



Federated States of Micronesia

Country Profile

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[FINAL DRAFT]

Prepared by SPC Strategic Engagement, Policy and Planning Facility

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Federated States of Micronesia Country Facts¹	
Country or territory official name	Federated States of Micronesia
Capital city	Palikir
Government and legal status ²	Constitutional government under a Compact of Free Association with the United States of America Constitution established in 1979 Independence gained in 1986
Head of state and head of government	President Emmanuel Mori
Land area	701 square kilometres
Exclusive economic zone (EEZ)	2,978,000 square kilometres
Population (mid-2008 estimate)	110,443
Population density (mid-2008 estimate)	158 persons per square kilometre
Annual intercensal population growth rate	0.4 per cent
GDP (2007)	USD235.9 million
GDP per capita (2007)	USD2,813
Real GDP growth (FY 2006 estimate)	-0.7 per cent
CPI annual change (December quarter 2007)	3.5 per cent
Exports (2006)	USD3.4 million
Imports (2006)	USD137.9 million
Trade balance (2006 ³)	-USD134.5 million
Crude birth rate per 1,000	25.5
Crude death rate per 1,000	5.5
Total fertility rate	4.0 children per woman
Infant mortality rate per 1,000 (2000)	37.5
Male life expectancy at birth (2000)	67.4 years
Female life expectancy at birth (2000)	68.0 years
Urban population	22 per cent
Dependency ratio (15-64)	75 per cent
Median age	20.3 years
Youth (15-24)	23.1 per cent
Male labour force participation rate (2000)	67.2 per cent
Female labour force participation rate (2000)	50.1 per cent
Religions ²	Roman Catholic, Protestant
Languages	English (official and common), Trukese, Pohnpeian, Yapese, Kosrean, Ulithian, Woleaian, Nukuoro, Kapingamarangi
Official currency ²	United States dollar (USD)

¹ Main source: SPC Statistics and Demography Programme (and its Pacific Regional Information System - PRISM www.spc.int/prism)

Introduction to the Country Profile

SPC country profiles document the nature and extent of the organisation's services to individual members.

This country profile presents basic country facts and a synopsis of the Federated States of Micronesia's development background and a narrative summary of the Secretariat's assistance during the period 2005–2008. Annexes include specific country activities and human resource development activities in 2008, and a financial summary of assistance during the period 2006 to 2008.

Federated States of Micronesia Development Background

With the signing of a Compact of Free Association with the US in 1986, the Federated States of Micronesia came into being as an independent nation. Under the Compact, the US pledged 1.3 billion dollars in aid during the period 1986 to 2001. However, by the mid-1990s, it had become apparent that a variety of obstacles were hindering the pace of development, and that dependence on US aid was not diminishing at the anticipated rate.

Hence, the US initiated a process through the Asian Development Bank to analyse FSM's situation and design appropriate economic development strategies for the country. In 1995, with ADB's assistance, an economic summit was convened in Pohnpei, at which representatives of the national and state governments, as well as business people from throughout the country, identified a set of goals and objectives for a range of sectors within FSM. These included commerce, trade, agriculture and tourism. At the summit, it was also agreed that national and state governments should be down-sized on a progressive basis.



Since the economic summit, the private sector has been a focus of economic development effort. There are now 22 private, locally-owned construction companies. All road maintenance is performed by locally-owned companies, the telecommunications corporation has been privatised, and the privatised Pohnpei Public Utilities Corporation has brought reliable power and water to the capital. The sectors that seem to offer the greatest potential for near-term income generation are fisheries and tourism.

Agriculture also has some potential, especially for inter-island trade, but the small land area available for larger-scale farming will always be a constraint. Commercial agriculture has had some successes—especially in niche export markets, e.g., kava (sakau), betel nut, cooked breadfruit, and bottled proc-essed noni, however, most agricultural production in FSM is subsistence in nature.

In recent years, FSM has earned between 18 and 24 million dollars annually from licensing fees paid by foreign vessels fishing for tuna in the country's exclusive economic zone. Some locally-owned fishing operations and on-shore processing have also been initiated, along with farming of giant clams and other marine products.

