

Stakeholder Engagement Plan (SEP)

Strengthening Public Finance Management Phase II Project (P181237)

Prepared for the Government of Federated States of
Micronesia

Department of Finance and Administration

Project Implementation Unit

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Acronyms and Abbreviations

CIU	Central Implementation Unit
CBO	Community Based Organizations
DoFA	Department of Finance and Administration
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standard
FSM	Federated States of Micronesia
GoFSM	Government of Federated states of Micronesia
GBV	Gender-based Violence
GRC	Grievance Resolution Committee
GRM	Grievance Redress Mechanism
NGO	Non-government Organizations
PIU	Project Implementation Unit
PFM	Public Finance Management
SEA/SH	Sexual Exploitation and Abuse / Sexual Harassment
SEAP	Stakeholder Engagement Action Plan
SEP	Stakeholder Engagement Plan
VAC	Violence Against Children
WB	World Bank

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1. Introduction

This Stakeholder Engagement Plan (SEP) is developed for the Public Finance Management Project Phase (PFM-II) for the Federated States of Micronesia (FSM) which will be funded by the World Bank. The SEP outlines the ways in which the Project Implementation Unit (PIU) will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about the project and any activities related to the project. This document outlines key sections that seek to guide the PIU throughout the project lifecycle, to ensure that meaningful, board consultations will take place to inform all stakeholders that have an interest in the Project or are directly or indirectly impacted by the project.

This project will be implemented by the Department of Finance and Administration (DoFA) on behalf of Federated States of Micronesia (FSM)

2. Project description

Government of Federated States of Micronesia (GoFSM) Department of Finance and Administration (DoFA) has successfully implemented Public Finance Management Project (the project) Phase I and has requested World Bank (WB) to extend the project Strengthening Public Finance Management (PFM) for Phase II. The project will support improvement in systems, processes and procedures around budget formulation and execution covering internal controls, procurement, accounting and financial reporting. This will include building human resource capacity and strengthening human resource management functions in the Department of Finance and Administration (DoFA). The project will contribute to strengthening the government's capacity to manage public resources to deliver services more efficiently and effectively.

I. Project components

The project has five components:

Component I: Improve Public Finance Practices

This component will support strengthening the national government legislative framework, guidelines and procedures over public finance management, introduce sustainable budgeting and procurement, and strengthen Treasury functions and internal controls. This will involve (i) increase credibility and comprehensiveness of the budget and improve capability for revenue forecasting; (ii) establish in-house financial reporting capability in DoFA to prepare annual consolidated financial statements; (iii) establish an internal audit unit and improve internal controls, and; (iv) strengthen procurement practices and transparency.

Component II: Expand Core Financial Management Information Systems

This sub-component will support the continued rollout of the core public finance system. This component has broadly two major objectives (i) is to support the continued use and rollout to additional departments and agencies of the FMIS installed under PFM I(ii) is to support further digitization of public finance systems to include platforms supporting procurement and internal audit

Component III: Enhance Human Resource Capacity, Communications and Change Management

This component aims to build on the human resource capacity, strengthened communications and change management established under PFM I by continuing competency development activities, fostering continued internal and external communications, and engaging in citizen engagement activities. The component will support capacity building for core PFM functions and processes within DOFA, continued change management and strengthened transparency and citizen engagement in the budget cycle.

Component IV: Project Management

The objective of this component is to support overall project management and coordination. The implementation agency for the project will be DOFA. The project implementation arrangements envisage a Project Implementation Unit (PIU) to support DOFA in daily activities. The PIU will include a project manager and a project officer. The project will finance the required office equipment and IT facilities at DOFA to enable the implementation of the project activities. Specifically, the project will fund the purchase of computers, printers, video conferencing equipment, and other required office furniture related to project management. It will also finance external audit fees for the project, if necessary, as required by the legal agreement.

Component V: CIU Operations

This component will support the continuation of the CIU. The CIU will continue to support the entire FSM portfolio project preparation and implementation in the areas of procurement, financial management, M&E, communications, and safeguards. The CIU staff provides support to the PIUs across the FSM portfolio drawing on lessons from other IDA projects especially in the early stages of project implementation. This approach has demonstrated significant benefits in improving project implementation and compliance. The CIU will further develop the staff capacity to enhance support to the portfolio. The support to the CIU will include staff costs, operational travel, training, and operating costs. This component will provide approximately two years of core funding for the CIU.

3. Project development objectives

The proposed Project Development Objective (PDO) is to increase government capacity to manage public finances effectively, increase transparency, and inconsiderations into financial planning and decision-making processes.

