



Federated States of Micronesia

**Fiscal Year 2008
Economic Review**

August 2009



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Office of Insular Affairs

**GS GRADUATE
SCHOOL**

PACIFIC ISLANDS TRAINING INITIATIVE
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CURRENCY EQUIVALENTS

Currency Unit — United States Dollar (US\$)

ABBREVIATIONS

ADB	—	Asian Development Bank
Amended Compact	—	Second phase of the Compact, FY2004–2023
BPS	—	Budget Preparatory Software
BSS	—	Basic Social Services
c.i.f.	—	Cartage, insurance and freight
CIP	—	Capital Improvement Project
Compact	—	FSM Compact of Free Association with the United States
Compact I	—	First 17 years of the Compact, FY1987–2003
CPI	—	Consumer Price Index
CTF	—	Compact Trust Fund
DEA	—	Department of Economic Affairs, FSM
DOI	—	Department of Interior, U.S. Government
EPIC	—	Economic Policy Implementation Council
ERP	—	Early Retirement Program
ESC	—	Executive Steering Committee
FDI	—	Foreign Direct Investment
FEMA	—	Federal Emergency Management Agency
FIAS	—	Foreign Investment Advisory Service
FMIS	—	Financial Management Information System
f.o.b.	—	Free on-board
FPA	—	Fiscal Procedures Agreement
GDP	—	Gross Domestic Product
GRT	—	Gross Receipts Tax
HIES	—	Household Income and Expenditure Survey
IMF	—	International Monetary Fund
MTN	—	Medium Term Notes (Compact-backed bonds)
NGO	—	Nongovernmental Organization
OCM	—	Office of Compact Management, FSM
OIA	—	Office of Insular Affairs,
PFTAC	—	Pacific Finance Technical Assistance Center
PIER	—	Pacific Island Economic Report
PMCB	—	Performance Management Capacity Building
PSDP	—	Private Sector Development Program
PSE	—	Public Sector Enterprise

PSRP	—	Public Sector Reform Program
SDP	—	Strategic Development Plan
SEG	—	Special Education Grant
SGS	—	Sustained Growth Strategy
TA	—	Technical Assistance
TRTF	—	Tax Reform Task Force
U.S.	—	United States
VAT	—	Value Added Tax
YSPSC	—	Yap State Public Service Corporation

NOTE

The Federated State of Micronesia government's fiscal year (FY) ends on September 30.

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FOREWORD

This report has been prepared to assist the Government of the Federated States of Micronesia (FSM) and U.S. Department of Interior to fulfill their respective reporting obligations under the Compact of Free Association with the United States. In the case of the FSM, the nation is required under Title One, Section 214, to report to the U.S. President on the use of sector grant assistance and on progress in meeting mutually agreed program and economic goals. In the case of the United States, under Title One, Section 104.h, the President is required to submit a similar report to Congress concerning developments in the FSM. The U.S. government also prepares a special review of the Compact during the fifth, tenth and fifteen years. The FSM is entitled to present its comments on the review; these are included with the annual report submitted to Congress in the subsequent year.

This report has been prepared under a grant from the Department of Interior and administered through the U.S. Department of Agriculture Graduate School. However, it is not intended to directly fulfill the reporting requirements of the two governments, but rather to provide an assessment of FSM economic performance and policy environment, as well as a set of economic statistics. Much of the material will be directly relevant to the two reports. However, the reporting requirements of the two governments are different; thus, not all the material will be relevant to both reports.

The report consists of two parts: a descriptive section of economic developments in the FSM and a discussion of policy developments, prospects, and issues. The descriptive section takes a standard macroeconomic approach and includes economic growth and employment, monetary developments and prices, the external sector, and fiscal developments. The policy discussion does not attempt a comprehensive policy review but rather focuses on key topical areas -- public sector reform, human resource developments, private sector development, and fiscal issues. A special section on the Compact Trust Fund is included, given the recent collapse of the U.S. stock market and its implications for the attainment of the objectives of the Trust Fund. A comprehensive set of economic statistics follows the descriptive and analytical sections. In this year's statistical appendix, special attention has been devoted to improving the balance of payments and to indicators of real Gross National Income and Gross National Disposable Income.

This report and statistical appendix have been prepared by a team: Mark Sturton, Ben Graham, Glenn McKinlay and Anna Lennblad. Mark Sturton, with support from Ben Graham, prepared the economic report, while Glenn McKinlay coordinated the statistics and was assisted by Anna Lennblad, who compiled the balance of payments. Fabian Niemea, Secretary of SBOC (the office of Statistics, Budget and economic management, Overseas development assistance, and Compact management) assisted in preparing the FY2008 economic report. Special thanks to Mathew Chigiya, Sancherina Salle, and Starla Mori of the Office of Statistics, who supported the team effort and provided critical

statistical information, and to Evelyn Adolph, Department of Administration and Finance, who provided important information on and insight into the tax reform initiative.

Mark Sturton

BACKGROUND AND SUMMARY

BACKGROUND

This review has been prepared to assist both the FSM Government and the United States in the fulfillment of their respective obligations under the Compact. In the case of the FSM, the amended Compact states, under Title One, Section 214, that:

“The Government of the Federated States of Micronesia shall report annually to the President of the United States on the use of United States sector grant assistance and other assistance and progress in meeting mutually agreed program and economic goals. The Joint Economic Management Committee shall review and comment on the report and make appropriate recommendations based thereon.”

The President of the U.S. is required to submit to the Congress a report on similar developments in the FSM. The U.S. government must also prepare a special review of the Compact during the fifth, tenth and fifteen years. The FSM is entitled to submit its views on the review; these are included with the annual report submitted to Congress in the subsequent year. Title One, Section 104.h, of the amended Compact contains the following requirement:

(1) REPORT BY THE PRESIDENT.—Not later than the end of the first full calendar year following enactment of this resolution, and not later than December 31 of each year thereafter, the President shall report to Congress regarding the Federated States of Micronesia and the Republic of the Marshall Islands, including but not limited to—

- (A) general social, political, and economic conditions, including estimates of economic growth, per capita income, and migration rates;*
- (B) the use and effectiveness of United States financial, program, and technical assistance;*
- (C) the status of economic policy reforms including but not limited to progress toward establishing self-sufficient tax rates;*
- (D) the status of the efforts to increase investment including: the rate of infrastructure investment of U.S. financial assistance under the U.S.-FSM Compact and the U.S.-RMI Compact; non-U.S. contributions to the trust funds, and the level of private investment; and*
- (E) recommendations on ways to increase the effectiveness of United States assistance and to meet overall economic performance objectives, including, if appropriate, recommendations to Congress to adjust the inflation rate or to adjust the contributions to the Trust Funds based on non-U.S. contributions.*

(2) REVIEW.—During the year of the fifth, tenth, and fifteenth anniversaries of the date of enactment of this resolution, the Government of the United States shall review the terms of the respective Compacts and consider the overall nature and develop-

ment of the U.S.-FSM and U.S.-RMI relationships including the topics set forth in subparagraphs (A) through (E) of paragraph (1). In conducting the reviews, the Government of the United States shall consider the operating requirements of the Government of the Federated States of Micronesia and the Government of the Republic of the Marshall Islands and their progress in meeting the development objectives set forth in their respective development plans. The President shall include in the annual reports to Congress for the years following the reviews the comments of the Government of the Federated States of Micronesia and the Government of the Republic of the Marshall Islands on the topics described in this paragraph, the President's response to the comments, the findings resulting from the reviews, and any recommendations for actions to respond to such findings.

The report is presented in two main parts: a review of economic developments and a section on policy developments, prospects, and issues. The report is intended as an economic review of the first five years of the amended Compact. However, a longer-term perspective has been taken, and the report includes material since the commencement of the original Compact, where such information will aid a more informed assessment. The content of the review of economic developments follows a standard macroeconomic approach and provides a discussion of growth and employment; monetary developments and prices; the balance of payments and external debt; and fiscal developments.

The policy, prospects, and issues part of the report covers a selected group of topical issues and is not intended to review the whole range of public and private sector policies. The first section starts with a discussion of the public sector reform and the question of whether the reforms initiated in the mid- to late 90s-remain in force. In particular, trends in public sector payroll are examined. The second section is devoted to issues of human resource development in health and education. The third section examines efforts to improve the environment for private sector development. The fourth is devoted to fiscal issues and covers attempts to reform and modernize the tax regime, as well as adjustments required to meet the conditions of the amended Compact; there is also a special section on the Compact Trust Fund. Its performance during the first five years of the amended Compact is reviewed, and the impact of the recent stock market crash and the FSM's capacity to attain the Fund's its objectives are analyzed. The review concludes with long-term prospects a comparison of recent performance with the "sustained growth strategy" adopted by the FSM at the Third Economic Summit.

SUMMARY

Since the introduction of the amended Compact in FY2003, the FSM has experienced a decline in economic activity in four out of the five years. The reduction in Compact resources, capacity constraints in fulfilling the new fiscal procedures, and the need to transition out the use of the capacity-building sector grant from general government operations have caused a significant reduction in economic activity. Real per-capita incomes have fallen from \$2,213 to \$2,115, a reduction of \$97. The fall in economic growth has been accompanied by a reduction in employment, by 1,039 jobs, or 6% of those em-

ployed. As incomes have fallen, the economy has failed to provide productive opportunities to the population, and outward migration has continued at 2.1% per annum. The reduction in Compact funding and the consequent difficulties in adjustment resulted in a significant fiscal deficit. However, since implementation of the adjustment measures, the fiscal deficit has been reduced to 1% of GDP, although the process is not yet complete. The FSM has maintained a favorable external debt position, which has eased its fiscal position.

The new sector-grant approach resulted in a system that provided sufficient funding to maintain the operations of education and health and some sectors of the economy but failed to support the ongoing needs of many government functions. In order to reduce the cost of adjustment, the U.S. permitted the FSM to utilize the capacity-building sector grant to fund general operations, provided that this practice would be transitioned out over a five-year period. In the initial years, adjustment was achieved without difficulty, but implementation of the transition in the final two years was a painful experience. Kosrae state leadership recognized the need for reform and adopted a strategy which focused on a reduction in force and loss of 110 state jobs. In Chuuk, a similar program, subsequently adopted, involved the loss of 317 public servants. Yap has postponed adjustment and has bridged the fiscal shortfall through drawdown of its investment. The FSM has focused on the implementation of revenue reforms and the adoption of a modern tax regime. These measures were intended to ease the adjustment to the amended Compact. However, progress has been painfully slow, and the new tax regime will not be in place before FY2011.

In 2004 the FSM convened the 3rd Economic Summit and adopted a strategy for sustained economic growth based on adjustment and reform. It rejected a “dismal” scenario that relied on the status quo and resulted in large outmigration. However, performance of the FSM economy currently places it firmly on the dismal trajectory; economic growth has been negative, and there has been large out-migration. The Summit focused on the need for private sector investment and reforms to lift growth. However, attention during the first five years of the amended Compact was necessarily directed towards adjustment to the new regime: tax reform and fiscal compression. While this process is still ongoing and will take several years to complete, the end is in sight. In the meantime, the FSM must return to the policy agenda initiated during the 3rd Economic Summit: implement the sustained-growth strategy and take measures necessary to encourage private sector development.

The design of the FSM Trust Fund — including the funding stream and withdrawal rules — embeds the notional goal of a Trust Fund that will be able, by FY2023, to provide a source of income to replace the real value of the Compact annual grant assistance. Notwithstanding the design features of the Trust Fund, the U.S. Department of State has articulated U.S. policy that there is no guarantee, nor even a commitment, that the Trust Fund will be able to meet such a goal. Thus, it is imperative that the FSM national and state governments make every effort to assess the Trust Fund’s performance against a

sensible goal. If it had maintained an on-track performance, the Trust Fund would have reached \$196 million as of March 31, 2009; however, the actual value was just \$103 million. To offset this shortfall, the investment return required for the remaining 14.5 years of the amended Compact period is estimated at an annually compounded rate of return of 13.6%. This catch-up rate of return is virtually unachievable, unless market returns exceed, by an extraordinarily large measure, the expected returns of the investment policy established by the FSM Trust Fund Committee.

REVIEW OF ECONOMIC DEVELOPMENTS

Growth and Employment

ECONOMIC GROWTH

1. Economic developments in the FSM economy have been dominated by the economic provisions of the Compact of Free Association with the United States and the financial arrangements prevailing in the original period (Compact I) FY1987–FY2003 and the amended Compact period FY2004–FY2023. The structure of Compact I economic assistance from FY1987–FY2003 was front-loaded, with two stepdowns after five and ten years, entailing a 15% and 22% reduction in base grant funding. The transfers were only partially indexed to U.S. inflation, resulting in a real reduction in resource flows amounting to an annual average decline of 4%. Provision was made for a further two years of funding through FY2003, but at the average level of funding during the first 15 years. The original Compact period thus incorporated three large distinct fiscal shocks and challenges to the economy: two negative ones requiring substantial downward adjustment and a third “bump-up” in resources requiring measures to limit unsustainable increases in public expenditures.

2. Economic developments since FY1995 are described in Table 1. From FY1995–FY2008, the economy declined by 0.1%, reflecting economic performance in each of the FSM’s four states. Growth in Chuuk and Kosrae recorded annual declines of -0.9% and -0.5%, with Pohnpei and Yap achieving positive but small rates of economic growth of 0.2% and 0.4%, respectively. Growth in the public sector reflected the economy at large, with both Chuuk and Kosrae recording negative growth, while Pohnpei and Yap achieved positive results. In all states, the private sector contracted during the period. Clearly, the public sector was the motor of economic growth, and the private sector failed to respond positively. The overall result is extremely disappointing: GDP growth declined, and the private sector contracted.

Table 1 Average real GDP growth per annum by state and economic sector¹

	FY1995-FY2008			2nd Step-Down FY1995-FY1997			Final Phase Compact I FY1997-FY2003			Compact II FY2003-FY2008		
	GDP	Gov	Private	GDP	Gov	Private	GDP	Gov	Private	GDP	Gov	Private
Chuuk	-0.9	-1.6	-2.0	-4.4	-5.1	-11.8	2.6	3.2	4.3	-3.5	-5.7	-5.1
Kosrae	-0.5	-0.7	-0.5	-3.0	0.3	-8.4	0.8	-0.4	2.5	-1.1	-1.5	-0.8
Pohnpei ²	0.2	0.5	-0.3	-7.1	-3.8	-7.8	1.8	1.7	-0.1	1.4	0.9	2.6
Yap	0.4	0.3	-0.5	0.8	-0.7	3.2	1.8	-0.6	1.9	-1.3	1.9	-4.8
FSM	-0.1	-0.7	-0.2	-4.6	-6.9	-3.4	2.0	1.6	1.7	-0.8	-0.9	-1.2

Notes 1 Growth rates annual averages based on period end points.
2 Pohnpei inclusive of national government.

3. The period FY1995-FY2008 comprises three separate intervals: (i) the impact of the second step-down, FY1995–1997; (ii) recovery and the final phase of Compact I, FY1997–2003; and (iii) the first five years of Compact II, FY2003–2008. The second step-down of Compact I in FY1997 was large and required a painful adjustment. Supported by an ADB Public Sector Reform Program Loan, an Early Retirement Program (ERP) was initiated to reduce the number of public servants to an affordable level. By loan close-out in December 1999, the work force had been reduced by 23% against a target of 27%, and the wage bill had been cut by 29% against a target of 35%, through reductions in the number of hours in the work week. While not fully meeting the targets, the program was successful in terms of fiscal adjustment and avoided a potentially destabilizing financial situation. Balance with respect to recurrent operational expenditures was restored by the end of FY1998. Predictably, the adjustment required to restore balance after the second step-down had a significant impact on the economy. The government contribution to GDP declined by an average annual rate of 6.9% between FY1995 and FY1997, while total GDP fell at an annual rate of 4.6%. The private sector was strongly affected and declined by 3.4% annually over the period.
4. While the second step-down in Compact funding imparted a significant downward shock in FY1997, the economy recovered some of the lost ground in the following two years, through the end of FY1999, despite poor fiscal management and increasing expenditure overruns in Chuuk State (Fig. 1). From the start of FY2000, with adjustment to the second step-down complete and the Chuuk crisis resolved, the FSM economy performed adequately through the end of the Compact I period. During FY2002 and FY2003, the economy continued to expand, benefiting from the infusion of the bump-up funds, despite the U.S. requirement that the FSM set aside \$30 million of the additional resources for contribution to the CTF. Overall, during the final period of Compact I from FY1997-FY2003, the economy grew by 2.0% per annum, with an expansion in the public sector of 1.6% per annum, and an annual average private sector growth of 1.7%.
5. Fig. 1 describes economic developments during the first five years of the amended Compact period, FY2004-FY2008. After growth in FY2002 and FY2003, boosted by the infusion of the bump-up funds, the economy went into recession in FY2004, as the level of Compact receipts fell to the new, lower negotiated levels. This was a reduction from \$84 million (the Compact I level without bump-up) to \$76 million. Projections in the Strategic Development Plan (SDP) had anticipated a reduction in GDP of 6%, but the actual outturn reveals a decline of 3.6%. The transition to the amended Compact thus turned out not to have been as severe as anticipated. A major component of the impact was the loss of the energy subsidy, no longer available under the amended Compact in those states that had failed to operate their utilities on a cost recovery basis. Yap suffered from the impact of Typhoon Sudal (April 2004), which significantly depressed output. The outturn in FY2004 further reflects a variety of Compact implementation issues which reduced the absorptive capacity to effectively utilize the available resources.

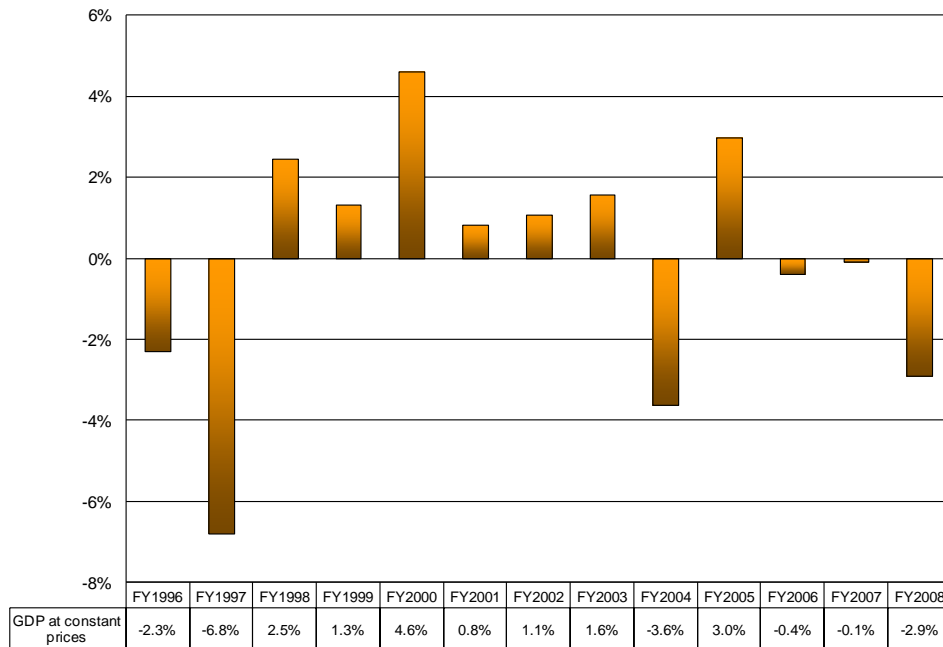


Figure 1 GDP at constant prices (% annual change)

6. The inability of the FSM to establish a satisfactory mechanism for the disbursement of the infrastructure grant resulted in only \$14.6 million of \$106.5 million, or 14% of available funding, being utilized between FY2004 and FY2008. Absorptive capacity constraints also prevented the FSM from initially making full use of the five operational grants. Of the total budget of \$59 million in FY2004, the FSM was unable to expend \$6.9 million. However, by FY2006, capacity constraints in the use of the five operational grants had been largely overcome. The economic impact of the failure to fully use the amended Compact resources was not as pronounced in FY2004 as the figures would suggest; this fact reflects the historically low level of absorptive capacity, which represents a potential that has perhaps not been fully realized. On the positive side, the inability of the FSM to use the infrastructure grant, amounting to 30% of available Compact resources, represents the potential for economic expansion in the future, once implementation issues have been resolved.

7. Fig. 2 provides further information on recent economic developments by sector and depicts the sustained stagnation in the economy since FY2003. While the SDP had envisaged a short adjustment to the new environment of the amended Compact and a return to economic growth from FY2005 onwards, the FSM economy has contracted in all but one year since FY2003, and GDP has fallen by 4.1% overall, or an annual average of 0.8%. The public sector indicates continuing decline, resulting from the reduced levels of funding under the amended Compact, and phase-out, since FY2006, of the use the capacity-building sector grant to fund non-conforming purposes. A very significant decline is estimated for FY2007 and FY2008, based on reduced levels of public expenditures in

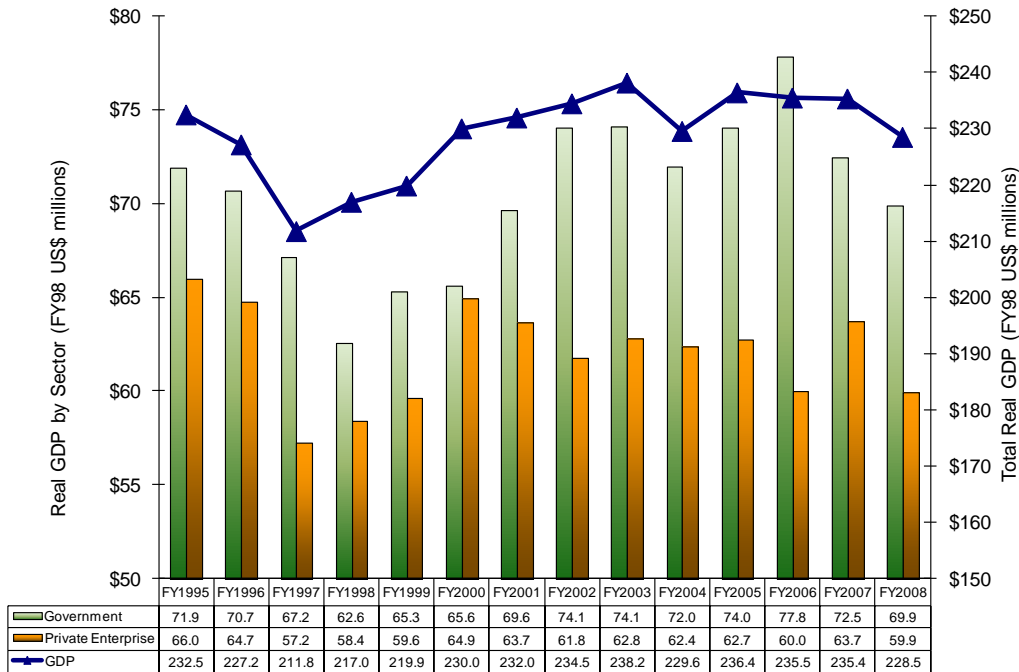


Figure 2 FSM constant price GDP by sector (FY2004 prices, US\$ millions)

Chuuk and Kosrae, as the two states underwent painful reductions in public sector payrolls. Private sector activity has also been weak, reflecting reduced demand from the public sector, and recorded an annual rate of decline of 1.2% since FY2003. While there have been some positive developments in the fisheries sector, the international recession in FY2008 had a negative impact on the local economies. Overall economic performance since the commencement of the amended Compact has been poor, reflecting Compact implementation problems and lack of a positive response from the private sector.

STATE ECONOMIC DEVELOPMENTS

Chuuk State

8. Economic developments in Chuuk have been characterized by cycles of weak financial management followed by periods of fiscal stabilization and adjustment. The fortunes of the private sector have risen and fallen in tandem (Fig. 3). In FY1996, at the height of a period of poor fiscal management, the state had run up large arrears with domestic and international vendors and failed to make allotments on public servant payroll. Debts of over \$17 million were accumulated—equivalent to 30% of state GDP. However, in late FY1996, the state initiated a recovery program, with conditioned financial support from the National Government. That program, coupled with the Early Retirement Program and reduction in the biweekly pay period to 64 hours, rapidly reversed the adverse fiscal position. By the start of FY2000, the state had repaid essentially all of its recorded arrears and was running a significant structural surplus in its recurrent operations.

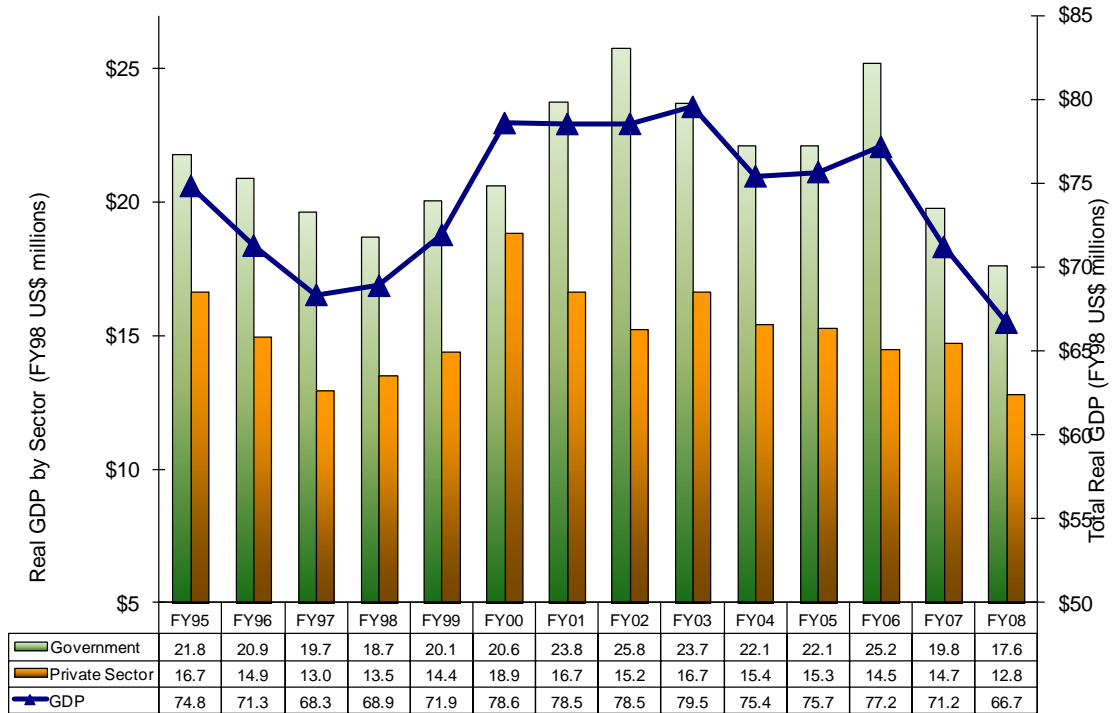


Figure 3 Chuuk State constant price GDP by sector (FY2004 prices, US\$ millions)

9. The return to fiscal discipline in Chuuk lasted only four years. The state’s fiscal position deteriorated rapidly as a result of the elections in March 2001, revenue overestimation based on stock market trends in the late 90s, return to an 80-hour pay period in FY2001, uncontrolled off-island medical referrals, and a significant increase in hiring of contract workers. During FY2002, the state again failed to make allotments on its public servant payroll, essentially defaulting on approximately 60% of employee deductions to vendors, banks, the FSM tax authority, and the Social Security Administration. As the crisis broke, it was estimated that the state had again run up arrears of \$9 million, compounded by as much as \$6 million owed to complete the land purchase agreements entered into without adequate authorization and appropriation.

10. At the start of the amended Compact in FY2004, the Chuuk economy fell by a substantial 5.2%, reflecting a variety of factors. First, the state had to adjust to the reduction in Compact transfers after the “bump-up” funds ran out in FY2003. Second, FY2003 had been an unusual year, resulting from the stimulus to economic activity from Typhoon Chata’an. In FY2004, the state did not benefit from the additional resources, and economic activity declined. Third, the amended Compact entailed a loss of the energy grant, which resulted in reduced public enterprise value-added. Finally, the state continued to suffer from the financial crisis, and delays in vendor payments adversely affected private sector profitability.

11. In FY2005, economic activity remained largely stagnant, and state GDP rose by 0.3%. Utility prices were raised from the average FY2003 level of ¢16 to ¢25 to restore profitability after the loss of the energy grant, but the sector continued to be plagued by inefficiencies and power outages. After several years of very low inflation in the early 2000s, the state Consumer Price Index (CPI) increased 3.5% and 3.3% in the first two years of the amended Compact. In FY2006, under a new administration, the state payroll expanded by 20%, and the bi-weekly wage cost rose by 15%. With continued pressure on the utility corporation due to increasing world energy costs, electricity prices averaged ¢31 during the fiscal year, and the state CPI rose by 5.5%. With an unsustainable expansion in public expenditures, fiscal stability came under severe pressure, and arrears mounted. While the public sector performed strongly, growing by 14% because of the additional payroll, the private sector contracted by 5% as the crisis hit. Overall state GDP grew by 2.0%.

12. In FY2007 and FY2008, the state was required to phase out the remaining use of non-conforming activities from the capacity-building sector grant. While at the start of FY2007, the state had been slow to respond credibly to the imminent crisis, state leadership convened a conference to adopt a comprehensive adjustment package. A Reduction in Force (RIF) was the main component of the adjustment, and the state targeted a reduction of 375 positions. A compensation package equivalent to one year's salary, funded with a grant from the U.S, was paid to the terminated workers. FY2007 was not a good year for the state economy, and GDP fell by 7.7%, reflecting a 22% reduction in government GDP. The private sector managed to hold its own and avoid any compensatory fall. By FY2008, the full impact of the RIF had worked its way through the economy, and a final reduction of 317 positions was achieved. While state government GDP fell by 11%, the private sector also fell by 13%, reflecting the impact of the world economic recession on rising prices, as well as reductions in real incomes and demand.

13. As Fig. 3 indicates, the first five years of the amended Compact have not been kind to Chuuk state. Overall economic activity has contracted 16%. However, while the state has gone through hard times and has accumulated a significant debt that will be difficult to service or liquidate, the fiscal position is now in balance. If the state can avoid repetition of the usual cycle of boom and bust and put the hard times behind it, there is potential for improved economic performance.

Kosrae

14. Of all the FSM states, Kosrae is the most dependent on public sector activity and has only a very small private sector. In the late 1990s, the state underwent a severe contraction as it was forced to shed personnel and adjust to the second stepdown in Compact funding; both private and public sectors were adversely affected (Fig. 4). However, while the state achieved the ERP targets set in the PSRP, the gains were eroded through increases in wages. In FY2002, Kosrae opted to draw down its share of the bump-up funds for public expenditures, and the biweekly payroll was increased from 56 to the former level of 64 hours. Both wage rates and the wage bill had risen to levels above those pre-

vailing before the reforms, despite the fact that the number of public servants was 14% below the FY1995 level. While state GDP in FY2002 had returned to the level prevailing in FY1996, buoyed by unsustainable fiscal policy, this rebound was to be short-lived. In FY2003, the state was required to make provision to set aside an amount greater than the one-year level of the bump-up funds to contribute to the amended Compact Trust Fund. As a consequence, the state economy contracted by 4.5%, with declining output in both public and private sectors.

15. Economic performance during the first three years of the amended Compact exhibits a generally similar trend. Output in government remained relatively constant, as the state delayed implementation of the adjustment required to phase out non-conforming uses of the capacity-building sector grant. However, the loss of the Compact I energy sector grant and rising world fuel prices during the period had a strong impact on the utility and public enterprise sector. Public enterprise GDP fell by 20.5% over the three years. Between the end of 2004 and end of 2008, utility prices were trebled to compensate for the loss in the energy grant and to restore viability in the sector but at the current average of ¢23 a unit in FY2008 remained well below cost. Reflecting these changes, the energy section of the CPI rose by 95% in FY2006, while the overall CPI increased by 8.6%. The impact of higher prices during this period, along with the lower rate of Compact transfers, reduced demand for the small private sector, which contracted by 7.3%. Overall the Ko-

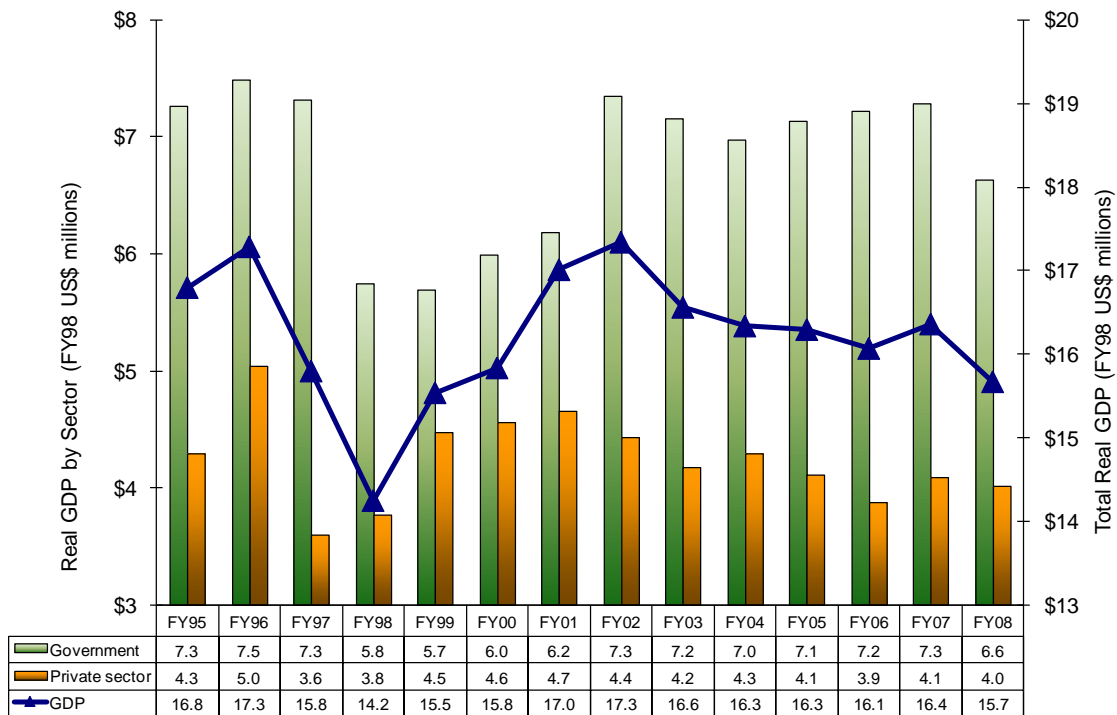


Figure 4 Kosrae State constant price GDP by sector (FY2004 prices, US\$ millions)

srae economy went into a gradual decline during the first three years of the amended Compact and fell by an annual average of 1.0%.

16. By FY2007, postponement of the phase-out of the use of the capacity-building sector grant for non-confirming purposes could no longer be deferred. Sustainability of the level of public expenditures attained in the bump-up years was no longer tenable, and the state was confronting imminent collapse in the run-up to the FY2008 budget. However, in a leadership conference in mid- 2007, the state decided to remedy the deteriorating fiscal position by implementing an adjustment program, cutting expenditures, and raising revenues. Supported through a retirement package equivalent to one year's salary and funded through a U.S. grant, the state was able to implement a RIF of 110 positions. The impact of the salary payout was to stimulate private sector demand, and with the majority of the impact of the RIF still to come in FY2008, the economy grew 1.8%. In FY2008, the state felt the full impact of the RIF, and the public sector contracted by 9%. Reflecting the impact of the reduced level of public sector demand and the onset of the world recession, private sector activity fell by 2.0%. Overall, the economy contracted by 4.2%.

17. As with Chuuk, the first five years of the amended Compact have not been kind to Kosrae; GDP fell by 5.4% over the period. However, unlike Chuuk, the state did not make not all the adjustment necessary to achieve fiscal balance, and as it entered FY2009, only the first nine months of expenditures were budgeted against revenues for the entire year. While a series of measures has been proposed to keep the state finances afloat for both FY2009 and FY2010, these generally fail to address the underlying deficit and the adjustment that is still required to restore fiscal balance.

Pohnpei

18. Pohnpei state experienced a substantial reduction in economic activity subsequent to the second stepdown, and state GDP declined by an annual average of 5.8% over the FY1995–FY1997 period (Fig. 5). The state maintained a prudential fiscal policy, and economic activity rose by an average annual 1.4% from FY1997–FY2001, as the economy achieved a slow but steady rate of growth. In FY2002, growth was strong, and state GDP grew by 4.7%, as the state fully utilized the available bump-up funds and benefited from an additional increase in resources after the final repayment of the Medium Term Notes (MTN) in FY2001. (In the early 1990s, the state had issued a series of MTNs, or Compact-backed bonds, to fund investment in public enterprises.) In the final year of Compact I, FY2003, economic forces were mixed. The state legislature opted to fully fund a return to an 80-hour pay period so as to stimulate economic activity (government GDP grew by 5.6%), but it also committed to fully meeting its contribution to the Compact Trust Fund in only one year rather than setting aside the additional bump-up funds over two years. This sterilized and offset the impact of the return to the 80 hours, and the private sector contracted by 2.0%. Overall the economy recorded an increase of 0.6% in FY2003.

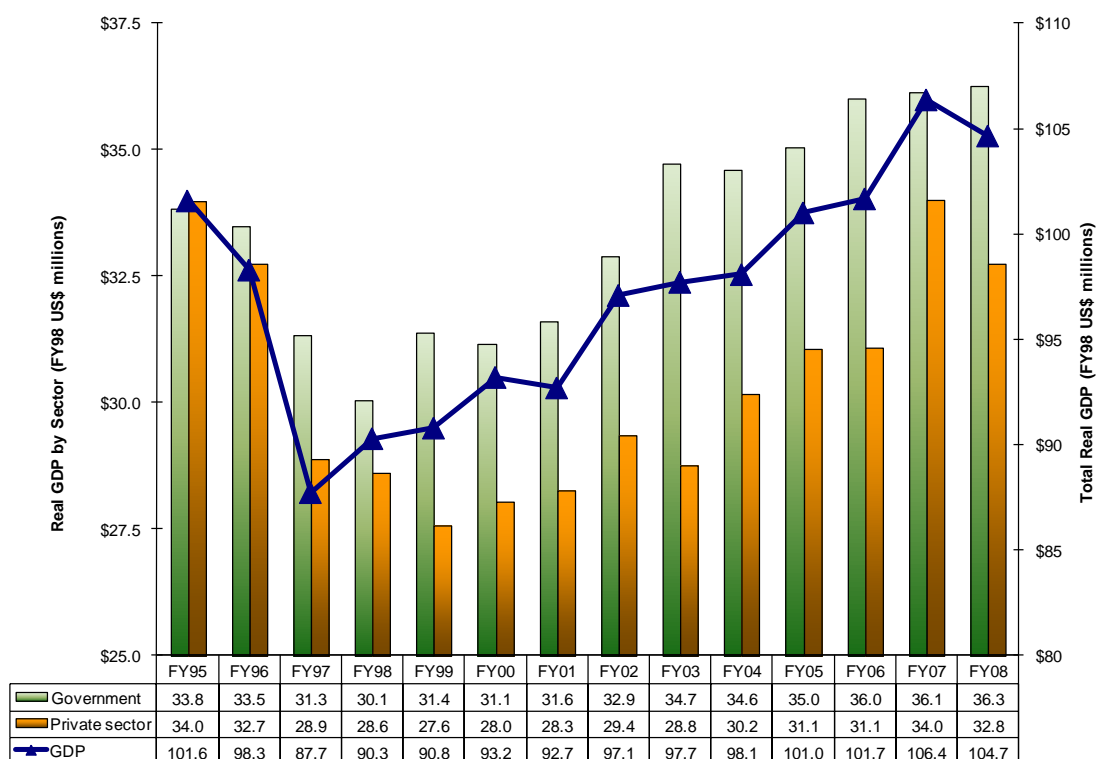


Figure 5 Pohnpei State constant price GDP by sector (FY2004 prices, US\$ millions)

19. Perhaps surprisingly, the Pohnpei economy weathered the implementation of the first year of the amended Compact without any undue adverse impact, and GDP grew slowly, by 0.4%. Unlike Chuuk and Kosrae, Pohnpei had transitioned the use of the energy grant from subsidizing utility prices in the mid-1990s and thus avoided the associated reduction in public enterprise value-added. However, increases in tariffs from $\phi 21$ per unit in FY2004 to $\phi 43$ in FY2008 were required to compensate for the increase in world fuel prices. Pohnpei state hosts the national government, which was largely unaffected by the decline in Compact resources. The more developed nature of the state economy and the higher revenue effort meant that the state was able to make the adjustment to the new Compact regime without suffering the negative impact of the transition to a sector-grant approach.

