

Capacity Assessment Questionnaire

SECTION 1. GENERAL AND CONTACT INFORMATION

This section must be completed with all relevant information as outlined below.

1.1 Full Legal Name of Organization

Department of Environment, Climate change and Emergency Management

1.2 Type of organization

Government

1.3 Organization size and location

Please provide:

i) Number of staff / employees **29**

ii) Amount of organization Assets as per your latest balance sheet (where applicable) **N/A**

iii) Location(s) of local and/or international offices – global geographical presence **Palikir Pohnpei FSM**

1.4 Full registered address (and if different, Address of Principal Place of Business)

P.O.BOX PS 69

Palikir Pohnpei FM. 96941

1.5 Contact person/Official Designation

Andrew Yatilman/Secretary of DECEM

1.6 Contact details (e.g. telephone, email, mailing address, fax)

Phone: (691) 329-8814/15

decem.fsm@gmail.com

P.O.Box PS 69

Palikir, Pohnpei FM 96941

SECTION 2. LEGAL FRAMEWORK

This section outlines details on the organization's legal framework and status, and should be substantiated by the organization's founding legal document, such as a constitution, charter, memorandum of incorporation, etc.

2.1 What is the legal status of the organization (e.g. government ministry/department, limited liability company)?

Government Department

2.2 Please provide a copy of the organization's founding legal document (if applicable)

N/A

2.3 Does the organization have the necessary registrations, mandate, and approvals to undertake the planned activities?

Yes

SECTION 3. COUNTERPARTY DUE DILIGENCE

This section outlines details on the organization's beneficial ownership and control structure, AML/CFT internal control framework, Ethical policies etc

3.1 List the names, titles and countries of residence of the Organisation's Senior Management and Board of Directors (or equivalent) where applicable.

Name	Title	Country of Residence
Andrew Yatilman	Secretary of DECEM	FSM

3.2 Where applicable, list the names of all beneficial owners¹ in the table below and their ownership interest. Please also provide supporting documentation (e.g. extract from commercial registry, certificate of incorporation etc.). Attach overall ownership structure chart, if no single party holds an interest of 25% or greater.

Beneficial Owners / Beneficiaries / Shareholders' Name and Domicile	Ownership interest (≥25%)	Country of Residence
N/A		

3.3 Please indicate if the organization is controlled by Politically Exposed Person (PEP)². If yes, please indicate the name(s) and position(s).

¹ A "beneficial owner" means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

² A politically exposed person (PEP) is an individual who is or has been entrusted with a prominent public function; this includes their family member(s) or close associate(s). For example, Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials, members of senior management of international organisations and their equivalents. Family members are individuals who are related to a PEP either directly (consanguinity) or through marriage or similar (civil) forms of partnership. Close associates are individuals who are closely connected to a PEP, either socially or professionally.

No
3.4 Provide a copy of the organization's Anti-Money Laundering / Countering Financing of Terrorism Policy (if applicable), and other related policies (such as, Fraud, Corruption etc)
Yes - refer to http://www.fsmlaw.org/fsm/code/title11/T11_Ch09.htm and https://www.cfs.gov.fm/iframe/19th%20Congress/LAWS/PUBLIC_LAW_19-156.pdf https://www.cfs.gov.fm/iframe/19th%20Congress/Original%20Public%20Laws/19th_Original_Public_Laws_19_577.pdf
3.5 Name of person/office responsible for AML/CFT
Public Auditors Office and Department of Justice

SECTION 4. STRUCTURE AND CULTURE

This section covers the organization's institutional/corporate structure and provides an outline of its composition, as well as the measures to ensure sound management of human and financial resources.

4.1 Describe the scope of business operations of the organization.

Department of Environment, Climate Change and Emergency Management is the newest department implemented under the National Government of the Federated States of Micronesia. Our strategic goal is to monitor, guide, supervise and provide policy directions, logistics and administrative support to the Divisions and liaise with other offices and agencies of the government.

1. Objective is to serve as a technical arm to the President on all matters relating to emergency, environment and sustainable development and climate change. DECEM has four main strategic goals and they are as follows: Office of the Secretary is responsible to monitor, guide, supervise and provide policy direction, logistics and administrative support to the Divisions and liaise with other offices and agencies of the government.
2. To support the protection, conservation and management of the Nation's environment and achieve sustainable development; and facilitate support to the states on the implementation of the FSM Strategic Development Plan and increase resources (internal and external)
3. Aim to reduce socio-economic vulnerabilities to disaster and deal with the environmental and other hazards that trigger them; save lives, minimize damage to properties and the natural environment.
4. To support and advocate the Nationwide Disaster Risk Management and Climate Change Policy which is to proactively integrate and manage climate related hazards by investing in climate change adaptation and greenhouse gas emissions reduction in the pursuit of a safe, resilient and sustainable future.

