

Country Assistance Policy for the Federated States of Micronesia

As of December, 2012

1. Relevance of Assistance

The FSM has some difficulties of development caused by the scattering of the islands over the wide ocean, the smallness of its national market and remoteness from international market.

While the FSM relies on the Compact funds, which consists of almost the half of the governmental revenue, it will be terminated in 2023. In such situation, the FSM is facing challenges of efficiency in government expenditure, tax reforming and industrial development for achieving an independent financial administration. On the other hand, there are no leading industries except small scale agriculture and fisheries as revenue sources. Most of the FSM's National income of the FSM is being sent out overseas due to the high level of importation. This ends up in a bottleneck of the national industry and job development.

Although Japan and the other donors have assisted to improve infrastructures such as seaport and power supply, basic infrastructures for economic activities and usual lives of residents have not yet been established enough. Counter-measures for Non-Communicable Diseases (NCDs) are needed because numbers of cases of NCDs such as diabetes have increased drastically in the recent years. The increasing amount of solid wastes caused by life style change and importing huge amounts of materials are not being treated adequately, therefore creating a bad effect for marginal environment and public sanitation. To overcome such vulnerabilities it is vital to realize the social and economic developments for the FSM.

Japan had administrated the FSM before World War II under the mandate of the League of Nations, so We have a deep historical relationship. Additionally, these two countries also have a deep relationship in the fisheries sector because Japanese fishing vessels are fishing in the FSM EEZ under the fishing agreement between both countries. We are maintaining a good relationship and the FSM supports position of Japan in the international community. However, it is pointed out that the presence of Japan weakened relatively when new donors strengthened their stance to the FSM in the recent years. Continuous assistance is important for Japan in encouraging the independence and continuous development of the FSM, and strengthening mutual relationship.

2. Basic Policy of Assistance: Continuous economic development and improvement of living standards considering environmental impact

Japan will assist the FSM based on its Strategic Development Plan of the FSM and the ODA policy adopted by the Pacific Islands Leaders Meetings which is held every 3 years since 1997, to overcome vulnerabilities through strengthening economic infrastructures, and to improve of basic social services as well as environmental protection and reduction of the impact of climate change.

3. Priority Areas

(1) Overcoming vulnerability

Japan prioritizes to assist in infrastructures mainly in maritime affairs which is one of the most important sectors for encouraging economic growth. Japan will also assist in the fight against Non-Communicable Disease like lifestyle disease, extermination of Filariasis by 2020, improvement of basic academic skills in science and mathematics and vitalization of industries mainly in the agriculture and fisheries sector.

(2) Environment / Climate Change

Japan prioritizes to assist in environmental protection such as improvement of marginal environment and public sanitation through the appropriate treatment of wastes. Japan will also assist in the provision for Climate Change and response to natural disasters.

4. Points to be considered

- (1) Assistance will be executed along with the Prioritized Area of Okinawa 'Kizuna' Declaration - "Response to Natural Disasters" leveraged experience of Great East Japan Earthquake, "Environment and Climate Change", "Sustainable Development and Human Security", "People-to-People Exchanges", "Maritime Issues" - adopted by Pacific Islands Leaders Meeting which was held in July, 2012.
- (2) Japan will consider the assistance that is leveraged with the knowledge of Okinawa, a region that has many common challenges with Pacific Islands Nations such as waste management and water treatment.
- (3) Assistance considering the current situation of the FSM -(facing many problems regarding geographical conditions such as scattering, smallness and remoteness)- will be executed.
- (4) Japan will exchange opinions and information regarding ODA for preventing duplications and for making synergy effect with donors such as USA and Australia and make efforts for an effective and efficient assistance.