20. In FY2005 and FY2006, the economy grew by 3.0% and 0.7%, respectively, reflecting a positive outcome in most sectors. In FY2007, the state economy prospered and grew by 4.6%, reflecting a variety of factors. The public enterprise sector grew strongly, the result of good conditions for the state owned fishing enterprise and Ports Authority. Aided by the operation of the previously state operated fishing loining plant by a private sector fishing enterprise based out of Pohnpei, the private sector also experienced strong growth. Public investment demand was also strong, with the construction of the new state government administrative complex and airport runway improvements. In FY2008, the economy experienced a poor year, with the onset of the world recession, and GDP con-

tracted by 1.6%. The year was less favorable to fisheries, and both the private and public enterprise sector contracted.

21. Unlike Chuuk and Kosrae, the experience for Pohnpei was more favorable, and the economy expanded by an annual average of 1.4% during the first five years of the amended Compact. The state had already made the adjustment to the loss of the Compact I energy grant and was not required to phase out the use of the capacity-building sector grant from non-conforming purposes. The state was thus much better prepared to make the adjustment to the amended Compact sector-grant approach.

Yap

22. Yap displays a markedly different pattern from her sister states (Fig. 6). While the state underwent a public sector contraction similar that of to the other states after the second step-down, the private sector managed to remain buoyant and assisted the state in maintaining positive GDP growth through the end of Compact I. GDP averaged an annual growth of 1.8% during FY1995-FY2001. While it is difficult to attribute success to any one particular factor, Yap maintained stable fiscal policies and perhaps a more *laissez-faire* policy environment. The state achieved a good outcome in the PSRP, meeting its ERP targets and achieving the cost-savings anticipated. These policies were maintained through the end of the original Compact period, and the state avoided the temptation to utilize the bump-up funds to temporarily inflate public expenditures.

23. The advent of the amended Compact in FY2004 saw a significant 10.4% reduction in the state economy, although this was largely due to the impact of Typhoon Surala rather than any negative adjustment to the new regime. During Compact I, Yap pursued a very conservative fiscal policy, largely under-spending the available resources and accumulating the savings in substantial reserves. While these policies served the state well, the rules of the amended Compact did not permit savings of unspent resources. In FY2004, at the start of the amended Compact, the lack of absorptive capacity resulted in the state spending only \$6 million of the available \$10 million, and government value-added fell by 2.8%. Reflecting the impact of Typhoon Surala, the private sector contracted by 5.4%, and subsistence production for own consumption fell significantly because of the destruction of crops. Yap, like Pohnpei, had also transitioned out the use of the energy grant to subsidize utility prices. However, the state continues to maintain a sizeable array of public enterprises, and in FY2004, reduced profitability in the fishing sector contributed significantly to the reduction in GDP.

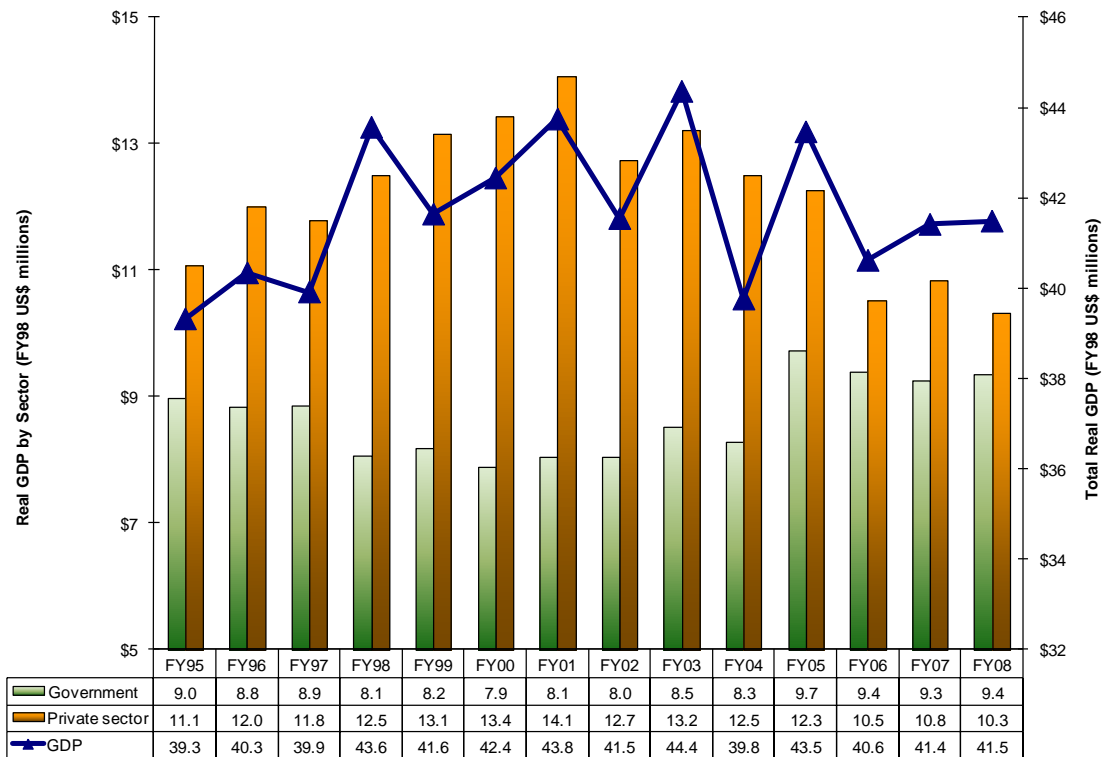


Figure 6 Yap State constant price GDP by sector (FY2004 prices, US\$ millions)

24. In FY2005, the economy rebounded strongly by 9.3%, fueled by the infusion of FEMA funds to support rehabilitation and reconstruction. Despite significant additional demand for private sector services and the construction of the Southern Road system, closure of the two garment factories resulted in a 1.9% contraction in private sector activity. Additional funds from FEMA and improved capacity utilization of the Compact sector grants enabled the public sector to grow by 17.3%. A return to normal climatic conditions also enabled subsistence production to resume prior levels of output. As in the other states, inflation also picked up in Yap, and the CPI increased by 3.3%, the result of higher food prices, higher world fuel prices, and general increases in prices.

25. In FY2006, economic activity fell by 6.6%, reflecting the reduction in FEMA funding that had artificially boosted output in the previous year. As a result, both the private and government sectors contracted substantially. The state-owned fishing enterprise also suffered a significant reduction in operating surplus, and public enterprise output fell by 29%, although the overall contribution to GDP for this sector is small. Economic developments in FY2007 and FY2008 were less volatile, and GDP grew by 2.0% and 0.2%, respectively. In both years, fishing conditions proved favorable, and the public enterprise sector showed strong growth.

26. In FY2008, the state legislature overruled the imposition of a variable fuel charge enacted in FY2006 to cover increases in costs of the Yap State Public Service Corporation (YSPSC). From an average level of ¢13 per unit in FY2004, prices had risen to ¢31 in FY2007, but due to enactment of the new law, the Corporation was forced to return average prices to ¢27 in FY2008. As a result, the YSPSC was forced into a dire financial position, and went from being one of the most efficient utilities in Micronesia to running the largest deficit in the region. In FY2007, gross revenues were \$5 million, with costs of an equal amount. By FY2008, the utility was forced to repay \$3.1 million in revenues to customers and recorded an operating loss of \$5.7 million. While the changed financial position of the YSPSC had no impact on the GDP figures for FY2008, the state was unable to escape the onset of the world recession, and the private sector output contracted by 4.7%.

27. Like Chuuk and Kosrae, Yap initially funded a significant proportion of general government from the capacity-building sector grant. However, in FY2006, the state decided to draw on its substantial investments to fund these activities. The recent adverse developments of the YSPSC have compounded the state's problems. While the use of Yap's carefully accumulated resources to fund public sector operations and subsidize utility prices avoids the need for immediate adjustment, this solution is not viable in the longer term. Yap was a state with an enviable fiscal record, but recent developments have necessitated some hard decisions that require a strong leadership response. The YSPSC must be allowed to re-instate a financially sound pricing policy, and the state needs to consider options for financing government operations without drawing on its reserves.

THE STRUCTURE OF THE ECONOMY

28. The state's economy is dominated by a large public sector, with a dependent private sector producing non-traded goods and providing services to the government and its employees (Fig. 7). During the first half of Compact I, the share of the private sector expanded by 1.7%. This reflected the development of a modern cash economy at the onset of the Compact and the subsequent reduction in government due to the second step-down. During the second period — the first five years of the amended Compact — the share of the private sector grew by another 1.6%. This reflected the further reduction of the public sector due to the RIFs in Chuuk and Kosrae in FY2007 and FY2008, the virtual elimination of many public sector fisheries ventures, and transfer of certain fisheries assets to the private sector. However, while the trends of increasing private and falling public sectors are desirable, they represent for the most part reductions in the public sector rather than increased private sector development.

29. The share of government has declined significantly, by 9.1%, since the beginning of Compact I. This reflects three major forces: (i) a reduction in the size of government due to the lower levels of Compact assistance after the second-stepdown; (ii) the restructuring of the public sector through the creation of Public Sector Enterprises (PSE); and (iii) adjustments required to conform to the new structure of Compact II. The increase in PSEs of 5.7% in the initial period reflects the creation of utility services in power and tel-

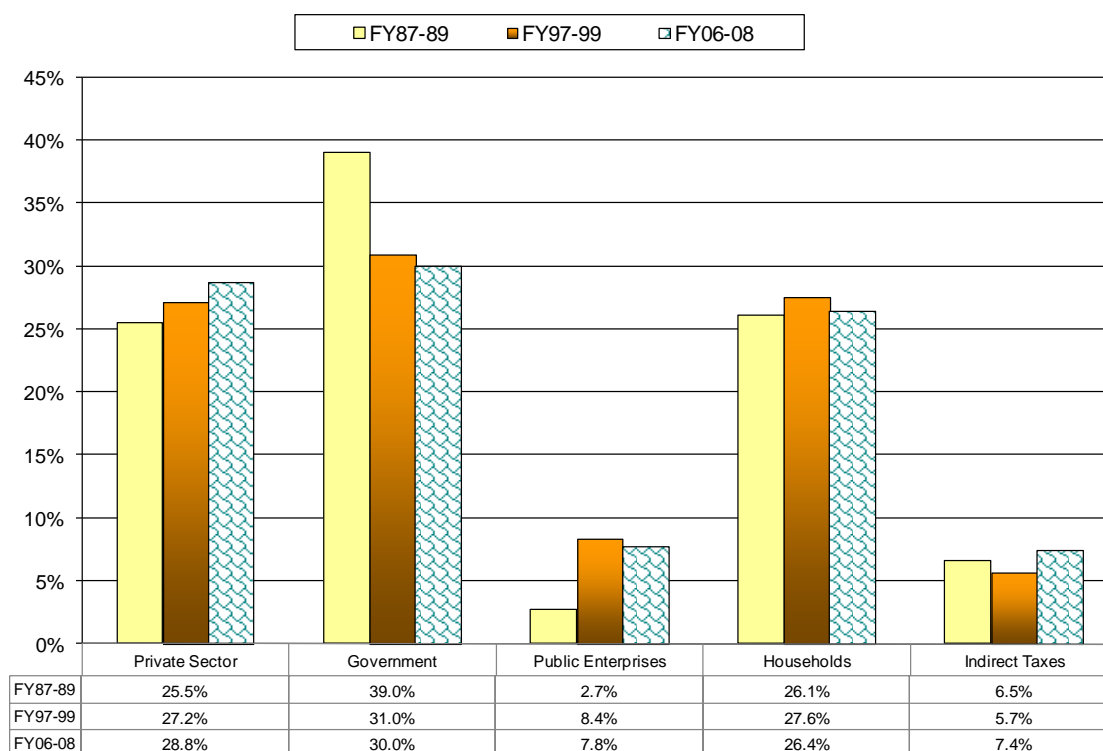


Figure 7 The institutional structure of the FSM Economy (%)

communications, as well as the creation of fishing enterprises. By the mid-90s, the growth in PSEs had largely run its course, and inefficient fisheries enterprises are now mostly defunct or operated by the private sector. The result has been a 0.6% reduction in the share of the PSEs since the late 90s. Overall, combining government and the PSEs, the contribution of the public sector at large has fallen by 4% since the beginning of the Compact.

30. In addition to the private and public sectors, households and indirect taxes form a significant proportion of economic activity. The household sector represents the production of non-marked goods and home ownership and has maintained a largely constant share of GDP. While a reduced share would reflect a growing economy, the weak economic performance has left household production for own consumption as a major source of household resources. The share of indirect taxes increased, from 6.5% of GDP during the initial phases of the Compact to 7.4% during the last three years (the dip in FY1997-1999 reflects the weak level of demand during a period of fiscal adjustment). This development reflects two trends. First, reform of the national customs tax regime under the PSRP broadened the tax base, through subjecting all sectors in the economy to the same tax rates, and changed the evaluation of duties from an f.o.b. to a c.i.f. basis. Second, indirect tax rates at the state and national levels rose through the period to offset declining Compact revenues.

SECTORAL DEVELOPMENTS

31. Data on the primary economic sectors of the FSM are weak: there are no indicators on agricultural production, there is limited information on agricultural exports, and fisheries information is poor. In agriculture, subsistence activities make a substantial contribution to GDP, while production for either the domestic or export market is surprisingly small. The perception persists among local growers that returns from agriculture are low and slow to materialize compared with other activities such as fishing, tourism, non-traded services, and government employment. Compact assistance has exerted upward pressure on wages, turning the terms of trade against agriculture and making agricultural production unattractive. Copra production, as in many other Pacific Island nations, has all but disappeared because of inefficiencies and low prices, but profitable export opportunities exist in other niche agricultural products.

32. With the vast marine resource falling under FSM jurisdiction, it might be anticipated that fisheries would be a well-developed sector making a significant contribution to GDP. However, the sector has failed to achieve the anticipated growth. In the early 1990s, in an attempt to develop the economy, the FSM embarked on a strategy of substantial public sector investment in fisheries facilities and enterprises. Joint ventures with foreign partners in purse seine fishing operations were initiated in Chuuk, while similar but direct public sector investment in Pohnpei and Yap was undertaken. Investment in freezing, storage, and transshipment plants was undertaken in all four states, along with air shipment of sashimi-grade tuna to Japan by the national government. A long-line fishing company, the Micronesian Long-line Fishing Corporation, was set up with ADB loan finance for eventual sale to the private sector but subsequently filed for bankruptcy and liquidation and no longer exists.

33. However, none of the fisheries enterprises remaining in the public sector has achieved profitability. In most cases, the operations are either defunct or operating with continuing losses. While there is awareness that the public sector should not be involved in the productive sectors of the economy, only recently have two public sector enterprises in the fisheries sector been transformed. The national government divested its ownership shares in the Caroline Fisheries Corporation, and 60% of the enterprise is now owned by a private foreign investor. The Pohnpei Fisheries Corporation has also been leased to a private foreign investor, although the assets remain under public ownership. It has yet to be proved, however, with the many existing structural impediments and high cost factors, that the FSM has a long-term comparative advantage in fishing. The main benefit of the resource has been the annual rents earned from fishing access fees that make a substantial contribution to national government revenues. From the high levels received during FY1994–FY1996, when fishing royalties averaged \$21 million per annum, receipts averaged \$15 million during FY2005–FY2008.

34. Fig. 8 indicates recent trends in the FSM tourism industry. As with neighboring tourist destination economies, the Asian crisis in the late 90s had a significant negative impact on FSM tourism. From a level of 18,305 arrivals in FY1996, visitor arrivals

slumped in FY1998 to 14,526, reflecting a downturn in Japanese and Asian tourists. The tourism industry began a slow recovery in the subsequent years and has achieved an average annual growth rate of 4.3% since FY1996, with 22,103 visitor arrivals in FY2008. Surprisingly, the events of September 11 did not adversely affect FSM tourism, and numbers actually increased in FY2002. While the performance of the sector has been lackluster, it is well below the potential for an industry designated as a – if not the – major growth sector of the FSM economy.

35. Many factors currently hinder development of a vibrant tourism industry. The Private Sector Development Program (PSD) initiated with ADB loan finance was intended to rectify many of the weaknesses. The climate for foreign direct investment was streamlined during the Public Sector Reform Program (PSRP), and additional improvements were carried out during the PSD. However, further reform must be completed before an attractive climate for private sector investment is established. The recent changes to Pohnpei's foreign investment law to reserve investment in tourism for Pohnpeians will inevitably negatively impact tourism development. Difficulties in obtaining secure long-term land leases are also an impediment. Hotels currently operate at low capacity levels, but many of the facilities offer a standard of accommodation that is unattractive to international travelers. Reliance on a single carrier operating high-priced flights in a remote geographical location has repressed growth in demand. While these factors have all

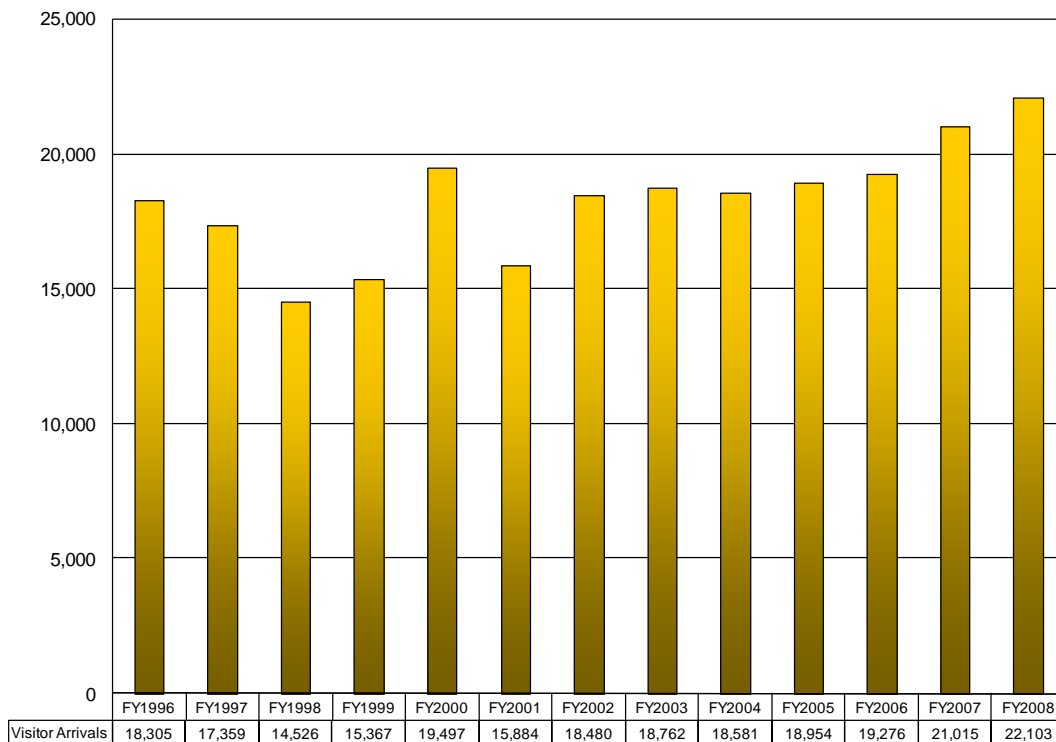


Figure 8 Visitor arrivals to the FSM, FY1996–FY2008, '000s

impeded tourist development, the FSM has much potential, particularly as a niche market in the eco-tourism and dive areas.

INCOMES, DISTRIBUTION, AND POVERTY

36. At the beginning of the Compact, population growth as recorded between the 1986 census and 1989, was rapid, at 3.0% per annum. Between 1989 and the next count in 1994, the rate fell to 1.9%, reflecting lower fertility rates and modest rates of emigration. However, between 1994 and the most recent census in 2000, the population growth rate fell to a low 0.2% (Table 2). While fertility rates fell, the majority of the decline reflected outward migration to neighboring U.S. territories, Hawaii, and the U.S mainland under the migration provisions of the Compact. Clearly, the negative economic growth rates in the FSM after the second step-down resulted in large-scale migration to seek employment opportunities and better rates of remuneration in the U.S. In the long-run, migration plays an equilibrating role: as incomes decline, outward migration compensates, improving average income levels for those remaining. Outward migration will have a distorting impact on the local economy, however, if it is achieved through a loss of the economically active and skilled. This loss of human capital will reduce the long-run productive potential of the economy.

37. The relationship between real incomes and migration is further illustrated, by state, in Fig. 9. In all states now, real incomes have either fallen or remained largely stagnant, reflecting poor economic performance during the last 13 years. As a result of the decline in incomes, outmigration as measured by net movements of air passengers leaving the FSM during 2004-08 has also been large. Clearly, there is a strong association between economic performance and outmigration.

38. Fig. 10 indicates the changes in constant price GDP and real GNDI per capita in 2004 prices. The constant price GDP estimates are derived from chaining the earlier GDP series with the current national accounts series, and real GNDI includes the primary and secondary incomes received and paid to the rest of the world. The major differences between the two estimates are the inclusion of (i) fishing fees, (ii) earnings on foreign in-

Table 2 Population by state and annual average growth rates

	Population numbers				Annual average growth		
	1980	1989	1994	2000	1980-89	1989-94	1994-00
Chuuk	37,488	47,871	53,319	53,595	2.7%	2.2%	0.1%
Kosrae	5,491	6,835	7,317	7,686	2.4%	1.4%	0.8%
Pohnpei	22,080	30,669	33,692	34,486	3.7%	1.9%	0.4%
Yap	8,100	10,365	11,178	11,241	2.7%	1.5%	0.1%
FSM	73,159	95,740	105,506	107,008	3.0%	1.9%	0.2%

Source National Census Report May 2002

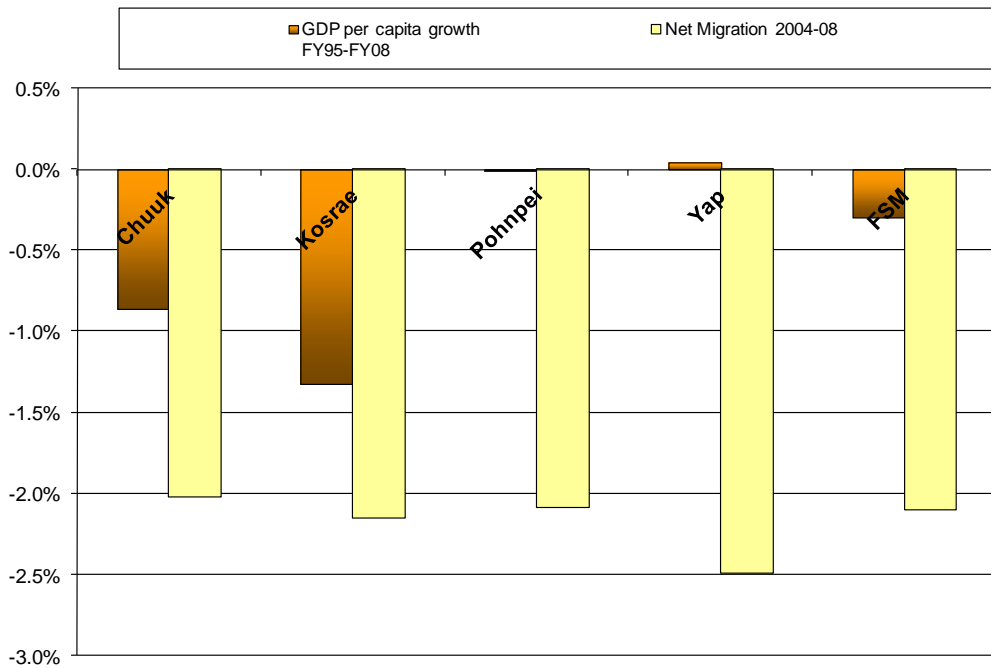


Figure 9 GDP per capita, migration, and population growth (annual averages)

vestments, (iii) transfers from overseas households, and (iv) the receipt of grants from the U.S. and other donors (see balance of payments for a list of primary and secondary income flows). The data for the GNDI estimates begins in FY1995 and indicates the far higher level of disposable incomes when the additional flows are taken into account. In FY2008, GNDI per capita was over \$1,254 -- 59% higher than current price GDP.

39. The data in Fig. 10 provide a clear message about the developments in average real incomes (discussion is based on the GDP series). The advent of the Compact clearly saw a large improvement in income levels in the run-up to the Compact, which was sustained through the mid-90s until the second stepdown. The second stepdown imparted a significant shock, but there was a gradual improvement over the remainder of Compact I through 2003, when per-capita incomes had surpassed the last highest recorded level (FY1993). The implementation of the amended Compact induced a reduction in incomes as the economy adjusted to the new regime; incomes had remained largely stagnant through the first five years. The GNDI data, including primary and secondary incomes received from the rest of the world, tell a similar story, although changes have been more pronounced, and the data are erratic. Analysis at the state level tells an interesting story (see statistical appendix), with per-capita incomes remaining largely stagnant in Chuuk and Kosrae and a sustained improvement in living standards in Pohnpei. In Yap, after a significant improvement in the early 90s, living standards have also stagnated but remain nearly three times those of Chuuk and higher than those in Pohnpei.

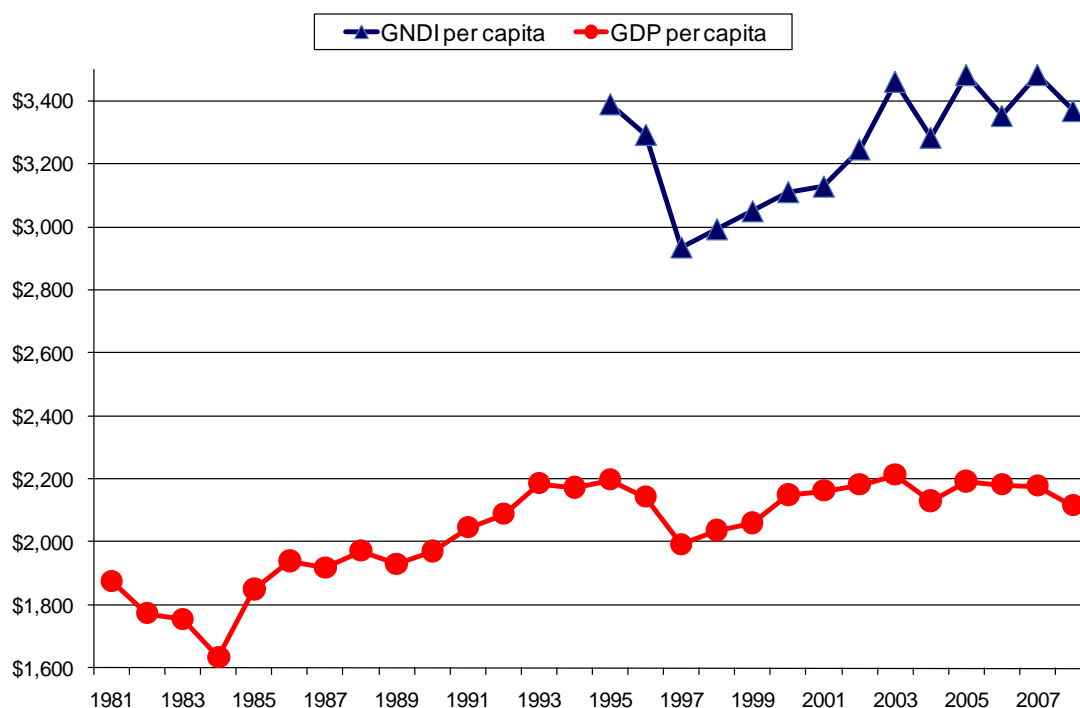


Figure 10 GDP and GNDI per capita, constant prices 2000, \$'s 1981–2008

40. Generally speaking, poverty has not been recognized as a major problem facing the FSM economy. However, a recent ADB assessment of hardship and poverty in the FSM (*The Federated States of Micronesia: Hardship and Poverty Status Discussion Paper*, The Pacific Department ADB, 2004) suggests that significant hardship exists. The discussion paper, based on the 1998 Household Income and Expenditure Survey (HIES), indicates that approximately 28% of households reported incomes below the estimated basic needs poverty line of US\$768 per capita per annum (US\$5,693 per household per annum). The highest levels of hardship and income poverty are 33% recorded in Chuuk and 30% in Pohnpei, while Yap and Kosrae recorded 14% and 12%, respectively. Households with incomes (cash and non-cash own production) below this level would be likely to experience some degree of financial hardship on a daily or weekly basis. For the 16% of households in Chuuk and 11% in Pohnpei that reported per-capita annual incomes below the food poverty line of US\$437 per capita per annum, the hardship would be acute. In Yap, only 3% of households fell below the food poverty line, while none were recorded in Kosrae.

41. Analysis of the HIES also indicates that the 20% (quintile) of households with the lowest incomes receives only 4% of total income. In comparison, the highest quintile received 60% of income, a ratio of 15:1. These figures, together with the corresponding Gini coefficient of income inequality, 0.51, suggest that income distribution in FSM is

more unequal than in many other countries of the region. The foregoing statistics were based on the 1998 HIES, which was known to have been weakly administered in the outer islands, where incomes are lowest. The recently completed HIES (FY2005) will significantly help improve understanding of this important issue, once the analysis is completed.

EMPLOYMENT

42. Table 3 indicates that from FY1995–FY2008, formal sector employment contracted by an annual average rate of -0.9% (-11% over the period) and was unable to provide enough jobs for new job seekers (source: Social Security Administration). Over the period, some 1,933 jobs were lost in Chuuk, with a reduction of 123 in Kosrae and 104 in Yap. Pohnpei managed to generate an additional 246 new jobs, representing some 3% of the state labor force. Public sector employment contracted overall and in all states except Pohnpei, reflecting the downsizing of the public sector after the second step-down and the completion of the RIFs in FY2007. Private sector employment generation was positive in Kosrae and Pohnpei but contracted in Chuuk and Yap. The general results are very disappointing, and the lack of job creation clearly reinforces the already strong incentive to emigrate and seek employment opportunities in the United States.

43. Fig. 11 indicates recent trends in private and public sector employment since FY1995. Employment in the public sector contracted severely after the second step-down in Compact funding, reflecting a major fiscal adjustment. The ADB-financed PSRP enabled implementation of an ERP that facilitated the needed compression to restore fiscal balance. By FY2000, employment in the public sector had fallen from 8,826 in FY1995 to 7,132, a 19% reduction. However, in the following period, FY2000–FY2008, public sector employment has shown an oscillating trend reflecting the fiscal position in Chuuk state. A lack of discipline in Chuuk in FY2002 and FY2006 is reflected in peaks in total FSM public sector employment levels. However, with the need to compress expenditures, a result of the phase-out of the use of the capacity-building grant to fund government operations in both Chuuk and Kosrae, public employment is projected to fall in

Table 3 Employment Growth Rates by Sector and State (annual averages)

	FY1995-FY2008			2nd Step-Down FY1995-FY1999			Final Phase Compact I FY1999-FY2003			Compact II FY2003-FY2008		
	Total	Gov	Private	Total	Gov	Private	Total	Gov	Private	Total	Gov	Private
Chuuk	-2.9%	-4.2%	-1.3%	-4.4%	-5.9%	-3.8%	0.8%	0.5%	2.2%	-5.7%	-7.9%	-2.5%
Kosrae	-0.7%	-2.2%	2.3%	-0.2%	-3.9%	5.0%	1.7%	0.9%	5.4%	-3.6%	-4.1%	-2.6%
Pohnpei	0.3%	0.7%	0.8%	-1.5%	-0.3%	-1.8%	-0.1%	1.7%	-1.1%	2.4%	0.8%	5.8%
Yap	-0.3%	-0.5%	-0.2%	1.5%	-4.0%	5.7%	1.3%	0.1%	2.6%	-3.7%	2.5%	-8.5%
FSM	-0.9%	-1.6%	0.2%	-1.9%	-3.5%	-0.4%	0.6%	0.9%	1.2%	-1.6%	-2.6%	-0.1%

Source FSM Social Security Administration Data

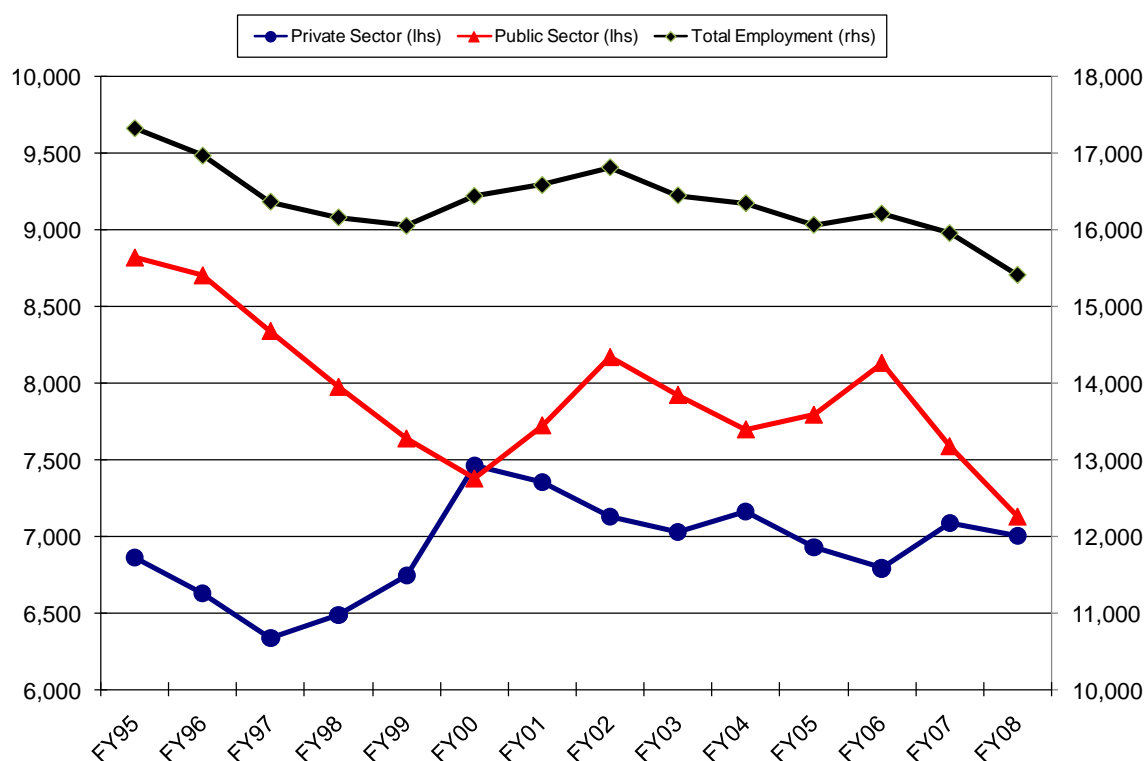


Figure 11 Employment by sector, FY1995–FY2007

FY2008 to a level just 3% above what it was at the height of public sector reforms in FY2000.

44. Private sector employment contracted between FY1995 and FY1997, reflecting the contraction in the public sector, but rose strongly between FY1997 and FY2000, with the improvement in the economy after adjustment to the second step-down was completed and the earlier financial crisis in Chuuk had been resolved. Since that time, however, from FY2000–FY2008, private sector employment has steadily declined and during the period fell by a significant 6%.

WAGES

45. The labor market in the FSM is relatively free from regulatory distortions and institutional rigidities. Pohnpei is the only state to impose a minimum hourly wage for the private sector; that is set at \$1.35. While this wage may not affect the demand for skilled workers, it may be an active constraint in labor-intensive activities, although private sector operators do not suggest this to be so. All the FSM governments have set minimum hourly wages for government employment (\$2.00 for Pohnpei, \$1.25 for Chuuk, \$1.35 for Kosrae, \$0.80 for Yap, and \$2.34 for the National Government), but these levels coincide with the lowest step on the public servant pay scale and are thus redundant. There are currently no unions in the FSM, and there is no indexation of wage rates.

46. However, while the labor market is relatively free from market rigidities, it is distorted by high public sector wage rates, the ease of migration, the availability of higher wages in Guam and other U.S. labor markets, and the opportunity cost of labor in the subsistence sector. Table 4 indicates the level of real wages by state and compares the private and government sectors. From FY2006-FY2008, government wages for the FSM as a whole, were 120% higher than those of the private sector. While the skill mix of the two activities affects the differential, the public sector clearly asserts an upward pressure on wages and influences the allocation of labor between the sectors.

47. Unfortunately, policy is constrained in its ability to influence distortions in the labor market. The effect of unrestricted external migration is part of the basic rights of FSM citizens under Title III of the Compact. However, during the Second FSM Economic Summit, the FSM adopted a policy to reduce the differential between the private and public sectors. Data in Table 4 indicate that this policy objective has been achieved in Yap, but in Chuuk there has been a significant increase in the disparity. In Pohnpei and Kosrae, the differential has changed little. Table 4 also indicates that real wages fell significantly in the FSM from FY1995–FY2008, by a total of 8% in the public sector and 11% in the private sector.

Monetary Developments and Prices

PRICES

48. Fig. 12 provides information on the rate of annual change (each quarter is compared to the same quarter of the previous year) in the FSM CPI, including food and energy prices (see statistical appendix for greater detail). From the first quarter of FY2004, inflation started to rise from the historically low levels, averaging less than 1% during the first four years of the 2000s, rising to rates approaching 5% during 2005, 2006 and 2007, and escalating in 2008 to very high rates that peaked at over 10%. There have been three main reasons for the acceleration in inflation: (i) increases in imported food prices; (ii)

Table 4 Real wages and differentials by sector and state

	Real Public Sector Wages (2004 US\$)		Real Private Sector Wages (2004 US\$)		Differentials	
	Average FY95-FY97	Average FY06-FY08	Average FY95-FY97	Average FY06-FY08	Average FY95-FY97	Average FY06-FY08
Chuuk	6,303	6,100	3,238	2,862	195%	213%
Kosrae	8,031	7,274	3,217	2,865	250%	254%
Pohnpei*	12,061	9,935	4,661	3,967	259%	250%
Yap	7,665	6,703	3,799	3,898	202%	172%
FSM	8,581	7,870	4,006	3,580	214%	220%

Source FSM Social Security Administration Data
Notes * includes national government

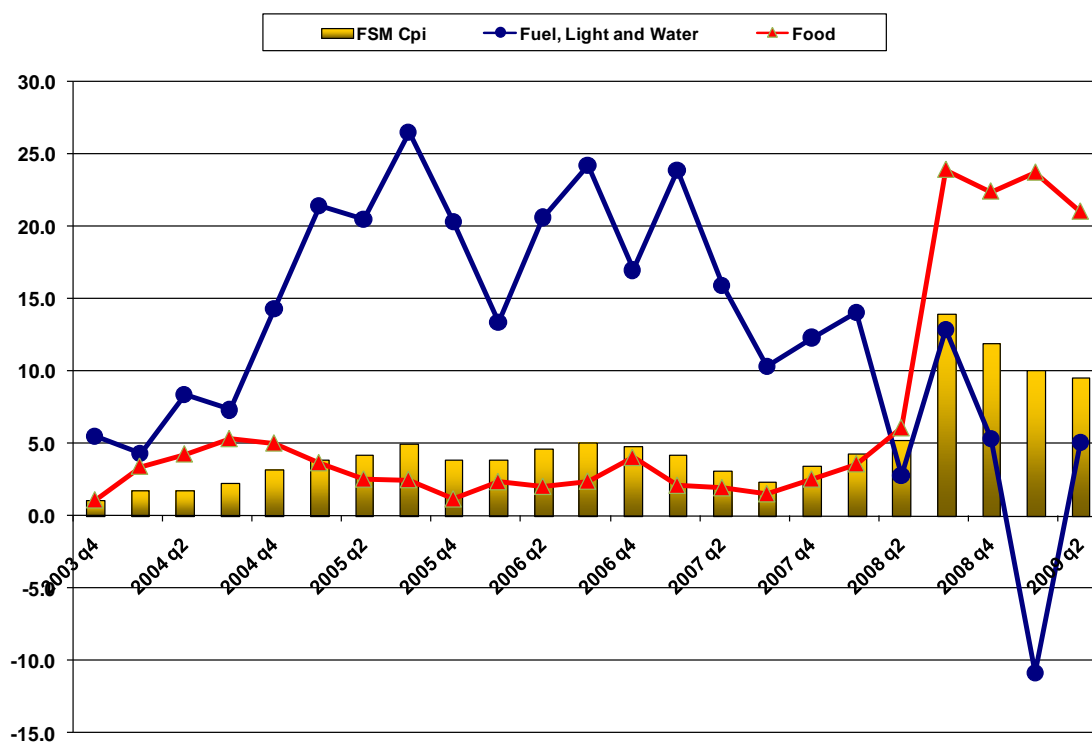


Figure 12 Change in Consumer Price Index – Food and Energy Sections (year on year % change)

discretionary increases in import taxes levied by the national government on beer and tobacco; and (iii) increases in utility and energy prices because of increases in world petroleum prices and compensation for the loss of the Compact I energy grant. While there were some general increases in prices of imported food in FY2004, the main increase did not occur until 2008, when prices rose sharply, reflecting the disequilibrium in world food markets. Given the large weight of food in the FSM CPI (37%), the 25% increase in food prices had a large impact on the overall CPI.

