

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



Federated States of Micronesia: 2021 Commitments (\$ million)^a

Product Type	Sovereign	Nonsovereign	Total	COVID-19 Response
Grants	9.00	–	9.00	–
Technical Assistance ^b	3.70	0.41	4.11	0.05
Total	12.70	0.41	13.11	0.05

– = nil, COVID-19 = coronavirus disease, DMC = developing member country, TA = technical assistance.

Notes:

Commitment is the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and TA include ADB-administered cofinancing.

^a Numbers may not sum precisely because of rounding.

^b Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

ADB supports the Federated States of Micronesia through investments in energy, water, transport, and education, including technical assistance on public administration reforms.

FEDERATED STATES OF MICRONESIA

Federated States of Micronesia: Cumulative Commitments^{a, b, c, d}

Sector	No.	Total Amount (\$ million) ^e	% of Total Amount ^e	COVID-19 Response (\$ million) ^e
Agriculture, Natural Resources, and Rural Development	9	10.22	5.16	–
Education	4	10.28	5.20	–
Energy	7	30.29	15.30	–
Finance	3	1.14	0.57	–
Health	2	2.29	1.16	2.29
Industry and Trade	1	0.54	0.27	–
Information and Communication Technology	–	0.17	0.09	–
Multisector	3	9.60	4.85	–
Public Sector Management	30	75.52	38.15	20.48
Transport	3	6.53	3.30	–
Water and Other Urban Infrastructure and Services	9	51.35	25.94	0.35
Total	71	197.94	100.00	23.13

– = nil, COVID-19 = coronavirus disease, DMC = developing member country, TA = technical assistance.

^a Grants and TA include ADB-administered cofinancing.

^b Includes loans, grants, and TA.

^c Using primary sector in the reporting of commitments.

^d From 2020, financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

^e Numbers may not sum precisely because of rounding.

The Federated States of Micronesia (FSM) comprises four states—Chuuk, Kosrae, Pohnpei, and Yap—in the Northwest Pacific. As a small island developing state, it experiences heightened barriers to growth due to its geographic isolation, small population, capacity constraints, and exposure to natural hazards.

Its economy relies on fisheries and development assistance, including grants under its [Compact of Free Association with the United States](#), which have been decreasing since 2004. Negotiations are ongoing to extend the Compact beyond 2023. In 2020 and 2021, the FSM's economy was significantly impacted by border closures linked to the coronavirus disease (COVID-19) pandemic.

To date, the Asian Development Bank (ADB) has committed 66 public sector loans, grants, and technical assistance totaling \$187.8 million to the FSM. Cumulative loan and grant disbursements to the FSM amount to \$98.4 million. These were financed by regular and concessional ordinary capital resources, and the [Asian Development Fund](#), and other special funds. ADB's ongoing sovereign portfolio in the FSM includes 2 loans and 9 grants worth \$75.3 million.¹

ADB's [Pacific Approach, 2021-2025](#) serves as the country partnership strategy for the FSM, and focuses on building resilience against economic shocks, delivering sustainable services, and promoting inclusive and sustainable growth. It introduces new priorities such as more programmatic approach to climate change;

¹ Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.



more long-term capacity support, including outposting experts on a long-term basis; greater flexibility in procurement and contracting; and more emphasis on gender equality. Recognizing the need for capacity support to complement physical infrastructure, ADB is helping improve utility and public sector performance alongside infrastructure works.

In 2021, ADB committed a \$5 million grant to help prepare a [sustainable road investment project](#) suitable for financing in 2023 or 2024. ADB also committed additional financing of \$4 million grant for a [renewable energy project](#), which will finance supplemental management and operations assistance to Pohnpei Utilities Corporation.

ADB has provided \$21.5 million in grant assistance for the FSM's COVID-19 response. The third phase of an ADB [disaster resilience program](#) for the Pacific provided \$6 million for disaster contingent financing for early recovery and reconstruction following natural hazards or health emergencies. A \$14 million [health and livelihood program](#) helped mitigate COVID-19 impacts on health, tourism, and social protection. The [COVID-19 Emergency Response Project](#) (\$1.5 million grant) supported health and social services for communities affected by the pandemic, and helped provide supplies needed for disease preparedness. ADB's [Private Sector Development Initiative](#) bolsters the FSM business environment by supporting increased access to finance.

Operational challenges. The FSM experiences both physical and governance constraints that affect project implementation. As a federation, each state enjoys considerable autonomy, with responsibility for public services devolved from the central government. This structure can hamper development partner coordination and efficiency, and place fiscal pressure on state governments, which may be exacerbated as Compact assistance is phased out.

Further, the FSM's small population can migrate to and work freely in the United States, contributing to capacity constraints in the public and private sectors. ADB and the FSM work to strengthen collaboration between partners, and between the state and national levels, to identify and address development priorities. Ongoing support is needed to address infrastructure gaps and strengthen governance, particularly amid the COVID-19 pandemic.

KNOWLEDGE WORK

ADB brings added value beyond its role in project financing. ADB acts as a knowledge broker—engaging in regional issues, including climate change and ocean health.

ADB cohosted a webinar on achieving long-term climate change resilience for Pacific small island developing states beyond the pandemic—stressing the need to improve climate adaptation and build resilience to help the most vulnerable communities.

ADB also publishes knowledge products on macroeconomic forecasting and public sector management in its [Asian Development Outlook](#) and [Pacific Economic Monitor](#). Recent publications discussed progress of COVID-19 vaccinations across the Pacific, impacts of pandemic-related school closures on learning outcomes and potential earning capacity, medium-term revenue strategies for fiscal sustainability, and addressing gaps to support recovery in tourism.

