequently, the MCEF grant disbursement mechanisms have yet to be piloted and no MCEF funds had reached the site level by the start of the TE. For some interviewees this was considered a failure of the project. However, there were differences of opinion over what the project would actually achieve at the site level, with some interviewees believing that the project was expected to at least pilot activities at some PAs (reflected in the wording of several project outputs and associated activities, e.g. Outputs 1.6 and 2.3), while other interviewees thought the project only aimed to set up the MCEF and disbursement mechanisms for future delivery of funds to local level.

**7.** The Project also supported the implementation of regional coordination mechanisms in support of the MC, including appointment of a new Regional Coordinator in 2015, support to the MC Measures Working Groups, and development of regional and jurisdictional communication strategies, including one for each of the four FSM states.

### *C. Effectiveness (attainment of project objectives and results)*

**8.** The Project has helped strengthen and improve PAN legislative frameworks, with national standards and criteria for PA planning and management developed and mostly adopted in each country, a PAN Office established in Palau, and interim arrangements for PAN activity coordination in FSM and RMI. Palau is most advanced in terms of its PAN development, with a 5-year Strategic Plan framework for the PAN and the PAN Operational Guidelines in draft form in late August 2016. In FSM, there have been delays over the development of the appropriate legislation and adoption of standards, but the draft PAN Framework developed in 2015 should provide the national-level Government with a mechanism to support funding while still respecting the jurisdiction of the individual states and the existing resource tenure system. In RMI, progress has also been made since the PAN Legislation Bill was passed in September 2015.

**9.** The Project has also helped to establish priority sites as PAs, with 16 priority sites identified for targeting at the inception stage across Palau, FSM and RMI. By the end of the Project, the number of PAs had grown to 150, although most of the increase in the number and extent of the PAs has been the result of parallel partner activities, with small (but nevertheless important) targeted, enabling contributions provided through the GEF financing. However, the degree to which each of these sites has 'effective' management plans is not recorded in project reports.

**10.** The Project improved the capacity (tools, resources, skills, knowledge) of PA and natural resource managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) to develop and manage PANs, especially their ability to assess PA management effectiveness. Particularly valuable has been the piloting of, and training on, the MPAME, which up to February 2016, had been used to assess management effectiveness in more than 25 PAs around the region, and is being integrated into the PA management procedures in the region. Another important capacity building effort has been the support for the MC Measures Working Groups (terrestrial, marine and socio-economic subgroups) who have developed targeted, regionally appropriate and scientifically rigorous protocols and indicators for marine and socio-economic measures, and work has begun on terrestrial measures. The

Project has also resulted in a marked increase in financial management capacity within the MCT to enable it to administer the MCEF, although to date there has been no drawdown from the MCEF (all reinvested their income and Palau added to its initial contribution), mechanisms to disperse funds to the local level are still only preliminary, and the systems and capacity need to be piloted to identify potential bottlenecks and problems (likely to happen on Palau first).

**11.** The Project has made an important contribution to the establishment, operation and diversification of financing systems in the region that should provide long-term resources for conservation. Chief amongst these is the MCEF, which now has a second target of US\$ 56 million, which is considered to be closer to what will be needed to sustainably finance the PANs. However, there is a question over the type of holdings and level of risk associated with the MCEF's investment strategy. Other financing sources have also been investigated to promote diversification of financing for the PANs, with possibilities including tourism taxes, debt swaps/conversions and conservation easements, and revenues from fishing licences, and possibly climate change funds if the scope of the MCEF is expanded, although, as yet, few of these are operational, e.g. Green Fee on Palau.

#### *D. Sustainability and replication*

**12.** Revenue from the MCEF and other sources is expected to provide long-term financing for activities related to the PANs on Palau, FSM, and RMI to help meet the MC 2020 targets, although it is not clear how exactly much will be needed to cover the full operating and development costs for the PANs, and there is a need to collect up-to-date data on the costs of the PANs. Also, there is some financial risk to the MCEF as it invests in stocks and bonds whose performance depends on world markets.

**13.** There is continued political support for the MC, and the fact that funds are available means governments are more likely to remain committed. In addition, the strengthening of the legal and policy framework for sustainable financing of protected areas, improved institutional capacity to manage PAs are all expected to support sustainability of the PANs. However, there is still a degree of political risk due to future changes of government, with individuals in some countries pushing for independent endowment funds, and a lack of agreement on the direction and goals of the MC after 2020. Indeed, there is a clear need for a review of the results and performance of the overall MC and a new vision and road map developed for the MC after 2020.

**14.** Institutional sustainability is viewed as reasonable, although there are issues over capacity, particularly over local groups' ability to absorb funding from the MCEF (when drawdown starts).

#### *Catalytic role and replication*

**15.** There is some good evidence of limited catalysis of project results and ideas to date, particularly with regard to catalytic financing, but no direct replication of results. The GEF financing can be said to have had a critical catalytic effect in capitalizing the MCEF, by encouraging two other major donors (TNC and CI) and the participating Governments to meet their financial commitments (and in the case of Palau to contribute more) to the MCEF. Indeed, without the GEF financing, it is unlikely that the countries (nor CI) would have committed their own funds. At the regional level, additional donor money has been leveraged for allied (parallel) projects that were promoted as supporting the MC.

**16.** The success of the MC and MCEF is also reported to have inspired a number of other countries to declare similar commitments, including the Coral Triangle Initiative, and the Caribbean Challenge. The Project has also been particularly good at attracting and utilising 'champions' to promote it, which has been especially important in fund-raising and maintaining the profile of the Project and the wider MC.

### *E. Efficiency*

**17.** The Project built on multiple lessons from several previous and active initiatives focused on natural resource management/protected area management in Micronesia as well as global experience of sustainable financing for biodiversity conservation. The Project made particular use of the existing MC agreement and long-standing successful partnerships between the three participating governments and TNC, CI and MTC in the Micronesia region, all of which brought important, valuable expertise/knowledge/skill sets to the Project, enabling it to build on existing institutional structures and capacity. The Project management and oversight arrangements were also integrated into the wider MC structure and could call on support from individuals involved (so no new project-specific structures needed to be created). In addition, the use of the MCT as the project Executing Agency was cost-effective (although its capacity needed to be built). However, the Project suffered delays in delivery, evidenced by the need for a No Cost Extension, with activities relating to FSM and RMI being the most affected.

### *F. Factors affecting project performance*

**18.** The Project logframe was rather confused in places, with some outputs and outcomes at the wrong level in the causal logic, many of the indicators in the logframe were not fully SMART, and overall the design was very ambitious, especially in relation to the establishment and effective management of the PANs in Palau, FSM and RMI, which is viewed as a long-term venture. Expectations in terms of on-the-ground activities/outputs and impacts under Component 1 in particular were not well aligned with what could actually be delivered and funded by the Project.

**19.** Project preparation was weak with no PPG funding, and the final ProDoc was essentially put together in just a week with no significant input from the three participating jurisdictions during this critical period. Some of the shortcomings of Project delivery stem from this PPG period, e.g. inadequate budgets for government representatives to attend project steering meetings and for evaluations.

**20.** The MCT did an excellent job as the Executing Agency for the Project, and should be commended. However, input by UNEP, as the GEF Implementing Agency, was rather mixed. The UNEP TM was praised for having done a good job in difficult circumstances, especially given his distant base in Apia, Samoa and limited support (staff, budget), but there was widespread criticism that UNEP (as an institution) did not input the resources needed to deliver the Project effectively, and did not appear to have a clear strategy, programme or interest in the region.

**21.** Whilst the Project helped strengthen existing partnerships between governments and international/regional NGOs and networks, there was very limited involvement of the private sector, and initial country ownership of the Project was not high due to poor consultation during the design period, although ownership has improved. The Project did not integrate well with other projects within the GEF-inspired Pacific Alliance for Sustainability (PAS), as the PAS had little country ownership and no resources in the region.

**22.** Even though communication strategies were designed for all the jurisdictions involved with the Project, these were only partly implemented, and communication activities on the Project were recognised as one of the weakest elements of the Project, although these improved after a new Regional Coordinator was appointed in 2015.

**23.** Most of the GEF budget – US\$ 5,054,544 - was assigned to Project Component 2, dealing with the capitalisation of the MCEF, which also received significant co-financing from TNC and CI (both gave grants of US\$ 3 million). However, the financial support from TNC and CI was contingent on (among other things) government contributions to the MCEF, which were met by Palau (who gave more than its agreed contribution, for which it deserves credit), and delivered late by RMI, but FSM was still short of its agreed total by US\$ 600,000 in August 2016. These late payments required renegotiations of the financing arrangements from TNC and CI, which introduced delays in reaching target capitalisation, and TNC, CI and

UNEP-GEF all took a risk with maintaining payments. Most of the activities associated with Component 1 (development of the PANs) were largely funded by partners and other stakeholders, and the reported co-financing for Components 1 and 3 (coordination and communication) did not reflect the much greater contribution made by MTC, project partners, e.g. TNC, CI, and other stakeholders. The true amounts are difficult to calculate, especially as it is difficult to differentiate parallel<sup>3</sup> from project-related co-financing, but additional leveraged funds probably ran into the tens of millions of US Dollars. Detailed budget presented in usual form as an appendix in the ProDoc, and no major issues with financial management, although payments from UNEP were apparently slow (recently due to issues with the new resource management system 'Umoja').

24. The project's M&E system followed UNEP's standard monitoring and evaluation procedure. Reporting requirements were largely fulfilled throughout the Project. However, the very low budget for both the Mid-Term Review and Terminal Evaluation meant that neither consultant could visit the region, and the low budget caused challenges for the planning or the TE. There were also delays in arranging the TE and the delivery of the evaluation report.

25. The TE identified 7 recommendations, which are: (i) a study of financial costs of the PAs to provide accurate, up-to-date information on the development and operational costs for the protected areas of Palau, FSM and RMI; (ii) an independent, expert review of the current investment strategy of the funds invested in MCEF; (iii) piloting of MCEF drawdown to test the grant disbursement system (best if done on Palau); (iv) a review of the results, experiences and delivery of the MC to date with development of a new updated vision, strategic plan and programme (road map) for the MC covering the period 2020-2030; (v) establishment of an account within the MCEF to cover MTC's costs of disbursing the MCEF; (vi) a strategic appraisal of UNEP's role and technical capacity in the Micronesia region; and (vii) greater attention paid to the costing of evaluation budgets at the project design stage with resources for stakeholder participation to ensure an effective evaluation. Details of the recommendations, along with lessons learned, are presented in the main report.

26. Given the above, the overall rating of the Project was **"Satisfactory"**.

**Table 2: Summary of Evaluation Ratings**

Criterion	Overall Rating
A. Strategic relevance	Highly Satisfactory
B. Achievement of outputs	Satisfactory
C. Effectiveness: Attainment of objectives and planned results	Moderately Satisfactory
1. Achievement of direct outcomes as defined in the reconstructed TOC	Satisfactory
2. Likelihood of impact using ROTI approach	Moderately Likely
3. Achievement of formal project objectives as presented in the Project Document.	Moderately Satisfactory
D. Sustainability and replication	Moderately Likely
1. Socio-political sustainability	Likely
2. Financial resources	Likely
3. Institutional framework	Moderately Likely
4. Environmental sustainability	Moderately Likely
5. Catalytic role and replication	Satisfactory

<sup>3</sup> Parallel financing is defined here financing that is independent of the project, and not treated as co-financing but is complimentary to project activities (or project activities compliment these parallel activities). In this case, many of the partners, e.g. TNC, have had long-running programmes or projects directed at or related to protected areas in Micronesia, that have been operated independently of the GEF project and would have taken place without the project, although they may have complemented the GEF project's efforts.

Criterion	Overall Rating
E. Efficiency	Satisfactory
F. Factors affecting project performance	
1. Preparation and readiness	Moderately Unsatisfactory
2. Project implementation and management	Highly Satisfactory
3. Stakeholders participation, cooperation and partnerships	Satisfactory
4. Communication and public awareness	Moderately Satisfactory
5. Country ownership and driven-ness	Moderately Satisfactory
6. Financial planning and management	Moderately Satisfactory
7. Supervision, guidance and technical backstopping	Moderately Satisfactory
8. Monitoring and evaluation	Moderately Satisfactory
i. M&E design	Moderately Satisfactory
ii. M&E plan implementation	Moderately Satisfactory
Overall project rating	<b>Satisfactory</b>

Note: In the evaluator's opinion, overall, the project would rate somewhere between Satisfactory and Highly Satisfactory due to the successful capitalisation of the MCEF but there is no equivalent GEF rating.

S=satisfactory; MS=moderately satisfactory; MU=moderately unsatisfactory; With respect to Sustainability: ML=Moderately Unlikely

## 1 INTRODUCTION

### 1.1 Subject and scope of the evaluation

27. In line with the UNEP Evaluation Policy<sup>4</sup>, the UNEP Evaluation Manual<sup>5</sup> and the Guidelines for GEF Agencies in Conducting Terminal Evaluations<sup>6</sup>, the Terminal Evaluation (TE) of the UNEP-GEF Micronesia Challenge (MC) Project was undertaken to assess project performance (in terms of relevance, effectiveness and efficiency), and determine the degree of achievement and/or likelihood of outcomes and impacts (actual and potential) stemming from the Project, including their sustainability. The TE took place between August and November 2016, after the final administrative and financial planning activities of the Project had concluded.

### 1.2 Evaluation objectives

28. The TE has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote learning, feedback, and knowledge sharing through results and lessons learned among UNEP, the GEF and the Project's executing partner MCT and other relevant project partners and interested stakeholders. In doing so the TE aims to identify lessons of operational relevance for future project formulation and implementation.

29. The TE was tasked with assessing the Project with respect to a minimum set of evaluation criteria grouped into four categories (presented below) according to the respective evaluation guidelines of GEF and UNEP (see above). All evaluation criteria were rated on a 6-point scale, except for complementarity of the Project with the UNEP strategies and programmes, which was not rated.

<sup>4</sup> <http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationPolicy/tabid/3050/language/en-US/Default.aspx>

<sup>5</sup> <http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationManual/tabid/2314/language/en-US/Default.aspx>

<sup>6</sup> [http://www.thegef.org/gef/sites/thegef.org/files/documents/TE\\_guidelines7-31.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/TE_guidelines7-31.pdf)



- i. **Attainment of objectives and planned results.** This comprises an assessment of the achievement of the Project's objectives, outcomes and outputs and the Project's relevance, effectiveness and efficiency. Given the Project's expected long-term impacts, a Review of Outcomes to Impacts (ROtI) method was applied to identify whether or not the necessary preconditions, factors and elements needed to support achievement of long-term impacts have been put in place.
- ii. **Sustainability<sup>7</sup> and catalytic role.** This focuses on the (i) socio-political, (ii) financial, (iii) institutional and (iv) environmental factors affecting the sustainability of project outcomes and results, and assesses efforts and achievements in terms of replication and up-scaling of project lessons and good practices.
- iii. **Processes affecting attainment of project results.** This covers: (i) project preparation and readiness, (ii) implementation approach and management, (iii) stakeholder participation and public awareness, (iv) country ownership/driven-ness, (v) financial planning and management, (vi) UNEP supervision and backstopping, and (vii) monitoring and evaluation (M&E).
- iv. **Complementarity with the UNEP strategies and programmes.** A brief narrative is presented on: (i) how the Project relates to and links with UNEP's Medium Term Strategy 2010-2013; (ii) how it aligns with the Bali Strategic Plan (BSP); (iii) the extent to which it considers gender in its design, implementation, and monitoring activities; and (iv) examples of South-South cooperation within the Project.

### 1.3 Evaluation approach, methodology and limitations

**30.** The TE was conducted by an independent consultant with expertise in protected areas (PA) management including PA financing, and project management and M&E, with extensive UN and GEF project evaluation experience (see Annex 9), under the overall responsibility and management of the UNEP Evaluation Office (EO) in Nairobi, in consultation with the UNEP GEF Coordination Office (also in Nairobi) and the UNEP Task Manager (TM) at UNEP (former TM based in Apia, Samoa, current temporary manager based in Nairobi).

**31.** The TE employed a participatory approach whereby key stakeholders were kept informed and consulted throughout the evaluation process. Qualitative evaluation methods were used to determine project achievements against the expected outputs, outcomes and impacts, based on a Theory of Change for the project (see section 2.8). Information was triangulated (i.e. verified from different sources) to the extent possible, and when verification was not possible, then a single source is mentioned in this report.

**32.** The TE was undertaken as a mix of desk reviews and in-depth interviews by Skype, or telephone, with UNEP staff within the GEF Coordination Unit, other relevant UNEP staff, the Project Management Unit (PMU) team based at the Micronesia Conservation Trust (MCT) office on Pohnpei, FSM, and selected representatives from partners and stakeholders that have been involved in the design and execution of the Project as well as other selected individuals and groups, from the national and local government authorities and agencies, and those involved in activities with the wider Micronesia Challenge.

**33.** The findings of the TE were based on a desk review of project documents and Interviews with priority stakeholders. A list of the people interviewed and data/information sources consulted in the preparation of this report is given in Annexes 4 and 5 respectively.

**34. Limitations.** Unfortunately, the consultant was not able to undertake a field mission to Micronesia. This was due to an inadequate evaluation budget. Delays were also caused by a complex combination of administrative within UNEP/UNON in Nairobi due to the introduction of the new UN resource management

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<sup>7</sup> In the context of the TE, sustainability is understood as the likelihood of continued benefits after the Project ends.

system ('Umoja') that led to lengthy delays on contracting and travel request processes. The lack of a field mission to Micronesia was regrettable, especially given that the MTR consultant was also unable to hold face-to-face interviews due to a similarly inadequate evaluation budget.

#### 1.4 Main evaluation criteria and questions

**35.** An evaluation matrix presenting broad categories of areas to be addressed and key sample questions to be asked during the evaluation process, with sources of data and information and the methods by which these would be gathered, was compiled and approved during the TE's inception period (set out in an Inception Report [an internal document submitted to the UNEP EO] produced in August 2016). The questions in the evaluation matrix served as guides in directing the semi-structured interviews and only questions relevant to each stakeholder were asked.

**36.** Following agreement with the UNEP EO on aims and methodology, the TE focused on the following sets of key cross-cutting questions to assess project performance and determine outcomes and impacts, and evaluate likely sustainability, modified from the ToR for the TE.

- To what extent have the project results contributed to (i) the achievements of Micronesia Challenge's goals and (ii) added value to the ongoing work on biodiversity management and sustainability in target countries?

How and to what extent have the financial systems and policies developed through the Project made a difference in Micronesia, and to what extent will the Project's results provide long-term financial resources to support the achievement of impact through providing better management and funding capacities and increasing resources in FSM, Palau and RMI?

To what extent have the Project's activities helped strengthen the capacities of environment/conservation government agencies and CSOs, specifically on sustainable finance planning and resource allocation?

How and to what extent did the project strengthen partnerships among key target audiences (regional initiatives, policy-makers, resource managers and practitioners)?

To what extent did the Governments provide support to project execution and have assumed responsibility for the results of the Project, including the degree of cooperation received from the various public institutions involved in the project?

There was a complicated project management arrangement that was fitted into the overall oversight and management arrangements for the larger MC initiative itself, was this successful and effective? What were the issues and challenges with this arrangement?

Given the UNEP PO is located in Apia, Samoa, what support did the Project receive from UNEP and how could it have been improved?

**37.** As this is a TE, particular attention was given to learning from the Project's experiences. Consequently, the TE sought to go beyond the assessment of "*what*" the project performance was, to gain a deeper understanding of "*why*" the performance was as it was, i.e. assessment of processes affecting attainment of project results, which provide the basis for the lessons that can be drawn from the Project.

## 2 PROJECT BACKGROUND

### 2.1 Context and development

**38.** Like many geographically isolated island groups, the region of Micronesia (Figure 1) supports many diverse and unique natural communities and species found nowhere else on Earth, but, also like many

other Small Island Developing State (SIDS), these are vulnerable to, and threatened by, over-exploitation and unsustainable harvesting methods and practices, such as overfishing, invasive alien species and pest species, conversion and degradation of habitats and ecosystems such as forests and coral reefs and coastal lagoons, pollution, and climate change including sea-level rise, sea-surface temperature rise, and associated extreme weather events. The Project Document (ProDoc) states that 66 globally threatened species (listed as 'Vulnerable' or above according to the IUCN Red List) occur in Micronesia.

**39.** In order to address these threats and challenges, the Chief Executives of the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau (Palau), in collaboration with the two United States (US) Territories of Guam and the Commonwealth of the Northern Mariana Islands (CNMI), launched the Micronesia Challenge (MC) at the Convention on Biological Diversity Conference of the Parties (CoP) VIII in Curitiba, Brazil, 2006. The MC aims to '*effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020*'<sup>8</sup>. This represents a target-driven commitment by five Pacific Island leaders to improve conservation of terrestrial and near-shore marine resources of each jurisdiction. The MC aims to achieve these targets principally through an increase in the size, effectiveness and sustainability of the protected areas networks (PANs) in Micronesia. However, conservation and development strategies to address these threats in the SIDS of Micronesia face numerous barriers, including: a lack of coordination between Governments and non-state actors in the field of environmental protection; poor awareness of the degree of threats to the local environment; inadequate scientific baseline information on the status of biodiversity and ecosystem services on which to base effective decision-making; inadequate legislation on protected areas and use of natural resources, with low compliance; and insufficient skilled/trained human resources to manage protected areas.

**40.** Perhaps the most significant barrier preventing effective conservation across the MC countries, and indeed the whole of Micronesia, has been the **lack of reliable, adequate and targeted financial resources**, with domestic finance allocations that are insufficient to sustain conservation activities and external funding that is rarely programmatic or achieves sustained impact. For instance, the main reason for limited or a lack of monitoring of unreported, illegal and unregulated fishing in Micronesia coastal waters is not the lack of policies but the lack of financial resources to secure and maintain boats, pay for fuel, cover salaries and build the skills needed to carry out monitoring, control and surveillance work effectively.

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<sup>8</sup> The Micronesia Challenge aims to support the long-term protection of areas of highest biodiversity significance within the Micronesia Challenge geographical region - spanning over 6.7 million square kilometres of island and ocean. The extent of protection envisaged by the five jurisdictions was expected to exceed their commitments to global targets under the Convention on Biological Diversity (CBD) of 10 percent coverage by 2010.

Figure 1: General Map of Micronesia



41. Another key requirement of the MC initiative is for each of the MC states to identify special ecological areas that are significant for biodiversity and/or resilient to climate change impacts with special management efforts needed to protect such sites. However, establishing and sustaining a representative network of protected areas requires putting in place legal frameworks, building capacity for enforcement of legal frameworks, and developing capacity in science-based Protected Area (PA) assessment, management and monitoring, which cannot be achieved in Palau, FSM and RMI without adequate and sustainable financing for these activities. This has been lacking.

42. The UNEP-GEF MC Project aimed to address this financing barrier and thus support the MC goal, principally through supporting the development of sustainable financing mechanisms for the PANs in MC States, particularly the establishment, capitalisation and operationalisation of a long-term regional Micronesia Challenge Endowment Fund (MCEF). In addition, the Project aimed to provide some direct (but limited) capacity support for the establishment and more effective management and monitoring of the PANs on Palau, FSM and RMI, incorporating community-based management and collaborative approaches to PA design, planning, monitoring and development, and including help to build resilience to climate change in the design of protected area systems. At the start of the Project each country already had a fledgling PAN to respond to these threats and reflect local priorities, although it was recognized that these differed significantly between countries.

## 2.2 Project Objectives and Components

### 2.2.1 Objectives

43. The UNEP-GEF MC Project's **overall development goal**, as stated in the Project Document (ProDoc), is the same as the overall goal of the wider MC initiative, which was *'to effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020, in order to protect*

*important island biodiversity, preserve unique island biodiversity, sustain the cultures and livelihoods of Micronesian communities and contribute to global biodiversity targets*'. The Project's primary biodiversity goal (intended long-term impact) was to reduce threats to terrestrial and marine biodiversity through contributing to more effective management of each country's PAN.

**44.** The **project objective**, again as given in the ProDoc, was to '*establish sustainable finance systems and policies in FSM, RMI, and RP by 2014 that (would) ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks*'. Thus, as stated, the primary aim of the Project has been simply to establish a sustainable financing mechanism to ensure a financially secure, effective PANS in each of the three target countries, through providing comprehensive support to the Micronesia Conservation Trust (MCT) to develop and resource the MC financial architecture.

### 2.2.2 Components

**45.** The ProDoc describes three project Components. The first two were intended to be 'technical components' with the third dealing with MC programme and project management issues related to coordination and communication within the MC structure.

**Component 1 (Outcome 1)** - Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge.

**46.** The Project was to provide specific on-the-ground preparatory activities and testing of management approaches and incentives at PA sites across the three jurisdictions, as well as assisting with the initial implementation of the MC in designating areas for biodiversity conservation that could help provide resilience and adaptive capacity for climate change. More specifically, this Component/Outcome was to include: (i) the establishment, staffing and financing of three PAN offices, one in each of Palau, FSM and RMI; (ii) strengthening of PAN legislative frameworks in each country (especially FSM and RMI); (iii) adoption of national standards and criteria for PA planning and management; and (iv) training PA managers in assessing PA management effectiveness. However, the most ambitious (and considered highest risk at the design stage) element of this Outcome was to be the establishment of 10 priority sites as PAs to be included within PANs, and activities identified in their management plans begun by the end of the (4-year) GEF project.

**Component 2 (Outcome 2)** - Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies.

**47.** This Component/Outcome represented the major element of the Project and was the recipient for the majority of the GEF funds. Essentially, it aimed to establish a Micronesia Challenge Endowment Fund (MCEF) with an eventual target of US\$ 50+ million from which it was expected that the three countries' PANs would be largely financed. It was agreed that the MCT<sup>9</sup> would house and execute the MCEF, including assessing proposals for funding from the MCEF and providing technical support to grant recipients to deliver funded initiatives. Relevant activities to be funded through the Project under this outcome were to include: (i) design and endorsement of appropriate sustainable finance systems and plans for the PANs in Palau, FSM, and RMI; (ii) technical assistance and capacity development for staff at the MCT to support the administration of the MCEF; (iii) piloting of a PA grant disbursement mechanism for the three target countries (with the intention to fully roll out the MCEF as a second phase of the Project after the current GEF grant ended), and (iv) the main activity, the capitalisation of the MCEF to at least US\$ 18 million (36% of planned total) by the end of year two of the Project.

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<sup>9</sup> In July 2007, the MC leaders appointed the MCT to be expanded and to be regionalised, to provide financial leadership and ensure sustainable, complementary financing for the PANs and on-the-ground conservation action. The MCT, a Not for Profit Corporation, has developed a portfolio of programmes and has achieved international standards and recognition since its creation in 2002.

**Component 3 (Outcome 3) - Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented**

48. This Component/Outcome addressed what are traditionally seen as programme or project management activities, e.g. development of communication strategies for the project and coordination between project groups, partners and Steering Committees. These activities aimed to directly support the operation of the MC structure, and heavily involved the Micronesia Challenge Regional Coordination Office (MCRCO) and MCT.

49. The main elements of the Project are presented in Table 3 and the Project’s full logical framework given in Annex 5. The latter is the latest, updated version, modified following minor updating based on recommendations following on from the inception workshop and also the MTR report.

**Table 3. Project components, expected outcomes and outputs (source: Project Document)**

<b>Project Goal:</b> To increase the resilience of globally significant marine and terrestrial species across Micronesia to current and future threats, including climate change, under the framework of the Micronesia Challenge: a shared commitment to effectively conserve at least 30% of the near-shore marine resources and 20% of the terrestrial resources across Micronesia by 2020.	
<b>Project Objective:</b> To establish sustainable finance systems and policies in FSM, RMI, and RP by 2014 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, their primary strategy for achieving the goals of the Micronesia Challenge.	
<b>Outcomes (Components)</b>	<b>Outputs</b>
Outcome 1 : Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge	<p>Output 1.1 Three PAN offices, one each in FSM, RMI, and ROP, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2</p> <p>Output 1.2 Strengthened PAN legislative frameworks in each country by end of Year 4</p> <p>Output 1.3 Ten priority sites established as PAs and included in PANs by end of Year 4</p> <p>Output 1.4 National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year</p> <p>Output 1.5 PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4</p> <p>Output 1.6 Activities identified in management plans for ten priority sites (identified in narrative below) implemented.</p>
Outcome 2. Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies.	<p>Output 2.1. Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and RP by the end of year 4.</p> <p>Output 2.2 Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment by end of Year 2</p> <p>Output 2.3 PA grant disbursement mechanisms in FSM, RMI, and ROP are piloted and their effectiveness measured by end of Year 4.</p> <p>Output 2.4 MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2.</p>

<p>Outcome 3. Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented</p>	<p>Output 3.1 MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing).</p> <p>Output 3.2 Micronesia Challenge regional communication strategy and MC communication strategies in FSM, RMI, and RP developed, implemented, and evaluated by end of Year 4.</p>
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## 2.3 Target areas/groups

**50.** The Project chiefly aimed to catalyze, capitalize and implement a strategic financing programme for PA conservation efforts across the MC sub-region, with the establishment of the MCEF as a key sustainable financing mechanism for the PANs in the three target countries. Consequently, if successful, the Project would benefit the many communities in and around the protected areas of the three target states, who rely on these areas for their livelihoods, as well as their associated biodiversity. However, the Project was expected to have wider human livelihood benefits, with, for instance, Marine Protected Areas (MPAs) with better policed no-take zones that would likely lead to improved shared fish stocks across the region, and more sustainable harvests and incomes for fishers and associated businesses.

## 2.4 Implementation and Execution Arrangements

**51.** The GEF Implementing Agency (IA) for the Project was the United Nations Environment Programme (UNEP). In this capacity, UNEP had overall responsibility for the implementation of the Project, project oversight, and co-ordination with other GEF projects. UNEP, through its UNEP Pacific Office (UNEP PO) located in Apia, Samoa, provided the overall supervision and guidance for the Project including approval of key project activities, funding commitments and co-financing arrangements. The UNEP PO together with the UNEP/DEPI/GEF BD/LD Unit<sup>10</sup> in Nairobi carried out all oversight functions as required by the GEF. This included the responsibility, in conjunction with the various project partners, for aspects of monitoring and evaluation (M&E), including approving annual implementation of work plans and budget revisions, monitoring progress, organising project evaluations, and identifying problems and necessary actions to improve the Project's delivery as well as assisting in providing linkages with other regional and global initiatives.

**52.** The Executing Agency (EA) for the Project was the Micronesia Conservation Trust (MCT), based on Pohnpei, with the Governments of Palau, FSM and RMI, Conservation International (CI) and The Nature Conservancy (TNC) as co-executing partners. The MCT was to manage the MCEF and other regional sources of MC finance as appropriate and needed by the MC jurisdictions. The MCT reports to the MC CEO's (Heads of States or Presidents/Governors) and acts as a secretariat for them on MC matters.

**53.** The Micronesia Challenge Regional Coordination Office (MCRCO) is comprised of the MC Steering Committee<sup>11</sup> with Focal Points in each jurisdiction, and the MC Regional Coordinator (MCRC), and was established to provide overall coordination for the MC and between jurisdictions. The MCRC is responsible for running the MCRCO, taking direction from the MC Steering Committee, and working closely with the MC Working Groups, PAN Coordinators or their equivalents, and the Global Island Partnership (GLISPA) to compile updates on MC progress and identify resources and areas for improvement.

<sup>10</sup> Originally, this was the UNEP-Division of GEF (UNEP-DGEF) but the DGEF was disbanded shortly before implementation of the Project began.

<sup>11</sup> The MC Steering Committee consists of five Focal Points (one from each jurisdiction appointed by the chief executives), a non-voting representative from the Micronesia Conservation Trust (MCT), and a representative from the donor group which at the time of the GEF project was being implemented was represented by TNC. It meets annually and has a standing committee report to the leaders at the Micronesia President's Summit and the Micronesian Chief Executive's Summit. Regular correspondence is held over email and Skype between MC Steering Committee members and the MC Regional Coordinator. The MC support team (comprising various technical and working groups) also holds conference calls to update each other on their progress on MC activities. The MC working groups also meet annually to update measures and evaluations of activities that support the MC and the MCRO provides quarterly reports to the MC Steering Committee.

**54.** In its role as the Project's EA, the MCT was primarily responsible for the delivery of the Project, including financial and progress reporting. To fulfil this function the MC established and hosted a MC Project Management Unit (PMU), headed by a Project Manager (PM). In addition, a Project Management Group (PMG) was established as an oversight body for the GEF project acting as a project steering committee. The PMG reported to UNEP and consisted of the UNEP PO, the three PAN Coordinators, and representatives from the MCT, the MCRCO, and the MC Support Team<sup>12</sup>. The MC RCO and PAN Coordinators representatives were responsible for ensuring that the views of the three countries' (Palau, FSM and RMI) were represented. The PMG was established for the duration of the GEF project (4 years) only and its role included approving implementation of work plans and budget revisions, identifying problems and suggesting solutions to improve the Project, and ensuring that all funds were disbursed and spent in accordance with GEF-UNEP financial, reporting and management requirements and the MCT-MC Island Jurisdiction Memoranda of Understanding (MOUs).

**55.** The PMU provided secretariat services to the PMG as well as to the MC Steering Committee under MCT supervision and was responsible for all aspects of day-to-day management of the project and coordinated with other concerned stakeholders to ensure adequate project implementation. The PMU also performed a range of technical tasks in support of the in-country projects for Components 1, 2 and 3, including oversight and coordination. The PM was employed by, and reported to, the MCT and the MC Steering Committee, and was part-funded from the GEF grant.

**56.** The Project's management arrangements and reporting lines are show below in Figure 2, and how they relate to the overall MC institutional arrangements in Figure 3. The PM position was held by the Executive Director of the MCT, who delegated some activities/tasks to appropriate staff when necessary.

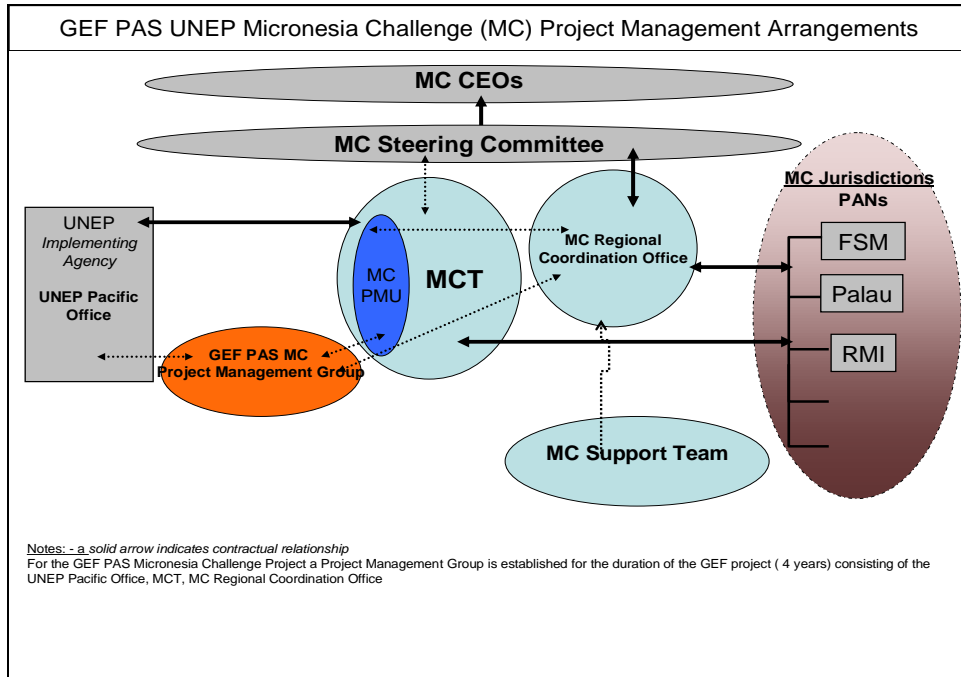
**57.** An Inception workshop was held 19-21 January 2011 on Pohnpei, FSM, when the Project's workplan, implementation arrangements, budgets, baseline data and logframe were reviewed, revised and confirmed, and at which point the 10 priority sites (see Output 1.3 in Table 3 above) were identified and agreed. The project 'formerly' began activities (became operational) after this point (so from February 2011), with an expected completion date of January 2015. However, according to the ProDoc, the project was due to begin in July 2010 and finish in June 2014, but start-up was delayed.

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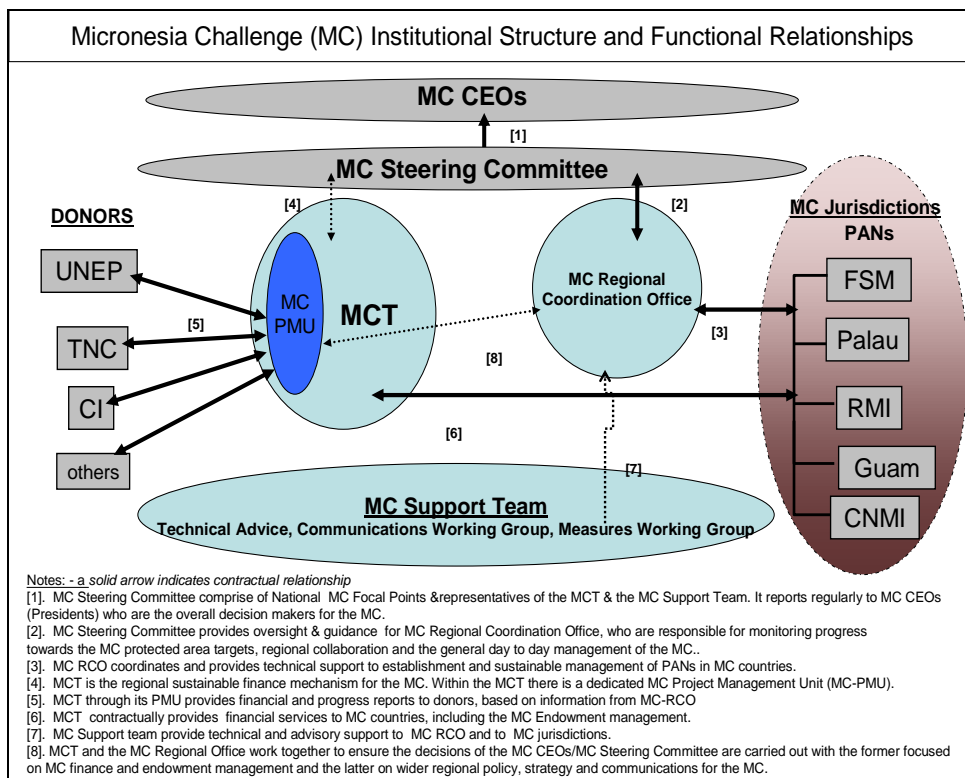
<sup>12</sup> The MC Support Team has the list of more than 100 people on it, although only about 15 are particularly active or engaged.



**Figure 2: GEF PAS UNEP Management Arrangements (Source: Project Document)**



**Figure 3: Overall MC Institutional Framework (Source: Project Document)**



## 2.5 Project Financing

**58.** The GEF provided external financing of US\$ 5,454,545, which puts the Project in the Full-size Project (FSP) category for GEF projects. The Project was expected to mobilize another US\$ 13,074,455 in co-financing (total pledged at project submission to GEF) from the three participating Governments and other donors, bringing the Project’s total cost to US\$ 19,376,000. Unusually for a GEF project, almost all of the co-financing was in the form of cash co-financing US\$ 12,945,455 (99% of the pledged co-financing).

59. The bulk of the GEF financing was to be allocated to the capitalisation of the MCEF (US\$ 5,154,545), and TNC and CI were to each contribute US\$ 3,000,000 (divided differently between Palau, FSM and RMI in the MCEF) with a combined matching contribution from the three countries of US\$ 12,00,000 together with other in-kind contributions (co-financing is set out in appendix 15 of the ProDoc).

## 2.6 Project partners and stakeholders

60. The ProDoc presents a fairly detailed list of the key stakeholders for each country and their relevance to the Project, and outline Stakeholder Participation plan that sets out the roles and responsibilities of the key stakeholders (see Annex 6). The Stakeholder Plan does not appear to have been significantly reviewed and expanded during the inception workshop<sup>13</sup> and there was no evidence of it being explicitly linked with the project's communication strategy to be developed under Component 3.

61. The Project's key stakeholders were the *governments and communities* of Palau, FSM and RMI. The communities at the site level, were expected to be engaged in on-the-ground activities and benefit from MCEF grants through the MCT (although only after the MCEF has become fully operational). Government agencies (national, state and local) were to provide an enabling legal and policy framework for the project activities and those of the MC at the local level. The MCT was to play a lead role in managing and disbursing project funds, and the relevant PAN offices in Palau, FSM, and RMI, led by their coordinators, and under the coordination of the MCRO (currently on Yap), were expected to be full executing partners.

## 2.7 Changes in design during implementation

62. Some minor changes were made to project activities, logframe indicators and targets, and project workplan and budget following the Inception workshop in January 2011, mostly at output and activity level.

63. The Project's Mid Term Review (MTR)<sup>14</sup> was carried out from September – December 2013. It concluded that, generally, the Project was on track and making good progress in achieving its goals, including achieving significant cash and in-kind co-financing and leveraging additional funds, and the MTR rated project progress as Satisfactory at that stage. Although the MTR made several suggestions for changes to the project, these were considered minor and no significant adjustments have been made in the overall design or funding of the Project since the ProDoc was approved.

64. However, a minor budget revision was approved by UNEP in March 2012 to re-phase and realign unspent GEF funds from 2010 to 2011 and 2011 to 2012. The most significant change has been the extension of the project's revised completion date from January 2015 to end December 2015 through a No Cost Extension (NCE) approved by UNEP in December 2013<sup>15</sup> which presented a revised budget and workplan. No justification for the extension was presented in the NCE request to UNEP, and it is not clear why the extension was approved by UNEP HQ in Nairobi (although NCEs are not unusual for GEF projects).

## 2.8 Reconstructed Theory of Change of the Project

65. A good results framework should clearly articulate the logic that underpins the project's strategy and therefore present clear causal relationships between a project's activities, outputs (goods and services delivered by the project) and immediate project outcomes (changes resulting from the use of project

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<sup>13</sup> Micronesia Challenge: Sustainable Finance Systems for Island Protected Area Management. REPORT. Inception Workshop Pohnpei, FSM 19-21 January 2011

<sup>14</sup> Micronesia Challenge: Sustainable Finance Systems for Island protected Area Management. Mid-term Evaluation. Sept-Dec 2013. 93pp. Prepared by Dr Jamie K Reaser. Note from the Evaluation Office: this was a Mid-Term Review commissioned and managed by the project team, not a Mid-Term Evaluation commissioned and managed by the Evaluation Office.

<sup>15</sup> Amendment No.2, No Cost Extension, GFL-2328-2712-4B71, Micronesia Challenge: Sustainable Finance Systems for Island Protected Area Management.

outputs by key stakeholders), and longer-term intermediate stages and states and the project's ultimate desired impact (changes in environmental and social benefits)<sup>16</sup>.

**66.** A Theory of Change (ToC) is usually presented as a diagrammatic representation of the causal logic of a project, derived directly from the project strategy/design documents<sup>17</sup>. The ToC also helps define the external factors that influence change along the pathways and whether one result can lead to the next, which may be either drivers (over which the project or its partners have a certain level of control) or assumptions (where the project has no control). The ToC can also help identify the expected role and contributions of key actors, opportunities for replication and catalysis of project results, and issues and areas where sustainability needs to be considered.

**67.** The Project's logic was examined and used to produce a reconstructed ToC, and progress made towards achievement of project objectives and impacts was assessed using a Review of Outcomes to Impacts (ROtI) analysis based on this reconstructed ToC.

#### *Project's causal logic as set out in the project documents*

**68.** As presented in the ProDoc, the Project's narrative on the intervention logic and causal pathways of how the project activities and outputs will lead to the reduction of threats to biodiversity and ecosystem service provision in Micronesia and ultimately improved status and sustainability of these, is rather confused in places. Particularly unclear is how the three project outcomes connect, and the relationship and boundary between the GEF project and the wider MC initiative.

**69.** According to the ProDoc, the GEF project sought to strengthen and sustain the MC sub-region's protected area networks, and help enable specific protection and management measures for the region's threatened and endemic species of flora and fauna in the region, through supporting the development of legal frameworks, building and maintaining capacity for enforcement of legal frameworks, and developing capacity in science-based protected area assessment, management and monitoring. However, the Project's primary aim was to establish sustainable finance systems and policies in Palau, FSM and RMI by 2013 that would ensure sufficient resources to support the activities required to abate threats to the region's marine and terrestrial biodiversity and effectively manage each jurisdiction's PAN, which is the '*primary strategy for achieving the goals of the wider Micronesia Challenge*'. The Project aimed to enable development of the MCEF within the MCT as a source for funding the national PANs in perpetuity, as well as supporting other mechanisms that could provide funding for PA management and other complementary activities, and then guide the effective disbursement of finance and incentives to the PAN members, sites and communities

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<sup>16</sup> The following definitions apply. *Activities* are the practical, time-bound actions that the project undertakes in order to achieve the desired project outputs (such as training workshops, communications, research activities). The project should have complete control over these. *Outputs* are the services and products delivered directly by the project in order to achieve the project outcomes, e.g. trained individuals, local pilot projects. The project should also have complete control over these. *Outcomes* are changes in individual or institutional behaviour or capacity that a project makes a contribution to, e.g. increased awareness and changes in attitudes, improved knowledge or skills, adoption of new practices, improved institutional competency, implementation of a new revised policy, availability of financing. Outcomes can act over a short (Project Outcome) or medium term (Medium-Term Outcome) period. *Intermediate states* are the transitional conditions between the project's immediate outcomes and impact, necessary to achieve the intended impact, e.g. country wide shift to renewable energy sources, wide-scale adoption of improved natural resource management practices. Intermediate states are influenced by assumptions and impacts drivers. *Assumptions* are the significant external factors/conditions that, if present, are influence the ultimate realization of the projects impacts, but are beyond the power of the project to influence or address, e.g. turn-over of government officials, global financial situation. *Drivers* are significant external factors that, if present, can contribute to the ultimate realization of project impacts over which the project, or its stakeholders/partners has some degree of control or influence, e.g. public pressure on decision-makers. An *impact* is a fundamental and durable change in environmental state and human living conditions brought about directly or indirectly by the project, e.g. reduced human-caused global warming, improved water quality. Impacts can be intended or unintended.

