

SUMMARY STATEMENT OF STRATEGY

Item	Good Governance	Social Development	Pro-Poor Economic Growth
Strategic Focus	<ul style="list-style-type: none"> • Support long-term capacity building efforts • Promote wider participation of civil society in development 	<ul style="list-style-type: none"> • Improve basic social services (e.g., education, health, water supply and waste management) delivery as well as efficiency 	<ul style="list-style-type: none"> • Develop an enabling environment for private sector development
Ongoing/Proposed Loans		<ul style="list-style-type: none"> Basic Social Services Loan (2000) Omnibus Infrastructure Development Loan (2004) 	<ul style="list-style-type: none"> Private Sector Development Program and Project Loan (2001) Omnibus Infrastructure Development Loan (2004)
Ongoing/Proposed Technical Assistance	<ul style="list-style-type: none"> • Strengthening and Capacity Building of Public Sector Financial Management (2002) • Strengthening of Public Sector Management and Administration (2003) • Streamlining and Strengthening the Public Sector Audit Function (2004) • National Hardship Reduction Strategy and Participatory Nation Building (2005) 	<ul style="list-style-type: none"> • National Hardship Reduction Strategy & Participatory Nation Building (2005) • Youth and Gender Development (2006) 	<ul style="list-style-type: none"> • Improving Economic Management and Policy Formulation (2003) • Public Utilities Corporate Governance (2004)
Other Assistance	PFTAC/US	US Compact Japan-Australia WHO/UNEP	Japan/PRC/US Compact
Target Outcomes	<ul style="list-style-type: none"> • Long-term public sector capacity building roadmap prepared and implemented • A uniform public financial management system installed and operational for the five governments • A mechanism for better participation of civil society/NGOs in the country's development processes 	<ul style="list-style-type: none"> • Improved quality of basic education (FSM National Standardized Test—Correct Answers by 6th Grade Students [43% in Math, 55% in Language Arts]) • Improved quality of primary, preventive and public health services (80% of dispensaries report no major drug and/or medical supply shortages; immunization rate of all two-year-old children increased to 80%) 	<ul style="list-style-type: none"> • SOE reforms (one public enterprise transformed by each government) • Improved access to finance (FSMDB processes and systems improved) • ST framework in place (ST law passed and filing archive established) • Improved processes and procedures in land surveying, registration, valuation (qualitative consultant outputs, BTORs)

BTOR = back to office report; FSMDB = Federated States of Micronesia Development Bank; NGO = nongovernment organization; PFTAC = Pacific Financial Technical Assistance Centre; PRC = People's Republic of China; ST = secured transactions; SOE = state-owned enterprise; UNEP = United Nations Environment Programme; US = United States; WHO = World Health Organization.

COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

Table A2.1: Progress Toward Millennium Development Goals and Targets

Goals and Targets	Country Status		
	1990	1995	Latest Year
Goal 1. Eradicate Extreme Poverty and Hunger			
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015			
1. Proportion of population below US\$1 per day (PPP-values) (%)	—	—	—
2. Poverty gap ratio	—	—	0.5 (1998)
3. Share of poorest quintile in national consumption (%)	—	—	5.1 (1998)
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015			
4. Prevalence of child malnutrition (% of children under 5 years)	13.3 (1987-1988)	—	15.0 ^a (1997)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	—
Goal 2. Achieve Universal Primary Education			
Target 3: Attain 100 % primary school enrolment by 2015			
6. Net enrollment ratio in primary education (%)	85.0 ^b (1984-1994)	82.8 ^c (1994)	81.4 ^c (2000)
7. Proportion of pupils starting Grade 1 who reach Grade 5	—	—	66.9 (2000)
8. Literacy rate of 15-24 year olds (%)			
Total	92.3 (1980)	96.4 (1994)	95.1 (2000)
Male	92.4 (1980)	96.2 (1994)	94.2 (2000)
Female	92.2 (1980)	96.6 (1994)	96.0 (2000)
Goal 3. Promote Gender Equality and Empower Women			
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education not later than 2015			
9. Ratio of girls to boys in: (%)			
Primary education	—	92.0 (1994)	93.0 (2000)
Secondary education	—	98.0 (1994)	104.0 (2000)
10. Ratio of young literate females to males (% of age group 15-24)	100.0 (1980)	96.0 (1994)	97.0 (2000)
11. Share of women in wage employment in the nonagricultural sector	—	30.3 (1994)	33.1 (2000)
12. Proportion of seats held by women in national parliament	0.0 ^d	0.0 ^d	0.0 ^d (2003)

Continued on next page.

