

**REQUEST FOR EXPRESSIONS OF INTEREST  
CONSULTANT'S QUALIFICATIONS BASED SELECTION (CQS)**

**Country:** Federated States of Micronesia

**Name of Project:** Federated States of Micronesia: Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience (P178237)

**Grant No.:** IDA-V381-FM

**Assignment Title:** Design Preparation Consultant

**Reference No. :** FM-DOFA-282358-CS-CQS

The Federated States of Micronesia has applied for financing from the World Bank toward the cost of the Pacific Islands Regional Oceanscape Program – Economic Resilience (PROPER), and intends to apply part of the proceeds for the following consulting services.

The consulting services (“the Services”) include undertaking stakeholder consultations drawing upon the PROP 1 results and that reflects the consensus of key stakeholders, including each of the state governments, and FSM National Government. As much as possible and practical, Municipal Government and outer-island stakeholders’ views will also feed into the design; Conduct detailed analyses of proposed activities; Develop a project proposal document complete with indicative objectives, project components, detailed activities and costs, project results framework, procurement plan and other required elements per usual World Bank projects; Meaningful consultation and adoption of a participatory approach (and documentation thereof) in undertaking the consultancy work will be critical. The assignment will take place over a twelve (12) month period, reporting to the Central Implementation Unit of the FSM Department of Finance & Administration. The expected allocation of time for the respective experts involved would be as determined and assigned by the consulting firm.

The detailed Terms of Reference (TOR) for the assignment can be found at these websites: *dofa.gov.fm* or *norma.fm*.

The Department of Finance & Administration (DF&A) now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The attention of interested Consultants is drawn to paragraph 3.14, 3.16 and 3.17 of the World Bank’s *Procurement Regulations for IPF Borrowers, 4<sup>th</sup> Edition, November 2020* (“the Regulations”), setting forth the World Bank’s policy on conflict of interest.

Consultants may associate with other firms to enhance qualifications and should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

The best qualified firm to carry out the services will be selected in accordance with the Consultant’s Qualifications Based Selection (CQS) method set out in the Regulations, and based on the following criteria:

- a.** Availability of key relevant professionals within firm or its partner's network. The Consultant firm shall provide a team of suitably qualified and experienced 'key personnel' to undertake the assignment.
- b.** Financial resources of the consultant (turnover of last five years)
- c.** Experience of the firm in similar tasks/assignments over the last five years (examples of past experience- similar nature, location and/or complexity including cost and duration of the assignment).
- d.** Support services of the firm (office space, support staff, equipment).

Further information can be obtained at the address below during office hours 0800 to 1700 Pohnpei Time (Local Time).

Expressions of interest must be delivered in written form to the address below (in person, or by mail, or by e-mail) preferably by Thursday, July 21st, 2022.

Secretary, Department of Finance and Administration

Attn.Mr. Kwame Shiroya

CIU Program Manager

Central Implementation Unit

Department of Finance & Administration

Palikir, Federated States of Micronesia (FSM)

Email: Kwame.shiroya@dofa.gov.fm

and cc to: Central Implementation Unit: ciu.dofa@gov.fm

**FEDERATED STATES OF MICRONESIA**  
**TERMS OF REFERENCE**  
**PROJECT: THE PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAM –**  
**ECONOMIC RESILIENCE**  
***DESIGN PREPARATION CONSULTANT***

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Federated States of Micronesia has received financing from the World Bank for the preparation of the phase 2 of the *Pacific Islands Regional Oceanscape Program* (PROP) Project. PROP comprises a series of projects, which includes separate national projects in the Federated States of Micronesia, the Republic of the Marshall Islands, Tuvalu and the Solomon Islands, and a separate but complementary regional project implemented by FFA. Projects in Kiribati, Tonga and Samoa have also recently joined the programme.

The PROP development objective is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend. This will provide the basis for sustainable and increased economic benefits to the participating Pacific Island countries from this resource.