Divisions:

1. Division of Environment
2. Division of Climate Change
3. Division of Emergency Management

4.2 Provide an organizational chart of the administrative structure, e.g. finance, administration, support services, procurement, compliance, risk management, and other services. Please describe how these divisions are placed within the organization.

At the Department of Environment Climate change and Emergency Management, they have the Administration Division that handles some accounting of operational funds and donor projects for internal tracking. However, since payments are processed at the Department of Finance and Administration (DoFA), all of these are conducted at the DoFA.

(Please see attached document titled "Organizational Chart_DECEM")

4.3 Provide a copy of the organization's employee code of conduct and conflict of interest policy.

(Please see attached document titled “Public Service System Regulations”)

- 4.4 Was your institution ever subject to any fiduciary standard assessment by an international organization (e.g. UN, multilateral development bank, European Commission, etc.) or local regulatory authority? If yes, please provide the following details
- When was it done?
 - Provide the outcome of the same and subsequent contract with the organization(s).
 - Were there any violations by the entity against those fiduciary standards and what actions were taken thereafter?

Yes, refer to the Harmonize Approach to Cash Transfer (HACT) Act

SECTION 5. FINANCIAL MANAGEMENT

This section contains information regarding accounting and internal control systems. It requests important details and documentation that are necessary to assess the organization’s ability to safeguard financial resources and ensure its systems and policies are designed to prevent, or minimize, the risk of corruption and fraud.

- 5.1 Outline the accounting standards (Generally Accepted Accounting Principles (GAAP)) followed by the organization.

All DECEM’s financial transactions go through the FSM Department of Finance.

Refer to Financial Management Regulations (FMR) <https://dofa.gov.fm/wp-content/uploads/2018/12/FSM-PFM-Roadmap-July-2017.pdf>

- 5.2 Name the accounting software used by your organization.

Currently phasing out from Fundware and transitioning into Focus accounting software

- 5.3 Specify the position of the controller (or person responsible for financial management and financial oversight) within the organization.

Assistant Secretary for Treasury for the Department of Finance

- 5.4 Describe the composition (i.e. number and qualifications) of key staff in the area of financial management.

All financial transactions go through the FSM Department of Finance

DECEM’s Key financial officers are:

- Ymee Charly, Financial Officer, Adaptation Fund Project
- Nicole Solomon, Financial Officer, Third National Communications/Biennial Update Report (TNC/FBUR) Project
- Fritz Weilbacher, Financial Officer, Ridge to Reef Project

- 5.5 Describe the organization’s accounting system including the internal control framework (e.g. refer to key policies, where applicable, is highly recommended).

Refer to the FMR)

<https://dofa.gov.fm/wp-content/uploads/2018/12/FSM-PFM-Roadmap-July-2017.pdf>

- 5.6 Provide a description of the internal audit function and a schedule of the audits performed in the last 2 years. If internal auditing is outsourced, provide the name of the firm and describe the functional arrangement and scope. If the internal audit function is carried out inhouse, kindly provide the same as well as the qualifications and experience of key staff involved. Include copies of last 3 reports.

Functional arrangements & scope – refer to <http://www.fsmopa.fm/about.htm>

Staff qualifications – refer to <http://www.fsmopa.fm/about/staff.htm>

- 5.7 Provide audited financial statements for the last 2 years (where applicable). Please provide:

- Balance sheet;

- ii) Profit and loss statement;
- iii) Main accounting policies relating to (e.g. depreciation and amortization, intangible assets, asset impairments, foreign currency transactions, income taxes, etc.);
- iv) Cash flow statement.
- v) Audit management letters.

Refer to http://www.fsmopa.fm/FSM_SA_2011.htm for i, ii, iv, and v

For iii – refer to <https://dofa.gov.fm/legislation/>

5.8 Name of the organization responsible for external auditing and specify how the audit recommendations are followed up.

Deloitte Touche Tohmatsu Limited (DTTL)

5.9 Describe how the organization ensures that resources are only spent for their stated and agreed purposes (e.g. using a separate bank account, cost recovery via reimbursement, internal control mechanism etc). Please provide procedures for overseeing and verifying the use of proceeds etc.

