

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Federated States of Micronesia	Project Title:	FSM/Palau ICT: Environmental and Social Safeguards (46366-001)
Lending/Financing Modality:		Department/ Division:	Pacific Department

### I. POVERTY ANALYSIS AND STRATEGY

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

As part of the Pacific Plan, the Pacific Regional Digital Strategy fully recognizes the important role of ICT in regional development. A Pacific ICT Ministerial Forum meeting in March 2006 endorsed the regional ICT priorities as (i) improving access to communication technologies through both cable and satellite technologies, (ii) reducing ICT costs, (iii) providing more bandwidth to the global ICT backbone technology, and (iv) strengthening ICT skills.

The Federated State of Micronesia (FSM's) Strategic Development Plan 2004-2023 is a national long-term growth strategy outlining the long term direction of the country. It focuses on four main objectives: (i) stability and security (ii) improved enabling environment for economic growth (iii) improved education and health status and (iv) assured self-reliance and sustainability. ADB's Country Operations Business Plan (COBP) 2014–2016 combines investments in renewable energy, transport, and sustainable tourism with technical assistance (TA) that is focused on safeguarding the sustainability of those investments, including support to human resource development. The COBP 2014–2016 for the FSM is consistent with ADB's Pacific Approach and Strategy 2020. The Strategy has three strategic agenda of: inclusive economic growth, environmentally sustainable growth, and regional integration.

The proposed project will contribute to poverty reduction in FSM by reducing the cost of communication for businesses and individuals and increase access to information and services essential for socio-economic development. It will contribute to improved efficiency and effectiveness of private sector activities as well as public services. It will also open up new opportunities for business activities such as business process outsourcing thus creating new employment opportunities. In addition, the project will enhance regional integration and cooperation by expanding regional communication network offering cheaper and better quality communications, which would encourage regional trade and regional public goods.

#### B. Poverty Analysis Targeting Classification: General Intervention

##### 1. Key issues.

From the 2013 Millennium Development Report, FSM is off-track on reducing poverty and maternal health (MDG 1 and 5 respectively). This is with evidence of growing hardship particularly in Chuuk where most people fall below the national poverty line (BNPL), stagnant private sector contributing little to job creation, and prevalence of underweight children have increased. Households falling below the poverty line not necessarily suffering from hunger but from poor diet practices and inadequate nutrition.

Under MDG 5, maternal deaths in FSM are declining but under-reporting is still widespread. Also skill birth attendance is a concern. Moreover, authorities recognize maternal mortality still being a problem. COFA grants prioritize spending on health while improving maternal health missing in national plan.

There are mixed results for MDG 2 for FSM (universal primary education). There is relatively high net enrolment and literacy rates. However, survival rate to the last grade declined but could be a result of outmigration. Chuuk and Kosrae States are most affected by emigration due to its poor economic outcomes. The decline in survival rate in Chuuk is related to outmigration. Data issues for Yap prevent proper analysis.<sup>2</sup>

During the safeguards team consultations in both Yap and Chuuk, poor internet connection was commonly cited as a major barrier for government services delivery including those from Governor's Office, Health and Education Department, private sector, non-government leaders including women and anti-human trafficking campaigners, teachers and students, community leaders including traditional chief of the proposed cable landing site. In particular students pursuing tertiary or higher qualifications in-country will benefit from faster internet speed and is expected

<sup>1</sup> 2013 Pacific Regional Millennium Development Goals Tracking Report, Pacific Islands Forum Secretariat, August 2013

<sup>2</sup> Ibid

to encourage more young people to pursue higher/relevant labor market qualifications without going overseas.

## 2. Design features

Through Yap's connection to international fiber optic hub in Guam and Chuuk's connection via spur in Pohnpei, the project will provide faster and reliable internet connections to Yap Proper in Yap State and Weno Municipality in Chuuk State. With faster and reliable internet connection, local people including low-income households, small and large businesses, and government institutions will have access to faster communications services enabling e-governance. Businesses will also benefit through efficient business operations and reduce operational and opportunity costs from slow and unreliable internet.

The project, through internet service providers, will also increase community awareness regarding internet safety controls such as filtering mechanisms and parental control devices by targeting new and young internet users.

During the safeguards team consultations, poor internet connection was cited as a major barrier for students and professionals pursuing tertiary or higher qualifications in-country thus faster internet speed may encourage more young people to pursue higher/relevant labor market qualifications without going overseas.

The project documents include pro-poor or poverty reduction measures to address poverty issues. The project's measures on poverty reduction measures include provision of work for unskilled and semi-skilled labor for local people in the project area whenever possible. Contractor(s) will be encouraged to employ local men and women in project activities. Low-income households in the project area, whenever possible, will be engaged in labor-based construction and/or maintenance work.

## II. SOCIAL ANALYSIS AND STRATEGY

### A. Findings of Social Analysis

**Key issues.** High cost and unreliable telecommunications and/or internet services contribute to hardship for the majority of the population and businesses operating in FSM particularly in Yap and Chuuk States. The project will provide a reliable, faster, and affordable internet by connecting FSM to the global internet hub thus will contribute to poverty reduction by improving communications speed to households that use telecommunications and internet services, improve access to basic services and economic opportunities. In addition, it will improve opportunities for rural and urban households to easily connect families particularly those overseas, improve delivery of key government services to the local population through distance education and e-health consultations, and increase e-marketing opportunities for young entrepreneur-minded and existing and new businesses.

