INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Federated States of Micronesia	Project Title:	Improving the Quality of Basic Education in the North Pacific
Lending/Financing Modality:	Project Grant	Department/ Division:	PARD/PAUS

I.   POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The FSM Strategic Development Plan 2004-2023: Achieving Economic Growth and Self Reliance outlines a six-part strategy for transition and accelerated growth with the following key components (i) macroeconomic stability, (ii) good governance, (iii) developing an outward-oriented, private sector-led economy, (iv) investing in human resource development, (v) investing in infrastructure, and (vi) long term sustainability. The proposed project supports FSM's fourth pillar to invest in human resource development and is also in line with: (i) ADB's Strategy 2020 which features education as a core area of operation, (ii) ADB's Approach to Assisting the Pacific (2010–2014) which features education as an operational priority (iii) ADB's Education Sector Operations Plan 2020 which highlights how education sector priorities will contribute to meeting the development challenges of innovation, inclusiveness, and integration in the region, to strengthen the human capital base.

In line with the government's Strategic Development Plan and ADB Pacific Department ROBP, the proposed project will support inclusive economic growth by improving quality of basic education as a way to build human capacity development. The project will improve learning outcomes for primary level students in Pohnpei, Kosrae, and Yap, FSM – reaching poor families and areas not usually reached through development projects. The improved basic education system will enhance learning outcomes for students in Pohnpei, Yap, and Kosrae states. In doing so, it will improve access to social and economic opportunities and reduce poverty in areas that are least reached by development programs.

FSM faces a major challenge is adjusting to the cuts in the United States Compact of Free Association grants which fund a majority of the countries' operating budgets in education, health, and infrastructure. Achieving long term fiscal sustainability when grants end in 2023 is critical, and governments is committed to a reform momentum and trying to stimulate growth. A young population in both countries presents a substantial potential labor force which must be capitalized upon to maximize potential growth.

B.   Poverty Targeting:

☒ General Intervention ☐Individual or Household (TI-H) ☐Geographic (TI-G) ☐Non-Income MDGs (TI-M1, M2, etc.)

The project will contribute to the improvement of learning outcomes for students in basic education, which will enhance their opportunities to succeed in later stages of education and benefit from economic opportunities and reduce poverty.

C.   Poverty and Social Analysis

1. Key issues and potential beneficiaries. The latest World Bank poverty assessment pegs the population living on less than $1.90 a day at 50.4%. Under the project, the living situation of the poor will change by having more access to better quality education services at the primary level. The foundation of learning that will be strengthened will allow for future development of young people who will be better able to continue their education careers and succeed in life and work. The project will also enhance school-parent/community partnerships, building more opportunities for families and community to have a voice in the quality of education services in their community. In rural/remote areas (i.e., outer islands), the project will (i) explore clustering trainings for teachers at central locations; (ii) building capacity locally of lead teachers from outer areas at central locations; (iv) explore usage of ICT as a way to facilitate access to teaching and learning resources and materials (i.e., reading materials).

2. Impact channels and expected systemic changes. The living situation of the poor will change by having greater access to better quality education services at the primary level. The foundation of learning that will be strengthened will allow for future development of young people who will be better able to persist and succeed in life and work. The project will also enhance school-parent/community partnerships, building more opportunities for families and community to have a voice in the quality of education services in their community. In rural/remote areas (i.e., outer islands), the project will (i) explore clustering trainings for teachers at central locations; (ii) building capacity locally of

lead teachers from outer areas at central locations; (iv) explore usage of ICT as a way to facilitate access to teaching and learning resources and materials (i.e., reading materials).

3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA will support 1-2 month's deployment of consultant to conduct poverty, social and gender assessments, including production of the SPRSS and Gender Action Plan. Reaching rural/remote outer areas should be a focus to ensure reach of traditionally excluded peoples.

4. Specific analysis for policy-based lending. N/A

II.   GENDER AND DEVELOPMENT

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

There is a near gender parity in terms of primary and secondary enrollment. However, the quality of education is a serious concern, as many girls and boys leave school without being prepared for employment. Women's access to productive or economic resources is limited, as indicated by the lower rate of labor force participation for females than for males. In formal-sector employment in particular, female employment is only half that of male's (15% versus 33%). Overall unemployment rates are estimated to be also higher for females than for males, although specific data are not available. Women also lack access to quality health care, especially women in outer islands who have limited means of transport services to access health facilities. Most rural women are believed to attend hospital for their first birth, but subsequent deliveries tend to be carried out by traditional birth attendants and midwives on the outer islands.

2. Does the proposed project or program have the potential to make a contribution 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   Please explain.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
☐ Yes   ☒ No   Please explain

4. Indicate the intended gender mainstreaming category:
☐ GEN (gender equity)   ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements)   ☐ NGE (no gender elements)

1.   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.

The main stakeholders are students, communities, education-oriented CSOs and CBOs, local and national government, and colleges/universities, and development partners. Consultations and information sharing will be conducted across stakeholders for inputs into priorities. Under output 4, related to strengthened school governance and management, the project will support work to strengthen partnerships between parents/community and schools. Engagement of CSOs and CBOs in education can help to increase parent involvement in schooling, awareness of education and its valuing, as well as build more transparency and accountability on school management. This work may be contracted to a local CSO or CBO but will be further explored during PPTA.

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?

Already referenced under output 4 (above), there is also room for more systemic involvement of parents and community in development of school improvement plans and focusing on activities to bring parents into schooling more. Such a focus can also improve learning and performance outcomes for students.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
(L) Information generation and sharing (L) Consultation   (L) Collaboration   ☐ Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? ☒ Yes   ☐ No
Logistical, transport and capacity development are challenges in the outer islands of these countries. This will need to be further explored under PPTA.

2. 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 There are no civil works under this project. 2. What action plan is required to address involuntary resettlement as part of the PPTA 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 Under ADB regulations, there are no indigenous peoples in the target countries. 3. Will the project require broad community support of affected indigenous communities? ☐ Yes   ☒ No See above explanation. 4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? ☐ Indigenous peoples plan   ☐ Indigenous peoples planning framework   ☐ Social Impact matrix ☐ Environmental and social management system arrangement   ☒ None
3. 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   ☐ Labor retrenchment ☐ Spread of communicable diseases, including HIV/AIDS   ☐ Increase in human trafficking ☐ Affordability ☐ Increase in unplanned migration   (L) 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? N/A
VI.   PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA 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 PPTA or due diligence? A $500,000 PPTA (TASU funds) will allocate 1-2 person months of consultancy to further explore poverty, social and gender dimensions as preparations for the IQBE project.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Republic of the Marshall Islands	Project Title:	Improving the Quality of Basic Education in the North Pacific
Lending/Financing Modality:	Project Grant	Department/ Division:	PARD/PAUS

I.   POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project will improve learning outcomes for primary level students in Majuro, Ebeye and 2 outer atoll islands, namely Wotje and Jaluit -- reaching poor families and areas not usually reached through development projects. The project is consistent with RMI's national strategic development strategy, Vision 2018, which has a goal, to enhance school improvement process through provision of high quality education. Vision 2018 outlines ten national goals including (i) enhanced socioeconomic reliance; (ii) an educated people; (iii) a healthy people; (iv) respect for culture and traditions; and (v) environmental sustainability. The project is also aligned with: (i) ADB's Strategy 2020 which features education as a core area of operation, (ii) ADB's Approach to Assisting the Pacific (2010–2014) which features education as an operational priority (iii) ADB's Education Sector Operations Plan 2020 which highlights how education sector priorities will contribute to meeting the development challenges of innovation, inclusiveness, and integration in the region, to strengthen the human capital base.

RMI faces a major challenge is adjusting to the cuts in the United States Compact of Free Association grants which fund a majority of the countries' operating budgets in education, health, and infrastructure. Achieving long term fiscal sustainability when grants end in 2023 is critical, and governments is committed to a reform momentum and trying to stimulate growth. A young population in both countries presents a substantial potential labor force which must be capitalized upon to maximize potential growth.

In the absence of a formal poverty reduction strategy, assistance has not been targeted very well. With budgetary allocations totaling around 60% for the Ministry of Education and Ministry of Health sector, this is considered the government's default or general poverty reduction. Poverty reduction is included in the NSP structure under the Social Sector. With support from UNDP, the RMI National Strategic Plan (NSP) was completed in January 2014, endorsed by RMI Parliament in February 2014, and officially launched in August 2014 during the 2nd Development Partner meeting held in Majuro. The NSP includes and addresses formalization of a poverty reduction strategy.

B.   Poverty Targeting:

☒ General Intervention ☐Individual or Household (TI-H) ☐Geographic (TI-G) ☐Non-Income MDGs (TI-M1, M2, etc.)

The project will contribute to the improvement of learning outcomes for students in basic education, which will enhance their opportunities to succeed in later stages of education and benefit from economic opportunities and reduce poverty.

C.   Poverty and Social Analysis

1. Key issues and potential beneficiaries. An ADB Assessment of Socio-Economic Vulnerability in the Marshall Islands (2015) showed poverty incidence at 38.4% for basic needs at population level and 36.6% at the household level. Under the project, the living situation of the poor will change by having more access to better quality education services at the primary level. The foundation of learning that will be strengthened will allow for future development of young people who will be better able to continue their education careers and succeed in life and work. The project will also enhance school-parent/community partnerships, building more opportunities for families and community to have a voice in the quality of education services in their community. In rural/remote areas (i.e., outer islands), the project will (i) explore clustering trainings for teachers at central locations; (ii) building capacity locally of lead teachers from outer areas at central locations; (iv) explore usage of ICT as a way to facilitate access to teaching and learning resources and materials (i.e., reading materials).

2. Impact channels and expected systemic changes. The living situation of the poor will change by having greater access to better quality education services at the primary level. The foundation of learning that will be strengthened will allow for future development of young people who will be better able to persist and succeed in life and work. The project will also enhance school-parent/community partnerships, building more opportunities for families and community to have a voice in the quality of education services in their community. In rural/remote areas (i.e., outer islands of Yap), the project will (i) explore clustering trainings for teachers at central locations; (ii) building capacity

locally of lead teachers from outer areas at central locations; (iv) explore usage of ICT as a way to facilitate access to teaching and learning resources and materials (i.e., reading materials).

3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA will support 1-2 month's deployment of consultant to conduct poverty, social and gender assessments, including production of the SPRSS and Gender Action Plan. Reaching rural/remote outer areas should be a focus to ensure reach of traditionally excluded peoples.

4. Specific analysis for policy-based lending. N/A

III.   GENDER AND DEVELOPMENT

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

While no significant gaps exist in female enrollment to male enrollment ratios, the quality of education is low and testing indicates poor performance and net enrollment rates are around 90%. Despite this, the school system still graduates high percentage of students from the primary level and less from the secondary. In RMI, 39% of teachers lack the required two-year associate's degree to teach. Public expenditure on human development takes up the largest share of the national budget. The Ministry of Education and Ministry of Health allocations continue to total around 60% of the budget in FY2013 and this is considered the government's default or general poverty reduction strategy. These sectors receive the highest priority under the amended Compact. Recent analysis by the World Bank (Human Development Review) illustrates, however, that expenditures within health and education are highly imbalanced between primary and tertiary levels. For education, per capita spending is far higher for secondary and tertiary levels compared to primary. Significant inputs to health and education have failed to produce high quality outputs and outcomes due to poor allocations within each sector as well as overall inefficient management of resources.

RMI's score on the Gender-related Development Index in 2008 was 0.708, giving RMI an 8th place ranking out of the 14 countries in the Pacific, which is a relatively lower ranking than in 2002. The 2009 MDG Progress Report showed that female participation in wage labor has increased over time. In 1967 only 14.9% of females in the labor force were actively participating in some type of formal, wage labor. This rate essentially doubled by 1988, 1999 and 2011, reaching 30.5%, 30.3% and 35% in those years, respectively. While the trend is encouraging, between 1988 and 1999 there did not appear to be any growth at all. Despite the slight increase between 1999 and 2011, the 2011 RMI Census detailed report indicates that the RMI is a long way from achieving employment gender parity.

2. Does the proposed project or program have the potential to make a contribution 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   Please explain.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
☐ Yes   ☒ No   Please explain

4. Indicate the intended gender mainstreaming category:
☐ GEN (gender equity)   ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements)   ☐ NGE (no gender elements)

4.   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.

The main stakeholders are students, communities, education-oriented CSOs and CBOs, state and national government, and colleges/universities, and development partners. Consultations and information sharing will be conducted across stakeholders for inputs into priorities. Under output 4, related to strengthened school governance and management, the project will support work to strengthen partnerships between parents/community and schools. Engagement of CSOs and CBOs, including faith-based organizations, in education can help to increase parent involvement in schooling, awareness of education and its valuing, as well as build more transparency and accountability on school management. This work may be contracted to a local CSO or CBO but will be further explored during PPTA.

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?

Already referenced under output 4 (above), there is also room for more systemic involvement of parents and community in development of school improvement plans and focusing on activities to bring parents into schooling more. Such a focus can also improve learning and performance outcomes for students.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
(L) Information generation and sharing (L) Consultation   (L) Collaboration   ☐ Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? ☒ Yes   ☐ No
Logistical, transport and capacity development are challenges in the outer islands of these countries. This will need to be further explored under PPTA.

5. 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
There are no civil works under this project.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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
Under ADB regulations, there are no indigenous peoples in the target countries.
3. Will the project require broad community support of affected indigenous communities? ☐ Yes   ☒   No
See above explanation.
4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?
☐ Indigenous peoples plan   ☐ Indigenous peoples planning framework   ☐ Social Impact matrix
☐ Environmental and social management system arrangement   ☒ None

6. 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   ☐ Labor retrenchment
☐ Spread of communicable diseases, including HIV/AIDS   ☐ Increase in human trafficking ☐ Affordability
☐ Increase in unplanned migration   (L) 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? N/A

VI.   PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA 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 PPTA or due diligence?

A $500,000 PPTA (TASU funds) will allocate 1-2 person months of consultancy to further explore poverty, social and gender dimensions as preparations for the IQBE project.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	**Nature of Social Issue**	**Significant/Limited/ No Impact/Not Known**	**Plan or Other Action Required**
Involuntary Resettlement	The project will not have any involuntary resettlement issues since there are no infrastructure components.	No impact	☐ Full Plan ☐ Short Plan ☐ Resettlement Framework ☒ No Action ☐ Uncertain (A resettlement plan will be prepared if it becomes necessary after assessment under the PPTA)
Indigenous Peoples	The project will not impact any distinct and vulnerable indigenous peoples as defined under ADB SPS.	No impact	☐ Plan ☐ Other Action ☐ Indigenous Peoples Framework ☒ No Action ☐ Uncertain
Labor ☒ Employment Opportunities ☐ Labor Retrenchment ☐ Core Labor Standards	During project implementation, there will be some increased employment opportunities.	Little impact.	☐ Plan ☐ Other Action ☒ No Action ☐ Uncertain
Affordability	The project will have little affordability issues since it is a capacity building technical assistance project building human capacity. Some provision of IT equipment at schools may increase power usage, but the design will look into solar options for recharging.	Little impact.	☐ Action ☐ No Action ☒ Uncertain