The Project has achieved good results, both in FSM and for other participating countries, since it was initiated in 2015, FSM phase 1 was concluded in 2021. Implementation of the Phase 1 was led by the FSM National Oceanic Resource Management Authority (NORMA) for oceanic fisheries and by FSM Department of Resources & Development (DRD) for coastal fisheries. However, there is much work to be done, and fisheries sector in the region continues to evolve quickly, creating new opportunities and challenges for small island developing states like the FSM. The Government has agreed in principle with the World Bank to include a second phase of the project with commitment of national IDA funding and leveraging regional IDA funds.

The FSM Department of Finance & Administration is the implementing agency for the preparatory phase of the 2<sup>nd</sup> phase of the PROP Project, now called the Pacific Regional Oceanscape Program – Economic Resilience (PROPER), and the primary activity is to develop a project document that proposes activities for PROPER that build on Phase 1 outcomes and addresses needs of FSM in fisheries and habitats protection. DoFA therefore needs the services of a Project design consultancy firm to undertake a process to develop the PROPER project document with necessary feasibility assessments.

## **BACKGROUND**

Annex A provides an overview of the oceanic and coastal fishery in the FSM with background on the outcomes of the Phase I of the PROP Project. The planned indicative areas of intervention for the PROPER (phase 2 of the PROP) are also outlined in the Annex.

Generally, the PROPER project will undertake activities within the oceanscape with activities in both the oceanic fisheries and coastal fisheries management and development. Activities will also aim at addressing climate change and pollution of the associated habitats with focus on technical assistance, including developing the capacity of national consultants and project managers, and procurement of equipment and supplies; there will also be construction of buildings or other

infrastructure. The project duration will be a minimum of five years in all four States of the Federation.

### **PURPOSE OF THE CONSULTANCY**

The purpose of the consultancy is to develop a project document for the sustainable management and development of FSM's fisheries resources as part of the broader regional PROP programme.

### **OBJECTIVE OF THE CONSULTANCY**

The objective of the consultancy is to develop a detailed proposal for this second phase of the Project PROPER – through a process of consultation with stakeholders with an assessment of viability of activities from a technical, economic, financial, environmental and social (including gender) perspective.

The consulting services are being sought to:

1. Undertake stakeholder consultations drawing upon the PROP 1 results and that reflects the consensus of key stakeholders, including each of the state governments, and FSM National Government. As much as possible and practical, Municipal Government and outer-island stakeholders' views will also feed into the design;
2. Conduct detailed analyses of proposed activities;
3. Develop a project proposal document complete with indicative objectives, project components, detailed activities and costs, project results framework, procurement plan and other required elements per usual World Bank projects;

It is important to note that PROPER activities are subject to the provisions of an Environmental Social and Management Framework (ESMF), which guides implementing agencies in ensuring that adverse environmental and social impacts are identified and appropriate safeguard instruments are prepared and implemented to avoid, minimize and mitigate these potential impacts. The consultant will be required to ensure the requirements of the ESMF are satisfied, with particular focus on the Process Framework (PF), [Annex D of the ESMF], which describes the requirements to address safeguard issues that may arise from restriction of access to natural resources under the PROP. In particular, the PF establishes a process by which project affected people and communities participate in the design of access restrictions, have input into mitigation measures needed to achieve livelihood restoration where economic displacement is likely to occur, and contribute to ongoing project monitoring. Meaningful consultation and adoption of a participatory approach (and documentation thereof) in undertaking the consultancy work will be critical.

Climate change being an existential threat to Pacific Islands such as FSM, all activities to be implemented by the PROPER must be climate proofed, both from a climate change mitigation as well as adaptation perspective.

### **EXPECTED OUTCOMES/SCOPE OF WORK**

Department of Finance & Administration seeks to engage an international consultancy firm with strong expertise in fisheries to undertake the following illustrative tasks in two distinct phases of a project design process.