49. The national government increased the tax on beer and tobacco in the first quarter of 2005 to compensate for a perceived lack of revenues. This resulted in an approximate 10% price hike, which was reflected in the CPI in 2005 and 2006. In all states, with the exception of Chuuk, the increases in tax rates were implemented immediately, but in Chuuk they did not come into force until the third quarter of 2006. This reflects the weak tax administration in Chuuk state, a widely recognized phenomenon. The Compact I energy grant was used in Chuuk and Kosrae to subsidize utility prices, and its loss compelled both states to raise electricity tariffs. In Pohnpei and Yap, the state governments had adopted a cost recovery price basis of production and had, in the mid-90s, ceased to use the energy grant to subsidize prices. However, the impact of the loss of the energy grant was compounded throughout the period by rising world petroleum prices, which not only pushed up prices of gasoline at the pump but also required further increases in utili-

ty tariffs in all states. At the end of 2008, world energy prices began to moderate, and coupled with the Yap state utility debacle, the energy section of the CPI recorded a negative change in the first quarter of 2009.

MONEY AND BANKING

50. With the adoption of U.S. currency in the FSM, macroeconomic policy and adjustment has been limited to the use of fiscal policy. The use of a foreign currency is practiced in many other small island economies of the Pacific and has served the FSM well. While the range of macroeconomic policy options is limited, it has removed the potential to use inflationary monetary policy to adjust to changes and reductions in Compact funding. Of course, this has left the FSM with no other means of adjustment to reduced levels of resource transfers other than the more politically painful means of directly cutting government expenditures, reducing public sector employment and wages, and increasing domestic revenues. The use of a foreign currency has removed exchange rate realignment and devaluation as ways to encourage the export and traded goods sectors of the economy. At this stage of the FSM economic development, with many underlying structural impediments, exchange rate adjustment without accompanying supporting policies would be unlikely to encourage a favorable supply response in traded goods production.

51. The lack of an independent monetary policy results in domestic interest rates being closely aligned with U.S. rates. Deposit interest rates observed in the market are broadly similar to those throughout the United States, while lending rates are generally higher, reflecting the additional risk and costs of doing business in the FSM. Initially, the higher rates charged on loans resulted in regulation, and limits were placed on both consumer and commercial loan interest rates. As part of the Public Sector Reform Program, removal of regulation was recommended and was a loan condition. The interest rate limits were effectively removed (leaving only a non-binding usury limit at 24%) in 1998, and there was no adverse change in the local interest rate structure as the financial system was allowed to adjust to market forces. CD rates have fallen from the end of the 1990s, when they averaged 4.0% to 1.0% in 2005, but have since firmed and now stand at 2.5%. Lending rates on consumer loans have always been high, averaging 15%, but eased slightly in 2008 to 14.4%. Commercial lending rates appear more subject to market forces and currently stand at 8.5%.

52. The FSM banking system benefits from the Federal Deposit Insurance Corporation (FDIC) as provided in the Compact. The FDIC has played a critical role in supervising the banking system and ensuring a sound and stable financial system. Under the amended Compact, FDIC support remains effective and will help maintain financial stability in the economy and avoid the adverse consequences of banking system failure, which occurred in many other Pacific Island economies. The banking system is also regulated by the FSM Banking Board, which is developing a capacity for banking supervision. The role of the board includes licensing of domestic and foreign banks, on-site and off-site supervision of all banks, consumer protection, and consultation with the FDIC.

Until December 2002, when the Bank of Hawaii withdrew from the market, there were two U.S. banks operating in the FSM. There is one locally owned bank, Bank of the Federated States of Micronesia. The remaining U.S. bank, Bank of Guam, is a branch of its parent, and thus also comes under U.S. federal supervisory requirements. The present system is thus well supervised and provides a secure basis for financial intermediation.

53. Early in 2002, Bank of Hawaii announced its intention to withdraw from the FSM and sell its local operations. Since it was the largest and most profitable bank in the economy, this decision was an unwelcome development. The decision apparently was motivated in large part by broader corporate restructuring concerns, as opposed to an isolated analysis of the FSM-based operations. The same bank had also recently completed divestiture of its South Pacific operations. In the depressed state of the FSM market, Bank of Hawaii was unable to find an interested buyer and was left with little alternative but to run down its operations. The closure of the bank, effective November 30, 2002, occurred in an orderly fashion, but the departure of a major player has reduced competition in the financial sector and entailed a loss of institutional knowledge that is only now being rebuilt.

54. Statistics on the FSM banking sector commenced in 1990, but analysis commences in 1995 (Fig. 13). With regard to deposits, the most striking feature is the lack of any long-term growth in the deposit base since 1995. At the end of 2008, the deposit base was only \$2.6 million (2.2%) above the level at the end of 1995. There is a dip in the data in 1996 and 1997, reflecting the Chuuk financial crisis, a run-off in 2002 (coinciding with the departure of the Bank of Hawaii), and a reduction in deposits during the first two years of the amended Compact period. In 2006 and 2007, there has been modest growth, but overall the deposit base has remained remarkably constant. The lack of financial deepening during the period is consistent with the lackluster performance of the economy.

55. Regarding lending, developments reveal a similar pattern through the end of 2001. In 2002, the Bank of Hawaii began implementing its plans to withdraw from the market. Outstanding bank credit fell precipitously in each consecutive quarter, declining to a level of \$21 million at the end of 2004. While the departure of Bank of Hawaii was implemented quietly without incurring adverse publicity, the bank failed to sell its assets to the two remaining banks. Neither Bank of Guam nor Bank of the FSM tried to capture the available business, preferring to leave the problem to the departing bank. While the Bank of the FSM was restructuring its portfolio at the time, the bank has since taken a more proactive stance, and the level of outstanding credit in the system has grown by \$28 million since 2004 and stood at \$49.2 million at the end of 2008.

56. The difference between loans and deposits indicates the large level of liquidity in the FSM banking system and reinforces a widely observed phenomenon in the Pacific Islands region: as a factor of production, capital is not in short supply. Reflecting the trends described above, the loans-to-deposit ratio remained relatively constant, hovering around 39%-44% until the departure of Bank of Hawaii. By the time of Bank of Hawaii's

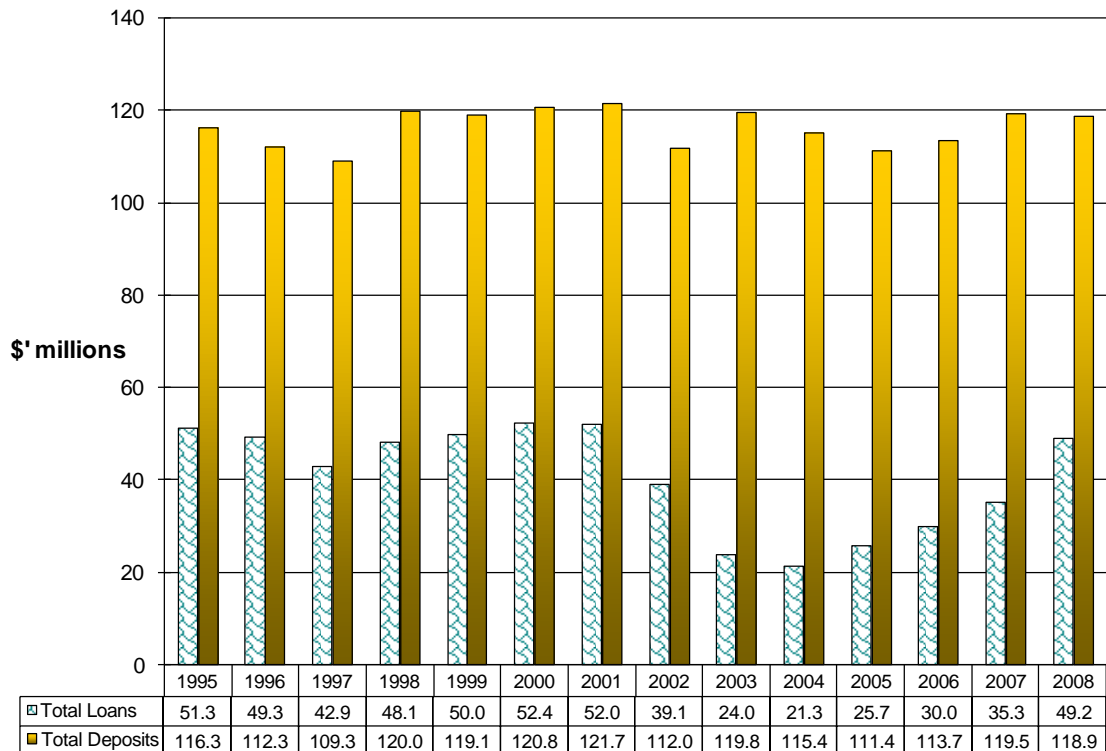


Figure 13 Commercial bank loans and deposits (end of period)

complete withdrawal from the market, at the end of September 2004, the loans-to-deposits ratio had fallen to 18%. Since that time there has been some improvement in the situation, and the ratio had risen to 41% by the end of 2007.

57. Because of a lack of “bankable projects,” the commercial banks have generally preferred to extend credit to consumers with secure public sector jobs and an identified repayment stream. Consumer credit dropped off rapidly in the mid-90s as the Chuuk crisis set in and the second step-down in funding went into effect (Fig. 14). With a return of more prudent fiscal policies in the state, consumer credit once again expanded. The impact of the departure of Bank of Hawaii was initially more severe in the consumer market than the business sector, although runoff of commercial loans followed suit shortly thereafter. The figures indicate that there has been some growth in consumer credit in recent years but that it has been very modest and failed to return to the levels of the 1990s. On the other hand, commercial credit has grown rapidly since the departure of Bank of Hawaii, with the level of outstanding loans surpassing the levels of the 1990s. This development reflects the more proactive lending of the Bank of the FSM, which opened up offices in Saipan, and extension of a large credit facility by the Bank of Guam to the newly created FSM Petroleum Corporation, which took over the business of fuel distribution after the departure of Mobil.

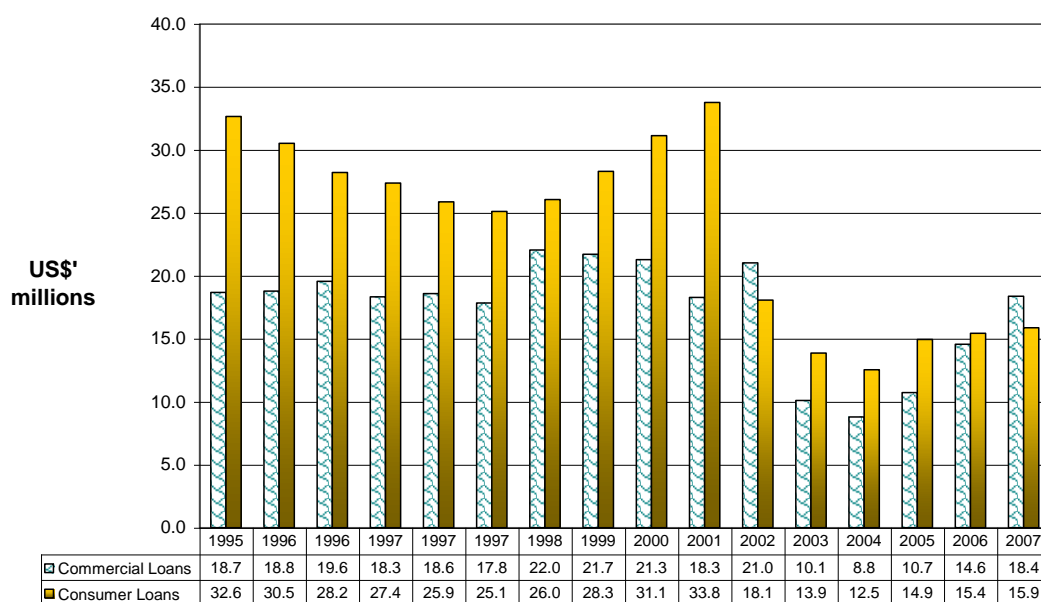


Figure 14 Commercial bank credit by sector

Balance of Payments and External Debt

BALANCE OF PAYMENTS

58. During the preparation of the data in the statistical appendix, a special effort was made to improve the FSM balance of payments estimates. In previous reports, only rudimentary series were presented, but in the current version, a thorough overhaul has been completed, a similar methodology has been imposed on all years, and the data is presented according to the latest IMF BoP manual, Version 6. While much work is still to be undertaken, it is felt the current statistics are now as accurate as the other FSM statistics. Although improvement of external statistics was the main reason for the overhaul of the BoP, a desire to produce estimates of GNI and GNDI was also important. The revised BoP is presented in abbreviated form in Tables 5 and 6 and in more detail in the statistical appendix.

59. The trade account of the balance of payments is composed of imports and exports and runs a significant deficit, reflecting the excess of imports over exports. Exports currently include fish, re-exports of fuel, and a small quantity of agricultural produce. While small volumes of inshore reef fish are exported to neighboring islands, the majority of fish exports is tuna caught by local purse seine and longline vessels operated by enterprises with joint private-public ownership but under private management. Most of the fish caught in FSM waters are, however, caught by foreign vessels under license, and the associated fishing access fees are treated as a primary income in the balance of payments.

Table 5 Balance of payments: current account (FY2000–FY2008, US\$ millions)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Current Account Balance	-23.0	-37.1	-15.5	-4.6	-24.0	-1.7	-9.1	10.6	1.8
<i>Trade balance</i>	-127.5	-141.6	-130.1	-138.3	-148.4	-145.3	-144.5	-142.4	-153.4
Exports, f.o.b.	20.4	22.2	20.9	23.9	16.5	17.5	17.6	21.5	27.3
Fish	14.6	13.9	12.1	15.4	7.8	10.4	10.5	14.4	19.3
Other	5.8	8.3	8.8	8.4	8.7	7.1	7.2	7.1	8.0
Imports, f.o.b.	109.1	121.5	111.7	120.4	124.6	121.8	124.9	129.1	142.8
<i>Services account</i>	-38.8	-42.3	-39.3	-41.8	-40.3	-41.0	-37.3	-34.8	-37.8
Receipts	18.0	17.2	19.2	18.5	18.4	19.3	21.7	24.5	26.3
Travel	12.7	11.1	12.7	12.6	12.6	13.4	14.7	17.5	19.7
Other	5.3	6.1	6.6	5.9	5.8	5.9	7.0	7.0	6.6
Payments	56.9	59.5	58.5	60.2	58.7	60.3	59.0	59.4	64.1
Freight and insurance	32.5	35.2	35.4	35.0	35.7	36.0	36.7	36.6	39.0
Other	24.3	24.3	23.1	25.2	23.0	24.3	22.3	22.8	25.1
<i>Primary income balance</i>	10.7	6.8	6.3	4.6	10.5	13.9	17.7	21.2	18.9
Receipts	23.3	17.9	17.1	15.3	20.7	23.0	26.6	29.7	27.9
Fishing licence fees	14.4	10.9	11.1	11.2	12.6	13.7	13.3	14.8	17.0
Other (mainly dividends)	8.9	7.1	6.0	4.1	8.0	9.3	13.3	14.8	10.9
Payments	12.6	11.2	10.8	10.7	10.1	9.1	9.0	8.4	9.0
<i>Secondary income balance</i>	93.8	97.8	108.3	129.1	113.9	129.7	117.8	131.7	136.3
Receipts	97.0	101.0	111.6	132.5	117.2	133.1	121.3	135.2	139.9
Budget grants	70.4	70.5	81.5	90.2	73.9	83.9	81.8	85.6	89.6
Compact current grants	54.7	55.3	66.0	66.4	52.1	56.0	59.3	60.6	58.0
Other budget grants	15.8	15.2	15.5	23.8	21.8	27.9	22.5	25.0	31.6
Other off budget grants	18.8	22.1	21.2	32.0	31.7	36.7	25.5	34.6	33.4
Other (mainly households)	7.7	8.4	8.9	10.2	11.6	12.6	13.9	15.0	17.0
Payments (mainly households)	3.2	3.3	3.2	3.4	3.3	3.4	3.5	3.5	3.6

Imports dominate the trade account and would normally reflect the level of activity in the economy. In most years, the direction of change in imports agrees with that of current price GDP, but in some years, other forces dominate. In FY2002, imports declined despite the additional influx of resources received from the bump-up funds. In FY2003, imports rose rapidly, although a greater proportion of the additional bump-up funds was set aside. However, the expansionary impact of FEMA grants, which compensated households for the destruction caused by Typhoon Chata'an in Chuuk, boosted demand for imports. In FY2004, imports continued to rise despite the substantial reduction in Compact funding. As in the previous year, Yap state suffered the destructive impact of Typhoon Sudal, and demand for imports funded from FEMA grants rose to assist with the reconstruction effort. Imports continued to rise in FY2006 and FY2007 and rose strongly in FY2008, reflecting increased costs of food and fuel worldwide.

60. The service account is dominated by two main items: tourism receipts and the cost of freight to transport goods to the FSM. The demand for tourism was stagnant in the first part of the 2000s but has since grown steadily but slowly. Service imports are dominated by the cost of transporting goods to the FSM, but outward travel, technical assistance services, and medical referrals are significant. The primary income account comprises fishing access fees, earnings of dividends and interest on overseas investments, and payment of interest on debt. Fishing fee earnings have shown a positive uptrend since FY2001, although they have yet to return to the highs of the mid-90s, when they reached

\$21.5 million in FY1995. The FSM governments have maintained a sizeable level of foreign investments, which have provided a significant source of interest and dividend earnings in the past. However, the level of FSM investments has fallen significantly in recent years (with the exception of Yap) and, coupled with poor market performance, has caused yields to fall substantially. Earnings on the Compact Trust Fund, commercial bank foreign assets, and social security funds are also important. The low level and concessional nature of the FSM's external debt has held debt service obligations in check.

61. The most notable component of the balance of payments is the secondary income account, which includes Compact fund transfers and other aid flows. Private remittances are relatively small in the FSM compared with other Pacific Islands, which have large migrant communities living in neighboring metropolitan nations. However, the BoP estimates have projected this item to rise strongly, especially in the amended Compact era, as a result of the large out-migration in previous years. Current account official transfers, including Compact flows and federal and special programs, represent just over half of current account receipts, and have in recent years brought the current account into balance.

62. Table 6 provides details of the capital and financial accounts of the balance of payments. The major items in the capital account include Compact capital transfers, capital transfers from other donors, and contributions to the Compact Trust Fund (CTF). In FY2004, the level of capital transfers fell sharply with the termination of the CIP block grant of the original Compact. The failure of the FSM to meet the drawdown conditions of the infrastructure sector grant of the amended Compact resulted in the loss of this grant in FY2004. While there have been some drawdowns in later years, the large majority of the infrastructure funds remains unspent but will become available once the FSM meets the requirements. The FSM failed to meet the transfer of \$30 million to the CTF Trust Fund in FY2004; the transfer was deferred until FY2005. The receipts under this item for FY2005 onwards represent the U.S. contribution to the CTF.

Table 6 Balance of payments: capital and financial account (FY2000–FY2008, US\$ millions)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Capital account balance	31.9	32.2	39.1	39.4	8.6	39.2	28.5	32.0	31.6
Compact capital grants	24.6	25.0	31.8	31.8	0.0	0.0	3.0	6.9	4.7
Other capital grants	7.3	7.3	7.3	7.6	8.6	7.1	9.1	7.4	7.8
Trust Fund (Compact)	0.0	0.0	0.0	0.0	0.0	32.2	16.4	17.7	19.0
Net lending/Borrowing (Curr + Cap)	8.9	-4.9	23.6	34.8	-15.4	37.5	19.4	42.6	33.4
Financial account balance	-18.1	-8.0	-1.1	-49.7	8.5	-18.5	-5.7	-22.1	-12.7
Direct investment	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	-4.4
Portfolio investment	-20.7	-10.2	-2.7	-26.5	33.4	-57.0	-9.8	-24.2	-22.3
Assets	-2.1	-2.0	-1.8	-27.5	34.9	-57.9	-10.4	-24.1	-24.4
Trust Fund, Compact	0.0	0.0	0.0	0.0	0.0	-62.4	-16.4	-17.7	-19.0
Other (public sector portfolio)	-2.1	-2.0	-1.8	-27.5	34.9	4.5	6.1	-6.4	-5.4
Liabilities (mainly MTN)	-18.6	-8.3	-0.8	1.0	-1.5	1.0	0.6	0.0	2.1
Other Investment	1.6	1.3	0.7	-24.1	-25.9	37.5	3.2	1.0	14.0
Assets (For. Assts of Com. Banks)	-1.0	-0.8	-0.5	-26.3	4.1	6.9	1.6	-1.5	11.9
Liabilities (External Debt)	2.6	2.1	1.2	2.2	0.3	0.4	1.6	2.5	2.2
Errors and Omissions	-9.2	-12.8	22.6	-14.9	-6.9	19.1	13.8	20.5	20.7

63. The main items in the financial account are direct foreign investment, portfolio investment, and other investments. While direct foreign investment has been small, reflecting low levels of FDI in the FSM, portfolio investment has been a significant component of the BoP. Portfolio investment comprises two major items: investments in the CTF and public sector investments. The large transaction in FY2005 reflects the FSM contribution of \$30 million to the CTF plus two years' worth of U.S. contributions, including inflation adjustment in FY2005. Other public sector movements represent contributions and withdrawals to the FSM investments, including the original savings from the bump-up funds to meet the FSM contribution to the CTF. The items under portfolio investment (liabilities) represent repayment of the MTNs in FY2000 and FY2001, but thereafter the item is small. Other investments include changes in the levels of foreign assets of the commercial banks and external debt drawdowns and repayments. The large negative item (under "Assets") in FY2003 represents the liquidation of the foreign assets of the Bank of Hawaii as it departed the FSM. External debt drawdowns and repayments have generally been small.

64. The balance of payments account has undergone a significant overhaul, and while several important items require research, the BoP now provides a fair reflection of external transactions in the FSM. The errors and omissions in the account are generally within respectable limits and are less than 10% of total receipts or payments. The analysis and structure of the BoP clearly indicates the dependent nature of the FSM economy. Attainment of the Compact goal of economic self-sufficiency and replacement of official transfers with other foreign-exchange earning sources will be a long-term process and presents perhaps the major and most difficult challenge facing the FSM economy.

EXTERNAL DEBT

65. Prior to FY1990, the FSM had no official public sector debts to offshore lenders. During FY1990-FY1993, the nation rapidly increased its external public borrowing, including (i) MTN bonds issued for \$71 million to finance portfolio investments by Yap State and (ii) \$42.9 million for fisheries-related investments in Pohnpei, Chuuk, Kosrae and for the National Fisheries Corporation. Public guaranteed borrowing also included \$41 million from the U.S. Rural Electrification Administration to the FSM Telecommunications Corporation and \$9 million to the Yap Fishing Corporation. Fig. 15 shows that the heavy borrowing by FSM governments brought the nation's total official external debt to a level of \$120 million at the end of FY1995, representing 55% of GDP in that year.

66. Since the issue of the MTNs in the early 90s, the FSM has adopted a prudent external debt management strategy, and external borrowing has been modest. In FY1997 and FY1998, drawdown of the ADB Public Sector Reform Program (PSRP) loan provided a major source of funds to finance the Early Retirement Program (ERP). The FSM continued to draw on ADB loans in FY1999 and FY2000, but the order of magnitude was small. There were no further commitments until loan effectivity of the Private Sector Development Program (PSDP) in FY2003 and the Basic Social Services Program in

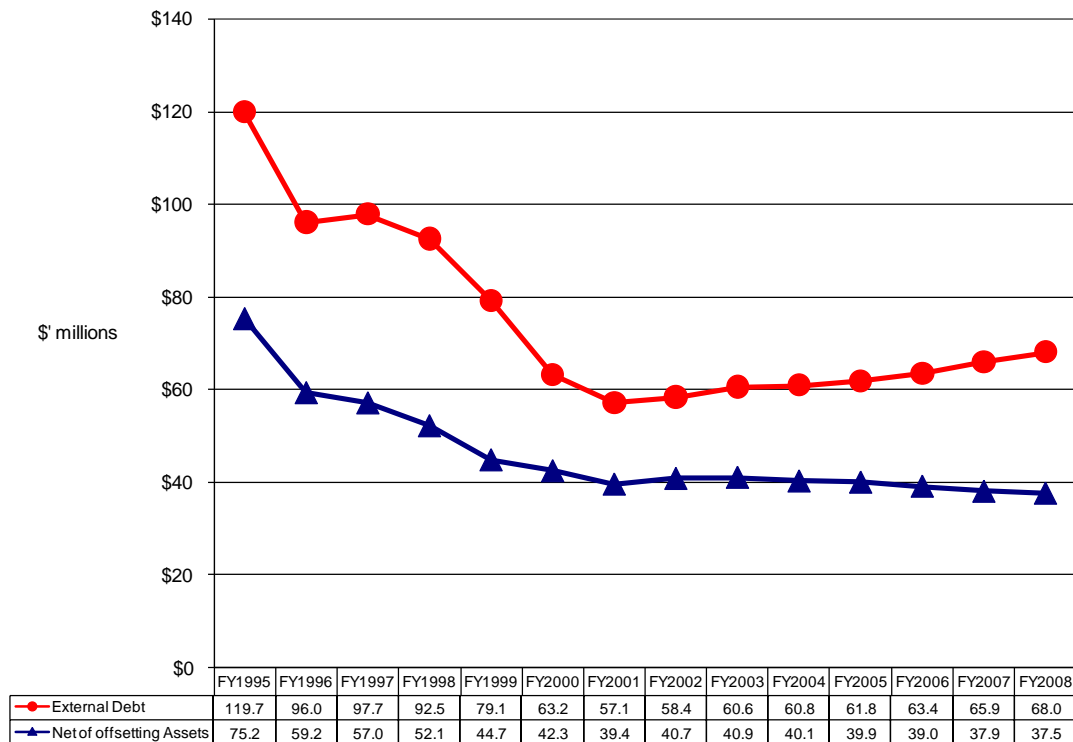


Figure 15 FSM External Debt (US\$ millions)

FY2004. Drawdowns under both programs were not extensive, as several of the FSM states did not qualify for the loans or meet the conditions for second tranche drawdown. The only remaining loan has been the ADB Omnibus Infrastructure loan to finance specific projects in the FSM states. The first drawdowns under this loan were undertaken in FY2008.

67. The FSM external debt level has shifted from a position that was, in the early 1990s, quite adverse, to one that is now favorable. This desirable outcome is the result of the completion of the Medium-Term Note program, with final repayments taken from Compact revenues in FY2001. With a debt-to-GDP ratio of just 27% in FY2008, the FSM's debt level is low by Pacific Island standards (Fig. 16). Furthermore, with the remaining debt on concessional terms, the debt service ratio in FY2008 is projected at the low level of 6% of exports of goods and services. Each of these ratios is somewhat overstated in light of the fact that the FSM holds a sinking fund equal in value to the amount outstanding for the PSRP, PSD and BSS loans. Adjusting for this asset held against external debt, the debt-to-GDP ratio in FY2008 would be 15%, and the corresponding debt service ratio would be 5% of exports of goods and services.

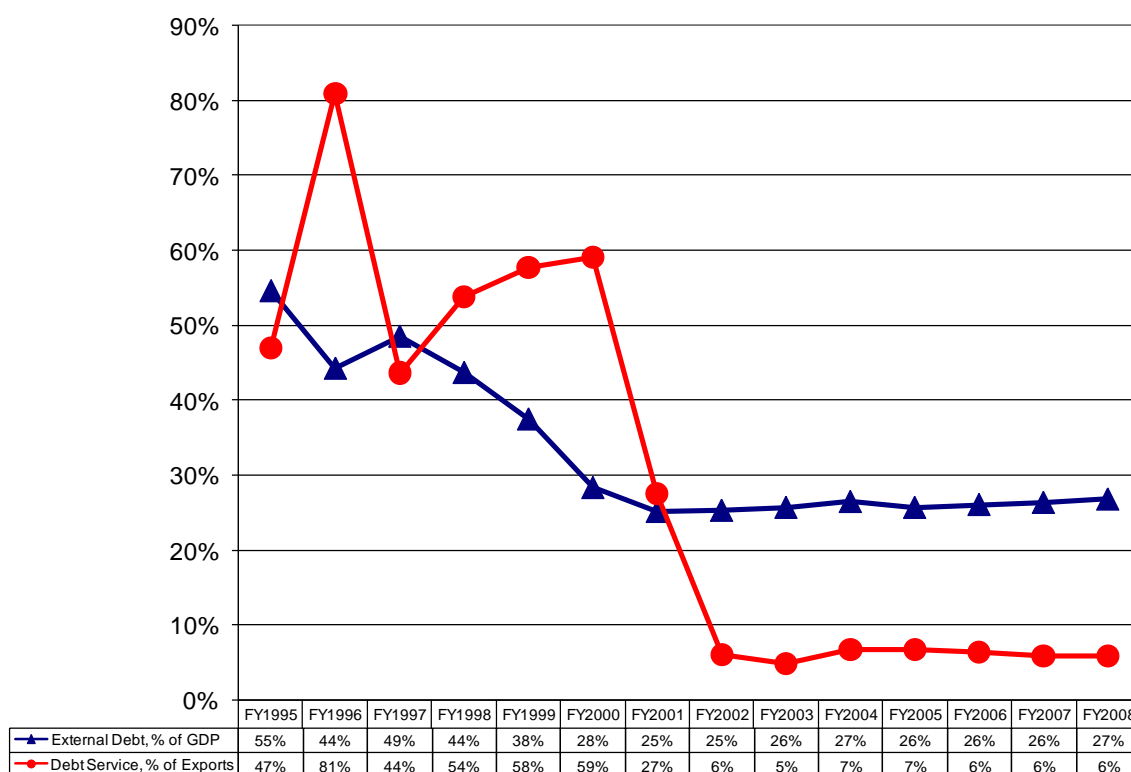


Figure 16 FSM external debt ratios

Fiscal Developments

FISCAL POLICY FRAMEWORK

68. The original Compact, which became effective in FY1987, provided for the transfer of resources in three essential areas: (i) funds to support general government, which were largely unrestricted; (ii) special grants tied to specific sectors; and (iii) access to U.S. special and federal programs. The flow of resources entailed two step-downs in five yearly intervals in FY1992 and FY1997 and an increase in funding in FY2002–FY2003 at the average levels of the first 15 years. Some of the grants were inflation indexed at two-thirds of the U.S. GDP deflator, and some were not indexed. The structure of the original Compact, because of the fungibility of the resources, placed no effective constraints on the allotment of resources to particular sectors. However, the original Compact entailed the need for two large fiscal adjustments coinciding with the two step-downs and the challenge of how to “sterilize” the bump-up in resources in the final two years, FY2002 and FY2003.

69. The agreement and adoption of the amended Compact by the FSM and U.S. governments became effective in FY2004 and initiated a wholly new fiscal framework for the FSM. The structure entailed a series of sector grants earmarked for education, health, environment, private sector development, capacity building, and infrastructure. The inno-

vative nature of the amended Compact was the introduction of a trust fund, which was designed to provide a yield sufficient to replace the annual grants after 20 years. Table 7 indicates the aggregate structure of the annual Compact grants and the contribution to the Compact Trust Fund. Each year, over a 20-year period, the United States will contribute to the FSM \$92 million, partially adjusted for inflation. The inflation adjustment factor remains as in the original Compact. The annual sector grants start at a level of \$76 million in FY2004 but are to be annually reduced by \$0.8 million from FY2007 onward. The difference between the total contribution and the annual sector grant levels will be deposited in a trust fund to accumulate over the 20-year Compact period.

70. In comparison with the original Compact, the new regime avoids the need for large fiscal adjustments every five years. However, in order to establish the viability of the trust fund, the United States instigated the annual decrement. While avoiding large shocks to the system, the decrement will still require an annual compression of expenditures from FY2007 onward. This compression, coupled with the lack of full inflation adjustment, means an annual reduction in real resources of about 2% per annum; thus, the FSM will need to make significant fiscal policy adjustments unless it can develop a policy regime sufficiently attractive to encourage private sector investment and to generate enough economic growth to offset the decline. The sectoral structure of the Compact also presents special problems. In the FY2004 budgets, the altered fiscal framework resulted in funding shortages for the operations of government not covered under the sector grants. In order to address the shortfall, the United States permitted the FSM to utilize the

Table 7 U.S. annual Compact grants and contributions to the Trust Fund

	Annual Grants	Trust Fund Contribution	Total Contribution
FY04	76.0	16.0	92.0
FY05	76.0	16.0	92.0
FY06	76.0	16.0	92.0
FY07	75.2	16.8	92.0
FY08	74.4	17.6	92.0
FY09	73.6	18.4	92.0
FY10	72.8	19.2	92.0
FY11	72.0	20.0	92.0
FY12	71.2	20.8	92.0
FY13	70.4	21.6	92.0
FY14	69.6	22.4	92.0
FY15	68.8	23.2	92.0
FY16	68.0	24.0	92.0
FY17	67.2	24.8	92.0
FY18	66.4	25.6	92.0
FY19	65.6	26.4	92.0
FY20	64.8	27.2	92.0
FY21	64.0	28.0	92.0
FY22	63.2	28.8	92.0
FY23	62.4	29.6	92.0

capacity-building sector grant for this purpose – provided that the FSM agreed to transition out, over a five-year period, the use of the grant for “non-conforming” purposes. Under duress, the FSM had no alternative but to concede. While the operation of the FY2004 budgets was not affected, the transition requirements became binding in FY2007 and required a painful adjustment of expenditure cuts and increased revenue effort.

71. At the FY2005 Joint Economic Management Committee (JEMCO) meeting in August 2004, it was resolved that the FSM must allocate at least 30% of Compact sector grants to the infrastructure grant, effective from FY2006. The FY2005 infrastructure requests were considered below desired levels, and JEMCO felt that a floor should be established to ensure that public investment was maintained at levels sufficient to support the development of the economy as aggregate Compact resources declined. Access to federal programs is to continue during the amended Compact, with the exception of certain education programs, which were “cashed out” and have been replaced through the Supplemental Education Grant (SEG). Finally, implementation of the amended Compact entails a whole new accountability regime that is specified in the Fiscal Procedures Agreement (FPA). Taken as a whole, the new fiscal arrangements of the amended Compact have had a wide-ranging impact on the conduct of fiscal policy and management in the FSM.

72. Fiscal policy has been formulated for the national and state governments, with separate expenditure and revenue policies, in the absence of significant coordination. With respect to revenue policy, the national government has the power under the constitution to collect import and income taxes, and all remaining taxes are reserved for the states. Through its taxing powers, the national government collects about three-fourths of all domestic taxes. In FY2008, national taxes amounted to \$22.2 million, while the four states collected an additional \$7.1 million. The states, with widely varying levels of tax effort, collect the remaining one-fourth of domestic taxes, primarily through general sales taxes and excise taxes on alcohol, tobacco, and other goods.

73. By constitutional mandate, at least 50% of the nationally imposed taxes (and 80% of the fuel import tax) must be shared with the state in which the taxes were collected. While overall tax effort remains low relative to other Pacific Islands, there has been some gradual increase over time. In FY2008, tax revenues equated to 11.6% of GDP, compared to the 10.8% average rate that prevailed throughout most of the Compact I period from FY1987–2003. The small increase is primarily the result of a policy change to the import tax that shifted the base from f.o.b. to c.i.f. and of tax increases on beer and tobacco (effective FY2005) but was offset in FY2007 by deductions allowable against the Gross Receipts Tax for payroll costs. It is likely that there has been a modest improvement in collection performance; however, tax administration and, in particular, compliance and audit functions remain in need of reform.

74. Non-tax revenues continue to be dominated by fishing access fees, which recently have represented nearly one-quarter of all domestic revenues. The national government

manages the tuna resources and keeps all revenues from the licensing fees. Revenue from penalties and fines is shared with specific states and, in some cases, local governments. The fishing access fee as a source of revenue grew rapidly, from less than \$4 million in FY1987 to a peak of over \$21 million in FY1995, but has subsequently dropped back and averaged \$14.1 million during the first five years of the amended Compact. The declining trend in this revenue source is the leading cause of the deterioration in the national government's fiscal position.

75. During Compact I, the national government acted as an agent in distributing to each government, according to mutually agreed formulas, the grant funding received from the United States under the Compact. The national government received just less than 15% of current grants and 10% of capital grants. The remainder was distributed to the states, based roughly on a formula that split 30% of funding evenly among the four states and the remaining 70% according to population. The formula shares were developed prior to the start of the Compact assistance and remained unchanged throughout the 17 years of Compact I assistance. With the advent of the amended Compact, there was a general consensus that the formula should be revised to provide a greater share to the states where fiscal pressure was greatest. At a meeting of the Economic Policy Implementation Council (EPIC) in October 2003, the formula was revised, reducing the share of the national government to 8.65% and distributing the remainder in a similar proportion to the original distribution amongst the states. However, with mounting fiscal pressure on the national government, the Congress of the FSM legislated in 2005 that no less than 10% would be allocated to the national government, effective FY2007.

76. On the expenditure side of fiscal policy, the five governments all operate within "balanced budget" requirements based on either constitutional or statutory provisions. However, the definition of a balanced budget is not restricted to the operations of a single budget year. Funds unexpended in one year are reported as revenues in the following year. The use of this so-called "carry-over" component in revenue projections tends to cloud fiscal management and can mask the onset of significant structural imbalances. The vulnerability to fiscal imbalance is compounded by delays in financial reporting and expenditure controls; consequently, legislative bodies must take appropriation actions without an accurate appraisal of each government's true fiscal position.

77. The national and state governments conduct budgetary operations through a series of separate funds, the most important being the general fund, special fund, and capital fund. Expenditures from the general fund are largely unrestricted in nature, but there is limited flexibility or authority to use funds from the special and capital funds. Under Compact I, a major part of the external assistance provided revenue to the general fund. Under the amended Compact, all such receipts are recorded as either special or capital funds.

78. At the start of the amended Compact, fiscal analysis in the FSM was hampered by the lack of timely and comprehensive financial reporting by the five governments. It was

standard practice for audited information not to be available until two years after the closeout date. However, at the August 2005 JEMCO meeting, a deadline was set: final audits should be available by June of the following year. At the end of June 2008, final audits for FY2007 were complete for all states and the national government for the first time, and the deadline for the FY2008 audits was subsequently met.