<sup>17</sup> This evaluation does not apply econometric or other quantitative approaches to measure impact of the project. Considering the nature of the project it would not be feasible to create treatment and control groups or any other kind of experimental set up. Theory-based evaluations (such as this) are becoming increasingly important approach to evaluate interventions (i.e. Stern et al 2012), and are also the approach used by the UNEP EO. The theory-based evaluation does not use counterfactuals based on the experimental set up, but on qualitative analysis of the context etc. (this can be often a challenge in the evaluation phase as many projects have poorly established baselines).

over time. If successful, the proponent countries would be able to maximise the efficacy of their own public resources as well as draw upon alternative supporting finance mechanisms developed and promoted by the GEF project.

**70.** In promoting and supporting such financing systems and PANs at policy, institutional and site levels, the Project sought to enable the MC to provide significant, long-term habitat protection and management measures. Thus it aimed to increase coverage and representativeness of globally significant biodiversity under more effective management, and at the same time sought to build strong long-term socio-economic and environmental sustainability through its resourcing of the PANs.

**71.** The MC was intended as an enabling mechanism that would act as a broad framework under which all biodiversity conservation work in the region could take place. The MC has been viewed as a sort of 'glue' that would help lock the participating institutions and countries into more sustainable management of biodiversity and ecosystem services, and expand their protected areas for the long term. In a sense, the MC has been used as 'metaphor' for conservation across the Micronesia, although with various degrees of success. The GEF Project was a sub-project within the MC, the intent of which was to help mobilise the MC largely through building its system for sustainable financing and the capacity to be able to implement this financing.

#### *Reconstructed ToC*

**72.** Although there is a logframe given as an Appendix, the Project did not prepare a ToC itself (ToCs were not required for GEF projects by UNEP at the time the Project was designed). Consequently, a ToC was reconstructed in an attempt to untangle the causal logic presented in the project documents, which is presented in Figure 4. This is based on a review of the logic and the various components/elements of the Project as set out on the ProDoc, with feedback on an initial draft from the UNEP EO and other stakeholders. It should be noted that not all Project elements as described in the ProDoc fit into a ToR model at their originally defined level. So, for instance, some activities are actually outputs and some outputs are outcomes or intermediate states at a higher level in the causal logic.

**73.** The Project's strategy is largely set out in the first two Outcomes (principally Outcome 2) which focus largely on developing sustainable finance systems and mechanisms for their delivery (Outcome 2) and capacities to develop, maintain and adaptively manage networks of protected areas in and between the target countries (Outcome 1).

**74.** The legal and regulatory component of the project (Outcome 1) was intended to enable expansion of the national PANs, zoning of PAs and their incorporation into national land use planning process as well as development of management plans for marine and terrestrial PAs. Capacity building (also included in Outcome 1) and project communications (Outcome 3) activities were expected to increase capacity within each country for effective PA management, including increased staffing levels and skills, and improved infrastructure. The (limited) targeted capacity building activities under Component 1 were intended to help catalyse increasing management effectiveness of each jurisdiction's PAN, with most of the future costs (following the end of the GEF project) borne through income generated by the MCEF (Component 2) combined with other sources of income.

**75.** The Project's final desired (long-term) impact, in terms of globally important biodiversity (the GEF Focal Area objectives), although not explicitly stated, can be captured from the Project's overall environmental problem analysis set out in the ProDoc, and formulated as '*the maintenance and protection of the structure, functions and processes of terrestrial and marine and coastal ecosystems in Micronesia and sustainable provision of ecosystem goods and services from PANs to local communities*'. This is to be reached through an intermediate state where threats to biodiversity in Micronesia and degradation of its ecosystem services are reduced and reversed and the MC 2020 targets are met 'effectively conserving 30% of marine and 20% of terrestrial resources across Micronesia by 2020'.

**76.** However, demonstrating changes in biodiversity and habitat status is unlikely in a typical 3-4 year GEF project as changes in biological populations and ecosystem services are generally complex and multi-causal and usually operate over a longer timescale (and threat reduction is similarly often difficult to show in the time period of a GEF project). Consequently, the Project's final desired impact is not immediately realizable within the time frame of the Project (although the general direction may be determinable), so the reconstructed ToC is used to determine the likelihood of achieving this desired impact in the future. In addition, it should be noted that globally important biodiversity (GIB) and ecosystem services targeted by the Project are not well defined in the ProDoc (there is a short, rather confused presentation on the number of Red-list species and other threatened biota), nor are there any specific indicators for these presented in the logframe, e.g. area/status of forest, or populations of specific threatened species, or the key habitat/ecosystem types and associated biodiversity at specific PAs. No specific species or populations were measured or monitored by the Project; rather the assumption was that improving the PANs that support these species would lead to their improved status.

**77.** Social impact measurements were also not identified within the project logframe and as targets, although it is worth pointing out that improving the status of biodiversity and ecosystem services at sites through building and strengthening PANs in the three target countries would help strengthen surrounding communities' resilience to natural hazards through enhancing disaster preparedness and climate change adaptation prospects, which are of increasing concern in Micronesia and the islands of the Pacific.

**78.** Although regional coordination and communication is identified as a specific Outcome in the Project's logframe (Outcome 3, *Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented*), there is a need for, and there are elements of, communication in most if not all project activities, e.g. to ensure awareness and understanding of the aims, activities and products of the Project. Consequently, communication is best treated as a cross-cutting output, as depicted in the reconstructed ToC above. Indeed, communication and collaboration are means to an end, not an end in themselves, and should not be treated as project 'outcomes'.

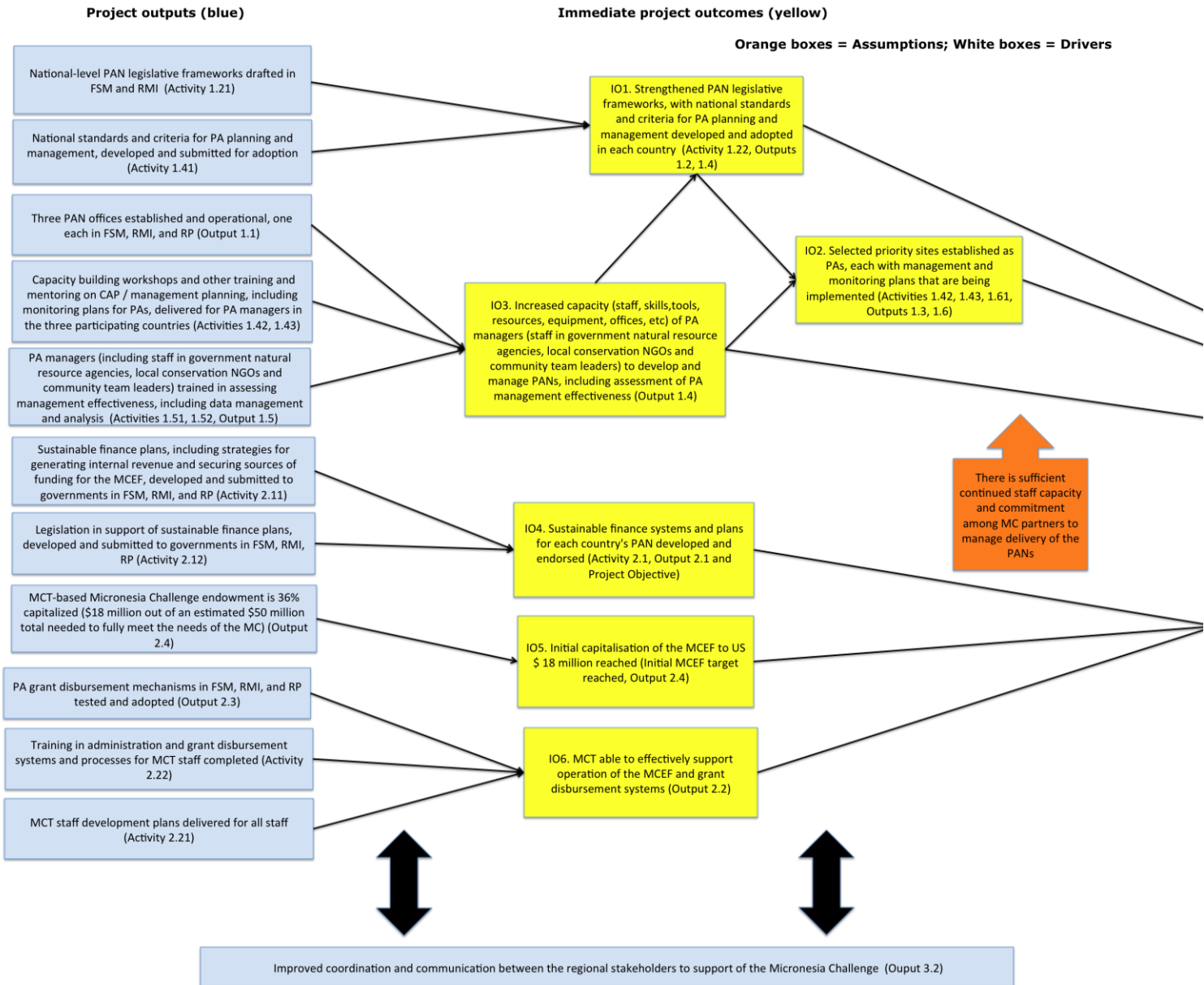
**79.** The Project aimed to produce the following initial direct and linking outputs<sup>18</sup>, mostly grouped under Outcomes 1 and 2 below:

- National-level PAN legislative frameworks drafted in FSM and RMI (Activity 1.21, Output 1.2);
- National standards and criteria for PA planning and management, developed and submitted for adoption (Activity 1.41, Output 1.4);

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<sup>18</sup> Note that the activity, output and outcome numbers from the ProDoc/logframe are given in parentheses to help visualize how the different elements of the lower level of the ToC link together, although some have been reworded slightly to make them clearer. Most of them map fairly well into parts of the ToC, although not necessarily into the original arrangement/hierarchy. F (for instance, many activities should be considered more as outputs).

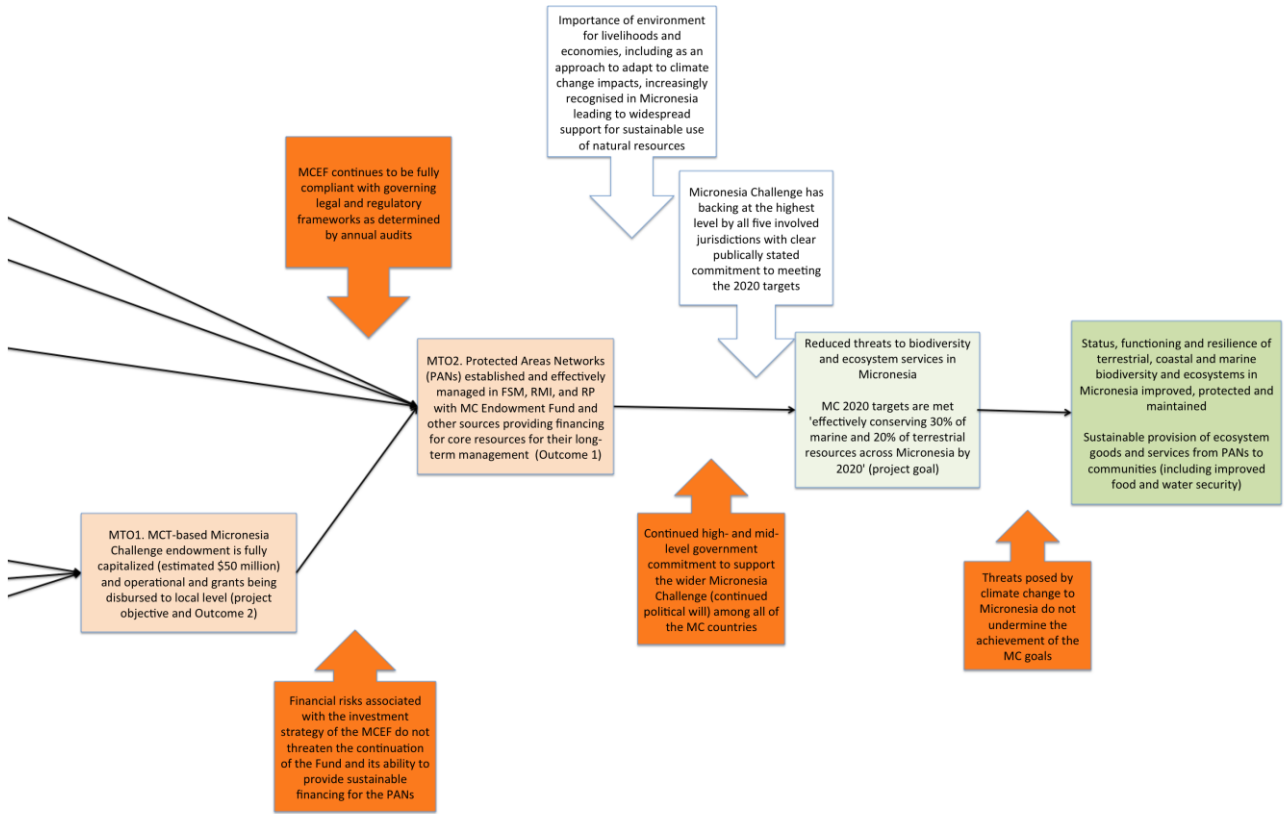
**Figure 4: Reconstructed Theory of Change (ToC) for the Micronesia Challenge Project** (IO = Immediate (project) outcome; D = White = driver); A = Assumption; IS = Intermediate State)



Medium Term Outcomes (pink)

Intermediate States (pale green)

Impact (medium green)



- Three PAN offices established and operational, one each in Palau, FSM and RMI (Output 1.1);
- Capacity building workshops and other training and mentoring on CAP / management planning, including monitoring plans for PAs, delivered for PA managers in the three participating countries (Activities 1.42, 1.43, Output 1.4);
- PA managers, including staff in government natural resource agencies, local conservation NGOs and community team leaders, trained in assessing management effectiveness, including data management and analysis (Activities 1.51, 1.52, Output 1.5)
- Sustainable finance plans, including strategies for generating internal revenue and securing sources of funding for the MCEF, developed and submitted to governments in FSM, RMI, and RP (Activity 2.11, Output 2.1)
- Legislation in support of sustainable finance plans, developed and submitted to governments in FSM, RMI, RP (Activity 2.12, Output 2.1)
- PA grant disbursement mechanisms in FSM, RMI, and RP tested and adopted (Output 2.3)
- MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) (Output 2.4)
- Training in administration and grant disbursement systems and processes for MCT staff completed (Activity 2.22, Output 2.2)
- MCT staff development plans delivered for all staff (Activity 2.21, Output 2.2).

**80.** The Project aimed to produce the following initial direct and linking outputs<sup>19</sup>, mostly grouped under Outcomes 1 and 2 below:

- National-level PAN legislative frameworks drafted in FSM and RMI (Activity 1.21, Output 1.2);
- National standards and criteria for PA planning and management, developed and submitted for adoption (Activity 1.41, Output 1.4);
- Three PAN offices established and operational, one each in Palau, FSM and RMI (Output 1.1);
- Capacity building workshops and other training and mentoring on CAP / management planning, including monitoring plans for PAs, delivered for PA managers in the three participating countries (Activities 1.42, 1.43, Output 1.4);
- PA managers, including staff in government natural resource agencies, local conservation NGOs and community team leaders, trained in assessing management effectiveness, including data management and analysis (Activities 1.51, 1.52, Output 1.5)
- Sustainable finance plans, including strategies for generating internal revenue and securing sources of funding for the MCEF, developed and submitted to governments in FSM, RMI, and RP (Activity 2.11, Output 2.1)
- Legislation in support of sustainable finance plans, developed and submitted to governments in FSM, RMI, RP (Activity 2.12, Output 2.1)
- PA grant disbursement mechanisms in FSM, RMI, and RP tested and adopted (Output 2.3)
- MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) (Output 2.4)
- Training in administration and grant disbursement systems and processes for MCT staff completed (Activity 2.22, Output 2.2)
- MCT staff development plans delivered for all staff (Activity 2.21, Output 2.2).

**81.** If the above outputs are delivered this then leads to six immediate project outcomes (IOs):

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<sup>19</sup> Note that the activity, output and outcome numbers from the ProDoc/logframe are given in parentheses to help visualize how the different elements of the lower level of the ToC link together, although some have been reworded slightly to make them clearer. Most of them map fairly well into parts of the ToC, although not necessarily into the original arrangement/hierarchy (for instance, many activities should be considered more as outputs).



- IO1. Strengthened PAN legislative frameworks, with national standards and criteria for PA planning and management developed and adopted in each country (**Strengthened PAN frameworks**, Activity 1.22, Outputs 1.2, 1.4);
- IO2. Selected priority sites established as PAs, each with effective management and monitoring plans that are being implemented in Palau, FSM and RMI (**Priority PA sites established**, Activities 1.42, 1.43, 1.61, Outputs 1.3, 1.6)
- IO3. Increased capacity (staff, skills, tools resources, equipment, offices, etc) of PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) to develop and manage PANs, including assessment of PA management effectiveness (**Increased capacity to manage PAs effectively**, Output 1.4).
- IO4. Sustainable finance systems and plans for each country's PAN developed and endorsed by governments (**Sustainable financing systems established**, Activity 2.1, Output 2.1 and Project Objective);
- IO5. Initial capitalisation of the MCEF to US\$ 18 million reached (**Initial MCEF target reached**, Output 2.4); and
- IO6. MCT able to effectively support operation of the MCEF and its grant disbursement system (**MCT operating as execution agency for MCEF**, Output 2.2).

### 2.8.1 From outcomes to impacts

**82.** There are a number of other intermediate results/stages beyond the Project's outcomes in the causal pathway that also need to occur for the realization of the final desired impact. These above six outcomes would then allow the delivery of two medium-term outcomes (MTOs):

- MTO1 - MCT-based Micronesia Challenge endowment is fully capitalized (estimated \$50 million) and operational (the Project's stated objective and Outcome 2), and
- MTO2. Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP with MC Endowment Fund and other sources providing financing for core resources for their long-term management (Outcome 1).

**83.** Both are viewed as beyond the immediate reach of the Project as they involve government processes, negotiations and agreements that are beyond the Project team's ability to deliver directly, and also depend on further financing.

**84.** If the above MTOs are achieved then (along with other non-GEF project inputs), over the longer term, it would be expected that there would be a reduction of threats to biodiversity and ecosystem services in Micronesia (within the PANs), and the MC 2020 targets (*'effectively conserving 30% of marine and 20% of terrestrial resources across Micronesia by 2020'*) would be achieved. These would then be expected to lead to the Project's ultimate desired impact of improved status, functioning, resilience and protection of terrestrial, coastal and marine biodiversity and habitats in Micronesia with sustainable provision of ecosystem goods and services from PANs to communities (including improved food and water security).

**85.** However, there are a significant number of assumptions and drivers that operate over different scales that may impede or enhance the adoption of project outputs and outcomes and the movement along the causal chain to the eventual achievement of the Project's desired impact. These include the assumptions that:

- The MCEF continues to be fully compliant with governing legal and regulatory frameworks as determined by annual audits (in other words, these frameworks don't change making it impossible to operate the MCEF legally);
- There is sufficient continued staff capacity and commitment among MC partners to manage delivery of the PANs;

- Financial risks associated with the investment strategy of the MCEF do not threaten the continuation of the Fund and its ability to provide sustainable financing for the PANs;
- Continued high- and mid-level government commitment to support the wider Micronesia Challenge (continued political will) among all of the MC countries; and
- Threats posed by climate change to Micronesia do not undermine the achievement of the MC goals.

**86.** There are also a number of drivers that the Project (or its partners) could influence to make progress along the causal chain more likely. These include:

- The Micronesia Challenge has backing at the highest level by all five involved jurisdictions with clear publically stated commitment to meeting the 2020 targets; and
- The environment is increasingly recognized as important for livelihoods and economies in Micronesia, with widespread support for sustainable use of natural resources (public support), particularly given the widespread awareness of the need to build resilience to adverse climate change impacts.

**87.** It should be noted that although climate change is listed as an assumption above, awareness of the risks from climate change, especially among low-lying SIDS is also proving to be a driver for action (hence the final driver above).

## EVALUATION FINDINGS

### 2.9 Strategic Relevance

#### 2.9.1 Alignment with GEF focal areas and strategic priorities

**88.** The project contributes to the GEF Biodiversity Focal Area strategic long-term Objective 1: to catalyse the sustainability of protected area systems, in this case across three proponent countries. It is aligned with the BD Strategic Programs for GEF-4, in particular, SP-1 to achieve sustainable financing of PA systems at the national level; SP-2 to increase representation of effectively managed marine PA areas in PA systems; SP-3, to strengthen terrestrial PA networks; SP 4 to strengthen the policy and regulatory framework for mainstreaming biodiversity, and SP 7 the prevention, control, and management of invasive alien species. The project is also aligned with the Climate Change Focal Area strategic long-term objectives relating to adaptation.

#### 2.9.2 Relevance to global, regional and national environmental issues and needs

**89.** The Project helped address global, regional, sub-regional and national environmental issues and needs. It particularly helped to deliver on the Micronesia Challenge commitment and targets made by the five participating governments at CBD VIII in Curitiba, 2006 (indeed this was its chief aim), and which continue to be endorsed at the highest level by heads of government in the five MC countries.

**90.** Also, Palau, FSM and RMI had either passed or were considering PAN legislation, and all had prepared and approved National Biodiversity Strategies and Action Plans (NBSAPs, the 'Reimaanlok' is the equivalent in the case of RMI<sup>20</sup>), and National Environment Management Plans (or equivalents) which provide frameworks for the adoption of sustainable approaches to addressing key threats to the region's biodiversity and natural resources. The Project has also helped participating countries advance their work

<sup>20</sup> Among other things, the Reimaanlok includes comprehensive criteria for identifying, designing, and managing protected areas in the country's atoll systems.

towards achieving the Aichi Biodiversity Targets associated with the CBD's Strategic Plan for Biodiversity 2011-2020. Also, importantly, funds catalysed by the Project will be used to increase resilience to the adverse impacts of climate change through strengthening management of the PANs<sup>21</sup>, which is viewed as important as an adaptation mechanism to address adverse climate change impacts. The Project has also been highly relevant to the regional priorities and work programmes of the TNC, CI and other stakeholders, and it also addresses gaps and priorities identified in various eco-region analyses.

### 2.9.3 Alignment with UNEP's strategy, policies and mandate

**91.** The Project is consistent with UNEP's mandate, and relevant to several UNEP Governing Council decisions. There was no alignment of GEF projects with the UNEP programme Framework during the Project's design phase (2008-2010).

**92.** The Project fits under UNEP's Medium Term Strategy (MTS) for 2010-2013, which identifies six cross-cutting thematic priorities, organized as discrete subprogrammes. The Project is most relevant to the Ecosystem Management (EMSP) and Climate Change (CCSP) subprogrammes, and is particularly relevant to two of the MTS's five 'means of implementation' – 'sound science for decision-makers' and 'awareness-raising, outreach and communications'. The Project has contributed indirectly to MTS Expected Accomplishments within the EMSP, particularly Expected Accomplishment (a) '*countries and regions increasingly integrate an ecosystem management approach into development and planning processes*', (b) '*countries and regions have capacity to utilize ecosystem management tools*' and (c) '*countries and regions begin to realign their environmental programmes and financing to address degradation of selected priority ecosystem services*'. It has also contributed to the aims of the CCSP, notably (d) '*increased carbon sequestration occurs through improved land use, reduced deforestation and reduced land degradation*'.

**93.** The Project directly complements a number of other specific UNEP projects, particularly three other UNEP-GEF biodiversity projects that are grouped within an overall umbrella 'programme' of the GEF-promoted 'Pacific Alliance for Sustainability' (see paragraph 292). The ProDoc lists a number of other relevant GEF- and non-GEF funded projects and programmes which had been identified for potential collaboration with the Project.

#### *Alignment with the Bali Strategic Plan<sup>22</sup>*

**94.** The Bali Strategic Plan (for Technological Support and Capacity Building) is not mentioned in the ProDoc, but the Project has sought to address it through specific activities and outputs identified to build capacity to develop and effectively manage PANs (under Component 1), as well as specific capacity building aimed at enabling the MCT to be able to manage and disburse the MCEF grants effectively (under Component 2). The activities under Component 3, targeted at strengthening existing MC coordination structures and improving communication on the MC and the Project's results, can be seen as helping to build technical knowledge and understanding, which are elements of capacity.

#### *Gender balance*

**95.** An analysis of the Project's social and environmental impacts is given in the ProDoc, but this is very cursory - no specific impact assessment was undertaken and details of how specific stakeholder groups potentially negatively affected, e.g. women, disadvantaged groups, are not presented.

**96.** At the design stage of the project it was envisaged that there would be consultation with the Pacific UN Women<sup>23</sup> representative in Suva, Fiji, with gender equity standards met and monitored through use of

<sup>21</sup> For instance, PAs are also a component of the Marshall Island's integrated coastal management strategy under its Joint National Action Plan for Climate Change Adaptation and Disaster Risk Management.

<sup>22</sup> <http://www.unep.org/GC/GC23/documents/GC23-6-add-1.pdf>

<sup>23</sup> Formerly UNIFEM

the UN Women Gender Score Card (which is used for assessing gender equity in project design). However, this does not appear to have been applied and the Project undertook no separate gender analysis in its reporting (little if any disaggregated data). However, judging from interviews with stakeholders, adequate attention was paid to ensuring that women participated in project activities, including work at the community, sub-national, national, and regional levels, and project activities appear to have been carried out in culturally appropriate ways. Also, at regional and organizational levels, women have been well represented, including playing an active role within the MC Support Team/MC Working Groups, both Measures and Communications, many of whom are also members of the Micronesians in Conservation (MIC) network. Also, in the final year of the project, over half of the PMG members were women who also worked in authority positions in environmental agencies and provided regular input (under output 3.1)<sup>24</sup>.

**97.** To help promote equality, the MC Working Group on Measures developed socio-economic indicators, which have been used to capture the human impact of the MC (covered under activities under Component 1), including collecting household survey data.

### *South-South Cooperation*

**98.** South-South Cooperation was not specifically highlighted in the ProDoc, although opportunities for South-South cooperation were inherent through the inter-linkages between the three target countries, and essentially achieved on an informal basis on the periphery of biodiversity or technical workshops and other meetings, rather than through deliberate design. It was also provided through the linkage with the Global Island Partnership (GLISPA<sup>25</sup>).

**The overall rating for project relevance is “Highly Satisfactory”.**

## **2.10 Achievement of outputs**

**99.** The degree of delivery of the Project’s outputs (as defined in the ProDoc) is well detailed in the annual PIRs produced by the UNEP TM and especially in the Project’s Final Project Report<sup>26</sup>, which was produced by the PMU at the MCT. These are discussed below with a summary of the individual project outputs presented in Annex 7.

### **2.10.1 Component 1 (Outcome 1): protected Areas Networks (PANs) established and effectively managed in FSM, RMI and RP, contributing towards achieving the goals of the Micronesia Challenge**

**100.** Very little of the GEF funds went into activities associated with Component 1 (outputs 1.1-1.6), which was largely led by TNC, MTC and governments. The GEF contribution was mostly used to facilitate larger activities funded by others, e.g. for travel for some participants to partner-led workshops. Component 1 was essentially seen as a mechanism to capture co-financing (some interviewees commented that they did not really see this element as part of the GEF project). However, having said this, the GEF project’s support for MCT through funds under Component 1 enabled the MTC to deliver on Component 1 in partnership with others e.g. TNC and CI (although this does not come across clearly the ProDoc), and this support, which helped to better operationalise the MCT, was critical for delivering the overall Project.

<sup>24</sup> It should also be noted that Micronesia has a predominantly matriarchal societal structure where women and women’s groups play a strong role in mobilizing community action, as well as in decision-making. For instance, women are very active within the Coastal Management Advisory Council (CMAC) on RMI, which (among other things) developed the Reimaanlok and is responsible for assessing and implementing projects on the outer islands, and addresses equity issues, and land rights are passed on through the maternal line on RMI, rather than through the male line.

<sup>25</sup> <http://www.glispa.org/>. GLISPA is a global partnership which has involved more than 60 governments, multi and bilateral agencies and international, national and regional organizations to advance high-level commitments to island conservation and sustainable livelihoods.

<sup>26</sup> MCT (2016). Terminal Report for the Micronesia Challenge Project. February 2016. 34 pp

*Output 1.1: Three PAN offices, one each in FSM, RMI, and Palau, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2*

**101.** A national PAN Office was established in Palau, with a PAN Coordinator in position, following creation of the PAN Fund for Palau in 2012. The Palau PAN Fund and PAN Office are adequately staffed and operational (in 2015, Palau reported a total of 82 site managers and conservation and enforcement officers in 13 of the country's 16 states).

**102.** In RMI and FSM no specific PAN offices have yet been established. Instead, in the RMI there was an agreement that PAN activities should be co-managed between the Marshall Islands Marine Resources Authority, the Office of Environmental Planning and Policy Coordination and the Ministry of Foreign Affairs, although the Government of RMI began discussions to create its PAN Fund/Office following establishment of the PAN in late 2015. In the FSM, the Assistant Secretary of the Department of Resources and Development has served as the PAN coordinator, and each of the four states of the FSM has a MC Focal Point who coordinates the work under the umbrella of the MC in their respective countries. As neither FSM nor RMI have yet established their PAN offices this Output cannot be said to have been fully achieved, but good progress has been made.

**103.** It should be noted that the GEF Project only provided a very small amount of direct financing for this Output (US\$ 15,000 for 'Assessment of capacity needs for PAN Offices' according to the ProDoc).

*Output 1.2: Strengthened PAN legislative frameworks in each country by end of Year 4*

**104.** The PAN Fund in Palau was created under public law 7-42 in 2008 (so before the Project started), and it began operations in 2012. In RMI, the Parliament passed the PAN Act in September 2015, and a National PAN Policy Framework and Country Program Strategy was completed and reviewed in the FSM by late 2015, but the Framework, which is needed to access its Endowment, had not been passed by August 2016. The FSM's federated political system<sup>27</sup> requires corresponding legislation/policies at the state levels for the implementation of these policies. Consequently, negotiations on national level policy and plans take significant time, which was underestimated at the project design stage. With hindsight the timetable for achieving this outcome in FSM was rather too ambitious. However, the FSM states of Pohnpei and Kosrae already have PA legislation in place, and Chuuk and Yap have draft laws under consideration.

**105.** Project partners, including members of the MC Steering Committee, MCT and TNC, provided technical support for the drafting of the equivalent legislation in both the FSM and RMI and conducted numerous meetings with stakeholders. Some of these activities were financed by the Project.

*Output 1.3: Ten priority sites established as PAs and included in PANs (at least three in each country) by end of Year 4*

**106.** The Project aimed to support the establishment of 10 priority sites as PAs by end of Year 3, with these sites nominated and accepted into PANs in their respective countries by end of Year 4. As of the date of the Project's Final Report (28 February 2016), an additional 15 sites had been formally registered under Palau's PAN over the course of the Project (up from baseline of 5 sites identified at project inception); in the RMI more than 70 sites had been created and were receiving support from the country's Reimaanlok process (up from a baseline of 4 sites); and in the FSM a total of 54 sites had been listed within the PAN (16 in Pohnpei, 10 in Kosrae, 13 in Chuuk and 15 in Yap), up from a baseline of 7 sites (two in Pohnpei, Kosrae and Chuuk respectively and one in Yap). Consequently, on the basis of these figures, this Output can be considered to have more than achieved its target.

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<sup>27</sup> FSM is a federation, with one national level government and four state governments, each with different population sizes, which gives them different political influence at the federal level. This means that negotiations on common issues, such as management of natural resources, or establishment of protected areas, often take much longer on FSM than Palau or the RMI, which have a different, simpler, political framework.

**107.** However, it should be stressed that many of the activities associated with the establishment of these PAs were not funded directly by the Project but occurred as parallel activities carried out by Project partners and other stakeholders, particularly the respective governments, and were not fully considered as in-kind co-financing during the design stage (see section on co-financing, paragraph 321 ).

*Output 1.4: National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year 4*

**108.** In Palau, national standards and criteria for PA planning and management (e.g. the nomination, selection, and administrative procedures for PAs within the PANs, monitoring and reporting requirements, and the process for technical and financial assistance) were already incorporated as part of its PAN Regulations (these supplement the Palau PAN Act and were adopted by the President in 2007). Similar standards and criteria are also incorporated in the Reimaanlok of the RMI. Both sets of standards were developed and adopted before the Project began so the first part of this Output was only applicable to the FSM, where such standards and criteria are included in the draft FSM National PAN Policy Framework.

*Output 1.5: PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4*

**109.** This Project further supported the development, piloting and application of a tool to evaluate the management effectiveness of PAs - the Marine Protected Area Management Effectiveness (MPAME) Tool, which was developed by the MC Measures Working Group in 2011, based on a TNC model.

**110.** The MPAME assesses PA management effectiveness under 12 categories, including conservation effect, enforcement and financial management, and follows similar models developed by other international groups, e.g. the Management Effectiveness Tracking Tool developed originally by WWF. The tool has been employed in more than 20 PAs around the region<sup>28</sup>. It was updated by the MC Measures Working Group in 2015, based on feedback, which according to interviewees, significantly improved its usability and effectiveness, particularly in relation to its application to terrestrial PAs<sup>29</sup>. The development and training on the tool was undertaken with support from the Project, Pacific Islands Managed and protected Areas Community (PIMPAC)<sup>30</sup>, MCT, TNC, University of Guam Marine Lab, and the Palau International Coral Reef Center (PICRC). GEF Project funds were also earmarked for the development of the MPAME User Guide in 2013.

**111.** Together with Output 1.4 above, this output was one of the main capacity building efforts of the Project focused on improving management of PAs in the region. The MCT, PIMPAC, TNC, and other partners held a number of targeted training workshops and other events in all three countries to build capacity among PA managers to manage natural resources more effectively, including training on conservation area planning (CAP)/management planning and vulnerability assessments<sup>31</sup>. For example, PIMPAC provided technical support to complete or update 13 management plans across Palau, RMI, and the FSM<sup>32</sup> between 2013 and 2015, which included the 10 priority sites, identified under Output 1.3 above,

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<sup>28</sup> The initial 20 protected areas were: Nigwal State, Ngerderar, Kayangel, Ngarchelong, Ongedechuu in Palau; Reey, Riken, Belabat, Utwe, Tafunsak, Nematon, Onunum Uman, Paren, Pakin, Nanwap, Dehpekh/Takaioi in FSM; Tolap, Enenemman, and Aliet in RMI; and Piti Bomb Holes in Guam.

<sup>29</sup> The team published a paper "Assessing the management effectiveness of marine protected areas in Micronesia" on the results of an initial analysis of 20 MPAME assessments.

<sup>30</sup> PIMPAC is co-coordinated by MCT and the National Oceanic and Atmospheric Administration (NOAA)

<sup>31</sup> Training materials used included the PIMPAC management planning guidelines, TNC's conservation action planning, and MCT/PIMPAC local early action planning (LEAP) toolkits.

<sup>32</sup> Management plans were updated for the following communities: Nanwap, Pohnpei (FSM); Ant, Pohnpei (FSM); Pakin, Pohnpei (FSM); Lenger, Pohnpei (FSM); Wes Fanif, Yap (FSM); Ruul, Yap (FSM); Reey, Yap (FSM); Parem, Chuuk (FSM); Kayangel, Palau; Angaur, Palau; Bokinbotin, RMI; and

supported training on community-based climate adaptation strategies for around 60 conservation practitioners, and was involved with 6 learning exchanges between conservation practitioners in 5 jurisdictions.

**112.** Thus, targets for Outputs 1.4 and 1.5 can be said to have been exceeded by the Project, but, again, most of these activities were financed directly by Project partners (not attributed as co-financing) and the GEF Project funding contribution was very small. Consequently, it was clear that the level of co-financing support for these Outputs has not been fully captured and their co-financing contributions have been insufficiently recognized in reporting to GEF.

*Output 1.6: Activities identified in management plans for ten priority sites implemented*

**113.** Unfortunately, it was not possible for the TE to verify directly whether the activities associated with this Output had been delivered, but according to interviewees the Project has successfully delivered this Output, as more than 10 PAs (the performance target in the logframe) implemented some activities identified in their management plans during the Project's implementation. However, whether the Project achieved the associated activity (1.6.1) target of 'at least 50% of activities identified in management plans for ten priority sites (at least three in each country) implemented by end of Year 4' was achieved is unclear and it is not known how and to what extent the degree (%) of achievement was measured by the Project.

**2.10.2 Component 2 (Outcome 2): Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies**

**114.** This was the largest element of the Project in terms of the GEF financing, comprising 95% of the overall GEF grant.

*Output 2.1: Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and Palau by end of Year 4*

**115.** The Project contributed financial support to the creation of the MC Sustainable Finance Plan (MCSFP) and MC Business Plan<sup>33</sup>, which were officially endorsed by all MC governments in 2012. The MCSFP comprises of jurisdiction-level sustainable finance plans for Palau, RMI, and FSM (including the states of Chuuk, Yap, Pohnpei, and Kosrae), which are supposed to be updated semi-annually (although the TE heard contradictory claims for this with reports that there have been no recent updates). However, the Project partners (including UNEP), agreed that developing specific legislation to endorse the MCSFP itself was not necessary, but instead the Project should focus on aiding development of legislation in support of sustainable financing mechanisms for each PA, which would be more relevant to achieving the Project's aims. The TE agrees that the change of direction was probably correct in the circumstances.

**116.** Palau had already established its Green Fee (collected from tourists to finance PA management activities across the country, see paragraph 151) prior to the Project. FSM and RMI have been considering legislation related to other potential streams of funding for their PANs, including revenue from commercial fishing licenses to support sustainable financing of the MC. These are not yet fully developed but interviewees confirmed that they were likely to be approved and adopted in the near future. Additionally, several other sustainable financing schemes have been and/or are being set up, e.g. the Yela Conservation Easement Endowment, the Awak Sustainable Community Development Revolving Fund, and the Nett Water Fund, along with possible Marine Conservation Agreements for Helen Reef, Ngulu and Ant Atoll.

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Enekalemur, RMI. TNC/Rare also supported the development of a management plan for Ngarchelong, Palau, TNC/MCT supported the Teluleu, Palau management plan, and MCT/Rare supported management planning in Woja, RMI.

<sup>33</sup> The MC business plan gave a rough figure for how much was needed for the MCEF and the target for each jurisdiction.

*Output 2.2: Technical assistance and capacity delivered to the MCT staff to support the administration of the Micronesia Challenge endowment by end of Year 2*

**117.** This Output was deemed necessary to ensure that the MCT has the capacity to administer the MCEF, particularly in relation to its grants management capacity. The Project supported important training to MCT staff in 2013 and 2014, which was focused on its grants, conservation and capacity building programme staff, to improve its grant- and project-management capacity. This included the development of a new suite of project management and administration tools, and improved software to manage grants. MCT also strengthened the engagement and performance of its Board of Trustees, including establishing a new set of Trustee committees, succession planning for Trustees and MCT's management team, and a more clear delineation of the roles and responsibilities of MCT staff and Trustees. In addition, the Executive and Deputy Directors received coaching support from a consultant on effective communication and organizational management. Lastly, the MCT executive staff received organizational development coaching, including financial management controls and improved accounting. Together these have helped to improve the governance and internal controls at the MCT.

**118.** Capacity at the MCT was further bolstered through the appointment of a Chief Finance Officer (CFO) to strengthen financial management and accounting systems, although this position was not funded by the Project.

*Output 2.3: PA grant disbursement mechanisms in FSM, RMI, and RP are piloted and their effectiveness measured by end of Year 4*

**119.** There were no grants/disbursements from the MCEF, or even piloting of these, over the four-year project period, and the target to award pilot grants to 10 priority sites (at least three in each country) to support the implementation of at least 50% of activities identified in management plans was not achieved. FSM and RMI had not fully adopted grant disbursement mechanisms by the end of the Project and, while the PAN Fund in Palau was operational, Palau chose not to drawdown on the investment income from its MCEF account during the period of the Project (2011 – 2015), but instead reinvested the interest in the MCEF. This also meant that the expected annual evaluation of pilot MCEF grant disbursement mechanisms could not be undertaken.

**120.** However, during the life of the Project, 13 of Palau's PAN sites received funding through the PAN Fund (mostly using funds collected through its Green Fee) so relevant experience of grant dispersion and management was gathered on Palau. In addition, MCT, TNC, and Rare Inc., and other partners issued and managed more than 30 grants/sub-awards during this period to local groups/agencies for capacity-building, sustainable financing, and other activities, all of which were designed to support PA management and the goals of the MC. Details on these grants are given in the Project's Final Report. The MCT has evaluated the effectiveness of these sub-grants as part of its overall grants management process and the lessons learned are expected to inform the MCEF disbursement process, when this finally occurs.

*Output 2.4: MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$55-56 million total needed to fully meet the needs of the MC) by end of Year 2*

**121.** The total of US\$18 million to be raised for the MCEF by the end of the second year of project implementation was not met, (but the TE considers this to have been overly ambitious to start with). However, the total was reached during the final year of the Project in 2015, and stood at US\$ 17,682,115 on 31 December 2015 (down from over US\$18 million earlier in the year due to market fluctuations). Thus, the Project can be considered to have satisfactorily achieved its own internal target for this output. However, the total is still only c.30-32% of the MCEF's proposed target US\$ 55-56 million to be raised by 2020, which is less than 3 years away.



**122.** As of May 2017, the breakdown by jurisdiction, of the MCEF was RMI's Micronesia Challenge Endowment Fund was valued at \$3,645,952, Palau's at \$9,082,203, and FSM's at \$4,966,780, giving a total of US\$17,694,935.

### **2.10.3 Component 3 (Outcome 3): Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented**

*Output 3.1: Micronesia Challenge Steering Committee and Micronesia Challenge Regional Office (MCRO) provide coordination between jurisdictions (ongoing)*

**123.** This element of the project was intended to provide direct operational support to the MC institutional structure, specifically the MC Steering Committee and the MC Regional Coordination Office (MCRCO), through some limited funding for participants to attend meetings, to enable them to more effectively communicate and coordinate on their regular activities related to the delivery of the MC. In this sense, the Project was directly supporting implementation of the MC process, which represents a rather open-ended activity and there are obvious issues over sustainability. However, it can also be argued that the Project co-opted/enlisted the MC structure in achieving its aims so this was an efficient strategy. Consequently, Project activities relating to coordination between these bodies are treated under project management and communication (see sections 2.14.2 and 2.14.4).

**124.** Most activities associated with this Output were successfully delivered. These included: the hiring of a new MC Regional Coordinator; the reforming of the MC Communications Working Group which had been essentially moribund for some time; additional support to the MC Measures Group with the appointment of a MC terrestrial champion/coordinator located at the MCT office on Pohnpei; and quarterly MC support team virtual meetings. However, like much of Component 1, most of the funding for these positions and activities came from partner co-financing, and are not fully reflected in the reported co-financing totals.

*Output 3.2: Micronesia Challenge regional communication strategy and Micronesia Challenge communication strategies in FSM, RMI, and ROP developed, implemented, and evaluated by end of Year 4*

**125.** A full time MC Communications Specialist was initially hired, but due to budgetary constraints, the MC partners, notably TNC, took over responsibility for this role. A MC Regional Communication Strategy with key messages was developed and endorsed, and further jurisdictional strategies were developed and implemented for FSM. The Project was also intended to support the MC website which was to be updated regularly with distribution of a newsletter.

**126.** At the global level, GLISPA, TNC and CI have shared progress on the MC and the Project<sup>34</sup> during high-level events and throughout its network in order to help secure new partnerships and financial and technical resources for the MC, although the extent to which these activities were funded by the Project was not clear, but again are likely to be leveraged co-financing.

**The overall rating for delivery of the Project's outputs is "Satisfactory".**

<sup>34</sup> Between 2014 and 2015, GLISPA shared the impact of Micronesia Challenge activities at 5 international high-level events, including the UN SIDS summit in Apia, and the Convention of the Parties (CoP) for the Convention on Biological Diversity (CBD) and the UN Framework Convention on Climate Change. This is despite the fact that GLISPA comprises of just one and a half people and interns.

## 2.11 Effectiveness: Attainment of objectives and planned results

### 2.11.1 Achievement of direct outcomes as defined in the reconstructed ToC

**127.** GEF projects aim to achieve outcomes that lead eventually to the desired longer-term intermediate changes and impact. Consequently, the evaluation of the Project's effectiveness is based on the extent to which the project's outcomes, as defined by the reconstructed ToC developed for the Project, were achieved.

*Immediate Outcome 1: Strengthened PAN legislative frameworks, with national standards and criteria for PA planning and management developed and adopted in each country*

**128.** The Project has contributed to the establishment and strengthening of legislative frameworks for PANs in Palau, FSM and RMI. However, it should be noted that in all three countries the respective PANs built on many years of work under the umbrella of the MC by numerous partners and stakeholder groups.

**129.** Palau is the most advanced of the three countries in delivery of this Outcome<sup>35</sup>. Palau has drafted a 5-year Strategic Plan framework for the PAN, with PAN Operational Guidelines that will set out how to implement the PAN on Palau, but this had not been approved as of late August 2016. Importantly, the Plan calls for a financial study to obtain a more accurate, up-to-date estimate of the predicted costs of the PAN (to update initial estimates made in 2010). A recent review of the PAN system in Palau and its effectiveness<sup>36</sup>, which will feed into the Strategic Plan, has identified priorities where most effort will be needed. Palau's PAN Fund, which has non-profit status, acts as a financial trustee of funds obtained to support the PAN, including from Palau's Green Fee<sup>37</sup>, and other government and private allocations, and is expected to play a role in managing the funds from the MCEF for Palau.

