



**Pohnpei State Government  
Policy for  
Overseas Development Assistance**



Hon Reed B. Oliver  
Governor of Pohnpei State


### Message from the Governor

When I took office almost two years ago, there was no indication that the first year of this administration would be spent focusing on a pandemic and trying to coordinate aid from so many donors to fight a common cause. We have had our challenges, but we continue to focus on our long-term development needs for the state, while managing the short-term needs for the pandemic.

This new policy for Pohnpei State will re-align itself to the FSM ODA policy to synchronize the processes required to maximize Pohnpei's competitive advantage in accessing available resources to assist with our development objectives and/or support our capacity building strategic goals. It aligns with the FSM OD policy from 2013 and compliments it.

In recognizing the unique nature of our circumstances, our approach to our development objectives must be tailored to suit our specific needs, conditions and capacities. It is important to understand our uniqueness and peculiarities in order to devise approaches and employ practices that are practical, effective, relevant and sensible under our circumstances.

In the spirit of "Enginkehlap", I urge all stakeholders with an interest in realizing our goals to work together and share our expertise and talents to help us meet our needs for overseas assistance and use the tools the state government is providing to take major steps forward in our development. We can do this if we work together. I look forward to it.



Hon. Reed B. Oliver  
Governor



*"Through the exercise of our sovereign right of self-determination, we accept without hesitation the challenge and responsibility to serve as the guardians of our people and islands, both now and in the future, to protect and promote the harmony and prosperity of all the people of Pohnpei."*

*Preamble, Constitution of Pohnpei State, FSM*

## **Introduction**

1. Pohnpei is one of the four states of the Federated States of Micronesia (FSM), and is where the FSM National Government is located. While our Island is rich in culture, it is also poor in resources required for us to exercise our right to self-determination. Hence, we reach out to the international community for support as we forge a self-sufficient and prosperous Island.

2. The task ahead is challenging, and one that demands many hands working in unison. This policy strives to create an environment of shared goals and ways of working together that will result in this state delivering on its constitutional commitment to all Pohnpei State citizens.

## **Context and Purpose**

3. The purpose of this policy is to establish approaches to managing our development assistance such that benefits are maximized for all stakeholders. For the Pohnpei State Government this involves positive, sustainable outcomes for individuals, communities, organizations and governments. For our development partners it means effective use of resources

and strengthened relationships with the Pohnpei State Government.

4. This policy establishes the underlying systems and architecture for our overseas development assistance. We recognize that our circumstances are unique and thus our approaches to development must be tailored to suit our specific needs and capacities. Thus, this policy acknowledges the problems facing the Pohnpei State Government and selectively incorporates best practices into an approach that suits our circumstances.

5. With this policy, the Pohnpei State Government aims to introduce structure where it is needed; ensure that the right stakeholders are involved at the right decision-making junctures; reduce confusion and unnecessary bottlenecks; and streamline processes wherever appropriate.

6. The intended audience for this policy includes political leaders, government offices and departments, non-government organizations, communities, private sector groups, current and future development partners to the Pohnpei State Government, and any other stakeholder with an active interest in the development of Pohnpei.

7. The limitations of this policy must be clearly understood. It is a framework on which to build upon. It requires participants to fill in the gaps using their knowledge, insights, ideas, opinions, decisions, knowledge and commonsense. It is also designed to accommodate future reforms to overseas development assistance (ODA) management and enhance linkages with domestic resource planning as they become possible.

## **Definitions**



8. ODA is defined as any form of developmental support that is funded or resourced by sources external to the Pohnpei State Government. *ODA management* refers to the planning, coordination and organization of ODA.

9. The term *development partner* is defined to include any custodian of sources of ODA to the Pohnpei State Government.

10. Distinction must be made between *solicited* requests for assistance and *unsolicited* requests for assistance; and between *official* and *non-official* requests for assistance:

- *Solicited requests for assistance* are offers of support initiated by development partners that involve specific areas of support determined by development partners and/or time-bound deadlines for applications.
- *Unsolicited requests for assistance* are those initiated by Pohnpei State Government stakeholders for which there may be no specific targeted programs.
- *Official requests for assistance* are those submitted by, for and on behalf of any Pohnpei State Government entity.
- *Non-official requests for assistance* are those submitted by, for and on behalf of any non-government organization.

### **Guiding Principles**

11. The following principles are aimed at ensuring that external support remains focused, fair, effective, and in the interests of all stakeholders.

12. Coordination and cooperation between Pohnpei State and the FSM National Governments shall be undertaken in line with the two broad principles of “no

surprises” and “mutual consent” in all ODA matters.