Federated States of Micronesia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	Goods, Works, and Related Services	
	Amount (\$ million)	% of Total
2020	20.00	0.09
2021	0.17	0.00
Cumulative (as of 31 Dec 2021)	49.72	0.02

Item	Consulting Services	
	Amount (\$ million)	% of Total
2020	0.87	0.12
2021	0.69	0.10
Cumulative (as of 31 Dec 2021)	2.67	0.02

Item	Total Procurement	
	Amount (\$ million)	% of Total
2020	20.88	0.09
2021	0.86	0.01
Cumulative (as of 31 Dec 2021)	52.39	0.02

Top 5 Contractors/Suppliers from the Federated States of Micronesia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2017–31 December 2021

Contractor/Supplier	Sector	Contract Amount (\$ million)
College of Micronesia	EDU	0.95
Micropc.fm	EDU	0.05
MCS Pohnpei	EDU	0.03
Island Research & Education Initiative	EDU	0.02
Pacific Survey Co.	WUS	0.02
Others		20.28
Total		21.35

EDU = education, WUS = water and other urban infrastructure and services.

Top 5 Consultants from the Federated States of Micronesia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2017–31 December 2021

Consultant	Sector	Contract Amount (\$ million)
Ramp & Mida Professional Corporation	WUS	0.33
Deloitte & Touche LLP	WUS	0.04
Bonnice Mann Consulting	WUS	0.02
Individual Consultants		1.60
Total		1.99

WUS = water and other urban infrastructure and services.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB's partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in the FSM:

- Sovereign cofinancing: \$2.78 million for 2 investment projects and \$4.31 million for 7 technical assistance projects since 1992

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/micronesia/cofinancing.

FUTURE DIRECTIONS

The Government of the FSM's Strategic Development Plan 2004–2023 provides a road map to address fiscal and economic challenges leading up to, and beyond, the expiration of Compact grants. To achieve fiscal consolidation, the plan stresses the need to mobilize revenue by reforming the country's taxation system and strengthening tax administration, while highlighting the need for ongoing prudence in managing public expenditures.

ADB will continue to support the government's priorities in energy, water supply and sanitation, transport, and basic education, and provide technical assistance for public administration reforms, particularly at the state level.

Federated States of Micronesia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2020–2021

No. of Ongoing Loans ^a (as of 31 Dec 2021)	2020 (\$ million)	2021 (\$ million)
	2	
Contract Awards ^{b,c}	0.07	–
Disbursements ^b	–	– 0.18
No. of Ongoing Grants ^{a,d} (as of 31 Dec 2021)	2020 (\$ million)	2021 (\$ million)
	9	
Contract Awards ^{b,c,d}	3.26	4.19
Disbursements ^{b,d}	21.99	2.31
At Risk Projects (%) (as of 31 Dec 2021)		–

– = nil.

Note: Numbers may not sum precisely because of rounding.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based, results-based, financial intermediation/credit, CPRO (COVID-19 Pandemic Response Option), and cofinanced loans and grants.

^d Includes only Asian Development Fund and other ADB special funds.

Federated States of Micronesia: Independent Evaluation Ratings for Sovereign and Nonsovereign Operations, 2012–2021

	Total Number of Validated and Evaluated Projects and Programs	Evaluation Ratings		
		Highly successful and successful	Less than successful	Unsuccessful
Sovereign Operations	1	–	1	–
Nonsovereign Operations	–	–	–	–

– = nil, IED = Independent Evaluation Department.

Note: The numbers indicate sovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports circulated by ADB within the 10-year period from 1 July 2011 to 30 June 2021. See [evaluations](#) related to the Federated States of Micronesia.

Source: IED success rate database.

Federated States of Micronesia: Projects Cofinanced, 1 January 2017–31 December 2021

Cofinancing	No. of Projects	Amount (\$ million)
Sovereign	1	1.80
Grant	1	1.80

ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed \$22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of \$12.9 billion.

As of 31 December 2021, ADB's cumulative commitments in 45 countries stood at \$342 billion covering 4,061 loans, \$11.7 billion in 521 grants, and \$5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB's own funds in 2021 amounted to \$1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized \$1.7 billion of long-term project cofinancing and \$5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB's own resources stood at \$14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- \$12.93 billion for 187 projects, of which:
 - » \$12.38 billion, 75 investment projects,
 - » \$134.67 million, 110 technical assistance projects,
 - » \$422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- \$140.43 billion for 3,165 projects, of which:
 - » \$136.6 billion, 1,098 investment projects,
 - » \$2.8 billion, 2,061 technical assistance projects,
 - » \$1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB's Procurement Contracts, 2021

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations:

- \$22.93 billion in 2020
- \$15.6 billion in 2021
- \$232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- \$730.78 million in 2020
- \$697.03 million in 2021
- \$14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT THE FEDERATED STATES OF MICRONESIA AND ADB

Shareholding and Voting Power

Number of shares held: 426 (0.004% of total shares)
Votes: 39,540 (0.297% of total membership, 0.457% of total regional membership)

*Overall capital subscription: \$5.96 million

*Paid-in capital subscription: \$0.29 million

*United States dollar figures are valued at rate as of 31 December 2021.

ADB Governor: Eugene Amor

ADB Alternate Governor: Lorin Robert

ADB Director: Rachel Thompson (Australia)

ADB Alternate Director: David Cavanaugh (Australia)

CONTACTS

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Useful ADB websites

Asian Development Bank

www.adb.org

Annual Report

www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook

www.adb.org/publications/series/asian-development-outlook

ADB Data Library

data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.