Tourism activity has seen a significant increase in recent years. A number of new, small hotels have opened in Pohnpei, Yap and Kosrae, including facilities for diving and other tourist activities. However, large-scale investment in this sector is constrained by limitations in air transportation, land-use issues and competition with other island countries that are closer to major tourist markets.

In spite of greater private sector activity, FSM's external transactions continue to be characterised by a heavy and increasing reliance on imports without a comparable increase in exports. In 2004, the country had a negative trade balance of more than 130 million dollars. The total value of exports, including tourism, is only around 10 per cent of the value of imports. The Amended Compact of Free Association with the US, signed in 2004, guarantees the country millions of dollars in annual aid – but at a reduced level compared with the original Compact – and establishes a trust fund to which the US and FSM make annual contributions, with the aim of providing annual payouts in perpetuity after 2023. In summary, the country's medium-term economic outlook appears fragile, due not only to the reduction in US assistance but, also, the current slow growth of the private sector.

Over the years, agriculture's socio-cultural role as a safety net for the disadvantaged has greatly diminished. Inequality of income and the incidence of families with incomes below the poverty line are among the highest in the Pacific region. The poorest quintile of households, most of whom are engaged in subsistence agriculture, receives just 3.6 percent of household income, while the highest receive 55.5 percent. Poverty and hardship are concerns in FSM. While about 92% of the population aged 10 years and over were reported literate in the 2000 Census, FSM has, in general, made limited progress towards achieving the MDGs by 2015.

Summary of SPC Assistance to Federated States of Micronesia 2006 - 2008

This section provides an overview of SPC assistance to Federated States of Micronesia by division and programme for the period of 2006-2008. A more detailed listing of activities in 2008 can be found in Annex 1.

Over the years, SPC has provided assistance to FSM in a number of areas that complement FSM's own development priorities. Additionally, in response to a CRGA decision, in 2006, SPC opened its Northern Pacific Regional office in Pohnpei to ensure that its services are delivered and an ongoing dialogue is maintained with government officials. Details of SPC assistance and notable activities in FSM are outlined below.

Land Resources

Having provided approximately USD796,000 in assistance to FSM, the Land Resources Programme (LRD) supported charcoal and compost field work and conducted scoping studies in Kosrae on the review of their current Land Use Plan and the development of a land zoning plan. Furthermore, they also assisted Pohnpei with a scoping study on watershed management. Continued support is being provided on quarantine operations. Additional support has assisted in producing the Island Food Community of Pohnpei's publications and the conduct of a workshop on the characterisation of giant swamp taro. Through an island food initiative, strong linkages have been built with the health sector in addressing obesity and nutrition related diseases.

Marine Resources

The Oceanic Fisheries Programme (OFP) provided approximately USD 320,000 in assistance to FSM during 2006-2008. This assistance comprised funding and technical support for the monitoring of tuna fisheries (through logsheet, observer and port sampling programmes) in the FSM EEZ, tuna fisheries data management, capacity building in tuna stock assessment and fishery monitoring, and a major review of the fishery through a National Tuna Fisheries Status Report. A component of the Pacific Tuna Tagging Programme was also undertaken in FSM waters during 2008, which will lead to a better understanding of local exploitation patterns and tuna movements in this area. Over the period 2009-2012, the OFP will continue to provide tuna fisheries monitoring, data management and stock assessment capacity building for FSM.

The last three years have seen the SPC's Coastal Fisheries programme (CFP) actively assisting the four States of FSM through the provision of technical assistance, training, fisheries information, research, and the funding of participants to a range of conferences and workshops. Through the EU-funded and SPC implemented CoFish project, resource assessment (finfish and invertebrate) and socioeconomic surveys, including in-country training in survey techniques, have been conducted in Yap and Chuuk States, with specific follow-up work in Kosrae and Pohnpei States in regard to surveying trochus and sea cucumber stocks, and advice provided for management purposes. Additional training in the finfish underwater visual census and socioeconomic survey methodologies was provided to FSM participants to regional workshops. Complimenting this was the surveying of the aquarium fish resource around Kosrae State, with attachment training in Noumea for one staff person to do the data analysis and write-up of results. Assistance was also provided with the setting up of a community-based management (CBM) project in Pohnpei State, with a CBM model developed for the State during the attachment of two staff to SPC in Noumea. This was a collaborative project with SPC, Pohnpei State fisheries, FSM National fisheries, and the Conservation Society of Pohnpei. An environmental impact assessment on coral farming in Kosrae was also funded by SPC.