4. Objective of SEP

The purpose of the Stakeholder Engagement Plan (SEP) is to provide a framework for appropriate stakeholder consultation and information disclosure in the context of the implementing PFM-II which meets World Bank ESF requirements and support implementing proposed project activities. The goal of the SEP is to facilitate project to implement in participatory approach to involving National and State level institutional stakeholders, including the general public, other stakeholders in a timely manner.

The overall objectives of SEP as stated in the ESS-10 are to:

- Identify the roles and responsibility of all stakeholders and ensure their participation in all stages of the project cycle;
- Establish a systematic approach to stakeholder and citizen engagements that will help to identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties;
- Assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be considered in project design and implementation;
- Promote and provide means for effective and inclusive engagement with project-affected parties throughout the project cycle on issues that could potentially affect them;
- Ensure that appropriate project information, and progress is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format taking special consideration for the citizen engagement;
- Provide project-affected parties and or other stakeholders with accessible and inclusive means to raise issues and grievances PIU to respond to and manage such grievances.

Specifically, this SEP serves the following purposes:

- stakeholder identification and analysis;
- planning how the engagement with stakeholder will take place;
- information disclosure;
- consultation with stakeholders;
- addressing and responding to grievances;
- monitoring and reporting on SEP.

5. Stakeholder Engagement

I. Principle of effective Stakeholder Engagement

The project's Stakeholder Engagement Plan (SEP) shall be informed by a set of principles defining its core values underpinning interactions with identified stakeholders. Common principles based on "International Best Practice" include the following:

- **Commitment** is demonstrated when the need to understand, engage and identify the stakeholders is recognized and acted upon early in the process;
- **Integrity** occurs when engagement is conducted in a manner that fosters mutual respect and trust;
- **Respect** is created when the rights, cultural beliefs, values and interests of stakeholders and affected communities are recognized;
- **Transparency** is demonstrated when stakeholder's concerns are responded in a timely, open and effective manner;
- **Inclusiveness** is achieved when broad participation is encouraged and supported by appropriate participation opportunities;
- **Trust** is achieved through open and meaningful dialogue that respects and upholds community's beliefs, values and opinions.

II. World Bank E&S standards in stakeholder engagement

The World Bank's Environmental and Social Framework (ESF)'s Environmental and Social Standard (ESS) 10 "Stakeholder Engagement and Information Disclosure", recognizes 'the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice'. Specifically, the requirements set out by ESS10 are the following:

- Borrowers will engage with stakeholders throughout the project cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts. Borrowers will engage in meaningful consultations with all stakeholders.
- Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was considered, or the reasons why it was not.
- A Stakeholder Engagement Plan proportionate to the nature and scale of the project and its potential risks and impacts needs to be developed by the Borrower. It must be disclosed as early as possible, and before project appraisal, and the Borrower needs to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for

future engagement. If significant changes are made to the SEP, the Borrower must disclose the updated SEP.

According to ESS10, the Borrower should also propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. Similarly, the para 13 of the ESS10 elaborates, Borrowers are required to develop a SEP which is proportionate to the nature and scale of the project and its potential risks and impacts (para 13). Stakeholders have to be identified and the SEP has to be disclosed for public review and comment as early as possible before the project is appraised by the World Bank.

III. Stakeholder engagement during the project preparation

PIU and WB team has been conducting consultation and meeting with project related stakeholders to solicit input into proposed project component and activities. Aside from inter departmental meeting, consultation with the division of treasury, division of budget, division of treasury, DoFA field offices, procurement unit and state government were conducted. The objectives of consultation and series of discussion with key stakeholders was to obtain suggestion (i) determine key elements of the project design, including costing of activities for all components; (ii) develop an initial results framework; (iii) assess safeguards and fiduciary capacity of the assigned implementation unit; (iv) discuss project readiness requirements related to Environmental and Social Standards; (v) initiate assessments on department performance, gender and citizen engagement. The summary of consultation is mentioned as below.

Table1: Summary of stakeholder meeting during project preparation

Stakeholders	Topic of consultation	Method of engagement	Issues of discussion
GoFSM Interdepartmental	FMIS legislative framework, guidelines, and procedures	Project preparation and technical review meeting through Face to face engagement	FMIS, accessibility and user friendly system, development policy and guidelines
Division of Treasury	legislative framework, guidelines, and procedures	Project preparation and technical review meeting through Face to face engagement and virtual conferencing	Updating of financial management procedures
Division of Budget	Updating budget policies and guidelines	Project preparation and technical review meeting through Face to face engagement and virtual conferencing	Strengthening policy-based and performance budgeting
Procurement unit	Review of procurement guidelines	Project preparation and technical review meeting through Face to face engagement and virtual conferencing	Updating of procurement guidelines to facilitate visibility and transparency
State division of Treasury	FMIS	Project preparation and technical review meeting through Face to face engagement and virtual conferencing	Automation of various financial management functions such as budgeting

State Governments	FMIS	Through Virtual Conferencing	Roll out and training additional State level end users for the FMIS
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IV. Stakeholder Identification and analysis

Project stakeholders are defined as individuals, formal or informal groups, organizations, and/or governmental entities whose interest or rights will be affected, directly or indirectly by the project, both positively and negatively who may have interest, and who have the potential influence to the Project outcomes.