79. Tables 11a-f in the Statistical Appendix show the fiscal performance on a consolidated basis and for each of the five governments. The presentation follows the standard Government Financial Statistics (GFS) format. Tables 11g-l show the fiscal performance of each of the five governments in the audit format. This latter format provides fund balances for each of the three main funds and does not report financing items below the line.

RECENT FISCAL PERFORMANCE

80. Fig. 17 indicates the major trends in fiscal performance for the FSM (consolidating the five government accounts) since FY1995. At the start of the period before the second step-down, revenues and expenditures were largely in balance, and the economy achieved fiscal balance. However, from FY1998-FY2001, after the second step-down, the fiscal account came under severe pressure, as the nation was forced to adjust to a significant loss in revenues; the overall fiscal balance recorded an average deficit of 5% of GDP. The fiscal deterioration was compounded by a loss in fishing fee revenues, which

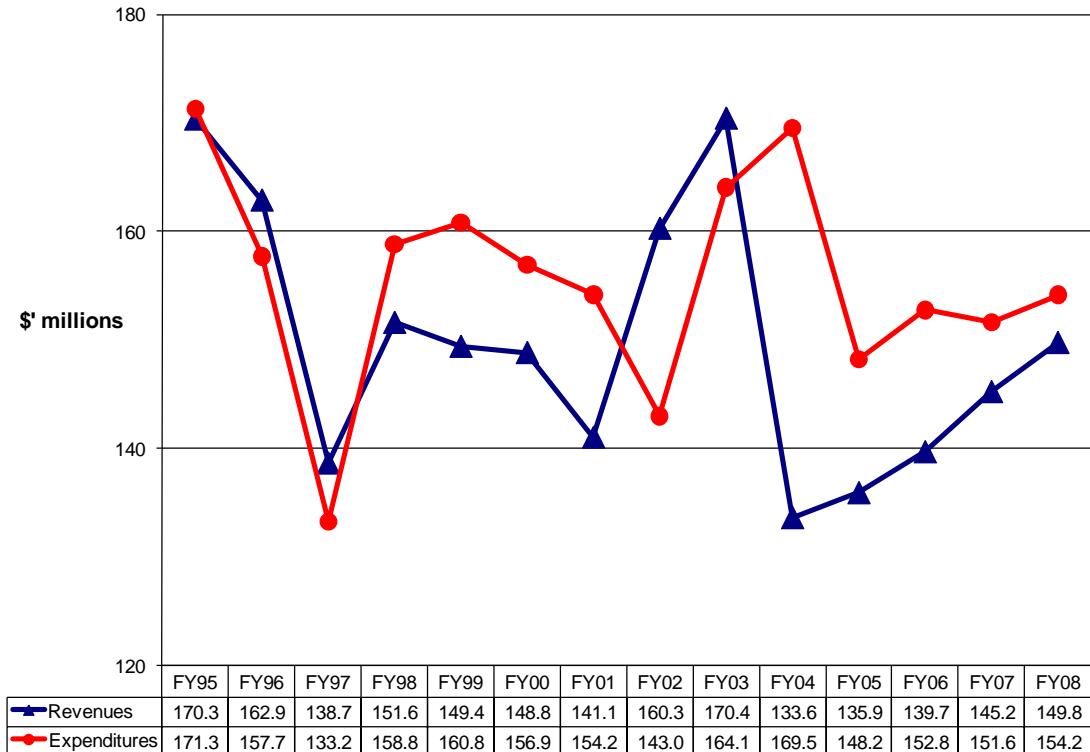


Figure 17 FSM consolidated revenues and expenditures

fell from an average of \$21 million per annum in FY1995–FY1996 to \$14 million from FY1997–FY2001. The large recorded deficits were financed through drawdown of savings accumulated during the early phase of the Compact.

81. The second step-down in funding precipitated the need for a public sector reform program whose primary objective was fiscal stabilization. Fiscal stabilization was achieved primarily through reductions in expenditures (via an Early Retirement Program [ERP]) and revenue reform. While most of the adjustment (85%) was achieved through expenditure reduction, a significant contribution came from changes to a customs regime that made all importers subject to the tax and switched the basis of collection from an f.o.b. to a c.i.f. basis. However, despite restoration of fiscal balance in Kosrae, Pohnpei, and Yap states, Chuuk and the national government recorded significant deficits from FY1997–FY2001. In the case of the national government, continued non-recurrent expenditures on constituency based projects were funded through drawdown of past savings. While similar trends were evident in Chuuk, the primary cause was financial mismanagement and a large accumulation of arrears to vendors.

82. Returning to Fig. 16, the FSM fiscal accounts recorded overall surpluses during the two bump-up years in FY2002 and FY2003, as the nation was required to save the excess funds to contribute to the amended Compact Trust Fund. However, in FY2004, at the start of the amended Compact period, the nation appeared once again to shift back into deficit, as funding returned to levels below those prevailing before the pre-bump-up period. The large reduction in funding from FY2004 onwards represents not only the lower aggregate level of Compact funds, but also capacity constraints with implementation, relating to both the recurrent sector grants and to the failure to establish compliant procedures for the drawdown of the infrastructure grant. In FY2004, all governments were required to make payments to the amended Compact Trust Fund equivalent to \$28.3 million. After deduction of the Trust Fund contributions from the overall deficit of \$36 million, an underlying deficit of \$7 million more accurately reflects the fiscal position in that year. In FY2005 and FY2006, the FSM recorded deficits of \$12 and \$15 million, representing 5% and 6% of GDP, respectively; these deficits indicate the difficulties in adjustment. By FY2007 and FY2008, efforts to adjust to the amended Compact regime started to take hold, the fiscal position improved, and the deficit fell to \$8 and \$4 million in the two years -- or 3% and 2% of GDP, respectively.

83. Reviewing the structure of the fiscal accounts on a consolidated basis, one can see the extensive dependence on external grants, as well as the downward trend in that dependence. As shown in Table 8, grants represented 51% of GDP in FY1995 and 42% in FY2001 (near the end of Compact I); they are estimated at 37% in FY2008. However, the figures in future years will revert to higher levels as the nation overcomes capacity bottlenecks and draws down on the infrastructure grant. Government expenditures have also declined as a share of GDP, from 78% in FY1995 to an estimated 68% in FY2001 and a projected 61% for FY2008. While expenditures will rise for the reasons just outlined, the dominance of government in the economy has been reduced. On the revenue side, the

Table 8 Comparative analysis of fiscal structure FY1995, FY2001, and FY2007

FY95	Chuuk	Kosrae	Pohnpei	Yap	National	FSM
Grants as % of GDP	49%	81%	29%	48%	9%	51%
Grants as % of Total Revenue	84%	84%	79%	68%	38%	66%
Tax Revenue as % of GDP	5%	6%	6%	7%	4%	10%
Total Expenditure as % of GDP	58%	87%	43%	71%	24%	78%
Overall Balance as % of GDP	1%	10%	-6%	0%	1%	0%
FY01						
Grants as % of GDP	40%	73%	25%	42%	8%	42%
Grants as % of Total Revenue	79%	90%	70%	74%	48%	68%
Tax Revenue as % of GDP	8%	11%	10%	9%	3%	12%
Total Expenditure as % of GDP	60%	87%	33%	47%	22%	68%
Overall Balance as % of GDP	-9%	-5%	3%	9%	-6%	-6%
FY08						
Grants as % of GDP	30%	45%	17%	40%	10%	37%
Grants as % of Total Revenue	81%	74%	68%	81%	44%	63%
Tax Revenue as % of GDP	6%	13%	7%	8%	4%	12%
Total Expenditure as % of GDP	36%	64%	29%	55%	23%	61%
Overall Balance as % of GDP	1%	-3%	-3%	-5%	1%	-2%

- Notes
- 1 State GDP is used as the divisor for each of the four states, and FSM GDP is used as the divisor for the national government and consolidated account
 - 2 Taxes include all taxes collected in each state irrespective of the revenue sharing arrangements.

change in structure has been less dramatic. Grants made up some 63% of government revenues in FY2008, down from the level of 66% in FY1995. Tax effort as a share of GDP has grown from 10% in FY1995 to 12% in FY2008. The most prominent change in the structure of revenues has been the reduction in fishing access fees, which reached a peak of \$21.5 million in FY1995 and averaged \$14.1 million annually in the first five years of the amended Compact.

National Government

84. At the beginning of the FY1995-FY1996 period, the national government was running a fiscal surplus. The impact of the second step-down in FY1997 altered this situation. Coupled with a large reduction in fishing access fees, which was to become the norm in subsequent years, the step-down caused the fiscal position of the national government to deteriorate significantly. This was a serious concern during FY1997-FY2001, as the government ran large overall deficits in the range of 4% to 6% of GDP, or an average annual \$10 million. These deficits were largely funded from surplus balances accumulated in prior years — in effect, by drawing down portfolio assets from abroad. Through the ERP, the national government reduced payroll costs by about \$1 million, and achieved about 50% of the intended target reduction. However, these cost-saving measures were clearly minor in terms of the magnitude of the problem. In FY1999, the national government agreed to increase the share of revenues allocated to the states, from 50% to 70%, after the state governments were unsuccessful in attaining, through legal

action, any share of the fishing fees. This loss of revenue amounted to about \$4 million annually (or 2% of GDP).

85. During FY2002 and FY2003, it became increasingly apparent that such deficits were no longer sustainable, and expenditures on public projects had to be severely curtailed. However, the adjustment was insufficient, and the national government continued to run deficits of 1% and 2%, of GDP, respectfully, in each of the two years. At a meeting of the EPIC in FY2003, the states had pressed for a greater share of Compact revenues, and the share of the national government was reduced from 13.3% to 8.65%, effective FY2004. With lost revenue on several fronts, the Congress of the FSM legislated to restore the lost 20% revenue share in FY2004, and the nation recorded an underlying surplus of 0.7% of GDP (removing the \$8 million contribution to the Compact Trust Fund).

86. At the beginning of FY2005, the national government further legislated to set the minimum share of Compact resources at 10%, effective from FY2007. In early 2005, legislation was passed to implement additional tax measures to increase revenues on beer and tobacco. However, despite these measures, the fiscal position remained in deficit, and the national government recorded deficits of \$1.6 and \$6.1 million in FY2005 and FY2006, respectively. In FY2007, the government implemented tax measures to provide relief to the private sector by allowing firms to offset payroll costs in the calculation of the Gross Revenue Tax. However, despite the loss of revenues, the fiscal position strengthened as the allocation of the additional Compact resources came into effect and with a sizeable additional receipt of \$5 million of U.S. federal grants. In FY2007, the government recorded a deficit of \$2.3 million or 1% of GDP. In FY2008, with a good year for fishing fees and other non-tax revenues, it recorded the first surplus in 12 years.

Chuuk State

87. Financially, Chuuk State has been the least well-managed of the five FSM governments. The impact of the reduction in Compact grants in FY1997 required a particularly difficult adjustment, and expenditures were cut from a level of \$42.4 million to just \$25.8 million in FY1997. Cuts in staffing and working hours (from 80 to 64 hours per pay period) achieved through the ERP resulted in reductions in payroll expenditures from a peak of \$21.9 million in FY1995 to \$12.8 million in FY1998 (a 42% cut). The return to fiscal discipline in Chuuk from FY1997–1999 was a significant achievement and was sufficient to repay arrears and to support a substantial economic recovery.

88. However, immediately upon achieving recovery, the state returned to many of the same poor fiscal practices that led to the original financial crisis. It restored half of the working hour cut, from 64 to 72 hours bi-weekly at the start of FY2000; the remaining eight hours were restored in FY2001. The impact of this return to full hours, combined with new hiring, contributed to an increase in payroll costs to \$19.5 million in FY2002. Yet even with the upward adjustment in payroll, much of the return to fiscal crisis in FY2000 and FY2001 can be attributed to an increase in other discretionary spending for constituency-based projects and increases in legislative allowances and expenses, along

with similar indiscipline in executive branch discretionary spending. While the overall deficit in FY1999 was primarily a result of a doubling of capital expenditures to finance the renovation of the state airport, subsequent deficits in FY2000 and FY2001 resulted directly from a lack of fiscal discipline.

89. During FY2002 and FY2003, the state recorded two years of fiscal surplus, resulting from the receipt of bump-up funds, and had to set aside the increase for the amended Compact Trust Fund. In FY2004-FY2006, because of difficulties adjusting to the new regime of the amended Compact and lack of financial discipline, the state once again moved back into deficit and registered overall deficits of \$12.8, \$5.8 and \$5.7 million, respectively or 17%, 8% and 7% of state GDP in each period. In FY2007, Chuuk was required to make the first of three annual reductions in non-conforming uses of the Compact capacity-building sector grant; each reduction amounting to amounting to \$0.9 million. After a slow start, the leadership confronted the pending financial crisis (described in Part III of this report) and implemented a Reduction in Force (RIF), which would be funded through a U.S. grant and implemented over a two-year period. In response to the fiscal crisis and implementation of the RIF, state expenditures were cut from \$37.7 to \$29.4 million and were cut back further to \$26.5 million in FY2008. The FSM went from a deficit of 1% of GDP to a surplus of 1% in FY2008. While Chuuk state has the capacity for significant periods of fiscal mismanagement, it has also displayed the ability to reign in expenditures when needed to restore fiscal balance.

90. However, while Chuuk had by the end of fiscal FY2008 effectively restored fiscal balance, the state had accumulated appropriated debts of \$21.6 million and unappropriated liabilities of \$7.3 million. Unlike prior financial crises, in which Compact funds could be set aside to repay creditors, the current structure prohibits the use of the new sector grants for other than the purposes specified. Restoration of solvency can be achieved only through savings of local revenues, which are under considerable stress already, to fund activities that are no longer eligible for Compact sector grants. The capacity to pay down the debt out of local revenues – about \$5 million annually – is thus extremely limited. With total liabilities of \$28.9 million, the state is in effect insolvent.

Kosrae State

91. Kosrae maintained a relatively consistent fiscal balance throughout most of FY1995–FY2003, although the outturn masked significant and persistent fiscal stress. In response to the second stepdown, the state both cut working hours and reduced payroll and by FY1997 had restored overall fiscal balance. However, the emerging deficit of 54% of GDP in FY2001 led to concern that further fiscal tightening was required. Payroll levels had not been reduced in Kosrae as significantly as in other states, despite implementation of a 56-hour pay period in FY1997. Payroll costs had been cut from a peak of \$5.8 million in FY1996 to \$4.6 million in FY1999, a nominal cut of over 20%. However, a mandated annual step increase of 5% provided significant upward pressure on the state wage bill, and in FY2002, the state was able to accommodate a large increase in payroll expenditures and return to a 64-hour bi-weekly payroll as the state benefited from the

large increase in revenues from the bump-up funds. The payroll for FY2003 stood at \$6.2 million, 8% above the pre-reform peak.

92. These developments left the state in an unenviable position at the start of the amended Compact. In effect, the modest current surplus in FY2002–FY2003 was less than the bump-up and provided a clear signal that, with respect to medium-term fiscal policy, the state had a structural deficit and would have to undergo another period of painful adjustment. The structure of Kosrae’s fiscal accounts has been transformed the least of all five FSM governments, tax effort is weak, and the local economy is the most dependent on Compact revenues. These conditions indicate a lack of flexibility in adjusting to the new provisions of the amended Compact. In FY2004, the state experienced cash flow management problems, revealing an underlying stressed fiscal position, and after adjusting for the contribution to the Compact Trust Fund, a structural deficit of \$2.0 million (12% of state GDP) was recorded. Matters failed to improve in FY2005 and FY2006, and the state continued to experience overall deficits of \$1.2 and \$1.5 million or 7% and 9% of GDP, respectively.

93. In FY2007, the state began to put its house in order. In mid-2007, the state convened a leadership conference and adopted a program of reform (described in Part III of this report) to increase state revenues and phase out, in an orderly manner, non-conforming uses of the Compact capacity-building sector grant through RIF. While the RIF had a small initial impact on payroll (reducing costs from \$5.6 million in FY2006 to \$5.4 million in FY2007), the local revenue effort rose from \$0.1 million to \$0.6 million. By FY2008, the full impact of the reforms was felt; payroll costs fell by a further \$1 million, and revenues rose by \$0.6 million. In FY2007, the state achieved a small (3% of GDP) surplus, which by FY2008 had turned negative; clearly, further adjustment was required. In FY2009, the state budgeted for only nine months of the fiscal period against revenues for the full year and expected a shortfall in funding of \$400,000 to rise to \$500,000 in FY2010. The state has proposed a series of measures to address the continuing problems, but in general they fail to get to the heart of the problem. While Kosrae has generally adopted a prudential fiscal position, the leadership has not entirely eliminated the underlying causes of fiscal stress; consequently, the state is perpetually encountering cash flow problems.

Pohnpei State

94. Pohnpei State has generally operated a well run fiscal policy. The advent of the second stepdown in FY1997 required the state to make a substantial fiscal adjustment, and it reduced payroll costs significantly and raised state taxes to restore balance. From a peak of \$17.9 million in FY1996, payroll costs were reduced to a low of \$13.6 million in FY2001, through reductions in the work force and in the normal bi-weekly working period, from 80 to 64 hours. A return to the normal 80-hour working period was possible in FY2003 without threatening fiscal balance, and the wage bill rose to \$15.2 million. More than any other state, Pohnpei responded significantly to the adjustment challenge by increasing state tax revenues. State taxes have nearly doubled from \$1.4 million in FY1997,

to \$2.8 million in FY2008, and total tax revenue as a share of state GDP has increased from 6% to 7%.

95. At the start of the amended Compact in FY2004, a deficit of \$5.5 million (5% of GDP) was recorded. However, this outturn hides the state's contribution of \$7.5 million to the Compact Trust Fund (CTF) and an unusual increase – of about \$5 million – in non-tax revenues. Adjusting for these non-recurring features, the state ran an underlying deficit of \$2.9 million (2.5% of GDP). Unlike her sister states, Pohnpei was fortunately well positioned not to require any phase-out of the use of the capacity-building sector grant for non-conforming purposes. The structure of the economy and state budget prevented a shortfall in funds for public administration, and Pohnpei was able to enter the amended Compact period with a fiscal structure in alignment with the sector grant approach.

96. In FY2005, the state operated at a small deficit of \$0.1 million, and a surplus of \$0.3 million was recorded in FY2006. However, state finances were finely balanced, and in FY2007 reductions in non-tax revenues and increases in goods and services resulted in an overall deficit of \$1.0 million. In FY2008, these trends were exacerbated by reductions in earnings on investments and increases in payroll because of a COLA (Cost of Living Adjustment) to state government employees in FY2007. As a result, an overall deficit of \$3.7 million (3% of GDP) was recorded. The fine balance of state finances, the depressed state of the international economy, and the continuing annual decrement all indicate that the state will be required to adjust to the emerging fiscal situation in the near term.

Yap State

97. During Compact I and the FY1995–FY2003 period, Yap State showed the most consistent fiscal performance within the FSM and recorded an average surplus of 8% of GDP throughout FY1997–FY2003. Adjustment to the second step-down in FY1997 was done in an impressive manner, and payroll costs were reduced from a peak of \$7.3 million in FY1996 to an estimated \$5.3 million in FY2000, a cut of 27% in nominal terms. Tax revenues as a percent of GDP have been variable, reflecting years of growth and stagnation. A key component of the state's fiscal situation has been the success of the state's monetization scheme. In FY1991, the state borrowed \$71 million through the issuance of MTN bonds secured by future Compact assistance flows under full faith and credit provisions provided for in the Compact Treaty by the U.S. government. Having borrowed at a weighted average interest rate of 8.5%, the state has received investment earnings in excess of the cost of borrowing, which is reflected in investment balances in FY2008 of \$51 million.

98. During the amended Compact, fiscal performance in Yap state has deteriorated significantly, and after adjusting for the contribution to the Compact Trust Fund in FY2004, the state recorded overall persistent deficits each year, averaging \$2.9 million (6.5% of GDP) from FY2004–FY2008. After many years of fiscal discipline, pressure to increase wages resulted in a significant increase in payroll costs. While some of this was due to rehabilitation after Typhoon Surdal in FY2006 with the infusion of FEMA funds, a

significant component was increases in operating expenditures. In FY2008, payroll costs reached a level of \$7.6 million -- above the level of \$7.3 million recorded before the ERP and reforms in FY1996. Not only have payroll costs grown, but outlays on goods and services have also expanded strongly, from \$7.6 million in FY2003 to \$10.5 million in FY2008.

99. While Yap was presented with the same problem as Chuuk and Kosrae and the need to phase out the use of non-conforming uses of the capacity-building sector grant, the state decided to make the transition through drawdown of funds from its substantial investments rather than make any fiscal adjustment through reductions in payroll or additional revenue effort. The YSPSC debacle and legislative requirement for the utility Corporation to refund a significant proportion of receipts in FY2008 and to limit tariffs in future years to a level essentially below cost will make a further and even bigger dent in the state reserves in the years to come. From having been one of the best run states, Yap is now presented with a series of challenges on how to return to the fiscal prudence that it practiced before the amended Compact. While the state has been able to rely on its large investments to fund a persistent level of deficit in the amended Compact, a sound policy is needed if it wishes in the long term to avoid an undisciplined drawdown of resources which have been arduously built up to provide for the well being of future generations.

POLICY DEVELOPMENTS, PROSPECTS, AND ISSUES

Public Expenditure Management

PUBLIC SECTOR REFORM

100. A major objective of the Compact has been the attainment of economic self-reliance. However, at the beginning of the Compact I period, the policy environment was hostile to the private sector, inward-oriented, and supportive of large and growing governments — a truly unfortunate policy mix for the support of economic development and attainment of the goals enshrined in the Compact. With the coming of the second step-down, the recognition emerged in 1995 that matters needed to change. The First FSM Economic Summit resulted in a consensus on policy reforms, and with the assistance of the ADB through the Public Sector Reform Program (PSRP), a series of reforms was implemented by the FSM states and national governments.

101. While a full review of the PSRP, which was evaluated by the ADB, is not called for, a brief assessment is warranted, because the program attempted to reform many of the major policy areas which would be considered essential for a nation seeking to improve its economic performance. The goal of the PSRP was the transformation and development of a more efficient FSM economy. It had two purposes: (i) reforming and reducing the size of the public sector to adjust to declining external resource transfers; and (ii) shifting the balance of economic activity away from the public to the private sector. Five outputs were specified: (i) reduced size and operating cost of the civil service; (ii) increased domestic revenue generation; (iii) restructured government operations and public enterprises, with the divestiture of some of the latter; (iv) successful mitigation of negative social and economic impacts of the adjustment in public expenditure; and (v) improved conditions for private sector development.

102. The achievements in reduction in workforce and payroll costs compared with the PSRP targets is indicated in Table 9 (note that the figures are not directly comparable with the PSRP because of the exclusion of restricted fund categories from the original PSRP targets). From an initial target savings of 35% of payroll costs, the five governments of the FSM had attained 21% by the time of the PSRP closeout in FY1999. By FY2009, more than nine years later, there had been significant slippage, and the rate of cost savings had fallen from 21% to 11%. Compared with the original target set in 1996, current annual payroll savings are \$6.1 million – a substantial achievement.

103. Chuuk was highly successful through the end of the PSRP program, but the fiscal crisis of the early 2000s undermined commitment and led to an increase in costs and hiring of contract workers. The implementation of the amended Compact required adjustment and the need to phase out the use of the capacity building grant for non-conforming purposes. These pressures necessitated the Chuuk RIF in FY2007, and over 300 public servants were retrenched. As a result of these developments and despite periodic lapses, Chuuk has achieved significant success with payroll reduction; total cost savings are \$5.1

Table 9 Payroll reduction performance: PSRP targets, actual performance as at loan close out in FY1999 and FY2009

	Workforce Reduction Target	Workforce Reduction FY99	Workforce Reduction FY09	Wage Bill Reduction Target	Wage Bill Reduction FY99	Wage Bill Reduction FY09	Annual Payroll Savings (US\$)
Chuuk	-29%	-15% (2,676 ==> 2,268)	-26% (2,679 ==> 1,979)	-44%	-29%	-27%	5.1 million
Kosrae	-14%	-19% (783 ==> 634)	-28% (783 ==> 564)	-26%	-20%	-16%	0.9 million
Pohnpei	-28%	-20% (1,554 ==> 1,251)	-10% (1,554 ==> 1,401)	-37%	-24%	-12%	1.8 million
Yap	-30%	-21% (1,109 ==> 874)	-5% (1,109 ==> 1,054)	-29%	-19%	2%	0.1 million
National	-21%	4% (651 ==> 679)	10% (659 ==> 715)	-21%	-3%	18%	-0.5 million
FSM	-27%	-16% (6,773 ==> 5,706)	-16% (6,773 ==> 5,713)	-35%	21%	11%	6.1 million

million. The results in Kosrae have also been beneficial, with significant reductions in payroll after implementation of the PSRP early retirement program and subsequent RIF required as part of the adjustment to the amended Compact. However, while payroll numbers have fallen by 28%, increases in wage rates (as in Chuuk) have reduced the overall rate of cost savings. Adjusting for the smaller size of the state, the achievements in Kosrae are similar to those in Chuuk.

104. Pohnpei state also implemented the early retirement program of the PSRP and achieved a significant level of success. However, over the following years, increases in payroll numbers, unconstrained by the need to adjust to the amended Compact, as in Chuuk and Kosrae, neutralized a significant part of the earlier achievements. Increases in the wage bill since FY2006 have been a main cause of the emerging fiscal deficit. Recent performance in Yap has been a major disappointment. The state was one of the best achievers of the PSRP, but recent weak management has eroded its fiscal position. While the state was faced with the same adjustment problem to the amended Compact as in Chuuk and Kosrae, it chose to avoid adjustment through drawdowns from its large investment pool. By FY2009, payroll numbers were only slightly down from FY1996 levels, and payroll costs exceeded those of FY1996, before the PSRP. While the national government also participated in the PSRP and early retirement program, it did not need to adjust to either the second stepdown or the amended Compact. As a result, national government payroll performance has been weak.

105. It is worth noting that an amount equal to the entire original borrowing for the PSRP program loan, a total of \$18 million for the FSM as a whole, was sterilized during the years in which payroll cost reductions were realized after the civil service retrenchment. The \$18 million was placed in escrow and is currently committed to the repayment

of the original loan and two subsequent loans (PSD and BSS). Thus, the costs of the program were fully recovered, under the management of the national government, in a timely manner and in proportion to the realized savings from payroll cuts.

106. The major focus of the PSRP was the downsizing of the government sector through the ERP, but the program also emphasized other areas of public sector reform and restructuring, as well as private sector development. While there was an intentional emphasis on expenditure compression, important revenue reforms were achieved by shifting the collection of import taxes from an f.o.b. to a c.i.f. basis and broadening the system by levying import duties on all sectors of the economy, both private and public. Revenue targets were met or exceeded by the end of the program period, and consolidated tax revenue was 27% higher on average in FY1998–FY2001 than in the previous four years. Exports were exempt from gross revenue taxes, consistent with adoption of an “outward-looking” development strategy. However, the revenue reforms were intentionally undertaken within the existing regime rather than through adoption of a modern administration and tax system, such as would be required with a VAT. Tax reform is currently an active area of policy reform and is discussed in the section on private sector development (see below).

107. The PSRP also addressed the need for restructuring of government operations and public enterprises, but progress has been slow. and only recently have any significant transformations been undertaken. A subsequent attempt at Public Sector Enterprise (PSE) reform was initiated through ADB Technical Assistance, and agreed-upon target transformations were specified in the Private Sector Development Program (PSDP). The other main component of the PSRP was reform of the regime for foreign direct investment (FDI) through establishment of a transparent and predictable system implemented at the state and national levels. As with measures to reform the public enterprise sector, efforts to further improve the environment for FDI were incorporated into the PSDP. These are discussed below.

FINANCIAL MANAGEMENT INFORMATION SYSTEMS (FMIS) AND PERFORMANCE MANAGEMENT

108. At the start of the amended Compact, the FSM had inherited a disparate set of FMIS with three different systems in existence. It was clear that the old systems would not be able to support the kind of financial and performance information required in the fiscal procedures of the amended Compact. Furthermore, a uniform system and approach were required to ensure commonality in reporting across the five governments. A selection process was initiated and an RFP issued to replace the old systems. In FY2004, a committee of officials from the five governments selected a new system. The selection and implementation of the new FMIS were supported through an OIA grant and took place over a period of several years, with the last government converted in FY2008.

109. A new chart of accounts was drawn up and implemented throughout the five governments. However, while the new chart was well suited to the financial characteristics of

the FSM, it was not well designed from a management information or economic reporting perspective. Systems built for small nations such as the FSM frequently implement a modified form of the Government Finance Statistics (GFS) developed by the International Monetary Fund. A chart built around the GFS will automatically provide information in a format suitable for analysis, instead of requiring reclassification of a host of items to fit the GFS. In the FSM, the GFS format presented in this report is only an approximation to GFS (1984) and requires significant overhaul to present information compliant with GFS standards and the current version GFS (2001). In the FSM, the existing chart must be redrawn to fit GFS (2001) while preserving basic accounting and financial needs, and the audits and financial reporting must be prepared on the new structure.

110. While not part of the PSRP, the FSM initiated a process of performance budgeting and management, with assistance from the ADB, through a series of four TAs in 1996-2003 and OIA in 2007. There are current plans by the ADB to yet again support the process. The process of implementation has been long and drawn out and has yet to produce tangible improvements in service delivery. In the initial phases, the process was concerned with adoption of a performance or output orientation in budgeting. Over a period of time, each of the FSM budgets was converted from a line-item basis to a performance basis. However, the process more frequently than not largely involved a change in budget format rather than the introduction of any new processes. A software program referred to as the BPS (Budget Preparatory Software) was developed and is now used by all governments. While it has the benefit of storing budgets in a central database (enabling the BPS to produce consistent reports), the performance orientation has gone little further than allocation of existing inputs to outputs. This implies that existing processes are made to “fit” the selected performance criteria, rather than making an attempt to cost the inputs needed to produce each output.

111. With the implementation of the new Fiscal Procedures Agreement (FPA), the amended Compact required by law that the FSM adopt a performance basis in the preparation and execution of its budgets. However, there was some disagreement between the two countries’ understanding of the meaning of “performance.” The performance budgets prepared by the FSM specified departmental expenditures at the “output” or delivery level, together with the associated inputs. The U.S., on the other hand, was interested in the attainment of results (or “outcomes”), plus, at the budget preparation stages, the intended use of U.S. funds by input or cost. The BPS software had failed to include any measurement of “outcomes,” and thus the FSM system fails to measure the attainment of results. On the U.S. side, the strict focus on “outcomes” sent a message to the FSM: that improved budgeting and specification of deliverables were either not required or not a priority. However, measurement of both outcomes and outputs is clearly essential if the performance system is going to function properly. “Outcomes” that are less than satisfactory render irrelevant the question of what services were actually delivered. If the system fails to measure outputs (service delivery), there is little that can be done to achieve a better result or outcome.

112. The performance budgeting and management system in the FSM thus requires significant reform, if it is to become a device to improve service delivery and the management of public expenditures. First, there is no performance audit corresponding to the financial audits. Clearly, if managers are not accountable for the outputs specified in the budget, there is no incentive to ensure service delivery. Second, the U.S. needs to support the performance process in its entirety and not just at its “outcome” stage. While it is understandable that the lack of meaningful budget preparation forces oversight to focus on inputs, this is no excuse for not encouraging the FSM departments to prepare well specified and meaningful budgets. In the longer term, if the amended Compact period is to see better results in the Compact sectors, the FSM must build capacity in this area, and the use of the capacity-building sector grant would seem a very appropriate use of these funds.

113. Implementation of the new FMIS has focused on the financial side of the equation. No doubt this was a wise decision, given the weak financial management capacity and FSM’s delays in fulfilling the annual audit requirements. However, the FMIS was not designed to integrate and replace the BPS system, and there appears to be some reluctance to do so. The operation of a standalone budget module is not efficient and is unable to upload or download information from the FMIS. Thus budgets are prepared without information on prior years, and after the budget is appropriated into law, there is no capacity to upload the information into the FMIS. Now that the new fiscal procedures of the amended Compact have been imbedded, the time is ripe to move to a system that integrates both the financial and performance components of public sector management. While this is being achieved, effective monitoring systems need to be developed to measure performance. Management capacity needs to be enhanced, so that the collected information can be translated into effective improvements in service delivery. This process will require significant resources over an extended period of time, starting with the design and of implementation of an appropriately extended FMIS. The use of the capacity-building grant would provide an appropriate source to ensure that these objectives are attained. However, further outlays of resources before the appropriate recording and computer systems are in place would be unlikely to produce results.

Human Resource Development

114. Human development, encompassing education and health services, has long been a key development priority for the FSM. The accessibility and quality of basic education and health services have expanded and generally improved over time, as evidenced by a broad array of long-term health, demographic and education indicators. On a per-capita basis, the FSM continues to outspend most of its Pacific neighbors on education and health, and while improvements have been made in several important areas, the FSM still faces the major challenge of translating high (and increasing) inputs into improved outcomes in broad human development.

115. The FSM devotes a significant proportion of its annual budget to the education and health sectors, and it ranks relatively high in average annual recurrent expenditures

on human development. According to the World Bank’s Pacific Human Development Review (2006), the FSM government spent an average of just under \$300 per annum on recurrent per-capita education and health expenditures from 1997-2003, placing the FSM as the third highest spender in the Pacific, behind Palau and the RMI (Fig. 18).

116. FSM public expenditure data (from the annual audits) also reveal spending growth over time, as well as wide state-level differences in spending. State-level recurrent expenditure for education averaged \$262 per capita in the last year of Compact I (FY2001), grew to \$305 in the first year of Compact II, and rose further, to \$375, in FY2008 (in constant 2004 prices). Yap State spent \$606 per capita in FY2008, but Chuuk State spent less than a third of this, only \$171. For health, state-level average spending increased from \$144 per capita in FY2001 to \$221 by FY2008. Yap’s \$356 per capita level was nearly triple Chuuk’s level of \$124 (Table 10).

117. Broad indicators of human development show that nation-wide, the accessibility and quality of basic education and health services have generally improved over time. Mortality rates have continued to decline, raising life expectancy levels. Life expectancy for males and females are now estimated at 67 and 70, respectively. Infant mortality in 1990 was estimated at 45, compared to 33 in 2007 (although estimates vary). Similarly, under-five mortality has fallen over these same years from 58 to 40. Close to 90% of births are attended by a skilled health professional. The percentage of the population with access to improved drinking water has risen from 88 to 94 between 1990 and 2006. Adult

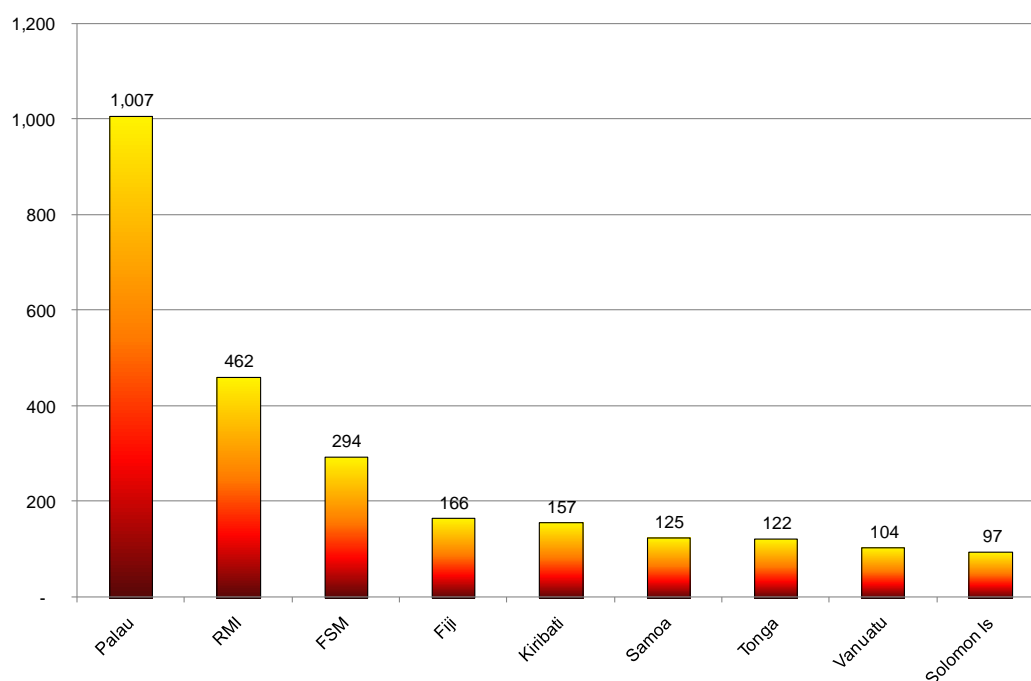


Figure 18 Average Annual Government Recurrent Education/Health Expenditure Per Capita (US\$), 1997-2003

Table 10 State-level Recurrent Education and Health Expenditures Per Capita (in constant 2004 \$)

	FY01	FY03	FY04	FY08
Education				
Yap	233	363	363	606
Chuuk	160	157	166	171
Pohnpei	233	260	292	335
Kosrae	422	397	400	389
Four-states Average	262	294	305	375
Health				
Yap	158	217	232	356
Chuuk	118	68	84	124
Pohnpei	121	181	178	161
Kosrae	177	222	216	242
Four-states Average	144	172	177	221

(25 years and over) educational attainment has steadily risen; in 1980 an estimated 17 % of adults finished high school or higher, while today the estimate is nearly 40%.

118. The Pacific Human Development Index (HDI) is a composite index that incorporates average achievements in health, knowledge, and standard of living (as measured by life expectancy at birth, adult literacy rate, school enrolment ratios, and GDP per capita). The FSM's raw HDI score increased from 1998 to 2008, from .569 to .724; its Pacific ranking went from 9th to 7th (out of 14 countries), implying that broad progress has been made.

119. Nevertheless, a wide range of challenges persists. In education (see FSM-JEMCO 20 Education Indicators Report, July 2008), the quality of infrastructure in some areas remains a major concern (but should be partially addressed through higher infrastructure spending during the amended Compact). Both student and teacher attendance rates are another major concern. Official data on teacher attendance shows average percentage rates in the 90s, but there is general agreement that these estimates are overstated. Student attendance data are also problematic, but there is general agreement that attendance and drop-outs remain major problems. Official data for 2008 show that less than half (45.6%) of all graduating eighth-graders continue on to high school, a major problem. Teacher quality is another challenge. National data show that nearly 40% of all teachers still do not possess any college-level qualifications (including Associate-level degrees). Student test scores from recent years show minimal progress (at best) and suggest that there remains much room for improvement. Data from the FSM National Standardized Test for 2008 show that over three-fourths (76%) of all sixth graders who took the test were con-

sidered “below basic” (or non-proficient) in the English language; 90% tested at below basic for math. Eighty-four percent of tenth- grade students tested below basic for math.

120. In health (see 2008 FSM Health Digest), data quality, as in education, remains problematic. Nevertheless, indicators available show that Micronesians continue to face major communicable and non-communicable diseases and health risk factors. Communicable diseases are the major causes of morbidity and mortality, according to the 2008 FSM Health Digest. Tuberculosis and leprosy are still considered serious threats (although the TB prevalence rate has been falling and was estimated at 99 per 100,000 in 2008). A cumulative total of 35 persons have been tested positive for HIV (27 of whom have already passed away), but testing coverage is insufficient to estimate the true prevalence of this and other STIs. The 2008 Health Digest states that the FSM is “fertile ground” for STIs such as gonorrhea, syphilis, Chlamydia, and trichomonas. Outbreaks of highly contagious conditions (such as dengue fever) continue, with some population areas at relatively high risk and susceptibility. Water and food-borne diseases continue to be major causes of hospital admissions.