Social Resources

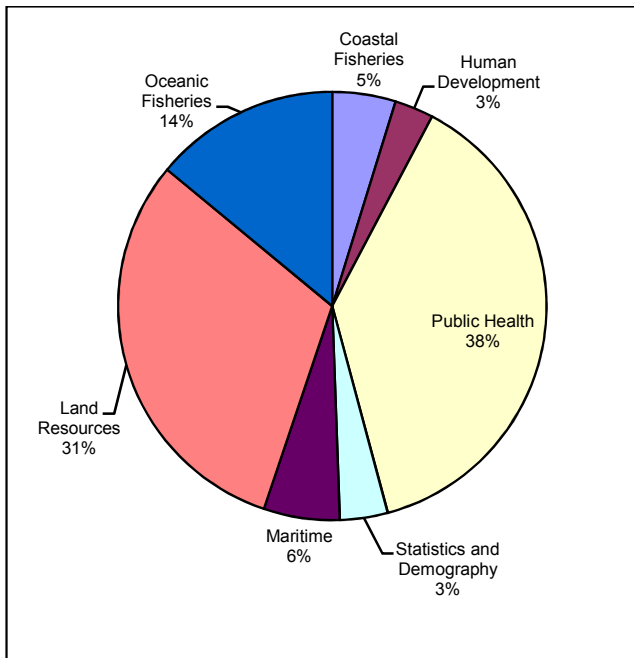
Through its Public Health Programme, SPC has assisted FSM in the areas of HIV/STI through the preparation of the 2008 UNGASS report and the conduct of substantial training in behavioural change in the state of Yap. They further developed and distributed BCC materials for Chuuk with a particular emphasis on pregnant women and school youth, and for taxi drivers and in-school youth in Pohnpei and Kosrae. In response to a MDR TB outbreak, established a DOTS strategy for Chuuk and assisted in MDR-TB contact tracing in Chuuk. PHP further supported activities for incountry surveillance activities for influenza with immune-fluorescence testing with sentinel surveillance activities for PRIPPP. They further procured antiviral and supplies for rapid containment. Support has been provided to the development of national and states NCD plans and training conducted for specialised NCD staff, further enhanced by the establishment of an NCD Coordinator position in the Ministry of Health. The Adolescent Health Programme conducted education programmes in life skills and community reach while integrating youth friendly services in FSM.

Other Assistance, human resource development and financial highlights

One hundred and sixteen persons from FSM participated in SPC training activities, organised by SPC's Land Resources, Social Resources (Public health, statistics and demography, media centre, community development), and Marine Resources (maritime, oceanic and coastal fisheries) Divisions. Annex 2 provides further details.

Annex 3 indicates the dollar value of assistance provided to FSM by the various programmes in SPC. The below pie chart depicts the assistance from 2006 -2008 by programme area, a total of USD2,584,947 was utilised to support technical assistance, training activities, workshop

participation, direct grants and research activities. As depicted, SPC's Public Health and Land Resources programmes, which constituted 38% and 31% respectively of overall funds expended, provided the most support to FSM.



Coastal Fisheries	123,710
Human Development	75,955
Land Resources	796,512
Maritime	148,012
Oceanic Fisheries	362,276
Public Health	984,964
Statistics and Demography	93,517
	<u>2,584,947</u>