Annex: Rolling Plan for the Federated States of Micronesia

Annex of Country Assistance Policy

Rolling Plan for the Federated States of Micronesia

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Basic Policy of Assistance	Continuous economic development and improvement of living standards considering environment impact
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Priority Areas	Overcoming vulnerability											
[Development Issue] Strengthening infrastructure for economic growth	[Background] Basic Infrastructure is necessary for the economic activity and people's lives. Roads, harbors and electric power systems are still inadequate in the FSM although Japan and other donors have supported infrastructure development. There is also a very limited capacity for maintaining and managing existing infrastructure. For example, Pohnpei state's electricity shortage is reaching a crisis point due to the breakdown of the power generation facility. Additionally, the ferries are not operating either, excluding the one owned by the federal government that was donated by Japan. The FSM, depending on the import from U.S. for most food stuffs and industrial goods, needs to develop local industries such as agriculture and fisheries to enhance its economic independency. As for the development of infrastructure, such as the Pohnpei International Airport, ports and roads progressing, the promotion of the tourism industry is expected. However, capacity of the Visitors Bureau needs to be strengthened to implement strategic tourism promotion activities and provide visitors with appropriate services.			[Japan's Assistance Policy] Japan considers Grant Aid including Grassroots Human Security Grant Aid for economic infrastructure. Along with the assistance for the infrastructure development, Japan provides technical assistance to improve maintenance and management skills of government officials, especially in the field of transportation, communications and construction. Japan also supports the FSM's industry development especially in fisheries and tourism sectors through aquacultural and/or breeding skills development for high value fishes, guidance for fishing skill and capacity development of Visitors Bureau along with infrastructure development targeting the economic independence of the FSM.								
	Program for Economic Infrastructure Development and Improvement of Management and Maintenance Skills	Japan considers assistance to develop infrastructure through the Grant Aid. Along with the assistance, Japan provides training for technical staffs and capacity development support for infrastructure management and maintenance by dispatching volunteers to public works and so on.	The Project for Improvement of Pohnpei International Airport	GA	Schedule						Assistance Amount (100 Million Yen)	Note
			Before FY2011		FY2012	FY2013	FY2014	FY2015	FY2016			
			Volunteers for Economic Infrastructure Development and Improvement of Management and Maintenance (1 volunteer)	JOCV/SV								
			Training Courses for Infrastructure Development, Management and Maintenance (2 courses)	TR								
			Weno Water Supply Well Remediation	ML	●						US\$980,000	ADB-JFPR
	Workshop for Islands Nations	ML	●							Asia-Pacific Telecommunity		

	Program for Industrial Promotion	For the fisheries sector, along with the Grassroots Human Security Grant Aids, Japan provides technical support through dispatching volunteers and training programs. For the tourism industry, Japan supports strategic development of tourism through technical support such as volunteers and regional training programs for the Visitors Bureau.	GHGA for Industrial Promotion (3 projects)	GHGA									
			Volunteers for Industrial Promotion (11 volunteers)	JOCV/SV									
			Training Courses for Industrial Promotion (3 courses)	TR							0.20		
			International Cooperation for Fisheries Promotion	MAFF-TA									Dispatching Specialists, Donating Mater and Training
[Development Issue] Enhancement of Governance	[Background] Since there is no strategic development plan at the state level based on the accurate grasp of social and economic situation at the macro level and the analysis of the data due to the limited statistics in the FSM, project based social and economic development has been implemented. Federal system sometimes poses problems for the project operations because of the limited communication among the states and the federal government. Upon the Amended Compact with the U.S., the national and state governments need to develop consistent and coherent development plans to improve project design and implementation and monitoring systems.			[Japan's Assistance Policy] Japan assists capacity development of public sector for policy planning, project management, project operation, cooperation and adjustment with other organizations through training programs.									
	Program	Program Summary	Project	Scheme	Schedule						Assistance Amount (100 Million Yen)	Note	
					Before FY2011	FY2012	FY2013	FY2014	FY2015	FY2016			
	Enhancement of Governance	Japan approaches local governments to identify development needs and formulate projects at the community level. Japan also assists both national and state governments to strategically formulate macro development plans and thereby supports the establishment of development planning mechanism both at macro and micro levels.	Volunteers for Enhancement of Governance (1 volunteer)	JOCV/SV									
			Training Courses for Enhancement of Governance (3 courses)	TR									