121. While mortality rates and other major quality-of-health indicators have all shown general improvement over time, FSM is not seeing results that are directly commensurate with higher and increasing spending levels, especially in comparison to Pacific neighboring countries that spend far less on health. For example, while FSM spends nearly three times what Tonga spends on health care (per capita), Tonga has lower infant and child mortality rates and outperforms FSM on a range of other health indicators.

122. Like the RMI, FSM will also soon face a very serious challenge in the form of maintaining progress and tackling challenges against a backdrop of diminishing financial resources. Fixed decrements in Compact grant transfers and the likely scenario of stagnant domestic and other revenue flows over the coming years will probably begin to reverse the upward trends in education and health financing. The financing outlook and the continued growth in the population (and demand and expectations) suggest strongly that FSM will have to do more with less.

Private Sector Development

THE PRIVATE SECTOR DEVELOPMENT PROGRAM

123. With the closeout of the PSRP at the end of 1999, the intention was to maintain the reform effort through implementation of the Private Sector Development Program (PSDP) loan. The PSDP was designed to shift the focus to private sector development but was also intended to secure the achievements made under the Private Sector Reform Program (PSRP). Particularly important was the intent to lock in the existing reforms before the release of the bump-up funds in FY2002 and FY2003. However, the program was delayed. A Basic Social Service (BSS) sector loan was accorded priority by the ADB and resulted in confusion. Neither loan was approved by the FSM Congress until late 2000. Subsequent approval and authorizing legislation at the state level was also slow in com-

ing and not attained for another year. While the intention had been to follow the PSRP with the PSDP during 2000, actual implementation did not start until 2003. By this time, the FSM was into the bump-up period, the Compact renegotiations were well under way diverting attention from further reform, and momentum was lost. The loan program was finally closed out by the ADB in February 2007.

124. The PSDP was structured in two parts: a project and a program loan. The project loan contained a series of activities designed to improve the environment and capacity for private sector development, including improvements to the legal and regulatory environment; increased access to and security of land for economic use; increased access to finance for small business; and improvements in business and entrepreneurial skills. The policy loan was tranching in two parts. Compliance with a series of policy reforms opened the door for the second tranche drawdown. Only the national and Kosrae state governments were deemed compliant by the ADB and qualified for second tranche drawdown. The policy requirements to be met in each state (except as noted below) included:

- maintenance of medium-term fiscal balance (maintaining current expenditures within pre-bump-up revenue levels);
- maintenance of government payroll levels within specified targets;
- sterilization of bump-up funds;
- sound external debt management (national government only);
- foreign investment laws amended and regulations improved;
- long-term lease and mortgage legislation enacted (state governments only); and
- public sector enterprise reform and transformation of at least one entity.

125. While official review of the PSDP policy matrix indicates that all governments passed the requirement to maintain medium-term fiscal balance in FY2003 and FY2004, only Yap fully met this requirement. All other governments failed to maintain medium-term balance in one or both of the two years. All governments except Kosrae were below their payroll targets as of April FY2006, and the bump-up funds were effectively sterilized in FY2002 and FY2003, fulfilling the U.S. requirement that the FSM contribute \$30 million to the Compact Trust Fund. The FSM has maintained a sound external debt profile. Discussion of the foreign investment regime, long-term leasing, and PSE reforms are based on a report prepared for the ADB by Rick Caldwell (“Legislation for Private Sector Development,” November, 2005) and a loan close-out report prepared by the FSM.

126. **Foreign Investment Reform:** Until the late 1990s, control of foreign investment in the FSM was regulated by the national government and based on an outdated law enacted during the Trust Territory days. The states indicated concern about slow processing, insufficient sensitivity to local concerns, and usurpation of power by the national government. Except for a few sectors of undisputed national interest, there was general agreement at all levels in the FSM that decentralizing the control of foreign investment to the states was a good idea. While the states sought decentralization, the de-

velopment experts and foreign investors were concerned about the restrictiveness and lack of transparency in the existing law. The Foreign Investment Advisory Service (FIAS), a joint facility of the International Finance Corporation and the World Bank, was requested to do a review. FIAS proposed a “stoplight system” of red, amber, and green lists, which was incorporated as a loan covenant of the PSRP. The new foreign direct investment (FDI) regime was subsequently adopted by the national government in 1997, and three of the states followed soon after. Pohnpei already had a foreign investment regime of its own design and did not wish to adopt the same approach as the other states.

127. The new FDI regime had four goals: (i) decentralization, (ii) uniformity of structure, (iii) making the rules less restrictive, and (iv) making the rules more transparent. The new regime achieved decentralization but now required investors to apply for more than one permit if they wished to operate in more than one state. With Pohnpei maintaining a Foreign Investment Board approach to FDI, the objective of implementing a uniform structure to FDI was not achievable, although the structure of the laws in the other four governments remained similar. While there was some improvement in reducing restrictiveness and increasing transparency, these achievements were mostly subverted by changes that each government made to the model FDI legislation.

128. At the request of the national government in September 1999, FIAS was requested to review the changes in the laws and regulations implemented by the five governments during the PSRP and to propose changes that would help the FSM achieve the original objectives of the reforms. The FIAS recommendations became the requirements that each government had to implement in order to qualify for the second tranche release of the PSDP funds.

129. It is important to bear in mind that the new FDI regime in the FSM is highly dependent upon regulations. In each government, the statute sets forth only a framework for regulation, leaving much of the detail to be fleshed out in regulations. Since regulations implement statutes, amendment of regulations is generally required after any significant statutory amendment; thus, there is now a two-step process, with all its timing implications.

130. The progress of each government has been different. The national government was required to make amendments to the existing statutes and implement regulations compliant with the FIAS review. The revised bills and regulations were signed into law by the end of 2005. In Chuuk, revisions to the law were proposed and new regulations prepared. However, despite the lack of apparent opposition to the proposals, no progress was made. In Kosrae the proposed changes to the law and to the regulations were both enacted by the legislature and signed into law. In Pohnpei, because of the general aversion to FDI, the state remained out of compliance with the PSDP matrix. In fact, recent legislation passed by the state legislation in December 2006 prohibits FDI in many service sectors which compete with local interests. While tourist support services are reserved for local business, larger hotels (with more than 12 rooms) remain open to foreign

investment. As a consequence of these changes, one dive operation went out of business, and currently Pohnpei state has no operators in this sub-sector. In Yap, the recommended changes were enacted by the end of 2005. Thus, of the five governments, the national, Kosrae, and Yap governments implemented the necessary reforms, while Chuuk and Pohnpei remain non-compliant where the environment for foreign investment remains adverse.

131. ***Land Leasing and Mortgage Reform:*** The FSM constitution prohibits ownership of land by noncitizens. The constitutions of two states — Kosrae and Pohnpei — prohibit ownership even by citizens from other states in the FSM. The availability of land for development and as collateral for financing is critical if there is to be significant private sector development. With this background, the ADB sponsored TA in 1999 to develop the necessary legal framework for a system of long-term land leasing and mortgage reform. The result was a report prepared by Rick Caldwell entitled *Land Leasing in the FSM: A Report on Long-Term Land Leasing and Leasehold Mortgaging*. The report became the basis for the second tranche requirement that “the legislative branches of the States shall have passed legislation improving the legal environment for long term leasing of land and for encouraging mortgage-secured commercial lending.” Unlike the FDI case, the proposed reforms required only legislative action, avoiding the need for an accompanying set of regulations. Land issues clearly fall under the domain of the state governments, which implies that no action was required of the national government.

132. Before commencement of the PSDP, Chuuk was the only state to have adopted land legislation. However, the legislation had numerous shortcomings, and, although there was no opposition to the proposed changes to bring the laws into compliance, these changes were not implemented. As with the proposed changes to the FDI regime, inertia was reported as being the major fault. Kosrae adopted a proactive position, passed the required amendments, and was thus in compliance with the PSDP. In Pohnpei, proposed changes to the existing land legislation were considered, but once the state realized that it would not qualify for the second tranche drawdown, it lost interest. In the case of Yap, while the state is generally reform-minded, the interaction between land and culture comes to the forefront. While the Executive branch supported the land reform initiatives, the two bills have been held up in the legislature; consequently, the state failed to qualify for second tranche drawdown.

133. ***Public Enterprise Reform:*** While the PSRP entailed reform and restructuring of the public sector, there was little emphasis on PSE transformation. Much of the groundwork for PSE reform in the FSM came from a subsequent ADB TA entitled *Privatization of Public Enterprises and Corporate Governance Reform*. The final report prepared in 2001 — commonly called the “Aries Report” — identifies a variety of activities that can constitute PSE reform, including liquidation, divestiture, corporatization, commercialization, governance reform, and outsourcing of goods or services. However, while the Aries Report analyzed the FSM PSE sector, proposed an institutional structure for reform, and identified suitable candidates for transformation, no reforms took place. The findings and

recommendations of the TA were to form part of the PSD reform requirements, which included (i) preparation of master plans for public enterprise reform for submission to each government; and (ii) transformation of at least one enterprise.

134. Before discussing the progress attained during the PSDP, it is helpful to recap some of the important features of the PSE sector. The FSM Strategic Development Plan identifies 22 major PSEs, operating in finance, utilities, and fisheries, plus a miscellaneous category. In FY1997–FY2001, the sector employed an average 990 people (6% of the labor force) and contributed \$14 million to GDP (7%). Overall the sector recorded an annual net loss of \$0.9 million and required annual subsidies of \$4.9 million to support operations. Salaries are 2.5 times the private sector average. From FY1995–FY2004, the capital base of the sector fell from \$222 million to \$186 million, almost of all it representing accumulated losses of the fisheries sector.

135. The first requirement of the PSDP was the transmission of PSE master plans to each government. However, while this objective was completed, not one master plan has been institutionalized or even used as an active framework for PSE management or transformation. Regarding actual PSE reform, a qualifying transformation was regarded as one that reduced government costs, improved service delivery, or avoided crowding out the private sector. In the case of the national government, the capital water system was transferred from a national department to the Pohnpei Utilities Corporation. This was accepted as a qualifying transformation. In Chuuk, there was no transformation that enabled the state to qualify. In Kosrae, the state government outsourced the operation of the hospital food service, which was counted as a qualifying transformation. In Pohnpei, financial considerations forced the state to sell three fishing vessels to a private company. Although there was no evidence that the transformation was intended to satisfy the PSDP condition, it was accorded a compliant transformation. Yap transferred the television service from a state owned department to FSM Telecom and was deemed compliant.

136. While in four out of five cases, the governments of the FSM were deemed to be in compliance with the PSD requirements, two involved transference of an enterprise to a different level of government, one took place by default, and one was largely insignificant. Not one of the transformed enterprises was represented in the 22 major PSEs identified in the Strategic Development Plan. Clearly, while perhaps qualifying by the letter of the law, the PSDP transformations did not fulfill the spirit of reducing the size or role of government in the economy. On the positive side, Pohnpei has subsequently transformed two of its money-losing fisheries enterprises since the close-out of the PSDP. The Caroline Fisheries Corporation is now under 60% foreign ownership, with the remaining 40% held by the state. While the assets of the Pohnpei Fisheries Corporation remain under state ownership, the corporation has now been leased to a private foreign investor. Finally, the Micronesian Longline Fisheries Corporation, a national government enterprise, has now filed for bankruptcy and is under liquidation.

Table 11 Compliance with PSDP policy reform conditions and overall score (max. 6)

	Chuuk	Kosrae	Pohnpei	Yap	National
Medium term fiscal balance	0	0	0	1	0
Maintenance of government payroll	1	0	1	1	1
Sterilization of "bump-up" funds	1	1	1	1	1
Sound external debt management					1
Foreign investment regime	0	1	0	1	1
Long-term lease and mortgage legislation	0	1	0	0	
PSE reform	0	0	1	0	0
Score	2	3	3	4	4

137. Table 11 proves a summary table of the current position of each state in implementing the PSDP policy reforms (this does not equate with compliance with the ADB loan covenants). An average score, based on a possible score of 6, measures the extent to which each government currently implements the various policy reforms. The table indicates a mixed level of success and compliance. Yap and the national government scored highest, fulfilling a majority of the reforms. Yap failed to fulfill the land reform component and, like most other states, failed to complete any serious public enterprise transformation. The national government complied with four of the conditions, but during FY2002 and FY2003 ran medium-term fiscal deficits and failed to achieve any substantial transformation of a public enterprise. Kosrae fulfilled three of the conditions and was more successful in enacting policies that supported private sector initiative, but it lacked fiscal discipline and made no serious efforts to reform its public enterprises. In fact, through the creation of the Micronesian Petroleum Corporation, the state extended the boundaries of the public sector. While Pohnpei has generally maintained fiscal discipline, it surprisingly failed to meet the medium-term fiscal balance requirement, and the environment for private sector development is inward-looking. Only recently has the reform of two of its PSEs enabled the state to achieve a higher score. Chuuk produced the least satisfactory result, reflecting weak fiscal management and a general lack of administrative capacity to enact any reforms, rather than any policy decision not to encourage the private sector.

Fiscal Issues

TAX REFORM

138. The need to reform the FSM tax regime has been long recognized. While the existing system served reasonably well during the early days of nationhood, it does not provide a strong foundation for an elastic source of revenue without distorting economic incentives. While the design of the PSRP took into account the long-term need for tax-reform, it was felt that the short- to medium-term efforts should be directed at improving administration and reform of known weaknesses of the existing system. It was understood that radical reform of the tax system should be deferred until after the PSRP was complete.

139. As the Compact renegotiations neared completion, it became clear that the new structure of the amended Compact would entail significant adjustments, both in the short term and during the 20-year horizon. The new sector-grant approach resulted in a system that provided sufficient funding to maintain the operations of education and health and selected sectors but failed to support the ongoing needs of many government functions. In the near term, the United States permitted the FSM to utilize the capacity-building sector grant for non-conforming purposes, provided it was agreed that these would be transitioned out over a five-year period. In the long term, a reduction in the resources of the amended Compact was programmed through an annual decrement of \$0.8 million and only partial indexation of the transfers. Thus, both the short- and long-term reduction in funding required that the FSM consider measures to increase revenue effort to prevent the burden of adjustment from falling entirely on expenditure compression.

140. In 2002, a nationwide tax and revenue symposium was held to raise the awareness of the problems and encourage steps that would result in revenue and tax reform. The symposium passed two important resolutions. First, it recommended the introduction of a comprehensive tax reform program, including the introduction of a broad based consumption tax (value-added tax plus excises) and, subsequently, a simple net profits tax. The consumption tax would be enacted at the state level, replacing the existing national gross revenue tax and state sales taxes. Second, the symposium recommended the establishment of a unified tax administration to implement the new regime and collect taxes on behalf of both layers of government.

141. In March 2004, the FSM convened the Third FSM Economic Summit. Participants were presented with varying scenarios that ranged from a "dismal" one – under which the FSM failed to generate economic growth and many Micronesians were forced to migrate due to lack of opportunities -- to a Sustained Growth Strategy (SGS). It was recognized that the SGS would require additional domestic resource mobilization, not only for adjustment to the conditions of the amended Compact, but also to support public investment in needed infrastructure. The nation also required a modern tax regime that supported the adopted outward-orientated growth strategy and encouraged private sector investment.

142. During the remainder of 2004, with support from the ADB and Pacific Finance Technical Assistance Center (PFTAC), the design and structure of a modern tax regime appropriate to the FSM was fleshed out. In Chuuk, in September 2004, a preliminary working group with delegates from both national and state governments met and organized a task force with representation from the various stakeholders, especially the private sector, to provide a comprehensive approach to the issue of tax reform. In January 2005, the Tax Reform Task Force (TRTF) was formally organized and created by the FSM President. The TRTF would be chaired by the Vice-President, with the FSM Customs and Tax Administration forming the Secretariat. Membership on the task force included the FSM Secretary of Finance, representatives from the private sector, one repre-

sentative from each state, and two members from the FSM Congress. The objectives of the TRTF were:

- to examine different options for reform of the FSM tax system in order to meet expected reductions in revenues and to support the long-term sustained economic development of the nation;
- to prepare a tax reform proposal to present to the leadership of the FSM and the FSM Congress for consideration and enactment at the earliest possible time;
- to assist in education, seminars and working groups to increase public awareness of the fiscal implications of the amended Compact and the need to generate more local revenue, effect tax reform, and strengthen tax administration.

143. In June 2005, the TRTF submitted to the president its final recommendations, which the president approved in December. The key recommendations include:

- establishment of a new, modern independent tax collection authority with operations nationwide;
- introduction of a new Net Profits Tax (NPT) that allows for deductions of business expenses (the NPT will replace the existing Gross Revenue Tax (GRT));
- introduction of a new Value-Added Tax to replace import duties and state sales taxes.

144. In September 2005, the reform proposal was put to the Economic Policy Implementation Council (EPIC) and was adopted by resolution (similar resolutions had been adopted on previous occasions). Congress similarly adopted the reform proposal (for the first time) in September and requested the President to establish an executive steering committee (ESC). The ESC has governance responsibility for implementing tax reform in the FSM. It is chaired by the Vice- President and has representatives from each State and the private sector. Laws were drafted, with the support of the IMF, for the creation of a Unified Revenue Authority (URA), a new Revenue Administration Act, and new VAT and NPT laws. At its inaugural meeting in June 2006, the ESC adopted the creation of a Technical Working Group (TWG) responsible for determining the core tax and administrative policy for the ESC to approve. The Group is chaired by the Secretary of Finance and Administration and has representatives from the FSM Customs and Tax Administration office (CTA), FSM Department of Justice, Pohnpei State Department of Finance, and the private sector.

145. In April 2007, the ESC convened again and reaffirmed its commitment to the tax reform initiative. During the same meeting, the ESC also endorsed the high-level implementation plan for the tax reform and requested the states to create state implementation teams (SITs) to help accelerate implementation of the tax reforms at the state level. The Technical Working Group was tasked with preparing a detailed implementation plan and a tax reform package for submission to each of the FSM states. The Tax Reform Unit was

created in late 2007 to manage the reform process. The TRU is staffed by a project manager and an AusAid Tax Adviser. The original project manager commenced work in the FSM in early April 2008 for a period of two years but unfortunately left early for personal reasons. The TRU has been allocated a budget by Congress. Based on the high-level implementation plan endorsed by ESC in April 2007, a detailed operational plan for implementing the proposed tax reforms was developed with the assistance of PFTAC in December 2007. The plan schedules activities from 2007-2010 and comprises five sub-plans:

- Project Management and Governance Program;
- Law, Policy and Estimates Program;
- Tax Administration and Tax Change Program;
- Business & Community Program; and
- VAT registration Program.

146. Finalization and transmission of the legislation is a key milestone in the tax reform process. While finalization and transmission of the legislation were originally planned for July 2008, they did not occur because of several significant legal issues concerning the constitutionality of the URA legislation at the state level. These issues have been resolved through amendments acceptable to the states. The TWG has now approved the legislation, although several minor issues with the state VAT laws still need to be resolved. Once the draft bills have received endorsement from the ESC, they will be ready for transmission to the respective legislatures for consideration. While the process is now running a year behind schedule, it is hoped that the draft bills will be passed into law by year-end. Implementation is scheduled to take place over a year and a half, in three six-month installments: (i) creation of the URA; (ii) implementation of the NPT; and (iii) implementation of the VAT. By mid-2011, the new tax regime should be operational.

147. Clearly, progress of the tax reform initiative has been painfully slow, but there is strong state-level support, which will hopefully be sufficient to ensure eventual passage of the bills into law. The initial plan had been for the reformed regime to support the transitioning out of the use of the capacity-building grant from non-conforming purposes. However, implementation has been too slow, and the fiscal adjustment was unavoidably achieved entirely on the expenditure side, through painful reductions in payroll. However, the need for tax reform remains strong for both the short and long terms. In near term, Kosrae, Pohnpei and Yap all ran deficits in FY2008, and the additional revenues will support restoration of balance. While Chuuk achieved fiscal balance in FY2008, the new tax regime will assist in paying down the sizable level of outstanding debt. Over the longer term, the tax system will assist with adjustment to the annual decrement over the remainder of the amended Compact, and it will support the private sector through the adoption of a broad based, modern, and non-distortionary system.

ADJUSTMENT TO THE AMENDED COMPACT

148. After successful completion of the Compact renegotiations with the United States, the FSM was left with a set of fiscal adjustments. First, the amended Compact entailed an 8% decline in funding, from \$83 million to \$76 million. Second, the switch from general budgetary support to a sector grant approach meant that there was a shortage of domestic revenues to fund non-Compact sector operations such as administration, law and order, public works, and transportation. In the interim, the United States agreed that the FSM could use the capacity-building sector grant to fund operational activities listed under the grant, provided that the FSM agreed to phase out these activities over a five-year period. Third, those activities that were not listed under the capacity-building grant required immediate adjustment. Fourth, the United States required that 30% of Compact resources be devoted to infrastructure. And finally, the loss of the Compact I energy grant meant that in certain states, utility corporations were forced to raise prices to cover costs that had previously been subsidized.

149. In the first two years (FY2005 and FY2006), the phase-out of the use of the capacity-building grant from non-conforming activities was achieved by switching the source of funding of national government operations to domestic revenues and by funding the College of Micronesia out of the education sector Compact grant. The four state governments were thus largely spared the need for adjustment, although the 30% infrastructure requirement and lack of Compact funding for such activities as public works still required adjustment, particularly in Kosrae. Table 12 indicates the required adjustments during the remaining three years of the capacity-building adjustment period (FY2007-FY2009); these fell entirely on the state governments. In Pohnpei, the total adjustment of 7.3% of domestic revenues was quite small and was easily absorbed. In Yap, the 19% adjustment was completed through funding the required activities out of the state's investment reserves. While Yap speedily resolved the problem, the long-run sustainability of the decision to draw down on reserves to fund operational activities is open to question and certainly raises the issue of the optimal use of the state's hard earned savings. In Chuuk and Kosrae, the adjustment was both sizable and unavoidable, amounting to 28% and 32 % of domestic revenues respectively, and required implementation of a

Table 12 Capacity building sector transition and Compact fiscal adjustment

	FY07	FY08	FY09	Domestic Revenues	Annual Compression Required ^{/1}	3 Year Compression Required
Chuuk	884	884	884	6,988	11.2%	27.5%
Kosrae	92	462	462	2,124	17.9%	32.3%
Pohnpei	329	329	329	12,806	2.5%	7.1%
Yap	449	449	449	5,672	7.3%	19.2%
National				27,112		
FSM	1,753	2,123	2,123	54,703	3.7%	9.9%

Note /1 For Kosrae compression ratio refers to FY08 and FY09 levels

fiscal adjustment program. The adjustment programs of the two states are described in detail below.

Kosrae

150. The imminent and dire implications of a lack of response to the need for fiscal adjustment that was looming in advance of FY2008 compelled the Kosrae leadership to confront the problem. At a leadership conference in May 2007, an adjustment package was worked out, not only in response to the capacity-building transition, but also to rectify past deficit spending. The new Administration found itself in an untenable fiscal position; however, with reform measures adopted, the fiscal threat was effectively addressed. The adopted measures included \$1.9 million in adjustments via (i) expenditure reduction; (ii) enhanced revenue effort; and (iii) measures to mitigate the impact of the adjustment. Expenditure compression focused on the elimination of 110 positions from the FY2008 budget — 76 positions were eliminated completely, and 34 vacant positions were removed, with a total planned cost savings of \$874,000.

151. Expenditure compression included a further \$270,000 in a 5% across-the-board pay cut and \$200,000 in non-payroll cost reductions. Revenue measures included hikes in tax rates to raise a total of \$500,000. The total impact of both the revenue and expenditure measures was \$1,844,000, with \$293,000 remaining to be accomplished in the FY2009 budget. Measures to mitigate the impact of the RIF include a one-year salary payout, with proposed U.S. support by way of Compact sector grant funding. This mitigation measure was augmented in-kind by grant assistance channeled through the National Government but sourced from the People's Republic of China. While the state can be congratulated on the implementation of a difficult set of adjustments, unfortunately, as the fiscal outturn in FY2008 and the shortfall in funding in FY2009 attest, this was not sufficient, and unless the tax reform initiative can generate sufficient funding, further adjustment and expenditure compression is required.

Chuuk

152. While Kosrae was able to make a timely and sizable adjustment in response to the fiscal challenge, Chuuk took considerably longer to adjust. The state initially executed a series of MOU's, with the national government committing the state to the achievement of financial reforms, but these lacked credibility. By November 2007, the state's fiscal position had deteriorated significantly, and Chuuk leaders convened a conference to adopt more comprehensive adjustment measures. The adjustment program in Chuuk was similar to that of Kosrae, and a target of \$3.36 million was to be achieved through expenditure compression and revenue enhancements. The magnitude of the adjustment reflected a need to remove the deficit (\$1.97 million) and create a sustained surplus (\$1.5 million) in order to address the state's problem of outstanding debt. The leadership committed to personnel reductions of over 375 positions, with a one-year payment financed by Compact sector-grant assistance. An additional \$200,000 of non-payroll general-fund expenditure cuts was identified, and revenue raising measures yielded \$600,000.

153. During FY2008, 317 public servants took part in the RIF, with annual cost savings of \$1.9 million. While additional revenue measures were identified, these have been restricted to enhancing revenue collection rather than increasing rates. The impact of the program has been to return the state to fiscal balance, but the objective of building a sustained surplus to pay down state debt has not been achieved.

TRUST FUND VIABILITY

154. The establishment of the Trust Fund for the Peoples of the FSM was a major feature of the amended Compact. The Trust Fund design — including the funding stream and withdrawal rules — includes the goal of a Trust Fund that will be able to provide a source of income that can, in FY2024 and presumably thereafter, distribute the fully inflation-adjusted value of the Compact annual grant assistance in FY2023, the twentieth year under the terms and conditions of the amended Compact. Notwithstanding the design features of the Trust Fund, the U.S. Department of State has, on several occasions subsequent to the outset of the amended Compact period, stated that “the amended Compacts and their subsidiary agreements contain no commitments, either express or implied, regarding the level of the revenue that will be generated by the Trust Funds, nor is there any commitment regarding the degree to which the revenue will ‘contribute’ to the long-term budgetary self-reliance of the FSM and RMI.”

155. With the risk of a shortfall in the Trust Fund not being underwritten by the U.S. Government in any formal sense, it is imperative that the FSM Government make every effort to monitor the progress of the Trust Fund and to assess performance against a sensible goal. That goal is the sufficiency of the Trust Fund to support a “smooth and sustainable transition” from direct, U.S.-appropriated, annual grants to annual Trust Fund distributions to the FSM. By definition, that means the target value of the Trust Fund at the end of FY2023 must be sufficient to support annual withdrawals equal to the inflation adjusted value of the grants received in FY2023, while preserving the real value of the Trust Fund in perpetuity. A monitoring procedure is presented below that identifies the “terminal condition for sufficiency” of the Trust Fund at the outset of FY2024, the first year in which it must provide income to the FSM Government.

156. There is no clear documentation of the assumed rate of growth of the initial Trust Fund deposits augmented by the assumed annual contributions; however, there is only one variable that affects the projected direct grant level in FY2023 — the rate of inflation. More precisely, that one variable is the cumulative inflation adjustment, pursuant to Compact Section 217, for the 20-year period beginning in FY2004.

157. The FSM began the amended Compact period with an annual direct grant draw-down rate of \$76.2 million. That stream of direct grants is adjusted annually in two countervailing ways: annual grant levels are adjusted upward by the addition of two-thirds of inflation and adjusted downward by the subtraction of the so-called “decrement” of \$800,000. Using actual inflation adjustment data through FY2009 and projecting forward based on inflation at 3.0%, a direct grant level of \$91.0 million is projected for

FY2023. Using that value, allowing for inflation and maintaining the real value of the Trust Fund corpus, there is one other variable required in order to determine the size of the Trust Fund at the outset of FY2024.

158. It is assumed that the FSM investment strategy at that time would need to provide for a prudent balance of risk while allowing for long-term growth. From FY2024 onward, a balanced investment allocation is assumed, with 65% of assets in equities with an assumed real rate of return of 6.5% annually and 35% in fixed income with an assumed real rate of return of 2.5% annually. The blended real rate of return for the distribution period is thus estimated at 5.1%. If inflation were to average 3.0%, a nominal rate of return of 8.1% would thus be required.

159. Taking the above projections and assumptions into account, the terminal condition for sufficiency of the Trust Fund is projected to be \$1.84 billion. If the Trust Fund had been funded in a timely manner and only as called for in the amended Compact (ignoring contributions from third parties), the meeting of this terminal condition value would require an annually compounded rate of return of 10.9%. With inflation projected at 3.0%, the implied real rate of return is 7.9%. The projected growth path from FY2004–FY2023 is presented as the baseline growth, and actual progress is compared to this baseline (see Fig. 19’s smooth line projection, from a deposit of \$46 million in FY2004 to the target level of \$1.84 billion at the end of FY2023).

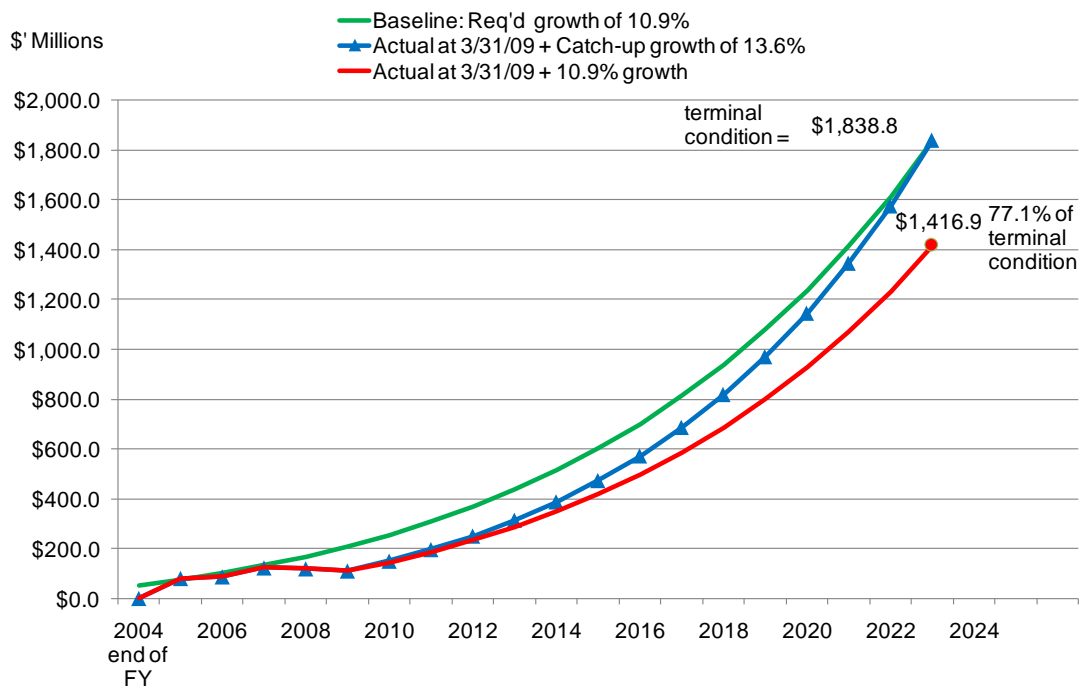


Figure 19 Compact Trust Fund Sufficiency, FY2004 – FY2024, \$'millions.

160. The value of the FSM Trust Fund is currently far below that baseline. Several factors have combined to result in the FSM Compact Trust being below the projected path to sufficiency as of March 31, 2009.

- The most important factor is the poor investment climate that existed over the initial period; since the time horizon for the Fund is twenty years in the accumulation phase it would have been expected that there would be several periods of poor investment performance. It is of course unfortunate that the Fund has experienced such a historically volatile and negative period early in the accumulation period. Several other factors that were not “market-driven” follow below.
- The FSM failed to deposit, in a timely manner, its required \$30 million contribution. Although the sum was anticipated to be available on October 1, 2003, the FSM deposited \$30.3 million on October 1, 2004, exactly one year late. The U.S. made its initial deposit of \$16 million on October 5, 2004.
- The U.S. and FSM did not establish the Trust Fund on schedule. Although anticipated to be established on October 1, 2003, the Trust Fund was incorporated as a non-profit corporation on August 17, 2004, and the amended Compact did not go into effect until June 25, 2004.
- The allocation of deposited funds to the asset classes identified in the FSM Investment Policy Statement did not occur until August 10, 2006, fully 34 months into the amended Compact period.
- While invested in the asset allocation identified in the Investment Policy adopted on March 23, 2006, and implemented on August 10, 2006, over the period from that implementation through March 31, 2009, it appears that the actual results lagged behind the weighted returns of the benchmarks for each asset class. The benchmark weighting used for the whole period are those of the so-called “phase II” allocation as that appears to have been the allocation most prevalent over the period. Since the investment choices to date have involved a mix of one major allocation to a passive instrument (U.S. All Cap Core) designed to track index performance combined with active management and alternative investments, any under-performance could be a result of any combination of manager underperformance, fees and expenses, combined with the effects of timing of shifts in the strategy (which were not available to the authors) and tactical execution of the prevailing strategy.

161. One factor that has not been in effect for the FSM Trust Fund is the lack of any third-party contributions to the Trust Fund. The allowance for third-party contributions to the Trust Fund, with mutual consent, was an enlightened feature of the Compact as amended; however, the FSM has yet to mobilize any official third-party contributions and none are apparent in the near-term.

162. As shown in Fig. 19, the “catch-up” rate required for the FSM Trust Fund to achieve the terminal condition by the end of FY2023 is projected as a 13.6% com-

pounded annual return for the remaining 14.5 years of the accumulation period. Even given the historically poor initial period—and the likelihood of a sustained period of above-average performance following the downturn—it is highly unlikely that the FSM Trust Fund will achieve the target level. It would be sensible for the FSM Trust Fund Committee to re-visit its investment strategy—as it should in any event on a periodic basis—to consider the appropriate balance of risk versus reward and the appropriate mix of asset classes and allocations to those chosen asset classes. However, it is not recommended that the FSM over-allocate to risky assets in an attempt to catch up. Rather, the most likely policy response would be to mobilize additional contributions to the Trust Fund to support the FSM’s long-term fiscal sustainability.

163. A breakout of each of the negative and positive factors is provided in Table 13 below. As noted above, the bulk of the negative result over the initial 5.5 year period is the result of market conditions that are truly out of the control of the parties to the Trust Fund. Taking all factors into account, the impact of the above-mentioned negative factors are estimated. The market analysis utilized index comparisons against the initial investment strategy adopted by the Trust Fund Committee. Specifically, U.S. Equity at 24% (of which 24% All Cap Core), 26.5% International Equity, 26% Fixed Income (of which 17.5% Aggregate Bond, 8.5% Emerging Market Debt), and 23.5% Alternative (of which 16% Private Equity and 7.5% Real Estate). While the strategy was implemented in phases and the aforementioned allocation is equivalent to the Phase II portion, the authors had no clear documentation of any such changes, and thus the “benchmark” remained unchanged over the 5.5 year period of interest. The analysis utilized actual index-based measures and actual date of deposit data to estimate various effects as noted in Table 13 below.

Conclusion

164. The 3rd FSM Economic Summit was held in Palikir, Pohnpei, from March 29-April 2, 2004. The Summit was presented with three economic scenarios that the FSM might experience over the next 20-year period of Compact support: a dismal scenario, a medium-growth scenario, and a sustained growth scenario. While noting that the FSM

Table 13 Trust Fund Performance analyzed by Source of Variation as at end March 2009

FSM Trust Fund	Value at 3/31/09	Difference from actual	Decomposition estimates	
If smooth trendline growth:	197,981,845	(95,011,268)	100%	
If invested from original date:	125,711,280	(72,270,565)	-76%	This is the attribution to actual market
If invested from deposit dates:	119,614,982	(6,096,298)	-6%	This is result of delayed deposit
As entered into Inv. Policy:	110,088,282	(9,526,700)	-10%	This is result of delayed investment
Actual Market Value:	102,970,577	(7,117,705)	-7%	This is result of fees, underperformance, and changes from benchmark inv. policy

might face a truly dismal scenario if the country's leadership failed to make needed economic adjustments to offset the drag on economic activity resulting from the structure of Compact assistance, the discussion focused primarily on the “moderate growth” and “sustained growth” scenarios. The Summit adopted a six-part strategy for transition and accelerated growth:

- macroeconomic stability;
- good governance: improving effectiveness and efficiency of government;
- developing an outward-oriented, private sector-led economy;
- investing in human resource development;
- investing in infrastructure;
- long-term sustainability.

165. The FSM Strategic Development Plan (SDP) examines the three growth scenarios in detail and makes projections of the likely economic growth and development patterns (Fig. 20). Under the sustained growth scenario, economic growth is held back initially as the economy adjusts to the structure of the amended Compact. However, as the benefits of the sustained growth strategy take hold, the economy is projected to accelerate and attain an annual average growth rate of 2.6% over the whole period. On the other hand, un-

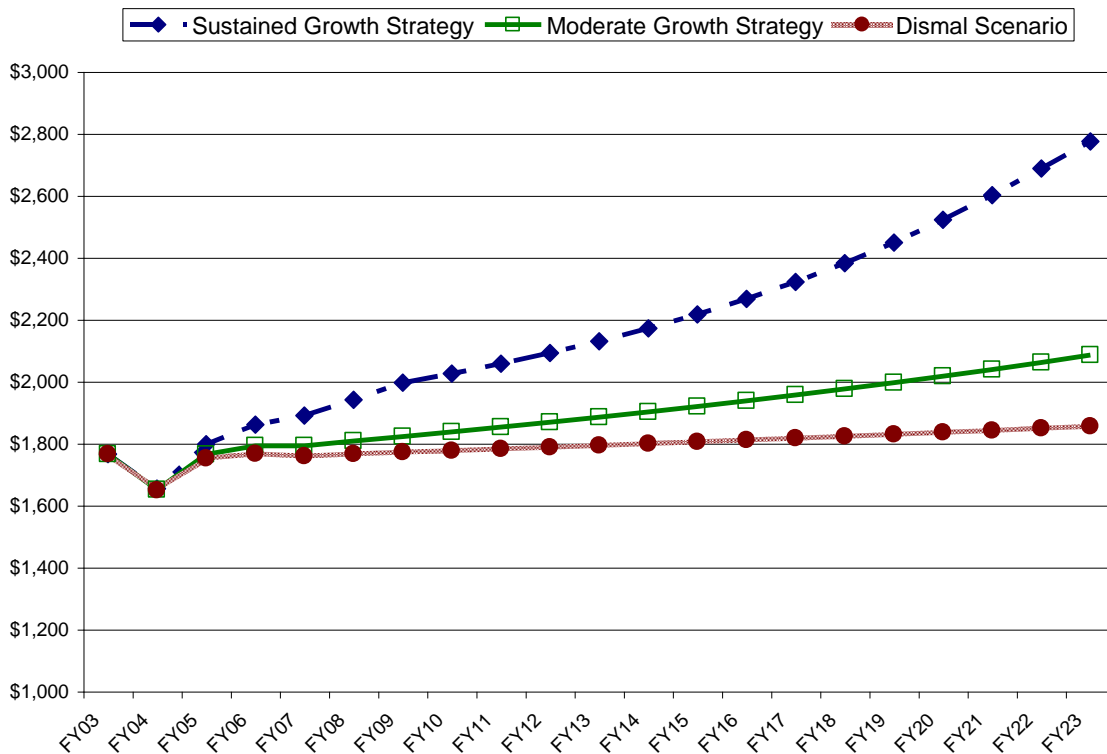


Figure 20 Alternative growth scenarios, GDP per capita, \$s 1998 prices.

der the dismal scenario, economic growth is weak, and the economy is projected to achieve only 0.1% over the period.