13. In planning our development cooperation, we acknowledge and respect the unique circumstances of each State but also seek commonalities across the Pohnpei State Government.

14. Maintaining the sovereign rights to self-determination is of paramount importance to the Pohnpei State Government, and this must be reflected throughout all ODA. Pohnpei State Government’s relationship with providers of external assistance shall be in the form of a partnership, where the Pohnpei State Government acts as lead partner in respect of strategic decision-making for ODA. Development Partners to the Pohnpei State Government must respect this arrangement as a precondition for the provision of external support.

15. Official development assistance to the Pohnpei State Government must be aligned with the Strategic Development Plan or other endorsed strategic needs.

16. ODA effectiveness is prioritized before quantity. Enhanced effectiveness of external support serves the interests of all stakeholders without the added costs associated with increased volumes of assistance.

17. Transparency and accountability are the twin pillars upon which all ODA activities and decision-making must be founded. All ODA stakeholders, including the Pohnpei State Government and Development Partners are equally bound by this expectation.

18. Management and oversight of ODA activities will focus on measuring outcomes rather than inputs. While it is useful to



understand what is going into development programs, it is far more important to measure what we are getting out of them, and to use this information to guide decision-making.

19. Development cooperation opportunities must be available and easily accessible to all Pohnpei State Government stakeholders, including governments, civil society organizations, community groups and the private sector.

20. Strengthening and adoption of local systems and resources for implementation of ODA activities are encouraged wherever possible.

21. Capacity development must be a mandatory element of all assistance to the Pohnpei State Government, to promote self-sufficiency and long-term sustainability.

22. Local ownership of ODA must be actively promoted, particularly through close consultations between the Pohnpei State Government and other stakeholders, and through financial or in-kind contributions to activity implementation.

23. All stakeholders are responsible for ensuring that communities throughout Pohnpei State, particularly vulnerable or marginalized groups, have a voice in ODA decision-making processes.

24. Loans will be used as an option of last resort and only where strict criterion can be met.

### **Strategies**

25. In order to align our practices with the aforementioned guiding principles, the following strategies are adopted:

26. ODA coordinated between State and Local Governments will be based on the following requirements:

- Representation by all participating Local Governments on steering committees for state-wide ODA activities;
- Written consent from Local Governments prior to State Government making financial commitments on behalf of municipalities, and vice versa.
- Timely sharing of ODA agreements for state-wide activities with Local Governments;
- Timely sharing of ODA opportunities between Pohnpei State Government and local stakeholders; and
- Timely sharing of accurate ODA information and data between State and Local Governments.

27. All externally supported activities shall incorporate the following mandatory components into their design:

- Explicit alignment between activity objectives and the Strategic Development Plan or other endorsed strategic needs;
- Specific, measurable, achievable, realistic and time-bound indicators for measuring outcomes. Where indicators already exist in plans, strategies or priorities, they should be used as far as practicable; and
- A sustainability plan detailing how activity outcomes will continue locally, post-support (e.g. maintenance funding, technical skills transfer, resourcing etc.)

28. Information on development cooperation programs and opportunities will be consolidated and made publicly available. Current activities will be tracked on a database, whereas grant opportunities and donor programs will be listed on a public webpage in a donor map to promote



access to information and opportunities for all stakeholders.

29. The State Government shall host a forum every two years for development partners and domestic stakeholders from civil society and the private sector to review progress, share experiences and discuss strategies and priorities for future cooperation. This shall happen the year before the national ODA forum.

30. Every two years, the Pohnpei State Government shall coordinate a process of identifying or reviewing ODA priorities. These ODA priorities will guide the submission of official unsolicited requests for assistance and guide the drafting of frameworks or programs of assistance with development partners.

31. Except in the case of solicited or non-official requests for assistance, requests for external support will be the product of a planning process aligned to annual domestic planning and budget cycles as far as possible.

32. Strengthening the Pohnpei State Government's capacity to manage ODA is essential for effective outcomes. In recognition of limited resources to manage ODA, the Pohnpei State Government shall maintain deep and long-term relationships with a manageable range of major Development Partners for government assistance but encourage and support civil society organizations to pursue a wider range of sources of assistance.

33. Enhancing capacity for activity implementation is essential for effective outcomes. Hence, assistance will be sought for the provision of ongoing capacity development opportunities for stakeholders across Pohnpei State in the areas of project design, proposal writing, project

management, monitoring and evaluation, and reporting.

34. All Pohnpei State Government employees commit to the ongoing strengthening of core government functions as a means to ensuring that both domestic and external resources are deployed in an effective, efficient and accountable manner. This may include regular independent Public Expenditure and Financial Accountability reviews and follow-up action in the areas of planning, budgeting, financial management, procurement, auditing and measuring results.