Table A2.1—Continued

Goals and Targets	1990	1995	Latest Year	
Goal 4. Reduce Child Mortality				
Target 5: Reduce infant and child mortality by two-thirds from 1990 to 2015				
13. Under-5 years mortality rate (per 1,000 live births)	17.0 (1980)	16.0 (1994)	12.0	(2000)
14. Infant mortality rate (per '000 live births)	48.0 (1980)	46.0 (1994)	40.0	(2000)
15. Proportion of 1-year-old children immunized against measles	81.0 ^e	83.0 (1994)	83.7	(2001)
Goal 5. Improve Maternal Health				
Target 6: Reduce maternal mortality rate by three-quarters between 1990 and 2015				
16. Maternal mortality ratio (per 100,000 live births)	—	561.0 ^a (1997-1998)	274.0 ^f	(1999)
17. Births attended by skilled health staff (% of live births)	—	82.0 ^a (1995-1997)	92.8 ^f	(1999)
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases				
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS				
18. HIV prevalence rate among 15-24 year old pregnant women	—	0.0	0.0	
19. Contraceptive prevalence rate (% of women aged 15-49)	—	25.0 ^a (1997-1998)	45.0 ^f	(1998)
20. Number of children orphaned by HIV/AIDS	—	0.0	0.0	
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases				
21. Malaria:				
Prevalence rate (per 100,000 people)	—	—	—	
Death rate (per 100,000 people)	—	—	10.0 ^d	(2000)
22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	—	—	—	
23. Tuberculosis:				
Prevalence rate (per 100,000 people)	—	—	78.0 ^d	(2000)
Death rate (per 100,000 people)	—	—	17.0 ^d	(2000)
24. Tuberculosis cases, DOTS:				
Detection rate (%)	—	16.0 ^d	32.0 ^d (2000)	17.0 ^d (2001)
Treatment success rate (%)	64.0 ^d (1994)	80.0 ^d	93.0 ^d (2000)	
Goal 7. Ensure Environmental Sustainability				
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources				
25. Forest area (% of total land area)	34.8 ^d	51.4 (1994)	21.7 ^d	(2000)
26. Nationally protected areas (% of total land area)	—	15.0 (1994)	0.0 ^g	(2003)
27. GDP per unit of energy use (PPP\$ per kg oil equivalent)	—	—	—	

Continued on next page.

Table A2.1—Continued

Goals and Targets	1990	1995	Latest Year
28. Carbon dioxide emissions (per capita metric tons)	—	2.2 ^d (1994)	1.312 ^d (1996)
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water			
29. Access to an improved water source (% households)			
Total	—	43.8 ^h (1994)	87.8 (2000)
Urban	—	—	92.7 (2000)
Rural	—	—	86.4 (2000)
Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers			
30. Access to improved sanitation (% households)			
Total	7.9	27.5 (1994)	25.2 (2000) 59.1 (2000)
Urban	—	—	15.4 (2000)
Rural	—	—	
31. Access to secure tenure (% households, owned or rented)	—	79.1 (1994)	94.0 (2000)

— = not available; DOTS = directly observed treatment, short course; GDP = gross domestic product; HIV/ AIDS; kg = kilogram; PPP\$ = purchasing power parity in United States dollar.

^a United Nations Development Programme. 1999. *Pacific Human Development Report*. Suva

^b United Nations Children's Fund. (1997, 1999, 2000). *The Progress of Nations*.

^c Computed from the Age-specific Enrollment Rate data of the Federated States of Micronesia's (FSM). 2000. *Population and Housing Census Report*, Table 8.3, page 60.

^d United Nations Statistics Division (UNSD). 2003. *Millennium Indicator Database* (Available: <http://millenniumindicators.un.org>).

^e Asian Development Bank. 2003. *Key Indicators 2003*. Manila.

^f World Health Organization (WHO). 2001. *Country Health Profiles 2001 Revision*. Regional Office for the Western Pacific: WHO. Available: <http://wpro.who.int>

^g World Resources Institute. 2003. *Earth Trends 2003*. Available: <http://earthtrends.wri.org>

^h Refers to access to piped supplies through either public or communal reticulated system, as computed from the 1994 census data.

Sources: Unless otherwise specified, data are from (i) Asian Development Bank. 2003. Discussion Paper on Assessment of Hardship and Poverty. Undertaken under regional technical assistance 6047: *Preparation of National Poverty Reduction Strategies in Pacific Developing Member Countries*. Manila; and (ii) Secretariat of the Pacific Community, Pacific Regional Information System (PRISM) (<http://www.spc.int/PRISM>). Figures have been computed primarily from the 1998 Household Income and Expenditure Survey (HIES) and various national censuses (1980, 1994, 2000).