In accordance with the ESS10, this SEP categorizes the stakeholders into three groups in order to ensure a more efficient and effective stakeholder engagement:

- **affected parties** - stakeholders that are affected or may be affected by the project;
- **other interested parties** - other parties who may have an interest in the project.
- **vulnerable/ disadvantaged groups** - individuals or groups who may require special engagement efforts due to their vulnerable status

Affected Parties: The PFM Project has multiple stakeholders from government, private sector, academic sector, civil society and the general public. For the purposes of the SEP document, stakeholders who are likely to be directly affected, and involved in the implementation of the policy, are classified as Affected Parties, among them are:

- Departments and government agencies
- State Governments
- DoFA Field Offices
- Government Employee

Other interested parties: Includes/groups/entities that may not experience direct impacts from the project by who consider or perceive their interests as being affected by the project and or/could affect the project and the process if its implementation in some way. Other interested parties include, among others, government institutions that may be involved in various ways in the project as well academia, community-based organizations, NGO's and the media.

- Office of the National Public Auditor
- Community based organizations/NGOs
- World Bank
- Academicians/ College of Micronesia
- Service providers

Disadvantaged and vulnerable Disadvantaged/vulnerable individuals and groups are those who may do not have a voice to express their concerns or understand the impacts of the Project, are sometimes excluded from SEP. PIU will take an effort to ensure that the vulnerable and disadvantaged groups are aware about the proposed project activities and has a possibility to submit their propositions/suggestions. It is expected that the community people and vulnerable citizens will benefit from the proposed by engaging them pre and post budget discussion. These groups will benefit saving time in payment process from division of treasury. The PIU will closely monitor the consultation process to ensure access and awareness of the project benefits to the following vulnerable categories:

- Low income households
- Elderly people
- Households with disable peoples
- Single parents
- Youths
- People living in hard to reach islands

V. Stakeholders interest and influence

Stakeholders have been in terms of their interest and project impact in order to better understand and manage them. The project will take consultations and discussions with those, who have high levels of interest and project impact. Consultations will take place with the group with a medium project impact and a high interest in the project. The group with a low project impact and a high project interest will be involved in public discussions during the implementation. The table below summarizes the potential roles, interests and influence for each of the above-mentioned stakeholder groups

Table 2 Stakeholders interest and influence over the project

Categories of Stakeholders	Role	Level of Analysis (H=High, M=Medium, L=Low)	
		Interest	Influence
Affected parties			
Department of Finance and Administration Project Implementation Unit	Lead in implementation	H	H
State Government	Information, beneficiaries of investments	H	M
DoFA Field Offices	Development and execution of FMIS component and information dissemination	H	M
Government Employee	Engagement/ Distribution of information related to the Project/Training/procurement	H	H
Division of Treasury	Engagement in procurement, payment and supply management	H	H
Division of Budget and Economic Development	Information, beneficiaries of investments	H	M
Interested parties			
Office of the National Public Auditor	Information, progress on implementation of	M	L

Categories of Stakeholders	Role	Level of Analysis (H=High, M=Medium, L=Low)	
		Interest	Influence
	FMIS and payment system		
Department and government agencies	Information, progress on implementation of FMIS	M	L
Consultants /Contractors	Potential business opportunity /Collaboration	M	L
CBOs/NGOs	Progress in project implementation and information dissemination	M	L
Financial institution/donors	Funding, technical assistance	M	L
Academicians /College of Micronesia	Potential Collaboration & effective implementation of FMIS	M	L
Vulnerable groups			
Households with low-income	Participate in budget planning and information distribution	L	L
Elderly people	Participate in budget planning and information distribution	L	L
Households with people with disabilities	Participate in budget planning and information distribution	L	L
Single Parents	Participate in budget planning and information distribution	L	L
Youths	Participate in budget planning and information distribution	M	L
People living remote islands	Participate in budget planning and information distribution	L	L

a/b

VI. Potential Stakeholder involvement

Involvement of stakeholders has been identified and assessed their area of interest in component wise and has been mentioned in below table.

