



Initial Poverty and Social Analysis

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

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Asian Development Bank

CURRENCY EQUIVALENTS
(as of 21 May 2021)

The currency of the Federated States of Micronesia is the United States dollar.

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DOFA	–	Department of Finance and Administration
DTC&I	–	Department of Transportation, Communications and Infrastructure
FMA	–	Financial management assessment
FSM	–	Federated States of Micronesia
PMU	–	project management unit
PSC	–	project steering committee
PRF	–	project readiness financing

NOTE

In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Federated States of Micronesia	Project Title:	Preparing the Sustainable Road Infrastructure Investment Project
Lending/Financing Modality:	Grant	Department/ Division:	Pacific Department / Transport and Communications Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed project supports the government's development priorities, as articulated in the Strategic Development Plan 2004–2023 of FSM, particularly in its objective to address the pressing social and economic infrastructure needs. The government in this context accords high priority for transport and estimates over a \$400 million investments will be needed for both, the hard infrastructure as well as the institutional development to support the expansion of the productive sectors, reduce poverty and improve living standards. The project is thus aligned with the FSM Infrastructure Development Plan 2016–2025 and a post coronavirus disease (COVID-19) economic stabilization strategy that will place heavy emphasis on stimulating the construction industry as the primary engine of growth in the short term. The project is consistent with ADB's draft Pacific Approach 2021–2025, which serves as the overall country partnership strategy for the 11 small Pacific island countries (including FSM), and with ADB's Strategy 2030, particularly with operational priority 1 (address remaining poverty and reducing inequalities), operational priority 3 (tackle climate change, building climate and disaster resilience, and enhance environmental sustainability), operational priority 4 (make cities more livable) and operational priority 6 (strengthen governance and institutional capacity). The Government of FSM and ADB also prioritized support to the transport sector for the first time in ADB's country operations business plan for the 11 small Pacific island countries 2021–2023.

B. Poverty Targeting:

☒ General intervention ☐ Individual or household (TI-H) ☐ Geographic (TI-G) ☐ Non-income MDGs (TI-M1, M2, etc.)

FSM's population of 112,640 (2018 census) is served by 200 kilometers of sealed and some 15 kilometers of unsealed primary roads over a combined land area of 700 square kilometers dispersed across the four semi-autonomous island states of Chuuk, Kosrae, Pohnpei, and Yap. Given its dispersed geography, the project has been identified as a key infrastructure investment needed to address constraints on development and management of a reliable, safe, sustainable, affordable and climate resilient transport system that is critical to sustaining economic growth and to providing access to resources and socio-economic opportunities.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The primary beneficiaries of the project will be the general public who will benefit from more efficient operations of the proposed road transport network system. Typical to many small island developing states in the Pacific, primary roads in the four FSM island states 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 communities whose needs will be met and enhanced with increased access to basic services and markets, with community groups predominantly farmers who produce cash crops, traders and fishermen.

2. Impact channels and expected systemic changes.

Poor and particularly low-income groups will benefit from lower travel costs and shorter travel times, more reliable transport, and safer travel conditions. The project will also address the factors which result in unsustainable management of the road network through technical assistance to the state governments for project management, resource mobilization and institutional strengthening.

3. Focus of (and resources allocated in) Project Readiness Finance or due diligence.

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.

4. Specific analysis for policy-based lending.
Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

Women, particularly in rural and outer island areas are increasingly experiencing poverty and its economic effects. The project recognizes the critical role of integrating gender considerations and advocates for the equitable participation of men and women in preparation and implementation activities. Gender design features will be a focus of project preparation and in implementation, including proactive gender design features in infrastructure and skilled and unskilled employment and training opportunities for women

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☒ Yes ☐ No

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? ☐ Yes ☒ No. The project will ensure risk mitigation and prevention of sexual exploitation, abuse and harassment

4. Indicate the intended gender mainstreaming category: N/A given this is PRF. Ensuing projects will aim to be categorized as EGM

☐ GEN (gender equity) ☐ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

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.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?

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.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?

☒ H Information generation and sharing ☒ M Consultation ☐ Collaboration ☐ Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? ☒ Yes ☐ No

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.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category ☐ A ☐ B ☒ C ☐ FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ No

No land acquisition is envisaged for the project and this will be confirmed during project preparation. Any civil works under the project's piloting component will be confined to existing road alignments and the right of way.

2. What action plan is required to address involuntary resettlement as part of the project readiness finance or due diligence process?

☐ Resettlement plan ☐ Resettlement framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

B. Indigenous Peoples Category ☐ A ☐ B ☒ C ☐ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No
3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No
4. What action plan is required to address risks to indigenous peoples as part of the project readiness finance or due diligence process?
- ☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Social impact matrix
- ☐ Environmental and social management system arrangement ☒ None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?
- ☐ Creating decent jobs and employment ☒ Adhering to core labor standards M ☐ Labor retrenchment
- ☐ Spread of communicable diseases, including HIV/AIDS M ☐ Increase in human trafficking ☐ Affordability
- ☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability
- ☐ Creating internal social conflicts ☐ Others, please specify _____
2. How are these additional social issues and risks going to be addressed in the project design?
- The project with its piloting component may create employment, so it is integral that bidding documents require contractors to adhere to core labor standards

VI. Project Readiness Finance OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for project readiness finance (or other due diligence) contain key information needed to be gathered during project readiness finance or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?
- ☒ Yes ☐ No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the project readiness finance or due diligence?

An international and a national Social Development and Gender Specialist will be engaged. They will be responsible for preparation of a project consultation strategy and community participation plan and will undertake social and poverty assessment including a gender analysis.