Table A2.2: Country Economic Indicators

Item	Fiscal Year				
	1997	1998	1999	2000	2001
A. Income and Growth					
1. GDP per Capita (\$, current)	1,819.0	2,025.0	2,056.0	2,066.0	2,058.0
2. GDP Growth (% , in constant prices)	(3.5)	9.3	0.5	0.9	0.1
a. Agriculture	—	—	—	—	—
b. Industry	—	—	—	—	—
c. Services	—	—	—	—	—
B. Saving and Investment (current market prices)					
	(% of GDP)				
1. Gross Domestic Investment	—	—	—	—	—
2. Gross Domestic Saving	—	—	—	—	—
C. Money and Inflation					
	(annual % change)				
1. Consumer Price Index ^a	1.9	2.1	1.3	(0.2)	(0.2)
2. Total Liquidity (M2)	(0.8)	1.4	0.7	(8.0)	6.9
D. Government Finance					
	(% of GDP)				
1. Total Revenue and Grants	77.0	68.4	62.4	72.2	73.8
2. Total Expenditure and Onlending	85.2	75.3	68.6	69.7	72.0
3. Overall Fiscal Surplus/Deficit	(8.2)	(6.9)	(6.2)	2.5	1.9
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(39.8)	(39.4)	(42.6)	(36.4)	(40.0)
2. Current Account Balance (% of GDP)	1.6	(0.9)	(8.6)	4.6	7.3
3. Merchandise Export (\$) growth (cif, annual % change)	(12.1)	8.3	2.1	17.9	2.4
4. Merchandise Import (\$) growth (cif, annual % change)	(3.0)	10.1	8.6	(9.0)	8.3
F. External Payments Indicators					
1. Gross Official Reserves (\$ million, end of period)					
a. months of imports					
2. External Debt Service (% of exports of goods & services)	63.6	65.7	32.8	6.2	6.1
3. External Debt (% of GDP)	43.0	30.7	26.1	23.9	24.5
G. Memorandum Items:					
1. GDP (current prices, million local currency)	194.1	216.6	220.6	222.1	221.8
2. Exchange Rate (per \$, annual average)	1.0	1.0	1.0	1.0	1.0
3. Population (million)	0.1	0.1	0.1	0.1	0.1

— = not available; cif = cost in freight; GDP = gross domestic product; M2 = broad money supply

^a period average.

Fiscal year ends 30 September.

Sources: International Monetary Fund, International Financial Statistics, and FSM Department of Economic Affairs, Economic Management Policy Advisory Team web site
<http://www.empat.fm/statistics/stats/htm>.

Table A2.3: Country Poverty and Social Indicators

Item	Period			
	1990	1995	Latest Year	
A. Population Indicators				
1. Total Population (million)	95.6 ^a (1989)	105.5 (1994)	108.0 (2003 est.)	
2. Annual Population Growth Rate (% change)	2.99 (1989)	1.93 (1994)	0.25 (1994-2003)	
B. Social Indicators				
1. Total Fertility Rate (births/woman)	4.8 ^b	4.6 (1994)	4.4 (2000)	3.8 ^b (2002)
2. Maternal Mortality Rate (per 100,000 live births)				
3. Infant Mortality Rate (below 1 year/1,000 live births)				
4. Life Expectancy at Birth (years)	64.8 (1980)	65.2 (1994)	67.0 (2000)	66.5 ^b (2002)
a. Male	—	64.4 (1994)	66.5 (2000)	64.9 ^b (2002)
b. Female	—	66.8 (1994)	67.6 (2000)	68.1 ^b (2002)
5. Adult Literacy (%) ^c	88.9 (1980)	93.9 (1994)	92.4 (2000)	
a. Male	90.3 (1980)	94.8 (1994)	92.9 (2000)	
b. Female	87.6 (1980)	93.0 (1994)	91.9 (2000)	
6. Primary School Gross Enrollment (%) ^d	—	93.7 (1994)	92.3 (2000)	
a. Male	—	93.5 (1994)	91.7 (2000)	
b. Female	—	93.9 (1994)	92.9 (2000)	
7. Secondary School Gross Enrollment (%) ^d	—	81.4 (1994)	72.3 (2000)	
a. Male	—	78.4 (1994)	68.1 (2000)	
b. Female	—	84.7 (1994)	76.7 (2000)	
8. Child Malnutrition (% below age 5)				
9. Population Below Poverty Line (%)				
10. Population with Access to Safe Water (%)				
11. Population with Access to Sanitation (%)				
12. Public Education Expenditure (% of GDP)	—	5.5 ^e (1998/99)	9.6 (2001/02)	
13. Human Development Index Rank (out of 12 PDMCs)	—	5	7	
14. Gender-Related Development Index Rank (Global)	—	—	—	
C. Poverty Indicators				
1. Poverty Incidence				
2. % of Poor to Total Population	—	—	39.5 (1998)	
3. Poverty Gap				
4. Poverty Severity Index				
5. Inequality (Theil L Index)				
6. Human Poverty Index Rank (out of 12 PDMCs)				9

Continued on next page.

