



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: 21 January 2008

Re-submission Date: February 25, 2008

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 3626

GEF AGENCY PROJECT ID:

COUNTRY(IES): Republic of Palau (ROP); Federated States of Micronesia (FSM); Republic of the Marshall Islands (RMI)

PROJECT TITLE: The Micronesia Challenge : Sustainable Finance Systems for Island Protected Area Management

GEF AGENCY(IES): UNEP, (select), (select)

OTHER EXECUTING PARTNER(S): Relevant in-country Government agencies; TNC, CI, Micronesia Conservation Trust

GEF FOCAL AREA (S): Biodiversity,(select), (select)

GEF-4 STRATEGIC PROGRAM(S): BD-SP1, CC-SP4

NAME OF PARENT PROGRAM/UMBRELLA PROJECT:GEF PACIFIC ALLIANCE FOR SUSTAINABILITY (GEF PAS)

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	April 2008
CEO Endorsement/Approval	Oct 2008
GEF Agency Approval	Nov 2008
Implementation Start	Dec 2008
Mid-term Review (if planned)	Jan 2011
Implementation Completion	Dec 2013 (4 years)

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To develop and apply sustainable finance systems and policies that will provide sustainable long-term core resources for effective and adaptive conservation strategies across the three country proponents of the Micronesia Challenge								
Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. Design and Establishment of Micronesia Challenge Protected Area Network - Capacity building in assesment, management and monitoring.	TA, STA	MC Protected Area Network fully operational. Critical mass achieved in capacity for effective management and monitoring of PAs.	Legislative frameworks for establishment of PAs strengthened and further developed. Representative Protected Areas for the MC Protected Area Network identified. Micronesia Challenge PA Network design completed and PA network established in all MC jurisdictions. Development of PA management plans finalised and	0	0	3,000,000	100%	3,000,000

¹ Project ID number will be assigned initially by GEFSEC.

			implemented. PA monitoring tools developed.					
2. Sustainable Finance Systems	Investment, TA	The Micronesia Challenge Trust Fund capitalised and aligned to finance gaps identified through national sustainable finance plans. Sustainable financial resources sufficient for management needs in target PA's of the Micronesia Challenge Network in (and between) the five MC Jurisdictions (to include Guam and CNMI's).	The Trust Fund continues to comply with legal safeguards. National-level sustainable finance plans for overall management of collective national PAs completed. Operationalise sustainable finance mechanisms for management of at least 3 target PAs, one in each State.	5,454,545	48%	6,000,000	52%	11,454,545
3. Coordination, Communications, and Policy Harmonisation.	TA	Effective coordination of all Jurisdictions. Effective PA Network management with processes for regular monitoring and review in place. Communications capacity of governments and other local partners enhanced. Effective and sustainable support to implementation	Functional and effective inter-country coordination mechanism put in place, including establishment of a Steering Committee and an MC office. Micronesia Challenge communications strategies and implementation plans developed and implemented - outreach materials produced At least one specific enabling policy change per State.	0	0	1,100,000	100%	1,100,000

		of protected area, climate change adaptation and other relevant resource management policies, through harmonization of approaches within the framework of the APIL Resolution (APIL)	Enabling policies for effective conservation in place in each State Conservation policies harmonised within the framework of the Resolution on Association of Pacific Island Legislatures (APIL) to support the Micronesian Challenge adopted in July 2007.					
4. Project management				0	0	784,000	100%	784,000
Total project costs				5,454,545		10,884,000		16,338,545

* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation*	Project	Agency Fee	Total
GEF		5,454,545	545,455	6,000,000
Co-financing		10,884,000		10,884,000
Total		16,338,545	545,455	16,884,000

* Please include the previously approved PDFs and planned request for new PPG, if any. Indicate the amount already approved as footnote here and if the GEF funding is from GEF-3.