166. Fig. 21 compares the projected dismal scenario with the actual performance since FY2003. The dismal scenario outperforms the actual performance, but the two trajectories are remarkably close. The model on which the SDP scenarios were based overstates the impact of the amended Compact in FY2004 and fails to capture the economic downturn in FY2008. It is clear that the first five years of Compact II have been dominated by adjustment to the new regime and that this process is ongoing. Kosrae has completed the majority of the adjustment, but the state is still running a deficit; and the process is not complete. Chuuk has completed the RIF and is now in fiscal balance but remains heavily in debt. While Pohnpei was not confronted with adjusting to the fiscal conditions of the amended Compact, it is currently running a deficit, which requires rectification. Yap has postponed the adjustment and is drawing down on its reserves to fill the gap. The state must also rectify the problems associated with utility pricing, which is a serious threat to fiscal stability. While the tax reform initiative is well underway, it still requires passage through the respective legislatures and if, successful, will take two years to become operational. It will thus take the FSM several more years before the long and drawn-out process of adjustment to the amended Compact is complete. While this process is under-

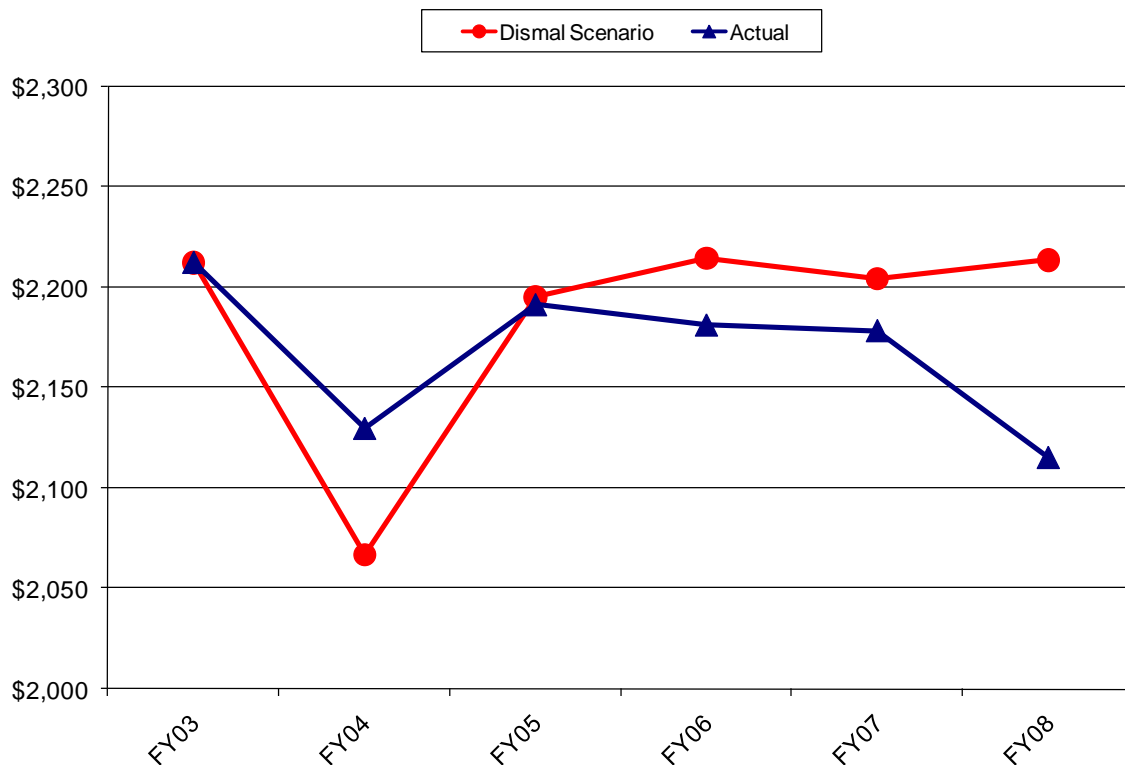


Figure 21 Comparison of the Third Summit dismal scenario with performance—GDP per capita, \$s 1998 prices.

way, the nation needs to return to the policy agenda initiated during the Third Economic Summit and to implement the sustained growth strategy.



Federated States of Micronesia

Fiscal Year 2008
Statistical Appendices

August 2009



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Statistical tables were prepared as best possible at time of compilation

This Statistical Appendix is available as an Excel file.

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Also available online at <http://www.pitiviti.org>, or <http://www.uscompact.org>

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Table 1a : FSM: Income measures in current prices and real terms.

(US\$ millions ¹)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Current prices														
Gross Domestic Product (GDP)	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5
Primary incomes ²														
Receivable from the rest of the world	36.1	35.3	25.5	25.2	27.1	23.3	17.9	17.1	15.3	20.7	23.0	26.6	29.7	27.9
Payable to the rest of the world	-16.7	-16.7	-14.8	-15.8	-14.6	-12.6	-11.2	-10.8	-10.7	-10.1	-9.1	-9.0	-8.4	-9.0
Gross National Income (GNI)	238.4	235.2	211.7	220.7	223.1	233.5	233.7	236.6	240.1	240.1	254.1	260.6	270.5	272.4
Secondary Incomes (Current transfers) ²														
Receivable from the rest of the world	97.9	99.4	87.0	92.9	93.4	97.0	101.0	111.6	132.5	117.2	133.1	121.3	135.2	139.9
Payable to the rest of the world	-3.4	-3.5	-3.3	-3.4	-3.3	-3.2	-3.3	-3.2	-3.4	-3.3	-3.4	-3.5	-3.5	-3.6
Gross National Disposable Income (GNDI)	332.9	331.1	295.5	310.1	313.2	327.3	331.4	345.0	369.3	354.0	383.8	378.4	402.2	408.7
Constant 2004 prices														
GDP, at constant prices	232.5	227.2	211.8	217.0	219.9	230.0	232.0	234.5	238.2	229.6	236.4	235.5	235.4	228.5
Trading gains/losses ³	1.6	-0.7	-1.0	-1.4	-1.9	-4.7	-2.8	-2.0	-1.2	0.0	0.7	0.5	3.4	4.0
Real Gross Domestic Income	234.1	226.5	210.7	215.6	218.0	225.4	229.1	232.5	237.0	229.6	237.2	236.0	238.8	232.6
Primary incomes ⁴														
Receivable from the rest of the world	39.4	37.8	27.4	26.4	28.4	24.0	18.3	17.4	15.5	20.7	22.2	24.8	26.7	23.6
Payable to the rest of the world	-18.2	-17.9	-15.9	-16.6	-15.4	-12.9	-11.4	-11.0	-10.9	-10.1	-8.8	-8.3	-7.6	-7.6
Real Gross National Income (GNI)	255.3	246.4	222.2	225.4	231.1	236.4	236.0	238.9	241.7	240.1	250.6	252.4	257.9	248.5
Secondary Incomes (Current transfers) ⁴														
Receivable from the rest of the world	106.9	106.5	93.3	97.0	98.1	99.8	103.0	113.5	134.4	117.2	128.5	112.8	121.6	118.5
Payable to the rest of the world	-3.7	-3.8	-3.5	-3.6	-3.5	-3.3	-3.3	-3.3	-3.4	-3.3	-3.3	-3.2	-3.1	-3.1
Real Gross National Disposable Income (GNDI) ¹	358.5	349.1	312.0	318.9	325.7	333.0	335.7	349.0	372.6	354.0	375.8	362.1	376.3	363.9
Annual changes														
GDP at constant prices		-2.3%	-6.8%	2.5%	1.3%	4.6%	0.8%	1.1%	1.6%	-3.6%	3.0%	-0.4%	-0.1%	-2.9%
Real GNI		-3.2%	-7.0%	2.3%	1.1%	3.4%	1.7%	1.5%	1.9%	-3.1%	3.3%	-0.5%	1.2%	-2.6%
Real GNDI		-2.6%	-10.6%	2.2%	2.1%	2.2%	0.8%	4.0%	6.8%	-5.0%	6.2%	-3.7%	3.9%	-3.3%
Per capita income measures ⁵														
Population	105,754	106,002	106,252	106,503	106,755	107,008	107,263	107,472	107,644	107,785	107,885	107,965	108,031	108,026
Current price GDP per capita (US\$)	2,070	2,043	1,892	1,984	1,973	2,082	2,116	2,143	2,188	2,130	2,227	2,250	2,308	2,347
Current price GNI per capita (US\$)	2,254	2,219	1,993	2,072	2,090	2,182	2,179	2,202	2,231	2,228	2,356	2,413	2,504	2,522
Current price GNDI per capita (US\$)	3,148	3,123	2,781	2,912	2,934	3,059	3,090	3,210	3,430	3,284	3,558	3,504	3,723	3,783
Constant price GDP per capita (US\$)	2,199	2,143	1,993	2,037	2,060	2,150	2,163	2,182	2,213	2,130	2,192	2,181	2,179	2,115
Real GDI per capita	2,214	2,137	1,983	2,024	2,042	2,106	2,136	2,163	2,202	2,130	2,198	2,186	2,210	2,153
Real GNI per capita (US\$)	2,414	2,325	2,092	2,116	2,164	2,209	2,200	2,222	2,245	2,228	2,322	2,338	2,387	2,301
Real GNDI per capita (US\$)	3,390	3,294	2,937	2,994	3,051	3,112	3,130	3,247	3,462	3,284	3,483	3,353	3,483	3,369
Implicit Price deflators														
Gross Domestic Product (GDP)	94.2	95.3	94.9	97.4	95.8	96.8	97.8	98.2	98.9	100.0	101.6	103.1	105.9	110.9
Gross National Income (GNI)	93.4	95.4	95.3	97.9	96.6	98.8	99.0	99.1	99.3	100.0	101.4	103.2	104.9	109.6
Gross National Disposable Income (GNDI)	92.8	94.8	94.7	97.3	96.2	98.3	98.7	98.8	99.1	100.0	102.1	104.5	106.9	112.3

1) GDP, GNI and GNDI are at purchasers prices.

2) Refer to Balance of Payments tables for breakdown of primary and secondary Income flows

3) From changes in the terms of trade. Estimated using a 50/50 weighting of the FSM CPI (imported items) and the US GDP implicit price deflator as a proxy measure of FSM import prices.

4) Primary, Secondary income and capital grants are deflated by an equal weighting of the RMI CPI and the RMI GDP implicit price deflator, as a proxy for the Gross Domestic Expenditure deflator.

5) Income comparisons between countries should be made using Purchasing Power Parity (PPP) rather than US\$. However, these measures are currently not available for the FSM

Table 1b : FSM and States: Current and constant price GDP, GDP per capita, FY1981-FY2008

	Current price GDP US\$ millions ¹					Constant price GDP US\$ millions ²					Population					Constant price GDP per capita, US\$ ²				
	FSM	Chuuk	Kosrae	Pohnpei	Yap	FSM	Chuuk	Kosrae	Pohnpei	Yap	FSM	Chuuk	Kosrae	Pohnpei	Yap	FSM	Chuuk	Kosrae	Pohnpei	Yap
FY1981	78.2	31.5	5.3	27.9	14.7	141.5	54.6	9.7	51.7	27.3	75,373	38,520	5,626	22,901	8,325	1,877	1,416	1,720	2,255	3,275
FY1982	81.8	32.8	6.4	28.0	15.9	137.7	52.8	11.0	48.3	27.4	77,655	39,581	5,765	23,753	8,556	1,774	1,334	1,903	2,034	3,200
FY1983	86.3	32.5	7.3	30.0	17.7	140.4	50.6	11.9	50.0	29.6	80,007	40,671	5,907	24,636	8,794	1,755	1,243	2,021	2,030	3,364
FY1984	86.3	34.7	7.9	27.2	18.1	134.9	51.9	12.4	43.5	29.1	82,433	41,791	6,052	25,552	9,038	1,636	1,243	2,048	1,703	3,215
FY1985	104.3	41.6	7.9	36.5	19.9	157.2	59.9	12.1	56.3	30.8	84,934	42,942	6,201	26,502	9,289	1,851	1,395	1,945	2,123	3,314
FY1986	115.3	45.5	9.9	41.4	19.8	169.7	64.0	14.7	62.4	29.8	87,513	44,124	6,354	27,487	9,547	1,939	1,451	2,310	2,270	3,120
FY1987	121.0	45.7	10.4	45.6	20.1	173.1	62.5	15.0	66.8	29.5	90,172	45,340	6,510	28,509	9,812	1,920	1,379	2,306	2,344	3,006
FY1988	133.4	52.3	9.9	50.9	21.6	183.3	68.7	13.7	71.6	30.4	92,913	46,588	6,671	29,570	10,085	1,973	1,474	2,054	2,420	3,012
FY1989	141.0	53.4	10.1	56.1	22.3	184.9	66.9	13.4	75.3	29.9	95,740	47,871	6,835	30,669	10,365	1,931	1,398	1,963	2,454	2,885
FY1990	154.0	56.8	10.9	60.7	26.7	192.3	67.9	13.7	77.6	34.2	97,617	48,914	6,929	31,251	10,523	1,970	1,388	1,976	2,483	3,252
FY1991	171.3	64.7	11.9	67.3	28.7	203.7	73.5	14.3	81.9	35.0	99,531	49,980	7,024	31,844	10,683	2,047	1,471	2,041	2,573	3,273
FY1992	183.6	68.3	11.9	70.6	34.8	211.9	75.4	13.8	83.4	41.2	101,483	51,069	7,120	32,449	10,845	2,088	1,477	1,945	2,571	3,796
FY1993	202.0	71.6	13.2	82.6	35.8	226.3	76.7	14.9	94.8	41.0	103,475	52,182	7,218	33,064	11,010	2,187	1,470	2,066	2,866	3,727
FY1994	209.9	70.7	16.0	86.8	37.0	229.2	73.8	17.6	97.0	41.3	105,506	53,319	7,317	33,692	11,178	2,173	1,385	2,409	2,879	3,698
FY1995	218.9	73.7	15.7	93.5	36.1	232.5	74.8	16.8	101.6	39.3	105,754	53,365	7,377	33,823	11,188	2,199	1,402	2,277	3,004	3,514
FY1996	216.6	68.8	16.5	92.9	38.4	227.2	71.3	17.3	98.3	40.3	106,002	53,411	7,438	33,955	11,199	2,143	1,334	2,324	2,895	3,602
FY1997	201.0	64.4	14.9	83.7	38.1	211.8	68.3	15.8	87.7	39.9	106,252	53,457	7,499	34,087	11,209	1,993	1,279	2,107	2,574	3,560
FY1998	211.3	65.7	13.8	88.3	43.5	217.0	68.9	14.2	90.3	43.6	106,503	53,503	7,561	34,219	11,220	2,037	1,288	1,884	2,639	3,883
FY1999	210.7	67.4	15.3	87.7	40.3	219.9	71.9	15.5	90.8	41.6	106,755	53,549	7,623	34,352	11,230	2,060	1,343	2,038	2,643	3,708
FY2000	222.8	75.7	15.6	91.1	40.5	230.0	78.6	15.8	93.2	42.4	107,008	53,595	7,686	34,486	11,241	2,150	1,466	2,060	2,703	3,776
FY2001	226.9	75.4	16.9	92.4	42.3	232.0	78.5	17.0	92.7	43.8	107,263	53,593	7,746	34,602	11,322	2,163	1,465	2,196	2,679	3,864
FY2002	230.4	74.9	17.2	97.3	40.9	234.5	78.5	17.3	97.1	41.5	107,472	53,576	7,804	34,697	11,395	2,182	1,466	2,222	2,798	3,645
FY2003	235.5	77.6	16.2	97.8	43.9	238.2	79.5	16.6	97.7	44.4	107,644	53,542	7,863	34,770	11,469	2,213	1,485	2,106	2,811	3,868
FY2004	229.6	75.4	16.3	98.1	39.8	229.6	75.4	16.3	98.1	39.8	107,785	53,502	7,926	34,824	11,533	2,130	1,409	2,061	2,817	3,447
FY2005	240.3	76.5	16.4	102.6	44.8	236.4	75.7	16.3	101.0	43.5	107,885	53,442	7,988	34,860	11,595	2,192	1,416	2,040	2,898	3,749
FY2006	242.9	78.0	16.4	104.6	43.9	235.5	77.2	16.1	101.7	40.6	107,965	53,381	8,048	34,889	11,647	2,181	1,445	1,996	2,915	3,487
FY2007	249.3	75.2	17.1	110.8	46.2	235.4	71.2	16.4	106.4	41.4	108,031	53,314	8,119	34,901	11,697	2,179	1,335	2,015	3,048	3,540
FY2008	253.5	73.9	16.9	116.2	46.6	228.5	66.7	15.7	104.7	41.5	108,026	53,221	8,183	34,886	11,736	2,115	1,253	1,915	3,001	3,535

1 1981-1994 are old EMPAT estimates, linked via the average figures for 1995-1996. Details of the old estimates are available on request.

2 Constant price GDP is in 2000 prices. U.S. CPI used as deflator for 1981-1997

Table 1c : FSM: Constant price GDP by institutional sector, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	66.0	64.7	57.2	58.4	59.6	64.9	63.7	61.8	62.8	62.4	62.7	60.0	63.7	59.9
1.2	Public Enterprise	19.6	17.2	13.0	20.4	16.3	19.6	19.4	18.8	19.5	16.7	17.3	15.4	17.5	17.6
2	Finance (Banks)	3.0	2.6	2.4	1.7	3.0	3.7	4.9	6.3	3.1	2.8	4.0	4.6	4.8	4.2
3	Government	71.9	70.7	67.2	62.6	65.3	65.6	69.6	74.1	74.1	72.0	74.0	77.8	72.5	69.9
4	NGOs	3.1	2.8	2.9	3.1	3.2	2.8	2.8	3.0	2.9	2.8	2.7	2.7	2.7	2.8
5	Households	58.3	58.5	58.8	59.0	59.3	59.5	59.9	60.1	60.4	57.8	59.4	60.7	61.3	61.5
	GDP at Factor Cost (Gross)	222.0	216.6	201.4	205.2	206.8	216.3	220.4	224.0	222.9	214.6	220.2	221.2	222.4	216.0
	Indirect taxes less Subsidies	13.1	13.0	12.3	13.8	15.8	17.0	15.3	15.3	18.0	17.4	19.2	17.7	16.5	16.0
	Less intermediate FISIM	-2.6	-2.3	-2.0	-1.9	-2.7	-3.2	-3.7	-4.8	-2.7	-2.4	-2.9	-3.4	-3.6	-3.5
	Real GDP at Market Prices (Gross)	232.5	227.2	211.8	217.0	219.9	230.0	232.0	234.5	238.2	229.6	236.4	235.5	235.4	228.5
	Population	105,754	106,002	106,252	106,503	106,755	107,008	107,263	107,472	107,644	107,785	107,885	107,965	108,031	108,026
	Real GDP per capita (US\$)	\$2,199	\$2,143	\$1,993	\$2,037	\$2,060	\$2,150	\$2,163	\$2,182	\$2,213	\$2,130	\$2,192	\$2,181	\$2,179	\$2,115

Table 1d : FSM: Constant price GDP by institutional sector, annual % growth, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise		-1.9%	-11.6%	2.0%	2.1%	8.9%	-1.9%	-3.0%	1.8%	-0.7%	0.5%	-4.4%	6.2%	-5.9%
1.2	Public Enterprise		-12.6%	-24.4%	57.2%	-20.1%	20.5%	-0.9%	-3.4%	4.0%	-14.5%	3.7%	-11.4%	13.9%	0.8%
2	Finance (Banks)		-15.0%	-8.7%	-27.3%	77.2%	21.4%	33.6%	26.7%	-50.1%	-9.2%	41.0%	14.5%	4.6%	-11.9%
3	Government		-1.7%	-5.0%	-6.8%	4.4%	0.5%	6.1%	6.4%	0.1%	-2.9%	2.9%	5.1%	-6.9%	-3.5%
4	NGOs		-8.8%	2.4%	5.7%	5.0%	-12.1%	0.0%	5.9%	-4.3%	-0.3%	-4.8%	-1.7%	0.7%	5.9%
5	Households		0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%	-4.3%	2.7%	2.3%	0.9%	0.3%
	GDP at Factor Cost (Gross)		-2.4%	-7.0%	1.9%	0.8%	4.6%	1.9%	1.6%	-0.5%	-3.7%	2.6%	0.4%	0.6%	-2.9%
	Indirect taxes less Subsidies		-1.2%	-4.9%	11.6%	14.8%	7.6%	-9.9%	-0.1%	17.5%	-3.4%	10.4%	-7.5%	-6.9%	-2.8%
	Less intermediate FISIM		-9.0%	-15.9%	-0.8%	37.5%	19.9%	15.5%	29.2%	-44.2%	-11.8%	24.6%	15.7%	5.3%	-1.5%
	Real GDP at Market Prices (Gross)		-2.3%	-6.8%	2.5%	1.3%	4.6%	0.8%	1.1%	1.6%	-3.6%	3.0%	-0.4%	-0.1%	-2.9%

Table 1e : FSM: Current price GDP by institutional sector, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	57.7	58.6	52.5	54.1	56.2	62.3	62.6	61.0	62.8	62.4	64.2	63.3	68.2	67.6
1.2	Public Enterprise	17.6	17.0	13.4	22.0	16.9	20.3	20.5	18.8	20.1	16.7	17.8	15.8	19.0	23.0
2	Finance (Banks)	2.7	2.3	2.2	1.6	2.9	3.6	4.9	6.2	3.1	2.8	4.2	5.0	5.4	5.1
3	Government	74.3	73.6	65.6	64.0	63.4	64.4	68.0	73.0	73.3	72.0	74.0	77.2	73.8	72.5
4	NGOs	2.4	2.1	2.3	2.3	2.4	2.4	2.5	2.7	2.7	2.8	2.9	3.0	3.1	3.3
5	Households	55.4	56.1	56.8	57.3	57.9	58.3	58.6	59.2	59.6	57.8	60.4	62.8	65.3	68.8
	GDP at Factor Cost (Gross)	210.1	209.8	192.7	201.3	199.6	211.4	217.2	220.9	221.5	214.6	223.5	227.1	234.8	240.3
	Indirect taxes less Subsidies	11.1	8.9	10.1	11.8	13.6	14.6	13.4	14.2	16.6	17.4	19.8	19.4	18.5	17.4
	Less intermediate FISIM	-2.2	-2.1	-1.8	-1.8	-2.6	-3.1	-3.7	-4.7	-2.6	-2.4	-3.1	-3.7	-4.0	-4.2
	Nominal GDP at Market Prices (Gross)	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5
	Per capita (US\$)	\$2,070	\$2,043	\$1,892	\$1,984	\$1,973	\$2,082	\$2,116	\$2,143	\$2,188	\$2,130	\$2,227	\$2,250	\$2,308	\$2,347

Source: SBOC estimates

Table 1f : FSM: Implicit GDP price deflators by institutional sector, FY1995-FY2008

	(FY2004=100)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise		114.3	110.5	109.0	108.0	106.2	104.3	101.6	101.2	100.1	100.0	97.8	94.8	93.4	88.7
1.2 Public Enterprise		111.3	100.8	96.8	92.6	96.4	96.6	95.0	100.0	97.2	100.0	97.4	97.1	91.8	76.7
2 Finance (Banks)		114.3	111.2	108.3	106.6	104.6	102.7	101.3	101.5	101.7	100.0	96.1	92.0	88.8	83.1
3 Government		96.8	96.1	102.4	97.8	103.1	101.9	102.4	101.4	101.1	100.0	100.0	100.8	98.2	96.4
4 NGOs		131.5	132.5	127.8	131.7	134.9	115.4	111.8	108.9	106.1	100.0	92.5	88.7	86.9	84.9
5 Households		105.2	104.4	103.5	103.0	102.3	102.1	102.1	101.7	101.4	100.0	98.4	96.7	93.9	89.3
GDP at Factor Cost (Gross)		105.6	103.2	104.5	101.9	103.6	102.3	101.5	101.4	100.6	100.0	98.5	97.4	94.7	89.9
Indirect taxes less Subsidies		118.5	144.8	122.0	116.8	116.2	116.8	114.1	108.0	108.0	100.0	96.5	91.2	89.2	92.2
Less intermediate FISIM		114.3	111.2	108.3	106.6	104.6	102.7	101.3	101.5	101.7	100.0	96.1	92.0	88.8	83.1
GDP at Market Prices (Gross)		106.2	104.9	105.4	102.7	104.4	103.3	102.2	101.8	101.1	100.0	98.4	97.0	94.4	90.1

Table 1g : FSM: Share of GDP by institutional sector, current prices, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise	28.4%	28.5%	27.0%	26.9%	27.1%	28.2%	27.4%	26.3%	26.4%	27.2%	26.5%	25.5%	27.1%	26.2%
1.2 Public Enterprise	8.4%	7.5%	6.1%	9.4%	7.4%	8.5%	8.4%	8.0%	8.2%	7.3%	7.3%	6.5%	7.4%	7.7%
2 Finance (Banks)	1.3%	1.1%	1.1%	0.8%	1.4%	1.6%	2.1%	2.7%	1.3%	1.2%	1.7%	1.9%	2.0%	1.8%
3 Government	30.9%	31.1%	31.7%	28.8%	29.7%	28.5%	30.0%	31.6%	31.1%	31.4%	31.3%	33.0%	30.8%	30.6%
4 NGOs	1.3%	1.2%	1.4%	1.4%	1.5%	1.2%	1.2%	1.3%	1.2%	1.2%	1.1%	1.1%	1.1%	1.2%
5 Households	25.1%	25.8%	27.8%	27.2%	27.0%	25.9%	25.8%	25.6%	25.4%	25.2%	25.1%	25.8%	26.0%	26.9%
GDP at Factor Cost (Gross)	95.5%	95.3%	95.1%	94.6%	94.0%	94.0%	95.0%	95.5%	93.6%	93.5%	93.1%	93.9%	94.5%	94.5%
Indirect taxes less Subsidies	5.6%	5.7%	5.8%	6.3%	7.2%	7.4%	6.6%	6.5%	7.5%	7.6%	8.1%	7.5%	7.0%	7.0%
Less intermediate FISIM	-1.1%	-1.0%	-0.9%	-0.9%	-1.2%	-1.4%	-1.6%	-2.0%	-1.1%	-1.0%	-1.2%	-1.4%	-1.5%	-1.5%
Real GDP at Market Prices (Gross)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 1h : FSM: GDP by income component, current prices, FY1995-FY2008

(US\$ millions)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Compensation of employees	116.5	117.2	107.8	109.7	110.2	114.2	118.5	123.1	122.9	121.6	122.4	126.1	123.6	124.4
Operating surplus (Gross before depreciation)	38.2	36.4	28.2	34.3	31.5	38.8	40.0	38.7	39.0	35.2	40.6	38.2	46.0	47.1
Household mixed income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indirect taxes less Subsidies	11.1	8.9	10.1	11.8	13.6	14.6	13.4	14.2	16.6	17.4	19.8	19.4	18.5	17.4
Less intermediate FISIM	-2.2	-2.1	-1.8	-1.8	-2.6	-3.1	-3.7	-4.7	-2.6	-2.4	-3.1	-3.7	-4.0	-4.2
Total Monetary	163.5	160.5	144.2	153.9	152.7	164.5	168.3	171.2	175.9	171.8	179.9	180.1	184.0	184.7
Percentage Monetary	74.7%	74.1%	71.7%	72.9%	72.5%	73.8%	74.2%	74.3%	74.7%	74.8%	74.9%	74.1%	73.8%	72.8%
Household subsistence	34.9	35.9	37.0	37.6	38.4	38.7	39.1	39.4	39.3	37.3	39.6	41.8	44.1	47.5
Owner occupied housing	20.5	20.2	19.8	19.7	19.5	19.6	19.5	19.8	20.2	20.5	20.8	21.0	21.2	21.3
Total Non-Monetary	55.4	56.1	56.8	57.3	57.9	58.3	58.6	59.2	59.6	57.8	60.4	62.8	65.3	68.8
Percentage Non-Monetary	25.3%	25.9%	28.3%	27.1%	27.5%	26.2%	25.8%	25.7%	25.3%	25.2%	25.1%	25.9%	26.2%	27.2%
Nominal GDP at Market Prices (Gross)	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5

Source: SBOC estimates

Table 1i : FSM: Current price GDP by institutional sector and income components, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Productive Enterprises	72.0	69.7	61.7	71.4	68.2	76.8	77.5	76.6	80.4	78.0	80.7	78.2	86.3	87.7
1.1	Private Sector	57.7	58.6	52.5	54.1	56.2	62.3	62.6	61.0	62.8	62.4	64.2	63.3	68.2	67.6
	Compensation	26.8	27.1	25.9	26.6	28.0	31.4	32.3	31.6	31.8	32.0	31.3	31.2	32.4	33.8
	Operating Surplus	30.9	31.5	26.6	27.5	28.1	30.9	30.4	29.5	31.0	30.4	32.9	32.1	35.7	33.8
1.2	Public Enterprises	14.3	11.1	9.2	17.3	12.1	14.6	14.8	15.5	17.7	15.6	16.6	15.0	18.1	20.2
	Compensation	10.4	11.8	11.5	13.9	13.4	12.9	12.4	12.5	12.5	12.1	11.5	11.7	11.2	11.6
	Operating Surplus less Subsidies	7.3	5.2	1.9	8.1	3.5	7.5	8.1	6.2	7.6	4.6	6.2	4.1	7.9	11.4
		-3.4	-5.9	-4.2	-4.7	-4.8	-5.8	-5.7	-3.2	-2.4	-1.1	-1.2	-0.9	-0.9	-2.8
2	Financial Enterprises	2.7	2.3	2.2	1.6	2.9	3.6	4.9	6.2	3.1	2.8	4.2	5.0	5.4	5.1
	Compensation	2.6	2.6	2.5	2.9	3.0	3.1	3.3	3.2	2.7	2.6	2.7	2.9	3.1	3.1
	Operating Surplus	0.0	-0.3	-0.4	-1.3	-0.1	0.5	1.6	3.0	0.4	0.3	1.5	2.1	2.3	2.0
3	Government	74.3	73.6	65.6	64.0	63.4	64.4	68.0	73.0	73.3	72.0	74.0	77.2	73.8	72.5
3.1	National	10.7	10.1	10.0	10.0	11.0	10.6	10.7	11.1	11.3	11.3	10.1	10.4	11.3	12.6
3.2	State	53.8	52.9	44.0	40.5	38.5	39.6	42.4	44.6	44.0	42.5	46.1	50.9	47.4	44.9
3.3	Municipalities	2.3	2.4	2.4	2.5	3.0	3.0	2.8	3.5	3.3	2.2	2.7	3.2	2.3	1.9
3.4	Government Agencies	7.6	8.2	9.2	11.0	10.9	11.2	12.2	13.9	14.7	16.0	15.2	12.7	12.8	13.0
4	Non Profit Organizations	2.4	2.1	2.3	2.3	2.4	2.4	2.5	2.7	2.7	2.8	2.9	3.0	3.1	3.3
5	Households	55.4	56.1	56.8	57.3	57.9	58.3	58.6	59.2	59.6	57.8	60.4	62.8	65.3	68.8
	Subsistence	34.9	35.9	37.0	37.6	38.4	38.7	39.1	39.4	39.3	37.3	39.6	41.8	44.1	47.5
	Home Ownership	20.5	20.2	19.8	19.7	19.5	19.6	19.5	19.8	20.2	20.5	20.8	21.0	21.2	21.3
	Indirect Taxes less intermediate FISIM	14.4	14.8	14.3	16.4	18.4	20.3	19.1	17.4	19.1	18.5	21.1	20.3	19.4	20.2
		-2.2	-2.1	-1.8	-1.8	-2.6	-3.1	-3.7	-4.7	-2.6	-2.4	-3.1	-3.7	-4.0	-4.2
	Nominal GDP	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5
	per capita (US\$)	\$2,070	\$2,043	\$1,892	\$1,984	\$1,973	\$2,082	\$2,116	\$2,143	\$2,188	\$2,130	\$2,227	\$2,250	\$2,308	\$2,347

Source: SBOC estimates

Table 2a : Chuuk: Constant price GDP by institutional sector, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	16.7	14.9	13.0	13.5	14.4	18.9	16.7	15.2	16.7	15.4	15.3	14.5	14.7	12.8
1.2	Public Enterprise	2.2	2.0	2.3	2.5	2.4	2.6	2.4	2.7	2.5	2.4	2.5	1.8	1.7	1.9
2	Finance (Banks)	0.8	0.7	0.5	0.3	0.6	0.8	1.3	1.6	1.1	0.9	1.2	1.5	1.6	1.4
3	Government	21.8	20.9	19.7	18.7	20.1	20.6	23.8	25.8	23.7	22.1	22.1	25.2	19.8	17.6
4	NGOs	0.9	0.9	0.9	1.0	1.0	0.9	0.8	0.9	0.9	0.9	0.7	0.8	0.8	0.8
5	Households	28.7	28.7	28.8	28.9	28.9	29.0	29.1	29.1	29.1	29.1	29.2	29.2	29.2	29.2
	GDP at Factor Cost (Gross)	71.0	68.2	65.2	64.9	67.4	72.9	74.0	75.3	74.1	70.9	71.0	73.0	67.7	63.8
	Indirect taxes less Subsidies	4.5	3.8	3.8	4.5	5.1	6.5	5.7	4.6	6.5	5.3	5.6	5.3	4.7	4.2
	Less intermediate FISIM	-0.7	-0.7	-0.6	-0.5	-0.6	-0.8	-1.2	-1.3	-1.0	-0.9	-1.0	-1.2	-1.3	-1.2
	Real GDP at Market Prices (Gross)	74.8	71.3	68.3	68.9	71.9	78.6	78.5	78.5	79.5	75.4	75.7	77.2	71.2	66.7
	Population	53,365	53,411	53,457	53,503	53,549	53,595	53,593	53,576	53,542	53,502	53,442	53,381	53,314	53,221
	Real GDP per capita (US\$)	\$1,402	\$1,334	\$1,279	\$1,288	\$1,343	\$1,466	\$1,465	\$1,466	\$1,485	\$1,409	\$1,416	\$1,445	\$1,335	\$1,253

Table 2b : Chuuk: Constant price GDP by institutional sector, annual % growth, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise		-10.3%	-13.3%	4.4%	6.6%	30.9%	-11.7%	-8.6%	9.4%	-7.5%	-0.8%	-5.1%	1.6%	-13.0%
1.2	Public Enterprise		-9.9%	16.5%	9.2%	-5.6%	8.8%	-7.1%	11.5%	-6.1%	-4.6%	2.1%	-26.6%	-8.1%	14.2%
2	Finance (Banks)		-9.6%	-28.2%	-33.7%	74.2%	49.0%	58.4%	19.6%	-27.9%	-18.7%	31.0%	24.4%	4.5%	-10.8%
3	Government		-4.2%	-6.0%	-4.9%	7.3%	2.8%	15.3%	8.4%	-8.0%	-6.7%	0.1%	13.9%	-21.5%	-10.8%
4	NGOs		-1.9%	4.5%	1.6%	2.6%	-8.6%	-15.1%	16.5%	-0.9%	1.7%	-16.7%	9.4%	-3.1%	0.6%
5	Households		0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
	GDP at Factor Cost (Gross)		-4.0%	-4.4%	-0.4%	3.8%	8.2%	1.6%	1.7%	-1.6%	-4.2%	0.1%	2.8%	-7.2%	-5.9%
	Indirect taxes less Subsidies		-15.6%	-1.2%	18.5%	14.8%	27.8%	-13.1%	-19.2%	41.5%	-17.9%	5.4%	-5.3%	-11.6%	-11.5%
	Less intermediate FISIM		-1.9%	-14.6%	-17.2%	15.8%	45.9%	43.2%	13.8%	-24.2%	-15.8%	15.9%	21.2%	4.2%	-1.1%
	Real GDP at Market Prices (Gross)		-4.7%	-4.1%	0.8%	4.4%	9.3%	-0.1%	0.0%	1.3%	-5.2%	0.3%	2.0%	-7.7%	-6.3%

Table 2c : Chuuk: Current price GDP by institutional sector, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	14.7	13.4	11.8	12.4	13.4	18.1	16.2	15.1	16.6	15.4	15.5	15.3	15.6	14.4
1.2	Public Enterprise	2.1	1.7	2.9	3.3	2.8	3.8	3.5	2.8	2.9	2.4	2.4	1.8	1.8	2.4
2	Finance (Banks)	0.7	0.6	0.4	0.3	0.5	0.8	1.3	1.6	1.1	0.9	1.3	1.7	1.8	1.7
3	Government	25.3	23.9	19.0	18.5	18.8	20.2	22.8	24.3	23.3	22.1	22.2	23.9	20.9	18.3
4	NGOs	0.7	0.7	0.7	0.8	0.7	0.8	0.7	0.9	0.8	0.9	0.9	0.9	0.9	1.0
5	Households	27.0	27.2	27.6	27.8	28.0	28.1	27.8	28.1	28.3	29.1	29.8	30.1	30.5	32.8
	GDP at Factor Cost (Gross)	70.4	67.6	62.4	63.0	64.3	71.8	72.4	72.7	73.1	70.9	72.0	73.6	71.6	70.6
	Indirect taxes less Subsidies	3.9	1.8	2.5	3.2	3.6	4.7	4.1	3.6	5.5	5.3	5.5	5.7	5.0	4.8
	Less intermediate FISIM	-0.6	-0.6	-0.5	-0.5	-0.5	-0.8	-1.2	-1.3	-1.0	-0.9	-1.0	-1.3	-1.4	-1.5
	Nominal GDP at Market Prices (Gross)	73.7	68.8	64.4	65.7	67.4	75.7	75.4	74.9	77.6	75.4	76.5	78.0	75.2	73.9
	Per capita (US\$)	\$1,381	\$1,288	\$1,204	\$1,228	\$1,259	\$1,412	\$1,406	\$1,399	\$1,449	\$1,409	\$1,431	\$1,460	\$1,410	\$1,388

Source: SBOC estimates

Table 2d : Chuuk: Implicit GDP price deflators by institutional sector, FY1995-FY2008

	(FY2004=100)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise		88.0	89.8	90.7	91.5	92.9	95.7	97.4	99.2	99.8	100.0	101.1	105.2	106.0	112.4
1.2 Public Enterprise		94.8	85.4	124.7	129.4	117.8	147.0	143.3	102.0	112.6	100.0	98.3	98.3	110.4	128.2
2 Finance (Banks)		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
3 Government		115.9	114.4	96.8	98.7	93.6	97.8	95.9	94.2	98.1	100.0	100.2	94.7	105.8	103.5
4 NGOs		78.3	80.7	78.2	79.4	76.1	88.4	96.6	96.5	96.5	100.0	115.5	110.8	115.5	122.2
5 Households		94.1	94.9	95.7	96.2	96.9	96.8	95.8	96.6	97.3	100.0	102.1	103.3	104.5	112.3
GDP at Factor Cost (Gross)		99.1	99.2	95.8	97.0	95.5	98.5	97.8	96.5	98.7	100.0	101.3	100.8	105.7	110.7
Indirect taxes less Subsidies		87.5	47.2	65.9	71.0	71.0	71.9	72.4	78.4	85.0	100.0	98.4	106.2	105.8	114.7
Less intermediate FISIM		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
GDP at Market Prices (Gross)		98.5	96.5	94.2	95.3	93.7	96.3	96.0	95.4	97.5	100.0	101.1	101.1	105.6	110.7