Refer to attached Financial Management Regulations Section 10 – Administration of Public Project Appropriations

5.10 Describe how the organization ensures zero tolerance for fraud, financial mismanagement and other prohibited practices³ by staff members, consultants, contractors, etc. Please attach/refer to relevant policies and audits if applicable. Describe how the organization handled occurrences of non-compliance, if they have occurred.

Refer to audit reports available on <http://www.fsmopa.fm/audits.htm>

SECTION 6. PROCUREMENT

This section gives an assessment of how procurement is handled by the organization and the overall approach employed in the selection of consultants and the acquisition of goods and services. This is important to ensure procurement is conducted in a manner that optimises value for money and protects the interests of both the organization, supplier and the donor.

6.1 Outline the procurement procedures including procurement methods for selection of consultants and procurement of goods and services.

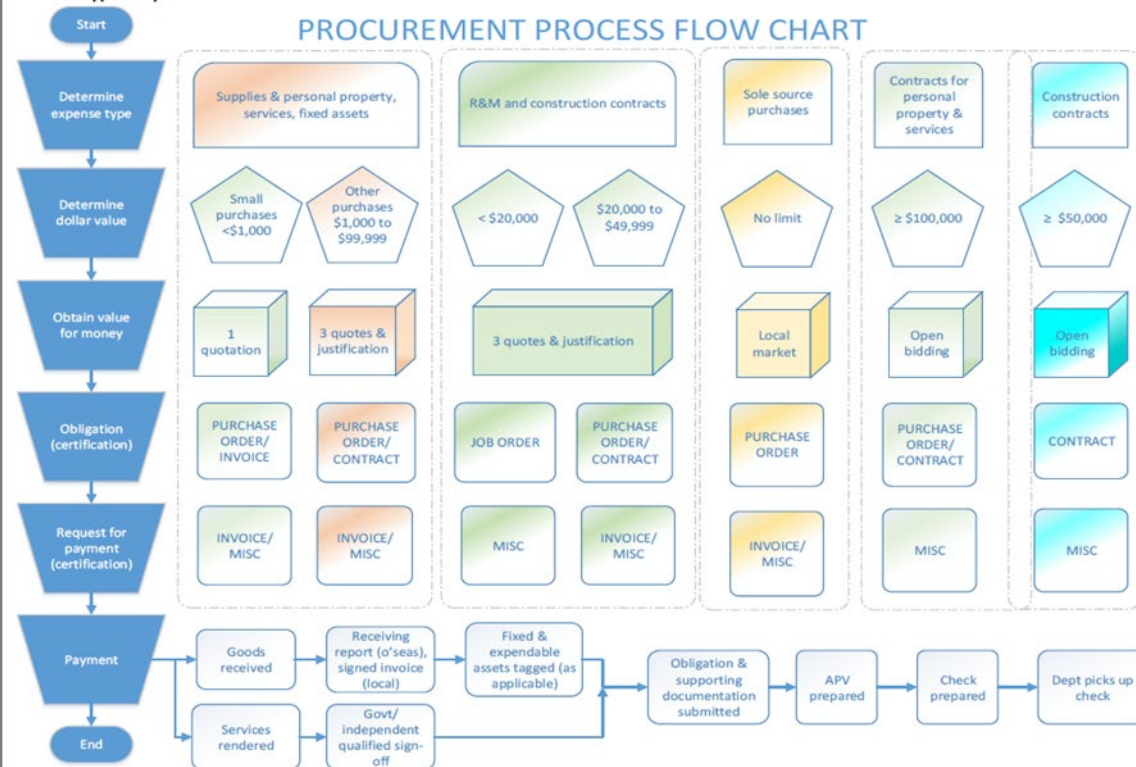
³ As per the GCF's Interim Policy on Prohibited Practices, these include Money Laundering and Terrorist Financing