C. INDICATIVE **CO-FINANCING** FOR THE PROJECT (including project preparation amount) **BY SOURCE and BY NAME** (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Amount
Project Government Contribution	In-kind	375,000
GEF Agency(ies)	(select)	
Bilateral Aid Agency(ies)	(select)	4,509,000
Multilateral Agency(ies)	(select)	
Private Sector	(select)	
NGO	Grant	6,000,000
Others	(select)	
Total co-financing		10,884,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)*

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Agency Fee	Total
UNEP	Biodiversity	RMI		1,818,182	181,818	2,000,000
UNEP	Biodiversity	FSM		1,818,182	181,818	2,000,000
UNEP	Biodiversity	ROP		1,818,182	181,818	2,000,000

(select)	(select)				
(select)	(select)				
(select)	(select)				
Total GEF Resources				5,454,545	6,000,000

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED: 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 Challenge' will see a significant increase in the number and size of protected areas over the coming years.

Conservation strategies however, in the small island developng 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 representative 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, amnongst other responsibilities, coordinate 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 compliment 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 experiences 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' status 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 kilometers, will deliver global environmental benefits at scale.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS: The project will provide critical enabling support to the Micronesia Challenge (MC) which is a commitment by five Pacific Island leaders to effectively conserve 20% of the terrestrial and 30% of the near-shore marine resources of each State by 2020. The proponents are the Heads of States of the Republic of Palau, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Chief Executives of the U.S. Territories of Guam and the Commonwealth of the Northern Mariana Islands, which together make up the five 'Micronesia Challenge' Jurisdiction. The extent of protection envisaged by the Five Jurisdictions will far exceed the 10% commitments of the CBD PoW on Protected Areas. In

addition, the project will provide financial capacity for its proponents to ensure sustainable financing of the following national plans/commitments:

Republic of Palau: The MC initiative touches on almost all of the national development and environmental plans and strategies of ROP, including the NMDP sustainable development component and the NEMS objective three, "the management and protection of natural resources." Other strategies to benefit from this project include, (1) The NBSAP - Theme 1 on protected/managed areas; Theme 4 on sharing benefits of genetic resources; Theme 5 on sustainable economic development; and Theme 8 on mainstreaming of biodiversity conservation. (2) The NCCIS, specifically addressing the development and implementation of an on-going public awareness program focusing on the benefits of managed areas and sustainable resource use; expansion of Marine Protected Areas management to include data collection, monitoring, and analysis of climate change related trends; development of dive site management plans; and promoting sustainable use of local agriculture, fisheries, and aquaculture production. (3) The Protected Areas Network Regulations.

Republic of the Marshall Islands: The MC initiative has strong linkages with almost all of RMI's national development and environmental plans and strategies, including Vision 2018, the NMDP, the Climate Change Policy, the NEMS, and the NBSAP, specifically the Strategic Themes: 'A' - Conservation of Biodiversity and Biological Resources; 'B' - Protection of Marine Biodiversity; and 'C' - Traditional Culture and Practices.

Federated States of Micronesia: The MC initiative will assist the FSM address elements within the SDP, specifically to ".protect, conserve, and sustainably manage a full and functional representation of marine, freshwater, and terrestrial ecosystems." The following strategies will also benefit from this projects: (1) A Blueprint for Conserving the Biodiversity of the FSM, specifically the identification of areas of biological significance. (2) The NBSAP, specifically the following Strategic Themes: 1 - Ecosystem Management. Strategy Goal: a full representation of FSM's marine, freshwater, and terrestrial ecosystems are protected, conserved, and sustainably managed, including selected areas designated for total protection. 2 - Species Management. Strategy Goal: FSM's native, endemic, threatened, and traditionally important species are protected and used sustainably for the benefit of the people of the FSM and the global community. 4 - Agrobiodiversity. Strategy Goal: The conservation and sustainable use of Agrobiodiversity contributes to the nation's development and the future food security of the FSM. 5 - Ecological Sustainable Industry Development. Strategy Goal: Economic development activities in the FSM meet the needs of the population while sustaining the resources for the benefit of future generations. 8 - Human Resources and Institutional Development. Strategy Goal: All citizens, residents, and institutions of the nation are aware of the importance of biodiversity and have the technical knowledge, skills, and capability to conserve, preserve, and sustainably manage and develop all biodiversity within the nation. 9 - Resource Owners. Strategy Goal: Traditional resource owners and communities are fully involved in the protection, conservation, preservation, and sustainable use of the nation's biodiversity. 10 - Mainstreaming Biodiversity. Strategy Goal: All economic and social activities of the FSM take full account of impacts on and fully consider sustainability of biodiversity.

