



# Micronesia, Federated States of: Preparing the Sustainable Road Infrastructure Investment Project

Project Name	Preparing the Sustainable Road Infrastructure Investment Project	
Project Number	55009-001	
Country	Micronesia, Federated States of	
Project Status	Approved	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount	Grant 6039-FSM: Preparing the Sustainable Road Infrastructure Investment Project	
	Asian Development Fund	US\$ 5.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	Transport - Road transport (non-urban) - Transport policies and institutional development - Urban roads and traffic management	
Gender Equity and Mainstreaming		
Description	<p>The proposed project readiness financing (PRF) is intended to test the project approach and prepare an investment project suitable for Asian Development Bank's (ADB) financing programmed in 2023. It will prepare the ensuing investment project by: (i) screening suitable road section for piloting the advanced construction technology and subsequent selection of candidate subprojects for the ensuing investment project(s); (ii) undertaking feasibility studies and due diligence on institutional, financial, procurement, and safeguards aspects of the selected subprojects; (iii) preparing detailed engineering designs and procurement of contracts for the ensuing project, including preparation of bid documents and procurement management support; and (iv) initial capacity building to support the ensuing project's start-up activities.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The Government of FSM and ADB prioritized support to the transport sector for the first time in ADB's country operations business plan for 11 small Pacific island countries for 2021-2023. FSM heavily relies on development partners for investments in the transport sector and have traditionally received bilateral funding from the governments of the Peoples Republic of China and the United States, as well as international financial institutions such as the World Bank and United Nations affiliated organizations such as International Office of Migrations, and the Adaptation Fund. The United States assistance, which financed the lions share of FSMs infrastructure investment needs, supports a wide range of activities in FSM, including health, education, and related infrastructure, but it cannot meet all of FSM's infrastructure needs. ADB is well positioned to bridge this funding gap and add value in strengthening the transport sector in FSM by leveraging its unique experience and knowledge of the Pacific region's infrastructure constraints and opportunities. ADBs flexible financial instruments, such as this PRF, will ensure that project delivery approach is tested, and the ensuing project is implementation-ready prior to commitment of scarce public resources. FSMs population is served by 200 kilometers of sealed and some 15 kilometers of unsealed primary roads over the land area of 700 square kilometers dispersed across the four semi-autonomous states of Kosrae, Pohnpei, Chuuk, and Yap. Because of urban migration for job opportunities, especially to Pohnpei where the country's capital Palikir is located, about 56% of population live on the main four islands with 44% living on the outer islands. Typical to many small island developing states (SIDS) in the Pacific, primary roads in FSM provide access to public facilities, economic infrastructure, and job opportunities along the coastlines where most of its population reside. These roads are vital means for coastal communities to access public goods and services. The geographic remoteness and dispersion, environmental fragility, and climate change impacts pose major challenges for infrastructure delivery, and even threaten the physical viability of some areas of both the main islands and the more remote outer islands of FSM.</p> <p>The institutional make-up of FSM is relatively challenging with national government taking the responsibility for policy, planning and funding, whereas the four semi-autonomous states are responsible for execution, and operation and maintenance (O&amp;M) of infrastructure assets. In transport, the Department of Transportation, Communications and Infrastructure (DTC&amp;I) at the national level is responsible to implement the FSM Infrastructure Development Plan, 2016-2025. It provides technical assistance to the state governments for project management, resource mobilization and institutional strengthening. DTC&amp;I coordinates the planning and delivery of major infrastructure projects and programs through the Program Management Unit (PMU) staffed with professional engineers and support staff.</p> <p>Guided by Strategy 2030, ADB's support is essential to bridge the sector funding gap, partner with the World Bank and other financiers to deliver coordinated assistance, and provide knowledge support in institutional, technological, and human resource development. Recognizing the SIDS and fragility status of FSM, the project development will take country-focused approach and seek to use advanced technologies with primary focus on building long-term sustainability from engineering and operational standpoints.</p>	
Impact		
Project Outcome		
Description of Outcome		
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs		
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	B	