Revised FMR Detail

5. PROCUREMENT AND PAYMENTS

5.1. PROCUREMENT –GENERAL

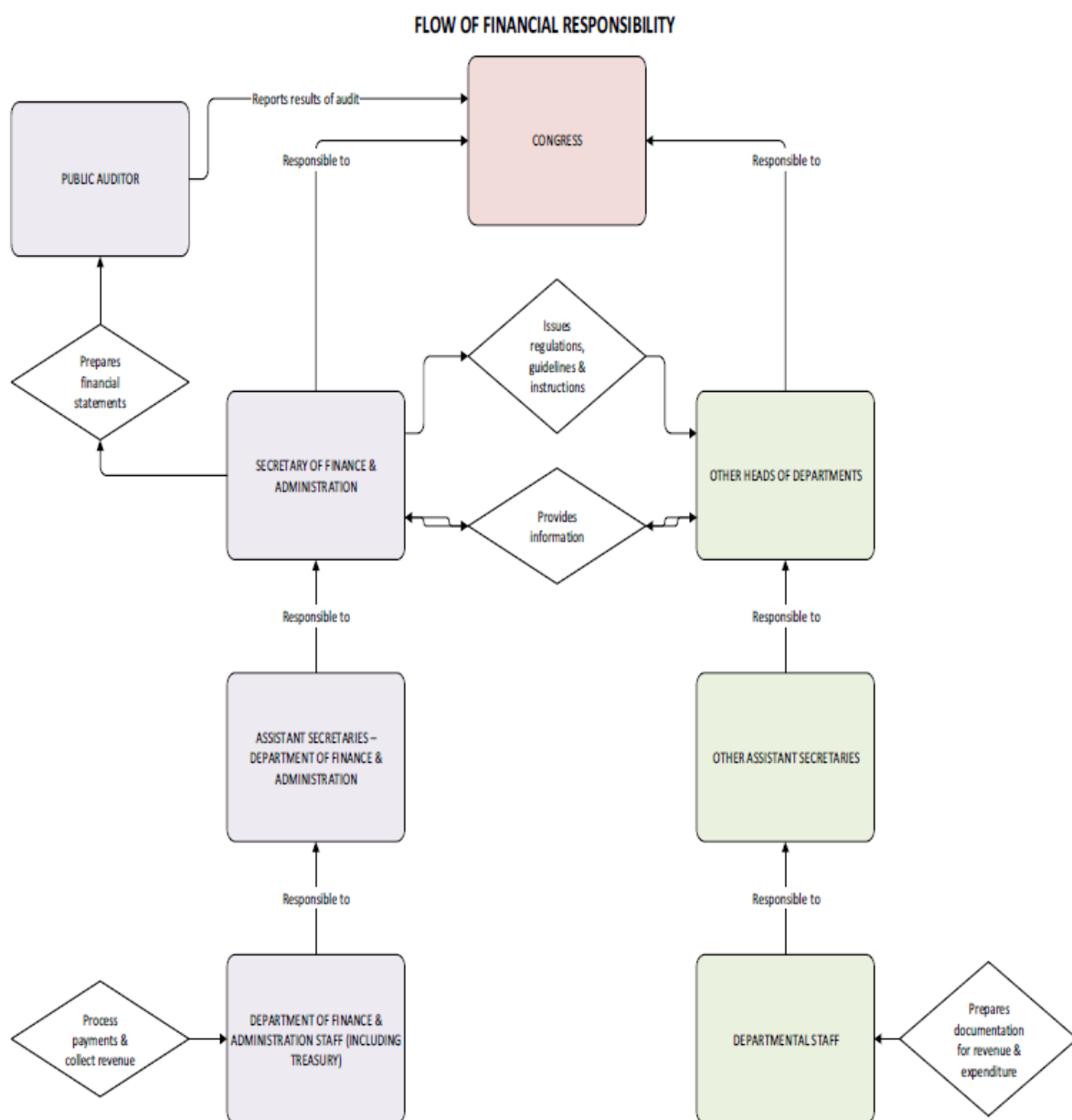
5.1.1. Types of procurement and value



6.2 Levels of endorsing and approving authority. Please specify:

- i) Procurement guidelines or standards including composition and role of procurement committee; and
- ii) Procedures for overseeing the procurement function

1.5.1. Financial duties and responsibilities
Overview of financial responsibility



6.3 How does the organization's procurement policy detect and address fraud, corruption etc.

1.5.6. Financial responsibilities of all Finance Officers:

- a) To complete all work assigned diligently and efficiently;
- b) To give priority to work that has been marked as 'urgent';
- c) To treat all work as confidential so that no financial details are divulged carelessly;
- d) To advise senior staff when they become aware of any:
 - unusual transactions;
 - instances of fraud & misappropriation;
 - transactions non-compliant with these Regulations;
 - instances of bribery;
 - conflicts of interest.