**130.** There have been significant challenges to establishing and developing of the PAN Fund and adoption of standards in FSM, and the country has had to chose a different route for developing enabling legislation for establishing and managing their PAN network and associated funding mechanisms. In FSM, there has been a constitutional issue over the applicability of federal level legislation for PAN at the individual State level, as each of the Federation's four states have the jurisdiction over their near-shore and terrestrial resources, and many of these resources are privately owned. In early 2015, the FSM Department of Resources and Development with support from project (through MCT and TNC) developed a draft PAN policy framework, which was intended to provide the national-level Government with a mechanism to support funding while still respecting the jurisdiction of the states and the existing resource tenure system, although it had still not been endorsed by Congress as of August 2016<sup>38</sup>.

**131.** However, there has been some progress at the state level in FSM. The state of Kosrae passed its own PAN Act in 2010 (so prior to the project); in Pohnpei, a number of new PAs were added to the Marine Sanctuary and Wildlife Refuge Act (1999) between 2010 and 2015 including community-based PAs that have management plans are being included in the PAN; and Chuuk passed legislation in 2014 legally recognizing its first state protected area, Parem, and in April 2015 added the Kuap Atoll, which is the largest

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<sup>35</sup> However, while it is understood that Palau's system of PAs is more developed than those of FSM or RMI, it is "still in its infancy and finding its way".

<sup>36</sup> Republic of Palau, Ministry of Natural Resources, Environment and Tourism, Protected Areas Network Fund (2016). Palau Protected Areas Network 2003-2015. Status Report.

<sup>37</sup> The PAN Fund proposes how much of the c. US\$ 2 million collected per year from the Green Fee goes to the 16 states, with final approval given by its Board, and works with the states to develop and implement proposals. The Board of the PAN Fund is independent of Government, which was a deliberate choice to reduce political risk, although its members include the Minister of Environment as well as representative from the Ministry of Finance. A number of states are also represented on the PAN Fund Board, which encourages them to take an interest in the PAs in their state, and facilitates easier access (e.g. build proposals) to the PAN funds for them.

<sup>38</sup> Legislation was initially drafted to allow the federal government to create and support PAN's in the individual states but this was challenged as unconstitutional by federal lawyers.

single MPA in Micronesia. Yap has also passed relevant legislation. In addition, over the course of the Project numerous municipalities in Chuuk have passed local ordinances recognizing traditionally closed/managed sites<sup>39</sup>. However, it is unclear how many of these can be directly attributed to the actions and financing by the GEF Project (opinions among interviewees varied).

**132.** In the RMI, the PAN Legislation Bill was passed in September 2015, which allows the RMI to establish its own PAN Fund organization and PAN Office, and identify additional sources of local funds (visitor fees, fisheries fees, etc.) to support its PAN. It builds on the Reimaanlok (therefore has high national relevance), which includes criteria for identifying, designing and managing PAs in the country. MCT and TNC contributed technical inputs to the drafting of the legislation in RMI, under the umbrella of the GEF project (captured as co-financing).

***Immediate Outcome 2: Increased capacity (staff, skills, tools, resources, equipment, offices, etc) of PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) to develop and manage PANs, including assessment of PA management effectiveness***

*Human and institutional capacity*

**133.** The GEF Project has significantly helped increase the capacity of Micronesians to develop, manage and assess PAs through providing or facilitating training of staff<sup>40</sup>, generation of knowledge and development of tools and approaches. Training workshops supported by the Project included: Conservation Action Planning, which is now employed as a standard approach on Palau and has reportedly benefited managers working in conservation and natural resource management in both government agencies and local non-governmental conservation organizations, such as the Palau Conservation Society<sup>41</sup> (PCS); training on marine monitoring (in partnership with the International Coral Reef Centre<sup>42</sup>) the protocols from which have again been adopted on Palau; and the Project also undertook training in enforcement and awareness-raising.

**134.** These capacity building efforts for PA management by the Project were particularly appreciated by interviewees, especially as capacity/experience in conservation practices and day-to-day management of PAs is still considered weak across the region (although it varies). Staff are often new and/or untrained in PA management, and there are limited opportunities for them to build the required technical knowledge and skills (the Pacific particularly suffers because of the distances and travel costs involved in attending training events).

**135.** There is also some claimed indirect (but unverified) evidence in project reports that the Project's support of the MC has created more job opportunities in resource management, leading to more individuals becoming interested and directly involved in conservation work in Micronesia<sup>43</sup>, although

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<sup>39</sup> Because the land tenure systems in Chuuk and Yap recognize communal lands and waters, certain clans/communities have constitutional rights to establish lands and reef areas as protected areas and the two states honour and support these traditional declarations.

<sup>40</sup> Feedback on the draft report provided in April 2017 stated that 'protected areas trainings were held in all jurisdictions at least once a year throughout the project period. These included trainings on protected areas design, enforcement, management, and monitoring and evaluation. All jurisdiction teams which usually comprised of 4-6 people received these trainings from the Palau International Coral Reef Center, University of Guam Marine Lab, The Nature Conservancy, US Forest Service, Guam Fish and Wildlife. So it will be safe to say that over 50 government and NGO employees across the MC jurisdictions were trained. In addition, more than a thousand community conservation officers across Micronesia received protected areas development training as well.' However, it is not clear just how much of this training was funded directly through the GEF project or through project co-financing by partners.

<sup>41</sup> <http://www.palauconservation.org/cms/index.php>. PCS provides communities the tools to manage their resources, and takes the lead on designing management plans with local communities.

<sup>42</sup> <http://picrc.org/picrcpage/>

<sup>43</sup> Project reports note that there were more than 250 full time employees working in organizations that implement Micronesia Challenge activities in mid 2016, up from just 80 in 2006 when the MC was established. As one interviewee termed it, conservation is now becoming something of an 'industry' in the region.

numbers were not tracked by the Project and again there is the issue of attribution here, as the project did not fund new jobs directly.

### *MC Measures Working Groups*

**136.** A particularly important capacity building contribution has been the Project's support for the MC Steering Committee and particularly the MC Working Groups (Measures and Communications), under Component 3 (coordination and communication), which has helped build mostly technical capacity for science-based management and decision-making.

**137.** The MC Measures Working Group, which was formalized in September 2014, dealt with three cross-cutting thematic areas: marine, terrestrial, and socio-economic, with cross-cutting themes such as management effectiveness, invasive species and climate change. The project supported these thematic areas mostly through facilitating meetings and testing approaches and indicators to develop targeted, regionally appropriate and scientifically rigorous protocols and indicators to measure marine and socio-economic factors, and work has begun on terrestrial measures, and there have been two important meetings of the Measures Working Group to assess methodologies in September 2015 and August 2016. Indeed, there are proposals to expand the focus of the Measures Group beyond PAs into wider natural resource management, such as fisheries management and calls for promotion of a cost-effective citizen science approach to data collection involving schools (a good idea).

**138.** The Socio-Economic Monitoring (SEM) sub-group had technical support from Rare Inc, PICRC and the Micronesia Islands Nature Alliance (MINA) (formerly Pacific Marine Resources Institute (PMRI)). Joint trainings were conducted in Yap and Guam, with a training of trainers to help build a MC SEM Core Team with representatives from each jurisdiction (also including, CNMI, and the U.S. Territory of Guam). The group drafted communications and monitoring plans, with efforts funded under MCT's cooperative agreement with the US National Oceanic and Atmospheric Administration (NOAA) as well as a grant from the US National Fish and Wildlife Foundation (NFWF), which were treated as co-financing for the GEF project.

**139.** Despite these successes, greater effort needs to be made towards monitoring and measurement of the region's terrestrial ecosystems, with greater commitment of resources (staff, financing) if the MC terrestrial target is to be fully met, and preferably a specific terrestrial monitoring team built for the region<sup>44</sup>. The US Forest Service has been involved in forest inventory in Micronesia and is interested in part-financing some common activities (baseline data collection) involving the Terrestrial Sub-group (and the Terrestrial Champion, appointed in 2015, is part funded by both the US Forest Service and the US Fish and Wildlife Service). Most states have forestry officers who could be included in the capacity building to improve survey terrestrial systems. However, continuation and further development of the Measures subgroups will require additional funds. In the TE's opinion, at least some of this financing should come from the income from the MCEF investment (so scientists should be able to apply for funding from the MCEF as well as PA managers; it would also potentially open up the MCEF to co-funding from scientific research foundations).

**140.** One result from the discussions on the development of indicators by the Measures Working Group, has been that there still needs to be wider and better agreement on what is understood as 'sustainable use' for different ecosystems in Micronesia, particularly in practical terms. Whilst this is largely defined for fisheries management where there are large, long-term data sets and analyses and modelling, terrestrial systems are much less well understood. This is seen as a core task for the Measures Working Group, which again is worthy of support from the MCEF.

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<sup>44</sup> Indeed, on Palau, it has been suggested that, the recently started GEF-5 project, which will focus on Sustainable Land Management and the PAN, should build institutional capacity to address the need for better management of terrestrial ecosystems, which if successful will mean that after GEF-5 there will be good capacity for terrestrial management in the islands.

### *Tools for more effective management of PAs*

**141.** The Project has supported and promoted tools for the assessment and monitoring of the effectiveness of PA management, notably funding for the development and piloting of a Marine Protected Area Management Effectiveness (MPAME) Tool, along with training of PA site managers in the use of the tool. The MPAME was developed and tested by the MC Measures Working Group, and is also considered applicable, in modified form, for assessing terrestrial areas

**142.** Interviewees commented that, previously, PA managers largely carried out management activities without assessing whether their work was having any impact (positive or negative) on the biodiversity and ecosystem services of their PAs, or affecting adjacent local communities. The MPAME helps correct this, and managers now feel they have a means to measure progress on management in PAs. Consequently, the MPAME is seen as one of the major deliverables by the Project. The tool is considered particularly useful as it uses 12 categories to assess management effectiveness, including conservation effect, enforcement and financial management and this list could easily be expanded further. Up to February 2016, the MPAME has been used to assess management effectiveness in at least 25 PAs around the region, and has begun to be adopted and integrated into the work of PA management procedures in the region.

**143.** However, there was also a feeling among some TE interviewees that the MPAME needs to be piloted over a longer timeframe to determine whether it will be truly useful and effective compared to other similar management effectiveness measuring systems, such as the WWF METT, and further modifications may be needed. There is also recognition that there is insufficient capacity at the site level to be able to use it fully, or adopt it for regular monitoring, even in Palau, and it is suggested that some of the income from the MCEF could be targeted at further training of PA staff on each of the islands in the use of the tool.

### *Knowledge generation, management and sharing*

**144.** Various Project efforts were targeted at knowledge generation and information sharing, which has resulted in articles published in peer-reviewed journals and additions to various databases, again mostly through partner co-financed activities, which should contribute to better decision-making for natural resource management. For instance, in December 2014, the Project committed funding through MCT for the development of an open-access online regional database of benthic monitoring data at the University of Guam Marine Laboratory, which became active in late 2015, and there are discussions on its expansion to include fisheries and socio-economic monitoring data. Also, several technical publications have resulted from activities of the MC Measures sub-groups, attributed to the GEF project, including *'The Micronesia Challenge: Assessing the Relative Contribution of Stressors on Coral Reefs to Facilitate Science-to-Management Feedback'*, published in June 2015 through the University of Guam Marine Laboratory with support from the PICRC. These results have reportedly been used to support new MPAs and fisheries management efforts in the region<sup>45</sup>, with at least one MPA per jurisdiction supported through this work.

**145.** Part of the Project's information management and dissemination strategy to build capacity has also focused on feeding project results into existing data sharing platforms and promoting networking and learning exchange opportunities to expand knowledge of sustainable finance planning and resource management. The various Working Groups, Regional Coordinator and Project partners have all provided avenues for results dissemination to other conservation networks. Routes for sharing project results and experiences included: the Micronesians in Island Conservation (MIC)<sup>46</sup>, the Pacific Islands Managed and

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<sup>45</sup> The analysis showed that fishing pressure, acting alone on outer reefs or in combination with pollution in some lagoons, best predicted both the decline and variance in ecosystem condition.

<sup>46</sup> MIC is a peer-learning network for conservation leaders of government agencies, NGOs, and local/regional initiatives, to leverage financial and human resources for greater conservation impact across Micronesia. MIC's purpose is to increase the number and effectiveness of conservation leaders in the nonprofit and government sectors. MIC's approach is to create a support structure that fosters shared self-directed learning to address priority organizational and technical needs. In the years since its inception in 2002, MIC has contributed significantly to advancing major conservation initiatives at the site, national and regional levels – particularly supporting the implementation of the Micronesia Challenge.

Protected Areas Community (PIMPAC)<sup>47</sup>, and the Locally Managed Marine Area Network (LMMA Network). The Project has also supported meetings of the MC Support Team, which acts as a forum to share knowledge among conservation partners and helps support efforts to leverage resource and technical assistance to institutions in the region. These meetings typically include updates on sustainable finance initiatives, ongoing activities of the various MC Measures Groups, and the calendar of upcoming regional and international events.

***Immediate Outcome 3: Selected priority sites established as PAs, each with effective management and monitoring plans that are being implemented in Palau, FSM and RMI***

**146.** In the ToC, this Outcome is delivered after the progress on Outcomes 1 and 2 above.

**147.** The Project identified 16 priority sites for targeting at the inception stage (increased from an initial 10 mentioned in the ProDoc. Altogether, the countries of Palau, FSM, and RMI now have approximately 150 protected areas, which exceed the total of 16 sites initially identified<sup>48</sup>.

**148.** However, most of the achievement of change in the number and extent of PAs on Palau, FSM and RMI over the period of the project, is the result of parallel partner activities, with small targeted, facilitating (but nevertheless important) contributions provided through the GEF financing, either directly to support development of relevant legislation or (indirectly) capacity building for MCT to enable them to better deliver the MC aims. The GEF Project cannot claim to have directly led the increase in the number of PAs in Palau, FSM and RMI, particularly as the GEF funding was largely used to establish the MCEF, which has not been accessed to date. In addition, the degree to which each of these sites has 'effective' management plans is not known (or poorly recorded in project reports)<sup>49</sup>.

***Immediate Outcome 4: Sustainable finance systems and plans to fund each country's PAN developed and endorsed***

**149.** The Project has made a significant contribution to the establishment and diversification of financing systems for PAs (and related activities) in the region that should provide long-term resources for conservation, chiefly through the MCEF.

**150.** However, the MCEF has never been viewed as the sole mechanism for the long-term (sustainable) funding for the PAN offices by any of the countries and therefore each, with support from the project and its partners, has sought to diversify the sources of income for their PAs and have had some success in this. For instance, FSM and State of Kosrae, along with their NGO partners, have worked with landowners in Kosrae State to establish the Yela Conservation Easement Endowment Fund that at the end of 2015 was valued at US\$ 482,630, which will (hopefully) put the Yela Forest under more effective conservation. However, by far the most successful, to date, has been the model developed by Palau, where the Palau PAN Fund started operations during the Project period using some of the proceeds from the Green Fee<sup>50</sup>

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<sup>47</sup> PIMPAC's mission is to provide continuous opportunities for the sharing of information, expertise, practice, and experience to develop and strengthen area-based management capacity throughout the Pacific Islands region, including both land and marine managed and protected areas, and aims to support a holistic approach to management from ridge to reef. As a social network, PIMPAC uses four main approaches to carry out its mission: i) Training and Technical Support; ii) Learning Exchanges; iii) Partnership Building, and iv) Communications/ Information Sharing.

<sup>48</sup> Those listed in the Inception Report were: on Palau - Ngardmau, Airai, Ngeschar, Peleliu; on RMI - Wotje, Ujae, Wotho, Utrik; and on FSM - Peniou, Ant Atoll (on Pohnpei); Ununo, Fongen & Onongoch and Parem (on Chuuk); Malay, Thabeth (on Yap); and Tafunsak Marine Park, Utwe Biosphere Reserve (on Kosrae).

<sup>49</sup> One reviewer commented that 'the catalytic influence of the GEF project cannot be ignored. I think that many many MC related activities would not have happened without the wider community's knowledge of the MCEF and the likelihood of permanency of PA's after establishment funded long-term by the MCEF.' However, there was no direct evidence of this from interviews.

<sup>50</sup> This is a tourism fee, collected at the national level as part of a larger departure tax. The level of the Green Fee was originally set according to a 'willingness to pay' survey, and is currently US\$ 30/person, and part of a larger US\$ 50 departure tax charged on visitors leaving the country. Part of the Green Fee component contributes to the PAN, part to the MCEF and part for a sewage and water fund. A proportion also contributes to funding the MC Regional Coordinator and MC Regional Coordination Office, and other operational costs of the MC.

(part of which goes into a restricted PAN Fund that is reserved for PAN member sites), and as a result PAN sites in Palau are beginning to directly benefit from Palau's PAN fund<sup>51</sup>.

**151.** The Green Fee has provided a relatively stable and substantial source of income over the last few years. Consequently, there has been no great pressure for Palau to dip into its MCEF account even though it has reached its financial target, although a further reason has been the recognition that many of the state governments are considered unlikely to have sufficient capacity to absorb the funding (based on experience administrating the Green Fee). However, the revenue received depends on tourism, which can be affected by economic downturns. Indeed, the Palau Government is very aware that it cannot rely on the Green Fee, as calculations indicate that if visitor numbers go down by 20% then the income generated will not be sufficient to manage the country's PAN at the current levels (the same argument applies to the MCEF in terms of its investments which are subject to market fluctuations).

**152.** Palau has been using a contribution from its Green Fee (around 5%) as the main source of financing for its contribution to the MCEF, contributing usually US\$90,000-US\$100,000 each year (depending on the success of the Green Fee that year). As of end August 2016, Palau's contribution to the MCEF had reached around US\$9.5 million, which is well above its initial target of US\$ 8 million, and indeed it intends to reach US\$ 10 million before it will withdraw any income from the Fund. Apart from helping to achieve Palau's target for the MCEF, the regular Green Fee contribution to the MCEF has provided assurance to the donors (e.g. TNC, CI) that Palau, at least, was committed to the establishment of the MCEF. Unfortunately, both FSM and RMI are disadvantaged compared to Palau in terms of developing a similar 'Green Fee' model, as they do not have high tourism revenues (and are unlikely to be able to develop tourism to the same levels as Palau), so both have had to look at alternative arrangements for raising funds for their endowment contributions.

**153.** Among other possible sources discussed is a proposal to consider climate change related financing, e.g. Green Climate Fund, Adaptation Fund, as additional funds for the MCEF, under the argument that PAs offer multiple ecosystem services that can act as preventative or adaptive measures to climate change impacts, and indeed Ecosystem based Adaptation (EbA) is increasingly being promoted by donor agencies, e.g. UNDP, GEF, UNEP, to address adverse climate change impacts. However, as yet there has been little action on this idea (but the TE certainly considers it worth pursuing).

**154.** There has also been some discussion about debt swaps/conversions and conservation easements, as sources of funding for the endowment contributions for FSM and RMI. For instance, the US Forest Service and the Packard Foundation have shown interest in such a scheme on Kosrae, and the FSM has been investigating debt swaps with the US Department of Agriculture's Rural and Urban Development Program, with portions of these swaps to be invested as part of the next phase of fundraising for the MCEF<sup>52</sup>. Other areas under discussion as possible sources of funds for the MCEF include research fees and environmental fines (being discussed in RMI in particular).

**155.** There are also a number of other areas that could be considered by the MCEF as potential sources of finance, such as disaster and risk reduction (DRR), which is an important priority for FSM where land degradation is a concern. According to TE interviews, storm damage is an increasing problem in the region, so many of the states are prioritizing this issue and putting other issues on hold to address immediate disaster relief. If some of the MCEF funds are seen to address DRR, e.g. through better environmental management reducing run off from PAs, then the Fund may attract additional DRR funding. UNEP has two specific Sub-programmes that deal with Climate Change and DRR that could perhaps advise on this.

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<sup>51</sup> Sites have to have an approved 5-year management plan, with an approved work plan for the fiscal year, to be eligible for financing from the PAN Fund. Most of the money collected to date through the Green Fee for the PAN has been used for training and staff not on infrastructure. The funding cycle follows the government cycle (1 October to 30 September), and states submit their proposals based on work plans for the PAs (proposals can be simple but they have to reflect PA priorities).

<sup>52</sup> One reviewer noted in that 'unfortunately the idea of a debt swap under this administration is no longer an option.'

*Immediate Outcome 5: Initial capitalisation of the MCEF to US\$ 18 million reached*

**156.** The MCEF reached its target of US\$ 18 million in mid-2015, dropping to US\$17,682,115 on 31 December 2015 due to market fluctuations (to be expected given the investment in stocks and bonds), and stood at US\$17,694,935 in May 2017 (Table 4). The establishment and capitalization of the MCEF has been perhaps the most successful element of the Project, and the MCT team, TNC, CI and the UNEP Task Manager and the Governments of Palau, FSM and RMI, deserve praise for this, as there are relatively few good examples of successfully capitalised endowment funds for biodiversity conservation around the world.

**157.** However, each jurisdiction has responded differently to the challenge of raising their endowment contribution, and some have been more successful than others. Below is a summary of the FSM's, RMI's, and Palau's Endowment Fund accounts as of May 2017.

**Table 4: summary of MCEF account as of May 2017**

<b>Contribution to MCEF</b>	<b>Palau</b>	<b>FSM</b>	<b>RMI</b>	<b>Total</b>
Government contribution (US\$)	2,181,346	450,000	265,000	2,896,346
GEF contribution (US\$)	1,684,848	1,684,848	1,684,849	5,054,545
TNC Contribution (US\$)	2,000,000	1,000,000	1,000,000	4,000,000
CI contribution (US\$)	1,000,000	1,000,000	1,000,000	2,000,000
Interest from EF (US\$)	2,216,009	831,932	696,103	3,744,044
<b>Total country Endowment Fund (US\$)</b>	<b>9,082,203</b>	<b>4,966,780</b>	<b>3,645,952</b>	<b>17,694,935</b>

**158.** This element of the Project was not completely executed as planned. As can be seen from the table above, Palau met its commitment, but the government chose to reinvest the interest, and RMI eventually met its financing commitment, although chose to reinvest until its national disbursement mechanism is established and operational. Unfortunately, the contribution from the Government of FSM was still short of US\$ 550,000 at May 2017 (see Table 4 above). The Government of FSM was previously only able to contribute around US\$ 50,000/year to its endowment account, which means unless alternative sources are found it will still be over a decade before it reaches the agreed target. One difficulty is that the federated nature of FSM means that national government focal points in each state still need to convince the leadership on each of the islands that the MCEF has value for them, especially as it will be operated by a regional NGO (the MCT)<sup>53</sup>.

**159.** The MCEF was seeded with over US\$11 million from the GEF (US\$ 5,054,544), TNC (US\$ 3,000,000), and CI (US\$ 3,000,000), the last two treated as cash co-financing through the Project. Interviewees claimed that these initial commitments were a significant factor in sustaining participation in the MC initiative. Although it is not possible to measure the counterfactual directly (there is no control to compare with), prior to the GEF project, without the incentive of the US\$ 11.4 million of GEF financing and TNC and CI co-financing, there would probably not have been such a (relatively) quick response from the participating governments to establishing their PANs and in providing their co-financing contributions. This commitment can be said to be illustrated by the fact that the national governments of FSM, RMI and Palau, have

<sup>53</sup> Although it is worth pointing out that Palau's PAN Fund is essentially an NGO and the federal and 16 state government of Palau do not appear to have had a significant issue with this arrangement.



contributed around a 1/3<sup>rd</sup> of the total through direct contributions and the reinvestment of earned interest income, despite the troubled economic situation following the financial and economic crisis of 2008/2009. This is further illustrated in that there is still a commitment to continue with the MC and MCEF, and acceptance that more is needed (US\$ 55-56 million). The view among interviewees was that stakeholders treated establishment of the MCEF seriously because it had real and significant financial resources behind it. Indeed it can be said that the success of the capitalisation of the MCEF has acted as a driver for the establishment of the PANs, and a number of interviewees felt that without the MCEF, then countries could have walked away.

**Lesson 1.** When establishing an endowment fund, it is important to pay attention to the initial payments and pledges, particularly to ensure that any pledged co-funding is verified as available (preferably ring-fenced in a separate account), and validated at the project design stage before submission of the project document, particularly whether the co-funding agencies (including Governments) really do possess the funds to be able to meet their commitments (not just 'paper promises'), so that it can be transferred to the fund as soon as the endowment is established, and that it is extremely helpful if there is a substantial initial contribution to capitalise the fund (providing catalytic financing) as this will encourage other participating donors to make their payments into the endowment and potential donors can see the fund growing through income.

**160.** One suggestion being discussed in FSM is that the remaining balance of the account could be made up from a proportion of the revenue FSM collects as licence fees from distant water fishing partners (estimated at around US\$ 65 million/year), which could also quickly make up any funds required, and also help to meet any new contribution to reach the US\$ 55-56 million target (see below), which seems a sensible approach. A similar discussion over the use of some of the revenue from fishing licences has been held in RMI. Importantly, if the fisheries, especially tuna fisheries, are managed properly (and there are signs that this is improving<sup>54</sup>) then this source of revenue could be substantial and provide a regular source for Government contributions for the foreseeable future. In addition, in the FSM, Pohnpei and Kosrae State have been examining the creation of their own PAN funds and are evaluating an amendment to the airport tax law to allow some of the departure fees to go into the FSM's MCEF.

**161.** One significant criticism of the Project in relation to the MCEF mentioned by many interviewees was that, up to August 2016, no income generated from the MCEF had been disbursed to fund on-the-ground activities or deliver local-level outputs. Some individuals expressed the view that if there had been some disbursement - even to a small pilot project in each of the states - it would have assuaged some of this criticism and encouraged greater support from both national governments and local communities (and possibly even attracted private sector investment).

*Immediate Outcome 6: MCT able to effectively support operation of the MCEF and grant disbursement systems*

**162.** Some of the GEF funding was used to build capacity of the MCT to enable it to administer the MCEF, and improve its capacity, accountability, and management, although this is obviously yet to be fully tested as there has been no drawdown and use of the funds.

**163.** As previously noted, there has been significant training of MCT staff and the MCT Board has been strengthened, with the members now considered more proactive and engaged. The Trust now has improved technical capacity in PA management, grant development and approval, and project design and management. GEF funds have also been used to test and improve the management of the funds and grants that the MCT currently controls, as a way of building capacity and strengthening systems and structures for when the drawdown of the MCEF begins. For instance, in August 2016, the MCT administered US\$ 450,000 in grants using their grants tools system, which was partly developed under the GEF project. This capacity

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<sup>54</sup> See <http://iss-foundation.org/>

building built on long-term support provided by TNC. Ironically, the delay on drawdown of the MCEF has given more time to the MCT to develop its capacity in this area, and similarly Palau has had more time to gain valuable experience of grant administration through its PAN Fund.

**164.** This targeted capacity building has helped the MCT become more strategic (it now has a Strategic Plan) and effective. The organization underwent an external evaluation in 2014<sup>55</sup>, which was generally positive about the organization. Taking on the role of the EA for the GEF project, along with other joint work with TNC and CI has allowed the Trust to grow (the MCEF ‘was a dream come true’ according to one interviewee). The successful demonstration that MCT could handle the GEF project and manage the capitalisation of the MCEF, has raised its status with external donors as well as governments in the region, and it is now viewed as one of the most capable and effective environmental institutions in the region.

**165.** An indication of the success of this capacity building is MCT’s recent accreditation as a National Implementing Agency for the Adaptation Fund on FSM, and its application for accreditation to the Green Climate Fund, both of which are a direct result of their involvement in the GEF project. MCT is also now registered as a 501c3 organization in the United States<sup>56</sup>, which makes it attractive to US-based donors. This is especially impressive given that the MCT has grown from an organization of only two staff in 2006 to ten full time staff by 2016. However, as there has been no drawdown from the MCEF, capacity of the MCT should be reviewed again at the end of the proposed pilot drawdown period, to ensure it will be able to operate the MCEF efficiently when disbursement starts in full for all three countries. This is especially important given that if/when the MCEF is fully capitalised to US\$ 55-56 million there are likely to be possibly hundreds of grants to assess and manage across the region.

**166.** The Project’s capacity building support at the MCT has also enabled its staff to better deliver other parallel MC activities not directly funded by the GEF project. These includes a number of regional communications, learning, and coordination mechanisms, such as the Micronesia Challenge Young Champions programme<sup>57</sup>, and professional internships in Pacific terrestrial island ecosystems management such as the US Forest Service funded Professional Internships in Pacific Terrestrial Island Ecosystems Management (PIPTIEM) program<sup>58</sup>.

**167.** As well as the capacity of the MCT, capacity of the recipients of the MCEF grants needs to be ensured. However, there is a concern is that the capacity at state and local level to access drawdown from the MCEF and absorb funds is probably insufficient, and will need to be properly assessed and built as part of the disbursement process (initially as part of a pilot drawdown). One area where support is known to be needed is for project proposal writing and financial reporting in order to be able to access and deliver on the PAN grants.

**168.** RMI particularly suffers from low capacity. Activities to implement the PAN at the local level are likely to be undertaken by small civil society groups including fishing cooperatives, Church groups and women’s groups. These will be the targets for funding from the MCEF (and should also help promote equity

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<sup>55</sup> One Straw Strategic Sustainability Consulting (2014). External Review of the Micronesia Conservation Trust. Lead Consultants: Wesley Crile & Peter Bauman. August 2014. 116 pp.

<sup>56</sup> As a 501c3 organization in the United States it has to report annually to the United States Internal Revenue Service. The fact that the MCT has 5013c status makes it eligible for sources of money from the US. It also means that the MCEF is governed under United States trusts and investment laws and regulations, which prohibit the use of funds beyond those priorities set in the MCT Operations Manual, Investment Policy Statement and contracts with the international donors, strengthening the governance arrangements of the MCEF.

<sup>57</sup> The MC Champions programme is an undergraduate internship program designed to build the next generation of conservation leaders in Micronesia while promoting the goals of the Micronesia Challenge and PANs and expanding the participation of all MC jurisdictions. It is currently organized by the MCT Capacity Building program and supports up to five interns per year in partner agencies across Micronesia in relevant conservation work. See <http://www.ourmicronesia.org/current-projects/16-the-micronesia-challenge-young-champions-program>.

<sup>58</sup> This helps prepare young professionals to lead terrestrial resource management organizations, and again, like the MC Young Champions programme, it contributes towards MC terrestrial conservation goals.

across the islands), and will need considerable support and capacity building in order to manage, deliver and report on the MCEF grants. Capacity is a particular issue for the Outer Islands, where communication can also be problematic (e.g. reports tend to be handwritten and given over CB radio). Consequently, one strategy being adopted by RMI is that the upcoming GEF-5 biodiversity project will target just five islands, which will help build capacity for some sites that will be able to receive grants from the GEF-4 funded MCEF. This seems a sensible approach and makes good use and linkage of the funding from different GEF cycles.

**The rating for overall achievement of outcomes is “Satisfactory”.**

### 2.11.2 Likelihood of impact using the Review of Outcomes to Impact (ROtI) approach

**169.** The ROtI approach is used to assess the likelihood of impact by building upon the concepts of Theory of Change (see section 2.8). There are a number of intermediate stages/results beyond the Project’s outcomes in the causal pathway that need to occur for the realization of the Project’s final desired impact.

**MTO1. MCT-based Micronesia Challenge Endowment Fund is fully capitalized to an estimated \$55-56 million, and operational and grants being disbursed to the local community/PA site level**

#### *Raising the remaining funds for the MCEF*

**170.** The US\$ 18 million raised to date for the MCEF has always been recognised as insufficient to ensure ‘sustainable’ financing for the PANs on Palau, FSM and RMI. The intent has been to build the MCEF to around US\$55-56 million by 2020<sup>59</sup>. This is an extremely ambitious target, especially given that it has taken 4-5 years to achieve the initial target of US\$18 million and several donors had been already lined up by the design stage (e.g. GEF, TNC and CI). By end August 2016 no donors had been confirmed for the remaining US\$ 38 million (and TNC and CI feel they have contributed enough at this stage). At present, it is not clear how the remaining funds will be raised, who should contribute, or how much. There is also a debate about how/whether to include Guam (which could charge a tourism and hotel occupancy tax to fund its contribution) and CNMI (Government is supportive but resource agency is sceptical). Consequently, there is still considerable uncertainty about the future of the MCEF and whether it will raise sufficient funds.

**171.** As mentioned, various potential sources for capitalisation to US\$55-56 million have been discussed, e.g. revenue from tuna licences, linking to climate change funds, etc, but there is also interest in the region in contributing GEF-5 and GEF-6 funds to the MCEF as part of a suite of potential sources. However, the understanding of most people interviewed by the TE was that they could not use any future GEF STAR allocation as further contributions to the MCEF. This needs to be discussed by the countries, UNEP and the GEFSEC. At present, no money has been identified for the MCEF under GEF 5, 6 or 7, although RMI has already expressed interest in using US\$ 1.5 million from its GEF-6 STAR allocation for its MCEF account. In the TE’s opinion, the GEF should continue to encourage the building of the MCEF if countries wish to use their GEF allocations for this, as the PANs will only grow and will need more funding, and the MCEF has not yet reached a level where it will provide ‘sustainable financing’ for the PANs (see section 2.12.2). However, before this can be considered there needs to be a successful demonstration of drawdown and disbursement of the income from the MCEF with funds reaching and being successfully deployed at the local/PA level.

**172.** Related to this, it would also be useful if GEF and UNEP clarified their position on their future commitment to the endowment fund. For instance, whether they see a responsibility to remain involved (as a member of the Board perhaps) as their contribution to the fund should remain untouched (if only

<sup>59</sup> There was some confusion among interviewees about both the size of the endowment to be capitalised (figures given varied between US\$54 million and US\$ 58 million) and the target date for delivery of the proposed US\$55-56 million fund (some individuals thought that the date was 2020, like the MC target, while others thought that it was due later in 2030, and the remaining interviewees were unsure). The figure of US\$56 million is given in the MC Sustainable Finance Plan.

income from the investment is accessible for drawdown) and the investment will operate over a much longer period than the project itself.

**173.** Another approach to improve the likelihood of the MCEF reaching its upper target would be to try to better align its function and priority funding areas to existing government policies and priorities, such as ensuring a closer fit (and continuing integration) with each country's National and State Biodiversity Strategic Action Plans (the Reimaanlok process in RMI) as well as donor interests. This should help attract external technical resources and supporting initiatives. For instance, US Forest Service offered funds to establish a MC Terrestrial 'Champion' at MCT in 2015, which is strengthening the focus on the terrestrial monitoring while simultaneously allowing priorities identified in state forest action plans to be carried out.

**174.** However, despite the number of options, there is no clear strategy or plan for raising the additional funds to fully capitalise the MCEF (once the full costs of the PAN are known – see paragraph 178), but fund-raising would be much more efficient if such a document existed and it is recommended that this is developed.

**175.** In the TE's view, it would be important for UNEP to assist the countries to fully capitalise the MCEF to ensure the financial sustainability of the PANs as follow-up to the current GEF project, having already invested considerable efforts in helping to set it up. It is suggested that the participating countries approach UNEP (through the UNEA) to discuss future support.

**Recommendation 1.** *It is recommended that a strategy and plan for the full capitalization of the MCEF is developed, involving the input of UNEP. **Responsibility:** Strategy to be developed by MCT in partnership with the Governments of Palau, FSM, RMI (and Guam and CNMI), with support from UNEP. **Timeframe:** as soon as possible in order to provide information to feed into fund-raising for the remaining funds to be raised for the MCEF.*

*Obtaining a more accurate cost of what is needed to ensure 'financial sustainability' of the PANs*

**176.** Despite the target figure of US\$ 55-56 million, the full likely costs of establishing, maintaining and growing the PANs for Palau, FSM and RMI are not currently known<sup>60</sup>. Initial estimates made during the project design stage were considered little more than 'back of the envelope' calculations, largely based on a limited study at a few sites on Palau undertaken in 2010 which were extrapolated to estimate rough costs for FSM and RMI<sup>61</sup>.

**177.** According to interviewees, there was discussion early on in the project design phase, when it was decided that the initial target for the MCEF needed to be conservative to ensure that the Project could attract sufficient funds - too high a first target would have probably dissuaded donors as simply impossible. Consequently, the initial figure of US\$ 18 million was seen as just the first step/target for fundraising for the endowment fund, and it was envisaged that a second phase would be needed to raise an additional US\$ 38 million to reach the second target of US\$ 55-56 million (the figure given in the MC Business Plan from 2012).

**178.** However, the real costs of setting up and operating the PANs across the region to ensure the financial sustainability of the PAN networks, which was the principle rationale for establishing the MCEF (and the project objective!), has never been accurately calculated, and are still not known. Costs obviously vary between jurisdictions and sites, and the economic and political (and to some extent social) situation

<sup>60</sup> One government agency interviewee on RMI estimated that RMI would probably need around US\$32 million to cover all 24 atolls, although how this figure was derived was not clear and appears to be a 'guestimate'.

<sup>61</sup> Based on the initial work done in Palau, it was calculated that US\$9 million would be needed to supplement income from the Green Fee at the time. This figure was then multiplied up to calculate a total for the overall MCEF, including that needed for FSM and RMI.

on all the islands has changed since 2010, many more PAs have been identified for inclusion in the PANs that will need funding. There is therefore a pressing need for a new study to produce more accurate, realistic and up-to-date figures for each country to identify a target figure that will ensure that the income from the endowment can truly cover the PAN operations and development.

**179.** Indeed, it would be useful to widen such a study into a more comprehensive cost-benefit analysis that includes data on the economic benefits (income, jobs, etc) from the ecosystems services provided by the PANs, e.g. from water, food, etc, to local (especially poorer) communities, and their value in ameliorating adverse climate change impacts, including strengthening food security, as well as the financial costs from the PANs. It is recognised that such an analysis will not be possible for all PAs in Palau, FSM, and RMI, but if a small number of sites from each country could be accurately assessed it would provide very valuable, and more transparent, information to advocate for their sustainable financing and help with fund raising from donors/governments. National Sustainable Financing plans, which includes fundraising targets, would also need to be updated taking into account the new data on the costs of establishing and maintaining the PANs for each jurisdiction.

**Recommendation 2.** *It is recommended that a study of financial costs of the PAs of the three jurisdictions is undertaken to provide accurate, up-to-date information on the development and operational costs for the recently established PANs of Palau, FSM and RMI, and if possible this is extended to include examination of the financial (and other) benefits derived from these PANs. **Responsibility:** MCT leading and organizing contract with consultant economists with strong knowledge of PA operation and management and ecosystem services, TNC, MC Measures Socio-economics sub-group and governments of Palau, FSM (including state governments) and RMI. **Timeframe:** as soon as possible in order to provide information to feed into fund-raising for the remaining funds to be raised for the MCEF, and preferably before full drawdown of the MCEF takes place.*

**180.** Such a study would be timely as the German Government is currently working with TNC to examine the economic value of some of the PAs on Palau so there may be an opportunity to build on this and expand the work to the whole of Palau and/or to extend the study to the PANs of FSM and RMI. At a minimum, the Project should support development of a simple methodology (perhaps through the Measure Socio-economics sub-group) and some capacity building that could then be replicated to other islands and applied by national PA staff. Also, several years of data has now been accumulated on the costs of running individual on PAs across the region, particularly for Palau, so it should be possible to determine new, more accurate figures for the overall long-term financial needs of the PANs.

#### *Board and management of the MCEF*

**181.** The investment portfolio is currently managed by a professional Guam-based US-registered investment firm<sup>62</sup>, and has consisted of a mix of stocks and fixed interest bonds. The MCEF is regularly monitored by its Board, following a long-term policy document, although apparently no one on the Board has an investment background, and most interviewees were not aware of the details of what stocks and bonds the MCEF was invested in. However, CI has a global conservation fund, the programme manager of which reviews the investments in the MCEF on behalf of CI annually, and TNC has also considered the level of risk of the investments within the MCEF. According to interviewees, there have been no significant issues with the Fund to date and most members of the Board interviewed, including MCT, were satisfied with the way the MCEF has been run. However, some felt that there is still a need to examine the overall investment strategy, the types of investments being made and the ethical policy being followed. For instance, there was concern over whether some of the MCEF is invested directly (or indirectly) in fossil fuels, which on the one hand can usually be relied on to produce a good return (to help meet the very high 8.3% annual income target) but on the other hand are not environmentally and/or socially responsible investments

<sup>62</sup> <https://raymondjames.com/guam-branch/>

especially for countries, such as RMI, which are on the front line facing climate change impacts due to fossil fuels.

**Recommendation 3.** *It is recommended that the current investment strategy of the investment fund managers is re-examined to make sure that it is in line with the overall philosophy of the MC and to ensure that there are no highly risky or environmentally or socially questionable investments. An annual public statement should be made on the Fund and its investments with information on the ethical policy of the holdings and published on the MC website. **Responsibility:** Board of the MCEF, MCT and Investment manager for MCEF. **Timeframe:** as soon as possible and before further fund-raising for the remaining US\$ 38 million to fully capitalise the MCEF takes place.*

**182.** In the TE's opinion, it would have been preferable to have included UNEP and GEF more directly in meetings (even if only through a video link) given the sums invested. Indeed, it is rather surprising that, given that UNEP was the IA and GEF provided the single largest financial contribution for the MCEF, neither has been properly represented on the MCEF Board, and neither institution has taken much interest in what the endowment has invested in. Certainly, for any future endowment projects, a representative from UNEP, with financial background, should be represented on such a Board.

**183.** The very high target rate of return on the investment of 8.3% (2-4 % would be more likely in the current low-interest era) was set as it was believed that a 1% return target would simply not be enough to cover the PAN costs with a MCEF capitalised at US\$ 18 million. Consequently, obtaining more accurate figures on predicted costs for the PANs would also influence the investment strategy for the MCEF (see below) and therefore the level of risk on the MCEF (a larger endowment could mean a more realistic return and less risky asset allocation).

#### *Piloting of the endowment fund - drawdown*

**184.** While each country's contribution is invested together in the MCEF, each jurisdiction has its own account, and there is a separate grant agreement with each country. There are a number of trigger points that allow funds from the MCEF to be released for field activities once certain levels of capital have been reached. Countries have the option to spend this income, although they can choose to defer and reinvest it, as has been the case to date. Once drawdown starts, countries can draw up to 5% of the running average of the previous three years value of the MCEF.

**185.** As mentioned, to date, none of the jurisdictions have tapped into their endowment accounts and there has been no drawdown from the MCEF and disbursement through to the local/PA level. In addition, the disbursement and grant monitoring and reporting systems still need to be fully developed and tested. In the end, this element of the Project was simply too ambitious in the 4-5 year time frame (and is considered as a MTO rather than a project outcome) in the ToC.

**186.** There is a clear need to pilot drawdown to test the mechanisms for spending of funds at a local level, check for functionality, identify potential bottlenecks, and especially identify gaps in capacity at the MCT, PAN Funds, and the capacity of recipients at local levels/PA sites to absorb the funds<sup>63</sup>. A pilot would also demonstrate how the community level can be involved in decision-making process, and also allow for gender and equity issues to be properly included. The drawdown pilot should be documented as a case study, and linked to MC's awareness-raising, outreach and communication with the results made available in the public domain. It is also recommended that the piloting of the MCEF mechanism on Palau is undertaken at one or more of the priority sites identified under the UNEP-GEF Ridge-to-Reef (GEF-5) project which would allow identification of alignment and synergies between the GEF-4 and GEF-5 projects.

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<sup>63</sup> On Palau, state government-employed PA managers oversee the implementation of PA management plans and can apply for funding for these activities through the PAN Fund. The intention is that individual PAs will develop their own proposals, identify how these will address the NBSAP, SDGs and other national priorities, focusing on delivery of work plans rather than outputs and outcomes.

It is also important that TNC and CI are involved in the piloting process, which would allow the opportunity for the two NGOs and participating Governments to explore areas of mutual interest and examine possible joint ventures building on TNC's and CI's existing programmes in the region to further support the operationalisation of the MCEF and development and implementation of the PANS.

**Recommendation 4.** *It is recommended that the MCEF drawdown scheme is piloted on Palau, initially just for a year and for just a selection of sites throughout the islands, using the existing structure employed for disbursing funds to the PAN sites by the Green Fee, involving the PAN fund and PAN Office. The experience gained and lessons learned should be used to design a common mechanism for the three countries for disbursement of MCEF funds (although likely to be tailored for each jurisdiction). **Responsibility:** Governments of Palau (particularly), FSM and RMI, and MCT. **Timeframe:** as soon as possible and before further fund-raising to fully capitalise the MCEF takes place.*

**187.** Piloting of the drawdown is considered particularly important if the MC is to raise the large sum required to meet the total of US\$ 55-56 million by 2020, as successful demonstration that the MCEF is fully operational and funds can be delivered effectively<sup>64</sup> would act as leverage for potential funders reassuring donors that the MCEF can achieve biodiversity and socio-economic goals (so the measures working groups are important here) on the ground and with clear ownership and support from local communities, which to date it has not been able to show. It would also initiate a deeper discussion on what the funds are needed for/used and so help identify the level of actual funds required. Funding for the pilot has not been agreed, but full disbursement would not be necessary for testing. It would also be useful if the recommended economic analysis of the PANs (see paragraph 178) takes place at the same time.

**188.** At present, on Palau there is a view that there is sufficient capacity to operate its endowment feeding through the PAN Fund arrangement, but if a new, separate process is developed then further capacity building will be required. In addition, if funding from the drawdown is identified for very specific technical activities, additional technical training and manpower at the national level will be required in order to provide guidance to applicants and recipients of grants. At present, the Palau PAN Fund only has 4-5 people, with three programme staff and one or two administrative support staff.

**189.** For RMI, there is a need to define a distribution mechanism, which will need to be incorporated into the new relevant PAN legislation. The TE understands that the groundwork to design RMI's distribution mechanism and establish the PAN Office with a technical advisory centre, will start soon. Like FSM, the current proposal is to copy the model on Palau, but tailor it for the RMI situation (also using experience gained from operation of the UNDP-GEF Small Grants programme on the islands). It has been suggested that setup costs will be partly met from resources from the GEF-6 project budget. FSM interviewees stated that drawdown would not occur before 2020, whereas RMI views accessing MCEF income as soon as possible. However, like on Palau, there is concern on RMI over insufficient capacity at the local level to be able to manage and report on the use of the MCEF funds, and there is a recognition that there will need to be substantial capacity building, which has costs, although it is not clear who will pay. In FSM, there is a proposal to address the local capacity gap by partnering the grant recipient with another local community organisations that has sufficient capacity to manage and report on the delivery of the funds, which seems a sensible approach and could perhaps be adopted across the region, as it would have other benefits including supporting networks and information exchange and other learning opportunities.