35. Loans, as a means of financing initiatives, shall only be considered where:

- Grant assistance is unavailable;
- It can be demonstrated that the estimated returns (either economic growth or foreign earnings) or cost savings outweigh debt obligations;
- They are highly concessional in nature; and where
- Debt repayments can be accommodated by long-term fiscal plans.

### **Institutional Responsibilities**

36. A clear division of institutional responsibilities is essential for ensuring that ODA is accessible and effective. All Pohnpei State Government stakeholders are required to uphold and champion the ODA principles and processes contained herein in their dealings with development partners and with one another. Specific responsibilities are articulated as follows:

37. The Pohnpei State ODA office is responsible for facilitating, coordinating and supporting the processes described herein, within their respective jurisdictions. The State office is not responsible for the



drafting of requests for assistance, nor is it responsible for decision-making regarding ODA priorities. Core responsibilities include, but not limited to:

- Provision of advice regarding ODA opportunities and strategies;
- Consolidation and disseminate of ODA data and information, including with FSM Finance for grant awards and ODA agreements;
- Collection of monitoring and evaluation data and information for ODA priorities for the state government's projects;
- Supporting the development of requests for assistance;
- Facilitating processes for determining ODA priorities and endorsement of requests for assistance; and
- Coordinate between jurisdictions for ODA matters.
- Provide annual capacity building workshops to assist the private sector and NGO's to apply for ODA

38. The State ODA office has the additional responsibility for:

- Consolidating and disseminating state-wide ODA data and information;
- Consolidation and maintenance of a repository of ODA agreements;
- Update and maintenance of a public website that consolidates ODA opportunities;
- Research into ODA opportunities and trends;
- Day-to-day liaison with development partners regarding strategic ODA matters;
- Support the development of ODA management capacity at local level; and
- Liaison with the Department for Foreign Affairs for the submission and receipt of decision-making for official, unsolicited requests for assistance.

39. In addition to its role as custodian of Pohnpei State Government ODA information, the State ODA Office is responsible for the following tasks:

- Timely submission of official, unsolicited requests for assistance, receipt of development partner decision-making; and execution of endorsed ODA agreements and frameworks for state-wide assistance;
- Seek clarification from relevant state government departments or offices where ambiguity exists in relation to ODA matters, prior to representation to development partners;
- Timely sharing of all ODA-related information with FSM ODA and FSM Finance; and
- Act as an unqualified champion for endorsed ODA requests for assistance in all dealings with development partners.

40. State Government departments and offices are responsible for ensuring that ODA decisions made on behalf of the Pohnpei State Government have the full consent of State-based counterparts.

41. Finance departments throughout State and Local Governments are responsible for the accountable and transparent receipt and disbursement of ODA finances, including management of loan agreements and timely preparation of reports and follow-up action, as required in accordance with ODA agreements and Pohnpei State legislative and regulatory requirements. For the State Department for Finance and Administration this includes timely on-forwarding of ODA finances to local counterparts where appropriate.

42. In addition to existing roles, State and Local legislatures are responsible for the consideration and endorsement of biennial



state-wide and State-specific ODA priorities, respectively. In addition to legislated responsibilities for ODA, legislative bodies are responsible for the endorsement of official, unsolicited requests for assistance; and in conjunction with executive leadership, are responsible for monitoring progress against the endorsed ODA priorities.

43. Implementers of ODA activities, including governmental departments and offices, civil society groups, communities and stakeholders from the private sector, comprise the “engine room” for ODA. Responsibilities include, but are not limited to:

- Development of needs into requests for assistance, in alignment with endorsed ODA priorities (for official, unsolicited requests) or relevant strategic plans (for all other requests);
- Consultation with communities to ensure that requests for assistance reflect genuine needs, and will be supported at the grassroots level;
- Implementation of activities in accordance with ODA agreements, including strong leadership and decision-making, transparent and accountable management of resources, regular monitoring and evaluation, and effective reporting,
- Day-to-day liaison with development partners for implementation matters; and
- Ensuring that any matching contributions are secured in a timely manner.

44. Pohnpei State Governments Development Partners play a major role in ensuring that ODA is effective and coordinated. Responsibilities include:

- Responsiveness to Pohnpei State Government leadership and strategic decision-making;
- Forwarding a courtesy copy of all ODA-related information (including planned meetings, visiting missions, opportunities and ODA awards) to the State ODA Office;
- Accommodation of Pohnpei State Government timetables and availability in respect of visiting missions and other time-intensive activities;
- Formal declaration of all forms of assistance to the Pohnpei State Government upon request, including support to civil society and private sector organizations; and
- Support for, and adoption of, the spirit and requirements of this policy.

### Processes

45. The following processes are intended to provide clear guidance to stakeholders involved in ODA, covering the development of official ODA priorities and requests for assistance; and the submission of unofficial or unsolicited requests for assistance.

46. The establishment of official ODA priorities shall be undertaken on a biennial basis, and used primarily to guide the submission of official, unsolicited requests for assistance and to guide the preparation of frameworks for assistance with development partners, as follows in Table 1:

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**Table 1: Biennial Process for the Establishment and Monitoring of Official Pohnpei State ODA Priorities**

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Activity	Timing	Responsibility	Notes
(i) Identification / review of six state-wide ODA priorities.	No later than June each year.	Priorities identified by POHNPEI STATE GOVERNMENT Cabinet in consultation with State counterparts.	Priority needs that are common to all POHNPEI STATE GOVERNMENT states, and which are suitable for external support.
(ii) Endorsement of state-wide priorities by Legislature.		Governor submits priorities to Legislature for consideration and endorsement.	Priorities drawn from the 2019-2024 Pohnpei State Strategic Development Plan.
(iii) Monitoring indicators developed for each priority.		Monitoring indicators developed by POHNPEI STATE GOVERNMENT Cabinet in consultation with State counterparts.	Six state-wide ODA priorities submitted by Governor to Legislature for consideration and endorsement.  Simple monitoring and evaluation indicators developed or aligned with existing sector indicators.
(iv) Identification / review of two ODA priorities to be given to FSMNG.	No later than September.	Priorities identified by State Government Cabinet.	Priority needs that are unique to Pohnpei State, and which are suitable for external support.
(v) Endorsement of state-specific ODA priorities by state legislature.		Governors submit priorities to legislature for consideration and endorsement.	Priorities drawn from State strategic plans, if available.
(vi) Monitoring indicators developed for each priority.		Monitoring indicators developed by State Government Cabinet.	State-specific ODA priorities submitted by Governor to Legislature for consideration and endorsement.  Simple monitoring and evaluation indicators developed or aligned with existing sector indicators.
(vii) Quarterly monitoring and reporting of progress against each ODA priority, and distribution to stakeholders.	Quarterly basis.	ODA office responsible for collection of data and for consolidating data and preparation of a simple quarterly report.	Relevant government departments and offices collect monitoring data and prepare brief narrative summaries.  ODA office collects monitoring data and narratives from relevant departments within their jurisdictions.  ODA Office consolidates monitoring information and prepares quarterly

**Table 1: Biennial Process for the Establishment and Monitoring of Official Pohnpei State ODA Priorities**

Activity	Timing	Responsibility	Notes
			reports for distribution to stakeholders (government leadership and development partners).
(viii) Review of ODA priorities every two years>> repeat from step (i)	Biennial.	All stakeholders.	At two-year intervals, the process is repeated, where state-wide and state-specific ODA priorities are reviewed and/or updated.

47. The abovementioned process for establishing, reviewing and monitoring ODA priorities will be used as a platform for the Pohnpei State Government to clearly communicate its most urgent needs to development partners with a unified and consistent voice. These priorities are not exclusive but describe Pohnpei State Government's preferences where flexibility exists in the deployment of ODA resources.

government, for which no specific program is targeted) where maximum flexibility is afforded, the Pohnpei State Government shall align its requests with the endorsed ODA priorities. The process for developing these requests is aligned with the annual budget cycle, as described below in Table 2:

48. For official, unsolicited requests for assistance (i.e., those requests initiated by

**Table 2: Annual Process for the Development of Official, Unsolicited Requests for**

Activity	Timing	Responsibility	Notes
(i) Annual call for official, unsolicited ODA requests for assistance.	Aligned with annual budget calls.	State ODA office.	In parallel with the annual budget call, a request will be made for all departments and offices to prepare official, unsolicited ODA requests for assistance for the coming year.
(ii) Development of proposal concept notes for assistance.	Due with budget requests.	Departments and offices in all POHNPEI STATE GOVERNMENT, supported by local ODA office.	Departments / offices to prepare simple concept notes using the state template for ODA proposals in support of planned activities for the coming fiscal year. Proposals must align with the endorsed ODA priorities.



**Table 2: Annual Process for the Development of Official, Unsolicited Requests for**

<b>Activity</b>	<b>Timing</b>	<b>Responsibility</b>	<b>Notes</b>
(iii) Budget Review Committee review of proposals.	Aligned with existing Budget Review Committee processes.	Budget Review Committee (BRC)	Review proposals for appropriateness and evidence of matching contribution (if any) in Departmental budget requests.
(iv) Coordination of ODA proposals.	Following BRC recommendation.	State ODA office.	ODA proposals to be coordinated between State concept notes to identify commonalities.
(v) Finalization of proposals	Prior to submission to legislature.	Departments and offices in all POHNPEI STATE GOVERNMENT	Proposals to be finalized, ready for submission to legislature as recommended proposals.
(vi) Approval of ODA proposals by legislature.	Included in legislative budget sessions.	Legislature, facilitated by State ODA office.	Recommended proposals to be submitted for legislative approval alongside the annual recommended budgets.
(vii) Final check of concept notes and matching up with suitable development partners.	Following legislative approval.	ODA Committee comprising one representative from each Department and the ODA office.	Administrative check to ensure that all proposals are complete and comply with this policy; and a decision made regarding which proposals will be submitted to which development partner.
(viii) Drafting of proposals	Following ODA Committee approval	Each department with coordination assistance from the ODA Office	ODA proposals will be drafted with oversight from the ODA office for completeness and to meet all donor requirements and be submitted by the due date.
(ix) Submission of proposals to development partners.	Following successful check by ODA Committee	State ODA Office	All approved proposals submitted by departments to ODA office for on-forwarding to their respective development partners.

49. For solicited proposals or non-official requests for assistance, including ad hoc government and non-government requests for assistance under existing programs, a timely and streamlined process is essential.

The following process, described in Table 3, is designed to promote ease of access for all departments, offices and organizations seeking support, while ensuring that critical ODA information and data is captured.

**Table 3: Process for Ad Hoc Unofficial or Solicited Requests for Assistance**

<b>Activity</b>	<b>Timing</b>	<b>Responsibility</b>	<b>Notes</b>
(i) Identification of solicited opportunity.	Ad hoc	All stakeholders.	Opportunities for assistance will be promoted through a publicly accessible website.
(ii) Preparation of applications.	Ad hoc – according to opportunity deadline	All POHNPEI STATE GOVERNMENT stakeholders, including local governments, non-government organizations and the private sector, supported by the local ODA office.	Preparation of applications by implementing organizations must comply with the specific requirements described for the opportunity.
(iii) Endorsement of applications	Prior to submission deadline	Endorsement by head of department/organization, or Governor for official proposals, and/or as specified by the opportunity requirements.	Each application must be endorsed in writing by the relevant leadership of the submitting department / organization or office, or other body as specified in the opportunity requirements.  Official proposals must additionally meet any legislative requirements for approval prior to submission.
(iv) Submission of application, courtesy copy to State ODA office.	Prior to submission deadline.	Each submitting department / organization or office.	Submission direct to the funding source, copied to the State ODA offices for information collection purposes.
(v) Notification of successful / unsuccessful application to State ODA office.	Following the outcome of each application.	Each submitting department / organization / office.	Applicants must notify the State ODA office of the application outcome.  For official development assistance, successful applicants must ensure that any legislative requirements are met prior to execution of ODA agreements and must lodge a copy of executed agreements with the State ODA office.



50. In addition to the requirements outlined in this policy, implementation of activities will be determined on a case-by-case basis and as described in the proposal, design and subsequent agreement covering each activity. It is the responsibility of the implementing organization, office, or department to ensure that the requirements and processes for implementation are appropriate, realistic and clearly understood by all stakeholders.

treated by all stakeholders as a living document and be subject to refinement and change as lessons are learned and circumstances change in our internal and external environment. To aid this process, the Pohnpei State Government invites comments, feedback, suggestions and observations from stakeholders at any time, in addition to a regular policy review timed to coincide with the biennial review of ODA priorities, so that this policy remains relevant, responsive and effective.

### **The Future of ODA in Pohnpei State**

51. This policy establishes the fundamental architecture for the management of ODA to the Pohnpei State Government. It charts a trajectory for development assistance that is appropriate to our circumstances, capacities, and future directions. Over time, as our systems and capacities improve, opportunities to further integrate internal and external resource planning and deployment will emerge.

52. Ultimately, the Pohnpei State Government wishes to see continual improvement in the effectiveness of ODA. Future strategies to achieve this may include:

- Development and institutionalization of medium-term and sector planning processes;
- Full integration of ODA into state planning, budgetary and monitoring processes;
- Adoption of direct budget support and sector-wide approaches; and
- Standardized reporting and monitoring between Pohnpei State Government, local governments, and across domestic and externally resourced activities.

53. Lastly, the Pohnpei State Government acknowledges that policy reform is an ongoing process hence, this policy must be