The project design process should include feasibility assessments per international best practice procedures in conjunction with other necessary consultancies to produce a viable project document as required and in line with FSM priorities in oceanic and coastal fisheries with consideration of threats (i.e. pollution and climate change) and impacts on related habitats and the environment. The key phases include:

A. Project Feasibility Assessment Report phase:

- i) Consult with the PROPER Steering Committee to seek general guidance on the assignment and obtain guidance on the likely programme development objective (PDO) and possible indicators to measure its achievement.
- ii) Consult with the PROPER Steering Committee, relevant national Government and State government, PROPER Project Management Unit and other stakeholder in design of the PROPER Project and assessment of project activities and interventions.
- iii) Propose and undertake a feasibility assessment of proposed project interventions to determine feasibility against FSM priorities and WB criteria in a report outlining the feasible activities, costs, and timeline for FSM government consideration.
- iv) For proposed infrastructure investments, consult on infrastructure needs, assess sites against proposed criteria, collect site specific information to inform the prioritization of these public investments and their viability; describe in technical detail the proposed investments, costs, feasibility of such with an aim to leverage private sector capital and to ensure sustainability of project outputs;
- v) Produce and present a feasibility report on technical, financial and economic, institutional, environmental, and socio-cultural feasibility of the proposed project activities and proposing any changes that should be made on the project design based on the feasibility assessment. Report format can follow a sample outline in Annex B.

B. Project Document Development phase:

- vi) Based on the feasibility assessment and inputs/acceptance by FSM Government (in consultation with World Bank) of activities and investments, propose a project document outline that includes design methodology or process activities and inputs required to achieve the desired objective and results, proposed components and actions, and estimated costs in a draft budget per usual WB requirements.
- vii) Review relevant FSM national documents, reports and policies relating to marine resources and fisheries, as well as recent/current and planned fisheries development projects (including within the Pacific region) to ensure complementarity. Particular attention is drawn to the FSM Coastal Fisheries Assessment Report 2018.
- viii) Identify and incorporate regional strategy documents for oceanic and coastal fisheries and marine habitats enhancement that are relevant to, and supported by FSM, into the project design.
- ix) Conduct meetings of stakeholders to seek views on the problems and needs/gaps to be addressed, determine objectives and scope of the proposed project with inception and validation of the project document.
- x) Facilitate and advice on technical assessments (e.g. gender, legal, safeguards, project operations manual) undertaken under the PROPER Project preparatory phase and other recent assessments/studies within the Pacific region by World Bank that can inform the project design and incorporate relevant information into the project document.

- xi) Propose a refinement of the project theory of change and logical framework based on the project ideas and lessons of PROP phase 1 and incorporate into the PROP Phase 2. With the refined Theory of change, develop a matrix of proposed indicators at the level of the development objective and intermediate results, and especially identify candidates for Disbursement Linked Indicators (DLIs)/Performance Based Conditions.
- xii) Develop and present a draft detailed project document for the PROP project phase 2, including:
  - The rationale for regional IDA funding noting national IDA commitment;
  - The required level of financing;
  - Institutional arrangements;
  - Results indicators including the monitoring and evaluation framework;
  - Sustainability framework;
  - Risk management strategies;
  - Analysis of economic, technical, social (including gender) and environmental impacts per requirements of World Bank and the FSM. Project document will also incorporate lessons learned from Phase 1 of the PROP Project, particularly as outlined in PROP1 implementation completion report, and propose a draft initial work plan and budget with a procurement plan.
- xiii) Submit a draft detailed project document for review by the PROPER Steering Committee, key FSM stakeholders and World Bank Task Team, make requested amendments per usual FSM consultation processes and then submit a final project document and summary report on the implementation of the consultancy.
- xiv) Based on the indicative phased (based on proposed implementation plan) procurement plan:
  1. Prepare draft terms of reference (TORs) for consultancy;
  2. Specifications for non-consulting services, goods, and works to be procured.

Due to travel restrictions associated with the COVID pandemic, it is expected that all meetings and consultations may be conducted virtually using Zoom or a similar platform. Should travel restrictions ease, consideration will be given to in-person consultations when applicable.

## **DELIVERABLES AND TIMETABLE**

Specific deliverables and timetable would include:

- (i) Draft inception report to undertake feasibility assessment and produce project document with methodology and timetable: 1 month after signature of contract;
- (ii) Agreed final inception report with methodology and timetable with Outline of Project Document: 2 months after signature of contract;
- (iii) Status reports to CIU – delivered monthly starting from 2 months after signature of the contract;
- (iv) Draft Feasibility Assessment Report – with a presentation to the FSM Government/Project Steering Committee to be delivered/presented 5 months after signature of contract;
- (v) Synthesis of inputs from TECHNICAL REPORTS that is to be utilized in the Project document: 8 months after signature of the contract;
- (vi) Draft Project Document to CIU (and shared with the relevant National/state government partners for comment): 9 months after signature of the contract. The draft should also include

- a draft power point presentation summarizing the project document;
- (vii) Final Project document to CIU, based on comments received 10 months after signature of the contract. The final report should also include a power point presentation on the Project that is presented to the Project Steering Committee. Included will be a validation report indicating validation exercise to obtain Government acceptance of the final project document; and
- (viii) Procurement plan of indicative activities with TORs and bidding documents/specifications for activities within Year 1 of the project.