Annex 1: 2008 Notable Activities in FSM by SPC Programmes

Land Resources Division
<ul style="list-style-type: none"> • Charcoal and compost field works are on-going and promoted by DSAP. • Strong linkages have been built with the health sector in addressing obesity and nutrition related diseases, through the island food project initiative. • Supporting communities in Kosrae to conserve the YELA Terminalia forest. • Supporting Maq community in Yap to rehabilitate degraded watershed. • One participant from Pohnpei attended a study tour in Palau to look at the activities of the watershed management alliance in Babeldaob. • Scoping studies and discussions with Kosrae counterparts on the review of their current Land Use Plan and the development of a land zoning plan. • Scoping studies for Pohnpei watershed management. • One participant attended the Pacific Regional CDM Forestry Awareness Workshop. • Support to the Island Food Community of Pohnpei in producing their publications; national consultation with a focus on the ITPGRFA; farmer workshop on characterization of giant swamp taro. • Participants trained in one-week training course held at the University of Guam along with other newly recruited quarantine and customs officers from the northern Pacific. • Finalisation of regionally harmonised biosecurity bill and continued discussions on its progress to Congress. • One officer completed 3 months attachment training of IRA/MAS with Impextek centre • Participation in the regional training workshop on the use of the PCE tool. • One officer attended 1-week training on systems approach to development of fresh produce exports (commodity pathway) in Fiji. • Continued local support on quarantine operations rendered by Plant Protection Adviser based in Pohnpei.
Marine Resources Division
<ul style="list-style-type: none"> • Ran training course for local community-based fishery management plan facilitators in State of Pohnpei. • Provided training attachment of 2 officers from Pohnpei at SPC to develop a community-based ecosystem approach to fisheries model. • Advised FSM Government on development of Marine Aquarium Trade management plan • Provided scientific support to FSM for their FFA Ecosystem Approach to Fisheries workshops • Observer coordinator workshop July 2008 • Surveying, and developing a sea cucumber fishery management plan for Yap • Provided statistics, database and data management attachment training at SPC for 1 FSM counterpart • Provided training in tuna tagging during Tagging Cruise • Assessing the stock and managing the trochus harvest at Kosrae • Maritime compliance audits done: <ul style="list-style-type: none"> - ISPS port audits on Kosrae and Chuuk ports - STCW audit on maritime administration in Pohnpei • Two participants in practical training course on finfish underwater visual census methodologies in Noumea • 2 participants to the Ecosystems Approach (EACFA) and Aquatic Biosecurity meeting in Noumea • A total of 40 people participated/trained in various maritime areas: <ul style="list-style-type: none"> ○ Substandard shipping seminar ○ PCPA Training Committee meeting ○ Small Island States ship management training course ○ Advanced maritime auditors course ○ Basic maritime auditors course

- PacMA subcommittee and Executive Committee meetings
- Search and rescue conference
- Security drills and exercises workshop
- Port management and engineering seminar
- Sub-regional surveyors course
- 2008 RMP planning meeting
- PacMA 12 conference
- Pacific maritime security conference
- Senior auditors practicum
- IMO Long Range Identification and Tracking Conference
- Basic security auditors training course
- Australian Certificate IV in workplace assessment and training
- Business Excellence training course
- Sub-regional survey course in Pohnpei
- Maritime policy and legislative drafting workshop
- Third Annual General meeting of PIMLA
- Subregional survey course held in Pohnpei (nine trained) 1 participant in short course on fisheries statistics and stock assessment
- 1 participant in subregional practical workshop on implementation and analysis of socioeconomic fisheries surveys
- 1 participant in high level fisheries Policy and Planning Workshop
- 1 participant in special Heads of Fisheries Meeting to develop the Regional Coastal Fisheries Management Strategies
- 1 participant in 2008 Tuna Fisheries Stock Assessment Workshops in Noumea
- 1 participant to the second Tuna Data Workshop
- Took part in FSM/SPC Joint Country Strategy mission to assess priorities and programme future SPC work
- 1 participant in 2008 (Fisheries) Ecological Risk Assessment workshop

Social Resources Division

Public Health Programme

HIV/STI

- Assist in preparation of the 2008 UNGASS report
- Assist in development of GFATM R7 submission for HIV
- BCC training, including state of Yap and development, printing and distribution of BCC materials for Chuuk (pregnant women and in school youth), and Pohnpei/Kosrae (in school youth and taxi drivers)

Adolescent Health

Information and Education

- Life skills based per education
- Community outreach education

Youth Friendly Services

- Youth clinics centers
- Integrated Primary health Care
- School based clinics

Tuberculosis (TB)

- Establishing DOTS strategy in Chuuk in response to MDR-TB outbreak with CDC
- Participated in MDR-TB contact tracing in Chuuk
- Discussed implementation of GFATM R7 – Aug 2008

PHS & CDC

- Support for in country surveillance activities for influenza with immune – fluorescence testing,

with sentinel surveillance activities PRIPPP – Procurement of antiviral and supplies for Rapid Containment