Involuntary Resettlement	C
Indigenous Peoples	C

### Summary of Environmental and Social Aspects

Environmental Aspects	The proposed PRF will support the FSM Government prepare a road investment project suitable for ADB financing. It will however pilot on a small scale the project approach for the ensuing project on existing road footprints with an IEE being prepared to mitigate foreseen risks. It is envisaged to have very minor local air pollution, as this will be site specific and will be managed through measures included in the Environmental Management Plan (EMP). The project will pilot new upgrade methods on existing roads and will not generate additional traffic. Little social conflicts are foreseen as workforce will be small and mainly constitute of FSM nationals. The EMP will include a health and safety plan that will include measures to manage, avoid and mitigate risks and impacts to community and workers during construction.
Involuntary Resettlement	There will be no land acquisitions, as minor road piloting civil works will be on existing road alignments.
Indigenous Peoples	There are no distinct and vulnerable indigenous groups to be affected by the project as the population is predominantly Micronesian. The people of Chuuk, Kosrae, Pohnpei and Yap exhibit their own distinct culture and tradition but have strong common cultural similarities in traditional extended family and clan systems found on each island.FSM economically has been administered under Spain then Germany and Japan until after World War II when the United Nations created the Trust Territory of the Pacific Islands under the U.S.. With an FSM Constitution established in 1979, the U.S. recognized the establishment of the FSM national and state governments in a Compact of Free Association with the United States.

### Stakeholder Communication, Participation, and Consultation

During Project Design	A due diligence will be completed on all project component and activities during project preparation and design with focus on gender, the environment and any impacts to the surrounding area and residents. A series of consultations will be conducted during project preparation. Any issues arising from this assessment, workshops, review and consultations will be addressed through measures in the project design phase.Key stakeholders include the National Department of Transportation, Communications and Infrastructure and the associated 4 state authorities such as (i) Chuuk-Department of Transport and Public Works; (ii) Kosrae-Department of Transport and Infrastructure; (iii) Pohnpei-State Office of Transport and Infrastructure and (iv) Yap-Department of Public Works and Transport. Nongovernment organizations, development partners, the private sector, and general public will also be active participants. A consultative process will be carried out employing the projects public communication strategy and community consultation plan.Local communities will be consulted during the social and poverty analysis to identify any social impacts which need to be mitigated. These consultations will be inclusive of women and other marginalized groups.
During Project Implementation	During the PRF preparation and implementation, public consultations will be held to design the project components with active participation of women, low income population and communities. The government, relevant stakeholders and the community will be engaged in all aspects of the project through investigation, design and implementation stages. Consultations will ensure that the poor, vulnerable and excluded groups are actively engaged.

### Business Opportunities

Consulting Services	The government has requested advance action and ADB assistance to select the PRF consultant (firm). ADB will select the PRF consultant with participation from DTC&I following the ADB Procurement Policy, Procurement Regulations for ADB Borrowers (2017, as amended from time to time), and associated Staff Instructions. The DTC&I will negotiate and sign the contract with the first-ranked firm and administer the contract.
Procurement	All procurement of goods and works will be conducted in accordance with ADB's Procurement Policy: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time) and shall follow the Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time).

Responsible ADB Officer	Ishenaliev, Rustam I.
Responsible ADB Department	Pacific Department
Responsible ADB Division	PATC
Executing Agencies	Department of Finance and Administration PS2, Palikhir Pohnpei State Federated States of Micronesia

### Timetable

Concept Clearance	25 May 2021
Fact Finding	31 May 2021 to 07 Jun 2021
MRM	30 Jul 2021
Approval	20 Oct 2021
Last Review Mission	-
Last PDS Update	21 Oct 2021

## Grant 6039-FSM

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Oct 2021	-	-	30 Jun 2024	-	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	5.50	Cumulative Contract Awards			
ADB	5.00	02 Nov 2021	0.00	0.00	0%
Counterpart	0.50	Cumulative Disbursements			
Cofinancing	0.00	02 Nov 2021	0.00	0.00	0%

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Project Page	<a href="https://www.adb.org/projects/55009-001/main">https://www.adb.org/projects/55009-001/main</a>
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