[Development Issue] Improvement of Health and Medical Services	[Background] There is lack of medical equipments and medicines, and also insufficient human resources that can maintain and manage the medical equipments and medicines. Secure medical equipments and medicines, and capacity building in these areas are urgently needed. In addition, since there is a rapid increase in the number of people who suffer from lifestyle-related diseases like diabetes and heart diseases, some measures to tackle these problems through improved eating habits and regular exercises are needed.			[Japan's Assistance Policy] Japan assists a campaign to promote necessary changes in eating habits for the prevention of lifestyle-related diseases by the Department of Health at national at the state levels and NGOs. Japan also provides medical equipments and conduct training through J-PIPS, PacELF and Grassroots Human Security Grant Aids. Along with Japan's Global Health Policy 2011-2015, Japan will provide continuous assistance mainly by dispatching volunteers with an aim to set some measures and strategies to combat the lifestyle-related diseases and to upgrade the technical skills and levels of medical staff of immunization program.								
	Program	Program Summary	Project	Scheme	Schedule						Assistance Amount (100 Million Yen)	Note
	Improvemnet program of Health and Medical Program for Islands Area	Training program is implemented at the national level. Volunteers are dispatched to the state governments and NGOs to coach for managing medical equipments and medicines and to provide training programs on the prevention of lifestyle-related diseases.	GHGA for Promote Local Populations' Health	GHGA	Before FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	0.10	
			System Improvement of Expanded Programme on Immunization in the Pacific Region (J-PIPS II)	TCP								
			Project for Elimination of Lymphatic Filariasis (PacELF)	EQ								
			Volunteers for Islands Area Health and Medical (1 volunteers)	JOCV/SV								
			Training Courses for Islands Area Health and Medical (2 courses)	TR								
			Conference for Health care and emergency communication for outer islands	ML								Asia-Pacific Telecommunity
[Development Issue] Strengthening of Education	[Background] In the elementary schools in the FSM, poor academic results are remarkable although the enrollment rate is high. The poor results of mathematics are especially remarkable and therefore, there are a lot of dropout students. It is necessary to improve teachers' quality to improve education in the FSM. Teachers often lack in teaching skills and specialized skills, and development of effective teaching materials lags behind, which makes the improvement of the training system and teachers' quality difficult to be implemented.			[Japan's Assistance Policy] Under the Japan's new education cooperation Policy 2011-2015, Japan provides assistance in the elementary and secondary education quality improvement in the FSM through teachers' capacity development by dispatching volunteers and other schemes along with educational facilities development in order to enhance the national education level.								
	Program	Program Summary	Project	Scheme	Schedule						Assistance Amount (100 Million Yen)	Note
	Education Support Program for Remote and Islands Area Education Support Program	Japan combines volunteers, training programs and Grassroots Human Security Grant Aids for improving quality of the elementary and secondary educatuion. Ex-trainees are well coordinated with them.	Volunteers for Remote and Islands Area Education Support (12 volunteers)	JOCV/SV								
			Training Courses for Remote and Islands Area Education Support (3 courses)	TR								

Priority Areas	Environment/Climate Change											
[Development Issue] Environmental Protection	[Background] Although the diverse natural environment is an important asset for tourism in the FSM, proper waste management systems have not been put in place in order to respond to an increase in solid waste or garbage generated by changes in people's lifestyles. In these situations, Kosrae's Landfill site was completed under the Grassroots Human Security Grant Aid and the new projects for waste management (landfill) are planned for other three states.				[Japan's Assistance Policy] Japan has provided assistance through dispatching volunteers and Grassroots Human Security Grant Aids for nature protection, water resource management, population and environment while it has also assisted advocacy programs for environmental education in schools. Japan provides continuous assistance on environmental education and enlightenment action through environment division of national, state, and environmental NGOs. Japan also provides continuous assistance for waste management in line with regional strategy of SPREP through cooperation among Grassroots Human Security Grant Aids, dispatching volunteers and regional technical cooperation program schemes.							
	Program for achieving recycle-based Society in the islands	Japan provides assistance in the area of waste management mainly by Grassroots Human Security Grant Aids, regional technical cooperation Project, dispatching volunteers and training programs.	GHGA for Waste Management(2 projects)	GHGA							0.20	
			Project for Promotion of Regional Initiative on Solid Waste Management (J-PRISM)	TCP								
			Volunteers for Waste Management(5 volunteers)	JOCV/SV								
Training Courses for Waste Management(2 courses)	TR											
[Development Issue] Countermeasure for Climate Change	[Background]				[Japan's Assistance Policy]							
	Clean Energy Introduction Promotion Program	Japan assists to prevail solar power generation system in the perspective of promoting the introduction of renewable energy, and strengthen the capacity to respond to natural disasters.	Project for Introduction of Clean Energy by Solar Electricity Generation System	GA								
			Training Courses for climate change(1 course)	TR								

Legend: [PS] = Preparatory Survey, [DD] = Detailed Design by TARTOL, [TCP] = Technical Cooperation Project, [TCDP] = Technical Cooperation for Development Planning (and Development Study), [EXP] = Expert, [EQ] = Equipment, [CTR] = Country-focused Training, [TR] = Issue-based Training / Training Program for Young Leaders, [JOCV] = Japan Overseas Cooperation Volunteers, [SV] = Senior Volunteers, [TEXP] = Third-country Expert, [TTR] = Third-country Training, [STC] = Science and Technology Cooperation on Global Issues, [JPP] = JICA Partnership Program, [xx-TA] = Technical Assistance implemented by organizations other than MOFA and JICA, [GA] = Grant Aid (other than specific grant aid schemes listed below), [NPGA] = Non-Project Grant Aid, [GHGA] = Grassroots Human Security Grant Aid, [JNGA] = Grant for Japanese NGO's Projects, [CGA] = Cultural Grant Aid, [GCGA] = Grassroots Cultural Grant Aid, [LA] = Loan Aid (ODA Loan), [ML] = Multilateral Cooperation, [TARTOL] = Technical Assistance Related To ODA Loan, Solid Line [-----] = Schedule, Dash Line [- - - - -] = Tentative Schedule

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