- Orientation to planning process and planned testing exercises processes

GFATM

- Undertook grant preparation and successfully concluded grant negotiations for two round seven HIV and TB proposals submitted to the global Fund with phase 1, 2 year combined value of \$16.34 Million. Grants commenced 1st July 2008

Healthy Pacific Lifestyle section (HPL)

- Support to the development of national and 4 states NCD plans
- Training of specialized NCD staff
- Establishment of a NCD coordinator position in MOH

Human Development Programme

- Technical and financial assistance were provided towards the national youth summit which discussed the implementation of the policy and plans for an evaluation which is due in 2010.
- Business enterprise training for the second half of 2008 and parts of 2009

ANNEX 2: 2008 SPC Human Resource Development Activities for FSM

SPC Program me/ Section	Training subject area (or course title)	Month	Year	Duration	Type: Workshop (course) Attachment at SPC or On-the-job (in-country)	Location (city/town, country)	Number of FSM participants	Male	Female	Number person days
PHS CDC	CDC Influenza Surveillance Lab Training	August	2008		Attachment	Melbourne, Australia	1	1	0	
HIV	HIV Care Assessment	Jan	2008	2	Training	Guam	1	1	0	2
HIV	Core HIV Care Team Training	Feb	2008	3	Training	Yap, FSM	29	12	17	87
Global Fund	HIV core team training	Feb	2008	2	Training	Yap, FSM	28	13	15	56
RMC	Graphics and Design	March/ April	2008	1 week	Workshop	Suva, Fiji	3	0	3	15
RMC	Radio Broadcasting	March-Sept	2008	1 classXwk X7months	Workshop	Suva, Fiji	3	0	3	
RMC	Media and Communications	April	2008	1 day	Workshop	Suva, Fiji	1	0	1	1
RMC	Documentary Film Production	June	2008	12 days	Workshop	Pohnpei, FSM	7	4	3	84
SDP	ABS-PGSP-SPC Phase 2 planning meeting	Febr	2008	2	Workshop	Noumea, New Caledonia	2	2	0	2
SDP	UNSD-SPC Census 2010 Technical Workshop	Feb	2008	5	Workshop	Noumea, New Caledonia	1	1	0	5
SDP	ABS-PGSP-SPC Project Planning	May (Part 1)	2008	7	Workshop	FSM	11	7	4	77
LRD-DSAP	DSAP Strategies	April	2008	5 days	Workshop	Nadi, Fiji	2	1	1	10
LRD - Forests and Trees (F & T)	Regional Awareness Workshop on CDM Forestry	Jan	2008	4 days	Workshop	Nadi, Fiji	1	1	0	4
HDP (CETC)	Community Development	March - Oct	2008	7 Months	Training - Cert in CD	Suva, Fiji	3	0	3	420
RMP	Senior Auditors Practicum	May	2008	2	Training	Suva, Fiji	1	1	0	2
RMP	Pacific Maritime Security Conference	May	2008	3	Training	Nadi, Fiji	3	3	0	9
RMP	IMO LRIT	June	2008	2	Training	Suva, Fiji	1	1	0	2
RMP	Australian Certificate IV in Workplace Assessment & Training	July	2008	5	Training	Suva, Fiji	2	2	0	10

RMP	Business Excellence Training	July	2008	5	Training	Suva, Fiji	1	1	0	5
RMP	Maritime Law Seminar	July	2008	2	Seminar	Suva, Fiji	2	2	0	15
RMP	Advance Auditor Refresher Course	Sept	2008	5	Training	Suva, Fiji	1	1	0	5
RMP	Port Management Training Course	Sept	2008	4	Training	Suva, Fiji	1	1	0	4
RMP	ESCAP KMI SPC Workshop on Shipping Information	Sept	2008	1	Workshop	Suva, Fiji	1	1	0	1
CFMS	Training for Heads of Fisheries on Fisheries Policy		2008	tbd	Training	tbd	2	2	0	
OFP	Stock Assessment	Jun/Jul	2008	5	Advanced Workshop (course)	Noumea, New Caledonia	1	1	0	5
OFP	Ecological Risk Assessment	Jun/Jul	2008	2	Workshop	Noumea, New Caledonia	1	1	0	2
OFP (Marine Resources)	Basic Fisheries Observer course	Jun/Jul	2008	3 weeks	Training	Koror, Palau	3	3	0	45
PROCFISH	UVC2 - Sub-Regional Training Workshop on Underwater Visual Census (Uvc) Methodologies for the Assessment of Reef Fish Resources	Jul	2008	1 week	Training	Noumea, New Caledonia	2	2	0	10
PROCFISH	Sub-Regional Training workshop on socioeconomic fisheries surveys in Pacific Islands : Collecting a minimum dataset	Jan	2008	1 week	Training	Noumea, New Caledonia	1	1	0	5
LRD MRD SRD		Land Resources Division Marine Resources Division Social Resources Division				Totals	114	64	50	883

ANNEX 3: Summary of SPC Assistance to Federated States of Micronesia for the Period 2005-2008

Sector/Type of Assistance	Cost by Year (USD)				Total Cost (USD)
	2005	2006	2007*	2008**	
Coastal Fisheries					
Technical assistance	0	0	0	0	0
Training activities (national, regional and attachments)	0	10,000	7,710	8,000	25,710
Research activities	0	70,000	8,000	0	78,000
Direct financial grants	0	0	0	0	0
Participation at meetings, workshops, etc.	4,000	4,000	4,000	8,000	20,000
Sector Total	4,000	84,000	19,710	16,000	123,710
Human Development					
Technical assistance	3,865	5,730	0	0	9,595
Training activities (national, regional and attachments)	5,620	13,820	5,100	14,460	39,000
Research activities	0	0	0	0	0
Direct financial grants	0	0	0	0	0
Participation at meetings, workshops, etc.	5,080	0	13,380	8,900	27,360
Sector Total	14,565	19,550	18,480	23,360	75,955
Land Resources					
Technical assistance	13,197	99,209	83,063	14,000	209,469
Training activities (national, regional and attachments)	20,798	2,073	72,345	28,900	124,116
Research activities	25,065	60,666	28,300	0	114,032
Direct financial grants	2,678	21,673	20,890	52,276	97,517
Participation at meetings, workshops, etc.	30,068	74,421	113,956	32,933	251,378
Sector Total	91,806	258,043	318,554	128,110	796,512
Maritime					
Technical assistance	6,138	10,429	5,598	2,455	24,620
Training activities (national, regional and attachments)	34,782	30,393	9,827	1,228	76,230
Research activities	0	0	0	0	0
Direct financial grants	0	0	0	0	0
Participation at meetings, workshops, etc.	14,731	4,042	28,389	0	47,162
Sector Total	55,651	44,864	43,814	3,683	148,012
Oceanic Fisheries					
Technical assistance	34,403	26,216	34,526	30,296	125,441
Training activities (national, regional and attachments)	7,439	7,080	6,682	6,288	27,489
Research activities	0	0	0	180,000	180,000
Direct financial grants	0	0	0	0	0
Participation at meetings, workshops, etc.	0	11,575	8,626	9,146	29,347
Sector Total	41,842	44,871	49,834	225,730	362,276

Public Health					
Technical assistance	47,144	116,026	71,043	7,000	241,213
Training activities (national, regional and attachments)	27,971	88,924	41,358	41,540	199,794
Research activities	5,733	2,500	15,527	3,000	26,760
Direct financial grants	62,824	114,921	145,094	97,628	420,467
Participation at meetings, workshops, etc.	15,763	38,153	27,316	15,500	96,732
Other assistance	0	0	0	0	0
Sector Total	159,434	360,524	300,338	164,668	984,964
Statistics and Demography					
Technical assistance	1,153	10,053	2,604	0	13,810
Training activities (national, regional and attachments)	15,645	7,532	11,501	0	34,678
Research activities	0	0	0	0	0
Direct financial grants	0	0	0	0	0
Participation at meetings, workshops, etc.	9,387	26,853	8,788	0	45,029
Sector Total	26,185	44,438	22,894	0	93,517
Grand Total	393,483	856,290	773,623	561,551	2,584,947

Please note that this table includes only the direct cost of SPC assistance. It does not include major expense items such as the cost of SPC personnel (e.g. salaries). The total financial value of SPC assistance is therefore significantly higher than shown in the table.