**190.** In both FSM and RMI, the expectation is that if drawdown has to occur before the respective PAN Fund and Office are fully established and disbursement arrangements made on each of the islands, there will be national level and (for FSM) state level technical review committees which will accept grant proposals from communities and sites, with the grants managed by the MCT.

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<sup>64</sup> However, in Palau, if implementation of the MCEF follows the same model as the Green Fund and is tied to government processes, then drawdown can currently only occur once a year in January, so this might need to be modified as it would be more appropriate and give greater flexibility if drawdown was possible more frequently, say two or three times a year.

## **MTO 2. Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP with MC Endowment Fund and other sources providing financing for core resources for their long-term management**

**191.** The Project has made a significant contribution towards achieving the first Medium-term Outcome (MTO1) listed above, but there is less progress towards this second MTO, which depends on delivery of MTO1, and contributions from many more external stakeholders and factors. Indeed, establishing effective management of the PANs will take some years; it is not something that can be done in a 4-5 year GEF project, and efforts/commitment probably need to be maintained over a 10-15 year time horizon. The Project's direct contribution to this MTO since 2011 (in terms of funding of relevant activities), whilst difficult to calculate, is relatively small but has nevertheless helped drive this process forward, and it needs to be remembered that the establishment of the PANs is the result of more than a decade of effort by multiple groups (many of which are Project partners). The Project's biggest contribution, by far, has been the support for and capitalisation of the MCEF, in which the GEF financing has played a critical role.

**192.** In Palau, the start of operations of the PAN Fund led to an increase in the number of PAs. Indeed Palau, which already had its PAN legislation in place since in 2009, had met its GEF project target, in terms of PA coverage (see below), before the GEF project started. However, the GEF-4 project helped to 'jump start' the delivery of PAN at both the state and national levels - it "helped give confidence to Palau that the PAN would work" as one interviewee put it. Both FSM and RMI are still defining and demarcating their PAs and are at an earlier stage of their PAN development than Palau (see section 2.10.1) but nevertheless the number of PAs has increased in both these countries. As mentioned earlier, altogether, around 150 sites had been declared either by law, municipal ordinance, traditional closure, or community declaration across the jurisdictions (up from a baseline of 16 sites) during the project period up to end February 2016.

**193.** Management effectiveness has been assessed and tested at over 20 sites MPA sites in RMI and Palau, with initial assessments showing that a significant number of these sites require assistance to improve management adaptation and effectiveness. Consequently, capacity building will need to continue. It is suggested that funding for this should come from the MCEF drawdown. However, there is also some more recent evidence of an improvement in the effectiveness of management of some of the PAs<sup>65</sup>, to which the Project has contributed through its capacity building activities (Component 1).

### **Intermediate states and impact**

**194.** In terms of the achievement of intermediate states and then final impact (see ToC), the Project has not directly addressed threats to biodiversity and ecosystem services as it has not been operating at the site level, but if the PANs are fully established and sustainably financed (MTO2) this can be expected to lead to reduced threats to and more effective management of natural resources in and immediately around the individual PAs in Palau, FSM and RMI.

**195.** The Project is considered to have made a contribution to meeting the MC 2020 targets of '*effectively conserving 30% of marine and 20% of terrestrial resources across Micronesia by 2020*' through its work to establish the PAN systems and capacity building for better management of PAs in the region. Although this target does not specifically mention PANs (deliberately as it then allows for other BD conservation approaches such as mainstreaming), the area covered by the successful establishment and development of the PAN in each jurisdiction would significantly contribute to achieving these targets, and from the figures available, most of the jurisdictions have achieved at least half of their target towards meeting the MC goal.

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<sup>65</sup> MNRET (2016). Protected Areas Network, Status Report 203-2015. Republic of Palau, Ministry of Natural Resources, Environment & Tourism Protected Areas Network Fund. 29pp



196. Again, in terms of the desired final impact - *status, functioning and resilience of terrestrial, coastal and marine biodiversity and ecosystems in Micronesia improved, protected and maintained and sustainable provision of ecosystem goods and services from PANs to communities (including improved food and water security)* - the Project has not been addressing (or measuring) these directly and it was acknowledged that the lifetime of the project was too short to realise significant impact particularly since the project did not work at the site level (although partners were to carry out activities at a number of 'priority sites')<sup>66</sup>.

197. The ROTI approach requires ratings to be determined for the outcomes achieved by the project and the progress made towards the 'intermediate states' and ultimately the impact at the time of the evaluation. The rating system is presented in Table 5 below and the assessment of the Project's progress towards achieving its intended impacts is presented in Annex 11.

**Table 5: Rating Scale for Outcomes and Progress towards Intermediate States**

Outcome Rating	Rating on progress toward Intermediate States
D: The project's intended outcomes were not delivered	D: No measures taken to move towards intermediate states.
C: The project's intended outcomes were delivered, but were not designed to feed into a continuing process after project funding	C: The measures designed to move towards intermediate states have started, but have not produced results.
B: The project's intended outcomes were delivered, and were designed to feed into a continuing process, but with no prior allocation of responsibilities after project funding	B: The measures designed to move towards intermediate states have started and have produced results, which give no indication that they can progress towards the intended long term impact.
A: The project's intended outcomes were delivered, and were designed to feed into a continuing process, with specific allocation of responsibilities after project funding.	A: The measures designed to move towards intermediate states have started and have produced results, which clearly indicate that they can progress towards the intended long term impact.

198. Many of the Project's outcomes were at least partially delivered (see above) and some were designed to feed into a continuing process that would lead to impact, e.g. the establishment and capitalization of the MCEF to fund the PANs for the foreseeable future. However, there was little prior thought given to the identification of responsibilities, or resource needs, after GEF funding had finished to achieve MTOs and longer-term impact, and sustainability of some of the project results is a concern (see section 2.1.2).

199. There is no rating category for partial achievement of project outcomes, so there is no single category rating into which the Project neatly fits; it is a mixture of A, B, and C. Therefore, **rating of progress towards Outcomes has been 'averaged' and is rated "B"**.

200. However, as noted in the section presenting the Theory of Change (section 2.8), there are also a significant number of assumptions and drivers and that may impede or enhance the likelihood of the Project's immediate outcomes and intermediate states being reached and the eventual achievement of the Project's desired impact.

201. Unfortunately, the risk that the value of the MCEF will fall dramatically due to market fluctuations, e.g. another global financial crash, political events or other 'black swan' events, is always a concern when relying on financial investments for income (particularly stocks, less so government bonds). This risk is lessened if the investment management company and Board of the MCEF regularly review and adjust the risk profile of the investments accordingly (which is suggested in Recommendation 3). Unfortunately, no current member of the Board has a good background in investment, and the Board is relying heavily on the advice and guidance of the commercial investment company.

<sup>66</sup> One reviewer commented that 'This would be correct albeit I am certain that many "on the ground" activities would not have happened without the climate of expectation that the project created with the solid investment of dollars into the MCEF. So at one literal level – this is correct but at another – the GEF project contributed significantly'.

**202.** Feedback from the participant governments suggest strong commitment to, and future expansion of, their PANs will continue, so the assumption that there will be sufficient staff capacity and commitment among MC partners to manage delivery of the PANs in future is likely to be met, especially as the MCEF has reached its first target of US\$ 18 million, and the more successful the capitalisation of the MCEF is the more likely the government commitment is to continue (as funds are available to spend). Also, the continued interest from some states, notably RMI, to consider donation of part or all of their future GEF STAR allocations under the Biodiversity and/or Climate Change Focal Areas to the MCEF, suggests that the governments see the long-term value of the PAs and supporting the endowment fund.

**203.** In terms of drivers, there has been increasing awareness of the importance of the environment for livelihoods in the Micronesia region, and the importance of effective environmental management and the use of Ecosystem based Adaptation (EbA) approaches to tackle climate change impacts is increasingly recognised among the islands of the Pacific. Related to this, international negotiations on limiting greenhouse gas emissions and addressing the negative impacts of climate change, are envisaged as potential future funding sources for the PANs projects are likely to be a driver supporting greater support of the MC and MCEF. UNEP and the Governments of RP, FSM and RMI and many other project partners are all involved to differing extents in these discussions and negotiations. Also, the new Sustainable Development Goals (SDGs), contain biodiversity related targets, in SDG 14 (Life Below Water – Conserve and sustainably use the oceans, seas and marine resources for sustainable development, and SDG 15 (Life on Land – protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).

**204.** In conclusion, there has been good progress towards intermediate states. It has been particularly helped by the commitment of the MC heads of government and from the strong working relationships between partners and support of key groups (see section 2.14.3), particularly TNC and CI. **Rating of progress towards the Intermediate States is rated “B-C”.**

**205.** The Project has not achieved significant documented changes in environmental status during its lifetime, and is unlikely to achieve these in the immediate future as many other factors have to be met for the desired environmental impact to be achieved, although the chief aim of the Project was to establish an endowment fund rather than deliver activities on the ground (that was seen as a future step). Consequently, the Project merits a final rating of **“BC”, equivalent to moderately likely.**

**The Project is considered “Moderately Likely” to achieve impact.**

### **2.11.3 Achievement of the formal project objectives as presented in the Project Document**

**206.** The Project’s objective, given in the ProDoc, was to *‘establish sustainable finance systems and policies in FSM, RMI, and Palau by 2014 that would ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their PANs, their primary strategy for achieving the goals of the Micronesia Challenge’*<sup>67</sup>.

**207.** Overall, the Project has been largely successful in this regard. As mentioned in sections above, as a result of the GEF project, there is now a Micronesia Challenge Endowment Fund valued at around US\$18 million, Palau has established a PAN Fund and PAN offices (although much of this activity predates the GEF Project), RMI passed national legislation creating its PAN, and the FSM has taken significant steps towards establishing its national PAN comprised of four state-level PANs (for Pohnpei, Yap, Kosrae and Chuuk). The Project team and partners should be congratulated on this success, which is no small achievement.

<sup>67</sup> Interestingly, different interviewees had different interpretations of the Project’s objective, suggesting a lack of clarity on the communication of key project aims, features, results and messages by the Project. There were two main groups: those who saw the Project’s aim as supporting multiple activities of the wider MC initiative, and a second group who saw the Project as simply contributing to the establishment of the MCEF (with Component 1 being delivered by others).

**208.** What is less clear is whether the financing secured and likely annual income derived from the MCEF will be sufficient to *'abate threats to (the) marine and terrestrial biodiversity'*. This will require much longer period to determine – a 5-10 year period will be needed before these sorts of biodiversity impacts become apparent after the MCEF and PANs are fully up and running (which argues for an impact evaluation in 10 years). In addition, the Project has not been measuring populations of target species or monitoring changes in threat levels directly, e.g. levels of overfishing in coastal MPA, or changes in the status of populations of threatened species in specific PAs through implementation of PA management plans, so the Project could not have demonstrated a change in environmental status during its lifetime anyway. Consequently, the environmental (and social) changes sought for – the impact – are more aspirational.

**209.** The Project had three indicators at the objective level, and in terms of meeting the end-of-project targets for these indicators, there has been mixed success (see Annex 7).

**210.** The first indicator target - *21% coverage (928,527 ha) for marine PAs (70% of MC target) and 18% coverage (27,072) for terrestrial PAs (90% of MC target), collectively for all 3 countries* - has been largely met and in some cases exceeded, notably in case of Palau. For marine PAs the figures are: FSM 7% (hence 14% to go); RMI 18% (nearly met target); Palau - 58% (well exceeded its target). For terrestrial areas the figures are: FSM - 15% (nearly met its target); RMI - 16% (nearly met its target); Palau - 20% (exceeded its target). However, many other initiatives and donor-funded projects have contributed to the achievement of these end-of-project totals, and it is not possible to say to what extent the Project has been directly responsible for reaching these levels. It should also be noted that the level of *'sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks'* is not known and cannot be properly calculated before the PANs have been set up, costs (resources) have been calculated and there is some direct evidence that their management is effective and this needs to be addressed (see Recommendation 2).

**211.** Achievement of the second indicator target – *'20% of PAs meet a minimum required score for management effectiveness (tbd)'* – is more debatable, as no minimum required score was developed ('tbd' was never determined). However, some sites had been evaluated with the MPAME tool developed by the MC Measures Working Group and a recent report by the Government of Palau on the status of its PA system<sup>68</sup>, including efforts at individual sites, indicates that this target has been met on Palau at least. The report states that 'in the seven years (2008 to 2015) that the PAN has been active, it has helped move every single PAN site towards Effective Conservation in one or more category. This is a remarkable feat, given that prior to 2008, many of these sites did not exist or did not have any management in place.'<sup>69</sup> However, again the Project's direct contribution to this end-of-project target is unknown, as much of the activities associated with this indicator were carried out as parallel activities by third parties, not directly connected with the Project (and not captured as co-financing).

**212.** Related to this indicator, there has been some debate over the meaning of the term 'efficiently managed'. Since this was not explicitly defined at the project design stage and there is no common agreement on this it has been interpreted in various ways (this is something the MC Measures Working group should help address – a common definition for Micronesia). For instance, some interviewees thought that the score on MPAME assessments (for MPAs) should be used as the standard to decide whether a PA was 'effectively managed' (one of the purposes of the MPAME). Another interviewee suggested framing the assessment in terms of impacts on the ground – whether, for instance fish populations or the other marine resources showed evidence of recovery – and less about the physical area being covered within a

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<sup>68</sup> MNRET (2016). Protected Areas Network, Status Report 203-2015. Republic of Palau, Ministry of Natural Resources, Environment & Tourism Protected Areas Network Fund. 29pp

<sup>69</sup> Protected Area Management Assessments (PAME) assessments were carried out in 2014 and 2015 at 26 PAN sites. PAN sites considered were only those that had been in the PAN for at least a year and had a management plan, and there were 34 PAN sites in 15 states in existence in Palau at the end of 2015. Palau has 46 formally designated protected areas in all 16 States, covering 46% and 22% of Palau's nearshore marine and terrestrial areas, respectively. Local/municipal governments administer all of the PAN sites (national Government administers none).

protected area (in other words stressing changes in biodiversity markers/Indicators to assess effectiveness). This debate is important as a lot of traditional conservation areas in Micronesia tend to be owned by chiefs or clans that are traditionally conserved for food security and off limits to most people. Many are not considered 'effectively managed' (and would probably rate low on MPAME scores). Nevertheless, they can be important conservation areas, and if they were included in PA totals it would certainly increase the number and area of land and sea under some form of PA status. In the case of RMI, for instance, it would allow the country to easily meet its MC 2020 target. In terms of social impact indicators, one opinion expressed, was that success should be viewed in relation to food security and climate change adaptation needs, e.g. the MPAs providing sustainable supply fish and marine resources under the changing climate change.

**213.** In terms of the final objective level indicator – the MCEF capitalized at a total of \$18 million, the Project reached this target during 2015. This is considered the most relevant indicator for the Project objective; the first two relate more to the broader MC itself.

**The overall rating for the achievement of project goals and objectives (as stated) is “Moderately Satisfactory”.**

## **2.12 Sustainability**

**214.** Sustainability is understood as the probability of long-term project-derived results and impacts continuing after the project funding and assistance has ended. The TE examined sustainability of the Project from the point of view of four parameters: socio-political, financial, institutional and environmental.

**215.** Project documents only give a brief presentation on the likely factors/threats to the sustainability of project results and progress towards impact, and at the design stage the Project did not present a coherent strategy for sustainability of project results. Unfortunately, the Project did not develop a separate sustainability and 'exit' strategy during the last year of the project, as is common for GEF projects.

### **2.12.1 Socio-political sustainability**

**216.** The MC, which the Project has supported has survived turnover in administrations in every participating jurisdiction, and countries have continued to support the initiative and is clearly mainstreamed into government priorities and embedded within the policies and plans of the governments and partners across Micronesia. For instance, the MC is a standing committee report at every Micronesia Presidents Summit and Micronesia Chief Executives Summit - the President of Palau has championed the MC and been instrumental on keeping up the momentum on the MC, the new vice-president of RMI is certainly interested in the MC and has already suggested that US\$1.5 million of GEF-6 funding could go to the MCEF, although, in the case of FSM, feedback to the TE suggested that the President of FSM may be less interested in the MC. Continued support for the MC, is also evidenced by the establishment of the MCEF (despite the delays over its capitalization) and local financing mechanisms such as the Palau PAN Fund, and indeed the establishment of the MCEF has helped improve the likelihood of the MC continuing. In addition, the fact that the MC and MCEF are joint regional initiatives, and funds are there to be spent, means governments are more likely to remain committed. Also, the finalisation and approval of the PAN legislation, creation of the PANs, establishment of PAN Funds and PAN offices (or their equivalents) on all three of the jurisdictions, and further illustrate future government commitment to action.

**217.** On the other hand, there remains a degree of political risk to sustainability. Future changes of political regimes could result in less interest in the MC, with countries/agencies less willing to make good on their initial commitments, and, depending on who is elected and their policies, this may well influence funding through the MCEF. In FSM, for instance, there is a continuing need to 'balance' demands from the four States in terms of the share of the MCEF, which has not yet been fully addressed, and 2016 was

election year for some of the FSM states such as Chuck, and a new FSM National Congress will be elected early in 2017.

**218.** However, based on the TE interviews, engagement with the Project and commitment to the wider MC initiative by the three Governments does vary. As pointed out above, stated commitment is good at the highest political levels, but there has been much less engagement with the Project at the senior civil servant level. To be fair, those involved do have extremely high workloads, and low salaries do not encourage motivation. In addition, packaging the Project activities as part of the MC was said to have worked against effective collaboration as the Project was perceived to add more work to officials' already high existing work loads, suggesting that the MC is not a priority or there is a low awareness of its value among some officials. To address this, efforts need to be made to explain clearly, in terms that could be understood by the target audiences, how the Project would add value to government officials existing work, and could be integrated into their on-going programmes.

**219.** Of the three jurisdictions, the Government of Palau has shown the most commitment, probably because it already had its PAN legislation in train when the Project started and its contribution to the MCEF was easier to raise than for the other countries, with less engagement from FSM and least from RMI (it was difficult even to arrange an interview with senior civil servants for the TE).

**Lesson 2.** The MC Chief Executives and some other senior government staff have been the best champions for the MC, able to convince newly elected leaders of the merits of the MC. Engagement of high-level political champions to promote and drive an initiative can make a significant difference to country buy-in, engagement and delivery, but there needs to be institutional structures that ensure they are kept informed and through which they can engage directly, such as the MC Steering Committee.

#### *Need for a review of MC*

**220.** It is now less than three years from the 2020 end date of the current MC, and it is not clear whether the MC will continue beyond this date. As a result there is a question over how the GEF Project results will be sustained and the fate and use of the MCEF. Consequently, there is a pressing need for a detailed review and lesson learning exercise (a post-mortem) of the wider MC initiative itself involving key stakeholders, which examines the results, experiences and delivery of the MC to date (covering 2006-2016 period)<sup>70</sup>. This then needs to feed into the development of a new, updated vision, strategic plan and programme (road map) for the MC covering the period 2020-2030 (a 'Micronesia Challenge 2.0').

**221.** The new Strategy and Plan will need to consider whether the current aims of the MC with its focus on protected area networks should be simply extended or whether the MC needs to consider a different orientation or mix, such as including a focus on wider natural resource management, such as fisheries, or addressing climate change impacts alien invasive species<sup>71</sup>, which would potentially open up new sources of funding. The strategy needs to identify how it will meet both national development and biodiversity goals including national strategic development plans, climate change adaptation plans, SDGs and other MEA priorities and targets, including how it will help address food security, land degradation and climate change impacts (which would also help strengthen the appeal for more funding from international donors) and how these link to PAs, but it particularly needs to identify issues and activities that would be better tackled at a regional level, such as shared surveillance and enforcement work (to tackle illegal, unreported and unregulated fishing for example) and joint monitoring of marine reserves.

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<sup>70</sup> Some initial work has been done on the governance aspects of the MC by a PhD student at Colorado State University.

<sup>71</sup> For instance, RMI is putting aside US\$ 1 million to address this, and has a National IAS action plan, and the Regional Invasive Species Consortium is developing invasive species criteria for PAs, which could be incorporated into the MPAME tool or PAN system.

**222.** The new Strategy and Plan needs to include a clear statement of objective and aims, targets and priority activities for the MC overall and for each jurisdiction, establish capacity needs and solutions in order to deliver these, and identify resources needs and sources (with a business and fund-raising plan). This needs to include a discussion to clarify how to prioritise across the jurisdictions and activities and funding across the region, and how the MCEF will integrate with this, including the position of Guam and CNMI in terms of the future of the MCEF, and whether further capitalization of the MCEF will be needed. UNEP could support this process through the development of a discussion paper that presents follow-up to the MC in discussion with the GEF Operational Focal Points (OFP) and input from TNC and CI, which could help facilitate consultations between the key partners (this would be a useful service for UNEP to provide).

**Recommendation 5.** *It is recommended that a review of the results, experiences and delivery of the MC to date (covering 2006-2016 inclusive) is undertaken, with a gap and needs analysis, and a new updated vision, strategic plan and programme (road map) is developed for the MC covering the period 2020-2030 (a 'Micronesia Challenge 2.0'). UNEP could support the development of an 'options paper' for the follow-up to the MC as its contribution. **Responsibility:** MC RCO, MC Steering Committee, MCT, draft presented at the Presidents' summit meeting, with input from UNEP, the GEF OFPs, TNC and CI. **Timeframe:** Before next presidents summit meeting (next scheduled for May 2018).*

**223.** The Plan will need to present an institutional and governance structure. A new coordination arrangement may be more appropriate, such as a dedicated secretariat, and consideration needs to be given how to engage with Governments more, with clear roles and responsibilities of the key partners and stakeholders<sup>72</sup>, including member Governments, MTC, MC Steering Committee, MC RCO, MC working groups and international NGOs, along with a detailed partnership strategy perhaps including a wider group of partners such as SPC and SPREP, with a much greater role and involvement of the private sector, particularly on awareness raising and fund-raising. The new Plan will also need to present a revised communication plan with new sets of key messages and audiences redefined and tailored according to jurisdiction, as well as the approach to advocacy and mainstreaming, and there is a need to clarify the linkages and differences between the MC and other national, regional and international programmes such as the Pacific Oceanscape so that potential donors are clear on the value of the MC.

**The rating for socio-political sustainability is "Moderately Likely"**

### 2.12.2 Sustainability of Financial Resources

**224.** Probably the single biggest issue relating to sustainability of the Project results resolves around financial sustainability of the MCEF itself.

**225.** The Project has helped successfully establish an endowment fund (the MCEF), the interest payments from which is to be used to finance priority PA and other biodiversity conservation activities in Palau, FSM, and RMI. This potentially represents a sustainable approach to funding the region's PANs if the MCEF is managed successfully and fully capitalized to a level that will meet the operating and expansion costs of each country's PAN, and if returns earned through its investments can be maintained.

**226.** However, there are some potentially significant financial risks. For instance, the initial expected rate of return on the invested capital (a very high 8.5% per annum) may not hold true over the lifetime of the fund as financial investments can go down as well as up, especially given volatility of global markets since the financial crash of 2008/2009. Indeed, this rate of return is likely to be only achievable long-term by investment in riskier stocks other than bonds. As mentioned, the investment decisions have been

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<sup>72</sup> There is still a lack of clarity over who the implementing agency should be for the MC, which needs to be considered as part of the MC review and plan for post-2020. On the one hand, there is a general perception that the MCT on Pohnpei is the implementing agency; on the other, some interviewees on Palau argued that because 80% of MC activities on the islands relate to the PAN, the PAN Office/Fund should be seen as the implementing agency.

outsourced to a commercial investment management company, but although the independent Board provides oversight, none of its members have a financial investment background. The recommendation to review the investment strategy (Recommendation 3) in terms of its ethical policy and risk profile of the investments needs to be monitored to ensure it is not too high even if the return on the investment is lower than expected/desired.

**227.** Despite the success of the capitalisation of the MCEF to date, there has been a call for some countries to have their own separate endowment fund, although this is not in the MC strategy. For instance, some interviewees believed that Palau should have its own fund, independent of the MCEF rather than group their contribution with other countries and have it administered by an external NGO (the MCT). Indeed, there has been discussion that Palau may pull out of the endowment when the current MC initiative comes to an end in 2020. At present, this is not considered a serious proposal, but if the MCEF falls markedly in value there will be increasing complaints from those calling for national endowment funds, and this issue is likely to come to the fore when discussions begin in earnest on what follow up there should be to the MC after 2020, when the current phase ends.

**228.** Another related concern is that there has been heavy reliance on key influential individuals in agencies, especially in relation to the capitalization of the MCEF, and without these individuals the Project may well have failed, and so if key individuals are not available, or willing, to spend considerable additional time on fund-raising, there is a risk that further fund-raising efforts may not be as successful as those of the initial capitalisation phase of the MCEF.

**The rating for the financial sustainability is “Moderately Likely”**

### 2.12.3 Sustainability of Institutional Frameworks

**229.** Institutional sustainability is viewed as reasonable, National PAN focal points and coordinators/equivalents are in place in all jurisdictions, and project partners, such as TNC and CI, as well as external networks, such as the MIC and PIMPAC continue to provide support. The MCEF itself incentivizes longer-term institutional planning and management, particularly through its access criteria such as the need to establish PA management plans as a condition for receiving funding (which require institutional support).

**230.** However, various elements of the MC infrastructure need greater and more sustainable funding to ensure that oversight and technical guidance functions can be adequately and properly carried out, including the MC Steering Committee and MC Regional Coordination Office (MCRCO), and the various MC working groups. For instance, current budget for the RCO, including the Coordinator’s salary, travel and office costs (paid for by the member states), is too low to be effective. The MCRCO is engaged in trying to find sources of funding for the MC institutional administration and development but has limited capacity to do this, and the budget for the MCRCO needs to be increased (it should be considered as part of a review of the MC and development of new road for the post-2020 period – see Recommendation 5).

**231.** There will also be a continuing need for the various MC Measures working groups, identified under Component 3, which have benefited from the Project and helped to deliver on some of the important capacity aims of the project. The Marine Measures Group, in particular, is likely to need long-term support as there are significant and complex issues to deal with on the management of MPAs and marine resources in Micronesia. The terrestrial measures group is also starting to produce results (especially since a champion has been appointed based at the MCT office), and the US Forest Service views the Terrestrial Measures Group as important and is providing funding to support activities being promoted by the Group. However, the future of these groups is uncertain as all require funding to operate. Again, it is suggested that funding for all these MC structures should be examined as part of the proposal for a review of the MC and development of new vision, strategy and road map for the MC beyond 2020. In the TE’s opinion, the costs of maintaining these groups should be met from the income from the MCEF fund itself, rather than

relying on erratic external donor funding and national government sources. However, this may mean revising the US\$ 55-56 million target for the MCEF (which will need to be changed due to the findings of the recommended financial study of the PANs – see Recommendation 2).

**232.** A key element of Component 3 of the project was to build the capacity of the MTC to enable it to carry out the role of executing agency for the MCEF. The various government staff interviewed expressed confidence in the MCT, and its ability to manage the MCEF, and considered it to have done a good job in helping to deliver the MCEF and providing support on drafting PAN legislation. However, whilst MCT has built capacity through the Project, it is still too dependent on specific individuals, particularly the Executive Director, for its success, which presents a real and potentially important capacity risk and threat to institutional sustainability. For the MCT, serious thought needs to be given to what happens when the current Executive Director leaves and who will replace him, and to ensure it continues to have an effective leadership (with a decision-making role) and that its role as the disburser of the funds from the MCEF is formalised. Unfortunately, although some initial discussions and analysis has been undertaken, there is, as yet, no formal plan for succession at the MTC. This issue needs to be examined by an independent, external group (not by the MTC staff) and the MTC needs to start identifying potential replacement candidates (draw up a shortlist) for when the Director leaves.

**233.** Also, funding for the administration of the MCEF by MCT needs to be examined. To date, the MCT has been using funds from its own smaller operations endowment (c. US\$ 750,000) to cover the costs of the Board and operation of the MCEF. However, this is not sustainable and an alternative, more secure arrangement needs to be put in place. Once a drawdown is ready to begin the costs of the MCEF's operation including meetings of the MCEF Board, other administration costs and the grant disbursement should be met from the income within the MCEF. Without this external (to MCT) funding the disbursement of the MCEF is likely to fail. Based on MCT's experience of operating its own endowment, the Executive Director estimates the initial costs of operating the MCEF at around US\$15,000/year, although this figure is likely to increase significantly once the MCEF starts to be accessed and grant mechanisms developed and in place, especially if the MCEF reaches US\$ 55-56 million when there will be potentially a large number of projects that will to be administered by the MTC.

**Recommendation 6.** *It is recommended that an account is established within the MCEF to cover MTC's costs of disbursing the MCEF funds, and that this is reviewed annually to allow for growth in the disbursement (number projects and therefore administrative and management demands on MCT) as the Fund itself grows. A decision should be agreed in writing before beginning of the MCEF pilot drawdown and costs and the agreement reviewed after the piloting. Related to this, to better ensure sustainability of the MCEF it is important that the MCT, as the host institution for the MCEF, continues to have an effective leadership (with a decision-making role) and that its role as the disburser of the funds from the MCEF is formalised. **Responsibility:** CEOs of the MC, Governments of Palau, FSM and RMI, MCT. **Timeframe:** before pilot drawdown of the MCEF begins).*

**The rating for the institutional sustainability is "Moderately Likely".**

#### **2.12.4 Environmental sustainability**

**234.** The ProDoc does not identify any specific environmental factors that could affect sustainability of project results, except for the risk that climate change may undermine the achievement of MC goals, e.g. cause flooding of some low-lying coastal PAs. However, environmental factors would not be expected to adversely effect the operation of the MCEF itself, which is the main output of the project. Indeed, if successful, the Project is likely to improve the state of the environment, e.g. through more effective management of PAs that will continue to protect biodiversity and deliver important ecosystem services, supporting local food security and employment, and provide some insurance against climate change impacts.



The rating for the environmental sustainability element is “Moderately Likely”.

### 2.12.5 Catalytic Role and Replication

#### *Catalysis and Replication*

**235.** There has been some good evidence of limited catalysis<sup>73</sup> of project results and ideas to date, particularly with regard to catalytic financing, but no direct replication<sup>74</sup> of results.

**236.** The GEF financing can be said to have had a catalytic effect as it helped to capitalize the MCEF, encouraging two other major donors (TNC and CI) and the participating Governments to contribute significantly more (combined funds) to the MCEF with regular contributions totalling around US\$ 2 million/year. Indeed, as previously mentioned, without the contribution of the GEF funds it is unlikely that the countries would have committed their own funds. Signing up to the endowment fund helped the Governments cross an important psychological hurdle, encouraging them to make the financial commitment to the MCEF. In addition, without the GEF financing it is uncertain whether CI would have contributed to the endowment, and TNC would probably have created a trust fund solely for Palau.

**237.** Through the funding for coordination and communication activities under Component 3, the Project has increased the profile and aims of the MC and the Micronesia region more generally within the international community and, according to interviewees, helped attract more than US\$ 20 million in non-MCEF funding from extra-regional funding sources for conservation and resource management work in the region. Of that total, TNC and MCT (key partners under the GEF Project), and Rare Inc., raised US\$11 million to support MC-related projects and technical support (for discussion on co-financing issues see section 2.14.6). The Project has also been promoted through other international partnerships, such as with GLISPA, which have apparently led to new funding opportunities.

**238.** At the regional level, interviewees cited several cases where donor money had been leveraged for allied (parallel) projects that were promoted as supporting the MC. For instance, Rare Inc. has a Micronesia Program for Island Resilience programme, which was designed to increase local commitments to PAs, and resulted in 6 Micronesians receiving Masters degrees in Communications from the University of Texas. Although related to the GEF Project it was not directly funded from GEF funds and is not treated as co-financing (rather it is parallel financing), but nevertheless supports common MC aims.

**239.** Interestingly, taking a ‘regional approach’ has, according to some interviewees, made the MC and funding for the MCEF more attractive to international donors, whose funding has become increasingly thematic and regional (less national) in recent years. For instance, TNC has been able to use the success of the MC, which includes the successful initial capitalisation of the MCEF through the Project, to pair public funds from the US with private funding that wouldn't have been possible without the MC.

**240.** The MCT has also had some success with catalysing funds from other actors and donors because of its involvement with the Project. For instance, during the project, the MCT attracted and administered grants from the Margaret A. Cargill Foundation and the David and Lucile Packard Foundation that allowed MCT and its partners to work at more than 30 sites and/or communities across the region that were considered priorities under the MC (covering approximately 100,000 hectares and making up about one fifth of the sites that MCT and other MC partners are currently supporting). Due to the success of the GEF Project and the results of MCT's prior grants programmes, both Foundations awarded MCT another round of funding in support of the MC that commenced in 2016.

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<sup>73</sup> Catalysis can be said to occur in cases where project activities have stimulated others to undertake complementary activities in line with the project's aims and results. This includes behavioural, institutional or policy changes, incentives, catalytic financing, or champions to catalyse change.

<sup>74</sup> Replication is often defined as lessons, experiences, demonstrations, techniques, or approaches coming out of a project that are repeated or scaled up in the design and implementation of other projects.

**241.** The MC is also reported to have inspired a number of other countries to declare similar commitments, including the *Coral Triangle Initiative*, the *Aloha+ Challenge* in Hawaii, the *Bahamas Protected Area Fund*, the *Western Indian Ocean Coastal Challenge*, the *Two Samoas' Initiative* and the *Caribbean Challenge*<sup>75</sup>. The Oceanscape<sup>76</sup> initiative is also reported to have been partly catalysed by the MC, and there is interest in a similar initiative in West Africa.

**242.** There are additional possibilities for improving the catalytic potential of the Project through linkage with the GEF-5 or GEF-6 programmes in Micronesia. For instance, the Palau GEF-5 'Ridge to Reef' project (for which UNEP is IA) is seen as linking with the (GEF-4) Project, with an intention to use funds generated by the MCEF to pay for on-the-ground GEF-5 activities related to PA management. However, there is a question over whether funds from the MCEF can be used as co-financing for existing or planned GEF-5 and GEF-6 projects in Palau, FSM and RMI, as the MCEF was partly capitalised by GEF funds (GEF funds from one project cannot be used as co-financing source for another, later GEF-funded project), and this needs to be clarified with the GEF Secretariat.

**243.** Whilst there has been no specific focus on supporting particular individuals to promote the Project, some influential staff within partner organizations and agencies have acted as its 'champions', principally within the Government of Palau and TNC and CI. However, the Project has relied heavily on these colleagues (rather than the institutions themselves) to see through the objectives, especially for the capitalization of the MCEF, which took a lot of effort and very dedicated lobbying by some individuals, and without these individuals the Project may well have failed. Consequently, some interviewees felt that there was a low chance of having the same 'mix' or model repeated elsewhere.

**244.** In addition, Project partners have supported and expanded a number of regional learning networks dealing with PAs, such as PIMPAC, the Micronesia Locally Managed Marine Areas and the MIC peer learning networks, to train and support PA managers across the region, which has helped promote the establishment of many more sites than originally planned (more than the 10 priority sites that were to be selected under Output 1.3)

**The project's catalytic role and replication is rated as Satisfactory.**

## 2.13 Efficiency

### 2.13.1 Cost efficiencies

**245.** The Project built on multiple lessons from several previous and active initiatives focused on natural resource management/protected area management in Micronesia as well as global experience of sustainable financing for biodiversity conservation (detailed in project document).

**246.** The Project made particular use of the existing MC agreement and long-standing successful partnerships between the three participating governments and TNC and CI in the Micronesia region, all of which brought important, specific expertise/knowledge/skill sets to the Project, thus enabling it to build on institutional structures already in place (no new project-specific structures needed to be created). For instance, TNC has considerable experience in investments, endowment funds and use of payments for achieving conservation aims (TNC has an investment arm called 'NatureVest'), and has been active in the Micronesia region for more than 20 years with very strong local partnerships, so was a good strategic partner for setting up the MCEF.

<sup>75</sup> See <http://coraltriangleinitiative.org/>, <https://hawaiiengrowth.org/aloha-challenge>, <http://www.bahamasprotected.com/>, <http://www.wiocc.org/>, <https://www.cbd.int/doc/meetings/mar/soiws...05/.../soiws-2015-05-two-samoa-en.pdf>, <http://www.caribbeanchallengeinitiative.org/>

<sup>76</sup> <http://www.forumsec.org/pages.cfm/strategic-partnerships-coordination/pacific-oceanscape/pacific-oceanscape-framework.html>

**247.** The Project also built on a sound baseline analysis of priorities for establishing the PANs, such as the CI Polynesia-Micronesia Hotspot analysis<sup>77</sup>, and some initial legislation establishing PANs in the region, as previously mention, e.g. in Palau the Project built on the legislation for its PAN and Green Fee, and RMI's new PAN is built on years of work under the umbrella of the MC. The Project also built on the aims and targets of the MC (so had high relevance), which itself built on existing conservation efforts and obligations. This meant that there was already good government/partner buy-in, with endorsement at the highest levels of government among the 5 MC states, significant support and co-financing, and commitment for the MC objectives and the proposed MCEF to succeed, dating back to the original 2006 MC agreement. Furthermore, by integrating the Project's management (PMU) and oversight (PMG) structures into the existing institutional framework of the larger MC initiative (in other words, not creating new stand-alone structures), has allowed the Project to draw on some of the MC groups and individuals for advice, e.g. MC Measures Working Group, and maintain a higher profile at government and regional levels than would normally be the case for most GEF projects, promoting not only efficiency but also facilitating mainstreaming and catalysis of project results. In addition, the five jurisdictions (Palau, FSM, RMI and Guam and CNMI) have a history of collaboration, and regular avenues to meet that facilitate support and communication, such as the Micronesia Presidents' Summit and the Micronesian Chief Executives Summit. These common region-wide aims and established framework for collaboration promoted an efficient project design and operation, and these have been important factors why the Project has been able to deliver the endowment fund.

**248.** Finally, the use of the MCT as the Executing Agency was cost effective (although its capacity needed to be built). It had already been identified as the implementing body for the MCEF and had a secure structure with strong partner relationships in place prior to taking on the role of the executing agency for the GEF project, and its past success administering grant-giving schemes gave it credibility among partners and donors. For instance, MCT had previous strong experience of operating 'advised funds'<sup>78</sup> re-granted to relevant conservation community projects, e.g. part of the Non-State Actors Funds from the European Union's Economic Development Fund (EDF9) to the FSM, and the MCT hosts the UNDP-GEF Small Grants Program for FSM, distributing up to US\$600,000 annually in addition to its advised funds.

**249.** However, apart from the contributions to the MCEF, almost all of the financing from the participating governments was in-kind, which had the potential to limit delivery of Components 1 and 3, as they were heavily dependent on existing government budget allocations.

**250.** All the above helped to keep project start-up and running costs low, and presented additional opportunities to raise awareness and promote the mainstreaming of the Project results more widely.

### 2.13.2 Timeliness

**251.** Unfortunately, the Project suffered delays in delivery, evidenced by the need for a NCE, with activities relating to FSM and RMI being the most affected. In the case of RMI, low capacity reduced the ability of government agencies to engage with MCT and the Project (it took several months to confirm an interview for the TE, for instance), and frequent changes in personnel have not helped. In the case of FSM, the political dynamics of the relationship between the federal and state governments created significant delays in negotiating and approving legislation regarding PAN and sustainable financing mechanisms, and FSM was still US\$ 600,000 short of its agreed target contribution to the MCEF at end August 2016.

**The overall rating for efficiency is "Satisfactory".**

<sup>77</sup> [http://www.cepf.net/where\\_we\\_work/regions/asia\\_pacific/polynesia\\_micronesia/Pages/default.aspx](http://www.cepf.net/where_we_work/regions/asia_pacific/polynesia_micronesia/Pages/default.aspx)

<sup>78</sup> Advised funds are accounts designated for a specific purpose or objective, and 'advised' by an appointed board.

## 2.14 Factors affecting performance

### 2.14.1 Preparation and readiness

#### *Logframe, indicators and targets*

**252.** The Project was developed before the concept of Theory of Change was introduced for UNEP projects. In its place is a traditional logframe. This is rather confused in places, with some outputs and outcomes set at the wrong level in the causal logic. For instance, some of the outputs were formulated as outcomes, e.g. Output 1.2 *'Strengthened PAN legislative frameworks in each country by end of Year 4'*; the appropriate output level formulation would have been something along the lines of *'legislative frameworks reviewed and proposals for updating developed and submitted to governments'*. Other outputs are defined in vague terms e.g. Output 1.6 *Activities identified in management plans for ten priority sites implemented* (neither priority sites nor activities were defined at project design, and priority activities have never been documented). Others are worded more as targets for the outcome e.g. Output 2.1 *Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and RP by the end of year 4*, and it could be argued that Output 2.4 - *MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2* - is really the target for the project objective rather than an output. In addition, as worded, Outcome 1 should be much higher in the causal chain (see ToC section).

**253.** Many indicators in the logframe are not fully SMART<sup>79</sup>, and are simple process indicators rather than change indicators (e.g. delivery of training workshops), and do not relate directly to their associated outcome. For example, the first indicator for the project's objective – *'PA percentage and coverage in ha'* – does not relate directly to the establishment of *'sustainable finance systems and policies in FSM, RMI and RP'* which is the stated project objective. Means of verification are presented in the logframe, although the identification of assumptions in the logframe is cursory and does not fully mirror the list of assumptions/risks in the main text, and there is little explicit discussion of drivers.

**254.** It should also be noted that the Project's stated objective – *to establish sustainable finance systems and policies in Palau, FSM and RMI by 2014 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, their primary strategy for achieving the goals of the Micronesia Challenge* – does not represent a result at the impact level. Rather, as formulated, it is a combination of hoped for results at the intermediate state level (reduction of threats to the marine and terrestrial biodiversity of Micronesia), medium term outcomes (effective management in each of the target countries PANs) and immediate outcome level (establishment of the sustainable financing system for the PANs in the three countries). Indeed Outcome 2 - *Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies* - is essentially the same as the project objective.

#### *Strengths and weaknesses in project design*

**255.** Component 1 was very ambitious for a 4-year GEF project in terms of both its aims to achieve full capitalization of the MCEF (to achieve financial sustainability of the PANs), fully establish the three jurisdictions' PANS, and improve management effectiveness of individual PA sites, and relies on many other actors for delivery. The ProDoc states that the initial target of US\$ 18 million was to be reached by end of year 2, which did not happen, although the target was reached during the final year of the Project. The fact that a 12-month NCE was needed to deliver the Project (and there were further delays) is evidence that the

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<sup>79</sup> Specific, Measurable, Attainable, Relevant and Time-bound

original timeframe was never realistic<sup>80</sup>. The original timeframe can also be considered as rather ambitious because some elements (notably Outcome I) largely relied on delivery of other outcomes first (Outcome 2).

**256.** Also, expectations in terms of on-the-ground activities/outputs under Component 1 were not well aligned with what could actually be delivered and funded by the Project, and the expected impact of Component 1, within the time frame of the Project, was clearly overstated in the ProDoc. Essentially, the GEF project provided a very limited amount of support through US\$ 197,000 of financing to help build capacity in PA management under this component and to support MTC, as an 'add on' to the work of other partners, such as MCT, CI and particularly TNC, who undertook and funded the main activities under this element of the Project, although only a small amount (US\$ 171,000) was cited as in-kind co-financing.

**257.** Component 2, which focused on the establishment and capitalisation of the MC Endowment Fund, was also very ambitious, although it already had an initial commitment of US\$ 6 million before the project began from TNC and CI (although with conditions – see paragraph 323), and US\$ 5,454,545 from the GEF, giving a total of US\$ 11,454,545, which was a significant proportion (64%) of the target US\$18 million total.

**258.** Component 3 addressed several activities that are traditionally seen as part of project management, e.g. development of communication strategies for the Project (under the MC) and coordination between project groups, partners and Steering Committees, and thus should not have been treated as an outcome (but included within project management). According to interviewees, the project design team elevated these activities to the outcome level in order to stress the regional approach promoted by the Project, raise the profile and importance of the coordination and communication activities within the MC among the three jurisdictions, and to encourage partners and stakeholders to work together and ensure all project participants could operate at the regional level, but were also included to give direct support to the operation of the MC infrastructure, which was short of resources (so the Project was essentially subsidizing the larger MC operations). In the TE's opinion, these are not robust reasons for treating project management functions as 'outcomes'.

#### *Project design process*

**259.** According to interviewees, there were limited opportunities for local stakeholders to participate in project design events, such as meetings or workshops, and local/national stakeholder input was essentially confined to the early project design (Project Identification Form, PIF) stage, with very little direct input during the later Project Preparation Grant (PPG) phase.

**260.** No application was made to GEF for usual funding for the PPG phase, which would have enabled the ProDoc to be properly prepared with sufficient stakeholder participation and input from an experienced external (independent) GEF design consultant<sup>81</sup>. According to interviewees, there had been an agreement between TNC, the GEF Secretariat (GEFSEC) and UNEP HQ in Nairobi, that TNC would cover the costs of a usual PPG phase. A view expressed to the TE by some interviewees was that UNEP seemed to have given responsibility for the Project to TNC, who led on its design, and that very little help was given to the governments to develop the proposal or facilitate their involvement. This 'lack of ownership' of the project (not the MC) has impacted delivery during the Project's implementation.

**261.** TNC produced a first draft ProDoc 'in-house' but this was not sufficiently developed. The situation was compounded because the first draft had to be rewritten in a hurry to meet a tight GEF submission

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<sup>80</sup> Again, not unusual for GEF projects in the evaluator's experience, for which four years is set by the GEF replenishment cycle rather than considerations of what would be needed to deliver the FSP.