CIU will share drafts and outputs with the World Bank for comments. All deliverables will be prepared based on the requirements of (and to meet the needs defined by) the project ESMF (and Process Framework).

**BACKGROUND MATERIALS**

- PROP Phase 1 Program Operational Manual (POM)
- PROP Phase 1 Implementation Completion Report
- Oceanic fisheries strategies and policies
- PPA Safeguards documents (ESMF), etc.
- Coastal Fisheries Assessment Report 2018.
- FSM Oceanic Fisheries Investment Policy.

**DURATION OF THE ASSIGNMENT**

The assignment will take place over a twelve (12) month period, reporting to the Central Implementation Unit of the FSM Department of Finance & Administration. The expected allocation of time for the respective experts involved would be as determined and assigned by the consulting firm.

**QUALIFICATIONS OF THE FIRM/TEAM**

This assignment will be undertaken by a consulting firm which will build a strong technical team to enable satisfactorily execution of the assignment. The suggested team composition and qualifications are indicative. Selection Criteria for the Firm:

- a. Availability of key relevant professionals within firm or its partner’s network. The Consultant firm shall provide a team of suitably qualified and experienced ‘key personnel’ to undertake the assignment.
- b. Financial resources of the consultant (turnover of last five years)
- c. Experience of the firm in similar tasks/assignments over the last five years (examples of past experience- similar nature, location and/or complexity including cost and duration of the assignment).
- d. Support services of the firm (office space, support staff, equipment).

Indicative “Key Personnel” Expertise may include the following:

Description of Qualifications/Potential Inputs	Key Personnel/Expertise
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Lead and manage inputs of consultant team; responsible for overall product delivery and for timely and quality execution of services; primary contact point for contract execution/management.	Team Lead for contract management and execution
Expertise and experience in designing or developing a Multilateral development agency project in oceanic/coastal fisheries management and development with components of capacity building, value chains, value adding, monitoring and control, resource management and/or fisheries livelihoods options, financing schemes, and/or market access. Experience in design of projects with fisheries infrastructure and Disbursement Linked Indicators is highly desirable.	Fisheries Project Design and Development Expertise
Fisheries economics analysis, financial and economic analysis with capture and culture fisheries; value chain technical assessments and related work to maximize benefit; value adding and community livelihood options. Also experience in market access with competent authority, certification, etc.	Fisheries Economist with value chain/value-adding expertise and market access.
Assessment of community financial services/credit schemes and establishment/piloting of financial services for fishers/farmers at community level especially working with/training community members or members of community cooperatives/fishing associations.	Financial Services/Credit schemes Expertise
Fisheries science, management and policy/plans development, or natural resource management; Experience with oceanic and/or coastal community fisheries management/enforcement with experience working in Small Island Developing States, the Pacific or in FSM.	Oceanic and Coastal Fisheries Science and Management Expertise
Fisheries sector institutional assessment, reform, capacity development focusing on regulatory/legal work, including co-management, enforcement, and related reforms with training assessment and plans.	Institutional capacity development with Regulatory/legal and Policy Expertise
Aquaculture technical expertise with experience in assessment of stocks and selection of viable species; development of pilot aquaculture ventures appropriate for tropical small islands with experience in successful ventures. Training of government and communities in implementation of aquaculture programs/ventures.	Coastal Aquaculture Expertise
Fisheries/Marina Infrastructure design, construction, maintenance, rehabilitation of capture fisheries landing site, construction activities assessment, priority site selection, and TOR preparation. Experience with marina construction with dredging, cold storage, fish market/ capture fisheries landing site with related facilities.	Coastal/hydrological engineer
Marine and fisheries habitats pollution/sedimentation environment and program assessment and waste management/recycling experience, piloting of recycling programs environment impacts and implementation of training programs	Marine environment pollution and waste management/recycling expertise