Table A2.3—Continued

— = not available; GDP = gross domestic product; PDMC = Pacific developing member country.

- ^a Interpolated from the mid-1980's states' censuses by the Federated States of Micronesia (FSM) Statistics Division, Department of Economic Affairs
- ^b World Health Organization (WHO). (2001, 2002, 2003) *The World Health Report*.
- ^c Refers to percentage of literate population in the age group 10 years and over, as culled from Table 8.11 (page 67) of FSM's 2000 Population and Housing Census Report.
- ^d Defined as the ratio of primary level enrollment (in grades 1 to 8) to the population aged 6-13 years; and of secondary level enrollment (in grades 9 to 12) to the population aged 14-17 years. Culled from Table 8.5 (page 62) of FSM's 2000 *Population and Housing Census Report*.
- ^e United Nations Educational, Scientific and Cultural Organization (UNESCO), Institute for Statistics <http://www.uis.unesco.org>

Sources: Unless otherwise specified, data are from the: (i) Asian Development Bank (ADB), Discussion Paper on Assessment of Hardship and Poverty (Dec-03), undertaken under regional technical assistance (RETA) 6047: Preparation of National Poverty Reduction Strategies in Pacific Developing Member Countries (PDMCs); and (ii) Secretariat of the Pacific Community (SPC), Pacific Regional Information System (PRISM) (<http://www.spc.int/PRISM>), (iii) United Nations Development Programme, and (iv) Pacific Human Development Report (1994, 1999). Figures were computed primarily from the 1998 Household Income and Expenditure Survey (HIES) and various national censuses (1980, 1994 and 2000).

Table A2.4: Country Environment Indicators

Item	1990	Latest Year
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	—	—
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)	—	—
Chemical Oxygen Demand (COD)	—	—
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total ('000 metric tons)	236.0 (1994)	141.4 (1996)
Per unit of GDP (kg/PPP\$ GDP)	—	—
Sulfur Dioxide (SO ₂) Emissions		
Total ('000 metric tons)	—	1.0 (1995)
4. Land Use and Deforestation		
Total Land Area (km ²)	701.0	701.0 (2003)
Average Annual Deforestation		
Area (remaining km ²)	—	—
% change	—	—
Arable Land (% of total land)	—	5.7 (1998)
Cropland, Permanent (% of total land)	—	45.7 (1998)
Pastures, Permanent (% of total land)	—	—
Population Density, Rural (people per square mile)	309.0 (1994)	327.0 (2000)
5. Biodiversity and Protected Areas		
Nationally Protected Area(s)		
Area (km ²)	—	—
Number	—	2.0 (2003)
Mammals (number of threatened species)	—	6.0 (2002)
Birds (number of threatened species)	—	5.0 (2002)
Higher Plants (number of threatened species)	—	4.0 (2002)
Reptiles (number of threatened species)	—	2.0 (2002)
Amphibians (number of threatened species)	—	—
6. Urban Areas		
Urban Population		
Total ('000)	26.9 (1994)	23.9 (2000)
% of total population	25.5 (1994)	22.3 (2000)
Per Capita Water Use (liters/day)	—	—
Wastewater Treated (%)	—	—
Solid Waste Generated per Capita (kg/day)	—	—

— = no data available; GDP = gross domestic product; kg = kilogram; km² = square kilometer; PPP\$ = purchasing power parity in United States dollars

Sources: Central Intelligence Agency. *The World Factbook 2003*. Available: <http://cia.gov>; Secretariat of the Pacific Community (SPC). 2003. *Oceania Population*; SPC. *Pacific Regional Information System (PRISM)*. Available: <http://www.spc.int/PRISM>; United Nations Statistics Division. 2003. *Millennium Indicator Database*. Available: <http://millenniumindicators.un.org>; World Bank. (2000-2003). *The Little Green Data Book*; World Resources Institute. *Earth Trends 2003*. Available: <http://earthtrends.wri.org>.