For all States, the project will support: (1) NISP (National Implementation Support Partnership Agreements) for the Implementation of COP 7 Program of Work on Protected Areas, (2) as Signatory to Framework Convention on Climate Change, implement conservation-related adaptive measures in response to Climate Change, (3) fulfill their resolve through Association of Pacific Island Legislatures (APIL) Resolution to support the Micronesian Challenge adopted in July 2007, (4) enhance Palau's capacity to implement its National Environmental Health Action Plan (NEHAP) (5) improve the capacity of all three States to implement their National Biodiversity Strategy and Action Plans (NBSAPs).

- C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:** The project is a direct fit with the Biodiversity Strategic Objective 1, to catalyse the sustainability of protected area systems, in this case across three proponent States. It is consistently aligned to all of the provisions of Strategic Program 1 in particular (sustainable finance), but also supports provisions of Program 2 (terrestrial PA networks) and Program 3 (resilient MPA networks). Related to the Climate Change Focal Area, the project directly matches Strategic Program 8 (adaptation). The project meets the provisions under the re-programming of the SPA to ensure resilience to the adverse impacts of climate change - in this case the global environmental benefits provided by the coral reefs, forests and protected areas found in the highly vulnerable Micronesian ecosystems. In the spirit of the GEF PAS, the project

will also aim to align itself with other relevant GEF focal areas.

- D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:** The GEF Micronesia Challenge Project is aligned with the following initiatives:
- (1) GEF Pacific Alliance for Sustainability (GEF PAS) - As a flagship initiative of the GEF PAS and aligned with its objectives, the GEF MC project is designed to support a coordinated sub-regional program approach to environmental concerns in the Micronesia sub-region, while attracting substantial co-financing from other sources.
 - (2) Global Island Partnership (GLISPA) - The Micronesia Challenge is 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 jurisdictions that developed during the Mauritius International Meeting in January of 2005.
 - (3) Complementary efforts of the U.S. Territories (Guam and CNMI) - As an essential part of the Micronesia Challenge commitment, activities of the GEF MC Project will be coordinated with Guam and CNMI through the proposed Micronesia Challenge Coordination Office. In addition, expected support for MC activities in Guam and CNMI from various U.S. Government Agencies, including NOAA, will strengthen the overall impact of the MC project.
 - (4) Coral Triangle Initiative (CTI) - The ecological interconnectivity between Micronesia and the Coral Triangle region is of extreme importance. As such, the Micronesia Challenge and the Coral Triangle Initiative should be regarded as sister initiatives. The GEF MC project would seek to establish synergies with the CTI.
- E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :** Protection of globally significant Micronesian ecosystems and biodiversity is paramount to the three States' global environmental commitments, but also to sustainable development plans and long-term livelihood security. The incremental rationale is to focus on sustainable finance mechanisms and capacities for developing and maintaining networks of protected areas in and between the target States. This is increasingly essential given the unpredictable, changing nature of the global climate and its' impacts on small island coastal and marine ecosystems. Adaptive management in the face of such future challenges will require a flexible framework and a consistent resource base from which to draw upon. In promoting and supporting such financial, sufficient systems at both site and policy levels, the project will enable the Micronesia Challenge to provide incremental and significant, long-term habitat protection. The proponent States will be able to maximise the efficacy of their own public resources as well as draw upon alternative and supporting sustainable finance mechanisms developed and promoted by the GEF project. Without GEF support, the commitments of the MC may still be met. However, the impact and sustainability of the new protected areas and conservation programs in place would be questionable. Without sound resource allocation strategies in place, the long-term financing and support, and adaptive management, of such an increase in protection activity would not likely be achieved.
- F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:**
- Risk #1: Change in political leadership could weaken high level support for the MC commitment in one or more MC jurisdictions. As risk measures, efforts are being made to institutionalize the MC so that its' success is not totally dependent on the heads of state that have committed to it, including: a) Supporting jurisdiction leaders to encourage their new peers to fully support MC commitments through regular engagement in regional fora, e.g., Micronesia Chief Executive's Summit); b) Securing of resolutions of support for the MC from local and national legislative bodies; c) Working with jurisdictions to identify legislative and institutional gaps and barriers that impede effective establishment and management of protected areas and assist the respective governments to "fill the gaps"; and d) Promoting multi-agency planning processes to support MC implementation both within and between jurisdictions.
- Risk #2: Opposition to the MC grows in one or more jurisdictions. As risk measures, the project partners have adopted a number of strategies to assure that opposition to the MC is quickly and adequately addressed and minimized, including: a) All in-country MC activities are led by local government and non-government partners to assure sustainability and local acceptance; b) TNC is partnering with RARE to promote a series of Pride Campaigns to devolve MC messages to the general public and build support; and c) A Micronesia Challenge Support Team, made up of key regional and international implementation support partners has been established and is actively managed to assure that key partners are up to date on all aspects of MC implementation and actively supporting activities.
- Risk #3: Failure of critical partners leaves a gap in Micronesia Challenge implementation. By its' nature, the MC is highly dependent on strong partnerships between a number of local and regional partners. To minimize the risk of a key partner failing and seriously affecting MC implementation: a) The Micronesia Challenge Support Team assures