**Overall Project Beneficiaries.** The primary beneficiaries will be the people of Yap and Chuuk, representing about two-thirds of FSM population, as well as businesses in these States who use telecommunications and internet services, as submarine cable will enable internet providers to provide improved internet speed at lower costs. Other primary project beneficiaries will include telecommunication operators and Internet service providers in Yap and Chuuk. With lower costs to provide services and facilitate competition in the market, businesses, in particular those related to tourism (diving for manta rays and Yap stone in Yap and WW II wrecks in Chuuk, etc), are expected to improve services and lower costs, thus creating additional employment opportunities particularly for lower skilled labor.

**Needs and constraints of beneficiaries in relation to the proposed project.** Faster speed, wider coverage, and lower costs were identified priorities by stakeholders from the project during social and safeguards consultations. Specifically, improved speed and wider distribution facilities and reduced end-user price are expected to increase usage by households particularly those in the rural areas.

### B. Consultation and Participation

1. Provide a summary of the consultation and participation (C&P) process during project preparation.

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**Yap.** Stakeholders consultation were held in Colonia in Yap State between 7-9 July and a public consultation held on 29 July 2014. **Chuuk.** A similar stakeholders' consultations were held in Weno in Chuuk State between 31 July – 7 August 2014 and a public consultation on 6 August 2014.

In Chuuk, government and non-government officials were interviewed by the team during consultations including key officials from the Governor's office, Lands Office, Environmental Protection Agency, and Education Department. Non-government organizations representatives including women's organization's representative, anti-human trafficking campaigner and private sector were also interviewed. The village chief of the proposed cable landing site

were also interviewed. Focus group discussions with Chuuk Government representatives including environment office and Governor's representatives as well as College of Micronesia faculty and administrative staff were held.

Following these interviews and focus group discussion, a public consultation was held on 6 August in Chuuk, attended by at least 15 state and community representatives. These included the Attorney General of Chuuk State, Speaker of the Senate and 3 other parliamentarians, private sector representatives, and representatives from women and anti-human trafficking group.

In Yap, similar to Chuuk, key government officials were interviewed by the safeguards team including the Governor, Lieutenant Governor, members of the Legislature, State Government agencies such as Department of Education and Health, women's and youth representatives, chamber of commerce and Lands Officer.

2. What level of C&P is envisaged during the project implementation and monitoring?

Information sharing  Consultation  Collaborative decision making  Empowerment

3. Was a C&P plan prepared for project implementation?  Yes  No

Consultation and participation plans are built in the projects' gender action plan (GAP). State Government, civil society and local communities will be consulted throughout the project cycle. Local communities including women's organizations will be continuously consulted during detail design, implementation and monitoring through key respondent interviews, focus group discussions, and community meetings.

### C. Gender and Development Gender Mainstreaming Category: Effective Gender Mainstreaming

**Key issues.** The 2012 FSM Gender Stocktake Report stated that although maternal mortality rates (MMR) have fallen significantly, FSM still has a relatively high rate of deaths and one of the highest in the Pacific region. The 2009 FSM MDG Report noted maternal mortality rate of 206 in 2003 (GoFSM and UNDP 2009). It also reports high teenage pregnancy rates. These issues are directly linked to low family planning coverage and the lack of access to reproductive health services. Teenage pregnancy is a major reason for girls dropping out of high school and college. Available data suggest that only 41 per cent of the population has access to an improved water source and about 45 per cent to improved sanitation (ADB 2010). Thus, this is of particular concern for women, both in terms of their role in food preparation and their hygiene.<sup>3</sup>

On education, FSM provides free and compulsory education from the ages of six to 14 years or to completion of the 8th grade. The figures from 2009 show near gender parity in access to education, with a ratio of girls to boys of 1:0.96 and 1:1.02 in primary and secondary levels respectively (FSM Office of Statistics 2010). FSM does, however, face challenges in improving the quality of education, retention rates and access in the outer islands (ADB 2003).

The 2008 FSM Statistical Yearbook (GoFSM 2008) highlights stereotyped fields of study at the tertiary level (predominantly boys in agriculture, computer information systems and marine science while girls dominate early childhood education courses). The lack of women in technical and professional positions in employment is reflective of this situation. Traditionally assigned gender roles limit girls' and women's choices in education and careers and have the effect of compelling women to assume the burden of household responsibilities.<sup>4</sup>

While women in FSM have decision-making powers anchored in their matrilineal heritage and play a key role in household and clan decision-making, they are severely under-represented in the political arena. In 2014, all governors of 4 FSM states are men, no female Congressional member with all 14 congressmen being males, and 6 of eight national department heads are men. There are no female representatives in the current Yap and Chuuk Legislature.<sup>5</sup>

