



Micronesia, Federated States of: Health Expenditure and Livelihoods Support Program

Project Name	Health Expenditure and Livelihoods Support Program	
Project Number	54309-001	
Country	Micronesia, Federated States of	
Project Status	Approved	
Project Type / Modality of Assistance	ND	
Source of Funding / Amount	Grant 0751-FSM: Health Expenditure and Livelihoods Support Program concessional ordinary capital resources lending / Asian Development Fund US\$ 14.00 million	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Partnerships Private sector development	
Sector / Subsector	Health - Disease control of communicable disease - Health system development Public sector management - Economic affairs management - Public expenditure and fiscal management - Social protection initiatives	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The HEALS program is part of an integrated package of assistance by the Asian Development Bank (ADB) to FSM to support short-term efforts in mitigating the potential health consequences and socioeconomic impacts of the coronavirus disease (COVID-19) pandemic. It is aligned with the Pacific Approach's priority of managing risks and building economic resilience to protect the population from hardships; and the priority of directing ADB grant resources to the most vulnerable developing member countries. The FSM meets all of the access criteria of ADB's CPRO, which include sound macroeconomic management, undertaking key structural reforms, a pro-poor countercyclical expenditure program, and debt sustainability.	
Project Rationale and Linkage to Country/Regional Strategy	The FSM is a remote Pacific small island developing state encompassing 607 islands that are spread over the world's 14th largest geographic exclusive economic zone. It is a lower middle income island nation with a small population of 104,468 in 2018, of which approximately 45% live in Chuuk, 37% in Pohnpei, 11% in Yap, and 7% in Kosrae. The country is vulnerable to climate change, facing frequent natural hazards and rising sea levels. The public sector dominates the economy, with private economic activities focused mainly on subsistence farming and fishing, wholesale and retail trade, transportation, and tourism services. Less than 15% of the population was under formal employment in 2010, with significantly more people under the age of 15 (36%), outside of the labor force (27%) or in the subsistence sector (16%). In FY2018, the government and public enterprises account for 32% of gross domestic product (GDP), followed by households (26%), and private enterprises (19%), and financial institutions (16%). The FSM has one of the highest estimated rates of poverty in the Pacific with 41% of the population living below the poverty line and 10% below the food poverty line. The FSM was ranked 135th out of 189 countries by the United Nations Development Programme's human development index for 2019. Despite the geographic isolation of the Pacific, the risk of COVID-19 transmission on vulnerable population remains high, with confirmed cases in Fiji and Papua New Guinea. As a small-island developing state, the FSM faces a set of distinct challenges to counter the pandemic and mitigate impacts such as having weak health infrastructure, a narrow economic base, geographically dispersed population, and a fragile environment that is already vulnerable to climate change. While the spread of COVID-19 has not reached the FSM with no confirmed cases to date, the projected health, economic, and social impacts of the COVID-19 pandemic are already significant.	
Impact	Effective health preparedness and mitigation to COVID-19 ensured Economic activities in FSM restored, with adverse impacts of COVID-19 to vulnerable segments mitigated	
Project Outcome		
Description of Outcome	Adverse effects of COVID-19 on citizens and businesses reduced	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Measures to combat the entry and spread of COVID-19 in the FSM delivered Measures to provide economic stimulus relief to businesses implemented Measures to provide social protection to poor and vulnerable groups enhanced	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Romero-Torres, Jennifer
Responsible ADB Department	Pacific Department
Responsible ADB Division	PASP
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines Department of Finance and Administration PS2, Palikhir Pohnpei State Federated States of Micronesia

Timetable

Concept Clearance	-
Fact Finding	03 Aug 2020 to 07 Aug 2020
MRM	22 Sep 2020
Approval	12 Nov 2020
Last Review Mission	-
Last PDS Update	16 Nov 2020

Grant 0751-FSM

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	14.00	Cumulative Contract Awards			
ADB	14.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page <https://www.adb.org/projects/54309-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=54309-001>

Date Generated 18 November 2020

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.