<sup>81</sup> According to one reviewer this came about because TNC volunteered to write the ProDoc for free but only delivered a rough first draft. Other stakeholders were not keen to see funds not spent on the PPG process but preferred it to be channelled into the project itself. UNEP HQ did not oppose this arrangement because the drafting of the ProDoc was repeatedly delayed and in the end was rushed to avoid the project being cancelled. This also meant minimal consultation with stakeholders developing the ProDoc.

deadline. The rewrite was undertaken over one week by a small group comprising the UNEP TM, senior regional staff from CI and the Executive Director of the MCT, held at CI's office in Apia, Samoa with remote input from TNC via skype link. In the TE's opinion, the process was also handicapped by a (then) new UNEP TM who was relatively inexperienced in GEF project design (he had only recently taken up his post and his isolation in the Pacific meant that he had limited briefing and support from UNEP HQ in Nairobi)<sup>82</sup>. A further problem was that the UNEP-TM had no trust fund background, which would have been helpful for this project, and unfortunately, UNEP did not have any clear guidelines on standards and expectations for endowment fund projects. The absence of PPG financing meant that some parts of the project design and implementation arrangements were more preliminary than others, and many aspects of the Project had to be sorted out once the Project started, which caused delays (and contributed to the NCE request).

**Lesson 3.** All UNEP-GEF projects should have a proper Project Preparation Grant (PPG) phase with adequate funding for stakeholder participation, with a funding application made to GEF to cover PPG costs. This would better ensure that there are adequate funds for national and local stakeholders to participate in the critical project design phase (thus promote ownership), the opportunity to employ an independent project design consultant to advise less experienced project partners on key GEF requirements and procedures, and promote better quality and accountability of project design, including making sure that project budgets are comprehensive, e.g. with an adequate budget for countries to attend project steering committee meetings and sufficient funds for effective evaluations.

**262.** It is worth mentioning that although the development of the Project was recognized as 'imperfect', several interviewees claimed it was a useful learning experience and had helped them better design their GEF-5 projects. For instance, without the GEF-4 experience interviewees claimed that the GEF-5 Ridge to Reef project on Palau would have had a weaker design.

#### *Review of Project*

**263.** The ProDoc did undergo an internal review by UNEP - the draft ProDoc and CEO Endorsement Request were reviewed by UNEP's Project Review Committee (PRC) on 4 February 2010 - but this was relatively superficial, there were few substantial comments, and the final version is weak in some areas where UNEP would have been expected to have provided more guidance. For instance, the budgets for the MTR and TE were inadequate.

**Overall, the project preparation and readiness was Moderately Unsatisfactory (due to lack of proper PPG phase and rushed rewrite of ProDoc with no opportunity for national government input)**

### **2.14.2 Project implementation and management**

#### *Project management arrangements and execution*

**264.** The Project had a rather complicated management/implementation arrangement, integrated, with some modification, into the overall MC institutional structure<sup>83</sup> (see figure 3), rather than as a separate, independent project governance entity. This made sense in terms of efficiency (no new major institutional structures needed to be created) but the involvement of a large number of partners (government and non-government) across the three countries, with several international groups also playing a major role in the Project, created a complex project management challenge for partner coordination, communication and reporting (partly justifying the need for a specific Component 3 on this). On the other hand it probably also increased ownership and improved stakeholder engagement.

<sup>82</sup> There was also a period in the design period between the PIF and PPG phases when there was no UNEP TM in the region, which given the lack of a PPG consultant probably also impacted the quality of the project design.

<sup>83</sup> The project's governance model was detailed in Appendix 10 of the project document.

**265.** Execution was to be carried out largely by the MCT, whose execution responsibilities were set out in a Project Cooperation Agreement (PCA) between UNEP and the MCT. The MCT was selected to administer the MCEF by the Micronesia Challenge jurisdiction's Chief Executives in 2006 (a key advantage of using MCT as the GEF Project EA). However, the relationship of the MCT with other groups within the overall MC institutional structure was not very clear, nor was the division of roles and responsibilities for delivery of some project activities between government and non-governmental organizations. Although there was an inception meeting, interviewees claimed that roles and responsibilities at the beginning of project implementation, could have been made clearer, especially in relation to Component 1. For instance, it was not clear whether MCT's role included supporting the development of the PANs on the ground (which is the next stage of the project for the MC).

**266.** Another area that was unclear, raised by several interviewees, was the relationship between the MCT and the MCRCO and where the boundaries of their respective roles and responsibilities lie. There was a concern that a certain level of duplication of efforts is taking place, or at least coordination was not as efficient as it could be.

#### *Management by MCT*

**267.** Interviewees were generally very happy with the performance of the MCT, which has significantly built its capacity through the GEF Project (see paragraphs 117 and 123), and has the support of the three participating governments and various international and regional groups. It has a particularly strong relationship with TNC, which has been providing capacity support and development for some years to the Trust. Also, the Executive Director has a good record of successful engagement with political leaders and the Trust has built good relations with the other partners and stakeholders on the Project. The MCT PMU staff did a good job at managing the complex mix of project partners and the MCT PMU team has proved very competent and they deserve credit for their efforts and success.

#### *Risk identification and mitigation*

**268.** Risks were identified and mitigation measures suggested in the ProDoc, and adaptive management has clearly been applied by the MCT team.

**269.** No 'high level' risks were identified at the project design stage but one 'medium level' risk was presented in the ProDoc (*'After the project, the MCT may not continue to receive sufficient donor investment and does not have prospects for a growing, sufficient, and well-invested capital with which to service the PAN networks in perpetuity'*) has been reduced to some extent by the success of the Project. According to interviewees, the more successful the capitalization of the Fund has become, the greater the interest and buy-in from government and donors ("nothing breeds success, like success"), which is evidenced by the fact that the MCEF has continued to grow throughout the project period. A further 7 'low' level risks were identified. Mitigation measures were suggested in the project design documents but many are rather general and weak (unclear whether they would work).

**270.** The risk management (mitigation) strategy was appropriate, and was reviewed every year (through UNEP-GEF's project Implementation Review (PIR) processes), although the basis for some of the mitigation measures is not clear (to the consultant at least), e.g. why *'TNC (is) partnering with RARE to promote a series of Pride Campaigns to devolve MC messages to the general public and build support'* should be effective against the identified risk of *'The MC is not well coordinated and the momentum is lost so that opposition to the MC may develop in one or more jurisdictions'*.

**271.** Potential negative environmental, economic and social impacts of the Project are only briefly discussed in project design documents ('Environmental and Social Safeguards' section in the ProDoc) but recognise that the implementation of the MC commitments - to increase PA coverage and address effective management of natural resources - will necessarily require social and environmental safeguards. The

ProDoc gives outline measures/approaches for how these will be addressed but since the Project has not been actively engaged with PA activities at the site level (these were carried out by partners under parallel initiatives), the degree to which they have been met and addressed is not reported on in project documents.

**272.** It can be fairly argued that if the Project is successful it would strengthen PA networks in the region leading to reduced threats to biodiversity and ecosystem services and more sustainable development of natural resources in Micronesia which would particularly benefit those communities living around and depending on the PAs.

#### *Project management challenges – coordination and communication*

**273.** Coordination, along with communication (which is needed for effective coordination), was treated as a discrete component of the Project (Component 3). It is considered to have improved through the Project and especially after the appointment of the new Regional Coordinator. The increased capacity of the MCT, built through the GEF project funds, has also helped improve coordination between stakeholders, as there is now a full-time staff member at MCT able to focus on coordination.

**274.** Intra-project communications were a particular challenge for the Project, and some interviewees criticized the MCT for poor communication with stakeholders, e.g. poor updating on the status of the MCEF or explanation of why funds could not be accessed yet. There was a general feeling that the MCT tends to be opportunity driven, rather than aiming to meet the priority needs of the MC, and does not involve the MC Steering Committee enough in project selection, although, in the TE's opinion, this may be partly because these needs are not clear (hence the need for a review of the MC and a new vision and roadmap beyond 2020 – see Recommendation 5). On the other hand, the response to requests for feedback from the jurisdictions was frequently very slow (witnessed by the TE), so both sides may need to improve communication with each other. The Project had the least engagement with government officials from RMI, with whom replies on communications e.g. email, were often very slow. However, this may have more to do with lack of capacity and high work burdens among government staff, rather than a lack of interest in the MC and GEF Project per se.

**275.** Telecommunication is difficult in the Pacific especially when it involves significantly different time zones, such as between the UNEP PO in Samoa and UNEP HQ in Nairobi<sup>84</sup>. This made Skype-based meetings, including project management meetings and those proposed as a key communication approach for the Project Management Group (PMG), hard to arrange, especially as key project partner staff have particularly busy schedules in the Pacific (due to low capacity in government agencies), leading Skype conferences to being somewhat ineffectual.

**276.** It was strongly conveyed to the TE that by far the best means for communication in the region is through face-to-face meetings (what locals call 'face time'), which is highly valued and affects the quality of meetings and decisions that stem from them. This imperative extends to international consultants, too many of which never visit the region due to high costs and inadequate budgets.

**The project's performance in implementation and management is rated "Highly Satisfactory".**

### **2.14.3 Stakeholder participation, cooperation and partnerships**

#### *Partner/stakeholder selection and capacity*

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<sup>84</sup> One reviewer noted that Samoa was on the other side of the dateline for most of the project that meant Samoa and Nairobi only had three business days in five in common which added to this problem.



**277.** A partner and stakeholder analysis was undertaken during the PPG stage and a detailed Stakeholder Plan is presented in the ProDoc with information on each group that would be involved in the Project and their preliminary role. However, the list of stakeholders could perhaps have included better representation of women and disadvantaged groups. Also, the identification of private sector partners at national level was rather superficial and a weak area for the Project (which continued during project implementation).

**278.** The capacities of Project partners – the Governments of Palau, FSM and RMI, as well as TNC and CI – to determine whether they would be able to carry out Project activities were not assessed at the design stage. Rather it was assumed that their existing capacity would be sufficient to enable them to be fully engaged with, and participate in project activities. This was a reasonable assumption for the long-established bodies with experience of managing large donor-funded projects, but rather surprising for MCT given that MCT was an NGO with only a small number of staff at the time and unproven in delivering major donor projects. To a large extent, the project activities under Component 3, focused on coordination and communication, have helped to support elements of partner capacity, the partnership and networks.

**279.** However, criticism was expressed that the Project's heavy reliance on the Office of Environmental Response and Coordination (OERC) in Palau, was not ideal as it lacked capacity, and it was considered the wrong choice of agency by some interviewees.

#### *Project partnership relationships and issues*

**280.** The Project had a complex mix of partners – governments at national and state level, international NGOs, regional NGO and local groups, workings groups and other networks. Roles and responsibilities were set out in general terms in the ProDoc, and although there were tensions at times, e.g. over delays over contributions into the MCEF, overall, the partnership developed well over the life of the Project and was largely successfully managed by MCT (with support from TNC), who did well to keep everyone on board. The complex project management coordination challenge was perhaps underestimated at the project design stage.

**281.** The Project has enhanced certain partnerships, particularly between the countries, international NGOs and regional forums, e.g. with PIMPAC and MIC, although this wasn't identified as a specific deliverable/outcome in the project design. For example, the three target countries working together to a common agenda has allowed them to combine to essentially become a larger 'regional player', able to attract increased attention, resources and profile at senior decision-making levels, as well as establishing a potential avenue for future collaboration between the project partners. However, the project was considered less successful with partnerships with national NGOs and local CSO, although to be fair the focus of most of the GEF financing was on the creation of the regional MCEF.

**282.** Surprisingly, there was no project-specific partnership strategy<sup>85</sup>, which set out who would be involved (and why), how, when and with what resources (with a budget to facilitate involvement), was developed during implementation (now required by UNEP<sup>86</sup>), which is surprising given the number of partners, stakeholders and countries involved. This may have helped focus greater attention on partnership development and perhaps helped to bring the national and local stakeholders more into the project (and improved ownership).

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<sup>85</sup> A partnership strategy was developed for the MC in 2006, as a series of white papers. It was recognized that there was a limit to what was possible under the partnership because of agreements with NOAA and USFS, so instead a series of MoUs was developed, which form the structure for the MC.

<sup>86</sup> A specific partnership strategy, developed as part of the project document, has only been a requirement of UNEP-managed projects since November 2014.

**283.** The involvement of TNC as a partner was particularly important to the Project. It provided much needed technical capacity for Component 1 and support for the MCT and establishing the MCEF under Component 2, and also assisted with activities under Component 3, especially communications. TNC led on securing the agreement of governments for the Project, in part due to its long-established working relationships with senior government figures in Micronesia (the former TNC Micronesia director was held in particularly high respect in the region and had access at the most senior political levels). CI also played a critical partner role, providing the same level of co-financing (US\$ 3 million) as TNC, and acting as an advisor. For instance, CI has invested heavily in sustainable trust funds and has good experience of their operation with a specific senior member of staff acting as an expert advisor<sup>87</sup>. However, CI does not have a regional office in Micronesia so were not able to provide the same degree of physical, on-the-ground technical capacity and support as TNC.

**284.** While there was a good partnership between the MCT and TNC and CI, neither the Pacific Community (SPC)<sup>88</sup>, which is considered the principal scientific and technical organisation in the Pacific region, nor the Secretariat of the Pacific Regional Environment Programme (SPREP)<sup>89</sup> played any meaningful role in the Project. Although some discussions were held with SPREP on communications and outreach activities, SPREP was not included sufficiently from the PPG stage and did not play any role during implementation of the Project. This is surprising given SPREP's track record of delivering large donor-funded projects in the Pacific<sup>90</sup>, including GEF projects (unlike MCT), such as with the UNEP-GEF IAS and UNEP-GEF IIB projects, and its experience in biodiversity conservation in the Pacific. The absence of SPREP from the project partnership can perhaps be accounted for by the distance from their base in Apia. Nevertheless, it is surprising they were not more involved given UNEP PO and SPREP share offices in Apia. Perhaps another reason SPREP was not involved is reflected in a comment from one interviewee who stated that "SPREP's area of operations should be the South Pacific rather than Micronesia".

**285.** Local Civil Society Organisations (CSOs) and national NGOs, such as the Palau Conservation Society and the Palau International Coral Reef Association, which undertakes biodiversity monitoring at MPAs, were involved in Component 1 activities, but did not receive substantial financial support from the Project (rather their contributions were counted as additional co-financing).

#### *Private sector*

**286.** The private sector was not involved in the Project in any meaningful way, and made no financial contribution to the MCEF (indeed there has been very little corporate sponsorship of the MC in recent years). This was particularly surprising on Palau given that the country is very heavily reliant on nature-based tourism, and so effective management of its PA, which are the focus for many of the international visitors, e.g. the Rock Islands, should be a priority for the private sector.

**287.** One of the reasons given why the Project (and MC generally) struggled to engage with the business community is that there are few government incentives to encourage the private sector to become involved with the PANs (this is something which could perhaps be addressed in the post 2020 MC roadmap – see Recommendation 5). Most of corporate social responsibility (CSR) policies and sponsorship of companies operating in the region (where they have them) tend to be directed towards health, education and sport initiatives rather than the environment.

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<sup>87</sup> CI has a Global Conservation Fund initiative focused on protected areas. See <http://www.conservation.org/projects/Pages/global-conservation-fund.aspx>

<sup>88</sup> <http://www.spc.int/>

<sup>89</sup> <http://www.sprep.org/>

<sup>90</sup> One reviewer commented that SPREP 'was invited and senior management was keen for involvement to happen but they did not follow through facilitating their staff involvement. The main activity(ies) perceived that would be useful to have SPREP's involvement was communications but this was well covered by TNC.'

**288.** It may be worthwhile identifying key private sector/business group ‘champions’ and inviting them to be part of any follow-up project, sitting on the project steering committee, for instance, as this might offer new opportunities for collaboration and alternative sources of financing for natural resource management and PAs. Also, the proposed economic analyses of the PANs described in Recommendation 2 should provide useful data that could persuade the private sector to invest directly in individual sites or communities. In addition, it may be worth exploring engagement of the financial sector, particularly banks and insurance industry which are increasingly looking at environmental risk on their investments<sup>91</sup> and it would have been interesting to check if any relevant private sector institutions in the region are members of UNEP Finance Initiative, which could have perhaps advised/played a role if not even investing).

#### *Linkage and partnership with other initiatives*

**289.** The ProDoc lists a large number of GEF and non-GEF projects across the world that were considered relevant to the Project and the intention was to explore opportunities for cost-sharing on common activities, events, lesson learning, and other linkages and synergies where appropriate. However, other than invitations to attend Project workshops, no mechanism was developed to link and work with them, and few direct collaborations with these projects have taken place. In the evaluator’s experience, this is common among GEF projects – much is made of the potential linkages to other relevant initiatives in GEF project documents but when it comes to implementation there is little, if any, interaction (and usually no specific budget for this). For instance, there was little substantive contact, collaboration or sharing of results and lessons learned with other GEF projects within UNEP’s portfolio, even other UNEP-GEF biodiversity, international waters, or climate change projects in the Pacific, such as the UNEP-GEF ‘*Implementing the Island Biodiversity Programme of Work by integrating the conservation management of island biodiversity*’ project, the UNEP-GEF ‘*Prevention, control and management of invasive alien species in the Pacific Islands*’ project, or (surprisingly) the UNEP-GEF ‘*Phoenix Islands Protected Area (PIPA)*’ project which also sought to establish an endowment fund (with CI being the major international NGO partner rather than TNC).

**290.** In addition, UNEP as an organisation has a number of relevant initiatives that could have provided useful institutional support from its global and regional programmes and could have added value to the Project. For example, there is a wealth of experience within the UNEP network on PA management, including assessing management effectiveness, which could possibly have made a contribution to Component 1; UNEP has a number of examples of endowment/trust funds projects, such as in the Bahamas Protected Area Fund, which could possibly have contributed advice on the establishment and operation of the MCEF under Component 2; and UNEP HQ has an entire Division that addresses communication (Division of Communications and Public Information) which could perhaps have provided support to In terms of Component 3 activities. In addition, UNEP’s Ecosystem Services and Economics Unit<sup>92</sup> may have been able to provide information (or linked with others who could have provided it) on the economic (and social) cost-benefit analysis of PAs and their management that could have been used in the first year of the Project as part of background material in fund raising efforts for the MCEF and also to government staff at both national and state levels on the values for PANs. Other UNEP programmes, such as the Coral Reef Health programme may also have proved beneficial to link to. Unfortunately, there was little or no linkage with any of these<sup>93</sup>.

**291.** Also, UNEP itself was to disseminate the results of the Project widely within the organization, and particularly within its portfolio of PA projects and the EMSP. However, the TE found little awareness of the Project during interviews with staff at UNEP’s headquarters in Nairobi and there has been little (if any)

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<sup>91</sup> For instance, see South Africa chapter in <http://reliefweb.int/sites/reliefweb.int/files/resources/Global%20synthesis%20report.pdf> and [http://biodiversityadvisor.sanbi.org/wp-content/uploads/2014/11/201411\\_Insurance-Sector-Collaboration-Case-Study.pdf](http://biodiversityadvisor.sanbi.org/wp-content/uploads/2014/11/201411_Insurance-Sector-Collaboration-Case-Study.pdf)

<sup>92</sup> <http://www.es-evaluation.org/index.php/es-e-unit>

<sup>93</sup> One reviewer commented that ‘Partly the isolation issue with the Samoa office so remote and not in regular touch with colleagues – so awareness of what was going on elsewhere in UNEP was a big issue.’

direct contact with other UNEP projects that would have benefited from sharing of results and lessons learned. Linkage between projects and the additional value this could bring is an area that UNEP should pay greater attention to in future. UNEP needs to make sure that one of the specific tasks of UNEP TMs for GEF projects is to identify, establish and support linkages to other UNEP and GEF projects and this should be included in the TM's work plans and reported on in PIR and annual TM reports.

### *Pacific Alliance for Sustainability*

**292.** One particularly notable 'partnership' that was promoted during the design period of the Project was the GEF-inspired 'Pacific Alliance for Sustainability' (PAS)<sup>94</sup>, of which the Project was one of 4 biodiversity and some 3 non-biodiversity GEF projects (one POPs, one hazardous substances etc, one renewable energy technology) in the UNEP portfolio. Indeed, in many UNEP reports the Project is referred to as the Micronesia Challenge UNEP-GEF PAS Project (or some variant with the PAS acronym). The PAS was intended to be a forerunner for how UN agencies should work together in the region. It was felt that a joint inter-agency initiative linking projects would be more cost-effective, and provide the opportunity for a more coherent 'programmatic' approach to the GEF portfolio in the Pacific. The "GEF PAS" projects were supposed to populate the "PAS" programme. However, while there is a programme framework document for the PAS, there does not appear to have been any joint projects or agreed activities mapped out, there does not appear to have been any specific GEF funds or dedicated budget for regional level activities and no overarching mechanism for coordination and implementation (with no GEF coordinating unit).

**293.** According to interviews, the PAS had been promoted at the highest level of GEF and was intended to support the SIDS, especially in relation to enabling activities (so created for worthwhile reasons), but the initiative was put together in a hurry in order to be included under GEF-4, and there was little, if any, operational development. Responsibility for the PAS also passed between several staff within GEFSEC, which did not help planning or delivery. There was some debate amongst countries at the GEF Extended Constituency Meetings held in the region about whether regional projects should be priorities but essentially the PAS was seen as 'an artificial construct' being imposed and promoted by the GEF Secretariat; there was no real ownership and low interest by the Pacific nations (as one Government interviewee put it "forced on the region by GEF and the implementing agencies (UNEP, UNDP, and FAO)"). As a result, the PAS did not function as intended and interviewees did not see any added value of a programme level. The 'construct' was criticised because it used up time and energy, particularly of stakeholder governments, but failed to deliver anything substantial or useful. Essentially, the PAS was little more than an umbrella for a suite of poorly connected or unconnected biodiversity (and some other GEF Focal Area) projects operating in the Pacific, and the Micronesia Challenge GEF Project did not integrate with the other biodiversity 'GEF PAS projects'.

**294.** The PAS was, according to government interviewees, always likely to be a significant challenge, as it would have had to overcome geopolitics as well as logistics, poor local ownership, and have required significant resources, and many of the key players have already very high work loads so little inclined to engage with yet another initiative, especially when they saw little value, no direct ownership, and being imposed on them from outside the region. A similar initiative – the Pacific Oceanscape - has suffered from similar weaknesses.

**295.** In future, the GEF needs to build a programmatic approach (in the Pacific, or elsewhere) from the 'bottom up' – from the country (national or state) level, based on a clearly expressed wish for a regional programmatic level coming from the countries (and clear added value) so that ownership rests completely with the region's governments, and not follow a 'top down' approach.

**Stakeholder participation, cooperation and partnerships is rated 'Satisfactory'.**

<sup>94</sup> <https://www.thegef.org/project/pas-gef-pacific-alliance-sustainability>

#### 2.14.4 Communication and public awareness

**296.** Project 'Communication' activities were to be addressed through a specific outcome by the Project - Outcome 3. There were two main dimensions to the Project's communications work: (i) internal project communication to support delivery of project activities, and support to communications between the various elements of the MC structure to facilitate coordination, such as communication between MCT and the Regional Coordination Office (these are project management activities are dealt with under section 2.14.2); and (ii) awareness raising, outreach, information dissemination and knowledge management dealing with the project's content, with communication of key messages on the MC, MCEF and development of the PANs as well as other Project results, transmitted through appropriate media (which are dealt with in this section).

**297.** However, awareness raising and outreach activities under Component 3 were not well developed at the design stage and there was little specific identification of the approaches, means, targets, opportunities and resources needed for effective delivery and uptake/mainstreaming of key messages and products. This was left to a 'communication strategy' to be developed during implementation, which was a weakness in project design and should have been given more attention at that point as regional communication was already a known weakness within the MC.

##### *Communication strategies*

**298.** A MC regional awareness-raising, outreach and information dissemination strategy (termed a communication strategy) was produced in the first year of implementation. However, its delivery has been partial and slow in part due to unclear responsibilities over implementation and the lack of a defined budget (it is not possible to calculate the exact amount from the project budget in the ProDoc for communications activities, but almost all communication costs were met from co-financing). MC communications strategies/plans were also developed for every jurisdiction during project implementation, including one for each of the four FSM states. Each was expected to detail appropriate methods and tools, identify key messages and target audiences, resources needed, timetable, etc, but again implementation and effectiveness was mixed. In FSM, for instance, there was little monitoring of communication activities and impact. A full time communications specialist was not hired under the GEF project as originally envisioned. Instead, a contractor was recruited to facilitate the jurisdiction communications planning and to improve awareness-raising information, but with mixed success, and this was not covered through the GEF funding.

##### *Awareness raising and outreach – means and activities*

**299.** In 2012, the MC launched its 'One Micronesia' campaign, to share stories of positive achievements of the MC and PAN activities, which have been available on [www.micronesiachallenge.org](http://www.micronesiachallenge.org) and Facebook. The Project did not have its own independent internet portal. Project outreach and information sharing efforts included the development and dissemination of MC awareness materials, community level workshops, events and presentations, newsletters, web blogs, and Facebook posts. GEF project funded activities are not differentiated from wider MC activities but most of these are reportedly the results of project partner work (so covered under co-financing, or parallel financing). The MC website and the newsletter were considered rather old-fashioned, and described as 'tired' and in need of updating with a fresher looking layout.

##### *Awareness raising and outreach – results*

**300.** Public awareness of the MC in the region has apparently dropped off in recent years, and many people at the community level know little about the MC. It was hoped that the GEF project would help address this, through implementation of the communication strategies, but there is no good direct evidence that the Project has impacted such awareness. Indeed, according to interviewees, local communities are still largely unaware of the linkage between the PANs and the MC. Having said that, there have been awareness activities at the community level, involving the traditional leaders in Palau and FSM.

The MC Regional Coordinator, for instance, has given presentations on the MC in Yap, FSM, to a variety of audiences, including at village level planning meetings and to divers at hotels. However, there do not seem to have been any major events such as gala fundraising events associated with awareness-raising activities on the Project. If there had been the opportunity for some drawdown from the MCEF during project implementation, then it is likely that local awareness and support would have been much greater (and it would have raised the profile of the MC itself).

**301.** Interviewees reported that awareness of the MC and MCEF within governments was higher at the upper levels, but much less clear at other levels (although this could be more of a reflection of interest and workloads). Indeed, it was claimed that the governors of each state on Palau are very aware of the MCEF and will use it to gain political advantage.

**302.** However, it should be noted that the Project did not measure baseline awareness at the start of the Project nor did it collect such information during implementation, e.g. through surveys or focal groups, and the 'raised awareness' reported in Project documents is based only on subjective assessments by project staff and stakeholders not any rigorous objective assessment of the uptake of information. Consequently, the effectiveness of the Project's communications efforts cannot be directly assessed.

**303.** Activities targeted at awareness raising and information dissemination on the Project, and MC generally, were widely regarded as weak and ineffective, there has been a general lack of clarity on what key messages are in relation to the MC and the Project. It was also unclear how the different approaches to building awareness and disseminating information would integrate between the different levels (site, state, national, regional and international levels). There remains a need to explain the value, benefits (and costs) of the MC, MCEF and PANs - both environmental and socio-economic - are to individual jurisdictions, states and PA sites and their surrounding communities, and especially to the region's decision-makers. In particular it was clear from interviews that the way the MCEF generates funds, how it will be operated, the criteria for use of its funds, and its relationship to the PANs need to be better explained as understanding of these was still poor among some interviewees (government and non-government).

**304.** Related to the above, the Project has had a rather confused identity that has been reflected in communication activities. Some interviewees saw it as essentially the same as the wider MC initiative and interchangeable, and many believed the main focus needed to be on the establishment of the PANs, and that it was not important to differentiate between the GEF Project and overall MC initiative. Indeed, the Project is a 'means to an end' – a route to achieve some of the goals of the MC (which itself is also just a framework mechanism), rather than an end in itself.

**305.** Partly as a result of the poor communication efforts, expectations among stakeholders in the region often did not align with what the Project could actually achieve, especially in terms of the timing of revenue generation from the MCEF (no disbursement took place during the Project's implementation) and funding of on-the-ground activities.

**306.** Awareness-raising and information dissemination efforts with external bodies and audiences were said to have been more successful. At the global level, GLISPA shared progress on the MC during high-level events and throughout its network to build connections with new potential donors and partnerships. For example, GLISPA profiled the MC during the Third International Conference on SIDS in September 2014, at the UN CBD CoP 12 in October 2014, and at the UN Framework Convention on Climate Change Conference of the Parties 21 in November 2015. However, whether there was any specific follow-up funding or

support delivered as a direct result of these meetings is unclear<sup>95</sup>. The involvement of TNC was also important to keep awareness of the MC at the regional and international level high.

#### *Coordination of communication activities*

**307.** Coordination of communication activities was judged to have been poor and not coherent (one interviewee described regional communication as ‘very fractured’), and was the least successful part of the GEF project. Unfortunately, it was not clear who had responsibility for communications in each jurisdiction/state and there was little project funding for implementing awareness raising activities (again it was largely expected to come from co-financing). There were relatively few trained, experienced government staff to lead on these activities, and a lack of skills in marketing to be able to promote key messages effectively.

**308.** Because of capacity constraints and a largely moribund MC Communications Working Group, the Project partnered with other groups to deliver much of its awareness and outreach work, relying particularly on TNC and Rare Inc., (whose inputs have been reported on as parallel financing<sup>96</sup>), rather than the governments to undertake national communication activities. However, communications efforts by the Project were said to have improved following the arrival of the new Regional Coordinator (appointed 2015, now based on Yap), who has been very proactive and helpful according to interviewees. Also, the Regional Coordinator has been gradually reactivating the MC Communications Working Group (e.g. now has monthly calls with members) and there are plans for a dedicated ‘champion’ for communications, as now exists for the Terrestrial and Marine sub-groups.

**309.** One of the reasons given for the poor impact of the Project’s communication activities is that they did not fully consider that each jurisdiction has its own social mix, system of government, political reality and dynamics and requires a different set of messages and approaches. Consequently, the communication products developed at the time needed more tailoring and fine-tuning, and the demands and requirements for the communications outputs were underestimated (not uncommon on GEF projects). On RMI, for instance, CB radio is used to communicate with the Outer islands, which means that any awareness raising activities have to be designed in a special way, and all key messages, etc, need to be set within the context of the Reimaanlok. In other words, the Project’s aims, messages, and results needed to be better ‘translated’ locally in order to make them more interpretable to, and have more impact on, the local population and communities.

**310.** There is still a lack of strategic direction for the MC awareness-raising and information dissemination work, and it is clear that a new communication strategy will be needed for whatever follow-up there is to the Project (see Recommendation 5), and the PANs for each of the jurisdictions will also need a specific communication strategy. In terms of other specific products, it would be useful if the MC Communications Working Group could produce a short paper on how results of the MC and the MCEF are relevant to, and feed into, the SDGs, GEF-7 and other national, regional and international priorities, as this would help promote the value of the MC and MCEF and also be useful in raising the additional funds needed to reach the next target of the MCEF. As mentioned, low technical capacity is an issue for communications work in Micronesia. Consequently, it is also suggested that to combat turnover and build a stronger knowledge management system for the region, the Communications Working Group create a centralized repository for the cumulative history of the Micronesia Challenge, such as reports and timelines. Given the importance of effective communications work for the future operation and success of

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<sup>95</sup> One reviewer noted that ‘I am not sure we can actually attribute any securing of financial or technical resources to the MC from GLISPA organized events – there were a few opportunities that we missed out on (Italian Government Fund) because the invitation was given and we did not move fast enough on it. There has also been no interest from the MC governments to go into joint proposals since GEF4.’

<sup>96</sup> For instance, these include 11 Rare Inc. Pride Campaigns within communities adjacent to PAs under the Micronesia Program for Island Resilience between 2012 -2014, and the Micronesia Challenge Young Interns programme which implements awareness-raising activities on the MC conservation goals, as well as sharing information about other relevant conservation issues and on-going activities throughout the region and internationally.

the MC and the jurisdictions' PANs, it is also suggested that the funds to deliver the communication strategies should be taken from the income from the MCEF.

**The project's performance in ensuring communication and public awareness is rated "Moderately Satisfactory".**

#### 2.14.5 Country ownership and driven-ness

**311.** Country ownership of the Project has been mixed. There was very little consultation and poor ownership at the national and particularly sub-national and local levels during the main design stage of the Project (see section 2.14.1). Some interviewees felt this continued through implementation, that the Project was being driven by 'outsiders' and by the agendas of international and regional NGOs (particularly by TNC who had a regional office and were contributing US\$ 3 million, and the MCT who stood to gain as the Executing Agency for the GEF project) rather than the jurisdictions themselves. There was a widespread feeling that the Project was designed from the top-down, and particularly in FSM that the individual states were 'pulled into the Project'. Comments received by the TE included: "The donors are really driving the process", and "Who's agenda was it?"

**312.** However, opinions varied depending on the type and level of engagement. There has been high-level engagement by heads of governments to the MC, and indeed the President of Palau has been one of the main drivers behind establishing the MC and its continued existence. At lower levels though, e.g. among senior civil servants, there appears to be less enthusiasm and sense of ownership of the Project<sup>97</sup> (reflected in the difficulty in getting interviews with senior government staff in FSM and RMI during the TE).

**313.** One government interviewee commented that "when the GEF Project finished there was no sense of ownership at the handover". This is partly a reflection of low Government capacity, as is common on SIDS, where Government staff tend to have very high workloads. High turnover of staff, political rather than technical appointments (which limit the ability to input), and a lack of appreciation of the need to invest time for local consultations, also contributed to poor Government level engagement. As a result, initiatives are frequently 'outsourced' in the region, and there was a view among some of the international interviewees that it has been a challenge to get the countries to take ownership, particularly in FSM and RMI. The situation was considered better on Palau, where the Government feels it has control of how the funds can be used from the MCEF, and there is considerable interest by many of the 16 states to access the money. On FSM the four State governments should have been involved in the design of the Project from the outset, but this was not done, and consequently there has been the need to build ownership of the MCEF, MC and PAN, which has taken time and not been straightforward.

**314.** At the site level, communities were apparently much more suspicious of the claimed benefits and value of the MC (and by extension the PAN). Information from MCT tended to be routed through the Government partners who were criticised for not adequately informing the local stakeholder groups, even though some local groups stated that they provided considerable in-kind co-financing (indirect and not fully captured in reports, but nevertheless important). Indeed, it was reported to the TE that there had been "significant resentment on the ground as there had been news releases about the co-financing, such as the US\$6 million coming from TNC' and people hadn't seen anything concrete on the ground in their area"<sup>98</sup>.

**315.** However, it should be pointed out that the Project sought to deliver on the aims and targets of the MC, which all the countries had signed up to, and actively support the establishment and/or strengthening

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<sup>97</sup> For FSM, for instance, the Department of Natural Resources and Environment had little input, even though the GEF focal point was within the Ministry. Whilst the Operational Focal point agreed to the PIF, they had little or no involvement in the PPG. Consequently, the level of ownership of the project was not felt to be high by the participating governments.

<sup>98</sup> However, as one reviewer pointed out this indicates poor awareness of the intended results of the project.



of PANs in each of the three countries, which are seen as national priorities. All three countries also chose to allocate their System for Transparent Allocation of Resources (STAR) biodiversity allocation under GEF-4 to the MCEF, agreed to additional co-financing, and have reinvested the income from the MCEF and, in the case of Palau, have made additional direct contributions to the MCEF above what was originally agreed. This suggests a continued (high-level) commitment to, and ownership of, the MCEF. In addition, the MC remains a standing agenda item at Micronesia Chief Executives' Annual Summits. The other two major donors (TNC and CI) also had significant buy-in to the Project as they were long-term partners in the wider MC initiative, which was also helping to meet their own regional priorities.

**316.** However, there was, apparently, some confusion/misunderstanding over whether the GEF funds for the UNEP-GEF project were included within each countries' STAR allocation or were in addition to it (there had been a press statement released by GEFSEC which suggested these were additional funds), and similarly whether the three jurisdictions needed to commit additional matching funds given they were making their GEF STAR allocation for biodiversity available to the MCEF. This, according to some interviewees, caused initial friction between governments and the Project and UNEP/GEF, and suggests poor communication over the GEF requirements during the early design period (probably a reflection of the lack of a proper PPG period. A further complication has been that because the focal point for the MC has usually been different from the GEF Operational Focal Point (OFP), the GEF OFPs have ignored the Project. There was also, reportedly, some tension over the distribution of benefits with claims that Palau had benefited the most, and the MCT probably needs to focus more on FSM and RMI in the future, especially RMI, to address these equity concerns.

**317.** The sense of ownership and commitment might have been stronger if drawdown from the MCEF and delivery of local level activities, even piloting, had taken place during the Project, as locals and nationals could have seen the direct benefits. Ownership may also have been greater if there had been more direct involvement of civil society in the Project (best opportunities through Components 1 and 3). On Palau, for instance, the Project partner was the Government and there was no widespread involvement of NGOs and CSOs and indeed little information about the Project and one interviewee complained that they would only hear about it when TNC requested information for a report and had only been sent the ProDoc at the end of 2015 when the issue of the TE came up, and commented that "whoever signed off on the project for Palau did not consider or consult the CSO sector, even though a lot of co-financing (not fully captured) came from the CSO sector".

**Country ownership and driven-ness is rated "Moderately Satisfactory"**

#### **2.14.6 Financial planning and management**

**318.** A project budget is presented in Appendix 1 of the ProDoc. There is a large difference in the funding identified for the different project components (see Table 5 below). The budget for Component 1 was very low given the ambition of this element ('Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge'). This was because other funding sources (largely Government) were to cover aspects of the work separate from the Project (so not treated as co-financing) and because the Project was seen as the first stage of a longer-term process where full implementation of the PANs would require several years, although this was not clearly spelled out in the ProDoc. Most of the GEF budget (US\$ 5,180,545) was spent on Component 2, which accounts for 95% of the GEF funds, and also most of the co-financing contribution (see below). Almost all of this formed the contribution to the MCEF (US\$ 5,054,545), with most of the remaining US\$ 126,000 going towards capacity building to enable the MCT to administer the MCEF. The budget for Component 3 activities – mostly for support for coordination and communication was also very low, and was essentially used to facilitate the operations of the MC and communication products to promote both the MC, and the PAN.

**319.** The estimated and actual costs as well as the expenditure ratio (actual/planned) of the Project are summarized in Table 5 below. As can be seen from the figures in the table, the actual project costs up to May 2017 amounted to 99.4% of the original budget, which reflects the largely on-target delivery and spending of the Project, notably the establishment and capitalization of the MCEF. Delays in the early part of the Project caused spill over between years and resulted in small under- and over-expenditures.

**Table 5: Estimated project costs at design stage and actual spend**

Component/ Outcome	Estimated GEF cost at design (US\$)	Actual spend of GEF funds (US\$)	Expenditure ratio (actual/planned)
Component 1	197,000	197,000	100.00%
Component 2	5,180,545	5,147,545	99.36%
Component 3	77,000	77,000	100.00%
<b>Total</b>	<b>5,454,545</b>	<b>5,421,545</b>	<b>99.39%</b>

**320.** According to records provide to the TE in May 2017, disbursement of GEF funds as of May 2017 was US\$ 5,454,545, and actual expenditures reported at the same date was US\$ 5,421,545.

*Project co-financing*

**321.** In terms of project co-financing, the total of US\$ 13,921,456 was confirmed as being available when the ProDoc was signed. This was considered a very good level of co-financing (71.85% of the total project budget) given that this was a GEF project whose principal aim was to establish an endowment fund that required contributions from many other donors and had the (initial) ambitious target of US\$18 million to be reached within the first two years. Final reported co-financing is given in Tables 6 and 7.

**Table 6. Project's budget by co-financing according to Component**

Component (Outcome)	GEF funding (US\$)	Co-financing (US\$)	Total (US\$)	% of total
1. Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge	197,000	598,000	795,000	75.22%
2. Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies	5,180,545	6,945,455	12,126,000	57.28%
3.Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented	77,000	71,000	148,000	47.97%
	<b>5,454,545</b>	<b>7,614,455</b>	<b>13,069,000</b>	<b>58.26%</b>

**322.** Initial payments of US\$ 1,000,000 from TNC and US\$ 500,000 from Palau were paid into the MCEF on 22 Sept 2008, i.e. a couple of years before the GEF project began, so strictly speaking these funds should have been treated as baseline funding and not as co-financing for the GEF project, unlike other co-financing from TNC and CI which were deposited during the project implementation. Interest of approximately US\$

300,000 (not included in above figures) was earned up to the submission of the ProDoc and CEO Endorsement Request to GEF on 29 March 2010, so there was already a baseline funding of approximately US\$ 1.8 million in the MCEF when the GEF project started. Unusually for a GEF project document, the ProDoc presents an appendix (Appendix 15) with a table to track MC co-financing.

**Table 7: Summary of project financing according to contribution source**

Co financing (Type/Source)	UNEP own Financing (US\$1,000)		Government (US\$1,000)		Other* (US\$1,000)		Total (US\$1,000)		Total Disbursed (US\$1,000)
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
– Grants	5,454,545	5,421,545	7,614,455	7,676,033			13,069,000	13,097,578	5,454,545
– Loans							0	0	
– Credits							0	0	
– Equity investments							0	0	
– In-kind support							0	0	
– Other (*)							0	0	
Totals	5,454,545	5,421,545	7,614,455	7,676,033	0	0	13,069,000	13,097,578	5,454,545

\* This refers to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

**323.** Key partners in the project pledged substantial co-financing for the project, notably for the capitalization of the MCEF, with TNC and CI each providing US\$ 3 million. It was agreed that TNC would give US\$ 2 million to the Palau endowment and US\$ 1 million to FSM's, and CI would put US\$2 million into RMI's fund and US\$ 1 million into FSM's component of the Fund, so that each of the jurisdictions would end up with US\$ 2 million, and, overall, the MCEF would be capitalized with a combined US\$ 6 million from TNC and CI. However, the financial support from TNC and CI was contingent upon a variety of criteria being met according to an agreed timetable (set out in Annex 12 of the ProDoc), including the need for progress milestones being reached by each country in implementing their PANs, raising funding both internally and externally for their PAs, and securing a 2:1 matching requirement for each dollar provided by TNC and CI, (agreed in 2006), from other domestic or international sources. This funding commitment was set to expire, subject to revision, at the end of June 2010, if the required matching funds were not raised or any other condition of funding had not been satisfied by that time.

**324.** Unfortunately, the contribution schedule agreed at the start of the Project was not adhered to by the countries except for Palau which necessitated a renegotiation of a revised schedule of payments (for the same amounts, but under a new timetable). Palau and RMI met their final obligations before the end of the Project but FSM failed in this respect (although its other project obligations in terms of activities and outputs were largely met). Nonetheless, CI decided to take the significant risk of paying its contribution into the MCEF without payments from FSM and RMI and made its contributions to the MCEF, for which it deserves special credit, on the understanding that FSM would make good on its outstanding US\$600,000 before the end of the operational phase of the GEF project. That date (31 December 2014) passed and CI was compromised on assurances to its own donors on the MCEF, which put them in a very difficult situation (and FSM had still not met its commitment by end August 2016). This renegotiation of the CI contribution also incurred a huge cost in terms of time and effort and incurred a massive opportunity cost which affected UNEP TM's work on his entire portfolio. For a time caused a large amount of uncertainty (at least for UNEP) about whether the partnership to capitalize the MCEF would succeed. It should be noted that the GEF contribution itself was also predicated on the co-financing from the three jurisdictions, so UNEP and GEF also took a risk on approval of early transfer of funds into the MCEF.

**325.** There was also considerable debate over how to phase the GEF contribution into the MCEF – whether it should be paid in a series of payments, as a lump-sum or some variation of these based on delivery according to agreed targets. After considerable discussion and negotiation between the main partners, UNEP agreed to a single payment early on in implementation, which made a significant difference in keeping TNC and CI committed to delivering their contributions, despite delays on contributions by the Governments of FSM and RMI (see above). The UNEP TM also deserves special credit for this decision. The up-front GEF contribution to the MCEF was based on trust with partners and placed the onus on others to make good on promised complementary contributions.

**326.** In the end, the target for the capitalization of the MCEF - US\$18 million - was met in 2015, before the formal end of the project, although the shortfall from FSM was effectively made up by additional payments from Palau. However, it should be noted that FSM has been able to commit US\$ 50,000 per annum to the MCEF and continues to actively pursue various options to increase this rate of contribution.

#### *Additional leveraged contributions*

**327.** The funds offered by GEF, TNC, CI and the three jurisdictions helped leveraged significant in-kind activities and outputs at country level well beyond those described in the ProDoc and reported on through the UNEP reporting mechanisms (e.g. PIR). From this perspective, the Project can be considered to be high value-for-money. For example, almost all of the results reported under Component 1, particularly in terms of activities associated with the development of the PANs, as well as much under Component 3, were delivered through partner and stakeholder activities and funded through co-financing.

**328.** Both CI and TNC, but particularly the latter, have contributed much more time and resources than were identified at the project design stage. This has been very significantly underestimated and not adequately documented and reported on. For instance, the contributions of TNC was certainly larger than the US\$ 257,000 listed as in-kind co-financing at the project design stage, and does not take into account the massive amount of work they have been doing to improve PA management, especially on Palau, and support to and backstopping of MCT in recent years. Similarly, CI staff had to invest significantly more time in facilitating the Project, especially in relation to Component 2, than envisaged (indeed no ‘in-kind’ co-financing was expected from them at the design stage). Officially, CI did not provide any co-financing except for their endowment donation, although in terms of its time and contribution to meetings etc, its staff have probably contributed at least US\$500,000-US\$600,000, mostly for Component 1 but also to review the investments in the MCEF, support to MCT, and staff time during the PPG stage when it hosted the ProDoc writing workshop on Apia.

**329.** In addition, although the MCT has been a direct beneficiary of the GEF Project, it has also clearly committed far more staff time and resources than originally envisioned to the Project. Also, the time contribution from individual UNEP personnel, who provided oversight of the various Project activities, attended meetings, workshops and reviewed documents, and carried out financial management, is likely to have been much more than originally expected especially as the Project was awarded a NCE up to the end of December 2015. Similarly, it was clear from interviews that the contribution from civil society to (involvement in) the Project, such as by the Palau Conservation Society<sup>99</sup>, has not been properly captured and adequately acknowledged. Calculations of this additional co-financing from partners and stakeholders have not been made and only approximations can be given, but it is very likely that this amounted to many tens of millions of US Dollars. Again, TNC, CI and MTC deserve praise for their additional effort and contributions, without which the Project is very unlikely to have been as successful, and may not have been delivered at all.

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<sup>99</sup> The Palau Conservation Society, for instance, provided co-financing through development and piloting of a template management plan for PAs and supported capacity building for PA management, but received no direct funding from GEF-4.

## *Financial management and reporting*

**330.** The financial and administrative arrangements, including the flows of funds, are not clearly described in project design documents, although the ProDoc does present a budget in line with UNEP budget norms. According to interviewees, the usual UN procurement processes were applied by the MCT through a standard competitive bid process.

**331.** There were no problems with the Project in terms of quality of financial reports and they were largely submitted on time. Communications between the MCT team and UNEP Financial Management Officer (FMO) were considered good. However there were long delays on the audit reports, and one early audit initially encountered a discrepancy of US\$ 11,000, which was bigger than reported by MCT. It took time and additional resources to identify the problem but the fault lay with the audit company (not MCT) which was not used again.

**332.** Cash advances were delayed and interviewees universally complained that the UNEP Cash Advance System was slow, cumbersome and caused delays in implementation. This is a common complaint of UNEP-GEF projects in the evaluator's experience, which has become more problematic and lengthy since the introduction of the new IT Resource system – Umoja – adopted by UNEP HQ in June 2015. As one UNEP staff member commented “the system has been broken since Umoja was introduced” and while it previously took on average about two weeks to make a payment after the introduction of Umoja it has been taking several months. Unfortunately, UNEP staff have no power to speed up the Umoja system.

**333.** The FMO based in Moscow was isolated (a long way from Nairobi), had very little support from UNEP HQ in Nairobi, and often had to deal with slow replies from HQ, which introduced delays over financial management, not helped by the isolation of the UNEP Pacific Office in Samoa (time differences were a significant problem)<sup>100</sup>. The project FMO had also had relatively little training on how to develop projects and how to communicate with partners, which could perhaps have been provided by UNEP as part of its professional development process and/or induction for new financial management staff. The vast majority of communications from the finance side to the EA was via the TM.

### **Overall project financial planning and management was “Moderately Satisfactory”**

#### **2.14.7 Supervision, guidance and technical backstopping**

**334.** UNEP supervision was largely provided through a Task Manager (TM) based in Apia, Samoa, who ensured that the workplan and reporting were carried out as close to time as possible. There were two TMs during the Project's lifetime, the first one covering a short period in 2008-2009 at the beginning of the PIF stage; the second took over in 2009 (at end of the PIF stage, so the Project's design was already partly approved). Thus the second TM was responsible for the majority of the project period, from the PPG stage up until the final stages of implementation in December 2015, and afterwards as various elements of the project needed to be completed (including supporting the TE).

**335.** The UNEP TM was not well-versed in GEF processes, requirements and rules when he took up the position<sup>101</sup> and should have been better briefed, which was partly a reflection of the lack of a formal induction by UNEP (there was no visit to UNEP HQ in Nairobi) when he started the job, although this also coincided with a period when the DGEF in UNEP was being closed down and its GEF projects incorporated into other programmatic divisions. These can explain some of the shortcomings during the project design (PPG) stage.

<sup>100</sup> In the evaluator's experience, this 'isolation issue' is a problem for all outpost staff at UNEP, and needs to be addressed at a institutional rather than project level.

<sup>101</sup> The induction process for the UNEP-TM was poor, he was expected to have deep knowledge of GEF and processes but this was his first GEF project for UNEP.

**336.** The TM's isolated location in Apia has worked against the delivery of the Project. Communications with UNEP HQ were not easy because of the time zone differences and the TM had very infrequent visits to Nairobi. His situation highlighted that there is no formal knowledge sharing or exchange system between staff in terms of GEF projects and relatively little exchange of information between UNEP TMs despite the advantages of giving out-posted staff the opportunity to discuss specific issues such as GEF and UNEP processes with colleagues. One suggestion would be to have a yearly retreat for all GEF TMs, especially since GEF projects are now being integrated into the wider UNEP programme, although this would need to be specifically included in staff budgets, work plans with reporting for it to take place. However, it is clear that all UNEP/TM outposted staff and new TMs need a much better induction, with time spent in Nairobi early on in their appointment, particularly for learning about GEF and UNEP processes. There is no system, for instance, for explaining how GEF works. There is good experience within Nairobi, but this needs to be transferred better.

**337.** The UNEP TM had a very small operational budget to cover a vast area of the Pacific and its 14 GEF-eligible countries with GEF funding largely paying for the UNEP TM's presence in the region with little additional funding coming from UNEP HQ. This meant that the TM was not able to visit Micronesia very often, and direct contact with partners suffered as a result, both with MCT and the partner governments, although the TM took every opportunity to engage with project stakeholders when present at the same international events and meetings. Also, he was essentially managing the UNEP GEF portfolio of biodiversity, climate change and land degradation projects in the Pacific alone ("he's a one-man band" was a regular comment by interviewees), which meant he had a very high workload<sup>102</sup> which resulted in not being able to give some projects the attention they needed at certain times. However, interviewees uniformly praised the TM's performance on the Project, who was considered to have done very well under the circumstances and showed high professionalism and integrity in the face of very difficult challenges, although slow and unclear responses to requests for information were raised by some as a concern (a reflection of the UNEP TM's relative inexperience with GEF matters at the beginning<sup>103</sup> and the high work load mentioned above). In the TE's opinion, the UNEP TM's performance should be rated as Highly Satisfactory.

**338.** By contrast, the TE heard widespread and uniform criticisms of UNEP as the GEF Implementing Agency for the Project. The general view was that UNEP's involvement in the Project, apart from facilitating the GEF funds to the MCEF, had not really added any great value, and it was not clear to many what the comparative advantage of UNEP was as the implementing agency for the Project. More fundamentally, questions were raised about UNEP's vision and focus for the Micronesia region (and Pacific generally), which were not clear to some of those interviewed (unlike some other UN agencies), and its level of interaction with government partners. Many interviewees, both government and non-government partners, openly questioned UNEP's role and low technical capacity in the Pacific (only one overstretched technical<sup>104</sup> and one administrative staff based on Samoa, with no office in Micronesia and little if any support from the Regional Office in Bangkok). Interviewees strongly believed that UNEP needs to strengthen its capacity and the support it provides to ensure it can engage effectively with regional partners and the governments of Micronesia in follow-up work to the current project e.g. further funding of the MCEF, the development of the PANs and the future direction of the MC (see Recommendations), advocacy of its ecosystem management and environmental governance programmes, as well as the development of other collaborative projects and funding initiatives, including for GEF-5, GEF-6 and GEF-7 projects in the region. Consequently, UNEP should review its role, strategy and capacity in the Micronesia

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<sup>102</sup> It should be noted that in addition to the MC project, the UNEP TM was responsible for at least three other Pacific GEF BD projects for which UNEP was the IA as well as developing several GEF-5 and GEF-6 project. With the added demands of his normal duties as Regional Focal Point, this represented a heavy workload for one person.

<sup>103</sup> For instance, the TM would sometimes need to email Nairobi to get clarity on UNEP or GEF issues when addressing a country request which would slow down the project development process.

<sup>104</sup> During the period of the project the UNEP TM was also acting as the representative of UNEP GEF in the Pacific region handling all the representational work at the same time.

region if it wishes to generate greater impact and provide continued support to the countries of the region. UNEP was seen as a potentially important source of support in the region but UNEP should focus on (and better define and promote) its comparative advantage compared to other GEF IA and donor agencies, which are seen as engagement with policy and capacity development and especially with MEA processes.

**339.** The TE understands that UNEP has also received similar feedback (concerns about UNEP's performance and level of investment) from stakeholders during evaluations of other recent UNEP-GEF BD projects in other areas of the Pacific (Peter Thomas, TerraMar, pers comm.), which has led to similar strong recommendations to review UNEP's role and activities in these other southern Pacific regions. Consequently, it would make sense to combine any review of UNEP's activities in Micronesia with the other proposed reviews covering the southern Pacific recommended in these other (draft) evaluation reports, and possibly expanded to cover other UNEP projects and initiatives in the Pacific region, especially as all the reviews/combined review could be coordinated through the UNEP Pacific Office on Samoa. This should be undertaken as an independent external review and not as an internal UNEP exercise.

**Recommendation 7.** *It is recommended that UNEP undertake a strategic appraisal of its role and technical capacity in the Micronesia region, including its vision, mandate, comparative advantage, key priority areas for action and partnerships (special focus), and related capacity requirements, (human staffing, location of offices, funding needs and sources of financing, etc), with consideration given to the relocation of technical positions currently located in the Asia Pacific regional office in Bangkok to the Micronesia (and wider Pacific) region. Particular attention should be paid to the areas of ecosystem management, climate change and environmental governance, which are high priority issues for the Governments of Micronesia. The review should answer the following questions - what do the countries need/want from UNEP and how can UNEP best support these member states' needs? Attention should be particularly given to identification of multi-country crosscutting initiatives (likely to attract more donors) especially those that relate to the MEAs, such as the ABS/Nagoya protocol. **Responsibility:** UNEP Executive Management, with input from relevant country Governments agencies (including GEF OFPs), and sister agencies, such as SPREP and SPC, and led by the UNEP Pacific Office in Samoa, but undertaken as an external independent review (not internal UNEP review). This could be combined with a similar review for rest of Pacific region, given similar results and recommendations from three other UNEP-GEF BD projects in the Pacific. **Timeframe:** Within 12 months.*

**340.** Despite all the criticism of UNEP HQ, UNEP did agree to deposit the whole amount of the GEF grant up front, which was essential in kick-starting the endowment and encouraged the other partners to meet their commitments.

#### *Project management Group*

**341.** A project steering committee (termed the Project Management Group, PMG) was established comprising representatives from the three participating Governments, MCT, TNC and CI, and UNEP. The PMG was to meet once a year, and it met first at the Inception Workshop in January 2011, September 2012, May 2013, May 2014 with a final meeting in early August 2015.

**342.** Most interviewees thought that meetings of the PMG were of mixed value, despite considerable effort expending on servicing this group by the MCT and TNC. The main issue was the poor attendance by some stakeholder governments. RMI, for instance, never sent a senior government official from the relevant government department. The poor attendance and infrequent meetings of the PMG was partly due to a lack of earmarked funds in the Project budget to cover countries' travel and costs (it is usual for funds for PSC meetings to be included as a budget item as there is a recognition that these meetings are essential for project oversight and need to be funded through GEF funds, or from clear co-financing commitments). Instead, it was assumed (wrongly) that participating countries would pay for their own delegates to attend as part of their in-kind contributions. The lack of dedicated funds for the PMG was a shortcoming made at the PPG stage and not picked up during the review by UNEP. This would probably

have been picked up if there had been an adequate PPG phase involving direct consultation with the government agencies. For future projects, UNEP needs to ensure its GEF projects have sufficient funds, under a specific budget line, to cover the costs of travel/meetings for project steering committee members, to ensure sufficient stakeholder participation and effective project management. It also needs to ensure clarity on who is to pay for meetings at the design phase.

**Overall the rating for UNEP supervision and backstopping is “Moderately Satisfactory”**

#### 2.14.8 Monitoring and evaluation

##### *M&E design*

**343.** The M&E was designed according to UNEP’s standard monitoring and evaluation procedures. As noted, the Project’s Results Framework (logframe) (presented in Appendix 4, included objectively verifiable indicators of achievements, sources and means of verification for the Project outcomes and outputs. Indicators for each expected outcome with milestones set out as mid-term and end-of-project targets, although not all of the indicators were fully SMART and several activities and outputs were positioned at the wrong level in the causal logic (see section 2.8). Lists of key deliverables and benchmarks given in Appendix 6 of ProDoc were relevant for tracking the delivery of project outputs (project performance). Organisational arrangements and responsibility for project level progress monitoring and a timeframe for monitoring activities was specified in the Project’s M&E Plan and a costed M&E plan is presented as Appendix 7 in the ProDoc. These were in line with standard procedures of UNEP and consistent with the GEF Monitoring and Evaluation policy.

**344.** Although the Project identified a budget for M&E (given in Appendix 1 of ProDoc but not covered in detail in the ‘costed M&E Plan’ of Appendix 7) this was only to cover the Mid-term Review and Terminal Evaluation and audit. There appear to have been no GEF funds to cover reporting costs, and it is not clear from project documents under which component(s) the various M&E activities were assigned (they seem to be assigned uniformly across the whole project).

**The rating for M&E design is “Moderately Satisfactory”**

##### *M&E plan implementation*

**345.** Reporting requirements were largely fulfilled throughout the Project, with quarterly expenditure reports and cash advance requests, 6-monthly progress reports and annual Project Implementation Reviews (PIRs) submitted largely as planned. The detailed PIR produced by MCT helped keep the UNEP TM up-to-date, and the information provided by the M&E was used by the PMU to improve project delivery and to adapt to changing needs.

**346.** A completed GEF Tracking Tool (GEF-4) was not provided to the TE and does not appear to have been completed for the TE by the project.

**347.** There was generally good reporting on activities and outputs in project reports, particularly in the PIRs, but reporting on achievement of outcomes and project objective less so, largely due to the lack of appropriate indicators. Value could have been added to reporting if the annual reports (PIR) had included how project activities were linked to, and would help deliver, broader national initiatives and Millennium Development Goals (now superseded by the Sustainable Development Goals) targets (this should be included as standard for all future reporting on UNEP-GEF projects).

**348.** One significant weakness with the reporting was that it tended to mix reporting on the delivery by the GEF Project with more general reporting on achievement of the larger MC. This is especially the case in the Project’s Terminal Report. Consequently, separating out what is attributable to the GEF intervention



and what would have occurred anyway through on-going initiatives within the MC is difficult if based on the project reporting alone, and there has been some concern over the extent to which the Project has claimed delivery of activities and outputs and achievement of outcomes as its own. Component 1 is certainly problematic on this issue, but activities undertaken under Component 2 – the establishment of the endowment fund and capacity building for the MCT – would not have happened without the GEF project.

### *Evaluations*

**349.** A Mid-Term Review of the Project was undertaken in late 2013. However, there was a very small budget for the MTR (US\$ 10,000)<sup>105</sup>, which did not allow for any field visit to the region and so the consultant was unable to conduct face-to-face interviews or make site visits. As a result it proved difficult to set up meetings with key individuals, even by telephone, and meant that National Focal Points and some project partners did not fully participate in the MTR and as a result its conclusions did not encompass feedback from all key partners. This frustrated the review, and the consultant recommended that an adequate strategy, plan and budget were developed prior to the TE so that the same situation did not recur at the TE.

**350.** The MTR made a number of recommendations to strengthen the Project, including the need for the development and implementation of a strategy for improving communication of project successes and relevance to key political priorities, and a better monitoring system needed to capture project successes and lessons learned to support replication and catalysis. The MTR suggested that ‘project conferences’, held at least once a year, would be a good tool to report on, and evaluate, accomplishments from a technical/political perspective (outside technical experts could be invited and asked to fill out evaluation forms). Such ‘conferences’ were also expected to assist with internal project networking and capacity building dialogue, and as a means of engaging new partner institutions. However, these do not appear to have been held, although there were more or less annual meetings of the PMG. The feedback received by the TE was that the MTR was not felt to have been particularly useful, in part because, like the TE, the consultant was not able to visit the region. One interviewee commented that the MTR ‘felt like a box ticking exercise’ and there was little meaningful follow-up.

**351.** Unfortunately, the budget allocated for the Terminal Evaluation was also insufficient. Indeed interviews confirmed that the amounts identified for both, the MTR and the TE were not based on any real-world costs or calculations, and the review of these figures by UNEP during the project design stage was weak. As well as being insufficient for travel to all three countries involved in the project, the budgets also did not include any funds for stakeholders to participate in the review/evaluation, e.g. costs for their travel to meetings, etc. In future, UNEP must ensure that there are adequate funds for MTRs and evaluations and that these are carefully checked at the project design stage by the UNEP TM and UNEP PRC, before a project is approved. In addition, there was a limited awareness among interviewees of how results from reviews/evaluations can support improved delivery and impact of projects which, according to interviewees, was one of the reasons why the MTR and TE budgets for this project were set low. Clearly there is a need for better communication by UNEP on the value of, and need for, reviews/evaluations and to agree budgets for reviews/evaluations with the project proponents at an early development stage of the project.

**352.** The TE also suffered from the introduction of the new ‘Umoja’ resource management system by UNEP, that led to repeated administrative delays, negatively affected and restricted the work of the TE, and adversely affected its efficiency and effectiveness. These problems delayed the start of the TE, which was

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<sup>105</sup> One reviewer commented that ‘At time of writing the prodoc and doing budgets I could not get a response from the UNEP EO on what to allocate to MTR’s and TE’s so we had to guess and obviously underestimated. At the time there was strong resistance from the drafting team to allocate budget to M and E, PMG’s etc.’ Albeit Mid-Term Reviews are commissioned and managed by the project team (whereas Mid-Term Evaluations by the Evaluation Office). Another reviewer commented that ‘MCT does not recall having been part of the decision on the amounts budgeted for the midterm and terminal evaluation. This we believe was UNEP’s decision.’

originally scheduled to visit Micronesia in August 2015, to August 2016 and, in the end, a field visit by the consultant could not be arranged. The scheduling meant that some interviews took place well over a year after the person being interviewed had had any involvement with the Project so they couldn't recall full details.

**353.** The TE found evidence from interviews that there was a poor awareness of the rationale for evaluations, their importance and utility. Consequently, in the TE's opinion, it would help if there was better communication by the UNEP TM and project teams with project partners at the design (PPG) stage on the value and need for evaluations and how their results can support improved delivery and impact of projects, and budgets for evaluations need to be agreed with the project proponents at an early development stage of the project, and reinforced in the yearly PIR reporting.

**Recommendation 8.** *It is recommended that evaluation budgets are more accurately calculated at the design phase (realistic, not an arbitrary number, e.g. US\$ 10,000) and include sufficient funds for partners to be involved (cover their costs – they should not be expected to self-fund). The evaluation budget should be a specific item for discussion by the UNEP PRC. Arrangements for the terminal evaluation should be discussed (draft ToR agreed) and the budget confirmed and approved at the penultimate project steering committee (PSC) meeting for the project, with the funds 'ring-fenced' so that projects/UNEP cannot reallocate the funds to other project activities. In addition, the roles of all concerned – project manager, UNEP Task Manager, evaluation office staff, and project teams – in the MTE or TE need to be discussed well before the evaluation takes place, and a budget defined to cover any costs stakeholders are expected to incur as part of the evaluation. **Responsibility:** UNEP Evaluation Office, UNON, UNEP GEF Coordination Office, GEF Task Managers. **Timeframe:** Since organisation of evaluations is on-going within the EO, the recommendation above should be introduced as soon as possible.*

#### *Lesson learning*

**354.** The annual project review process to GEF (the PIR) lists 'lessons' but these are largely restatements of project successes, and, overall, capturing lessons and reporting on lessons has been rather *ad hoc* and weak on the Project. In the TE's opinion, it would have been valuable if there had been a formal framework and process put in place to identify and capture lessons learned during the Project, which could have been run as a part of the annual PMG meeting and shared between the different jurisdictions, including Guam and CNMI.

**355.** Having said this, the Project did undertake a lesson learning exercise at its final PMG meeting in August 2015 on Pohnpei at the encouragement of the UNEP TM and to tie in with the TE (although unfortunately the TE was significantly delayed)<sup>106</sup>. The lessons identified by the PMG were documented in a report of the meeting and incorporated into the Project's Terminal Report and are not repeated here (only lessons that arose from the evaluation are given in this document).

**356.** In the TE's opinion it would still be worth the MCT and partners undertaking a formal lesson learning exercise covering the whole of the GEF project period that particularly tries to capture lessons on the establishment of the MCEF, and it would also be useful to compare these with other experiences of endowment funds. It would be particularly interesting to compare experiences between the Project and the UNEP-GEF Phoenix Islands Protected Areas (PIPA) project in Kiribati which has had its own challenges setting up an endowment trust. However, a formal lesson learning exercise this might be better incorporated into a larger lesson learning/review of the wider MC suggested as part of the process to develop a strategic vision and road map for the MC after 2020 (see Recommendation 5).

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<sup>106</sup> During this 2-day meeting the participants discussed the outcomes of the project, areas for future collaboration, and lessons learned from project implementation.

### 3 CONCLUSIONS, RECOMMENDATIONS & LESSONS LEARNED

#### 3.1 Conclusions

357. This section is based on answers to the key overall questions listed in section 1.4.

#### 1. To what extent have the project results contributed to (i) the achievements of Micronesia Challenge’s goals and (ii) added value to the ongoing work on biodiversity management and sustainability in target countries?

358. The Project does not directly address the MC stated goals and targets to ‘*effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020, in order to protect important island biodiversity, preserve unique island biodiversity, sustain the cultures and livelihoods of Micronesian communities and contribute to global biodiversity targets*’, but has made a valuable contribution to the achievement of these goals, mostly through its capacity building efforts to improve the effectiveness of management of protected areas on Palau, FSM and RMI, and especially through the Project’s main financial contribution to the capitalisation of the MCEF. Indirectly, the Project should contribute to reaching the MC targets because the MCEF should provide significant financing for the management costs of the PANS, which are seen as key to ensuring that the MC goals are met.

359. In terms of supporting on-going work, the Project’s support to the development, testing and training on tools to measure (and therefore improve) effectiveness (especially the MPAME) and the support of the MC Measures Working Groups is judged as particularly important. Additionally, the Project’s support for legal measures to support the establishment, financing and operation of the PANs, through, for instance, assistance to the government of FSM in drafting PAN legislation, in partnership with TNC and MCT, has been an important contribution.

360. However, the current MC comes to an end in 2020 and it is not yet clear whether the current MC goals will remain or what, if anything, will replace the MC and what its goals will be. For instance, there are questions over whether it should continue to focus on the area under protection/‘effective management’ or widen its aims to the provision and maintenance of ecosystem services and human well-being. These issues need to be discussed over the next year and a follow-up vision, strategy and road map for post-2020 developed.

361. All of the Project activities have built on considerable past and ongoing efforts by government agencies in the three jurisdictions and partners, notably TNC, CI, Rare Inc., and MCT. For instance, the Project’s support for RMI builds directly on, and integrates with, the Reimaanlok. Whilst this is important for ownership and sustainability, it has meant that it is difficult to disentangle the exact contribution of the Project to the MCT goals from those of long-running initiatives of project partners and others.

#### 2. How and to what extent have the financial systems and policies developed through the Project made a difference in Micronesia, and to what extent will the Project’s results provide long-term financial resources to support the achievement of impact through providing better management and funding capacities and increasing resources in Palau, FSM and RMI?

362. The Project has supported the development, and diversification, of financial systems, structures and policies to provide long-term financing for biodiversity conservation in Palau, FSM and RMI. This has been most successful on Palau, which now has an established PAN Fund and PAN Office<sup>107</sup> and is already

<sup>107</sup> Palau’s PAN is administered by the PAN Coordination Office, led by a PAN Manager, within the Ministry of Natural Resources, Environment and Tourism (MNRET), and some of its States have their own PAN offices to manage their PAN sites (with 24 sites in 16 states).

distributing financing to the protected areas of its 16 states with revenue generated through its Green Fund. Indeed, the number of PA sites in Palau dramatically increased immediately after the PAN Fund was established. However, Palau already had much of its necessary legislation and systems in place before the Project started (it had passed PAN legislation in 2008), and has been much more advanced in the development and operation of its PAN than either FSM and RMI. Even though there is significant income from the country's Green Fee and income from the MCEF is likely to be significant, the drive needs to be for individual sites to diversify their funding sources, including potential sponsorship from the private sector.

**363.** The GEF contribution of US\$ 5.45 million helped to capitalise the MCEF and was perhaps the project's single most important contribution as not only was it a significant proportion of the US\$ 18 million target initially identified to cover core operating costs of the PANs, but, very importantly, it acted as a critical catalyst to encourage others to meet their contributions to the Fund, prompting countries and NGOs to be serious about the endowment and pushing co-financing to the fore, as well as making it possible to begin MC-related activities in earnest. Without the upfront GEF financing for the MCEF (and the contributions from TNC and CI were also important and can be considered equally catalytic) it is highly unlikely that the MCEF would have reached its initial target, Palau may not have signed up to the MCEF (but established a separate mechanism alone), some of the international donors may have pulled out co-financing, and the MC targets would probably have had little chance of being achieved in FSM and RMI (little incentive). Indeed, to some extent, the MCEF can be seen as the glue that has helped keep Palau, FSM and RMI working together on environmental issues (MC priorities). The successful capitalisation of the endowment has also meant that even though there have been leadership changes there is continued commitment and interest in the MC.

**364.** The MCEF has attracted international attention because it is an example of how to raise substantial revenue for an endowment fund (relatively) quickly, successful conservation trust funds are not that common, and the Project has shown that they can be developed on SIDS. In the region, the successful capitalisation of the endowment has generated renewed enthusiasm for the MC which had been waning in recent years, and show that the countries can cooperate on common regional priorities. The Project has also encouraged other initiatives, such as TNC, CI, Rare Inc, NOAA, US Forest Service, to support the jurisdictions to meet the MC goals, and also address the broader resource management issues.

**365.** Although the MCEF is a permanent financial mechanism, which should provide targeted but flexible funding for the PANs and other conservation initiatives in each of the jurisdictions, its effectiveness will depend on the effectiveness of management at the PAN sites, which cannot be guaranteed by the Project, especially as activities will be implemented by communities, organisations, agencies and institutions many of which have very low capacity to absorb funds. However, the Project activities to build capacity to improve management effectiveness, conservation planning, law enforcement, etc, should help this capacity deficit (when funds from the MCEF start to be spent at the local level).

**366.** Establishing financing legislation and systems in FSM has been more difficult, in part because the four member states are largely autonomous and the Project initiative came from the national (federal) level (so seen as 'top down') with little discussion (so little ownership) on the Project's aims and activities when the Project was being designed. As a result, it has proved a challenge to establish general agreement on financial arrangements to support protected areas in FSM.

**367.** Although the capitalisation of the MCEF reached its initial proposed target of US\$18 million in 2015, a higher figure of US\$ 55-56 million is seen as more likely to be closer to what is needed to 'sustainably finance' the PANs of the Palau, FSM, and RMI, although there has been no accurate calculation of how much is actually needed to cover the core operating and development costs of the three PANs, so it is not possible to say whether the PANs can be sustainably financed through the MCEF.

**368.** The MCEF in particular has helped strategize how to mobilize resources and leverage resources (which has been very successful) outside the normal channels (such as the Compact of Free Association

Funds<sup>108</sup> and associated annual government budgets that often don't support communities directly, or have stringent donor requirements that smaller PAs would be unable to meet) and has also supported NGOs in their resource mobilization, although there was a low engagement with the private sector.

### **3. To what extent have the Project's activities helped strengthen the capacities of environment/conservation government agencies and CSOs, specifically on sustainable finance planning and resource allocation?**

**369.** The Project has built substantial capacity among government environmental agencies, especially in the area of monitoring (through work of the MC Measures Working Groups), but also enforcement, and contributed to increased awareness of the key issues affecting the environment and the MC approaches to dealing with them. For instance, the MPAME has been piloted and rolled out across the region and is being integrated into existing practices, and managers are now questioning whether and to what extent their management is delivering impacts. The MC measures work co-financed by the Project has also helped improve the profile of science-based research in the region (with contributions to regional databases), which it is hoped will be adopted more in decision-making.

**370.** The success of the Project and establishment of the MCEF has given credibility to MCT as an organization, which is now considered one of the best environment-focused organizations operating in Micronesia and a model for the region, and the Project has helped them to drive the conservation agenda forward in the region. The Project had targeted efforts to build the capacity of the MCT to be able to administer the MCEF, including strengthening its grant management systems, but the capacity and systems have yet to be tested by any drawdown from the Fund. The networking, learning exchanges and workshops between technical supporting partners with local implementing partners on the Project (mostly through partner financing) have expanded knowledge of sustainable finance planning and resource allocation.

### **4. How and to what extent did the project strengthen partnerships among key target audiences (regional initiatives, policy-makers, resource managers and practitioners)?**

**371.** The MC has been seen as a model to catalyse regional conservation efforts. The wider MC initiative has helped bring together the Micronesia chief executives who have proved effective champions for the MC, and helped strengthen the partnership between key audiences. It has particularly benefited resources managers and partnerships between regional and international groups, notably through its capacity building efforts (training meetings, etc) and coordination support to the MC Support Team and MC Measures Working Groups, and linking with the MICS, PIMPAC, LMMA. Some of these partnerships have helped strengthen other initiatives, including proposals for GEF-5 projects.

**372.** The Project was one of 7-8 UNEP-GEF projects in the GEF-promoted Pacific Alliance of Sustainability, but GEF did not supply funds to establish a coordinating unit, there was low ownership of the initiative by Pacific countries, it did not function on a programme level, and the 'top down' approach did not work.

### **5. To what extent did the Governments provide support to project execution and have assumed responsibility for the results of the Project, including the degree of cooperation received from the various public institutions involved in the project?**

**373.** The three participating national Governments have been supportive of the Project but this has varied, illustrated by the amounts and timing of their contributions to the MCEF. This in part a reflection that Palau was already advanced with the development of its PAN and systems for long-term financing when the Project began, delivery of the MC on FSM is complicated by its federated nature, and there was

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<sup>108</sup> [https://en.wikipedia.org/wiki/Compact\\_of\\_Free\\_Association](https://en.wikipedia.org/wiki/Compact_of_Free_Association)

limited discussion with the three jurisdictions on the Project activities during the critical PPG design stage (so less than ideal initial ownership).

**374.** Although there has been a very strong commitment at the highest political levels for the MC, at the lower civil service level staff have been less engaged, and there is relatively little awareness of the Project (or MC) at the PA site level because there has been no drawdown from the MCEF to date. However, once the PAN funds and offices are fully established on FSM and RMI and drawdown from the MCEF has been successfully demonstrated at site level on Palau it is expected that engagement will increase (people tend to buy into success).

**6. There was a complicated project management arrangement that was fitted into the overall oversight and management arrangements for the larger MC initiative itself, was this successful and effective? What were the issues and challenges with this arrangement?**

**375.** The GEF project management arrangements were integrated within the larger MC institutional structure, which was partly to promote efficiency, but this contributed to confusion over the identity of the GEF Project and the wider MC, and complicated the understanding of roles and responsibilities e.g. between MCT, MC RCO, government agencies, etc, which were not clearly defined at the start of implementation. The MCT, as the executing agency did a very good job delivering the Project, working through some of the MC structures and partners, such as the MC Measures Working Group and MC RCO, but there were insufficient funds for proper participation by country representatives in the project oversight Project Management Group meetings, and there were challenges with communication (particularly with RMI and UNEP).

**7. Given the UNEP PO is located in Apia, Samoa, what support did the Project receive from UNEP and how could it have been improved?**

**376.** Support from UNEP was mixed. The UNEP TM, based in Apia, Samoa essentially operated alone with little support from UNEP HQ in Nairobi, and a limited operational budget meant that he rarely had the opportunity to visit Micronesia for face-to-face meetings (which are particularly valued in the region as opportunities to meet do not happen that often). Nevertheless, feedback from project stakeholders and partners was that the UNEP TM did a very good job. However, there were major criticisms directed at UNEP as an institution, which was viewed as not having invested sufficient capacity for either the current Project or for other GEF projects (GEF-5 and GEF-6) in the Micronesia region generally). Consequently, UNEP should consider reviewing its future strategy and capacity in the region in partnership with the member states and key stakeholders.

**377.** The lack of PPG funding was a serious shortcoming, which UNEP should have insisted on, as it led to weaknesses errors in project design, insufficient opportunities for the participating governments to input during the key project design period, and delays later during implementation.

**378.** The overall rating for the Project is **Satisfactory**. A summary of the evaluation criteria, assessment and ratings is given below.

**Table 10: Summary of Evaluation criteria, assessment and ratings**

Criterion	Summary Assessment	Ref.	Rating
A. Strategic relevance	There is good alignment with the MC goals and targets (indeed the Project was designed to help deliver the MC) and other national and regional stakeholder priorities and interests. Good alignment with UNEP MTS and PoW and complementary with a number of UNEP managed projects, and contributes to the GEF Biodiversity (BD) Focal Area.	2.9	HS

Criterion	Summary Assessment	Ref.	Rating
B. Achievement of outputs	Most outputs were delivered and delivered well, with capitalization of the MCEF reaching its initial US\$ 18 million target in 2015, although there was no drawdown of income from the fund so no funds spent at the local/site level.	2.10	S
C. Effectiveness: Attainment of objectives and planned results	The Project has helped strengthen and improve PAN legislative frameworks although these still need further development on FSM and RMI. There were some good capacity building opportunities for natural resource managers to develop, manage and assess PANs. The Project made an important contribution to the establishment, operation and diversification of financing systems in the region that should provide long-term resources for conservation, particularly the creation and capitalisation of the MCEF.	2.11	MS
1. Achievement of direct outcomes as defined in the reconstructed TOC	Good achievement of some of the direct outcomes in the reconstructed TOC, although drawdown from the MCEF did not take place and it took longer to capitalize the MCEF than originally envisaged.	2.11.1	S
2. Likelihood of impact using ROtI approach	MCEF has been established and met its initial US\$18 million target, but likely to need considerably more to be able to meet the main operational and development costs of the PANs in Palau, FSM and RMI. Effective management of the individual PAs is likely to take some years, but having an sufficiently capitalized MCEF will support these on-going efforts.	2.11.2	ML
3. Achievement of formal project objectives as presented in the Project Document.	The Project has had mixed success in meeting its formal project objective if judged on the basis of attainment of the targets of its objective indicators. Particularly in relation to number of PAs established and percentage coverage, it is not clear to what extent the Project has contributed to this through its GEF or reported co-financing, and how much the result is due to other parallel programmes and financing (including Government financing). Achievement of the second indicator target - 20% of PAs meet a minimum required score for 'management effectiveness' - is more debatable, as no minimum required scored for 'management effectiveness' was developed.	2.11.3	MS
D. Sustainability and replication			
1. Socio-political sustainability	There is continued political support for the MC, evidenced by the establishment of the MCEF and local financing mechanisms such as the Palau PAN Fund, and the fact that funds are available means governments are more likely to remain committed, although there is still a degree of political risk due to future changes of government.	2.12.1	ML
2. Financial resources	Revenue from the MCEF's and other sources is expected to provide long-term ('sustainable') financing for activities related to the PANs on Palau, FSM, and RMI to help meet the MC 2020 targets, although it is not clear how much will be needed to properly cover the full operating and development costs for the PANs.	2.12.2	ML
3. Institutional framework	Institutional sustainability is viewed as reasonable, although there are issues over capacity at some levels, particularly over the capacity of local groups to absorb funding from the MCEF (when drawdown starts).	2.12.3	ML
4. Environmental sustainability	Environmental factors were not expected to adversely effect the operation of the MCEF itself, which is the main output of the project. However, there is a risk that in the longer term climate change impacts may undermine the achievement of MC goals, e.g. cause flooding of some low-lying coastal PAs.	2.12.4	ML
5. Catalytic role and replication	There has been some good evidence of limited catalysis of project results and ideas to date, particularly with regard to catalytic financing.	2.12.5	S
E. Efficiency	The Project built on multiple lessons from several previous and active initiatives focused on natural resource management/protected area management in Micronesia, and existing MC structures and strong partnerships that already existed between the main partners, and the use of the MCT as the Executing Agency was cost effective (although its capacity	2.13	S

Criterion	Summary Assessment	Ref.	Rating
	needed to be built).		
F. Factors affecting project performance			
1. Preparation and readiness	Overall, the design was very ambitious, especially in relation to the establishment and effective management of the PANs in Palau, FSM and RMI, which is viewed as a long-term venture. Project preparation was weak with no PPG funding, and the final ProDoc was put together in a hurry with no significant input from the three participating jurisdictions during this critical period, which led to errors and later problems, e.g. inadequate budgets for government representatives to attend PMG meetings, and for evaluations.	2.14.1	MU
2. Project implementation and management	The MCT did an excellent job as the Executing Agency for the Project.	2.14.2	HS
3. Stakeholders participation, cooperation and partnerships	Project strengthened existing partnerships between governments and international/regional NGOs and networks, but very limited involvement of the private sector, and Project did not integrate well with other projects within the GEF-inspired Pacific Alliance for Sustainability (PAS), which also had little country ownership and no resources in the region.	2.14.3	S
4. Communication and public awareness	Communication strategies were designed for all the jurisdictions involved with the Project, these were only partly implemented, and communication activities on the Project were recognised as one of the weakest elements of the Project	2.14.4	MU
5. Country ownership and driven-ness	Initial country ownership of the Project was not high due to poor consultation during the design period, although ownership has improved	2.14.5	MS
6. Financial planning and management	Detailed budget presented in usual form as an appendix in the ProDoc. No major issues with financial management, although payments from UNEP were apparently slow (recently due to issues with the new resource management system 'Umoja'). Significant co-financing from two major partners – TNC and CI (both gave grants of US\$ 3 million), but some delays over payments due to matching commitments from some countries not being met on time. Project partners and other stakeholders, and funded most of the activities associated with Component 1, and the co-financing totals for the Project did not reflect the much greater contribution made by MTC, project partners, e.g. TNC, CI, and other stakeholders, with additional leveraged funds probably in the order of tens of millions of US Dollars.	2.14.6	MS
7. Supervision, guidance and technical backstopping	Input by UNEP, as the GEF IA, was rather mixed. The UNEP TM did a good job in difficult circumstances, but there was widespread criticism that UNEP (as an institution) did not input the resources needed to deliver the Project effectively. PMG meetings took place every year but were considered of limited value as RMI did not attend most.	2.14.7	MS
8. Monitoring and evaluation	The project's M&E system followed UNEP's standard monitoring and evaluation procedure. Reporting requirements were largely fulfilled throughout the Project.	2.14.8	MS
i. M&E design	Project logframe was rather confused in places, with some outputs and outcomes at the wrong level in the causal logic, many of the indicators in the logframe were not fully SMART, and	2.14.8	MS
ii. M&E plan implementation	Monitoring of project progress has been good as most indicators are at output level and easily tracked, but monitoring in terms of achievement of project outcomes and project objective more problematic due to inadequate indicators. Reporting requirements were largely fulfilled throughout the Project. The very low budget for both the Mid-Term Review and Terminal evaluation meant that neither consultant could visit the region, and there	2.14.8	MS



Criterion	Summary Assessment	Ref.	Rating
	were significant delays introduced by UNEP and UNON in arranging the TE.		
Overall project rating	Satisfactory		

### 3.2 Summary of recommendations and lessons learned

The following is a list of the main recommendations that have been generated from the evaluation findings.

Recommendation #1	
Context:	There is a need to continue to capitalize the MCEF to a current estimate of US\$54-56 million. There are a number of options but no clear overall clear strategy or plan for this, and partner roles, responsibilities and commitments need to be agreed.
Recommendation:	It is recommended that a strategy and plan for the full capitalization of the MCEF are developed, involving the input of UNEP.
Responsibility:	Strategy to be developed by MCT in partnership with the Governments of Palau, FSM, RMI (and Guam and CNMI), with support from UNEP.
Time-frame:	As soon as possible.

Recommendation #2	
Context:	The true costs of operating and developing the PANs in Palau, FSM and RMI are unknown, so it is not possible to say what level of funding will be necessary (and therefore to what level the MCEF will need to be capitalized) before the PANs can be considered to be truly financially secure.
Recommendation:	It is recommended that a study of financial costs of the PAs of the three jurisdictions is undertaken to provide accurate, up-to-date information on the development and operational costs for the recently established PANs of Palau, FSM and RMI, and if possible this is extended to include examination of the financial (and other) benefits derived from these PANs.
Responsibility:	MCT leading and organizing contract with consultant economists with strong knowledge of PA operation and management and ecosystem services, with input from TNC, MC Measures Socio-economics sub-group and governments of Palau, FSM (including state governments) and RMI.
Time-frame:	As soon as possible in order to provide information to feed into fund-raising for the remaining funds to be raised for the MCEF, and preferably before full drawdown of the MCEF takes place.

Recommendation #3	
Context:	Stakeholders knew little about how the MCEF funds were being invested and there was concern that some funding may be going into fossil fuels.
Recommendation:	It is recommended that the current investment strategy of the investment fund managers is re-examined to make sure that it is in line with the overall philosophy of the MC and to ensure that there are no highly risky or environmentally or socially questionable investments. An annual public statement should be made on the Fund and its investments with information on the ethical policy of the holdings and published on the MC website.
Responsibility:	Board of the MCEF, MCT and Investment manager for MCEF.
Time-frame:	As soon as possible and before further fund-raising for the remaining US\$ 38 million to fully capitalise the MCEF takes place.

Recommendation #4	
Context:	There was no drawdown of the income accumulated by the MCEF in any of the three countries and consequently no PAN site level activities have been funded through the MCEF and the disbursement mechanism is untested. Also, donors are likely to need to see that the MCEF can be operated effectively at the local and national levels before considering further capital grants to the MCEF.
Recommendation:	It is recommended that a MCEF drawdown scheme is piloted on Palau, perhaps initially just for a year and for just a selection of sites throughout the islands, using the existing structure employed for disbursing funds to the PAN sites by the Green Fee, involving the PAN fund and PAN Office. The experience gained and lessons learned should be used to design a common mechanism for the three countries for disbursement of MCEF funds (although likely to be tailored for each jurisdiction). It is recommended that the piloting of the MCEF mechanism on Palau is undertaken at one or more of the priority sites identified under the UNEP-GEF Ridge-to-Reef (GEF-5) project which would allow identification of alignment and synergies between the GEF-4 and GEF-5 projects. It is also important that TNC and CI are involved in the piloting process.
Responsibility:	Governments of Palau (particularly), FSM and RMI, and MCT, UNEP, TNC and CI.
Time-frame:	As soon as possible and before further fund-raising for the remaining US\$ 38 million to fully capitalise the MCEF takes place

Recommendation #5	
Context:	The MC officially comes to an end in 2020, less than 3 years away, but there is as yet no follow-up, which impacts the sustainability of the GEF Project results and especially the fate and use of the MCEF.
Recommendation:	It is recommended that a review of the results, experiences and delivery of the MC to date (covering 2006-2016 inclusive) is undertaken, with a gap and needs analysis, and a new updated vision, strategic plan and programme (road map) is developed for the MC covering the period 2020-2030 (a 'Micronesia Challenge 2.0'). UNEP could support the development of an 'options paper' for the follow-up to the MC as its contribution.
Responsibility:	MC RCO, MC Steering Committee, MCT, draft presented at the Presidents' summit meeting, UNEP
Time-frame:	Before the next Presidents' summit meeting (provisionally January 2018).

Recommendation #6	
Context:	The MCT has been covering the administrative costs of the MCEF to date from its own (non-MCEF) funds. This is not sustainable (nor fair), and all operating costs for the MCEF should be paid for from the MCEF.
Recommendation:	It is recommended that an account is established within the MCEF to cover MCT's costs of disbursing the MCEF funds, and that this is reviewed annually to allow for growth in the disbursement (number projects and therefore administrative and management demands on MCT) as the Fund itself grows. A decision should be agreed in writing before beginning of the MCEF pilot drawdown and costs and the agreement reviewed after the piloting. Related to this, to better ensure sustainability of the MCEF it is important that the MCT, as the host institution for the MCEF, continues to have an effective leadership (with a decision-making role) and that its role as the disburser of the funds from the MCEF is formalised.
Responsibility:	CEOs of the MC, Governments of Palau, FSM and RMI, MCT.
Time-frame:	Before pilot drawdown of the MCEF begins.

Recommendation #7	
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Context:	UNEP capacity in the Micronesia is considered low which handicaps UNEP’s ability for follow-up to the project. Many interviewees, both government and partners, commented on UNEP’s low level of capacity in the region and suggested that this needs to be strengthened in order to ensure UNEP can engage effectively with regional partners and the governments of Micronesia in follow-up work to the current project and more generally for GEF-5, GEF-6 and GEF-7 projects in the region where UNEP is the IA. Interviewees also noted that UNEP needed to increase capacity if it was to be effective in the advocacy of its environmental and ecosystem management programmes and the development of collaborative projects and funding initiatives.
Recommendation:	It is recommended that UNEP undertake a strategic appraisal of its role and technical capacity in the Micronesia region, including its vision, mandate, comparative advantage, key priority areas for action and partnerships (special focus), and related capacity requirements, (human staffing, location of offices, funding needs and sources of financing, etc), with consideration given to the relocation of technical positions currently located in the Asia Pacific regional office in Bangkok to the Micronesia (and wider Pacific) region. Particular attention should be paid to the areas of ecosystem management, climate change and environmental governance, which are high priority issues for the Governments of Micronesia. The review should answer the following questions - what do the countries need/want from UNEP and how can UNEP best support these member states’ needs? Attention should be particularly given to identification of multi-country crosscutting initiatives (likely to attract more donors) especially those that relate to the MEAs, such as the ABS/Nagoya protocol.
Responsibility:	UNEP Executive Management, with input from relevant country Governments agencies (including GEF OFPs), and sister agencies, such as SPREP and SPC, and led by the UNEP Pacific Office in Samoa, but undertaken as an external independent review (not internal UNEP review). This could be combined with a similar review for rest of Pacific region, given similar results and recommendations from three other UNEP-GEF BD projects in the Pacific.
Time-frame:	Within 12 months

Recommendation #8	
Context:	There were considerable challenges to organizing the Terminal Evaluation that caused significant delays and made for an inefficient evaluation, due to a number of reasons, most internal to UNEP and UNON. Apart from the introduction of a new resource management system (Umoja) which created administrative delays (now much improved), the biggest constraint of the terminal evaluation (and MTR) was an inadequate budget.
Recommendation:	It is recommended that evaluation budgets are more accurately calculated at the design phase (realistic, not an arbitrary number, e.g. US\$ 10,000) and include sufficient funds for partners to be involved (cover their costs – they should not be expected to self-fund). The evaluation budget should be a specific item for discussion by the UNEP PRC. Arrangements for the terminal evaluation should be discussed (draft ToR agreed) and the budget confirmed and approved at the penultimate project steering committee (PSC) meeting for the project, with the funds ‘ring-fenced’ so that projects/UNEP cannot reallocate the funds to other project activities. In addition, the roles of all concerned – project manager, UNEP Task Manager, evaluation office staff, and project teams – in the MTE or TE need to be discussed well before the evaluation takes place, and a budget defined to cover any costs stakeholders are expected to incur as part of the evaluation.
Responsibility:	UNEP Evaluation Office, UNON, UNEP GEF Coordination Office, GEF Task Managers.
Time-frame:	To be introduced as soon as possible.