Table A2.5: Development Coordination Matrix

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
A. Governance	<p>Ongoing</p> <ul style="list-style-type: none"> • TA 3765-FSM: Implementation of Performance-based Budget Management • TA 3962-FSM: Capacity Building I Public Sector Financial Management • TA 4258-FSM: Strengthening of Public sector Management and Administration • Improving Economic Management and Policy Formulation <p>Programmed</p> <ul style="list-style-type: none"> • Streamlining and Strengthening Public Sector Audit Function (2004) • Implementation of Public Sector Capacity Building Roadmap (2005) 	<ul style="list-style-type: none"> • Economists/Statisticians (AusAID) • Trust Fund (PRC) • Tax Reform/Administration (PFTAC)
B. Inclusive Social Development	<p>Ongoing</p> <ul style="list-style-type: none"> • TA 6047-REG: Preparation of National Poverty Reduction Strategies in PDMCs <p>Programmed</p> <ul style="list-style-type: none"> • TA: National Hardship Reduction Strategy and Participatory Nation Building (2005) • Youth and Gender Development (2005) 	<ul style="list-style-type: none"> • FSM-China Friendship Sports Center in Pohnpei • National Youth Policy Dev. Program (AusAID) • Pohnpei Ladies Club (UNESCO)
C. Private Sector Development	<p>Ongoing</p> <ul style="list-style-type: none"> • Loans 1873/1874: Private Sector Development Program <p>Programmed</p> <ul style="list-style-type: none"> • TA: Public Utilities Corporate Governance (2004) 	<ul style="list-style-type: none"> • Micronesian Entrepreneurship Development Center (UNDP) • Development Activities are Training, Marketing Products and etc. (SPFS)
D. Education	<p>Ongoing</p> <ul style="list-style-type: none"> • Loan 1816: Basic Social Services Project 	<ul style="list-style-type: none"> • Short-Term Technical Training (AusAID) • Short-Term Training (Japan) • PATS School & Ext. (UNESCO) • Scholarship (AusAID) • School Supplies (Japan)
E. Health, Nutrition, and Social Protection	<p>Ongoing</p> <ul style="list-style-type: none"> • Loan 1816: Basic Social Services Project 	<ul style="list-style-type: none"> • Pharmacy/Medical Specialist (AusAID) • Medical Equipment Supply (Japan) • Hospital Management (US) • Training Fellowships, Medical Equipment and Supplies (WHO and UNFPA)

Continued on next page.

Table A2.5—Continued

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
F. Water Supply, Sanitation and Waste Management	<p>Programmed</p> <ul style="list-style-type: none"> • Loan: Omnibus Infrastructure Development Project (2004) • TA: Public Utilities Corporate Governance (2004) 	
G. Energy	<p>Programmed</p> <ul style="list-style-type: none"> • Loan: Omnibus Infrastructure Development Project (2004) • TA: Public Utilities Corporate Governance (2004) 	<ul style="list-style-type: none"> • Pohnpei Power Plant (Japan)
H. Transport and Communications		<ul style="list-style-type: none"> • Road Improvement Project, Harbor/Wharves (Japan) • Cargo, Passenger Boats (PRC) • Chuuk State Airport (PRC)
I. Environmental Sustainability	<p>Ongoing</p> <ul style="list-style-type: none"> • 6064-REG: Climate Change Adaptation Program for the Pacific 	<ul style="list-style-type: none"> • Environment Specialist for Environment Awareness Program-Teacher Training (AusAID) • Environment and Quality of Life Projects (Japan) • Global Environment Facility Funding for Biodiversity, Climate Change, International Water, Etc. (UNEP) • Climate Change (EU) • Special Programme for Food Security FAO (UN) • Regional Food Security Programme-UN/FAO through SAPA Office • ACP-FC Tech. Center for Agriculture & Rural Corp. (CTA) • Outer Islands Electrification Program (EU) • Convention on Law of the Seas (NORMA) • Convention for the Conservation of Migratory fish stock in the Central and Western Pacific Ocean (NORMA)

Continued on next page.

Table A2.5—Continued

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
J. Agriculture and Natural Resources		<ul style="list-style-type: none"> • Fishing Ports (Japan) • Tuna Commission (PRC) • Agriculture Farm for Vegetables (PRC) • SPC-Plant Protection/Quarantine & Plant Protection (ACP-EU) • SPC/GTZ Tropical Forestry Program (German) thru USP/IRETA. For Farmers Training Program/Communication Program. • EDF-9 Development of Sustainable Agriculture Pro. (DSAP)
K. Industry and Trade		<ul style="list-style-type: none"> • Tourism Promotion (Japan) • Tourism Specialist (Japan)
L. Others		<ul style="list-style-type: none"> • Voter Registration and Training for FSM Election Commission • Immigration Computerized System, GIS Special (AusAID) • Grassroots Cooperation, Heritage Program (Japan) • Historic Preservation (Spain) • Volunteer Assistance (UK) • Kosrae Public Information (UNESCO) • Peace Corps Volunteer Program (US) • DAB Emergency Assistance (AusAid) • Grassroots Culture and Historical (Japan) • Official Residential Homes (PRC)

AusAID = Australian Agency for International Development; EU = European Union, FSM = Federated States of Micronesia; PFTAC = Pacific Financial Technical Assistance Centre; PRC = People's Republic of China; REG = regional; TA = technical assistance; UK = United Kingdom, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme; UNESCO = United National Educational, Scientific and Cultural Organization; US = United States.