Table 3 Involvement of stakeholders

Project component	Targeted stakeholders	Area of interest for targeted stakeholders	Other interested parties
Component I: Improve Public Finance Practices			
1.1 Strengthening budgeting and reporting practices	Department of Finance, Division of Budget and Economic Development and Division of Custom and Tax, National Treasury Office Division of investment and international finance	Preparation of financial management legislative framework, update Financial Management Regulation, Establishment of internal control and capacity building	Department of Finance and Administration
1.2 Strengthening procurement practices	Division of Treasury Procurement and supply unit,	Preparation of procurement guidelines, annual procurement planning development of online tendering portal and capacity development	Department of Finance and Administration
Component II Expand Core Financial Management Information Systems			
2.1 Continued rollout of core public finance	National government and	Procurement of hardware, and office equipment, on the job	Consultant contracted

Project component	Targeted stakeholders	Area of interest for targeted stakeholders	Other interested parties
system	State finance departments	training and capacity development,	for developing FMIS
2.2 Expand public finance systems	Division of Budget and Economic Development , procurement and supply unit and National Audit Office	Development of procurement regulation and centralized online procurement portal, and establishment of internal audit and control.	
Component III: Enhance Human Resource Capacity, Communications and Change Management			
3.1 Enhance Human Resource Capacity for Public Finance	Department of Finance, State finance offices and the departments	Procurement of training service providers, capacity development and certification programs	Project Steering Committee and Technical Working Group
3.2 Change Management, Communications and Citizen Engagement	Department of Finance, inter-governmental departments, Civil Society, NGOs, and general population	Public participation pre budget planning and post disclosure, gender friendly budget, information dissemination and communication	Local NGO, general population
Component IV: Project Management			
Project Management	Potential bidder, contractors, and applicants	Opportunity to tender bid, drop application for vacancy announcement and	Potential bidder, applicants, World Bank Country Management Unit
Component: V CIU Operation			
CIU Operation	Potential bidder, contractors, and applicants	Opportunity to tender bid, drop application for vacancy announcement and	Potential bidder, applicants, World Bank Country Management Unit

6. Stakeholders Engagement Program

The stakeholder Engagement Program is an important component of the document expected to help engage all stakeholders to the project to ensure the project activities are being implementing transparently. The SEP will also support the engagement of all interested stakeholders including vulnerable population groups. It is important to keep in mind that the SEP implementation is a dynamic process and some stakeholders and their area of interests might change over time, and hence the SEP will be updated periodically.

I. Engagement Methods to be Used

The suggested methods will be used to communicate and consult with the stakeholders

Online Platform: PIU will use DoFA webpage/platform to disseminate the all information about the project. The objective of adopting this platform is to provide a consolidated information of all the current WB portfolio from single door system.

Public events: Focus group discussions, consultation meetings, workshops, conferences, trainings, etc

Social media: use of Facebook and information dissemination to wider groups

Individual: face to face meeting, interview, Group meetings, workshops, stakeholder’s consultation, focus group discussion

IEC materials: preparation of fact sheet, etc.

II. Proposed approach for consultation

Stakeholder engagement activities will provide stakeholder groups with relevant information and opportunities to voice their views on issues that matter to them and/or affect them. Stakeholders will be kept informed as the project progress. To ensure meaningful consultation with general citizen and vulnerable groups the project will pay special attention during organizing public events and consultation. The table below presents key stakeholders engagement activities to take place throughout the project implementation

Table 4 Strategy for stakeholder consultation

Project Stage	Topic of consultation/ message	Methods	Targeted stakeholders	Responsibility
Preparation prior to effectiveness	Project activities, implementation strategy, project benefits and engagement strategy	Face to face meetings, Digital disclosure via DoFA web page	Government departments, state departments	DoFA/PIU/CIU
Project Implementation	Updated SEP/ESCP, feedback from consultations information about project activities Progress in project implementation	Face to face meetings Public awareness and media campaign / publish reports summarizing feedback from citizens	National and state departments, General population	DoFA/PIU/CIU
Component I: Improve Public Finance Practices	Boosting DoFA capacity in strengthening public finance, (expenditure and budget etc	Face to face meeting Inter-division meetings	Representatives for divisions, Steering committee, technical working groups	DoFA/PIU
Strengthening budgeting and reporting practices	Preparation of financial management legislative framework, update Financial Management Regulation, Establishment of internal	Inter-division meetings	Representatives for divisions, Steering committee, technical working	DoFA/PIU