Assessment of recycling plant needs, development of concept, design of plant, construction activities assessment, priority site selection, and TOR preparation.	Recycling Plant Engineering design/construction expertise
Assessment of fisheries data, information management systems and monitoring needs, capacity and development and/or implementation of fisheries information management systems and monitoring programs with training of government and communities in monitoring and data collection.	Information Management and fisheries data and monitoring expertise
Assessment of climate change risks/opportunities and suggest mitigation and/or adaptation measures to climate proof infrastructure and activities; design climate proofing interventions for core subprojects and estimate cost; and prepare training/awareness program for stakeholders to enhance climate resilience.	Climate change mitigation and adaptation expertise
FSM stakeholder consultations facilitation and project development/support work in the FSM.	FSM local counterpart support

## **ANNEX A: Background on the Fishery and PROP outputs with plans for PROPER**

The Western and Central Pacific Ocean (WCPO) is the most important area globally for tuna fisheries, accounting for 60 percent of global catch, and tuna fisheries are a major source of revenue and foreign exchange for Pacific Island Countries (PICs). The share of the catch value taken by PIC national fleets (that is, vessels flagged by or chartered to them) has risen from 30 percent to 49 percent between 2010 and 2018. Most of the catch in the region is exported and the global supply chain is heavily dependent on tuna from the region.

Oceanic tuna fisheries are estimated to provide 45 percent of all government revenues and some 25,000 jobs in the PICs. In Federated States of Micronesia (FSM) tuna fisheries contribution to public revenue is estimated between 25-40% and the tuna-related employment in tuna processing and ancillary and crew decreased from 230 and 115 between 2010 and 2014 (excluding fisheries observers, around 60 in 2017-2019).

The revenue derived from access fees paid by fishing vessels to Forum Fisheries Agency (FFA) members has risen sharply over recent years. The implementation of the Vessel Day Scheme (VDS) by the Parties to the Nauru Agreement (PNA) has contributed to maintaining healthy stocks in the Pacific's purse seine fishery while also providing significant economic benefits to PNA member nations. During the years 2009-2018 the value of access fees paid by foreign vessels to FFA members rose from around US\$114 M in 2009 to US\$554 M in 2018.

In FSM, purse seiners contribute to the vast majority of the catches i.e., around 97% between 2017 and 2019. They oscillate widely from one year to the other, from around 139,500 metric tons (mt) in 2017, to 264,000 mt in 2018 and 133,000 mt in 2019. However, FSM has succeeded to maintain relatively stable revenues through the VDS respectively US\$63.5 M, US\$ 78.8 M and US\$70 M over the same period against an average annual revenue of around US\$20 M over the FY2015-2017 period.

While coastal fisheries do not contribute significantly to government revenue, they provide half the fisheries-related contribution to gross domestic product (GDP) in PICs and the shallow water lagoons and coral reefs provide the majority of the fish consumed in the Pacific Island region. Current best estimates suggest that coastal fisheries production (commercial and subsistence) across all PICs in 2014 was approximately 107,000 tons with an indicative value of US\$251 million, of which respectively 63 and 51 percent was from the subsistence sector. In FSM in 2013/2014, fisheries is ranked first in importance amongst income sources: 47% of households (HH) conduct fishing activities, 23% of HH food expenditures is on seafood, 6% of total HH income and 28% of the value of subsistence consumption come from fisheries. Households participation in fisheries and fish trade are estimated to respectively 7,837 and 2,148, or 14,520 persons, that is close to 14% of the total population.

Some of the coastal fisheries products are exported (e.g. bêche-de-mer, aquarium fish and trochus), however, most are consumed domestically and are an important source of protein within domestic markets. The coastal fisheries also provide a safety net to supply food and alternative sources of income during post disaster recovery when other food supply systems have been destroyed or suspended.