that local implementation partners get the technical and financial assistance they need in a timely manner; b) The TNC Partnership Coordinator monitors all local partners involved in the Challenge and identifies organizational, financial and other problems early and provides the necessary assistance to assure that the problems do not hinder the partner's conservation effectiveness; and c) The Micronesians in Island Conservation network provides an additional venue to monitor partner "organizational health" and deliver timely assistance.

Risk #4: The threat posed by climate change to the states of Micronesia is ominous. As such, resilience to climate change is an integral part of the overall MC commitment, including: a) science-based conservation planning to establish networks of resilient and connected protected areas, with similar biodiversity corridors between terrestrial sites; b) This GEF project contribution will directly support risk management measures through mechanisms that allow resources to be prioritised, mobilised and targeted to climate change impacts as and when they arise or are identified; and c) Sustainable finance systems will provide the choices and flexibility for adaptive management and decision-making; which in turn will effectively improve resilience through management action, to complement the in-built scientific resilience of the MPA networks themselves.

- G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:** First, cost effectiveness is immediately evident in the high leverage nature of the Micronesia Challenge - a high-level, multi-sector partnership and commitment to establish the overall network of protected areas. Secondly, the investment in sustainable finance mechanisms and systems to support the national protected area systems of the three proponent States will effectively mobilise public and private sources of funds, long-term. The mobilisation of the existing Micronesia Conservation Trust (already used by UNDP GEF Small Grants Program) as a main vehicle for sustainable finance to 2020 and beyond is highly cost-effective.
- H. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:** The Micronesia Challenge project is trans-boundary in its scope and design. The project will promote sub-regional collaboration, harmonisation of policy, integration of implementation plans with national capacity building activities, promote common formats for information exchange and joint development of awareness raising materials. However, in order to achieve success, sound science, expertise in scientific and technical analysis and availability of tools for monitoring and assessment, coupled with capacity building in the use of these tools are critical. UNEP has comparative advantage in all these areas. Capacity building and technical assistance, development of technical documents and tools, and expert know-how are the forte of UNEP. The project will draw heavily from GEF experience on environmental trust funds documented in: "Issues and Options in the Design of GEF Supported Trust Funds for Biodiversity Conservation" April 1995; "GEF Evaluation of Experience with Conservation Trust Funds" Global Environmental Facility" Evaluation 1-99. More recent learning can be found in the chapter on Environmental Trust Funds of the CFA's Conservation Finance Guide. Additionally, UNEP's strength and long experience in working with partners such as NGOs will be a significant asset to the Micronesia Challenge.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)


A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

<i>(Enter Name, Position, Ministry)</i>	Date: <i>(Month, day, year)</i>
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<i>(Enter Name, Position, Ministry)</i>	Date: <i>(Month, day, year)</i>
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B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
Ms. Maryam Niamir-Fuller, Director, Division of Global Environment Facility Coordination.  GEF Agency Coordinator	Keneti Faulalo Project Contact Person
Date: <i>February 19, 2008</i>	Tel. and Email: keneti.faulalo@unep.ch
<i>Name & Signature</i> GEF Agency Coordinator	Project Contact Person
Date: <i>(Month, Day, Year)</i>	Tel. and Email: