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EUROPEAN UNION

EU SEAM

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OUTCOMES OF THE FSM SUSTAINABLE ENERGY (FSM.SE) PROJECT INCEPTION MEETING

29-30 June 2021, Virtual Meeting

OPENING AND WELCOMING REMARKS

1. The FSM.SE Inception Meeting was held on 29-30 June 2021 and conducted virtually, using the Zoom online platform.
2. The meeting was chaired by the SPC Micronesia Regional Officer Director, Lara Studinzki, and present were representatives from SPC, FSM National Government including the President, FSM Department of Resources & Development, FSM Department of Foreign Affairs, representatives from the state utility corporations, development partners, CSO's and the private sector.
3. The Chair welcomed His Excellency President Panuelo, Director Jones and all participants of the FSM.SE Launch and Inception Meeting
4. Tupou Vere, Gender and Social Inclusion Officer at SPC MRO, led the participants in an opening prayer.

INTRODUCTORY REMARKS

5. Dr. Andrew Jones, SPC Director of Geosciences, Energy and Maritime Division, began his introductory remarks by stating the genuine partnership between the FSM, EU, and SPC in the energy sector for many years noting the North Rep Project which provided access to energy for many remote populations in FSM. He noted that without the strong partnership between the FSM, EU, and SPC, these energy projects would not have been possible and commits to continue to do his part in keeping the partnership growing and stronger. He commends FSM's determination in ensuring that access to power remains a priority despite the challenges posed by COVID-19 and expresses sincere gratitude to colleagues at SPC, the FSM Department of Resources & Development, and EU staff who have worked tirelessly over the years to ensure the success of the project so far.
6. The GEM Division Director shared the critical role of the National Coordinator as the conduit within the project ensuring coherence at the national and state levels.
7. The GEM Division Director closed his statement by reiterating his sincere gratitude to the European Union for funding the FSM Sustainable Energy Project.



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COUNTRY LAUNCH OF EU SEAM FSM. SE

OFFICIAL REMARKS TO LAUNCH THE PROJECT

8. H.E President Panuelo extended his warm greetings from the FSM and expressed that he is delighted to officially launch the FSM Sustainable Energy Project. President Panuelo began by recognizing the European Union, SPC Deputy Director General, Director of the SPC GEM Division, SPC Micronesia Regional Office Director, representatives from the state utilities and energy working groups, CEO of FSM Petro Corp, CSO's and private sector representatives.
9. His Excellency President Panuelo calls the nation to reflect on this genuine and meaningful partnership that will improve the lives of the people in Micronesia.
10. The FSM Sustainable Energy Project was signed in November 2019 between the FSM and the European Union. Funding support of EUR 11.6 Million to support the energy sector.
11. The FSM Sustainable Energy Project provides the FSM an opportunity to facilitate reform in the energy sector through various activities including updating the 2011 National Energy Policy and State Action Plans and developing national level and state level energy investment plans that will boost national and foreign investment to assist the FSM in meeting its renewable energy targets as previously agreed under the Paris Agreement along with other nations around the world in championing the policies of climate change.
12. President Panuelo emphasized that the FSM. SE Project is an opportunity to highlight FSM's commitment to addressing climate action including reduction in greenhouse gas emissions and reliance on fossil fuels. The project will provide access to cleaner and more affordable energy to the population of FSM.
13. President Panuelo shared that the FSM.SE Project will leverage donor support and build public and private sector partnerships through the development of power purchase agreements and more independent power producers. The project will also provide scholarship and training opportunities in energy planning and engineering.
14. In closing, President Panuelo expressed his sincere gratitude to all development partners and stakeholders from across the nation for the opportunity to launch the project and wishes all implementing partners a successful launch and productive implementation. Once again, President Panuelo thanked the European Union for their support.

OFFICIAL REMARKS TO ASSENT THE PROJECT

15. SPC's Director General Cameron Diver began by recognizing President Panuelo and distinguished representatives from the FSM, European Union, and SPC. He expressed real joy in being able to join the President in launching the project and sincere gratitude in the President's ambition for increased access to sustainable energy for the FSM population. He emphasized the importance of maintaining a sustainable relationship with the environment and for the leadership that the Pacific has shown and continues to show in the fight against the effects of climate change. He hopes that FSM.SE Project will provide more demonstrable solutions that we can show the world that the most vulnerable but also amongst the most



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resilient nations on the planet are taking control of their destiny and contributing to the global effect that we need to address this climate crisis.

16. SPC's Director-General expressed sincere gratitude to the European Union for their long-term commitment not only to SPC but through SPC to the Pacific region as a whole and particularly the FSM.
17. SPC's Director-General highlighted the importance of supporting the entry of private sector investment. He believes this project can create pathways for private sector co-investment and sustainable tangible public-private partnerships. The aim to genuinely increase the share of renewable energy in FSM's total primary energy supply, he notes, is a noble one and plays a key role in the whole raft of sustainable development issues.
18. SPC's Director General closes his remarks reiterating SPC's commitment to working with the FSM, the North Pacific and the European Union.

Inception Meeting

DAY 1

29 June 2021

PRESENTATION NO. 1 – Energy Sector in FSM and linkages to SEAM FSM.SE

19. Olivier Wortel gave a presentation on behalf of the FSM Department of Resources and Development. He provided an overview of the Department of Resources and Development and the Project Implementation Unit (PIU) within the Energy Division. He provided an update on the active projects currently being implemented in FSM amounting to USD 65million. This includes the ADB Renewable Energy Development Project (REDP), World Bank Sustainable Energy Development and Action Project (SEDAP), UNDP-GEF Micronesia Public Sector Building Energy Efficiency (MPSBEE) Project, EU-SPC Sustainable Energy Project (FSM.SE) Project, and the EU-SPC Nationally Determined Contributions (NDC) Hub Project. He further provided examples of how the FSM.SE Project is linked to other projects at within the PIU at FSM R&D in terms of policy and institutional reform, capacity development, partnerships and IPPs, and systems and technology.

PRESENTATION NO. 2- FSM.SE Project Overview and Introduction to Output 1 Policy, Institutional and Legislative Structures

20. Frank Vukikomoala provided an overview of SPC and the different divisions within SPC, more specifically the Geoscience, Energy and Maritime Division which the FSM.SE Project sits under.
21. The EDF 11 SEAM Financing Agreement between FSM and EU was signed in November 2019 and endorsed by the FSM Congress in February 2020. On 30 June 2021, EU and SPC signed the Contribution Agreement. In January 2021 FSM Department of Resources & Development and SPC signed its partnership agreement. SPC's will be implementing component 2 of the SEAM Project budgeted for EUR11.6 million.



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22. Frank also provided HR updates and governance including the recruitment of the national coordinator and gave a brief summary of the activities under Output 1.

PRESENTATION NO. 3- Introduction to Output 2: Capacity Building

23. Kesdy presented the targets for Output 2 including investment plans on Renewable Energy & Energy Efficiency, an M&E framework for the National Energy Policy, and scholarship and training opportunities. He also shared the upcoming job vacancies and a snapshot of the budget for Output 2 and the project's year 2 planning activities. After the presentation, Victor asked if the investment plans incorporate the existing energy master plans. Koin responded that the investment plans will be based on the existing energy master plans as the existing energy master plans are the focus of the project and they will be used to support the implementation of the project. Lara also noted the need to update existing Energy Master Plan. She ensured that the investment plans will be developed in close consultation with all of the state governments and the FSM National Government.

PRESENTATION NO. 4- Output 3: IPPs and Jointly Funded grid-connected Renewable Energy & Energy Efficiency Projects

24. Koin Etuati, FSM.SE Implementation Advisor, presented on Output 3 which includes 4 detailed technical and financial feasibility studies, development of 4 IPP and PPA guidelines, identification of energy investment projects, installation of renewable energy systems to support 2 IPPs, and reduction in cost of generating electricity to reduce reliance on fossil fuels and to meet growing demand for electricity. She noted that the Project Steering Committee will be engaged throughout the project as needed to provide guidance on the implementation of the activities. Output 3 will begin in 2022 and is budgeted for EUR 796,500 for consultancies on feasibility studies and research, hardware and installation, and support to utilities as co-financing.
25. After the presentation on Output 3, the European Union Representative Gabor Sasvari shared that the cooperation between the European Union, FSM, and SPC has been long standing for over the past 10 years with previous energy projects. It is a long-term commitment of EU in close cooperation with the National Authorizing Officer. He closed his statement by wishing the team and all stakeholders a great work in continuing the discussion and implementation of the project.

PRESENTATION NO. 5- Renewable Energy Systems and Technologies Promoted especially in Remote Communities and among Youth and Women.

26. Koin Etuati gave the final presentation regarding Output 4, which focuses on Chuuk and Yap State. Most of the support for Output 4 are to be given to Chuuk State due to the state's low electrification rate as stated in the Energy Master Plan. The Chuuk Energy Working and Chuuk Technical Working Group will be engaged throughout the project as needed to implement activities. In Yap, the project will support the rehabilitation of the Yap State Solar PV installation at Ulithi Falalop. Some activities in Output 4 will be in close partnership with the Micronesia Conservation Trust to engage women and youth in energy services. The



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presentation also included considerations for project site selection and potential site locations in Chuuk.