The following is a list of the main lessons that have been learned from the Project’s successes and challenges identified by the TE.

Lesson # 1	
Finding:	The initial payment of the full amount of GEF financing by UNEP encouraged the other main partners in the Project to fully commit to their co-financing, although the Governments of FSM

Lesson:	and RMI were late on delivery. It is widely considered that without this upfront GEF financing the MCEF would not have reached its initial target, and the Project would have collapsed. When establishing an endowment fund, it is important to pay attention to the initial payments and pledges, particularly to ensure that any pledged co-funding is verified as available (preferably ring-fenced in a separate account), and validated at the project design stage before submission of the project document, particularly whether the co-funding agencies (including Governments) really do possess the funds to be able to meet their commitments (not just 'paper promises'), so that it can be transferred to the fund as soon as the endowment is established, and that it is extremely helpful if a substantial contribution can start capitalisation of the fund immediately (initial catalytic financing) as this will encourage other participating donors to make their payments into the endowment and potential donors can see the fund growing through income.
Application:	Projects considering development of endowment funds.

Lesson # 2	
Finding:	The project has relied heavily on individual champions within Government for its delivery, and those at the highest political level have helped drive the MC process.
Lesson:	The MC Chief Executives and some other senior government staff have been the best champions for the MC, able to convince newly elected leaders of the merits of the MC. Engagement of high-level political champions to promote and drive an initiative can make a significant difference to country buy-in, engagement and delivery, but there needs to be institutional structures that ensure they are kept informed and through which they can engage directly, such as the MC Steering Committee.
Application:	Project management teams, and for considering in project partnership and communication strategies.

Lesson # 3	
Finding:	The project lacked funding during the PPG phase, the design process was poorly managed and delivered with little or no input from Government stakeholders and the final drafting process for the ProDoc was rushed. This resulted in misunderstandings and shortcomings being made, e.g. over budgets, and many issues that needed to be sorted out once implementation began which caused initial delays.
Lesson:	All UNEP-GEF projects should have a proper Project Preparation Grant (PPG) phase with adequate funding for stakeholder participation, with a funding application made to GEF to cover PPG costs. This would better ensure that there are adequate funds for national and local stakeholders to participate in the critical project design phase (thus promote ownership), the opportunity to employ an independent project design consultant to advise less experienced project partners on key GEF requirements and procedures, and promote better quality and accountability of project design, including making sure that project budgets are comprehensive, e.g. with an adequate budget for countries to attend project steering committee meetings and sufficient funds for effective evaluations.
Application:	UNEP TMs, and project design teams

ANNEX I. EVALUATION TERMS OF REFERENCE

**PROJECT BACKGROUND AND OVERVIEW**

**Project General Information**

**Table 1. Project summary**

<b>UNEP PIMS ID:</b>	GF/1040-10-10	<b>IMIS number:</b>	GFL4B71
<b>Sub-programme:</b>	DEPI/EM	<b>Expected Accomplishment(s):</b>	(a) Enhanced capacity of countries and regions to integrate an ecosystem management approach into development planning processes  Outcome 1.1: Improved management effectiveness of existing and new protected areas.  Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management.
<b>UNEP approval date:</b>	28 May 2010	<b>PoW Output(s):</b>	2. Coherent application of tools and approaches for the assessment and conservation of biodiversity is promoted by countries and the uptake of such tools and approaches is catalyzed through the United Nations system. (Target: five countries)  Output 1.1. New protected areas (number) and coverage (hectares) of unprotected ecosystems.  Output 1.2. New protected areas (number) and coverage (hectares) of unprotected threatened species (number).  Output 1.3. Sustainable financing plans (number).
<b>GEF project ID:</b>	3626	<b>Project Type:</b>	FSP
<b>GEF OP #:</b>		<b>Focal Area(s):</b>	Biodiversity
<b>GEF approval date:</b>		<b>GEF Strategic Priority/Objective:</b>	BD – SP1, CC-SP4
<b>Expected Start Date:</b>		<b>Actual start date:</b>	February 2011
<b>Planned completion date:</b>	June 2015	<b>Actual completion date:</b>	December 2015
<b>Planned project budget at approval:</b>	19,376,000	<b>Total expenditures reported as of [date]:</b>	
<b>GEF Allocation:</b>	5,454,545	<b>GEF grant expenditures reported as of [date]:</b>	\$5,454,000
<b>PDF GEF cost:</b>	0	<b>PDF co-financing:</b>	Not costed but extensive
<b>Expected MSP/FSP</b>	13,921,455	<b>Secured MSP/FSP co-</b>	100%

<b>co-financing:</b>		<b>financing:</b>	
<b>First Disbursement:</b>	14 January 2011	<b>Date of financial closure:</b>	31 December 2015
<b>No. of revisions:</b>	2	<b>Date of last revision:</b>	23 January 2014
<b>Date of last Steering Committee meeting:</b>	June 2014		
<b>Mid-term review/ evaluation (planned date):</b>	August 2013	<b>Mid-term review/ evaluation (actual date):</b>	Sep-Dec 2013
<b>Terminal Evaluation (actual date):</b>	Sept-Nov 2015		

## Project rationale

Due to a rare combination of geographic isolation and biological diversity, the region of Micronesia contains natural communities and habitats found nowhere else on Earth. Yet the features that make these island nations exceptional also make them especially vulnerable to the principle drivers of biodiversity loss; habitat degradation, climate change, unsustainable fishing and extractive practices, and alien and invasive species. Environmental commitments made by the three proponent States through the ‘Micronesia Challenges’ will see a significant increase in the number and size of protected areas over the coming years.

Conservation strategies however, in the small island developing states of Micronesia face numerous polemic issues. Principal of these is the question of long-term mobilisation and effective targeting of resources, especially finance. Establishing and sustaining a representative network of protected areas through putting in place legal frameworks, building and maintaining capacity for enforcement of legal frameworks, and develop capacity in science-based Protected Area assessment, management and monitoring, cannot be achieved in the absence of sustainable financing. The project will thus focus on promoting sustainable finance mechanisms. In particular, the project will resource the Micronesia Challenge Trust Fund endowment and design and implement a long-term financial plan for the fund.

The Project will develop capacities for the establishment, management, and monitoring of fully biologically representatives and climate-resilient protected area networks in, and between, the three target states (ROP, FSM and RMI). Through umbrella support from the GEF-supported Global Island partnership it will put in place a coordination mechanism that will, amongst other responsibilities, coordination harmonization of PA policies and management activities to support the interconnectivity of the MC Protected Area Networks. The project will establish a policy working group; coordinate protected area monitoring tools; and implement joint campaigns to increase regional public awareness and facilitate lessons-sharing.

The proponent States currently have different capacities in different areas. The Project will ensure inter-state capacities complement each other and will identify gaps to be developed so that a collective critical mass will be developed, and maintained through sustainable financing, to achieve the objectives of the MC. The proponent States also have different experience and policy framework for resource allocation to conservation. The project will seek to draw lessons from and between States, yet provide specific models and contextual input into each nation’s sustainable finance planning and legislation.

Through these mechanisms, the project will help enable significant, sustained habitat protection. This will in turn allow specific conservation measures for at least 66 globally Red-listed species at ‘Vulnerable’ statues or above, including the rarest examples of over 100 species of birds and mammals; over 460 species of corals (58% of all known species): more than 1,300 species of reef fish: and in excess of 1,400 species of plants (with approximately 200 endemic species). Thus the project, in supporting the long-term protection of areas of highest biodiversity significance within a region spanning over 6,7 million square kilometres, will deliver global environmental benefits scale.

## Project objectives and components

The Goal of the Micronesia Challenge is to effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020, in order to protect important island biodiversity, preserve unique island biodiversity, sustain the cultures and livelihoods of Micronesian communities and contribute to global biodiversity targets.

The GEF Alternative will support achievement of the above goal through the following Primary Project Objective: Establish sustainable finance systems and policies in FSM, Palau, and RMI by 2013 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, *their primary strategy for achieving the goals of the Micronesia Challenge*.

<p><b>Project Goal:</b> <i>To increase the resilience of globally significant marine and terrestrial species across Micronesia to current and future threats, including climate change, under the framework of the Micronesia Challenge: a shared commitment to effectively conserve at least 30% of the near-shore marine resources and 20% of the terrestrial resources across Micronesia by 2020.</i></p>	
<p><b>Project Objective:</b> To establish sustainable finance systems and policies in FSM, RMI, and RP by 2014 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, <i>their primary strategy for achieving the goals of the Micronesia Challenge</i>.</p>	
Outcomes	Outputs
<p>Outcome1 : Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge</p>	<p>Output 1.1 Three PAN offices, one each in FSM, RMI, and RP, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2</p> <p>Output 1.2 Strengthened PAN legislative frameworks in each country by end of Year 4</p> <p>Output 1.3 Ten priority sites established as PAs and included in PANs by end of Year 4</p> <p>Output 1.4 National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year 4</p> <p>Output 1.5 PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4</p> <p>Output 1.6 Activities identified in management plans for ten priority sites (identified in narrative below) implemented.</p>
<p>Outcome 2. Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies.</p>	<p>Output 2.1. Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and RP by the end of year 4.</p> <p>Output 2.2 Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment by end of Year 2</p> <p>Output 2.3 PA grant disbursement mechanisms in FSM, RMI, and RP are piloted and their effectiveness measured by end of Year 4.</p> <p>Output 2.4 MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2.</p>
<p>Outcome 3. Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented</p>	<p>Output 3.1 MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing).</p> <p>Output 3.2 Micronesia Challenge regional communication strategy</p>

	and MC communication strategies in FSM, RMI, and RP developed, implemented, and evaluated by end of Year 4.
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## Executing Arrangements

UNEP is acting as the Implementing Agency (IA) and the Micronesia Conservation Trust (MCT) as the main Executing Agency (EA) for the project, with co-executors including the Republic of Palau (ROP), Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI), Conservation International (CI) and The Nature Conservancy (TNC).

UNEP, as the GEF Implementing Agency, provided through its UNEP Pacific Office (UNEP PO) the overall supervision and guidance for the Project including approval of key Project activities, funding commitments and co-financing arrangements. The UNEP PO together with the UNEP-Division of GEF Coordination (UNEP/DGEF) Nairobi carried out all oversight functions as required by the GEF. This included responsibility, in conjunction with the various project partners, aspects of monitoring and evaluation, including organizing project reviews, approving annual implementation work plans and any needed budget revisions, monitoring progress, identifying problems and actions to improve the Project. They also assisted in providing linkages with other regional and global initiatives. All monitoring and evaluation functions were carried out in line with standard procedures of UNEP.

In its role as the EA, the MCT was primarily responsible for the project's management, including financial and progress reporting. To fulfil this function the MC established and hosted the MC Project Management Unit. The MCT is the recognized regional sustainable finance mechanism for the Micronesia Challenge. The MCT manages the endowment and other regional sources of MC finance as appropriate and needed by the MC jurisdictions. The MCT is responsible to the MC CEO's (Heads of States or Presidents/Governors) and acts as a secretariat for them for MC matters.

In order to effectively manage the Project a new Project Management Group together with a new Project Management Unit was established to ensure that the MC meets the GEF requirements for financial and progress reporting and management. These two key groups and relationships form the foundation of the management for the GEF PAS investment. These are discussed below.

The MCT has established an internal Project Management Unit in order to meet the fiscal responsibilities, including reporting to and liaison with regional donors, to the Micronesia Challenge. The MC PMU's Project Manager acted as the head of the PMU and provide secretariat services to the MC Steering Committee and GEF PAS MC Project Management Group under MCT supervision and was responsible for all aspects of project management and coordination in collaboration with the National Project Management Units as well as other concerned stakeholders to ensure adequate project implementation. The Project Manager also performed a range of technical tasks in support of the in-country projects for components 1 and 2, and 3, including oversight and coordination. The Project Manager was employed by and reported to MCT and the MC Steering Committee.

The GEF PAS MC Project Management Group reported to UNEP and membership and consisted of the UNEP Pacific Office, MCT representative, a representative of the MC Regional Coordination Office, a representative of the MC Support Team and the three PAN Coordinators. The MC Regional Coordination Office and PAN Coordinators representative were responsible for ensuring that the jurisdictions (FSM, Palau and RMI) views and input are represented well to UNEP, as the Implementing Agency for the Project. The PMG was established for the duration of the GEF PAS UNEP project (4 years) only and is serviced by the MCT's Project Management Unit. The PMG had supervision for the management decisions for the Project including approving implementation work plans and budget revisions, identifying problems and suggesting solutions to improve the Project. The PMG ensured that all funds were disbursed and expended in accordance with the GEF-UNEP Funding Guidelines and the MCT-MC Island Jurisdiction MOUs.

## Project Cost and Financing

Objective	UNEP/GEF	%	Contribution Governments	%	Total
1. Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge	197,000		171,000		368,000
2. Sustainable finance systems and policies are in place to provide long-term core resources for	5,180,545		12,903,455		18,084,000



effective and adaptive conservation strategies				
3.Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented	77,000		54,000	131,000
Subtotal				
M&E	20,000			
Project managemet	160,000			
<b>TOTAL</b>	<b>5,454,545</b>		<b>13,074,455</b>	<b>19,376,000</b>

## Implementation Issues

The MTR, which was planned for August 2013, was instead carried out on September – December 2013. It concluded that generally, the project was on track and was making good progress in achieving its goals, and ultimately its relevance. At the time the project was achieving significant cash and in-kind co-financing and leveraging additional funds.

However, a few issues were underlined for further investigation during TE of the Project. The MTR noted that National Focal Point and project partners did not fully participate in the MTR and as a result the conclusions did not encompass the feedback of key project’s partners. The evaluators also did not have sufficient funds to conduct field visits and thus missed the opportunity to directly contact project teams. The evaluator noted that the barriers and challenges identified during the MTR need to be addressed with an adequate strategy and plan.

According to MTR, a more technical analysis of stakeholders on a national and regional level is needed as well as the identification and engagement of people/groups with relevant experience and knowledge of the region. Also the MRT suggested the development and implementation of a strategy for bettering communicating project successes and relevance to key political priorities, and a better monitoring system which would capture project successes and lessons learned in a manner that enables them to be transferred as needed in other countries (in Micronesia and beyond).

MTR pointed out that ‘project conferences’, held at least once a year are good tool to report on and evaluate accomplishments from a technical/political perspective (outside technical experts could be invited and asked to fill out evaluation forms). Such ‘conferences’ would also assist with internal project networking and capacity building dialogue. It could also prove a valuable means of engaging new partner institutions.

Finally, MTR suggested on the development of ‘sustainable financial strategies’ to complement the planning tables. Accordingly, this will help to indicate how future resources will be obtained (from whom through what mechanisms) and how they will be wisely invested in the region to the benefit of biodiversity and human livelihoods.

The project was extended beyond the planned closure date that of January 2015 to December 2015 as per request of the main executing agency on 25 March 2015.

## TERMS OF REFERENCE FOR THE EVALUATION

### Objective and Scope of the Evaluation

In line with the UNEP Evaluation Policy<sup>109</sup> and the UNEP Programme Manual<sup>110</sup>, the Terminal Evaluation is undertaken at completion of the project to assess project performance (in terms of relevance, effectiveness and efficiency), and determine outcomes and impacts (actual and potential) stemming from the project, including their sustainability. The evaluation has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote operational improvement, learning and knowledge sharing through results and lessons learned among UNEP and main project partners; Micronesia Conservation Trust (MCT) as the main Executing Agency (EA) for the project, with co-executors including the Republic of Palau (ROP), Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI), Conservation International (CI) and The Nature Conservancy (TNC). Therefore, the

<sup>109</sup> <http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationPolicy/tabid/3050/language/en-US/Default.aspx>

<sup>110</sup> [http://www.unep.org/QAS/Documents/UNEP\\_Programme\\_Manual\\_May\\_2013.pdf](http://www.unep.org/QAS/Documents/UNEP_Programme_Manual_May_2013.pdf)

evaluation will identify lessons of operational relevance for future project formulation and implementation [especially for the second phase of the project, if applicable].

It will focus on the following sets of **key questions**, based on the project's intended outcomes, which may be expanded by the consultants as deemed appropriate:

Key evaluation questions:

- i. To what extent and how the financial systems and policies made a difference by providing better management funding capacities and increasing resources in FSM, Palau and RMI? To what extent these systems were used as a management and planning tool?
- ii. To what extent the project results have contributed to the achievements of Micronesia Challenge's goals, and to the global efforts for the protection and sustainable management of natural resources of the FSM, Palau and RMI?
- iii. To what extent project results will provide long-term financial resources which will maintain the effective and adaptive conservation strategies? Are they in synergy with other government financial systems?
- iv. To what extent the project's activities have helped strengthening the capacities of environment/conservation government agencies and NGOs, specifically in the areas of preparing and building sustainable finance planning and resource allocation?
- v. To what extent and how did the project strengthen the partnership among key target audiences (international conventions and initiatives, national level policy-makers, regional and local policy-makers, resource managers and practitioners)? How did this partnership contribute in improving information sharing and knowledge management in the areas of biodiversity management and sustainability in target countries?
- vi. Has the project achieved its intended outputs and objectives within time and budget? Did the project management model proved to be successful and effective? Did it add value to the ongoing work on biodiversity management and sustainability in target countries?
- vii. To what extent the recommendations of the MTR have been implemented?

## Overall Approach and Methods

The Terminal Evaluation of the Project will be conducted by independent consultants under the overall responsibility and management of the UNEP Evaluation Office in consultation with the UNEP Task Manager and the Sub-programme Coordinators of the Ecosystem Management Sub-Programme.

It will be an in-depth evaluation using a participatory approach whereby key stakeholders are kept informed and consulted throughout the evaluation process. Both quantitative and qualitative evaluation methods will be used to determine project achievements against the expected outputs, outcomes and impacts. It is highly recommended that the consultant(s) maintains close communication with the project team and promotes information exchange throughout the evaluation implementation phase in order to increase their (and other stakeholder) ownership of the evaluation findings.

The findings of the evaluation will be based on the following:

**A desk review of:**

- Relevant background documentation, inter alia;
  - Project documents, monitoring reports (such as progress and financial reports to UNEP and GEF annual Project Implementation Review reports.
  - Notes from the Steering Group meetings.
  - Other project-related material produced by the project staff or partners.
  - Relevant material published on the project web-site
  - Project sustainability plan
  - PAN legislation
  - The MPA management effectiveness tool
  - Sustainable finance plans at regional and national levels
  - Regional communication strategy.

- Project design documents (including minutes of the project design review meeting at approval); Annual Work Plans and Budgets or equivalent, revisions to the project (Project Document Supplement), the logical framework and its budget;
- Project reports such as six-monthly progress and financial reports, progress reports from collaborating partners, meeting minutes, relevant correspondence etc.;
- Project outputs:
  - Output 1.1 Three PAN offices, one each in FSM, RMI, and RP, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2
  - Output 1.2 Strengthened PAN legislative frameworks in each country by end of Year 4
  - Output 1.3 Ten priority sites established as PAs and included in PANs by end of Year 4
  - Output 1.4 National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year 4.
  - Output 1.5 PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4
  - Output 1.6 Activities identified in management plans for ten priority sites (identified in narrative below) implemented
  - Output 2.1 Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and RP by the end of year 4.
  - Output 2.2 Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment by end of Year 2
  - Output 2.3 PA grant disbursement mechanisms in FSM, RMI, and RP are piloted and their effectiveness measured by end of Year 4.
  - Output 2.4 MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2.
  - Output 3.1 MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing).
  - Output 3.2 Micronesia Challenge regional communication strategy and MC communication strategies in FSM, RMI, and RP developed, implemented, and evaluated by end of Year 4.
- MTR of the project September – December 2013
- Evaluations/reviews of similar projects

**Interviews (individual or in group) with:**

- UNEP Task Manager
- Project management team
- UNEP Fund Management Officer;
- Project partners, including;

Micronesia Challenge Regional Coordination Office; Micronesia Conservation Trust Fund; Conservation International, The Nature Conservancy, Government of the Federated States of Micronesia, Government of Republic of Marshall Islands, Government of Republic of Palau. Communities of Palau, FSM and RMI, Government Agencies & NGOs, The Nature Conservancy (TNC), Conservation International (CI), Secretariat of the Pacific Regional Environment Programme (SPREP) and Global Island Partnership (GLISPA), Country GEF operational focal points.

- Relevant resource persons;

**Field visits:** direct observation of project pilot sites, validation visits, meetings/workshop with key stakeholders, local communities and partners.

**Other data collection tools:** information-gathering participatory methods to engage all stakeholders involved in the Project such as interviews, questionnaires face to face, by phone or skype, focus groups discussions with key stakeholders, main beneficiaries including participating countries and international bodies. Desk review analysis, etc.

## Key Evaluation principles

Evaluation findings and judgements should be based on **sound evidence and analysis**, clearly documented in the evaluation report. Information will be triangulated (i.e. verified from different sources) to the extent possible, and when verification was not possible, the single source will be mentioned. Analysis leading to evaluative judgements should always be clearly spelled out.

The evaluation will assess the project with respect to **a minimum set of evaluation criteria** grouped in six categories: (1) Strategic Relevance; (2) Attainment of objectives and planned result, which comprises the assessment of outputs achieved, effectiveness and likelihood of impact; (3) Sustainability and replication; (4) Efficiency; (5) Factors and processes affecting project performance, including preparation and readiness, implementation and management, stakeholder participation and public awareness, country ownership and driven-ness, financial planning and management, UNEP supervision and backstopping, and project monitoring and evaluation; and (6) Complementarity with the UNEP strategies and programmes. The evaluation consultants can propose other evaluation criteria as deemed appropriate.

**Ratings.** All evaluation criteria will be rated on a six-point scale. However, complementarity of the project with the UNEP strategies and programmes is not rated. Annex 3 provides guidance on how the different criteria should be rated and how ratings should be aggregated for the different evaluation criterion categories.

In attempting to attribute any outcomes and impacts to the project intervention, the evaluators should consider the difference between *what has happened with, and what would have happened without, the project*. This implies that there should be consideration of the baseline conditions and trends in relation to the intended project outcomes and impacts. It also means that there should be plausible evidence to attribute such outcomes and impacts to the actions of the project. Sometimes, adequate information on baseline conditions and trends is lacking. In such cases this should be clearly highlighted by the evaluators, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

As this is a terminal evaluation and a follow-up project is likely [or similar interventions are envisaged for the future], particular attention should be given to learning from the experience. Therefore, the “*Why?*” question should be at front of the consultants’ minds all through the evaluation exercise. This means that the consultants need to go beyond the assessment of “*what*” the project performance was, and make a serious effort to provide a deeper understanding of “*why*” the performance was as it was, i.e. of processes affecting attainment of project results (criteria under category F – see below). This should provide the basis for the lessons that can be drawn from the project. In fact, the usefulness of the evaluation will be determined to a large extent by the capacity of the consultants to explain “*why things happened*” as they happened and are likely to evolve in this or that direction, which goes well beyond the mere review of “*where things stand*” at the time of evaluation.

A key aim of the evaluation is to encourage reflection and learning by UNEP staff and key project stakeholders. The consultant should consider how reflection and learning can be promoted, both through the evaluation process and in the communication of evaluation findings and key lessons.

Communicating evaluation results. Once the consultant(s) has obtained evaluation findings, lessons and results, the Evaluation Office will share the findings and lessons with the key stakeholders. Evaluation results should be communicated to the key stakeholders in a brief and concise manner that encapsulates the evaluation exercise in its entirety. There may, however, be several intended audiences, each with different interests and preferences regarding the report. The Evaluation Manager will plan with the consultant(s) which audiences to target and the easiest and clearest way to communicate the key evaluation findings and lessons to them. This may include some or all of the following; a webinar, conference calls with relevant stakeholders, the preparation of an evaluation brief or interactive presentation.

## Evaluation criteria

### Strategic relevance

The evaluation will assess, in retrospect, whether the project’s objectives and implementation strategies were consistent with global, regional and national environmental issues and needs.

The evaluation will assess whether the project was in-line with the GEF strategic long-term objective: GEF Biodiversity Objective 1: to catalyse the sustainability of protected area systems, in this case across three proponent States. It is aligned with the BD Strategic Programs for GEF-4, in particular, SP-1 to achieve sustainable financing of PA systems at the national level; SP-2 to increase representation of effectively managed marine PA areas in PA systems; SP-3 to strengthen terrestrial PA networks; SP 4 strengthening the policy and regulatory framework for mainstreaming

biodiversity and SP 7 prevention, control and management of invasive alien species, and Program 3 (resilient MPA networks).

The evaluation will also assess the project's relevance in relation to UNEP's mandate and its alignment with UNEP's policies and strategies at the time of project approval. UNEP's Medium Term Strategy (MTS) is a document that guides UNEP's programme planning over a four-year period. It identifies UNEP's thematic priorities, known as Subprogrammes (SP), and sets out the desired outcomes [known as Expected Accomplishments (EAs)] of the SubProgrammes. The evaluation will assess whether the project makes a tangible/plausible contribution to any of the EAs specified in the MTS (2010-2013). The magnitude and extent of any contributions and the causal linkages should be fully described.

The evaluation should assess the project's alignment / compliance with UNEP's policies and strategies. The evaluation should provide a brief narrative of the following:

- a. *Alignment with the Bali Strategic Plan (BSP)*<sup>111</sup>. The outcomes and achievements of the project should be briefly discussed in relation to the objectives of the UNEP BSP.
- b. *Gender balance*. Ascertain to what extent project design, implementation and monitoring have taken into consideration: (i) possible gender inequalities in access to and the control over natural resources; (ii) specific vulnerabilities of women and children to environmental degradation or disasters; and (iii) the role of women in mitigating or adapting to environmental changes and engaging in environmental protection and rehabilitation. Are the project intended results contributing to the realization of international GE (Gender Equality) norms and agreements as reflected in the UNEP Gender Policy and Strategy, as well as to regional, national and local strategies to advance HR & GE?
- c. *Human rights based approach (HRBA) and inclusion of indigenous peoples issues, needs and concerns*. Ascertain to what extent the project has applied the UN Common Understanding on HRBA. Ascertain if the project is in line with the UN Declaration on the Rights of Indigenous People, and pursued the concept of free, prior and informed consent.
- d. *South-South Cooperation*. This is regarded as the exchange of resources, technology, and knowledge between developing countries. Briefly describe any aspects of the project that could be considered as examples of South-South Cooperation.

Based on an analysis of project stakeholders, the evaluation should assess the relevance of the project intervention to key stakeholder groups.

## Achievement of Outputs

The evaluation will assess, for each component, the project's success in producing the programmed outputs and milestones as presented in Table 2 above, both in quantity and quality, as well as their usefulness and timeliness.

Briefly explain the reasons behind the success (or failure) of the project in producing its different outputs and meeting expected quality standards, cross-referencing as needed to more detailed explanations provided under Section F (which covers the processes affecting attainment of project results). Were key stakeholders appropriately involved in producing the programmed outputs?

## Effectiveness: Attainment of Objectives and Planned Results

The evaluation will assess the extent to which the project's objectives were effectively achieved or are expected to be achieved.

The **Theory of Change** (ToC) of a project depicts the causal pathways from project outputs (goods and services delivered by the project) through outcomes (changes resulting from the use made by key stakeholders of project outputs) towards impact (long term changes in environmental benefits and living conditions). The ToC will also depict any intermediate changes required between project outcomes and impact, called 'intermediate states'. The ToC further defines the external factors that influence change along the major pathways; i.e. factors that affect whether one result can lead to the next. These external factors are either drivers (when the project has a certain level of control) or assumptions (when the project has no control). The ToC also clearly identifies the main stakeholders involved in the change processes.

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<sup>111</sup> <http://www.unep.org/GC/GC23/documents/GC23-6-add-1.pdf>

The evaluation will reconstruct the ToC of the project based on a review of project documentation and stakeholder interviews. The evaluator will be expected to discuss the reconstructed TOC with the stakeholders during evaluation missions and/or interviews in order to ascertain the causal pathways identified and the validity of impact drivers and assumptions described in the TOC. This exercise will also enable the consultant to address some of the key evaluation questions and make adjustments to the TOC as appropriate (the ToC of the intervention may have been modified / adapted from the original design during project implementation).

The assessment of effectiveness will be structured in three sub-sections:

- Evaluation of the **achievement of outcomes as defined in the reconstructed ToC**. These are the first-level outcomes expected to be achieved as an immediate result of project outputs. For this project, the main question will be to what extent the project has contributed to these immediate outcomes:
  1. Protected Area Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge.
  2. Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies.
  3. Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented.
- Additional questions:
  - 1- To what extent the project management approach adopted was effective (please explain how/why)?
  - 2- To what extent has regional and national co-ordination been effective?
- Assessment of the **likelihood of impact** using a Review of Outcomes to Impacts (ROtI) approach<sup>112</sup>. The evaluation will assess to what extent the project has to date contributed, and is likely in the future to further contribute, to [intermediate states], and the likelihood that those changes in turn to lead to positive changes in the natural resource base, benefits derived from the environment and human well-being.
- Evaluation of the **achievement of the formal project overall objective, overall purpose, goals and component outcomes** using the project's own results statements as presented in the Project Document<sup>113</sup>. This sub-section will refer back where applicable to the preceding sub-sections (a) and (b) to avoid repetition in the report. To measure achievement, the evaluation will use as much as appropriate the indicators for achievement proposed in the Logical Framework (Logframe) of the project, adding other relevant indicators as appropriate. Briefly explain what factors affected the project's success in achieving its objectives, cross-referencing as needed to more detailed explanations provided under Section F. Most commonly, the overall objective is a higher level result to which the project is intended to contribute. The section will describe the actual or likely **contribution** of the project to the objective.
- The evaluation should, where possible, disaggregate outcomes and impacts for the key project stakeholders. It should also assess the extent to which HR and GE were integrated in the Theory of Change and results framework of the intervention and to what degree participating institutions/organizations changed their policies or practices thereby leading to the fulfilment of HR and GE principles (e.g. new services, greater responsiveness, resource re-allocation, etc.)

## Sustainability and replication

Sustainability is understood as the probability of continued long-term project-derived results and impacts after the external project funding and assistance ends. The evaluation will identify and assess the key conditions or factors that are likely to undermine or contribute to the persistence of benefits. Some of these factors might be direct results of the project while others will include contextual circumstances or developments that are not under control of the project but that may condition the sustainability of benefits. The evaluation should ascertain to what extent follow-up

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<sup>112</sup> Guidance material on Theory of Change and the ROtI approach is available from the Evaluation Office.

<sup>113</sup> Or any subsequent **formally approved** revision of the project document or logical framework.

work has been initiated and how project results will be sustained and enhanced over time. The reconstructed ToC will assist in the evaluation of sustainability, as the drivers and assumptions required to achieve higher-level results are often similar to the factors affecting sustainability of these changes.

Four aspects of sustainability will be addressed:

- *Socio-political sustainability.* Are there any social or political factors that may influence positively or negatively the sustenance of project results and progress towards impacts? Is the level of ownership by the main stakeholders sufficient to allow for the project results to be sustained? Are there sufficient government and other key stakeholder awareness, interests, commitment and incentives, financial support, institutional arrangements, political leadership, etc?  
Did the project conduct 'succession planning' and implement this during the life of the project? Was capacity building conducted for key stakeholders? Did the intervention activities aim to promote (and did they promote) positive sustainable changes in attitudes, behaviours and power relations between the different stakeholders? To what extent has the integration of HR and GE led to an increase in the likelihood of sustainability of project results?
- *Financial resources.* To what extent are the continuation of project results and the eventual impact of the project dependent on financial resources? What is the likelihood that adequate financial resources<sup>114</sup> will be or will become available to use capacities built by the project? Are there any financial risks that may jeopardize sustenance of project results and onward progress towards impact?
- *Institutional framework.* To what extent is the sustenance of the results and onward progress towards impact dependent on issues relating to institutional frameworks and governance? How robust are the institutional achievements such as governance structures and processes, policies, sub-regional agreements, legal and accountability frameworks etc. required to sustaining project results and to lead those to impact on human behaviour and environmental resources, goods or services?
- *Environmental sustainability.* Are there any environmental factors, positive or negative, that can influence the future flow of project benefits? Are there any project outputs or higher level results that are likely to affect the environment, which, in turn, might affect sustainability of project benefits? Are there any foreseeable negative environmental impacts that may occur as the project results are being up-scaled?

**Catalytic role and replication.** The *catalytic role* of UNEP interventions is embodied in their approach of supporting the creation of an enabling environment and of investing in pilot activities which are innovative and showing how new approaches can work. UNEP also aims to support activities that upscale new approaches to a national, regional or global level, with a view to achieve sustainable global environmental benefits. The evaluation will assess the catalytic role played by this project, namely to what extent the project has:

- *catalyzed behavioural changes* in terms of use and application, by the relevant stakeholders, of capacities developed;
- provided *incentives* (social, economic, market based, competencies etc.) to contribute to catalyzing changes in stakeholder behaviour;
- contributed to *institutional changes*, for instance institutional uptake of project-demonstrated technologies, practices or management approaches;
- contributed to *policy changes* (on paper and in implementation of policy);
- contributed to sustained follow-on financing (*catalytic financing*) from Governments, private sector, donors etc.;
- created opportunities for particular individuals or institutions ("*champions*") to catalyze change (without which the project would not have achieved all of its results).

*Replication* is defined as lessons and experiences coming out of the project that are replicated (experiences are repeated and lessons applied in different geographic areas) or scaled up (experiences are repeated and lessons applied in the same geographic area but on a much larger scale and funded by other sources). The evaluation will assess the approach adopted by the project to promote replication effects and determine to what extent actual replication has already occurred, or is likely to occur in the near future. What are the factors that may influence replication and scaling up of project experiences and lessons?

## Efficiency

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Those resources can be from multiple sources, such as the national budget, public and private sectors, development assistance etc.

The evaluation will assess the cost-effectiveness and timeliness of project execution. It will describe any cost- or time-saving measures put in place in attempting to bring the project as far as possible in achieving its results within its (severely constrained) secured budget and (extended) time. It will also analyse how delays, if any, have affected project execution, costs and effectiveness. Wherever possible, costs and time over results ratios of the project will be compared with that of other similar interventions. Evaluations/reviews of other large assessments may provide some comparative information on efficiency. The evaluation will also assess the extent to which HR and GE were allocated specific and adequate budget in relation to the results achieved.

The evaluation will give special attention to efforts by the project teams to make use of/build upon pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities with other initiatives, programmes and projects etc. to increase project efficiency. For instance, the evaluation will consider how well other information sources (on global and regional environmental status and trends, and on the costs and benefits of different policy options) accessible to the different target audiences have been tapped, and how the project ensured the complementarity of its process and products to other assessment processes and information sources, to avoid duplication of efforts? Was there sufficient information about the assessment capacity of collaborating institutions and experts and about other capacity building initiatives, to limit and target training and technical support to what was really needed, avoiding duplication?

## Factors and processes affecting project performance

**Preparation and readiness.** This criterion focusses on the quality of project design and preparation. Were project stakeholders<sup>115</sup> adequately identified and were they sufficiently involved in project development and ground truthing e.g. of proposed timeframe and budget? Were the project's objectives and components clear, practicable and feasible within its timeframe? Were the capacities of executing agencies properly considered when the project was designed? Was the project document clear and realistic to enable effective and efficient implementation? Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to project implementation? Were counterpart resources (funding, staff, and facilities) and enabling legislation assured? Were adequate project management arrangements in place? Were lessons from other relevant projects properly incorporated in the project design? What factors influenced the quality-at-entry of the project design, choice of partners, allocation of financial resources etc.? Were any design weaknesses mentioned in the Project Review Committee minutes at the time of project approval adequately addressed?

**Project implementation and management.** This includes an analysis of implementation approaches used by the project, its management framework, the project's adaptation to changing conditions, the performance of the implementation arrangements and partnerships, relevance of changes in project design, and overall performance of project management. The evaluation will:

- Ascertain to what extent the project implementation mechanisms outlined in the project document have been followed and were effective in delivering project milestones, outputs and outcomes. Were pertinent adaptations made to the approaches originally proposed?
- Evaluate the effectiveness and efficiency of project management and how well the management was able to adapt to changes during the life of the project.
- Assess the role and performance of the teams and working groups established and the project execution arrangements at all levels.
- Assess the extent to which project management responded to direction and guidance provided by the UNEP Task Manager and project steering bodies including: Project Steering Committee, PMU.
- Identify operational and political / institutional problems and constraints that influenced the effective implementation of the project, and how the project tried to overcome these problems.

**Stakeholder participation, cooperation and partnerships.** The Evaluation will assess the effectiveness of mechanisms for information sharing and cooperation with other UNEP projects and programmes, external stakeholders and partners. The term stakeholder should be considered in the broadest sense, encompassing both project partners and target users of project products such as: Micronesia Challenge Regional Coordination Office; Micronesia Conservation Trust Fund; Conservation International, The Nature Conservancy, Government of the Federated States of Micronesia, Government of Republic of Marshall Islands, Government of Republic of Palau. Local communities of Palau, FSM and RMI, Government Agencies & NGOs, Conservation International (CI), Secretariat of the Pacific Regional Environment Programme (SPREP) and Global Island Partnership (GLISPA). Other beneficiaries include local, provincial and state

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<sup>115</sup> Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or 'stake' in the outcome of the project. The term also applies to those potentially adversely affected by the project.



governments, through to national offices and administrators from training and capacity development under the project - particularly the PAN coordinators and staff of the associated Government departments.

The TOC and stakeholder analysis should assist the evaluators in identifying the key stakeholders and their respective roles, capabilities and motivations in each step of the causal pathways from activities to achievement of outputs, outcomes and intermediate states towards impact. The assessment will look at three related and often overlapping processes: (1) information dissemination to and between stakeholders, (2) consultation with and between stakeholders, and (3) active engagement of stakeholders in project decision making and activities. The evaluation will specifically assess:

- the approach(es) and mechanisms used to identify and engage stakeholders (within and outside UNEP) in project design and at critical stages of project implementation. What were the strengths and weaknesses of these approaches with respect to the project's objectives and the stakeholders' motivations and capacities?
- How was the overall collaboration between different functional units of UNEP involved in the project? What coordination mechanisms were in place? Were the incentives for internal collaboration in UNEP adequate?
- Was the level of involvement of the Regional, Liaison and Out-posted Offices in project design, planning, decision-making and implementation of activities appropriate?
- Has the project made full use of opportunities for collaboration with other projects and programmes including opportunities not mentioned in the Project Document<sup>116</sup>? Have complementarities been sought, synergies been optimized and duplications avoided?
- What was the achieved degree and effectiveness of collaboration and interactions between the various project partners and stakeholders during design and implementation of the project? This should be disaggregated for the main stakeholder groups identified in the inception report.
- To what extent has the project been able to take up opportunities for joint activities, pooling of resources and mutual learning with other organizations and networks? In particular, how useful are partnership mechanisms and initiatives such as to build stronger coherence and collaboration between participating organisations?

Relevant examples of projects with which The GEF Micronesia Challenge Project is aligned, supported, shared and contributed experience:

- a. GEF Pacific Alliance for Sustainability (GEF PAS) – as a flagship initiative of the GEF PAS and aligned with its objectives, the GEF MC Project supported a coordinated sub-regional program approach to environmental concerns in the Micronesia sub-region, while attracting substantial co-financing from other sources;
- b. Global Island Partnership (GLISPA)- the Micronesia Challenge is a not a stand-alone initiative. Rather, it is part of a much larger and growing commitment by island nations throughout the world to take the international lead in preserving primary ecosystems. This commitment, known as the 'Global Island Partnership', is a partnership between Island jurisdiction that developed during the Mauritius International Meeting in January of 2005;
- c. Complementary efforts of the US Territories (Guam and CNMI) – as an essential part of the Micronesia Challenge commitment, activities of the GEF MC Project were coordinated with Guam and CNMI through the proposed Micronesia Challenge Coordination Office. In addition, the support for MC activities in Guam and CNMI from various U.S Government Agencies, including NOAA, has strengthen the overall impact of the MC project;
- d. Coral Triangle Initiative (CTI) – the ecological interconnectivity between Micronesia and Coral triangle region is of extreme importance. As such, the Micronesia Challenge and Coral Triangle regions were regarded as sister initiatives.

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- A. PACIFIC REGIONAL INVASIVE SPECIES PROGRAMME (SPREP, FIVE YEAR TERM);
  - B. THE CRITICAL ECOSYSTEMS PROTECTION FUND (MELANESIA-MICRONESIA HOTSPOT) ADMINISTERED BY CONSERVATION INTERNATIONAL PACIFIC PROGRAMME OFFICE, APIA, SAMOA;
  - C. GEF PROJECT COMMUNITY BASED INTEGRATED CONSERVATION OF LAND AND MARINE ASSETS IN FOUR COUNTRIES;
  - D. THE MICRONESIA PROGRAM OF THE NATURE CONSERVANCY;

- e. The project also contributed and complemented biodiversity strategies and action plans of MC states. National Environment Management Strategies (NEMS) and National Biodiversity Strategies and Action Plans (NBSAPs) have identified priority areas for conservation for each of the states, some of which were supported by the MC project.
- f. Govt/MCT/TNC/CI/Local NGO (to be expanded)
- g. How did the relationship between the project and the collaborating partners (institutions and individual experts) develop? Which benefits stemmed from their involvement for project performance, for UNEP and for the stakeholders and partners themselves? Do the results of the project (strategic programmes and plans, monitoring and management systems, sub-regional agreements etc.) promote participation of stakeholders, including users, in environmental decision making?

**Communication and public awareness.** The evaluation will assess the effectiveness of any public awareness activities that were undertaken during the course of implementation of the project to communicate the project's objective, progress, outcomes and lessons. This should be disaggregated for the main stakeholder groups identified in the inception report. Did the project identify and make use of existing communication channels and networks used by key stakeholders? Did the project provide feedback channels?

**Country ownership and driven-ness.** The evaluation will assess the degree and effectiveness of involvement of government / public sector agencies in the project, in particular those involved in project execution and those participating in Project Steering Committee, PMU, MC working groups etc:

- To what extent have Governments assumed responsibility for the project and provided adequate support to project execution, including the degree of cooperation received from the various public institutions involved in the project?
- How and how well did the project stimulate country ownership of project outputs and outcomes?
- To what extent the project has strengthened sustainable conservation by using a collaborative partnership between the national PAN networks of the three countries and the MCT?
- Did the project contribute significantly in capacity development of target governments, with a direct contribution in the achievement of national and global environmental goals?

**Financial planning and management.** Evaluation of financial planning requires assessment of the quality and effectiveness of financial planning and control of financial resources throughout the project's lifetime. The assessment will look at actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co-financing. The evaluation will:

- Verify the application of proper standards (clarity, transparency, audit etc.) and timeliness of financial planning, management and reporting to ensure that sufficient and timely financial resources were available to the project and its partners;
- Assess other administrative processes such as recruitment of staff, procurement of goods and services (including consultants), preparation and negotiation of cooperation agreements etc. to the extent that these might have influenced project performance;
- Present the extent to which co-financing has materialized as expected at project approval (see Table 1). Report country co-financing to the project overall, and to support project activities at the national level in particular. The evaluation will provide a breakdown of final actual costs and co-financing for the different project components (see tables in Annex 4).
- Describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective. Leveraged resources are additional resources—beyond those committed to the project itself at the time of approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector.

Analyse the effects on project performance of any irregularities in procurement, use of financial resources and human resource management, and the measures taken UNEP to prevent such irregularities in the future. Determine whether the measures taken were adequate.

**Supervision, guidance and technical backstopping.** The purpose of supervision is to verify the quality and timeliness of project execution in terms of finances, administration and achievement of outputs and outcomes, in order to identify and recommend ways to deal with problems which arise during project execution. Such

problems may be related to project management but may also involve technical/institutional substantive issues in which UNEP has a major contribution to make.

The evaluators should assess the effectiveness of supervision, guidance and technical support provided by the different supervising/supporting bodies including:

- The adequacy of project supervision plans, inputs and processes;
- The realism and candour of project reporting and the emphasis given to outcome monitoring (results-based project management);
- How well did the different guidance and backstopping bodies play their role and how well did the guidance and backstopping mechanisms work? What were the strengths in guidance and backstopping and what were the limiting factors?

**Monitoring and evaluation.** The evaluation will include an assessment of the quality, application and effectiveness of project monitoring and evaluation plans and tools, including an assessment of risk management based on the assumptions and risks identified in the project document. The evaluation will assess how information generated by the M&E system during project implementation was used to adapt and improve project execution, achievement of outcomes and ensuring sustainability. M&E is assessed on three levels:

- *M&E Design.* The evaluators should use the following questions to help assess the M&E design aspects:
  - Arrangements for monitoring: Did the project have a sound M&E plan to monitor results and track progress towards achieving project objectives? Have the responsibilities for M&E activities been clearly defined? Were the data sources and data collection instruments appropriate? Was the time frame for various M&E activities specified? Was the frequency of various monitoring activities specified and adequate?
  - How well was the project logical framework (original and possible updates) designed as a planning and monitoring instrument?
  - SMART-ness of indicators: Are there specific indicators in the logframe for each of the project objectives? Are the indicators measurable, attainable (realistic) and relevant to the objectives? Are the indicators time-bound?
  - Adequacy of baseline information: To what extent has baseline information on performance indicators been collected and presented in a clear manner? Was the methodology for the baseline data collection explicit and reliable? For instance, was there adequate baseline information on pre-existing accessible information on global and regional environmental status and trends, and on the costs and benefits of different policy options for the different target audiences? Was there sufficient information about the assessment capacity of collaborating institutions and experts etc. to determine their training and technical support needs?
  - To what extent did the project engage key stakeholders in the design and implementation of monitoring? Which stakeholders (from groups identified in the inception report) were involved? If any stakeholders were excluded, what was the reason for this? Was sufficient information collected on specific indicators to measure progress on HR and GE (including sex-disaggregated data)?
  - Arrangements for evaluation: Have specific targets been specified for project outputs? Has the desired level of achievement been specified for all indicators of objectives and outcomes? Were there adequate provisions in the legal instruments binding project partners to fully collaborate in evaluations?
  - Budgeting and funding for M&E activities: Determine whether support for M&E was budgeted adequately and was funded in a timely fashion during implementation.
- *M&E Plan Implementation.* The evaluation will verify that:
  - the M&E system was operational and facilitated timely tracking of results and progress towards projects objectives throughout the project implementation period;
  - PIR reports were prepared (the realism of the Task Manager's assessments will be reviewed)
  - Half-yearly Progress & Financial Reports were complete and accurate;
  - the information provided by the M&E system was used during the project to improve project performance and to adapt to changing needs.