Table A2.6: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2003)

Sector	Net Loan Amount		Total		Rating ^a											
					Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		Potential Problem ^b		At Risk ^c	
	\$ million	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	(%)
Agriculture and Natural Resources	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance	15.0	44.4	2	50.0	—	—	2	100.0	—	—	—	—	—	—	—	—
Health, Nutrition, and Social Protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Law and Public Sector Management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	9.2	27.2	1	25.0	—	—	1	100.0	—	—	—	—	1	100.0	1	100.0
Transport and Communications	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water Supply, Sanitation, and Waste Management	9.6	28.4	1	25.0	—	—	1	100.0	—	—	—	—	—	—	—	—
Total	33.8	100.0	4	100.0	—	—	4	100.0	—	—	—	—	1	25.0	1	25.0

— = not available, No. = number

^a One rating for implementation progress and development objectives, based on the lower rating of either.

^b Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank estimates.

Table A2.7: Portfolio Indicators—Disbursements and Net Transfers of Resources
(public sector loans, as of 31 December 2003)

Disbursements and Transfers	OCR	ADF	Total
Disbursements			
Total Funds Available for Withdrawal (\$ million)	—	33.8	33.8
Disbursed Amount (\$ million, cumulative)	—	11.1	11.1
Percentage Disbursed (disbursed amount/total available)	—	32.8	32.8
Disbursements (\$ million, latest year)	—	2.7	2.7
Disbursement Ratio (%) ^a	—	11.7	11.7
Net Transfer of Resources (\$ million)			
1999	—	4.8	4.8
2000	—	4.1	4.1
2001	—	2.2	2.2
2002	—	1.1	1.1
2003	—	2.4	2.4

— = not available, ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank estimates.

Table A2.8: Portfolio Indicators—Evaluation Rating by Sector
(as of 31 January 2004)

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	0	—	0	—	0	—	0	—	0	—	0	—
Education	0	—	0	—	0	—	0	—	0	—	0	—
Energy	0	—	0	—	0	—	0	—	0	—	0	—
Finance	0	—	0	—	0	—	0	—	0	—	0	—
Health, Nutrition, and Social Protection	0	—	0	—	0	—	0	—	0	—	0	—
Industry and Trade	0	—	0	—	0	—	0	—	0	—	0	—
Law and Public Sector Management	0	—	0	—	0	—	0	—	0	—	0	—
Multisector	0	—	0	—	0	—	0	—	0	—	0	—
Others	1	100.0	0	—	0	—	0	—	0	—	1	100.0
Transport and Communications	0	—	0	—	0	—	0	—	0	—	0	—
Water Supply, Sanitation, and Waste Management	0	—	0	—	0	—	0	—	0	—	0	—
Total	1	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1	100.00	

— = not available.

Source: Asian Development Bank project (program) audit reports.

Table A2.9: Portfolio Implementation Status

FIN	1874	Private Sector Development Project	0.0	9.3	12 Dec 2001	24 Apr 2003	31 Aug 2006	—	4%
Total			0.00	33.8					

(public sector loans, as of 31 December 2003)

Sector	Loan ^a No.	Seg	Title	Net Loan Amount		Approval Date (dd/mm/yy)	Effective Date (dd/mm/yy)	Closing Date		Progress (% complete)
				OCR (\$ million)	ADF (\$ million)			Original (dd/mm/yy)	Revised (dd/mm/yy)	
WSW	1459		Water Supply Sanitation Project	0.0	9.6	19 Sep 1996	10 Oct 1997	31 Oct 2000	31 Aug 2003	98%
MLT	1816		Basic Social Services Project	0.0	9.2	20 Dec 2000	21 Jan 2003	30 Jun 2007	—	0%
FIN	1873		Private Sector Development Program	0.0	5.7	12 Dec 2001	24 Apr 2003	31 Aug 2005	—	Program Loan

Table A2.9—Continued

Sector	Loan No.	Seg	Title	Cumulative Contracts/ Commitments (\$ million)	Cumulative Disbursements (\$ million)	Rating		Potential Problem ^b	At Risk ^c
						IP	DO		
WSW	1459		Water Supply Sanitation Project	9.4	9.1	S	S	No	No
MLT	1816		Basic Social Services Project	0.0	0.0	S	S	Yes	Yes
FIN	1873		Private Sector Development Program	1.9	1.9	S	S	No	No
FIN	1874		Private Sector Development Project	0.4	0.1	S	S	No	No
Total				11.7	11.1				

— = not available; ADF = Asian Development Fund; DO = development objectives; FIN = finance; HS = highly satisfactory; IP = implementation progress; MLT = multisector; No. = number; OCR = ordinary capital resources; PS = partly satisfactory; S = satisfactory; Seg = segment (pertaining to loans with more than one withdrawal authority); U = unsatisfactory; WSW = water supply, sanitation, and waste management.

^a includes ongoing loans only

^b "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank staff estimates.