4.6. REPORTING THE LOSS OF PUBLIC MONEY

- 1) It is the duty of the revenue collection officer to report, without delay, to his or her senior officer, an incident of loss, shortage, theft or other irregularity in any cash holding under his or her control.
- 2) It is the duty of all finance officers (including those who are involved in the collection of cash (i.e. those listed under subpart 4.4.6) to immediately bring to the attention of senior officers (which may include Assistant Secretary NTD, Secretary of Finance, Secretary of the relevant Department) of any circumstances which cause them to believe that there is a suspected loss, shortage, irregularity, fraud or theft of any public money.
- 3) It is the responsibility of the Secretary of Finance or Secretary of the Department to report all such cases to the FSM National Police who will take the appropriate action.

6.4 Provide/ list down the eligibility criteria for vendor selection. For example, if your organisation does not support certain industries or has an exclusion list, please provide this information.

6.2.4. Qualification of bidders

- 1) Before any prospective bidder may be entitled to submit a bid for the performance of a contract covered by Part V of these Regulations, within ten calendar days prior to the date designated for opening bids:
 - a) give written notice to the CO of the intention to bid;
 - b) the CO must be satisfied of the prospective bidder's financial ability to perform the work intended, has relevant experience and competence in performing similar work; and
 - c) include in the written notice a statement that the bid will be a 'citizen bid' and will provide sufficient documentation of eligibility to receive citizen bidder preference.
- 2) Whenever it appears to the CO that the prospective bidder is not fully qualified and able to perform the intended work, the CO shall refuse to receive or consider any bid offered by the prospective bidder.
- 3) Upon being determined not to be fully qualified, a prospective bidder may appeal this determination within ten days after notice of disqualification in accordance with the Administrative Procedures Act, chapter 1 of title 17 of this code.

6.5 Describe the criteria used to evaluate goods and service providers.

Refer to the attached Financial Management Regulations – Section 6: Procurement and Open Bidding

SECTION 7. PROJECT MANAGEMENT

This section details how the organization manages its projects and project-related operations. It covers the overall management process including monitoring and evaluating performance.

7.1 Describe the parts of the organization that will be directly involved in the GCF-related activity. Specify number of staff and the division(s) involved.

Division of Climate Change – 10

Division of Emergency management - 5

Division of Environment – 10

7.2 Provide examples of recent projects/programmes that received funding from multilateral development banks and bi-lateral donors. Please include project description/title, country / region, total project cost in US dollars, and duration (years or months), purpose and the role your organisation in the project, outcomes achieved.

1. Project Title: Third National Communication and First Biennial Update Report

Country: Federated States of Micronesia

Total Project Costs in US Dollars: \$952,000

GEF-UNDP: \$852,000

Country In Kind: \$100,000

Duration: January 2019 to January 2023

Purpose and role:

This enabling activity project aims to assist Micronesia in meeting reporting requirements under the UNFCCC Convention in accordance with its commitments as a non-Annex 1 Party (as mandated by Article 4 and 12 of the Convention, COP Decisions 17/CP.8, 1/CP.16, 2/CP.17 and other relevant guidance), and to strengthen the technical and institutional capacity of Micronesia to prepare and submit its NC and BUR reports to the UNFCCC on a continuous and sustainable manner. The TNC and BUR will update and strengthen information related to the national circumstances and institutional arrangements, constraints and gaps, national greenhouse gas Inventory, vulnerability to climate change and steps taken to adapt to climate change, mitigation actions and domestic Monitoring, Reporting and Verification (MRV) system.

Outcomes achieved:

5.1.4. Mechanisms for stakeholder involvement, coordination and participation - with a particular focus on gender integration- to enable the preparation of national communications and biennial update reports on a sustainable manner identified

2. Ridge to Reef (R2R) Project [2016-2020]

Implementing an integrated "Ridge to Reef" approach to enhance ecosystem services, to conserve globally important biodiversity and to sustain local livelihoods in the FSM.

PROJECT OBJECTIVE:

Strengthen local, State and National Capacities and actions to implement an integrated ecosystem management through "R2R" approach on the High Islands of the four states of FSM. R2R APPROACH A cross-cutting approach to water, land and coastal management. Designed to engineer a paradigm shift towards management of natural resources with an ecosystem-based management of "ridge to reef". Inherent in this R2R approach are principles of multi-sectoral coordination in the planning and evidence-based management that strikes a balance between coastal livelihoods and biodiversity conservation, risk reduction, climate variability and climate change.

PROJECT OUTCOMES:

1. Integrated Ecosystems Management and Rehabilitation on the High Islands of the FSM to enhance Ridge to Reef Connectivity;
2. Management effectiveness enhanced within new and existing PAs (both marine and terrestrial) on High islands of FSM.