SLIDO QUESTIONS

27. When asked to describe their expectations for the inception meeting, most participants shared that they would like to gain more knowledge or broaden understanding of the project. One participant shared that he/she would like to understand the project budget allocations and outputs. The team asked the participants what other policy priority areas should also be considered and there was one response addressing the need for renewable energy for transportation particularly marine and vehicles. Participants also shared sufficient scale of project, counterparty risk, and ownership as issues relating to IPPs. The final question for the first day was an open text poll relating to output 4 which asked the participants to identify potential challenges or issues that the project should also consider as part of rolling out electrification in rural areas. The participants identified transportation challenges, lack of local expertise to maintain the systems and land issues.

End of Day 1

DAY 2

30 JUNE 2021

PRESENTATION NO. 1- Introduction to GESI/RBA in FSM Energy Sector

28. Hayley Samu introduced the gender sensitive and rights-based analysis and integration plan. Hayley Samu is a Gender Integration Senior Associate at Tetra Tech, the consulting firm selected to conduct the GESI/ RBA. She provided an overview of Tetra Tech and shared that Tetra Tech has significant experience in renewable energy, energy efficiency, and gender equality and social inclusion. Tetra Tech's work will be to conduct a gender analysis, so Hayley provided examples of work they have done for previous projects like the FSM.SE Project. She shared that they will be conducting a series of surveys and interviews to collect more data or information to gain more perspective of stakeholders.
29. Lara asked if Hayley could elaborate more on what the interviews would involve because the team would encourage all the participants to provide feedback. Hayley explained that the interviews will last about an hour and Tetra Tech wants to hear from the participants regarding their expertise or experiences specifically in the energy sector to better understand what works and does not work in terms of gender equality and social inclusion integration into the policies at national and state levels. With this information, Tetra Tech will then create a practical action plan that is really informed by those who have been working in the energy sector in Micronesia.



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PRESENTATION NO. 2- Compliance to EU & SPC Procurement Policy

30. Leonaitasi Taukafa discussed the EU Pillar Assessment of SPC noting that SPC has demonstrated to be trustworthy, reliable, and transparent with suitable and proven internal procedures for managing EU Funds. He also discussed Contribution Agreement which states that the delivery of activities will be supported by the SPC procurement plan and finance standard operating procedures to ensure effective and timely implementation of activities. Leonaitasi's presentation concluded with SPC's procurement policy noting the procurement principles and methodologies.
31. A question was posted asking when they can expect to see specific bids for FSM.SE as it has been heard that YSPSC and CPUC are the beneficiaries and will manage procurement for the project?" Leonaitasi responded clarifying that the procurement actions will be managed through SPC. To ensure a transparent and fair process, the bids will be announced on the SPC website and will be managed through a procurement committee following the SPC procurement guidelines in line with EU guidelines. He further shared that if vendors want to be added to the contact list, they can send an email to Leola Primo.

PRESENTATION NO. 3- Introduction to M&E Framework and Risk Management Matrix

32. Epeli Waqavonovono started his presentation with a brief explanation of what the M&E framework is and why it is important. He also noted that the project will report to the FSM Energy Steering Committee and Working Groups annually. In the Risk Management Matrix, 15 risk hazards have been identified including Covid-19 border restrictions, financial, procurement, political, land tenure, and strategic risks. Epeli also shared risks levels and mitigation measures Lara added that there will be energy project officers and investment officers recruited to work in the states as each state will have its own investment plan.

PRESENTATION NO. 4- Introduction to Communication and Visibility Plan

33. The Communication and Visibility Plan was presented by Lisa Kingsberry, Communications & Knowledge Management Adviser. Lisa shared key aspects to note including branding structure, development of products targeting increased engagement with key communities once more information is known, and engagement with senior representatives in FSM. She also shared that green visibility products will be used for branding as part of advocacy work. She shared one of the templates created in Canva for the project communication documents and noted that the web story from the signing of the FSM SEAM Project with the EU was one of the most engaged posts on SPC's social media platforms in 2020.
34. When asked to provide their opinion on how best to share information with FSM citizens, community consultation and outreach was the most frequent response. Another question asked what form of media tools is most used in FSM and Facebook and radio were the top responses with Tiktok coming in third. Participants also believe that simple written information translated into the local languages is one of the best ways to provide communication materials.



SLIDO QUESTIONS

35. The team asked the participants a question on how best to engage CSOs and most vulnerable communities in decision making for energy projects. The responses were to have the communities be involved from the beginning of the project to have a sense of ownership and to engage them in the decision-making bodies at the state and national levels.

END OF DAY 2

[Annex 1 – Meeting proceedings.](#)

[All meeting proceedings and participant list can be accessed through the following link.](#)

<http://prdrse4all.spc.int/node/4/content/national-launch-and-inception-meeting-eu-edf-11-fsm-sustainable-energy-fsmse-project>