**Gender role.** Among those who participate in the subsistence economy, gender is a major organizing influence in the division of labor. Women are the primary child-care providers and gardeners. They are responsible for many domestic chores including meal preparation and laundry. Women also harvest subsistence produce, weave mats, tend livestock, glean shellfish, and fish inshore. Men are the primary builders and carpenters. They do much of the heavy labor associated with subsistence horticulture and conduct the more dangerous fishing activities beyond the reef. High-status positions in religious and traditional hierarchies are primarily held by men, although women's church organizations provide a separate system of ranking among the women in some societies.<sup>6</sup>

<sup>3</sup> FSM Gender Stocktake Report, Secretariat of the Pacific Community, 2012

<sup>4</sup> Ibid

<sup>5</sup> FSM Government website

<sup>6</sup> FSM Gender Stocktake Report, Secretariat of the Pacific Community, 2012

Participation in the market economy has blurred the strict demarcation of gender roles associate with subsistence production. Across the FSM, 52% of females 15 years of age and older participate in the cash economy compared to 66% of males. Men still hold the higher status jobs in government, but the increasing frequency of female employment in the labor force often requires men to perform domestic tasks traditionally performed by women.<sup>7</sup>

With the exception of Yap and a few coral atoll societies in Pohnpei, Micronesian societies emphasize matrilineal descent. Women, therefore, are the channels through which identity, titles, land rights, and property are acquired. This provides women with a level of status that is not found in more patriarchal societies, allowing women to exercise considerable influence over the conduct of domestic affairs, and even the allocation of use rights to land. Men typically control the political and economic affairs in the public sphere and have ultimate authority over domestic decisions, but the complementarity of tasks provides males and females with valued roles in society. The shift towards a market-oriented economy, however, has unsettled traditional gender relations. In many societies, the patrilineal emphasis of Western cultures is eroding matrilineal inheritance.<sup>8</sup> This traditional role of men and women may explain the reluctance of women, and unwillingness of both men and women, to vote women in public office.<sup>9</sup>

From stakeholder consultations, mobile phones reportedly improved multi-tasking by women at home and at work. It also improved women's access (young and elderly) to family members within FSM but most importantly for family members and friends who live overseas. Moreover, it has also helped improve time management between home and work (rural women) and home in urban and rural areas. With access to faster and cheaper internet, it is expected to further improve people's opportunities to communicate their needs easily. With improved telecommunications and access points made available in communities, women can easily communicate with their counterparts in other areas without having to travel and incurring high expenses as well as relying on other people for information and transactions.

The key gender issues that the project will impact are (i) women's improve access to social services particularly through e-education and health as a result of improved communications services; (ii) employment opportunities for women in both project management and maintenance including creation of spin-off employment or business opportunities from fiber optic cable; (iii) capacity within State and National Project Management Committee, DTCLand/or MicroPalto mainstream gender in communications; (iv) mainstreaming of gender within DTCL human resource development strategy and plan; and (v) increasing awareness on internet security and safety among girls and women.

<b>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</b>			
<b>Issue</b>	<b>Significant/Limited/No Impact</b>	<b>Strategy to Address Issue</b>	<b>Plan or Other Measures Included in Design</b>
<b>Involuntary Resettlement</b>	The project (Yap and Chuuk) will not require land acquisition. It will utilize existing government lands. However, the land for the cable landing station (Chuukairport runway) is still to be fully paid by the State Government.	Option 1: Memorandum of Agreement (MOA) to be signed between the national, state governments and landowners who are keen for the fiber optic cable to come to Chuuk.  Option 2: Place the cable outside the airport runway along the existing easement.	<input checked="" type="checkbox"/> No Action
<b>Indigenous Peoples</b>	Social assessment has confirmed that		<input checked="" type="checkbox"/> No Action

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> <http://www.everyculture.com/Ma-Ni/Federated-States-of-Micronesia.html#ixzz3DVJB23nV>

	the local people in the project area do not meet the ADB criteria of Indigenous Peoples (distinctiveness and vulnerability).		
<b>Labor Employment opportunities</b> <b>Core labor standards</b>	Project is expected to generate minimal local employment opportunities e.g. maintenance and site security in the project sites during construction and operation but presents a capacity building opportunities for government and non-government related staff.	Limited	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
<b>Affordability</b>	Project will improve affordability through efficient service and possible reduction in service charges.		<input type="checkbox"/> Action <input checked="" type="checkbox"/> No action
<b>Other Risks and/or Vulnerabilities</b>	No potential risks are anticipated.	No impact	<input checked="" type="checkbox"/> No action
<b>IV. MONITORING AND EVALUATION</b>			
<p>The GAP will be implemented by SPV (Implementing Agency) and PMU which will recruit one international social/community development/ gender specialist (intermittent) and one national social/community development/gender specialist (intermittent). The international specialist will train/advise the national staff in developing gender awareness training and incorporating gender perspectives in MicroPal, FSM ICT Project Committee, and SPV corporate management and/or project plans. The specialists will be responsible for incorporating the GAP into project planning and programs, including awareness workshops and establishment of sex-disaggregated indicators for project performance and monitoring framework. The PMU will include reporting on progress of GAP activities in quarterly progress reports on overall project activities to the ADB and the Government.</p>			

Source: Asian Development Bank