Table 2e : Chuuk: Share of GDP by institutional sector, current prices, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise	19.9%	19.5%	18.3%	18.9%	19.9%	23.9%	21.5%	20.2%	21.4%	20.5%	20.2%	19.6%	20.8%	19.5%
1.2 Public Enterprise	2.8%	2.5%	4.5%	5.0%	4.2%	5.1%	4.6%	3.7%	3.7%	3.2%	3.2%	2.3%	2.4%	3.3%
2 Finance (Banks)	0.9%	0.9%	0.7%	0.5%	0.8%	1.1%	1.7%	2.1%	1.5%	1.2%	1.7%	2.1%	2.4%	2.3%
3 Government	34.3%	34.8%	29.6%	28.1%	27.9%	26.7%	30.3%	32.4%	30.0%	29.3%	29.0%	30.6%	27.9%	24.7%
4 NGOs	1.0%	1.1%	1.1%	1.2%	1.1%	1.0%	1.0%	1.1%	1.1%	1.2%	1.1%	1.2%	1.2%	1.3%
5 Households	36.6%	39.6%	42.8%	42.3%	41.6%	37.1%	37.0%	37.5%	36.5%	38.7%	38.9%	38.7%	40.6%	44.4%
GDP at Factor Cost (Gross)	95.5%	98.3%	97.0%	95.9%	95.4%	94.9%	96.1%	97.0%	94.2%	94.1%	94.1%	94.4%	95.3%	95.6%
Indirect taxes less Subsidies	5.4%	2.6%	3.9%	4.8%	5.4%	6.2%	5.5%	4.8%	7.1%	7.1%	7.2%	7.3%	6.6%	6.5%
Less intermediate FISIM	-0.8%	-0.9%	-0.8%	-0.7%	-0.8%	-1.1%	-1.6%	-1.8%	-1.3%	-1.1%	-1.4%	-1.7%	-1.9%	-2.0%
Real GDP at Market Prices (Gross)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 2f : Chuuk: GDP by income component, current prices, FY1995-FY2008

(US\$ millions)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Compensation of employees	33.6	31.9	26.8	26.4	27.1	30.0	32.6	34.0	33.3	32.0	31.6	33.5	30.7	27.7
Operating surplus (Gross before depreciation)	9.8	8.5	8.1	8.8	9.2	13.7	12.0	10.5	11.5	9.8	10.6	10.0	10.4	10.1
Household mixed income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indirect taxes less Subsidies	3.9	1.8	2.5	3.2	3.6	4.7	4.1	3.6	5.5	5.3	5.5	5.7	5.0	4.8
Less intermediate FISIM	-0.6	-0.6	-0.5	-0.5	-0.5	-0.8	-1.2	-1.3	-1.0	-0.9	-1.0	-1.3	-1.4	-1.5
Total Monetary	46.7	41.6	36.8	37.9	39.4	47.6	47.5	46.8	49.2	46.3	46.7	47.8	44.7	41.1
Percentage Monetary	63.4%	60.4%	57.2%	57.7%	58.4%	62.9%	63.0%	62.5%	63.5%	61.3%	61.1%	61.3%	59.4%	55.6%
Household subsistence	17.4	17.9	18.4	18.7	19.1	19.1	19.0	19.1	19.0	19.7	20.2	20.5	20.8	23.0
Owner occupied housing	9.6	9.4	9.2	9.1	9.0	9.0	8.9	9.0	9.3	9.4	9.6	9.7	9.7	9.7
Total Non-Monetary	27.0	27.2	27.6	27.8	28.0	28.1	27.8	28.1	28.3	29.1	29.8	30.1	30.5	32.8
Percentage Non-Monetary	36.6%	39.6%	42.8%	42.3%	41.6%	37.1%	37.0%	37.5%	36.5%	38.7%	38.9%	38.7%	40.6%	44.4%
Nominal GDP at Market Prices (Gross)	73.7	68.8	64.4	65.7	67.4	75.7	75.4	74.9	77.6	75.4	76.5	78.0	75.2	73.9

Source: SBOC estimates

Table 2g : Chuuk: Current price GDP by institutional sector and income components, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Productive Enterprises	16.3	13.1	13.3	14.3	14.6	20.0	17.9	16.6	18.5	17.7	17.4	16.8	17.1	16.5
1.1	Private Sector	14.7	13.4	11.8	12.4	13.4	18.1	16.2	15.1	16.6	15.4	15.5	15.3	15.6	14.4
	Compensation	6.1	5.4	4.9	4.9	5.2	6.5	6.3	6.3	6.6	6.6	6.3	6.2	6.3	5.9
	Operating Surplus	8.6	8.0	6.9	7.5	8.2	11.6	10.0	8.8	10.1	8.8	9.2	9.0	9.4	8.5
1.2	Public Enterprises	1.7	-0.3	1.5	1.9	1.2	1.9	1.6	1.5	1.9	2.3	2.0	1.6	1.4	2.1
	Compensation	0.8	1.1	1.5	1.8	1.8	1.9	1.8	1.8	1.6	1.6	1.5	1.5	1.5	1.5
	Operating Surplus less Subsidies	1.3	0.6	1.4	1.5	1.0	1.9	1.6	1.0	1.2	0.8	1.0	0.3	0.3	1.0
		-0.4	-2.0	-1.4	-1.4	-1.6	-1.9	-1.8	-1.3	-1.0	-0.1	-0.5	-0.2	-0.4	-0.3
2	Financial Enterprises	0.7	0.6	0.4	0.3	0.5	0.8	1.3	1.6	1.1	0.9	1.3	1.7	1.8	1.7
	Compensation	0.7	0.8	0.7	0.6	0.6	0.7	0.9	0.8	0.9	0.8	0.8	1.0	1.0	1.0
	Operating Surplus	0.0	-0.1	-0.2	-0.3	0.0	0.1	0.4	0.7	0.2	0.1	0.5	0.7	0.8	0.7
3	Government	25.3	23.9	19.0	18.5	18.8	20.2	22.8	24.3	23.3	22.1	22.2	23.9	20.9	18.3
3.1	National	0.9	0.8	0.8	0.8	1.8	1.9	1.8	1.8	2.1	2.3	1.0	1.0	1.5	2.0
3.2	State	22.0	20.5	15.6	14.8	13.6	15.1	17.9	18.2	17.0	15.8	17.7	20.1	17.4	14.5
3.3	Municipalities	1.1	1.0	1.0	1.1	1.4	1.3	1.0	1.7	1.5	0.4	0.7	1.4	0.4	0.1
3.4	Government Agencies	1.3	1.6	1.6	1.8	1.9	2.0	2.1	2.6	2.6	3.6	2.8	1.3	1.7	1.7
4	Non Profit Organizations	0.7	0.7	0.7	0.8	0.7	0.8	0.7	0.9	0.8	0.9	0.9	0.9	0.9	1.0
5	Households	27.0	27.2	27.6	27.8	28.0	28.1	27.8	28.1	28.3	29.1	29.8	30.1	30.5	32.8
	Subsistence	17.4	17.9	18.4	18.7	19.1	19.1	19.0	19.1	19.0	19.7	20.2	20.5	20.8	23.0
	Home Ownership	9.6	9.4	9.2	9.1	9.0	9.0	8.9	9.0	9.3	9.4	9.6	9.7	9.7	9.7
	Indirect Taxes less intermediate FISIM	4.4	3.8	3.8	4.6	5.3	6.6	6.0	4.9	6.5	5.5	6.0	5.9	5.4	5.1
		-0.6	-0.6	-0.5	-0.5	-0.5	-0.8	-1.2	-1.3	-1.0	-0.9	-1.0	-1.3	-1.4	-1.5
	Nominal GDP	73.7	68.8	64.4	65.7	67.4	75.7	75.4	74.9	77.6	75.4	76.5	78.0	75.2	73.9
	per capita (US\$)	\$1,381	\$1,288	\$1,204	\$1,228	\$1,259	\$1,412	\$1,406	\$1,399	\$1,449	\$1,409	\$1,431	\$1,460	\$1,410	\$1,388

Source: SBOC estimates

Table 3a : Kosrae: Constant price GDP by institutional sector, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	4.3	5.0	3.6	3.8	4.5	4.6	4.7	4.4	4.2	4.3	4.1	3.9	4.1	4.0
1.2	Public Enterprise	2.1	1.5	1.6	1.5	1.7	1.5	2.9	1.8	1.6	1.5	1.3	1.3	1.2	1.0
2	Finance (Banks)	0.2	0.2	0.2	0.1	0.2	0.4	0.5	0.7	0.3	0.2	0.2	0.3	0.3	0.2
3	Government	7.3	7.5	7.3	5.8	5.7	6.0	6.2	7.3	7.2	7.0	7.1	7.2	7.3	6.6
4	NGOs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
5	Households	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.6	2.6
	GDP at Factor Cost (Gross)	16.1	16.5	15.1	13.5	14.5	14.8	16.6	16.7	15.6	15.4	15.3	15.2	15.5	14.6
	Indirect taxes less Subsidies	0.9	1.0	0.9	1.0	1.2	1.3	0.7	1.2	1.1	1.0	1.1	1.1	1.1	1.3
	Less intermediate FISIM	-0.2	-0.2	-0.1	-0.2	-0.1	-0.3	-0.3	-0.5	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
	Real GDP at Market Prices (Gross)	16.8	17.3	15.8	14.2	15.5	15.8	17.0	17.3	16.6	16.3	16.3	16.1	16.4	15.7
	Population	7,377	7,438	7,499	7,561	7,623	7,686	7,746	7,804	7,863	7,926	7,988	8,048	8,119	8,183
	Real GDP per capita (US\$)	\$2,277	\$2,324	\$2,107	\$1,884	\$2,038	\$2,060	\$2,196	\$2,222	\$2,106	\$2,061	\$2,040	\$1,996	\$2,015	\$1,915

Table 3b : Kosrae: Constant price GDP by institutional sector, annual % growth, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise		17.4%	-28.5%	4.7%	18.7%	1.9%	2.1%	-5.0%	-5.6%	2.6%	-4.0%	-5.9%	5.6%	-2.0%
1.2	Public Enterprise		-29.5%	10.7%	-10.0%	17.5%	-13.6%	92.9%	-39.4%	-9.8%	-5.2%	-11.3%	-5.5%	-5.0%	-11.9%
2	Finance (Banks)		-2.9%	9.3%	-33.4%	40.9%	69.0%	27.3%	62.6%	-66.0%	-31.5%	41.7%	6.1%	4.8%	-13.1%
3	Government		3.1%	-2.4%	-21.4%	-0.9%	5.2%	3.3%	18.7%	-2.6%	-2.4%	2.2%	1.2%	1.0%	-9.0%
4	NGOs		-85.7%	-1.1%	2.2%	-0.4%	108.6%	115.3%	-0.8%	23.8%	46.1%	75.1%	23.9%	133.7%	10.4%
5	Households		1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.2%	1.1%	1.1%	1.2%	1.2%
	GDP at Factor Cost (Gross)		2.3%	-8.6%	-10.7%	7.4%	2.2%	12.3%	0.6%	-6.4%	-1.2%	-0.5%	-1.2%	2.0%	-5.7%
	Indirect taxes less Subsidies		14.5%	-10.0%	12.4%	23.7%	10.4%	-49.6%	69.4%	-2.4%	-7.5%	7.1%	-2.5%	-0.6%	17.4%
	Less intermediate FISIM		-0.7%	-14.4%	36.9%	-29.1%	108.7%	-9.3%	92.2%	-64.6%	-30.4%	30.4%	9.8%	6.6%	-2.0%
	Real GDP at Market Prices (Gross)		2.9%	-8.6%	-9.8%	9.1%	1.9%	7.4%	1.9%	-4.5%	-1.4%	-0.3%	-1.4%	1.8%	-4.2%

Table 3c : Kosrae: Current price GDP by institutional sector, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	3.8	4.6	3.3	3.5	4.2	4.3	4.5	4.3	4.0	4.3	4.2	4.1	4.5	4.6
1.2	Public Enterprise	2.4	1.9	1.8	1.8	1.9	1.9	3.4	2.1	1.9	1.5	1.2	1.1	1.1	1.0
2	Finance (Banks)	0.2	0.2	0.2	0.1	0.2	0.3	0.4	0.7	0.2	0.2	0.3	0.3	0.3	0.3
3	Government	6.8	7.1	7.0	5.6	5.9	6.0	6.3	7.4	7.1	7.0	7.1	7.2	7.4	6.6
4	NGOs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
5	Households	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.6	2.8
	GDP at Factor Cost (Gross)	15.3	16.0	14.5	13.4	14.6	15.0	17.0	16.9	15.7	15.4	15.3	15.2	15.9	15.4
	Indirect taxes less Subsidies	0.5	0.6	0.5	0.6	0.9	0.9	0.1	0.8	0.7	1.0	1.3	1.4	1.4	1.7
	Less intermediate FISIM	-0.1	-0.1	-0.1	-0.2	-0.1	-0.3	-0.3	-0.5	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
	Nominal GDP at Market Prices (Gross)	15.7	16.5	14.9	13.8	15.3	15.6	16.9	17.2	16.2	16.3	16.4	16.4	17.1	16.9
	Per capita (US\$)	\$2,123	\$2,221	\$1,982	\$1,827	\$2,007	\$2,023	\$2,176	\$2,203	\$2,061	\$2,061	\$2,054	\$2,043	\$2,110	\$2,067

Source: SBOC estimates

Table 3d : Kosrae: Implicit GDP price deflators by institutional sector, FY1995-FY2008

	(FY2004=100)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise		88.2	91.2	92.0	94.0	94.4	95.2	97.2	96.8	96.4	100.0	102.5	104.4	108.7	115.7
1.2 Public Enterprise		113.3	130.5	107.8	119.7	112.2	130.0	116.4	120.6	118.8	100.0	90.4	89.4	94.5	94.4
2 Finance (Banks)		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
3 Government		93.8	94.8	95.2	98.1	103.1	100.1	101.7	100.6	99.3	100.0	99.5	100.4	100.8	99.9
4 NGOs		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
5 Households		96.6	97.6	98.5	98.9	99.5	98.9	98.3	97.8	98.3	100.0	100.1	99.9	102.0	107.0
GDP at Factor Cost (Gross)		95.2	97.2	96.3	99.4	100.8	101.4	102.4	101.2	100.3	100.0	99.7	100.6	102.9	105.5
Indirect taxes less Subsidies		55.5	66.5	56.9	62.4	70.4	63.5	17.8	68.8	63.8	100.0	115.4	128.3	132.5	137.8
Less intermediate FISIM		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
GDP at Market Prices (Gross)		93.2	95.6	94.1	96.9	98.5	98.2	99.1	99.2	97.9	100.0	100.7	102.4	104.7	107.9

Table 3e : Kosrae: Share of GDP by institutional sector, current prices, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise	24.2%	27.9%	22.3%	25.7%	27.7%	28.0%	26.9%	25.0%	24.9%	26.3%	25.7%	24.6%	26.0%	27.5%
1.2 Public Enterprise	15.2%	11.7%	11.9%	12.8%	12.7%	12.5%	19.9%	12.3%	11.6%	9.2%	7.3%	6.8%	6.6%	5.9%
2 Finance (Banks)	1.2%	1.1%	1.4%	1.0%	1.3%	2.2%	2.7%	4.2%	1.5%	1.1%	1.5%	1.7%	1.8%	1.7%
3 Government	43.6%	43.0%	46.8%	40.9%	38.4%	38.6%	37.4%	43.0%	43.8%	42.7%	43.3%	44.1%	42.9%	39.2%
4 NGOs	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.4%	0.5%
5 Households	13.7%	13.3%	15.1%	16.5%	15.2%	15.0%	13.9%	13.7%	14.8%	15.1%	15.2%	15.3%	15.2%	16.3%
GDP at Factor Cost (Gross)	97.9%	97.0%	97.5%	96.9%	95.2%	96.3%	100.8%	98.3%	96.6%	94.4%	93.2%	92.7%	92.9%	91.0%
Indirect taxes less Subsidies	3.0%	3.9%	3.4%	4.5%	5.6%	5.5%	0.7%	4.6%	4.4%	6.4%	7.8%	8.5%	8.3%	10.3%
Less intermediate FISIM	-0.9%	-0.9%	-0.9%	-1.3%	-0.9%	-1.8%	-1.5%	-2.9%	-1.1%	-0.8%	-1.0%	-1.2%	-1.2%	-1.3%
Real GDP at Market Prices (Gross)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 3f : Kosrae: GDP by income component, current prices, FY1995-FY2008

(US\$ millions)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Compensation of employees	9.7	10.0	9.7	8.9	9.2	9.7	9.7	10.7	10.6	10.4	10.3	10.6	10.7	10.1
Operating surplus (Gross before depreciation)	3.5	3.8	2.5	2.2	3.0	3.0	5.0	3.8	2.7	2.6	2.5	2.2	2.6	2.5
Household mixed income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indirect taxes less Subsidies	0.5	0.6	0.5	0.6	0.9	0.9	0.1	0.8	0.7	1.0	1.3	1.4	1.4	1.7
Less intermediate FISIM	-0.1	-0.1	-0.1	-0.2	-0.1	-0.3	-0.3	-0.5	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
Total Monetary	13.5	14.3	12.6	11.5	13.0	13.2	14.5	14.8	13.8	13.9	13.9	13.9	14.5	14.2
Percentage Monetary	86.3%	86.7%	84.9%	83.5%	84.8%	85.0%	86.1%	86.3%	85.2%	84.9%	84.8%	84.7%	84.8%	83.7%
Household subsistence	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.6
Owner occupied housing	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total Non-Monetary	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.6	2.8
Percentage Non-Monetary	13.7%	13.3%	15.1%	16.5%	15.2%	15.0%	13.9%	13.7%	14.8%	15.1%	15.2%	15.3%	15.2%	16.3%
Nominal GDP at Market Prices (Gross)	15.7	16.5	14.9	13.8	15.3	15.6	16.9	17.2	16.2	16.3	16.4	16.4	17.1	16.9

Source: SBOC estimates

Table 3g : Kosrae: Current price GDP by institutional sector and income components, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Productive Enterprises	5.5	5.9	4.4	4.7	5.5	5.6	6.4	5.8	5.3	5.6	5.3	5.2	5.6	5.6
1.1	Private Sector	3.8	4.6	3.3	3.5	4.2	4.3	4.5	4.3	4.0	4.3	4.2	4.1	4.5	4.6
	Compensation	1.4	1.6	1.6	1.6	1.7	2.0	2.0	1.9	2.2	2.2	2.0	2.2	2.2	2.3
	Operating Surplus	2.4	3.0	1.8	1.9	2.5	2.3	2.6	2.3	1.8	2.1	2.2	1.8	2.2	2.3
1.2	Public Enterprises	1.7	1.3	1.1	1.1	1.3	1.2	1.9	1.5	1.2	1.3	1.1	1.1	1.1	1.0
	Compensation	1.3	1.1	1.0	1.4	1.4	1.3	1.1	1.0	1.0	1.0	1.0	0.9	0.9	0.9
	Operating Surplus less Subsidies	1.1	0.9	0.8	0.4	0.5	0.6	2.3	1.1	0.9	0.5	0.2	0.2	0.2	0.1
	less Subsidies	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-1.5	-0.6	-0.6	-0.2	-0.1	0.0	0.0	0.0
2	Financial Enterprises	0.2	0.2	0.2	0.1	0.2	0.3	0.4	0.7	0.2	0.2	0.3	0.3	0.3	0.3
	Compensation	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.2
	Operating Surplus	0.0	0.0	0.0	-0.1	0.0	0.0	0.1	0.4	0.0	0.0	0.1	0.1	0.1	0.1
3	Government	6.8	7.1	7.0	5.6	5.9	6.0	6.3	7.4	7.1	7.0	7.1	7.2	7.4	6.6
3.1	National	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.8	1.1
3.2	State	5.9	6.2	6.1	4.7	4.9	5.1	5.2	6.2	6.0	5.8	6.0	6.0	5.8	4.9
3.3	Municipalities	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
3.4	Government Agencies	0.1	0.1	0.1	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6
4	Non Profit Organizations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
5	Households	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.6	2.8
	Subsistence	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.6
	Home Ownership	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
	Indirect Taxes less intermediate FISIM	1.2	1.2	1.1	1.3	1.5	1.6	1.6	1.4	1.3	1.3	1.4	1.4	1.4	1.7
	less intermediate FISIM	-0.1	-0.1	-0.1	-0.2	-0.1	-0.3	-0.3	-0.5	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
	Nominal GDP	15.7	16.5	14.9	13.8	15.3	15.6	16.9	17.2	16.2	16.3	16.4	16.4	17.1	16.9
	per capita (US\$)	\$2,123	\$2,221	\$1,982	\$1,827	\$2,007	\$2,023	\$2,176	\$2,203	\$2,061	\$2,061	\$2,054	\$2,043	\$2,110	\$2,067

Source: SBOC estimates

Table 4a : Pohnpei: Constant price GDP by institutional sector, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	34.0	32.7	28.9	28.6	27.6	28.0	28.3	29.4	28.8	30.2	31.1	31.1	34.0	32.8
1.2	Public Enterprise	12.5	11.2	6.4	10.7	9.3	12.0	9.6	10.5	10.4	8.7	9.4	9.4	11.1	10.4
2	Finance (Banks)	1.8	1.5	1.4	1.1	1.9	2.1	2.7	3.2	1.5	1.5	2.1	2.4	2.5	2.2
3	Government	33.8	33.5	31.3	30.1	31.4	31.1	31.6	32.9	34.7	34.6	35.0	36.0	36.1	36.3
4	NGOs	1.9	1.7	1.7	1.9	2.1	1.8	1.9	2.0	1.8	1.8	1.8	1.7	1.7	1.8
5	Households	14.0	14.1	14.2	14.3	14.5	14.6	14.7	14.8	14.9	15.0	15.1	15.2	15.3	15.3
	GDP at Factor Cost (Gross)	98.0	94.7	84.1	86.7	86.7	89.7	88.8	92.8	92.2	91.8	94.6	95.7	100.7	98.8
	Indirect taxes less Subsidies	5.1	4.9	4.7	4.7	5.8	5.4	5.9	6.8	6.9	7.5	8.0	7.7	7.5	7.7
	Less intermediate FISIM	-1.5	-1.3	-1.1	-1.1	-1.7	-1.8	-2.0	-2.5	-1.3	-1.2	-1.5	-1.8	-1.8	-1.8
	Real GDP at Market Prices (Gross)	101.6	98.3	87.7	90.3	90.8	93.2	92.7	97.1	97.7	98.1	101.0	101.7	106.4	104.7
	Population	33,823	33,955	34,087	34,219	34,352	34,486	34,602	34,697	34,770	34,824	34,860	34,889	34,901	34,886
	Real GDP per capita (US\$)	\$3,004	\$2,895	\$2,574	\$2,639	\$2,643	\$2,703	\$2,679	\$2,798	\$2,811	\$2,817	\$2,898	\$2,915	\$3,048	\$3,001

Table 4b : Pohnpei: Constant price GDP by institutional sector, annual % growth, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise		-3.6%	-11.8%	-1.0%	-3.6%	1.7%	0.8%	3.8%	-2.0%	4.9%	2.9%	0.1%	9.4%	-3.7%
1.2	Public Enterprise		-10.1%	-42.4%	65.6%	-13.0%	29.1%	-20.1%	10.0%	-1.2%	-16.5%	8.5%	-0.6%	18.5%	-6.4%
2	Finance (Banks)		-17.2%	-3.1%	-25.4%	80.1%	8.5%	26.8%	20.1%	-52.1%	-3.3%	43.5%	11.4%	4.7%	-12.0%
3	Government		-1.1%	-6.4%	-4.1%	4.4%	-0.7%	1.5%	4.1%	5.6%	-0.4%	1.3%	2.8%	0.4%	0.4%
4	NGOs		-12.2%	2.8%	9.3%	7.8%	-13.8%	7.6%	2.3%	-6.6%	-1.5%	0.7%	-7.5%	-0.5%	9.0%
5	Households		0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%	0.6%	0.6%	0.6%	0.5%	0.4%
	GDP at Factor Cost (Gross)		-3.3%	-11.2%	3.1%	0.0%	3.4%	-1.0%	4.5%	-0.6%	-0.5%	3.1%	1.2%	5.2%	-1.9%
	Indirect taxes less Subsidies		-3.6%	-3.0%	-0.4%	22.7%	-7.6%	10.1%	14.7%	1.3%	9.9%	5.8%	-3.3%	-2.3%	2.4%
	Less intermediate FISIM		-11.6%	-15.8%	-0.2%	55.9%	6.0%	7.5%	25.5%	-45.6%	-8.4%	26.3%	13.6%	5.3%	-1.5%
	Real GDP at Market Prices (Gross)		-3.2%	-10.8%	2.9%	0.6%	2.7%	-0.5%	4.7%	0.6%	0.4%	3.0%	0.7%	4.6%	-1.6%

Table 4c : Pohnpei: Current price GDP by institutional sector, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	30.1	30.4	27.1	26.8	26.8	27.7	28.6	29.5	29.1	30.2	31.7	32.6	36.2	36.7
1.2	Public Enterprise	11.2	10.6	6.4	10.8	9.4	11.7	9.6	10.4	10.7	8.7	9.6	9.7	12.0	13.8
2	Finance (Banks)	1.6	1.3	1.3	1.0	1.9	2.1	2.6	3.2	1.5	1.5	2.2	2.6	2.8	2.6
3	Government	33.2	33.1	30.9	31.5	30.8	30.8	31.4	33.4	34.6	34.6	35.3	36.0	35.6	37.3
4	NGOs	1.4	1.2	1.3	1.4	1.5	1.5	1.6	1.7	1.7	1.8	1.9	1.9	1.9	2.1
5	Households	13.1	13.2	13.3	13.5	13.6	14.1	14.5	14.8	14.7	15.0	15.2	15.4	15.7	16.5
	GDP at Factor Cost (Gross)	90.6	89.9	80.4	85.0	83.9	87.7	88.4	93.0	92.4	91.8	95.9	98.2	104.4	109.0
	Indirect taxes less Subsidies	4.1	4.2	4.3	4.4	5.4	5.1	5.9	6.8	6.7	7.5	8.3	8.3	8.5	9.4
	Less intermediate FISIM	-1.3	-1.2	-1.0	-1.0	-1.6	-1.8	-1.9	-2.4	-1.3	-1.2	-1.6	-1.9	-2.1	-2.2
	Nominal GDP at Market Prices (Gross)	93.5	92.9	83.7	88.3	87.7	91.1	92.4	97.3	97.8	98.1	102.6	104.6	110.8	116.2
	Per capita (US\$)	\$2,763	\$2,736	\$2,455	\$2,581	\$2,552	\$2,641	\$2,670	\$2,805	\$2,812	\$2,817	\$2,943	\$2,999	\$3,175	\$3,331

Source: SBOC estimates

Table 4d : Pohnpei: Implicit GDP price deflators by institutional sector, FY1995-FY2008

	(FY2004=100)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise		88.7	92.8	93.9	93.6	97.0	98.6	101.3	100.4	101.2	100.0	101.9	104.9	106.5	112.1
1.2 Public Enterprise		89.8	94.7	99.5	100.9	101.3	97.3	99.9	98.4	102.8	100.0	101.7	103.8	108.3	132.4
2 Finance (Banks)		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
3 Government		98.0	98.9	98.5	104.9	98.3	98.7	99.3	101.6	99.7	100.0	100.7	99.8	98.6	102.9
4 NGOs		73.2	70.5	76.5	73.5	72.3	85.0	85.6	89.1	92.4	100.0	105.0	114.4	115.6	116.1
5 Households		94.0	93.9	93.8	93.8	93.8	96.5	98.8	99.9	98.8	100.0	100.4	101.2	102.9	107.3
GDP at Factor Cost (Gross)		92.5	94.9	95.7	98.0	96.8	97.8	99.6	100.2	100.2	100.0	101.3	102.6	103.6	110.4
Indirect taxes less Subsidies		81.2	85.3	89.9	93.0	92.7	95.5	100.3	100.0	97.8	100.0	104.4	108.1	113.1	121.2
Less intermediate FISIM		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
GDP at Market Prices (Gross)		92.0	94.5	95.4	97.8	96.6	97.7	99.6	100.2	100.1	100.0	101.5	102.9	104.1	111.0

Table 4e : Pohnpei: Share of GDP by institutional sector, current prices, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise	32.3%	32.7%	32.4%	30.3%	30.5%	30.4%	31.0%	30.3%	29.8%	30.8%	30.9%	31.2%	32.7%	31.6%
1.2 Public Enterprise	12.0%	11.4%	7.7%	12.2%	10.7%	12.8%	10.4%	10.7%	10.9%	8.9%	9.4%	9.3%	10.9%	11.9%
2 Finance (Banks)	1.7%	1.4%	1.6%	1.1%	2.1%	2.3%	2.9%	3.3%	1.5%	1.5%	2.2%	2.5%	2.5%	2.3%
3 Government	35.5%	35.6%	36.9%	35.7%	35.2%	33.8%	34.0%	34.3%	35.4%	35.3%	34.4%	34.4%	32.2%	32.1%
4 NGOs	1.5%	1.3%	1.6%	1.6%	1.7%	1.7%	1.8%	1.8%	1.7%	1.8%	1.9%	1.8%	1.7%	1.8%
5 Households	14.1%	14.2%	15.9%	15.2%	15.5%	15.5%	15.7%	15.2%	15.1%	15.3%	14.8%	14.7%	14.2%	14.2%
GDP at Factor Cost (Gross)	97.0%	96.8%	96.1%	96.2%	95.7%	96.3%	95.7%	95.5%	94.5%	93.6%	93.4%	93.8%	94.2%	93.8%
Indirect taxes less Subsidies	4.4%	4.5%	5.1%	5.0%	6.1%	5.6%	6.4%	7.0%	6.9%	7.7%	8.1%	8.0%	7.7%	8.1%
Less intermediate FISIM	-1.4%	-1.3%	-1.2%	-1.2%	-1.9%	-1.9%	-2.1%	-2.5%	-1.3%	-1.2%	-1.6%	-1.8%	-1.9%	-1.9%
Real GDP at Market Prices (Gross)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 4f : Pohnpei: GDP by income component, current prices, FY1995-FY2008

(US\$ millions)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Compensation of employees	58.3	59.4	55.3	57.0	57.4	57.1	57.9	59.8	59.7	59.7	61.4	62.6	63.5	66.9
Operating surplus (Gross before depreciation)	19.2	17.3	11.7	14.5	13.0	16.6	15.9	18.4	18.0	17.1	19.3	20.2	25.1	25.7
Household mixed income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indirect taxes less Subsidies	4.1	4.2	4.3	4.4	5.4	5.1	5.9	6.8	6.7	7.5	8.3	8.3	8.5	9.4
Less intermediate FISIM	-1.3	-1.2	-1.0	-1.0	-1.6	-1.8	-1.9	-2.4	-1.3	-1.2	-1.6	-1.9	-2.1	-2.2
Total Monetary	80.3	79.7	70.3	74.9	74.1	77.0	77.8	82.5	83.0	83.1	87.4	89.2	95.1	99.7
Percentage Monetary	85.9%	85.8%	84.1%	84.8%	84.5%	84.5%	84.3%	84.8%	84.9%	84.7%	85.2%	85.3%	85.8%	85.8%
Household subsistence	6.0	6.2	6.4	6.5	6.7	7.2	7.6	7.7	7.6	7.8	7.9	8.0	8.2	8.9
Owner occupied housing	7.1	7.0	6.9	6.9	6.9	6.9	7.0	7.1	7.2	7.2	7.3	7.4	7.5	7.5
Total Non-Monetary	13.1	13.2	13.3	13.5	13.6	14.1	14.5	14.8	14.7	15.0	15.2	15.4	15.7	16.5
Percentage Non-Monetary	14.1%	14.2%	15.9%	15.2%	15.5%	15.5%	15.7%	15.2%	15.1%	15.3%	14.8%	14.7%	14.2%	14.2%
Nominal GDP at Market Prices (Gross)	93.5	92.9	83.7	88.3	87.7	91.1	92.4	97.3	97.8	98.1	102.6	104.6	110.8	116.2

Source: SBOC estimates

Table 4g : Pohnpei: Current price GDP by institutional sector and income components, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Productive Enterprises	39.4	38.8	31.7	35.2	34.1	36.4	36.3	38.7	39.1	38.5	40.8	41.9	48.2	50.4
1.1	Private Sector	30.1	30.4	27.1	26.8	26.8	27.7	28.6	29.5	29.1	30.2	31.7	32.6	36.2	36.7
	Compensation	15.0	15.2	14.3	14.2	15.1	15.9	16.5	15.8	15.3	15.6	16.6	16.9	18.2	19.6
	Operating Surplus	15.2	15.2	12.9	12.5	11.6	11.8	12.2	13.7	13.8	14.5	15.0	15.7	18.1	17.1
1.2	Public Enterprises	9.2	8.4	4.5	8.5	7.3	8.8	7.6	9.2	10.0	8.3	9.2	9.3	11.9	13.6
	Compensation	7.2	8.3	7.4	8.1	8.0	7.2	6.7	7.2	6.7	6.3	6.1	6.2	6.2	6.3
	Operating Surplus less Subsidies	4.0	2.3	-1.0	2.7	1.4	4.5	2.9	3.2	4.0	2.4	3.5	3.5	5.8	7.5
		-1.9	-2.2	-1.9	-2.3	-2.1	-2.9	-1.9	-1.1	-0.7	-0.4	-0.4	-0.4	-0.1	-0.1
2	Financial Enterprises	1.6	1.3	1.3	1.0	1.9	2.1	2.6	3.2	1.5	1.5	2.2	2.6	2.8	2.6
	Compensation	1.5	1.5	1.5	1.8	1.9	1.8	1.8	1.6	1.3	1.3	1.4	1.5	1.6	1.6
	Operating Surplus	0.0	-0.2	-0.1	-0.8	-0.1	0.3	0.8	1.5	0.2	0.1	0.8	1.1	1.2	1.0
3	Government	33.2	33.1	30.9	31.5	30.8	30.8	31.4	33.4	34.6	35.3	36.0	35.6	35.6	37.3
3.1	National	8.5	8.1	8.0	8.0	8.0	7.6	7.7	8.1	7.8	7.7	7.8	8.1	8.2	8.7
3.2	State	18.5	18.4	15.4	14.5	14.0	14.2	14.2	14.8	15.5	15.5	15.9	16.8	16.8	17.8
3.3	Municipalities	1.0	1.2	1.3	1.2	1.4	1.5	1.6	1.6	1.6	1.6	1.8	1.7	1.7	1.7
3.4	Government Agencies	5.2	5.5	6.2	7.8	7.5	7.5	7.9	8.9	9.7	9.7	9.9	9.4	9.0	9.1
4	Non Profit Organizations	1.4	1.2	1.3	1.4	1.5	1.5	1.6	1.7	1.7	1.8	1.9	1.9	1.9	2.1
5	Households	13.1	13.2	13.3	13.5	13.6	14.1	14.5	14.8	14.7	15.0	15.2	15.4	15.7	16.5
	Subsistence	6.0	6.2	6.4	6.5	6.7	7.2	7.6	7.7	7.6	7.8	7.9	8.0	8.2	8.9
	Home Ownership	7.1	7.0	6.9	6.9	6.9	6.9	7.0	7.1	7.2	7.2	7.3	7.4	7.5	7.5
	Indirect Taxes less intermediate FISIM	6.1	6.4	6.1	6.7	7.5	8.0	7.9	7.9	7.4	8.0	8.7	8.7	8.6	9.5
		-1.3	-1.2	-1.0	-1.0	-1.6	-1.8	-1.9	-2.4	-1.3	-1.2	-1.6	-1.9	-2.1	-2.2
	Nominal GDP	93.5	92.9	83.7	88.3	87.7	91.1	92.4	97.3	97.8	98.1	102.6	104.6	110.8	116.2
	per capita (US\$)	\$2,763	\$2,736	\$2,455	\$2,581	\$2,552	\$2,641	\$2,670	\$2,805	\$2,812	\$2,817	\$2,943	\$2,999	\$3,175	\$3,331

Source: SBOC estimates

Table 5a : Yap: Constant price GDP by institutional sector, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	11.1	12.0	11.8	12.5	13.1	13.4	14.1	12.7	13.2	12.5	12.3	10.5	10.8	10.3
1.2	Public Enterprise	2.9	2.5	2.6	5.7	2.9	3.5	4.6	3.8	5.0	4.1	4.1	2.9	3.5	4.3
2	Finance (Banks)	0.3	0.2	0.2	0.2	0.3	0.4	0.5	0.7	0.2	0.2	0.4	0.4	0.5	0.4
3	Government	9.0	8.8	8.9	8.1	8.2	7.9	8.1	8.0	8.5	8.3	9.7	9.4	9.3	9.4
4	NGOs	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
5	Households	13.4	13.5	13.5	13.5	13.6	13.6	13.7	13.8	13.9	11.2	12.6	13.8	14.3	14.3
	GDP at Factor Cost (Gross)	36.9	37.2	37.1	40.2	38.2	39.0	41.0	39.2	41.0	36.5	39.3	37.3	38.5	38.9
	Indirect taxes less Subsidies	2.7	3.3	2.9	3.6	3.6	3.7	3.0	2.8	3.5	3.4	4.4	3.6	3.2	2.9
	Less intermediate FISIM	-0.2	-0.2	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
	Real GDP at Market Prices (Gross)	39.3	40.3	39.9	43.6	41.6	42.4	43.8	41.5	44.4	39.8	43.5	40.6	41.4	41.5
	Population	11,188	11,199	11,209	11,220	11,230	11,241	11,322	11,395	11,469	11,533	11,595	11,647	11,697	11,736
	Real GDP per capita (US\$)	\$3,514	\$3,602	\$3,560	\$3,883	\$3,708	\$3,776	\$3,864	\$3,645	\$3,868	\$3,447	\$3,749	\$3,487	\$3,540	\$3,535

Table 5b : Yap: Constant price GDP by institutional sector, annual % growth, FY1995-FY2008

(constant prices of FY2004, US\$000)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise		8.4%	-1.8%	6.1%	5.1%	2.2%	4.7%	-9.5%	3.8%	-5.4%	-1.9%	-14.3%	3.1%	-4.7%
1.2	Public Enterprise		-13.3%	3.4%	122.4%	-49.7%	23.2%	29.2%	-16.9%	32.2%	-18.2%	0.0%	-28.8%	20.8%	21.5%
2	Finance (Banks)		-24.2%	-2.8%	-18.5%	97.2%	19.6%	22.8%	48.7%	-73.4%	29.4%	63.6%	6.4%	5.1%	-15.0%
3	Government		-1.6%	0.2%	-8.8%	1.4%	-3.7%	2.2%	-0.1%	5.9%	-2.8%	17.3%	-3.3%	-1.5%	1.1%
4	NGOs		-4.1%	-9.2%	-6.7%	-10.9%	-12.7%	-1.7%	-2.9%	3.5%	0.0%	-5.7%	11.4%	9.7%	-1.7%
5	Households		0.2%	0.2%	0.2%	0.2%	0.2%	0.9%	0.8%	0.8%	-19.8%	13.0%	9.7%	3.1%	0.5%
	GDP at Factor Cost (Gross)		1.0%	-0.3%	8.2%	-4.7%	1.9%	5.2%	-4.3%	4.5%	-11.1%	7.7%	-5.1%	3.4%	0.9%
	Indirect taxes less Subsidies		23.1%	-10.6%	21.9%	2.0%	2.7%	-18.9%	-8.5%	25.6%	-1.3%	29.1%	-18.9%	-11.9%	-8.9%
	Less intermediate FISIM		-21.4%	-24.3%	29.0%	57.8%	7.6%	10.5%	60.1%	-71.7%	8.7%	56.4%	10.1%	9.3%	-2.9%
	Real GDP at Market Prices (Gross)		2.6%	-1.1%	9.2%	-4.4%	1.9%	3.1%	-5.1%	6.8%	-10.4%	9.3%	-6.6%	2.0%	0.2%

Table 5c : Yap: Current price GDP by institutional sector, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1	Private Enterprise	9.2	10.2	10.3	11.4	11.8	12.2	13.3	12.2	13.0	12.5	12.8	11.4	11.9	11.8
1.2	Public Enterprise	2.0	2.8	2.3	6.2	2.7	2.9	4.1	3.5	4.7	4.1	4.6	3.2	4.0	5.8
2	Finance (Banks)	0.2	0.2	0.2	0.2	0.3	0.4	0.5	0.7	0.2	0.2	0.4	0.5	0.5	0.5
3	Government	9.1	9.4	8.7	8.4	7.9	7.5	7.5	7.9	8.3	8.3	9.5	10.1	9.9	10.3
4	NGOs	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.2
5	Households	13.2	13.4	13.7	13.8	14.0	13.8	13.9	13.9	14.1	11.2	12.9	14.8	16.5	16.8
	GDP at Factor Cost (Gross)	33.8	36.2	35.4	40.0	36.8	36.9	39.4	38.4	40.4	36.5	40.3	40.1	43.0	45.4
	Indirect taxes less Subsidies	2.5	2.3	2.8	3.6	3.7	3.9	3.3	3.0	3.7	3.4	4.7	4.0	3.6	1.5
	Less intermediate FISIM	-0.2	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
	Nominal GDP at Market Prices (Gross)	36.1	38.4	38.1	43.5	40.3	40.5	42.3	40.9	43.9	39.8	44.8	43.9	46.2	46.6
	Per capita (US\$)	\$3,230	\$3,427	\$3,401	\$3,875	\$3,587	\$3,603	\$3,740	\$3,589	\$3,831	\$3,447	\$3,864	\$3,766	\$3,950	\$3,967