MANAGEMENT ARRANGEMENTS

Implementing Agency: UNDP

Lead Agency: Department of Environment, Climate Change & Emergency Management, DECEM/ Department of Resources & Development, R&D Pohnpei Government: 11,386,398 CSO: 6,500,000

7.3 Briefly describe the organization's monitoring and evaluation system of project goals. Kindly describe corrective actions implemented in cases where objectives were not fully achieved as originally forecasted.

DECEM does not have one monitoring and evaluation system as it follows the requirements of each donor. For instance, for the three projects, noted in #7.2, each of the donors have their own monitoring and evaluation template which each project utilizes.

For instance, for the TNC/FBUR Project, they follow the system below:

The Governance and Management Arrangements:

The project will be implemented following UNDP's national implementation modality, according to the Standard Basic Assistance Agreement between UNDP and the Government of Micronesia, and the Country Programme.

Monitoring Framework and Evaluation:

Monitored annually and evaluated periodically during implementation. UNDP POPP and UNDP Evaluation Policy. GEF-specific M&E requirements will be undertaken. Project Manager, Project Steering Committee, the Project Implementing Partner (DECEM), UNDP Country Office and UNDP-GEF Unit are provided. The Project will be audited according to the UNDP Financial Regulations and Rules on NIM Implemented projects. GEF monitoring and reporting requirements include continued review of financial reporting and Project Steering Committee meetings to review project progress. The end of project include a Project Terminal Report that summarizes the results achieved and end-of-project review meeting to discuss lessons learned and opportunities for scaling up. Specific activities include: Inception Workshop, Inception Report, UNDP monitoring and reporting requirements as outlined in UNDP POPP, Monitoring of indicators in project results framework, GEF Project Implementation Report (PIR), NIM Audit as per UNDP audit policies, lessons learned and knowledge generation, Monitoring of environmental and social risks, and corresponding management plans as relevant, addressing environmental and social grievances, Project Steering Committee meetings, Supervision meetings, oversight missions, knowledge management, GEF Secretariat learning missions/site visits and Project Terminal Report.

7.4 If any projects have been formally reviewed or evaluated, provide a copy of the relevant review, evaluation or assessment report.

Please see attached documents (a) "FSM R2R Project Audit" and (b) "R2R_Spot Check Report December 2019"

SECTION 7. OTHER INFORMATION

This section is intended to capture other information that the organization deems relevant and important for the Capacity Assessment and includes voluntary provision of information by the organization in the interest of full disclosure.

Supporting documents checklist
Document of legal registration and founding legal document http://www.fsmlaw.org/fsm/code/title55/T55_Ch02.htm#203 http://www.fsmlaw.org/fsm/constitution/constitution.htm
Evidence on beneficial ownership structure, such as company/shareholder register, trust deed etc
Beneficial Ownership Structure Chart
Organizational chart describing the hierarchical structure of the organization
Chart describing organization's administrative structure https://decem.gov.fm/
Employee code of conduct http://www.fsmlaw.org/fsm/code/title52/T52_Ch01.htm
Conflict of Interest Policy https://www.cfsm.gov.fm/iframe/1st%20Congress/Public%20Laws/PL%201-132.pdf
Three latest internal audit reports http://www.fsmopa.fm/FSM_SA_2011.htm http://www.fsmopa.fm/audits.htm
Annual financial statements of the previous 2 years (including auditor's opinion and respective audit management letters) where applicable http://www.fsmopa.fm/audits.htm https://static1.squarespace.com/static/57019a6db6aa607cbb909ab2/t/5cf5e0f7db8a280001e85325/1559617792593/FSM+Final+A+Limited+Capacities+at+the+Division+of+Personnel+Affects+the+Administration+of+the+Professional+and+Market+Place+Premium+13-19.pdf
Procurement policies and procedures https://dofa.gov.fm/wp-content/uploads/2018/12/FSM-PFM-Roadmap-July-2017.pdf https://dofa.gov.fm/wp-content/uploads/2020/04/FMR-amendments-April-2020.pdf
Institutional publications/communications products that help provide a comprehensive understanding or presentation of the organization (annual reports, links to relevant website, web pages, etc.) https://decem.gov.fm/
Anti-Money Laundering/Counter Financing of Terrorism Policy and other policies on prohibited practices, such as Fraud, Anti-Corruption http://www.fsmlaw.org/fsm/code/title11/T11_Ch09.htm
Documents related to past projects the organization has managed and executed: for example project implementation plan, project budget, monitoring and evaluation report, etc.