Table A2.10: Assistance Pipeline for Lending Products, 2005-2006

Sector Project/Program Name	Poverty Classification	Thematic Priority	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
					ADB		Total	Gov't	Cofinancing
					OCR	ADF			
2005 Firm Loans									
None					0.0	0.0	0.0	0.0	0.0
2006 Firm Loans									
None					0.0	0.0	0.0	0.0	0.0

— = not available, ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources

Source: Asian Development Bank staff estimates.

Table A2.11: Assistance Pipeline for Nonlending Products and Services, 2005-2006

Sector Assistance Name	Responsible Division	Assistance Type ^a	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source ^b	Amount (\$'000)	Source ^c	Amount (\$'000)	
2005							
Law, Economic Management and Public Policy							
1. National Hardship Reduction Strategy and Participatory Nation Building Initiative	PAHQ	AD	TASF	400.0		0.00	400.0
2. Implementation of Public Sector Capacity Building Roadmap	PAHQ	AD	TASF	300.0		0.00	300.0
Subtotal				700.0		0.00	700.0
2006							
Water Supply, Sanitation and Waste Management							
1. Solid Waste Management	PAHQ	PP	TASF	500.0		0.00	500.0
Law, Economic Management and Public Policy							
2. Youth and Gender Development	PAHQ	AD	TASF	200.0		0.00	200.0
Subtotal				700.0		0.00	700.0

— = not available, AD = advisory; ADB = Asian Development Bank; PAHQ = Pacific Operations Division; PP = project preparatory; TA = technical assistance.
Source: Asian Development Bank staff estimates; NBP frequently asked questions.

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

**Table A3.1: National Hardship Reduction Strategy
and Participatory Nation Building**

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lending <ul style="list-style-type: none"> <input type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other: <input checked="" type="checkbox"/> Nonlending <ul style="list-style-type: none"> <input type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input checked="" type="checkbox"/> Other: advisory 								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Law, Economic Management and Public Policy Subsector(s):</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <input type="checkbox"/> Core poverty intervention <input type="checkbox"/> Poverty intervention <input type="checkbox"/> Other <p>c. Key thematic area</p> <p>Theme:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subtheme{s}:</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p>4. Responsible division/department: PAHQ, PARD</p>								
<p>5. Responsible ADB officer: Hideta Kawada</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: A recent assessment on hardship in FSM shows that the high level GDP per capita by Pacific regional standard masks large gaps in income according to region and sector of employment. Many families throughout the country interviewed for the assessment were experiencing hardship. People in rural areas and outer island found it difficult to earn enough for food and living expenses. In more urban areas, families with low incomes and limited access to subsistence activities found it extremely hard to maintain a satisfactory standard of living. As the Compact negotiations were completed and subsequently the government adopted a high-growth scenario during the 3rd FSM Economic Summit, it is more important that a vivid</p>								

long-term vision of country (i.e., what the country looks like after 20 years, how its major industries are developed, and what is FSM's way of sustainable development) needs to be discussed, identified, and shared in various concerned parties of the country to determine a long-term path for development.

The government requested that ADB provide a TA to help prepare a national hardship reduction strategy and participatory vision-setting for development.

b. Goal and purpose: To provide a mechanism for the country to hold continuous discussions to formulate a lively national development vision over 20 years, and to find an appropriate path to realize the vision. The TA will also support the country to develop a national hardship reduction strategy.

c. Components and outputs: There are two major components of the TA. First, the TA will help the country nurture participatory nation building initiatives. A "Nation Building Council (NBC)" will be created in each of the four states, as well as at the national level, with the participation of community leaders, representatives of the government, NGOs, private sector and other concerned parties. NBCs will discuss and identify local resources and values, create a common vision of the future of states and country, and establish a strategy to realize the vision. Based on the above process, additional hardship assessment and national hardship reduction strategy will be, as the second component, prepared.

d. Expected results and deliverables: The major outputs of the TA are (i) a participatory long-term vision and strategy of the country and states, and (ii) a national hardship reduction strategy.

e. Social or environmental issues or concerns: The TA will directly deal with hardship issues of the country.

f. Plans for disseminating results/deliverables:

7. Proposed executing/implementing agency: Department of Finance and Administration

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP Update: 2005
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): April 2005
- c. Period and duration of assistance
 - Lending:
 - Nonlending: One year

10. Financing Plan

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$
 - Other:

If cofinancing is required, indicate amount and sources, and amount sought: \$ ____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source: (e.g., total cost, ADB financing, other financing, and government financing):	

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds: \$400,000 from TA Special Fund
 - Other:

If cofinancing is required, indicate amount and sources, and amount sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

(e.g., total cost, ADB financing, other financing, and government financing):

Source	Amount (\$)
ADB Financing	400,000
Government Financing	
Other Financing	0
Total Cost	400,000

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, FSM = Federated States of Micronesia; GDP = gross domestic product; RSCSP = subregional regional cooperation strategy and program, TA = technical assistance.