Project Stage	Topic of consultation/ message	Methods	Targeted stakeholders	Responsibility
	control and capacity building	Workshops	groups	
Expand public finance systems	Preparation of procurement guidelines, annual procurement planning development of online tendering portal and capacity development	Inter-division meetings Workshops	Representatives for divisions, Steering committee, technical working groups	DoFA/PIU
Component II Expand Core Financial Management Information Systems	Development of FMIS and its expand its users and accessibility	Workshops and trainings Hand holding and support trainings	Respective end users of the system	DoFA/PIU
Continued rollout of core public finance system	Procurement of services, equipment's capacity development and trainings Procurement of hardware, and office equipment, on the job training and capacity development,	Workshops Trainings and announcement	Inter-departmental divisions,	DoFA/PIU
Expand public finance systems	Development of procurement regulation and centralized online procurement portal, and establishment of internal audit and control.	Training, capacity development and face to face interaction	Inter-departmental divisions and government employees	DoFA/PIU
Component III: Enhance Human Resource Capacity, Communications and Change Management	Proposed capacity development sectors, opportunities participation and communication	Face to Face meetings Interactions		DoFA/PIU
Enhance Human Resource Capacity for Public Finance	Capacity building, training opportunities	Face to face interaction Meetings ,trainings	FMIS end users State and national departments	DoFA/PIU
Change Management, Communications and Citizen Engagement	Pre budget planning, elements of citizen friendly budget, quality of good budget	Public awareness and media campaign / publish reports summarizing feedback from citizens	Community people, citizen, NGO, civil society	DoFA/PIU
Component IV: Project Management	Procurement of consultants, contactors	Announce Bid/tender via WB and DoFA sites	Project Steering Committee Potential bidder	DoFA/PIU
Component: V CIU Operation	Procurement and management of resources for CIU	Announce Bid/tender via DoFA web page and global sites WB sites	Project Steering Committee Potential applicant/ tenderer and	DoFA/PIU

III. Proposed Approach for Information Disclosure

Based on the progress achieved in project components, DoFA PIU intends to disseminate project information periodically to the stakeholders through difference media and tools. Below table elaborates the preliminary summary of the suggested information disclosure approach based on the project progress and topics that might be interest of stakeholders. The information will be disclosed in a manner that is accessible and culturally appropriate, taking into account of specific needs of groups.

The means of communication will include but not limited:

- Digital platform (website, social media.)
- Project fact sheets, periodic progress report.
- Public awareness and media campaign / publish reports summarizing feedback from citizens.
- Face-to-face meetings.

Table 5: Information disclosure plan

Project stage	List/type of information to be disclosed	Methods of disclosure proposed	Timing/frequency	Targeted stakeholders	Responsibility
Preparation prior to effectiveness	Proposed project concept	DoFA web page Inter-departmental meetings	Before the project appraisal	Government agencies, private sectors and	DoFA/ PIU World Bank
	Draft Stakeholder Engagement Plan and Draft Environment and Social Commitment Plan	DoFA web page World Bank page	Before//during the appraisal phase	All	DoFA/ PIU World Bank
Project implementation	Final SEP and ESCP Project Progress reports & periodic updates Information materials	DOFA Web Page DoFA web page, PIU desk	Within the six month of the project effective incorporating feedback from disclosure Periodically	All focusing on Boarder Community outreach via communication specialist	DoFA PIU
Component I: Improve Public Finance Practices	Project Progress through progress report	DoFA web page PIU office	Bi-annually	All stakeholders	DoFA/PIU
Component II: Expand Core Financial Management Information	Development of FMIS and training	DoFA web page PIU office	Bi-annually	All stakeholders	DoFA/PIU

Project stage	List/type of information to be disclosed	Methods of disclosure proposed	Timing/frequency	Targeted stakeholders	Responsibility
Systems					
Component III: Enhance Human Resource Capacity, Communications and Change Management	Training and capacity development, Procurement policy and public outreach events	DoFA web page PIU Office	Bi-annually	All stakeholders	DoFA/PIU
Component IV: Project Management	Procurement of goods and services	DoFA web page	As and when required	All stakeholders	DoFA/PIU
Component: V CIU Operation	Recruitment of CIU staffs	DoFA web page	As and when required		DoFA/PIU

7. Grievance Redress Mechanism

Grievance Redress Mechanism (GRM) is a process for receiving, evaluating, and addressing project-related complaints from stakeholders, citizens and affected people at the level of the project.

I. Objectives

The purpose of the Project GRM is to receive, assess, and facilitate resolution of project related concerns and grievances. The grievance mechanism will be proportionate to the potential risks and impacts of the project and will be accessible and inclusive. The mechanism is also used to improve the overall performance of the Project. It will take into account the traditional mechanisms of Indigenous Peoples for raising and resolving issues.

The Project GRM aims to:

- Provide affected people with avenues for making a complaint or resolving any dispute that may arise during the implementation of the Project.
- Ensure that mutually acceptable redress actions are identified and implemented promptly, in a culturally appropriate manner, to the satisfaction of complainants.
- Avoid the need to resort to judicial proceedings.

Participation in the grievance process does not negate an individual's right to pursue other remedies as provided under GoFSM law.

The existing grievance procedure operating in centralized system at DoFA will be used for the grievance management of the project. Stakeholders can register and submit their complaint electronically and physically. E&S officer at CIU will play the role of nodal person to register, and entire resolution process. PIU in collaboration with CIU safeguard specialist will assist for timely and successful resolution of stakeholder grievances, as well as to monitor its implementation. PIU shall maintain the database of grievance and a summary of the grievance record and its resolution

will be incorporated in regular reporting.

II. Grievances procedure

Stakeholders can file grievance digitally. For this stakeholders can go through DoFA web portal www.rebrand.ly/FSM-GRS or email via complaintsWB@gov.fm or feedbackWB@gov.fm. Alternatively, the project will develop a QR code to raise and register a complaint. Once the complaint is registered, it directs to the CIU E&S Officer. Once the complaint is received CIU E&S officer reports to the PM at PIU. The PM in collaboration with CIU Safeguard team and the project team will seek of the complaint within the given time frame. The following procedure will be applied to address the grievance registered in the project.

Step 1: Lodging the grievance: CIU E&S Officer shall receive any grievance, records it in database and issue an acknowledgement receipt to the grievance. In case if stakeholder wishes visit and file complaint physically, the officer may help to fill out the grievance form.

Grievances can be lodged:

- Digitally: Via DoFA web portal <https://dofa.gov.fm/grievance-redress-service/>
- Or www.rebrand.ly/FSM-GRS or email via complaintsWB@gov.fm or feedbackWB@gov.fm
- By Phone: 691 3202640/5852
- In person: Department of Finance and Administration (DoFA), Project Implementation Unit (PIU)
- P. O. Box: 158 Palikir

Step 2: Screening the grievance: Upon the receipt of the grievance, the E&S Officer at CIU will lodge the complaint and inform PM that the complaint has been received. After the lodging, the officer screen it to assess whether it is within the project scope. Non-eligible are then will be referred to relevant department. The officer report within the 24 hours of its registration.

Step 3: Management of grievance:

Tier 1: The officer determines the severity of grievance and collaborate with CIU safeguard specialist and PM to address the complaint. If satisfactorily resolved it will be logged in grievance register and report to the complainant. The Officer engages other stakeholders and local leaders and seek their opinion to resolve the complaint. In case if the resolution provided not satisfied the officer report it in next tier. This process will be completed within a week.

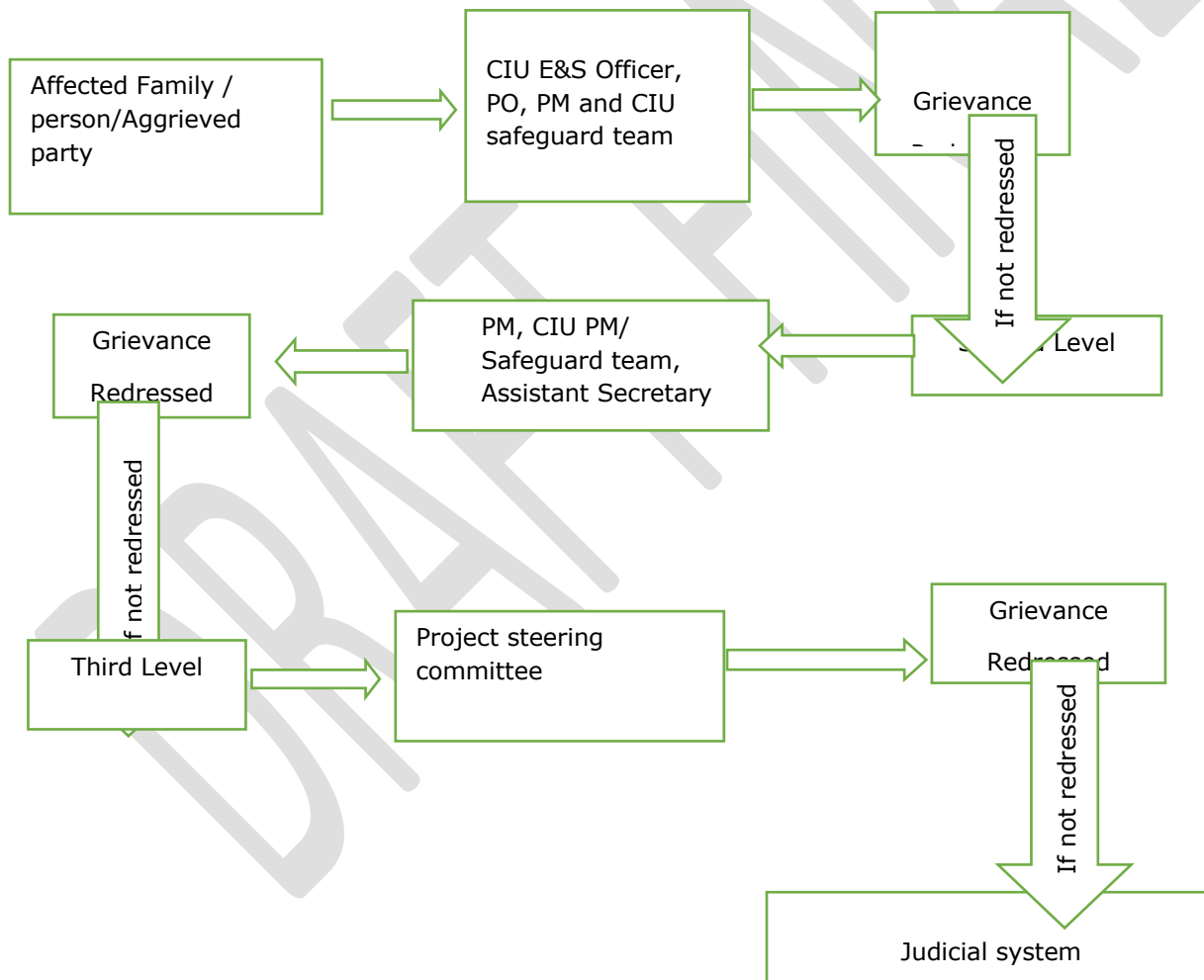
Tier 2: If the complaint remains unresolved, the officer report to PM. PM collaborates DoFA secretary and assistant secretary and CIU safeguard team/PM

seek resolution of the complaint. The team seek opinion with complainant and other relevant stakeholders and holds meeting to resolve the complaint. The process completes within one month of the grievance registration.

Tier 3: If the complaint remains unresolved, the PM reports to Project Steering Committee (PSC). The PM collaborates related stakeholder for the satisfactory resolution of complaint. After this PM holds the PSC meeting and notifies the complainant about the result of the meeting. The process will be completed within 3 month of grievance registration.

Court referral: If it remains unresolved or the complainant is dissatisfied with the outcome proposed by PSC, complainant may refer the case to the appropriate legal or judicial authority. The decision of court will be final.

Figure: 1 of Grievance cycle



Grievance recording: CIU E&S Officer will be responsible to recording and maintaining grievance log. The log clearly indicates the status of complaint resolution (whether the complaint has been resolved or is still outstanding). The

Officer records all the procedures adopted in complaint resolution process. The officer store following documentation

- Memorandums of field investigations, consultations and meetings
- Photographs, maps, drawings
- If an issue has been resolved, the register will include the following information:
 - Completed Grievance Resolution Template
 - Action taken (including evidence of action taken, i.e. photographs, receipts, etc.)
 - Date of resolution
 - Signature of complainant and person responsible for issue resolution.

Bi annual reports will provide summaries of complaints, types, actions taken and progress made in terms of resolving pending issues, and drawing on information from the GRM register and information from monthly contractor reports. Specifically, the reports will include:

- Total number of grievances received.
- Total number resolved.
- Total number under investigation / not yet resolved.
- Total number exceeding the recommended close out time of 1 month or 3 months.
- Short paragraph on any significant grievances currently not yet resolved and any risks to project implementation.

III. Addressing Gender Based Violence and Sexual Exploitation and Abuse

According to the WB Good Practice Note, Public Finance Management (PFM)-I the risk of sexual exploitation and abuse/sexual harassment (SEA/SH) as assessed as LOW. Similarly, the risk categorization will remain same for the PFM Phase –II. The PIU will address the SEA/SH related complaint through the channel as mentioned in Prevention and Response Frame Work and Referral Pathway for SEA/SH document under the WB financed portfolio developed DoFA. Project Officer at PIU will act as focal person for delating any gender based violence (GBV) or SEA/SH issues should they arise. PIU will prepare a summary booklet covering the procedure addressing complaint related to SEA/SH and GBV. The booklet will make available at PIU, DoFA web page and will be distributed in meetings, workshops, field visit and all the events.

When the complaint related to SEA/SH and GBV registered, it will be reported to PM and all information related to complaint and survivors will be kept confidential. The E&S Officer will reach to service providers for support immediately after receiving a complaint. Prior moving forward addressing the complaint, the project will obtain consent of the survivor and will be notified to the WB. The complaint will be addressed as guided by the referral framework and prevention and response framework in coordination with service providers.

IV. World Bank Grievance Redress Service

The Grievance Redress Service (GRS) is an avenue for individuals and communities to submit complaints directly to the World Bank if they believe that a World Bank-supported project has or is likely to have adverse effects on them, their community, or their environment. The World Bank GRS can be found at the following URL link: <https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>

Complaints must be completed in writing and addressed to the GRS. They can be submitted using the following methods:

- Online by completing the online form
<https://pubdocs.worldbank.org/en/743201426857500569/Grievance-Redress-Service-GRS-complaint-form.docx>
- By email to grievances@worldbank.org
- By letter or by hand delivery to the World Bank Headquarters in Washington D.C., United States or any World Bank Country Office- printing and using this form:

<https://pubdocs.worldbank.org/en/743201426857500569/Grievance-Redress-Service-GRS-complaint-form.docx>

8. Responsibility for SEP Implementation

PIU will be the owner of this SEP and will lead to its implementation. However, there are many roles that need to put together to the implementation of the activities specified in this SEP. The PIU team will be supported by Central Implementation Unit (CIU) to ensure the successful implementation of this plan. The key parties involved in the stakeholder engagement process and their responsibilities are provided in table below

Table 6: Responsibilities for SEP Implementation

Party/institution	Responsibilities
PIU	Lead Plan and implement the SEP. Manage the GRM. Organize workshops and meetings Reporting
CIU	Support in implementing SEP Facilitate in organizing meeting and workshops Lead in Managing GRM Manage citizen engagement, information release Reporting in E&S performance and report to WB
DoFA	Oversee the PIU.
Consultants	Implementation of the SEP for their scope of work and working with the PIU to ensure the right stakeholders are identified and involved in their

	work program. Preparation of activity-specific engagement if requires Support the PMU in engaging with stakeholders relating to communicating the scope and timing of works.
State department	Support PIU in organize stakeholders meetings, citizen campaign and provide feedback

9. Implementation Budget

The PU shall allocate an indicative amount of the budget to facilitate stakeholder's engagement and grievance redress mechanism for the entire project period. The budget shall be adequate to cover costs of the stakeholders planned engagement in all project phases and grievance redressing activities. the following is an indicative budget allocation for the stakeholder engagement activities including GRM implementation.

Table 7: Estimated implementation budget

SN.	Item	Cost (USD)
1	GRM sensitization and implementation	15,000
2	Consultations	10,000
3	Information production and distribution	10,000
4	Citizen engagement	10,000
5	Total	45,000

10. Monitoring and Reporting

The SEP will be periodically revised and updated as necessary in the course of Project implementation. This will be undertaken in order to ensure the following:

- information is consistent and is reflective of evolving information requirements at different stages of the Project
- methods of engagement remain appropriate and effective for the Project.

Any major changes to Project-related activities or schedule will be reflected in the SEP.

Project stakeholder engagement activities will be documented through 6-monthly progress reports, to be shared with the WB. Summaries and internal reports on public grievances, enquiries and related incidents, together with the status of implementation of associated corrective/preventative actions will be collated by the project officer and will be included in the 6-monthly reports. The summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner.

Information on citizen engagement/consultation activities undertaken by the Project during the year will be included in periodic reports. This will include a summary of engagement activities undertaken including:

- Purpose of the engagement
- Form of engagement and consultation (for example, face-to-face meetings such as town halls or workshops, focus groups, written consultations, online consultations).
- Number of participants and categories of participants.
- A list of relevant documentation disclosed to participants.
- Summary of main points and concerns raised by stakeholders.
- Summary of how stakeholder concerns were responded to and taken into account.
- Issues and activities that require follow-up actions, including clarifying how stakeholders are informed of decisions.

A key performance indicator "Project related complaints to the GRM satisfactorily addressed within the specified timeframe" to monitor the implementation of the Project GRM will also be reported on.

Annex: I Grievance Registration Templet

Federated States of Micronesia
Department of Finance and Administration
Grievance Registration Form

GRIEVANCE REGISTRATION FORM	
	Date:
Name of complainant:	
Municipality:	Village/ Ward:
Phone no:	Email:
Location of the grievance (if specific were and when)	
Name of the Project filling Complaint:	
Photographs if available (in the case of event)	
Details/ description of grievance	
Expected remedial of the grievance:	
	Signature of complainant

Annex II Grievance Register

Complaint number	Date received	Details of the complainant	Gender	Complaint received by (name of officer)	Means of complain received (digital, physical)	Complaint detail	Action planned or taken to resolve the complaint	Status of the complaint	If not resolved referred to next level? (Yes, no)	Finally signed off the complaint (Yes, No)	Time taken to resolve the complaint

Note:

Means of complain received: Grievance registered through a) suggestion box b) in person c) phone d) email/fax

Status: Tier I, Tier II, Tier III, Resolved