### Coastal fisheries Challenges

Recent data suggests an overall declining trend of the PIC coastal fisheries' contribution to food security with per capita production of coastal fish resources decreasing approximately 6 percent between 2007 and 2014. Similar patterns are observed in FSM. Accordingly, adaptive measures must be applied to fill this gap to meet food security demands, including management and protection of reef fisheries and ecosystems but also the redirection of effort to nearshore pelagic fisheries.

**Overfishing and overexploitation of coastal resources.** Empirical evidence indicates that, across the country, fish stocks are declining, reefs are being eroded, ecosystems are being impacted, and biodiversity is being lost.

**Reducing fishing pressure requires alternative incomes or livelihoods.** Population dependent of overexploited resources will need access to alternative sources of incomes to cope with management measures such as fishing closure. In the longer term, numbers of fishers will need to be limited and alternative livelihoods must be accessible.

**Insufficient coastal fisheries production to meet future domestic needs.** The Secretariat of the Pacific Community (SPC) has reported that by 2035, 25 percent of all fish required for food security of Pacific Island people will need to be supplied by tuna.

**Habitat degradation.** The impacts of climate change are exacerbated by terrestrial activities such as agriculture, municipal landfill, coral mining and mangrove harvesting that result in pollution, sedimentation, and habitat deterioration.

**Loss of economic opportunities.** Income generation activities including fishing and tourism are at risk due to natural resource degradation.

### Oceanic fisheries Challenges

The value of the vessel-days depends on an effective management of highly-migratory fish resources, coordinated at regional level, and on combatting illegal, unregulated and unreported (IUU) fishing. Oceanic fisheries also contribute to the national economic though the on-shoring of the activities, and conditions must be created to ensuring continuity of landings in the national ports. Together with an increased national participation in fishery and ancillary activities this would permit FSM to benefit from better economic multiplier effects.

**Illegal, unregulated and unreported fishing.** The total volume of product either harvested or transshipped involving IUU activity in Pacific tuna fisheries is up 338,475 mt.

**Safeguarding critical revenues from the tuna fishery.** Losses from IUU fishing across the Pacific tuna fisheries may be up to USD 740 million. This fishery is an important source of revenue to FSM, generating around USD 70 million annually.

**Compatible conservation and management measures** across the stock, and collaboration between fishery nations are required. Climate change and pollution of associated habitats are emerging threats that are increasingly affecting the coastal States and the fishery.

**Limited participation in fishery and ancillary activities.** Other than earnings from access revenues, FSM participation can be expanded despite its large FSM flag fleet and such participation can extend to all aspects of the fishery both on vessels and onshore.

### **PROP Phase 1 Results**

The partnership between FSM Government and World Bank has supported the fish sector under

the Pacific Islands Regional Oceanscape Projects (PROP), providing a platform that could help develop policies and investments to derive greater local benefits from this sector. PROP has during the phase 1, provided financing and technical support for fisheries management in FSM, and main achievements include:

- 1) Securing of VDS revenue with:
  - A more equipped observer corps and debriefers that receive periodic refresher courses and regional certifications to ensure efficient monitoring of vessels and enforcement of conservation and management measures with wellbeing/safety considerations.
  - A phased rollout of “e-everything” (monitoring, reporting) ensuring timely and quality data to monitor and control the activities.
  - An increased participation of NORMA and national government partners in negotiations to secure national share of regional fishery resource and ensure FSM interests are represented.
  - The institutional strengthening of oceanic fisheries management in FSM with a new NORMA structure that is fit for purpose, mostly nationally resourced, and guided by a clear strategic plan, corporate plan, communications strategy and annual workplans. NORMA is seen more and more as a leader and influencer in the regional management of the important tuna fishery.
  - A burgeoning national Information Management System (IMS) with some operational modules in approval stage as a step towards data warehousing, integration with regional databases and business intelligence.
  - A more transparent Vessel Days Scheme and use of the scheme for FSM benefits.
- 2) Progress toward harnessing tuna activities in FSM through:
  - A national Competent Authority structure that is cost recovered with enhanced capacity as a step towards certification as a recognized “competent authority” by market country.
  - A cadre of inspectors active in the three transshipment States with some capacity and currently funded by national government funds; and
  - Better public understanding of the fishery and management work through annual awareness with World Tuna Day and promotion in all high schools and many elementary schools.
- 3) Enhancing community dialogue and identifying priority investments for coastal fisheries through:
  - consultations in State centers and some outer-islands; and
  - preparation of a coastal fisheries assessment report that includes priority investment profiles.