### **The Consultants' Team**

For this evaluation, the evaluation team will consist of one consultant. Details about the specific roles and responsibilities of consultant are presented in Annex 1 of these TORs. The consultant should have extensive

evaluation experience, including of large, regional or global programmes and using a Theory of Change approach; and a broad understanding of large-scale, consultative assessment processes and factors influencing use of assessments and/or scientific research for decision-making.

By undersigning the service contract with UNEP/UNON, the consultant certify that they have not been associated with the design and implementation of the project in any way which may jeopardize their independence and impartiality towards project achievements and project partner performance. In addition, they will not have any future interests (within six months after completion of the contract) with the project's executing or implementing units.

## Evaluation Deliverables and Review Procedures

The evaluation team will prepare an **inception report** (see Annex 2(a) of TORs for Inception Report outline) containing a thorough review of the project context, project design quality, a draft reconstructed Theory of Change of the project, the evaluation framework and a tentative evaluation schedule.

It is expected that a large portion of the desk review will be conducted during the inception phase. It will be important to acquire a good understanding of the project context, design and process at this stage. The review of design quality will cover the following aspects (see Annex 7 for the detailed project design assessment matrix):

- Strategic relevance of the project
- Preparation and readiness;
- Financial planning;
- M&E design;
- Complementarity with UNEP strategies and programmes;
- Sustainability considerations and measures planned to promote replication and up-scaling.

The inception report will present a draft, desk-based reconstructed Theory of Change of the project. It is vital to reconstruct the ToC *before* most of the data collection (review of progress reports, in-depth interviews, surveys etc.) is done, because the ToC will define which direct outcomes, drivers and assumptions of the project need to be assessed and measured – based on which indicators – to allow adequate data collection for the evaluation of project effectiveness, likelihood of impact and sustainability.

The inception report will also include a stakeholder analysis identifying key stakeholders, networks and channels of communication. This information should be gathered from the Project document and discussion with the project team.

The evaluation framework will present in further detail the overall evaluation approach. It will specify for each evaluation question under the various criteria what the respective indicators and data sources will be. The evaluation framework should summarize the information available from project documentation against each of the main evaluation parameters. Any gaps in information should be identified and methods for additional data collection, verification and analysis should be specified. Evaluations/reviews of other large assessments can provide ideas about the most appropriate evaluation methods to be used.

Effective communication strategies help stakeholders understand the results and use the information for organisational learning and improvement. While the evaluation is expected to result in a comprehensive document, content is not always best shared in a long and detailed report; this is best presented in a synthesised form using any of a variety of creative and innovative methods. The evaluator is encouraged to make use of multimedia formats in the gathering of information eg. video, photos, sound recordings. Together with the full report, the evaluator will be expected to produce a 2-page summary of key findings and lessons.

The inception report will also present a tentative schedule for the overall evaluation process, including a draft programme for the country visit and tentative list of people/institutions to be interviewed.

The inception report will be submitted for review and approval by the Evaluation Office before the any further data collection and analysis is undertaken.

[Optional] When data collection and analysis has almost been completed, the evaluation team will prepare a short **note on preliminary findings and recommendations** for discussion with the project team and the Evaluation Reference Group. The purpose of the note is to allow the evaluation team to receive guidance on the relevance and validity of the main findings emerging from the evaluation.

**The main evaluation report** should be brief (no longer than 40 pages – excluding the executive summary and annexes), to the point and written in plain English. The report will follow the annotated Table of Contents outlined in Annex 2. It must explain the purpose of the evaluation, exactly what was evaluated and the methods used (with their

limitations). The report will present evidence-based and balanced findings, consequent conclusions, lessons and recommendations, which will be cross-referenced to each other. The report should be presented in a way that makes the information accessible and comprehensible. Any dissident views in response to evaluation findings will be appended in footnote or annex as appropriate. To avoid repetitions in the report, the authors will use numbered paragraphs and make cross-references where possible.

**Review of the draft evaluation report.** The evaluation team will submit a zero draft report to the UNEP EO and revise the draft following the comments and suggestions made by the EO. Once a draft of adequate quality has been accepted, the EO will share this first draft report with the Task Project Manager, who will alert the EO in case the report would contain any blatant factual errors. The Evaluation Office will then forward the first draft report to the other project stakeholders, in particular: Micronesia Challenge Regional Coordination Office; Micronesia Conservation Trust Fund; Conservation International, The Nature Conservancy, Government of the Federated States of Micronesia, Government of Republic of Marshall Islands, Government of Republic of Palau, for their review and comments. Stakeholders may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. It is also very important that stakeholders provide feedback on the proposed recommendations and lessons. Comments would be expected within two weeks after the draft report has been shared. Any comments or responses to the draft report will be sent to the UNEP EO for collation. The EO will provide the comments to the evaluation team for consideration in preparing the final draft report, along with its own views.

The evaluation team will submit the final draft report no later than 2 weeks after reception of stakeholder comments. The team will prepare a **response to comments**, listing those comments not or only partially accepted by them that could therefore not or only partially be accommodated in the final report. They will explain why those comments have not or only partially been accepted, providing evidence as required. This response to comments will be shared by the EO with the interested stakeholders to ensure full transparency.

**Submission of the final evaluation report.** The final report shall be submitted by Email to the Head of the Evaluation Office. The Evaluation Office will finalize the report and share it with the interested Divisions and Sub-programme Coordinators in UNEP. The final evaluation report will be published on the UNEP Evaluation Office web-site [www.unep.org/eou](http://www.unep.org/eou).

As per usual practice, the UNEP EO will prepare a **quality assessment** of the zero draft and final draft report, which is a tool for providing structured feedback to the evaluation consultants. The quality of the report will be assessed and rated against the criteria specified in Annex 3.

The UNEP Evaluation Office will assess the ratings in the final evaluation report based on a careful review of the evidence collated by the evaluation consultants and the internal consistency of the report. Where there are differences of opinion between the evaluator and UNEP Evaluation Office on project ratings, both viewpoints will be clearly presented in the final report. The UNEP Evaluation Office ratings will be considered the final ratings for the project.

At the end of the evaluation process, the Evaluation Office will prepare a Recommendations Implementation Plan in the format of a table to be completed and updated at regular intervals by the Task Project Manager. After reception of the Recommendations Implementation Plan, the Task Project Manager is expected to complete it and return it to the EO within one month. (S)he is expected to update the plan every six month until the end of the tracking period. As this is a Terminal Evaluation, the tracking period for implementation of recommendations will be 18 months, unless it is agreed to make this period shorter or longer as required for realistic implementation of all evaluation recommendations. Tracking points will be every six months after completion of the implementation plan.

## **Logistical arrangements**

This Terminal Evaluation will be undertaken by two independent evaluation consultants contracted by the UNEP Evaluation Office. The consultants will work under the overall responsibility of the UNEP Evaluation Office and will consult with the EO on any procedural and methodological matters related to the evaluation. It is, however, the consultants' individual responsibility to arrange for their travel, visa, obtain documentary evidence, plan meetings with stakeholders, organize online surveys, and any other logistical matters related to the assignment. The UNEP Task Project Manager and project team will, where possible, provide logistical support (introductions, meetings etc.) allowing the consultants to conduct the evaluation as efficiently and independently as possible.

## ANNEX II. EVALUATION SCHEDULE

There were no field missions undertaken during this Terminal Evaluation for the reasons outlined in the main text of this report (see section 1.3). Instead, lengthy (and with some interviewees, multiple) Skype and telephone interviews were held with members of the project team, project partners and stakeholder representatives. These took place in August and September 2016, with some follow up interviews in October 2016.

ANNEX III. LIST OF PEOPLE INTERVIEWED

Name	Organisation and role
<b>Palau</b>	
King Sam	Programme manager, PAN Office, Government of Republic of Palau, and Special Assistant to Minister
Charlene Mersai	National Environment Planner, Government of Republic of Palau. GEF Operational Focal Point
Gwen Sisor	Information Management System Coordinator Office of Environmental Response and Coordination, Government of Republic of Palau.
Umai Basilius	Palau conservation society. senior programme officer
Regis Emesiochel	PAN Fund for Palau
<b>FSM</b>	
Alissa Takesy	Senior environment officer and Assistant Secretary, Division of Resource Management and Development, FSM National Government  FSM Government.
Cindy Ehmes	Assistant Director, Office of Environment and Emergency Management, FSM National Government
<b>RMI</b>	
Doreen deBrum	Assistant Secretary, Ministry of Foreign Affairs, Government of the Republic of the Marshall Islands
Lowell Alik	Director, Office of Environmental Planning and Policy Coordination, GEF OFP, Government of the Republic of the Marshall Islands
<b>Micronesia Challenge Trust</b>	
Willy Kostka	Executive Director, Micronesia Conservation Trust
Lisa Ranahan Andon	Deputy Executive Director/Grants Program Manager, Micronesia Conservation Trust
Roseo Marquez	Senior Grants Officer And Terrestrial Champion, Micronesia Conservation Trust
Tamara Greenstone	Conservation Program Manager, Micronesia Conservation Trust
<b>Micronesia Challenge</b>	
Ms Rachael Nash	MC Regional Coordinator (based on Yap)
<b>International</b>	
Trina Leberer	Director, Micronesia Program, The Nature Conservancy (based in Guam)

Sue Taii	Executive Director of Conservation International, New Zealand and Pacific Islands programme (based New Zealand)
Nicole Glineur	Sr. Environmental Specialist, GEFSEC (based Washington, DC, USA)
Peter Thomas	Director and senior consultant, TierraMar (Brisbane)
<b>UNEP</b>	
Ludmilla Khorosheva	Financial Management Officer, UNEP (based in Moscow)
Greg Sherley	Ex-UNEP Task Manager for UNEP-GEF MC project (formerly based in Apia, Samoa)
Johan Robinson	Chief, Biodiversity Unit, DEPI, UNEP, Nairobi
Mohamed Sessay	Senior Programme Officer, GEF Unit, DEPI, UNEP
Edoardo Zandri	Chief, Terrestrial Ecosystems Unit (TEU)
Ole Vestergaard	Programme Officer - Ecosystem-based Management and Adaptation, Freshwater & Marine Ecosystems Branch, Nairobi
Kelly West	GEF Portfolio Manager, Office for Operations, UNEP, Nairobi



## ANNEX IV. BIBLIOGRAPHY

The main references reviewed by the evaluation are listed below

1. Project Identification Form (PIF) for the Project
2. GEF Secretariat Review of the Project's PIF
3. Minutes of Project Review Committee (PRC) meeting with findings of their review of the project
4. UNEP Mid Term Strategy for 2010-2013
5. Justification for No Cos Extension of the Project for 12 months
6. Biodiversity Focal Area Strategy for GEF-5 and Land Degradation (Desertification and Deforestation) Focal Area Strategy for GEF-5
7. Project Document and appendices
8. Annual Project Implementation Reviews (PIRs) for 2014 and 2015
9. Terms of Reference for the Terminal Evaluation, dated 10 March 2016
10. Final Report of the UNEP-GEF MC project (February 2016)
11. Mid Term Evaluation report of the UNEP-GEF MC project (dated September - December 2013)
12. Review of Micronesia Challenge website (<http://www.micronesiachallenge.org/>)
13. Micronesia Challenge: Sustainable Finance Systems for Island Protected Area Management. Report on Inception Workshop Pohnpei, FSM 19-21 January 2011

**ANNEX V. MICRONESIA CHALLENGE GEF PROJECT - RESULTS FRAMEWORK**

<b>Project Title: Micronesia Challenge: Sustainable Finance Systems for Island Protected Area Management</b>						
<b>Project Goal:</b> <i>To increase the resilience of globally significant marine and terrestrial species across Micronesia to current and future threats, including climate change, under the framework of the Micronesia Challenge: a shared commitment to effectively conserve at least 30% of the near-shore marine resources and 20% of the terrestrial resources across Micronesia by 2020.</i>						
	<b>Indicator</b>	<b>Baseline conditions</b>	<b>Mid-term target</b>	<b>End of project target</b>	<b>Means of verification</b>	<b>Risk and Assumptions</b>
<b>Objective:</b> To establish sustainable finance systems and policies in FSM, RMI, and RP by 2014 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, their primary strategy for achieving the goals of the Micronesia	PA percentage and coverage in ha	14% (636,313 ha) for marine PAs and 16% 24,738 ha) for terrestrial PAs, collectively for all 3 countries	To be established at Project Inception	21% coverage (928,527 ha) for marine PAs (70% of MC target) and 18% coverage (27,072) for terrestrial PAs (90% of MC target), collectively for all 3 countries	Baseline MC assessment of total area currently under protection; increase in coverage (ha) through project intervention	The three proponent countries (along with members Guam and the Northern Mariana Islands) follow-through on their commitment to the ambitious Micronesia Challenge  The MC is highly dependent on strong partnerships between a number of local and regional partners. Capacity and commitment ensures that the failure of any critical partner will not leave a gap in Micronesia Challenge implementation.
	Percentage of PAs that demonstrate management effectiveness	NA		20% of PAs meet a minimum required score for management effectiveness (tbd)	Management Effectiveness Tracking Tool (METT) reports	

Challenge.	MC endowment fund capitalized	MC endowment fund capitalized at \$1.5 million (interest income currently at ~\$300,000)	To be established at Project Inception	MC endowment fund capitalized at a total of \$18 million	Annual audit of MCT  MC endowment fund report provided by MCT	
<b>Outcome 1</b>						
<p>Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge</p> <p><i>Outputs</i></p> <p><i>1.1 Three PAN offices, one each in FSM, RMI, and RP, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2</i></p> <p><i>1.2 Strengthened PAN legislative</i></p>	<p>Status of PAN legislative frameworks</p> <p>Status of PAN offices</p> <p>Number of new sites established as PAs and included in PANs</p>	<p>RP: PAN legislative framework established</p> <p>FSM, RMI, and RP: PAN coordinators in place</p> <p>Five PA sites are currently officially a part of RP's PAN; NA for FSM and RMI</p> <p>NA</p>	<p>PAN legislation in FSM and RMI drafted</p> <p>Needs assessed for capacity and funding for PAN offices in FSM, RMI, and RP</p> <p>Four priority sites established as PAs (at least one in each country) and included in PANs</p> <p>National standards and criteria for PA</p>	<p>PAN legislation passed in FSM and RMI</p> <p>PAN offices in FSM, RMI, and RP, fully funded, staffed and coordinating establishment and effective management of PANs</p> <p>Ten priority sites established as PAs and included in PANs</p> <p>PA managers trained and implementing PA planning / management</p>	<p>PAN legislation in place</p> <p>PAN office capacity and funding needs assessment reports; support for PAN offices in annual Government budgets; PAN office staff positions filled</p> <p>PANs established and sites are being incorporated</p>	<p>Political will at all levels supports development and enactment of legislation</p> <p>Adequate HR capacity to maintain PAN offices</p> <p>Priority sites selected to meet 2020 MC targets include representative and replicated critical habitat types, and broad and equitable geographic distribution</p>

<p><i>frameworks in each country by end of Year 4</i></p> <p><i>1.3 Ten priority sites established as PAs and included in PANs by end of Year 4</i></p> <p><i>1.4 National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year 4</i></p> <p><i>1.5 PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by</i></p>	<p>Number of sites at which PA managers are implementing PA planning / management standards and assessing management effectiveness</p>		<p>planning and management adopted; PA managers trained and implementing them at four priority sites</p> <p>To be established at Project</p>	<p>standards and assessing management effectiveness at ten additional priority sites</p> <p>21% coverage (928,527 ha) for marine PAs (70% of</p>	<p>Teams facilitated by skilled CAP / management planning coaches to develop plans for ten priority sites (at least three in each country), and at least 2 team members per team (PA managers) trained in CAP methodology; team members facilitated by mentors to develop and implement monitoring plans for ten priority sites (at least three in each country); team members (PA managers) in all three countries participate in data management and analysis workshop to learn tools to better assess the effectiveness of their management activities; at least 50% of activities identified in management plans for ten priority sites (at least three in each country) implemented</p> <p>Baseline MC assessment of total area currently under protection; increase in coverage (ha) through project intervention</p> <p>Management Effectiveness Tracking Tool (METT) reports</p>	<p>Technical assistance and tools are adequate to address the changing nature of threats and pressures on natural resources</p> <p>Significant capacity gaps can be effectively lessened through training</p> <p>Collaborative approaches to local-level resource management achieve solid community buy-in and active participation in protected area and natural resource management</p>
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<p><i>end of Year 4</i></p> <p><i>1.6 Activities identified in management plans for ten priority sites (identified in narrative below) implemented</i></p>	<p>PA percentage and coverage in ha</p> <p>Percentage of PAs that demonstrate management effectiveness</p>	<p>14% (636,313 ha) for marine PAs and 16% 24,738 ha) for terrestrial PAs, collectively for all 3 countries</p> <p>NA</p>	<p>Inception</p>	<p>MC target) and 18% coverage (27,072) for terrestrial PAs (90% of MC target), collectively for all 3 countries</p> <p>20% of PAs meet a minimum required score for management effectiveness (tbd)</p>		<p>Combined area of sites within each PAN will meet the overall MC 2020 targets</p> <p>Management effectiveness can be met as well as area coverage and PA establishment targets</p>
<b>Outcome 2</b>						
<p>Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies</p>	<p>Status of Sustainable Finance (SF)</p>	<p>SF plans in all 3 countries drafted; regional MC SF plan under development; RP supporting legislation passed (“green fee”); MOUs in place between MCT and FSM and RP;</p>	<p>SF plans endorsed by Executive Branch</p> <p>Supporting Legislation drafted</p>	<p>Sustainable finance systems and plans for PANs endorsed and fully implemented</p>	<p>Sustainable finance plans fully implemented, resulting in the generation of adequate internal income and the securing of sources of funding for the MC endowment</p>	<p>Political will at all levels supports implementation of SF plans</p> <p>MCT continues its legal role as the regional finance mechanism for the Micronesia Challenge</p>



<i>\$50 million total needed to fully meet the needs of the MC) by end of Year 2</i>	capitalization  Status and effectiveness of PA grant disbursement mechanisms		PA grant disbursement mechanisms in FSM, RMI, and RP are piloted	Effectiveness of PA grant disbursement mechanisms in FSM, RMI, and RP measured	Pilot grants awarded to ten priority sites (at least three in each country) to support the implementation of at least 50% of activities identified in management plans (four grants)  Pilot grant disbursement mechanisms will be evaluated through annual recipient surveys and annual audits and a report on their effectiveness will be completed	reasonable degrees of confidence  Sufficient investments in capacity at the local level ensure grants can be accessed and satisfactorily expended
<b>Outcome 3</b>						

<p>Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented</p> <p><i>Outputs</i></p> <p><i>3.1 MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing)</i></p> <p><i>3.2 Micronesia Challenge regional communication strategy and MC communication strategies in FSM, RMI, and RP developed, implemented, and evaluated by end of Year 4</i></p>	<p>Number of MC Steering Committee (SC) meetings</p> <p>Frequency of MC Regional Office (MCRO) reporting</p> <p>Status of regional and country communications strategies</p>	<p>Eight MC SC meetings have occurred since the launch of the MC in 2006</p> <p>Currently MCRO reports coincide with SC meetings</p> <p>Draft regional communications strategy completed and pending review and revision</p>	<p>MC SC meets semi-annually and corresponds regularly via skype and email</p> <p>MCRO reports on regional activities to the SC quarterly</p> <p>Draft MC regional communication strategy reviewed and revised; MC communications strategies in FSM, RMI, and RP developed / implemented by local teams</p>	<p>MC SC meets semi-annually and corresponds regularly via skype and email</p> <p>MCRO reports on regional activities to the SC quarterly</p> <p>MC regional communication strategy and communication strategies in FSM, RMI, and RP developed, implemented, and evaluated</p>	<p>MC SC meeting reports</p> <p>MCRO reports</p> <p>MC communications materials created and distributed, marketing and awareness campaigns launched; MC website updated regularly and MC communications working group conducting quarterly conference calls</p>	<p>The MC is well coordinated by the MC SC and MCRO and the momentum is maintained so that opposition to the MC will not grow in one or more jurisdictions</p> <p>All three project jurisdictions plus Guam and CNMI remain party to the MC commitments</p> <p>Changes in Political Leadership will not weaken high level support for the MC commitment in one or more MC jurisdictions</p> <p>The MC regional and country communications strategies aid collaborative involvement of community-level resource-users</p> <p>Communications expertise and technical capacity can be sourced in the region</p>
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**ANNEX VI. STAKEHOLDER MAP (FROM PROJECT DOCUMENT)**

<b>Stakeholder</b>	<b>Stakeholder's Interest in Project</b>	<b>Justification for inclusion of Stakeholder</b>	<b>Expected role of Stakeholder</b>
Governments of Palau, FSM and RMI (MC States)	Establishment of a sustainable financial mechanism to ensure the long-term protection of areas of highest biodiversity significance in MC states.	A joint commitment by the MC states to launch the project to effectively conserve at least 30% of their near shore marine and 20% of the terrestrial resources across Micronesia by 2020.	The MC CEOs (these are the Presidents of Palau, FSM and RMI) are the ultimate decision-making body for the project. They will ensure that the work of the MC is integrated into the wider interests and programs of their states.
Communities of Palau, FSM and RMI	Biodiversity conservation	All protected areas in these countries are managed to a certain extent by the local communities	The communities, as some of them own the resources, will assist and/or lead in the implementation of conservation efforts in all the PANs.
Government Agencies & NGOs	Biodiversity conservation	These agencies work with the respective communities to implement conservation effort.	Provide technical and financial support to communities toward conservation effort.
MCT	Project management	Lead agency for the overall management of the Project and the MC Endowment	Overall responsibility for implementation of project. Will house the PMU for the coordination and management of project.
Micronesia Challenge Regional Coordination Office	Project coordination and management	A legally established intergovernmental agency with role and remit from Steering Committee to coordinate MC activities	Conduct and coordinate regional activities in support of the MC.
TNC	Biodiversity conservation	Pledged 3 million USD for the MC Endowment; Chair of the MC Support Team.	Release agreed amount of the pledge to all countries when Project is implemented; provide technical and financial support toward conservation efforts.
Conservation International (CI)	Biodiversity conservation	Pledged 3 million USD for the MC Endowment; member of the MC Support Team.	Release agreed amount of the pledge to all countries when Project is implemented; provide technical and financial support toward conservation efforts.
SPREP	Biodiversity conservation	Premier regional organization for the conservation of nature and natural resources in the Pacific islands. Has managed a number of GEF-funded projects in the region.	Provide technical advice and advocacy for the MC at relevant regional and international fora.
GLISPA	Biodiversity Conservation/Networking	The Micronesia Challenge was launched at a Global Island Partnership (GLISPA) high-level event and as such represents a GLISPA commitment which GLISPA partners are committed to supporting with its implementation.	GLISPA will help the Micronesia Challenge find opportunities to leverage the Challenge to increase support and resources for implementation.

ANNEX VII.SUMMARY OF THE ACHIEVEMENT OF PROJECT OBJECTIVE AND OUTCOMES AS DEFINED IN PROJECT DOCUMENT

indicator	Baseline level	End-of-project target	Level at August 2016 and progress rating
<p><b>Objective</b> To establish sustainable finance systems and policies in FSM, RMI, and RP by 2014 that ensure sufficient resources to support the activities required to abate threats to their marine and terrestrial biodiversity and effectively manage each of their Protected Areas Networks, their primary strategy for achieving the goals of the Micronesia Challenge.</p>			
<p>1. PA percentage and coverage in ha</p>	<p>14% (636,313 ha) for marine PAs and 16% 24,738 ha) for terrestrial PAs, collectively for all 3 countries</p>	<p>21% coverage (928,527 ha) for marine PAs (70% of MC target) and 18% coverage (27,072) for terrestrial PAs (90% of MC target), collectively for all 3 countries</p>	<p>This is an indicator for progress towards the goal of the wider MC initiative, not specifically for the Project and it does not relate directly to the objective, which deals with sustainable finance systems and policies.</p> <p>The indicator target has been largely met and in some cases exceeded for both marine and terrestrial systems, notably in case of Palau</p> <p>For marine: FSM 7% (hence 14% to go); RMI 18% (hence nearly met target); Palau - 58% (well exceeded its target)</p> <p>For terrestrial areas: FSM - 15% (hence nearly met its target); RMI - 16% (hence nearly met its target); Palau - 20% (exceeded its target)</p> <p><b>Satisfactory</b></p>
<p>2. Percentage of PAs that demonstrate management effectiveness</p>	<p>Not Available</p>	<p>20% of PAs meet a minimum required score for management effectiveness (tbd)</p>	<p>No minimum required score was developed, although some sites had been evaluated with the Marine Protected Area Management Effectiveness (MPAME) tool developed by the MC Measures Working Group. A recent independent report on the status of the PA system on Palau, including efforts at individual sites, indicates that this target has been met, on Palau at least.</p> <p><b>Moderately Satisfactory</b></p>
<p>3. MC endowment fund capitalized</p>	<p>MC endowment fund capitalized at \$2.4 million (interest income currently at</p>	<p>MC endowment fund capitalized at a total of \$18 million</p>	<p>The Project's target of US\$18 million was reached during 2015 but was reduced as of 31 December 2015 due to market fluctuations (beyond control of the Project). This was the most relevant indicator for the project objective.</p>

indicator	Baseline level	End-of-project target	Level at August 2016 and progress rating
	~\$300,000)		<b>Highly Satisfactory</b>
<b>Outcome 1:</b> Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge			
1.1 Status of PAN offices	RMI: role split into 3, ROP: PAN coordinator and admin, FSM: status unclear	PAN offices in FSM, RMI, and ROP, fully funded, staffed and coordinating establishment and effective management of PANs	<p>It is worth noting that most of the delivery of this outcome was achieved through partner funding, building on existing programmes and projects, and that GEF's contribution to this element of the Project was very small.</p> <p>FSM: No PAN Office yet established, although situation considered likely to improve as government partners have to fulfill capacity requirements in order to access MCEF. However, no formal commitment on timescale from FSM government.</p> <p>RMI: No specific PAN office established. Instead decision taken to share PAN work across the two government departments of the OEPPC and MIMRA.</p> <p>Palau: PAN Office fully funded and functional, and has begun coordination of its PAN to improve management effectiveness.</p> <p><b>Moderately Satisfactory</b></p>
1.2. Status of PAN legislative frameworks	ROP: PAN legislation done, RMI –discussion happening, and FSM considering options based on state sensitivities	PAN legislation passed in FSM and RMI	<p>FSM: Legislation dependent on states in FSM. Kosrae has passed a PAN Law and Pohnpei has existing laws that allow for PAs. Chuuk and Yap have draft laws under consideration. At the national (federal) level, a draft PAN Policy Framework and Country Program Strategy is still pending formal adoption. Project partners have been working on a revising legislation to create a National PAN.</p> <p>RMI: PAN Legislation Bill passed in September 2015, which allows the RMI to establish their own PAN Fund organization, and identify additional sources of local funds (i.e. visitor fees, fisheries fees, etc.) to sustainably support their PAN.</p> <p>Palau: the PAN Act (and Green Fee) was created in 2003, and in 2008 the national legislature created the PAN Fund.</p> <p><b>Moderately Satisfactory</b></p>
1.3 Number of new sites	Five PA sites are currently officially	At least ten priority sites established as	By the end of the Project there was a total of over 80 sites in the PANs for FSM, RMI and Palau (up

indicator	Baseline level	End-of-project target	Level at August 2016 and progress rating
established as PAs and included in PANs	part of ROP's PAN; NA for FSM and RMI	PAs and included in PANs	from 16 sites identified at project inception)  <b>Highly Satisfactory</b>
1.4 Number of sites at which PA managers are implementing PA planning / management standards and assessing management effectiveness	NA	30% of the 10 PAs in this project (at least one per jurisdiction) have in place mechanisms for assessing management effectiveness (tbd)	Management effectiveness has been assessed through use of the MPAME (based on TNC model), which was tested at a total of over 20 sites MPA sites in RMI and Palau. An initial MPAME assessment showed that a significant number of sites required assistance to improve management adaptation and effectiveness.  <b>Moderately Satisfactory</b>
1.5 % of activities in management plans implemented	NA	At least 50% of activities for all sites (but determined by funding availability)	There has been no formal tracking of the % of activities in management plans implemented and indeed no mechanism has been developed. However, informal assessments suggest that most activities are being implemented in those sites with management plans.  <b>Moderately Satisfactory</b>
<b>Outcome 2:</b> Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies			
2.1 Status of Sustainable Finance (SF)	SF plans in all 3 countries drafted; regional MC SF plan under development; RP supporting legislation passed ("green fee");	Sustainable finance systems and plans for PANs endorsed and fully implemented	An MC Regional Sustainable Finance Plan, based on Sustainable Finance Plans for all five MC jurisdictions, was developed and endorsed by the Micronesia Chief Executives at their March 2012 Summit. In addition, an MC business plan, developed in 2013, was endorsed by the Micronesia Chief Executives at their June 2014 Summit, although it was recognised that both of these need to be updated.  Individual national financing plans need to be revisited as costs of establishing, developing and maintaining the PANs in each country were only provisionally calculated and based on a limited study

indicator	Baseline level	End-of-project target	Level at August 2016 and progress rating
	MOUs in place between MCT and FSM and ROP; MOU between MCT and RMI completed, pending signatures		on Palau during the project design phase.  <b>Satisfactory</b>
2.2 Level of MCT capacity and compliance	MCT currently has a staff of 8 capable of administering their current grant load  MCT fully compliant in annual audits	Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment	MCT has built significant grant and project management capacity directed at making administration of the MCEF effective, although this has yet to be fully tested as there has been no piloting of the drawdown from the MCEF (considered a priority – see main text).  <b>Satisfactory</b>
2.3 Level of MC endowment fund capitalization	MC endowment fund capitalized at \$2.4 million (this includes government and matching contribution and earned interest income currently of \$300,000)	MC endowment fund capitalized at a total of \$18 million	Phase 1 of the MC has been completed with MCEF having reached \$18 million by December 2014.  <b>Highly Satisfactory</b>
<b>Outcome 3:</b> Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented			
3.1 Number of MC Steering Committee (SC) meetings	Eight MC SC meetings have occurred since the launch of the MC in 2006	MC SC meets semi-annually and corresponds regularly via skype and email	This is a process indicator, not an outcome indicator because the ‘outcome’ is actually an output.  MC Steering Committee (SC) has met semi-annually and its members apparently correspond regularly via Skype and email. The SC meets in conjunction with the MC Executive Summit and MPS on an annual basis and provides regular updates to them.

indicator	Baseline level	End-of-project target	Level at August 2016 and progress rating
			<p><b>Satisfactory</b></p>
3.2 Frequency of MC Regional Office (MCRO) reporting	Currently MCRO reports coincide with SC meetings	MCRO reports on regional activities to the SC quarterly	<p>Again this is a process indicator. A new MC Coordinator was hired in 2015 to conduct the work of the MCRO. This has improved coordination support for the MC allowing a greater focus on the Working Groups (which have begun addressing terrestrial measures with more effort) and plans to revise the activities of the Communications Working Group.</p> <p><b>Satisfactory</b></p>
3.3 Status of regional and country communications strategies	Draft regional communications strategy completed and pending review and revision	MC regional communication strategy and communication strategies in FSM, RMI, and RP developed, implemented, and evaluated	<p>Process indicator. A MC regional communication strategy was produced along with communications strategies in FSM, RMI, and Palau which have been partially implemented by local teams. However, there has been relatively little implementation in part due to unclear responsibilities over implementation and lack of budget.</p> <p>Project activities have also been presented on the MC website and a MC newsletter.</p> <p><b>Moderately Satisfactory</b></p>
3.4 Status of communications group	No country communication plans completed and the communication working group needs to be reinstated and made fully functional	A communications working group is established and fully functional	<p>A Communications Working Group was established but became soon largely inactive, in part because of the lack of leadership due to absence of a Regional Coordinator and unreliable internet and communication services experienced by the lead organizer. However, the group was revived in August 2015 when a new MC Coordinator (appointed early 2015) took the lead (management of the Comms Group is one of her chief responsibilities).</p> <p><b>Moderately Unsatisfactory</b></p>

ANNEX VIII. FINANCIAL MANAGEMENT ASSESSMENT TABLE

Financial management components	Rating	Evidence/ Comments
Attention paid to compliance with procurement rules and regulations	S	Standard UNEP practices applied
Contact/communication between the PM & FMO	MS	Some difficulties due to time differences and isolation of the PM (based in Pohnpei, FSM), TM (based in Apia, Samoa) and FMO (based in Moscow, Russia)
PM & FMO knowledge of the project financials	S	Good understanding of project financials among project and FMO
FMO responsiveness to financial requests	MS	Some difficulty and delay experienced by the TE in obtaining financial data, which took some months but this was partly due to change in project offices
PM & FMO responsiveness to addressing and resolving financial issues	MS	Some delays from UNEP's end in approving and sending payments to region, especially in final year when UNEP affected by changes to the IT system (introduction of Umoja)
Were the following documents provided to the evaluator:		
A.	An up to date co-financing table	Y/N
B.	A summary report on the projects financial management and expenditures during the life of the project - to date	Y/N
C.	A summary of financial revisions made to the project and their purpose	Y/N
D.	Copies of any completed audits	Y/N
Availability of project financial reports and audits	S	Available

Timeliness of project financial reports and audits	MS	Provision of updated figures took a long time
Quality of project financial reports and audits	S	Financial reports adequate but took long time to be delivered. Detailed information on the co-financing not available
FMO knowledge of partner financial requirements and procedures	S	FMO (former) good knowledge of financial requirements and procedures
<b>Overall rating</b>	<b>MS</b>	



## ANNEX IX. CONSULTANT'S RESUME

Dr Nigel Varty is an environmental consultant with over 30 years of experience in biodiversity conservation policy and planning, particularly in relation to in-situ conservation (e.g. Protected Areas, NBSAPs), sustainable management of natural resources (fisheries, forestry, agriculture, tourism, energy and hunting sectors), institutional capacity building (government and NGO), ecosystem services assessment and ecosystem-based approaches to climate change adaptation, with experience of Environmental and Social Impact Assessment for the business (oil and gas and mining) sector. He has a particular interest in/knowledge of forest, wetland, coastal and island ecosystems, with long- and short-term work experience in over 30 temperate and tropical countries, particularly Least Developed Countries and Small Island Developing States, in Africa, Latin America and the Caribbean, the Western Balkans, Eastern Europe, and the Caucasus, the Middle East, and South-East Asia. He has designed and evaluated many GEF projects for the UNDP, UNEP, FAO and The World Bank, in the Biodiversity, International Waters and Land Degradation Focal Areas, including 12 GEF project and UN evaluations within the last 8 years. He was formerly employed by BirdLife International as a Programme Officer for 6 years.

**ANNEX X. SUMMARY OF THE PROJECT'S SUCCESS IN PRODUCING PROGRAMMED OUTPUTS  
(LARGELY TAKEN FROM PROJECT'S TERMINAL REPORT WITH VERIFICATION AND UPDATING  
DURING THE EVALUATION)**

Project Document Output	Implementation Output
<p><b>Output 1.1:</b> Three PAN offices, one each in FSM, RMI, and Palau, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2</p>	<p>Output partially delivered. However, it should be noted that this element of the Project was almost entirely covered through co-financing and GEF Project only provided a very small amount of direct financing (US\$ 15,000 for 'Assessment of capacity needs for PAN Offices' according to the ProDoc) for this Output.</p> <p>Palau has a functioning PAN Fund and a PAN Office. However, neither FSM nor RMI have PAN Fund and Office established yet, and responsibility for PAN in the other two countries has rested within various existing government agencies. According to project documents, having coordinators within national agencies has helped the Project maintain a 'high degree of political legitimacy', although the TE had difficulty in securing interviews with senior government staff in FSM and RMI, which suggests poor ownership and interest in the Project.</p>
<p><b>Output 1.2:</b> Strengthened PAN legislative frameworks in each country by end of Year 4</p>	<p>Output delivered (although it depends on the interpretation of 'strengthened'). In Palau, the PAN Fund began operations in 2012 (with legislation in place before the GEF Project began). In FSM, project partners developed and introduced a FSM National PAN Policy Framework which at August 2016 was still being considered by the Executive and Congress. In RMI, national PAN legislation was passed in 2015.</p>
<p><b>Output 1.3:</b> Ten priority sites established as PAs and included in PANs by end of Year 4</p>	<p>Output delivered. More than 150 sites have been declared either by law, municipal ordinance, traditional closure, or community declaration across the jurisdictions, although how many of these were declared as a direct result of project activities is unclear (issue of attribution).</p>
<p><b>Output 1.4:</b> National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year 4</p>	<p>Output largely delivered. National standards and criteria have been formally adopted in Palau (PAN Act and associated regulations) and RMI (Reimaanlok) and resource/protected area managers in these countries have undergone training in standards and criteria. In FSM, the draft National PAN Policy Framework includes relevant criteria.</p>
<p><b>Output 1.5:</b> PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4</p>	<p>Output delivered. MCT, PIMPAC, and TNC have trained national and state-level resource/protected area managers in conservation area planning, vulnerability assessments, and monitoring protected area management effectiveness. Representatives from Palau, FSM and RMI have received numerous trainings on the use of the MPAME tool that was developed as part of the Project. MCT and its project partners also developed a MPAME User Guide.</p>

<p><b>Output 1.6:</b> Activities identified in management plans for ten priority sites implemented</p>	<p>Output delivered. Activities in management plans were implemented in more than 10 protected areas identified as priority sites, although the degree of delivery and their effectiveness is uncertain.</p>
<p><b>Output 2.1:</b> Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and Palau by end of Year 4</p>	<p>Output largely delivered. Palau already had supporting finance systems and policies in place through the Palau PAN fund and collection of its Green Fees. However, RMI and FSM haven't yet fully implemented their finance systems. MC partners, including government officials from each jurisdiction, contributed to the creation of the Micronesia Challenge Sustainable Finance Plan (business plan), which was officially endorsed by all MC governments in 2012. However, whether qualifying plans have been 'fully implemented' is unclear, but appears to be unlikely.</p>
<p><b>Output 2.2:</b> Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment by end of Year 2</p>	<p>Output essentially delivered. The Project has led to a marked increase in financial management capacity within the MCT, including the development of a new suite of project management tools. MCT also strengthened the engagement and performance of its Board of Trustees and its executive staff have received organizational development coaching. However, the test of the effectiveness of this capacity will be after drawdown from the MCEF begins.</p>
<p><b>Output 2.3:</b> PA grant disbursement mechanisms in FSM, RMI, and RP are piloted and their effectiveness measured by end of Year 4</p>	<p>Output not delivered. The PAN Fund in Palau is operational and able to disperse grants locally, although Palau did not request disbursement of investment income from its MCEF, and instead it used financing derived from its own Green Fees. By contrast, FSM and RMI have yet to fully develop their grant disbursement mechanisms. Although no MCEF grants were awarded, MCT issued more than 20 sub-grants during the Project using non-MCEF funds to support MC activities and was able to evaluate the effectiveness of these awards using its grants tools (developed under the project – see output 2.2), the experience gained from which should help inform management and disbursement of the MCEF grants.</p>
<p><b>Output 2.4:</b> MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2</p>	<p>Output delivered. Although not delivered by the end of year 2 of the project (too ambitious), the total in the MCEF was just over \$17,680,000 in February 2016 (according to the Project's Terminal Report), down from over \$18,000,000 earlier in 2015 due to market volatility (to be expected).</p>
<p><b>Output 3.1:</b> MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing)</p>	<p>Output largely delivered. A mechanism was established within the MC Regional Office/Steering Committee, allowing ongoing coordination between the various jurisdictions of the MC. A new Regional Coordinator was hired in 2015.</p>
<p><b>Output 3.2:</b> Micronesia Challenge regional communication strategy and MC communication strategies in FSM, RMI, and ROP developed, implemented, and evaluated by end of Year 4</p>	<p>Output partially delivered. Regional and jurisdictional communication strategies, including one for each of the four FSM states, with input from local partners and stakeholders that include key conservation messages, were developed but only partly implemented. Some very limited evaluation took place. The Micronesia Challenge Website has provided highlights from the region (GEF Project and non-project funded activities and results), and sent out regular newsletters.</p>

**ANNEX XI. OVERALL LIKELIHOOD OF ACHIEVING IMPACT**

**Results rating of project entitled: Micronesia Challenge: Sustainable Finance Systems for Island Protected Area Management**

Outputs (from ProDoc)	(Immediate project) Outcomes	Rating (D – A)	Medium-term outcomes (MTO) and Intermediate states (IS)	Rating (D – A)	Impact (GEB)	Rating (+)	Overall
<p><b>Component 1: Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP contributing toward achieving the goals of the Micronesia Challenge</b></p> <p>Output 1.1 Three PAN offices, one each in FSM, RMI, and RP, fully funded and staffed and serving to coordinate the establishment and effective management of PANs by end of Year 2</p> <p>Output 1.2 Strengthened PAN legislative frameworks in each country by end of Year 4</p> <p>Output 1.3 Ten priority sites established as PAs and included in PANs by end of Year 4</p> <p>Output 1.4 National standards and criteria for PA planning and management adopted and PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained and implementing them by end of Year Output</p> <p>Output 1.5 PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) trained in assessing management effectiveness by end of Year 4</p> <p>Output 1.6 Activities identified in management plans for ten priority sites (identified in narrative below) implemented.</p> <p><b>Component 2: Sustainable finance systems and policies are in place to provide long-term core resources for effective and adaptive conservation strategies.</b></p> <p>Output 2.1. Sustainable finance systems and plans for PANs endorsed and fully implemented in FSM, RMI, and RP by the end of year 4.</p> <p>Output 2.2 Technical assistance and capacity delivered to the MCT staff to support the administration of the MC endowment by end of Year 2</p>	<p>IO1. Strengthened PAN legislative frameworks, with national standards and criteria for PA planning and management developed and adopted in each country</p> <p>IO2. Selected priority sites established as PAs, each with effective management and monitoring plans that are being implemented in Palau, FSM and RMI</p> <p>IO3. Increased capacity (staff, skills, tools, resources, equipment, offices, etc) of PA managers (staff in government natural resource agencies, local conservation NGOs and community team leaders) to develop and manage PANs, including assessment of PA management effectiveness</p> <p>IO4. Sustainable finance systems and plans to fund each country's PAN developed and endorsed</p> <p>IO5. Initial capitalisation of the MCEF to US\$ 18 million reached</p> <p>IO6. MCT able to effectively support operation of the MCEF and grant disbursement systems</p>	B	<p>MTO1. MCT-based Micronesia Challenge endowment is fully capitalized (estimated \$55-56 million) and operational and grants being disbursed to local level</p> <p>MTO2. Protected Areas Networks (PANs) established and effectively managed in FSM, RMI, and RP with MC Endowment Fund and other sources providing financing for core resources for their long-term management</p> <p>IS1. Reduced threats to biodiversity and ecosystem services in Micronesia</p> <p>IS2. MC 2020 targets are met 'effectively conserving 30% of marine and 20% of terrestrial resources across Micronesia by 2020' (project goal)</p>	B-C	<p>Status, functioning and resilience of terrestrial, coastal and marine biodiversity and ecosystems in Micronesia improved, protected and maintained</p> <p>Sustainable provision of ecosystem goods and services from PANs to communities (including improved food and water security)</p>		BC

<p>Output 2.3 PA grant disbursement mechanisms in FSM, RMI, and ROP are piloted and their effectiveness measured by end of Year 4.</p> <p>Output 2.4 MCT-based Micronesia Challenge endowment is 36% capitalized (\$18 million out of an estimated \$50 million total needed to fully meet the needs of the MC) by end of Year 2.</p> <p><b>Component 3: Regional coordination mechanisms and communication strategies in support of the Micronesia Challenge implemented</b></p> <p>Output 3.1 MC Steering Committee (SC) and MC Regional Office (MCRO) provide coordination between jurisdictions (ongoing).</p> <p>Output 3.2 Micronesia Challenge regional communication strategy and MC communication strategies in FSM, RMI, and RP developed, implemented, and evaluated by end of Year 4.</p>				
	Justification for rating:	Justification for rating:	Justification for rating:	
	<p>The project's immediate outcomes were largely delivered. The initial capitalisation of the MCEF to US\$18 million should be considered a success but it is unlikely to be enough to ensure 'sustainable financing for the PANs of Palau, FSM and RMI, and there has yet to be any drawdown and disbursement of funds to the site level.</p>	<p>Establishing effective management of the PANs will take some years (not something that can be done in a 4-year GEF project) although there is improvement on Palau at least. It is unclear how/whether the MCEF can be fully capitalized to US\$55-56 million. The Project has not led directly to any decrease in threats to BD and ecosystem services as it has not been predominately operating at the site level, and there is debate about whether existing marine and terrestrial resources have been 'effectively conserved'.</p>	<p>Project has not produced direct changes in environmental status, although it was never intended to produce wide impact during the Project's lifetime</p>	

## ANNEX XII. RESPONSE TO STAKEHOLDER COMMENTS

All comments have been discussed and an agreement has been reached between the evaluator and commentators.