Table A3.2: Implementation of Public Sector Capacity Building Roadmap

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other: advisory</p>
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sectors: Law, Economic Management and Public Policy Subsectors: National government administration, and sub-national government administration</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <p>Theme:</p> <p><input type="checkbox"/> Sustainable economic growth</p> <p><input type="checkbox"/> Inclusive social development</p> <p><input checked="" type="checkbox"/> Governance</p> <p><input type="checkbox"/> Gender and development</p> <p>Subtheme{s}:</p> <p><input type="checkbox"/> Environmental sustainability</p> <p><input type="checkbox"/> Regional cooperation</p> <p><input type="checkbox"/> Private sector development</p>
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>
<p>4. Responsible division/department: PAHQ, PARD</p>
<p>5. Responsible ADB officer: Hideta Kawada</p>
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: ADB continues to support the government in increasing its institutional capacity in public sector management through TA 4258-FSM: Strengthening of Public Sector Management and Administration to provide support to the government for (i) Compact transition, and (ii) preparation of a long-term public sector institutional capacity building roadmap.</p> <p>The roadmap will guide the government in carrying out its institutional capacity building during the amended Compact period (2003-2023). The roadmap will also help ensure efficient and effective use of the sector grant for capacity building from the US. The main focus of the roadmap is to improve (i) economic planning, (ii) financial management, (iii) auditing, (iv) law enforcement, (v) immigration controls, (vi) the judiciary, and (vii) the compilation and analysis of appropriate statistical indicators. Human resource management and staff development issues will be thoroughly reviewed and incorporated in the roadmap.</p>

<p>b. Goal and purpose: To help the government implement the roadmap.</p> <p>c. Components and outputs: The TA provides specialist support to implement the roadmap (to be prepared under TA 4258).</p> <p>d. Expected results and deliverables: To be determined (based on the outcome of the roadmap)</p> <p>e. Social or environmental issues or concerns: No major issue is envisaged at this stage.</p> <p>f. Plans for disseminating results/deliverables:</p>																				
7. Proposed executing/implementing agency or agencies: Department of Finance and Administration																				
8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:																				
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP Update, RSCSP, RSCSP Update, or interregional work plan: 2004</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): October 2005</p> <p>c. Period and duration of assistance Lending: Nonlending: 8 months</p>																				
<p>10. Financing Plan</p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources: \$</p> <p><input type="checkbox"/> Asian Development Fund: \$</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources, and amount sought: \$ ____, from _____. If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> </tr> </tbody> </table> <p>Source: (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$</p> <p><input checked="" type="checkbox"/> Grant TA funds: \$300,000 from TA Special Fund</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources, and amount sought: \$ ____, from _____. If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>300,000</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td>0</td> </tr> <tr> <td>Total Cost</td> <td>300,000</td> </tr> </tbody> </table> <p>Source: ADB estimates.</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		Total Cost		Source	Amount (\$)	ADB Financing	300,000	Government Financing		Other Financing	0	Total Cost	300,000
Source	Amount (\$)																			
ADB Financing																				
Government Financing																				
Other Financing																				
Total Cost																				
Source	Amount (\$)																			
ADB Financing	300,000																			
Government Financing																				
Other Financing	0																			
Total Cost	300,000																			

ADB = Asian Development Bank, CSP = country strategy and program, RSCSP = subregional regional cooperation strategy and program, TA = technical assistance, US = United States.

Table A4.1: Assistance Program for Lending Products, 2004

Sector Project/Program Name	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
					ADB			Gov't	Cofi- nancing
					OCR	ADF	Total		
Year Firm Loans									
Multisector									
Omnibus Infrastructure Development	SEG	PAHQ	2002		5.00	14.20	19.20	11.10	0.00
Total					5.00	14.20	19.20	11.10	0.00

— = not available, ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, SEG = Sustainable Economic Growth.
Source: Asian Development Bank staff estimates.

Table A4.2: Assistance Pipeline for Nonlending Products and Services, 2004

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2004							
Law, Economic Management, and Public Policy							
1. Streamlining and Strengthening Public Sector Audit Function	PAHQ	AD	TASF	300.00		0.00	300.00
Water Supply, Sanitation, and Waste Management							
1. Public Utilities Corporate Governance	PAHQ	AD	TASF	400.00		0.00	400.00
Total				700.00		0.00	700.00

— = not available, AD = advisory; ADB = Asian Development Bank; PAHQ = Pacific Operations Division; TA = technical assistance; TASF = Technical Assistance Special Fund.

Source: Asian Development Bank staff estimates; NBP frequently asked questions.