It is proposed for the FSM-WB partnership to help further address the identified development challenges for oceanic and coastal fisheries. While there have been some delays in implementation of PROP Phase1, initially due to delays in procurement and more recently due to the impacts of the COVID pandemic, PROP has achieved many of its objectives, there has been satisfactory compliance with the project covenants, and Development Linked Indicators (Performance Based Conditions) have also been achieved each year.

It is expected that, subject to stakeholder consultation and review and in line with the programme development objective of PROP, the new project will cover both oceanic and coastal fisheries and will have a strong focus on building capacity in both areas. The project design will need to take

account of new realities resulting from the COVID pandemic, as well as longer term threats from climate change and other impacts to the fisheries habitats including especially. Fisheries livelihood and development with infrastructure will be a focus of this phase of the PROP. Suggested objectives and activities can include the following:

## **Objectives and indicative activities of PROP Phase 2 (Indicative and subject to change)**

### **1. Coastal fisheries' overall objective:** *Sustaining and increasing benefits generated for the national well-being*

Sustaining and increasing benefits from the coastal fisheries would require rebuilding the resource base to ensure optimum productivity and promoting employability and livelihood diversification for community members that could be affected by management measures. Livelihood diversification could include market access with quality of catch, value-added creation in the seafood sector and also redirection of fishing effort to nearshore pelagic fisheries.

#### *Strengthening Coastal Fisheries Management*

**Objective:** *Optimizing sustainable seafood production*

Rebuilding the resource base to ensure optimum productivity would require:

- Reviewing and **updating coastal fisheries policies** and legislation at a national- and state- level.
- Developing and **establishing coastal fisheries monitoring** protocols, data management systems and associated training programs.
- **Scaling-up community-based management**
- **Strengthening capacity of national and state fishery departments** and divisions, communities, fishing associations and co-operatives for fisheries management.
- Establishing a **licensing system for coastal fishing vessels** and enhance monitoring, control and surveillance of coastal fisheries, MPAs and conservation areas.
- **Enhancing the evidence-base for management**, including studies on priority issues (e.g., reef valuations, aquaculture sector plans)

#### *Enhancing Coastal Fisheries Livelihoods*

**Objective:** *Diversifying livelihoods options for reducing excess fishing, accessing new resources and creating additional revenue streams*

Promoting employability and livelihood diversification in States and communities potentially affected by management measures would require:

- Climate-proofed fisheries Infrastructure/marina in relevant States, training and marketing to **enhance the quality and value of the coastal fisheries catch**
- Research, development and extension to **shift effort to underexploited nearshore pelagic fisheries.**
- **Enhancing safety as sea** through procurement of navigational aids and safety equipment for small vessels, training and awareness to address increasing climate events and facilitate the shift toward pelagic fisheries.
- Training and market linkage to **diversify livelihoods and incomes**, with a focus on non-extractive resource uses (e.g., tourism, aquaculture) and value-addition.

- **Enhancing biosecurity** and reduce the risk of pandemic, destructive or invasive aquatic organisms via quarantine improvements and sustain aquaculture development.
2. **Oceanic fisheries' overall objective:** Securing FSM fisheries public revenue and expanding economic benefits

*Strengthening Oceanic Fisheries Management*

**Objective:** *Diversifying Ensure the long-term sustainable management of oceanic resources for the benefit of the FSM*

Securing and enhancing FSM public revenue from licensing fishing vessels would require:

- **Promoting regional collaboration and engagement** in management of shared oceanic resources. Increasing NORMA capacity to participate in flexible measures to enhance VDS (pooling, multi-year arrangements, auctions, etc.) and contribute to development of new economic and fisheries management instruments.
- **Implementing the Fisheries Compliance Strategy** to fight IUU in partnership with States and industry and enhance transparency in chain of custody (MSC) through monitoring at ports and transshipments also in partnership with FSM States.
- **Strengthening oceanic fishery management capacity at national (NORMA) and state level** with an approach as a service provider that is easily accessible - one-stop shop headquarter in Pohnpei and satellites offices in all FSM States with port state measures capacity and attracting/servicing transshipments
- **Strengthening/revitalizing the national observer program** to address impacts of prolonged suspension of the observer placement requirement and new demands from advances in technologies and demands for multi-skills (e.g. ports/chain of custody monitoring) through re-training and new recruits.
- **Enhancing capacity for data collection, integration and timely access with business intelligence through use of technological tools such as Information Management Systems** that automates process and provides timely information at the national level but integrated with data held and shared at the regional level to ensure that all licensed vessels do not exceed their annual allocated fishing days. This would imply the **roll-out of electronic monitoring** to the FSM fleet, **e-reporting by observers** and **e-reporting by all vessels** (e-logs) to ensure transparency, traceability throughout the supply chain, legally and sustainably caught fish, and safe work conditions.

*Expanding socioeconomic benefits from the oceanic fisheries through harnessing, domiciliation and domestication would require:*

- **Implementing the investment policy** with capacity building and coordination of FSM States stakeholders and industry partners.
- **Building further the competent authority capacity** to certify fish products safety and legality for maintaining market access to the European Union (EU) or similar high-end markets.
- **Increasing participation of FSM citizens in the oceanic fishery, ancillary services and viable value-added activities** including nearshore fishing with supply to industry partners, crewing trainings with attachments for related services on vessels and on-shore, small tuna canning, etc.

- **Harnessing benefits of the blue economy** in coordination with the Micronesia Blue Prosperity, addressing climate change, environmental degradation and associated impacts from the fishery. Further expanding monitoring capacity of States in areas of their mandate to support fishery (e.g. pollution/local trade in anchorage/transshipment areas).
3. **Marine Habitats overall objective:** Maintain and enhance the resilience of coastal and marine ecosystems to ensure essential supporting ecosystem services and functions.
- **Marine Ecological Assessment, monitoring and restoration** with focus on areas affected by Dredging, Coastline sand mining and marine health/MPAs that are impacted by marine pollution.
  - **Capacity Building, Enforcement, and Awareness** on marine and coastal pollution aiming at government agencies, NGOs, communities and the general public with target on women and youth for awareness.
  - **Land and marine based collection, recycling, reuse/repurpose and disposal of waste** with overall aim of reducing bulk of waste in the ecosystems that support the fisheries and keeping such waste out of the waste stream affecting the marine habitats.
  - **Piloting of Recycling Facility in Chuuk urban center** as a demonstration of an ideal recycling/repurposing facility for island urban/city center where land is scarce, rural community/neighboring island visitors frequent, and coastal areas are impacted by pollution.

Furthermore, the PROP project was developed as a regional programme with FSM as one of the first four countries to sign up. Since then, another three Pacific countries have joined the PROP and the programme remains open for wider participation by Pacific Island Countries. This status as a regional programme allows participants to leverage additional regional funding on top of national IDA grant funds committed to the project and collectively address common issues, share knowledge and experiences, and enhance regional dialogue within the shared oceanscape. **Climate change being a existential threat to Pacific Islands such as FSM, all activities to be implemented by the PROPER must be climate proofed, both from a mitigation as well as adaptation perspective.**

## **ANNEX B: Example Feasibility Assessment Report Outline**

The Feasibility Assessment Report will include at a minimum the following elements:

- i. Summary
- ii. Sector background
  1. Policy, legal and administrative framework
  2. Socio-economic status of fishing communities in project area
- iii. Project design description
- iv. Methodology
- v. Description of data used for the assessment and data validation
- vi. Results of the assessment
  1. Technical Feasibility
  2. Financial & Economic Feasibility
  3. Environmental and Socio-cultural feasibility
  4. Institutional and Management Feasibility
- vii. Recommendations
  1. Changes to the project activities/design with justification
  2. Project implementation arrangements and flow of funds
  3. Risks Assessment
  4. Project coverage and selection of targeted locations for all activities as specified and criteria used for selection;
  5. Any further actions needed to secure project financing and implementation, such as tender documents for consultancy services;
  6. Sustainability of project results;
  7. Monitoring and Evaluation of Project results;
- viii. Summary of results of public consultations
- ix. Conclusions
- x. Annexes