Source: SBOC estimates

Table 5d : Yap: Implicit GDP price deflators by institutional sector, FY1995-FY2008

	(FY2004=100)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise		82.7	84.9	87.4	90.8	89.5	90.7	94.2	95.5	98.1	100.0	104.4	108.1	109.4	114.0
1.2 Public Enterprise		69.1	111.8	90.5	108.7	94.4	81.3	89.5	93.3	93.0	100.0	111.2	109.0	114.9	135.2
2 Finance (Banks)		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
3 Government		100.9	106.7	98.7	103.5	96.1	95.1	93.6	98.7	97.5	100.0	97.4	107.9	106.7	110.3
4 NGOs		90.9	92.6	93.9	82.8	84.2	95.5	102.1	100.2	104.7	100.0	109.5	105.6	110.0	114.7
5 Households		98.0	99.6	101.2	102.3	103.5	101.7	101.3	100.6	101.3	100.0	102.5	106.7	115.5	117.3
GDP at Factor Cost (Gross)		91.7	97.3	95.4	99.7	96.3	94.7	96.0	97.8	98.5	100.0	102.8	107.6	111.5	116.7
Indirect taxes less Subsidies		94.5	71.0	97.1	100.3	101.8	103.6	107.2	107.8	105.6	100.0	105.8	112.3	111.9	52.6
Less intermediate FISIM		87.5	89.9	92.3	93.8	95.6	97.4	98.7	98.5	98.3	100.0	104.1	108.7	112.6	120.3
GDP at Market Prices (Gross)		91.9	95.2	95.5	99.8	96.8	95.4	96.8	98.5	99.0	100.0	103.1	108.0	111.6	112.2

Table 5e : Yap: Share of GDP by institutional sector, current prices, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1.1 Private Enterprise	25.3%	26.6%	27.0%	26.1%	29.2%	30.1%	31.3%	29.7%	29.5%	31.5%	28.6%	25.9%	25.7%	25.3%
1.2 Public Enterprise	5.5%	7.2%	6.1%	14.2%	6.7%	7.1%	9.6%	8.6%	10.6%	10.3%	10.2%	7.3%	8.8%	12.4%
2 Finance (Banks)	0.7%	0.5%	0.5%	0.4%	0.8%	1.0%	1.1%	1.7%	0.4%	0.6%	0.9%	1.1%	1.1%	1.0%
3 Government	25.1%	24.6%	22.9%	19.2%	19.5%	18.5%	17.8%	19.4%	18.9%	20.9%	21.1%	23.1%	21.4%	22.2%
4 NGOs	0.6%	0.5%	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%	0.4%	0.4%
5 Households	36.4%	34.9%	35.8%	31.8%	34.8%	34.1%	32.8%	34.0%	32.1%	28.1%	28.9%	33.7%	35.7%	36.1%
GDP at Factor Cost (Gross)	93.5%	94.3%	92.8%	92.1%	91.4%	91.1%	93.0%	93.8%	91.9%	91.7%	90.1%	91.4%	93.0%	97.4%
Indirect taxes less Subsidies	7.0%	6.1%	7.5%	8.2%	9.2%	9.6%	7.7%	7.3%	8.4%	8.7%	10.5%	9.2%	7.7%	3.3%
Less intermediate FISIM	-0.5%	-0.4%	-0.3%	-0.3%	-0.6%	-0.7%	-0.7%	-1.2%	-0.3%	-0.4%	-0.5%	-0.6%	-0.7%	-0.7%
Real GDP at Market Prices (Gross)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 5f : Yap: GDP by income component, current prices, FY1995-FY2008

(US\$ millions)	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Compensation of employees	14.9	16.0	15.9	17.3	16.4	17.5	18.4	18.5	19.5	19.5	19.2	19.5	18.6	19.7
Operating surplus (Gross before depreciation)	5.7	6.8	5.8	8.9	6.3	5.6	7.1	6.0	6.8	5.8	8.2	5.8	7.8	8.8
Household mixed income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indirect taxes less Subsidies	2.5	2.3	2.8	3.6	3.7	3.9	3.3	3.0	3.7	3.4	4.7	4.0	3.6	1.5
Less intermediate FISIM	-0.2	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
Total Monetary	23.0	25.0	24.5	29.7	26.3	26.7	28.5	27.0	29.8	28.6	31.9	29.1	29.7	29.7
Percentage Monetary	63.6%	65.1%	64.2%	68.2%	65.2%	65.9%	67.2%	66.0%	67.9%	71.9%	71.1%	66.3%	64.3%	63.9%
Household subsistence	10.4	10.7	11.0	11.2	11.5	11.3	11.4	11.3	11.5	8.5	10.2	12.0	13.7	14.0
Owner occupied housing	2.7	2.7	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.7	2.7	2.8	2.8
Total Non-Monetary	13.2	13.4	13.7	13.8	14.0	13.8	13.9	13.9	14.1	11.2	12.9	14.8	16.5	16.8
Percentage Non-Monetary	36.4%	34.9%	35.8%	31.8%	34.8%	34.1%	32.8%	34.0%	32.1%	28.1%	28.9%	33.7%	35.7%	36.1%
Nominal GDP at Market Prices (Gross)	36.1	38.4	38.1	43.5	40.3	40.5	42.3	40.9	43.9	39.8	44.8	43.9	46.2	46.6

Source: SBOC estimates

Table 5g : Yap: Current price GDP by institutional sector and income components, FY1995-FY2008

(US\$ millions)		FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Productive Enterprises	10.8	11.9	12.3	17.2	14.1	14.8	16.9	15.4	17.5	16.2	17.1	14.3	15.5	15.2
1.1	Private Sector	9.2	10.2	10.3	11.4	11.8	12.2	13.3	12.2	13.0	12.5	12.8	11.4	11.9	11.8
	Compensation	4.4	4.9	5.2	5.8	5.9	7.0	7.5	7.6	7.7	7.6	6.3	5.8	5.8	5.9
	Operating Surplus	4.7	5.3	5.1	5.6	5.8	5.2	5.7	4.6	5.3	4.9	6.5	5.5	6.0	5.8
1.2	Public Enterprises	1.7	1.7	2.0	5.9	2.3	2.7	3.6	3.3	4.6	3.7	4.3	2.9	3.6	3.4
	Compensation	1.0	1.3	1.6	2.8	2.2	2.5	2.8	2.5	3.1	3.2	3.0	3.1	2.5	3.0
	Operating Surplus less Subsidies	0.9	1.5	0.7	3.4	0.5	0.4	1.3	1.0	1.5	0.9	1.6	0.1	1.5	2.8
		-0.3	-1.1	-0.3	-0.3	-0.4	-0.2	-0.4	-0.3	-0.1	-0.4	-0.2	-0.2	-0.4	-2.3
2	Financial Enterprises	0.2	0.2	0.2	0.2	0.3	0.4	0.5	0.7	0.2	0.2	0.4	0.5	0.5	0.5
	Compensation	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.2	0.3	0.3	0.3	0.3	0.3
	Operating Surplus	0.0	0.0	0.0	-0.1	0.0	0.0	0.2	0.4	0.0	0.0	0.2	0.2	0.2	0.2
3	Government	9.1	9.4	8.7	8.4	7.9	7.5	7.5	7.9	8.3	8.3	9.5	10.1	9.9	10.3
3.1	National	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.9
3.2	State	7.5	7.8	6.9	6.5	5.9	5.3	5.1	5.3	5.6	5.4	6.6	7.9	7.5	7.7
3.3	Municipalities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4	Government Agencies	0.9	1.0	1.2	1.3	1.4	1.6	1.8	2.0	2.1	2.2	2.2	1.6	1.6	1.8
4	Non Profit Organizations	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.2
5	Households	13.2	13.4	13.7	13.8	14.0	13.8	13.9	13.9	14.1	11.2	12.9	14.8	16.5	16.8
	Subsistence	10.4	10.7	11.0	11.2	11.5	11.3	11.4	11.3	11.5	8.5	10.2	12.0	13.7	14.0
	Home Ownership	2.7	2.7	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.7	2.7	2.8	2.8
	Indirect Taxes less intermediate FISIM	2.8	3.4	3.2	3.9	4.1	4.1	3.7	3.3	3.8	3.8	4.9	4.3	4.0	3.9
		-0.2	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
	Nominal GDP	36.1	38.4	38.1	43.5	40.3	40.5	42.3	40.9	43.9	39.8	44.8	43.9	46.2	46.6
	per capita (US\$)	\$3,230	\$3,427	\$3,401	\$3,875	\$3,587	\$3,603	\$3,740	\$3,589	\$3,831	\$3,447	\$3,864	\$3,766	\$3,950	\$3,967

Source: SBOC estimates

Table 6a : FSM : Tourist and Visitor Arrivals by Year and Nationality

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia	1,240	1,382	1,055	1,134	1,646	1,363	1,469	1,925	2,039	2,014	1,525	1,921	1,194
Australia	592	467	437	533	813	526	585	636	875	1,045	1,114	1,244	2,609
Canada	203	214	170	187	187	189	219	219	200	225	238	333	458
China													398
Europe	1,029	1,031	1,032	1,284	1,447	1,233	1,310	1,648	1,426	1,915	2,403	2,336	2,681
Japan	5,476	4,456	3,423	3,457	4,271	3,564	3,986	4,025	3,791	3,119	3,340	4,017	2,843
New Zealand	117	112	137	140	111	89	162	140	183	213	171	215	390
Other	55	78	112	96	145	95	86	86	123	97	92	143	148
Pacific Islands	1,537	1,596	1,308	844	1,232	908	1,477	1,140	1,468	1,262	1,153	1,163	1,183
Philippines	893	791	827	885	1,164	936	1,060	1,064	1,196	1,392	1,358	1,587	1,499
USA	7,163	7,232	6,025	6,807	8,481	6,981	8,126	7,879	7,280	7,672	7,882	8,056	8,700
Total	18,305	17,359	14,526	15,367	19,497	15,884	18,480	18,762	18,581	18,954	19,276	21,015	22,103

Note: The sum of states exceeds the FSM total because visitors may pass through more than one state

Table 6b : Chuuk : Tourist and Visitor Arrivals by Year and Nationality

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia	232	692	328	437	557	249	303	381	492	444	315	459	255
Australia	163	122	67	153	283	109	189	226	376	434	501	534	1,835
Canada	45	72	50	55	62	62	103	85	60	76	72	116	239
China													65
Europe	297	409	350	535	510	313	477	423	512	510	583	948	850
Japan	731	1,181	901	1,023	2,045	1,277	1,690	1,057	1,699	904	1,233	1,870	1,253
New Zealand	28	13	19	39	31	10	32	48	57	70	49	57	139
Other	5	28	40	35	47	22	20	16	23	25	15	25	28
Pacific Islands	63	160	128	112	130	107	162	178	173	214	213	210	214
Philippines	179	299	313	384	487	297	355	375	487	442	499	502	413
USA	1,789	2,602	1,898	2,339	2,705	1,810	2,735	2,810	2,412	2,467	2,524	2,476	2,914
Total	3,532	5,578	4,094	5,112	6,857	4,256	6,066	5,599	6,291	5,586	6,004	7,197	8,205

Source: FSM Department of Justice, Immigration Division

Note: Includes seamen disembarking or arriving to embark on vessels
A large cruise ship visited Chuuk in FY 2008

Table 6c : Kosrae : Tourist and Visitor Arrivals by Year and Nationality

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia	111	74	95	122	114	115	74	96	103	98	47	93	53
Australia	63	64	63	86	71	95	110	61	82	85	78	97	119
Canada	36	18	24	22	34	28	26	25	24	18	25	26	31
China													66
Europe	155	84	76	100	131	119	121	105	108	97	346	110	117
Japan	297	220	263	339	244	163	235	213	315	272	199	281	191
New Zealand	9	14	21	21	20	16	19	23	23	20	12	35	15
Other	11	9	5	8	24	13	10	8	15	6	7	8	9
Pacific Islands	377	622	559	249	616	298	375	272	482	319	154	193	140
Philippines	160	142	97	156	170	160	141	156	156	124	152	174	203
USA	1,293	998	841	1,039	2,273	1,170	1,133	1,034	927	970	855	1,029	1,017
Total	2,512	2,245	2,044	2,142	3,697	2,177	2,244	1,993	2,235	2,009	1,875	2,046	1,961

Table 6d : Pohnpei : Tourist and Visitor Arrivals by Year and Nationality

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia	668	360	538	556	682	732	875	1,161	1,343	1,389	1,086	1,397	886
Australia	497	302	374	366	506	359	361	335	414	528	574	608	585
Canada	96	47	51	60	71	67	65	85	87	90	95	98	88
China													301
Europe	419	293	334	281	317	337	269	544	364	336	627	806	515
Japan	3,701	2,428	1,853	1,565	1,496	1,727	1,802	2,375	1,548	1,745	1,372	1,531	1,139
New Zealand	83	73	105	68	58	55	105	87	144	140	127	123	137
Other	15	30	62	25	45	36	47	51	61	35	52	63	75
Pacific Islands	880	489	481	363	453	375	877	622	707	588	696	652	747
Philippines	509	294	460	422	599	538	633	598	783	881	912	1,041	1,051
USA	3,171	2,218	2,184	2,263	2,440	2,812	3,484	3,279	3,001	3,352	3,415	3,790	3,836
Total	10,039	6,534	6,442	5,969	6,667	7,038	8,518	9,137	8,452	9,084	8,956	10,109	9,360

Source: FSM Department of Justice, Immigration Division

Note: Includes seamen disembarking or arriving to embark on vessels

Table 6e : Yap : Tourist and Visitor Arrivals by Year and Nationality

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia	425	397	295	245	517	452	373	540	451	347	225	183	79
Australia	77	97	57	72	71	69	88	143	137	163	125	142	248
Canada	89	99	68	82	70	67	65	81	80	77	85	141	137
China													51
Europe	423	415	428	533	666	624	596	810	584	1,124	1,269	895	1,388
Japan	1,208	997	745	837	867	699	707	741	556	533	866	620	583
New Zealand	29	25	26	40	22	18	37	27	19	33	34	21	114
Other	39	32	22	42	63	40	28	19	38	37	34	70	49
Pacific Islands	299	448	225	235	190	195	159	175	206	227	200	207	189
Philippines	229	206	155	181	206	176	179	203	279	375	314	247	254
USA	2,111	2,373	1,982	2,138	2,341	2,382	2,097	2,122	2,193	2,177	2,426	2,140	2,376
Total	4,929	5,089	4,003	4,405	5,013	4,722	4,329	4,861	4,543	5,093	5,578	4,666	5,468

Source: FSM Department of Justice, Immigration Division

Note: Includes seamen disembarking or arriving to embark on vessels

Table 6f: Total fish catch in FSM EEZ, by method

Metric Tonnes	Method of catch			Total
	Long Line	Purse-Seine	Pole and Line	
1998	9,216	73,027	1,026	83,269
1999	1,657	144,923	1,134	147,714
2000	2,461	70,805	1,139	74,405
2001	2,582	94,498	1,216	98,296
2002	1,531	70,684	909	73,124
2003	9,364	205,389	2,562	217,315
2004	5,328	137,141	1,384	143,853
2005	6,107	218,418	11,096	235,621
2006	6,116	202,751	6,032	214,899
2007	4,629	134,489	n.a.	139,118
2008	n.a.	n.a.	n.a.	n.a.

Source: NORMA

Table 6g: Total fish catch by FSM and Domestically Based vessels

Metric Tonnes ¹	Method of catch	
	Domestic based Long Line	FSM Purse-Seine
2001	992	16,654
2002	923	19,684
2003	933	29,896
2004	727	27,744
2005	281	28,021
2006	442	10,332
2007	1,943	13,497
2008 ²	1,321	18,126

Source: NORMA

Notes 1) Includes fish caught outside FSM EEZ
2) 2008 data is still provisional

Table 6h: License fees collected

Fiscal Year	License Fees collected (US\$ millions)		
	Fees collected, Cash	Fees, in Kind ¹	Total
FY1999	15.395	0.542	15.937
FY2000	13.898	0.543	14.441
FY2001	10.367	0.507	10.874
FY2002	10.661	0.407	11.067
FY2003	10.945	0.300	11.246
FY2004	12.307	0.337	12.644
FY2005	13.364	0.336	13.700
FY2006	13.018	0.321	13.338
FY2007	14.528	0.311	14.838
FY2008	16.728	0.257	16.985

Source: NORMA

Notes 1) Japan agreements. Additional to total fees collected, and not recorded as Aid Grants.

Table 7a : Employment by Industry, FSM and States

FSM	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	36	26	30	30	33	31	24	25	24	29	30	28	26	26
Fishing	658	525	441	375	302	301	234	180	194	190	142	104	244	229
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	621	638	601	636	603	714	822	796	682	591	185	94	100	117
Electricity, Gas and Water Supply	219	310	397	403	416	419	403	402	405	406	382	379	361	339
Construction	980	887	738	886	966	1,101	1,032	818	733	788	800	668	650	765
Wholesale and Retail Trade and Repairs	2,637	2,552	2,522	2,515	2,648	2,819	2,702	2,784	2,907	3,085	3,188	3,254	3,330	3,205
Hotels and Restaurants	707	743	766	854	845	948	889	794	795	831	843	815	860	832
Transport, Storage and Communications	1,114	1,071	1,029	978	1,025	1,083	1,007	964	1,054	1,023	1,051	1,107	1,138	1,121
Financial Intermediation	235	229	225	228	222	215	216	210	184	187	202	206	219	216
Real Estate, Renting, Business Activities	378	377	376	371	404	460	565	584	507	477	480	432	438	440
Public Administration	8,396	8,220	7,792	7,378	7,011	6,695	7,000	7,339	7,035	6,749	6,869	7,403	6,834	6,389
Education	722	766	841	895	932	943	979	1,130	1,146	1,214	1,129	897	909	889
Health and Social Work	17	19	13	14	16	23	34	50	56	69	81	87	92	97
Other Community, Social, Personal Services	579	578	569	565	594	652	638	695	683	662	634	679	701	689
Private Households With Employed Persons	0	0	0	0	0	0	0	1	1	1	1	1	2	5
Extra-Territorial Organizations and Bodies	31	32	34	40	42	45	47	50	51	53	54	63	58	59
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	17,330	16,973	16,372	16,167	16,057	16,447	16,590	16,821	16,455	16,352	16,070	16,217	15,961	15,416

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7a : Continued, Employment by Industry, FSM and States

Chuuk	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Fishing	67	26	10	13	16	22	5	2	3	7	6	6	6	6
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	114	96	85	66	61	60	58	52	44	31	28	19	19	17
Electricity, Gas and Water Supply	0	44	89	86	96	101	104	106	106	106	92	87	82	72
Construction	153	118	77	89	86	168	106	89	72	74	52	53	80	78
Wholesale and Retail Trade and Repairs	834	716	648	628	671	786	846	883	948	1,035	1,043	1,005	997	879
Hotels and Restaurants	262	281	273	313	314	371	331	262	267	251	262	253	309	271
Transport, Storage and Communications	358	310	323	315	361	353	303	257	267	240	233	230	227	216
Financial Intermediation	32	26	24	22	22	23	23	22	24	28	30	30	28	28
Real Estate, Renting, Business Activities	35	38	40	39	33	37	45	42	44	47	56	56	52	45
Public Administration	3,717	3,534	3,272	3,206	2,829	2,640	2,879	3,187	2,891	2,720	2,605	3,058	2,552	2,203
Education	284	313	338	351	359	346	313	351	349	365	289	161	157	157
Health and Social Work	2	3	3	4	5	6	10	16	16	20	19	16	16	15
Other Community, Social, Personal Services	230	217	224	227	234	250	212	237	222	208	157	154	150	159
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Territorial Organizations and Bodies	6	6	4	6	6	7	7	9	11	13	14	18	16	20
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6,097	5,728	5,409	5,364	5,091	5,169	5,240	5,513	5,262	5,142	4,886	5,146	4,690	4,165

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7a : Continued, Employment by Industry, FSM and States

Kosrae	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	1	1	1	1	1	1	1	1	1	2	5	4	3	3
Fishing	74	66	44	57	62	47	14	0	0	0	0	0	2	7
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	22	29	32	35	32	34	24	30	28	24	21	28	40	43
Electricity, Gas and Water Supply	28	29	33	33	34	39	31	33	34	33	31	34	27	26
Construction	34	51	63	89	124	158	109	101	141	157	122	129	109	98
Wholesale and Retail Trade and Repairs	219	228	228	248	257	261	275	279	332	332	301	306	290	297
Hotels and Restaurants	55	63	69	59	62	60	56	60	58	53	52	52	52	50
Transport, Storage and Communications	33	38	36	32	32	65	58	56	44	50	55	58	53	55
Financial Intermediation	1	0	0	0	0	0	0	0	1	3	3	2	4	4
Real Estate, Renting, Business Activities	50	61	60	62	60	66	59	53	51	47	52	57	56	51
Public Administration	883	906	863	762	752	736	734	748	773	744	762	766	733	649
Education	21	0	0	0	0	3	44	34	5	1	1	0	28	2
Health and Social Work	0	0	0	0	0	0	0	0	0	1	1	2	1	1
Other Community, Social, Personal Services	24	25	18	17	12	38	55	60	59	12	17	30	46	32
Private Households With Employed Persons	0	0	0	0	0	0	0	1	1	1	1	1	2	3
Extra-Territorial Organizations and Bodies	2	2	3	4	4	4	4	4	3	1	1	1	1	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,444	1,497	1,449	1,399	1,433	1,510	1,463	1,458	1,531	1,461	1,424	1,469	1,446	1,320

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7a : Continued, Employment by Industry, FSM and States

Pohnpei	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	23	20	24	23	19	19	18	19	19	23	23	23	22	22
Fishing	404	331	258	235	184	170	154	139	160	160	115	77	213	195
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	82	86	94	129	68	52	47	69	43	34	36	43	38	52
Electricity, Gas and Water Supply	190	195	191	192	187	176	174	169	166	165	167	164	162	153
Construction	753	664	546	605	702	714	745	529	431	437	481	409	393	502
Wholesale and Retail Trade and Repairs	1,210	1,207	1,188	1,192	1,224	1,262	1,144	1,181	1,188	1,290	1,403	1,443	1,531	1,524
Hotels and Restaurants	265	261	279	271	223	239	271	268	265	275	277	265	262	272
Transport, Storage and Communications	547	529	501	481	477	501	487	496	527	542	566	601	632	646
Financial Intermediation	201	202	200	205	199	188	193	188	158	152	159	164	177	175
Real Estate, Renting, Business Activities	230	216	211	195	198	205	285	317	258	248	230	221	232	242
Public Administration	2,595	2,601	2,530	2,374	2,414	2,354	2,413	2,451	2,369	2,331	2,339	2,439	2,445	2,429
Education	401	437	488	535	569	590	614	733	777	833	826	724	714	720
Health and Social Work	15	16	11	10	11	15	22	32	39	46	57	66	71	76
Other Community, Social, Personal Services	261	262	253	255	284	298	302	327	331	361	376	404	407	399
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Extra-Territorial Organizations and Bodies	23	24	27	31	32	34	36	38	37	40	39	45	41	38
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	7,197	7,050	6,801	6,732	6,788	6,815	6,902	6,952	6,767	6,937	7,095	7,085	7,338	7,444

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7a : Continued, Employment by Industry, FSM and States

Yap	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	8	5	5	6	13	12	5	5	4	4	2	1	1	1
Fishing	114	102	129	70	40	62	61	39	31	24	22	21	24	21
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	404	427	389	406	442	568	692	646	568	502	100	4	4	5
Electricity, Gas and Water Supply	2	43	84	92	99	104	95	95	100	102	92	94	90	89
Construction	41	55	52	103	54	62	72	99	89	119	145	77	68	88
Wholesale and Retail Trade and Repairs	375	401	459	447	496	511	438	442	439	428	441	500	513	506
Hotels and Restaurants	126	138	144	211	246	279	231	205	205	252	252	244	236	239
Transport, Storage and Communications	177	195	169	150	155	164	159	156	216	190	196	218	227	204
Financial Intermediation	1	1	1	1	1	4	1	1	1	5	10	11	10	10
Real Estate, Renting, Business Activities	64	62	66	75	114	153	177	172	154	135	142	99	98	101
Public Administration	1,200	1,180	1,126	1,035	1,017	965	974	954	1,001	954	1,163	1,141	1,104	1,108
Education	16	16	16	10	4	5	8	13	15	15	14	12	10	10
Health and Social Work	0	0	0	0	1	2	3	2	2	3	4	4	4	4
Other Community, Social, Personal Services	65	74	74	66	64	66	70	71	70	81	84	91	99	100
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	1	2
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,592	2,699	2,713	2,672	2,745	2,954	2,984	2,897	2,895	2,813	2,665	2,517	2,487	2,487

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7b : Employment by Institution, FSM and States

FSM	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1 Private Sector	6,644	6,421	6,132	6,282	6,548	7,266	7,156	6,933	6,858	6,991	6,750	6,607	6,899	6,818
1.2 Public Enterprise	951	1,002	1,047	1,033	978	988	916	881	882	870	771	708	695	677
2 Financial Institutions	219	210	207	208	201	196	200	196	169	169	181	185	189	186
3.1 National Government	686	659	670	678	828	828	839	826	854	851	655	665	737	846
3.2 State Government	6,098	5,921	5,497	4,933	4,658	4,695	4,920	5,085	4,815	4,763	5,234	5,876	5,319	4,935
3.3 Municipalities	1,169	1,203	1,127	1,309	801	685	703	959	872	603	497	585	534	371
3.4 Government Agencies	873	927	1,052	1,060	1,355	1,172	1,266	1,304	1,386	1,485	1,412	1,010	1,001	979
4 NGO's and Non-Profits	639	579	592	614	635	565	538	581	566	564	518	528	533	550
5 Households	32	32	26	25	27	25	22	25	22	21	20	19	19	18
6.1 Foreign Embassies	18	20	22	25	26	28	30	32	31	35	32	34	35	36
Total	17,330	16,973	16,372	16,167	16,057	16,447	16,590	16,821	16,455	16,352	16,070	16,217	15,961	15,416
Chuuk														
1.1 Private Sector	1,885	1,652	1,514	1,523	1,616	1,916	1,809	1,722	1,762	1,807	1,769	1,701	1,764	1,590
1.2 Public Enterprise	0	44	89	86	96	100	100	100	96	91	82	79	76	68
2 Financial Institutions	30	24	22	20	20	19	19	17	17	18	19	17	16	16
3.1 National Government	58	56	57	58	207	227	229	205	248	268	66	67	116	181
3.2 State Government	2,834	2,679	2,473	2,251	2,120	2,142	2,374	2,464	2,173	2,111	2,298	2,763	2,260	1,983
3.3 Municipalities	832	796	744	920	390	270	270	513	466	240	141	222	158	17
3.4 Government Agencies	168	192	214	204	333	213	200	212	224	326	276	42	52	60
4 NGO's and Non-Profits	290	284	297	302	309	283	240	280	277	282	235	257	249	250
5 Households	0	0	0	0	0	0	0	2	0	0	0	0	0	0
Total	6,097	5,728	5,409	5,364	5,091	5,169	5,240	5,513	5,262	5,142	4,886	5,146	4,690	4,165
Kosrae														
1.1 Private Sector	445	497	492	502	541	630	592	592	666	631	586	632	610	599
1.2 Public Enterprise	88	87	88	126	132	129	79	73	73	67	55	53	48	45
2 Financial Institutions	1	0	0	0	0	0	0	0	1	3	3	2	3	3
3.1 National Government	47	45	46	46	46	43	46	44	45	44	46	47	71	108
3.2 State Government	756	783	763	659	633	639	629	651	661	665	681	686	628	512
3.3 Municipalities	61	61	54	57	54	54	50	53	56	36	31	34	33	29
3.4 Government Agencies	21	19	3	4	23	10	63	43	22	12	17	10	38	13
4 NGO's and Non-Profits	24	3	3	3	3	4	2	1	4	1	3	4	13	11
5 Households	2	3	1	1	1	3	2	2	3	3	2	1	1	1
Total	1,444	1,497	1,449	1,399	1,433	1,510	1,463	1,458	1,531	1,461	1,424	1,469	1,446	1,320

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7b : Continued, Employment by Institution, FSM and States

Pohnpei		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	3,100	2,961	2,787	2,842	2,877	2,976	2,977	2,881	2,751	2,915	3,102	3,108	3,351	3,453
1.2	Public Enterprise	761	735	688	659	591	570	562	564	567	565	501	444	444	442
2	Financial Institutions	187	185	184	187	180	173	180	177	151	144	149	156	160	157
3.1	National Government	537	516	525	532	532	515	518	532	514	492	497	505	500	506
3.2	State Government	1,510	1,455	1,346	1,176	1,140	1,168	1,181	1,216	1,207	1,221	1,253	1,371	1,411	1,420
3.3	Municipalities	276	346	329	332	357	362	383	393	350	327	325	330	344	326
3.4	Government Agencies	522	578	664	703	788	766	801	877	936	983	980	898	856	847
4	NGO's and Non-Profits	255	224	230	252	272	234	252	258	241	237	239	221	220	240
5	Households	30	29	25	24	25	22	20	21	19	18	18	18	18	17
6.1	Foreign Embassies	18	20	22	25	26	28	30	32	31	35	32	34	35	36
Total		7,197	7,050	6,801	6,732	6,788	6,815	6,902	6,952	6,767	6,937	7,095	7,085	7,338	7,444
Yap															
1.1	Private Sector	1,215	1,311	1,339	1,414	1,514	1,744	1,779	1,738	1,679	1,638	1,294	1,166	1,174	1,176
1.2	Public Enterprise	102	137	182	161	159	189	176	144	145	147	133	132	127	123
2	Financial Institutions	1	1	1	1	1	4	1	1	1	5	10	11	10	10
3.1	National Government	43	41	42	43	43	43	46	45	47	47	47	47	50	50
3.2	State Government	999	1,004	915	847	766	746	737	755	774	767	1,002	1,056	1,020	1,021
3.3	Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4	Government Agencies	162	137	172	149	212	183	202	172	204	165	139	60	55	59
4	NGO's and Non-Profits	71	68	61	57	51	45	44	43	44	44	42	46	51	50
5	Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		2,592	2,699	2,713	2,672	2,745	2,954	2,984	2,897	2,895	2,813	2,665	2,517	2,487	2,487

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7c : Average Nominal Wage Rates by Institution, FSM and States

FSM		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	3,514	3,651	3,640	3,643	3,687	3,722	3,851	3,905	3,975	3,933	3,946	4,010	3,994	4,214
1.2	Public Enterprise	7,576	8,048	8,436	8,908	9,627	9,736	10,500	10,459	10,571	10,783	11,224	12,040	12,308	12,760
2	Financial Institutions	12,157	12,702	12,765	13,244	14,501	15,824	16,050	15,921	16,383	14,242	13,870	14,499	18,892	15,685
3.1	National Government	14,954	14,827	14,416	14,159	12,713	12,237	12,161	12,827	12,571	12,578	14,632	14,785	14,471	13,980
3.2	State Government	8,121	8,206	7,632	7,684	7,638	7,858	7,974	8,158	8,476	8,202	8,021	7,924	8,092	8,290
3.3	Municipalities	1,789	1,827	1,955	1,764	3,411	3,997	3,585	3,289	3,386	3,236	4,813	4,985	3,817	4,675
3.4	Government Agencies	8,130	8,275	8,192	9,744	7,590	9,055	9,053	9,658	9,656	9,716	9,711	11,375	11,600	12,019
4	Non-Profits	3,383	3,360	3,490	3,452	3,421	3,947	4,255	4,285	4,317	4,557	5,107	5,144	5,241	5,491
6.1	Foreign Embassies	6,056	6,923	6,718	7,470	7,967	8,668	8,925	9,407	9,393	9,082	10,480	11,651	12,464	12,752
Total		6,031	6,159	6,016	6,021	6,105	6,241	6,413	6,544	6,687	6,628	6,752	6,886	6,912	7,139
Chuuk															
1.1	Private Sector	2,916	2,928	2,885	2,878	2,904	3,048	3,112	3,256	3,328	3,242	3,148	3,269	3,164	3,329
1.2	Public Enterprise	-	6,936	7,595	8,505	10,102	10,755	10,637	10,090	10,361	9,593	8,911	9,871	10,050	8,869
2	Financial Institutions	12,112	14,313	12,755	12,933	15,327	16,463	16,415	14,477	12,825	11,908	9,949	11,262	14,380	14,599
3.1	National Government	14,749	14,624	14,217	13,964	8,341	7,803	7,527	8,244	8,220	8,190	13,919	14,022	12,069	10,336
3.2	State Government	7,202	7,118	6,123	6,071	5,987	6,617	7,026	6,993	7,361	6,929	7,005	6,725	6,898	6,695
3.3	Municipalities	1,217	1,141	1,195	1,103	3,373	4,280	3,285	2,969	2,863	1,573	4,782	5,773	2,407	3,505
3.4	Government Agencies	5,530	5,518	5,060	5,525	3,622	5,468	5,999	6,738	6,336	6,682	5,188	8,522	10,030	9,878
4	Non-Profits	2,285	2,338	2,268	2,304	2,210	2,562	2,783	2,779	2,776	2,866	3,307	3,174	3,310	3,498
Total		4,877	4,890	4,421	4,229	4,633	5,071	5,372	5,353	5,440	5,276	5,399	5,537	5,392	5,475
Kosrae															
1.1	Private Sector	2,832	2,951	2,892	2,972	2,925	2,917	2,977	2,949	2,943	3,089	3,111	3,118	3,237	3,429
1.2	Public Enterprise	6,438	5,845	8,784	8,430	8,721	8,600	10,301	10,405	9,676	9,692	10,321	11,143	10,880	10,795
2	Financial Institutions	4,260	-	-	-	-	-	-	-	1,653	2,185	2,443	6,140	4,557	3,843
3.1	National Government	12,626	12,519	12,172	11,955	11,946	12,201	11,776	12,676	12,445	12,339	12,685	12,947	10,767	9,298
3.2	State Government	7,256	7,338	7,452	6,734	7,268	7,489	7,688	9,029	8,479	8,215	8,177	8,201	8,527	8,520
3.3	Municipalities	2,534	2,903	3,029	2,981	3,011	3,186	3,040	2,911	2,855	3,552	4,268	3,970	3,370	3,628
3.4	Government Agencies	1,915	1,016	2,720	2,753	830	2,287	2,593	2,854	1,042	2,303	1,871	2,415	2,801	4,052
4	Non-Profits	365	420	427	443	450	817	3,100	6,140	1,784	11,250	6,833	7,072	4,848	7,214
Total		5,618	5,665	5,942	5,528	5,634	5,596	5,660	6,331	5,902	6,017	6,142	6,130	6,177	6,186

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7c : Continued, Average Nominal Wage Rates by Institution, FSM and States

Pohnpei		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	4,047	4,287	4,238	4,122	4,331	4,373	4,484	4,461	4,546	4,404	4,393	4,439	4,432	4,669
1.2	Public Enterprise	8,118	8,959	9,339	9,898	10,719	11,272	12,029	11,412	11,548	11,913	12,636	13,729	14,189	14,856
2	Financial Institutions	12,246	12,555	12,831	13,342	14,482	15,891	16,094	16,143	16,943	15,036	15,038	15,340	20,307	16,410
3.1	National Government	15,245	15,116	14,696	14,434	14,424	14,105	14,134	14,535	14,574	14,833	14,907	15,163	15,535	16,069
3.2	State Government	11,182	11,558	10,932	11,799	11,286	11,066	10,908	11,007	11,572	11,411	11,286	10,906	10,683	11,321
3.3	Municipalities	3,349	3,217	3,497	3,390	3,513	3,907	3,869	3,757	4,167	4,420	4,879	4,559	4,505	4,827
3.4	Government Agencies	10,392	10,112	10,016	11,800	10,288	10,887	11,137	11,134	11,329	11,086	11,187	11,552	12,014	12,171
4	Non-Profits	5,092	4,877	5,290	5,087	5,006	5,877	5,883	6,130	6,357	6,835	7,179	7,824	7,911	7,933
Total		7,490	7,726	7,682	7,905	7,796	7,896	8,025	8,120	8,424	8,258	8,229	8,319	8,351	8,564
Yap															
1.1	Private Sector	3,330	3,392	3,524	3,740	3,570	3,640	3,833	3,950	4,128	4,181	4,344	4,433	4,385	4,474
1.2	Public Enterprise	4,523	4,900	5,268	5,451	6,042	5,343	5,616	7,001	7,345	7,683	7,705	7,998	7,632	8,066
2	Financial Institutions	800	800	800	1,220	1,590	9,525	1,500	1,500	1,500	5,724	7,309	8,963	8,217	9,275
3.1	National Government	14,146	14,026	13,636	13,393	13,384	13,318	13,385	13,650	13,720	14,261	14,612	13,623	14,679	16,192
3.2	State Government	6,759	6,931	7,009	6,999	7,080	6,713	6,567	6,618	6,775	6,588	6,161	7,006	6,885	7,060
3.3	Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.4	Government Agencies	1,187	1,357	999	948	604	689	652	732	667	784	966	2,391	3,000	2,879
4	Non-Profits	2,722	2,756	2,797	2,467	2,505	2,840	3,015	2,961	3,098	2,945	3,228	3,113	3,238	3,377
Total		4,924	5,035	5,058	5,128	4,898	4,802	4,884	5,138	5,308	5,400	5,625	6,051	5,959	6,164

Source : Social Security Administration, Government Payrolls, statistical estimates

Table 7d : Average Real Wage Rates by Institution, FSM and States

FSM	(2004 prices)	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	4,016	4,060	3,942	3,882	3,855	3,821	3,902	3,963	4,045	3,933	3,791	3,691	3,546	3,503
1.2	Public Enterprise	8,660	8,948	9,136	9,493	10,066	9,996	10,640	10,616	10,755	10,783	10,783	11,081	10,929	10,609
2	Financial Institutions	13,896	14,123	13,825	14,113	15,162	16,246	16,264	16,160	16,669	14,242	13,325	13,343	16,775	13,040
3.1	National Government	17,093	16,487	15,613	15,089	13,292	12,563	12,323	13,019	12,791	12,578	14,058	13,606	12,849	11,623
3.2	State Government	9,283	9,125	8,266	8,188	7,986	8,068	8,080	8,280	8,624	8,202	7,706	7,292	7,185	6,892
3.3	Municipalities	2,045	2,032	2,118	1,879	3,567	4,104	3,633	3,338	3,445	3,236	4,624	4,588	3,389	3,887
3.4	Government Agencies	9,293	9,202	8,873	10,383	7,936	9,296	9,174	9,803	9,824	9,716	9,330	10,468	10,301	9,993
4	Non-Profits	3,866	3,736	3,780	3,679	3,577	4,052	4,312	4,349	4,392	4,557	4,907	4,734	4,654	4,565
6.1	Foreign Embassies	6,922	7,698	7,276	7,961	8,330	8,899	9,044	9,547	9,557	9,082	10,069	10,722	11,067	10,602
	Total	6,893	6,849	6,515	6,416	6,383	6,408	6,499	6,642	6,804	6,628	6,487	6,337	6,137	5,935
Chuuk															
1.1	Private Sector	3,333	3,255	3,124	3,067	3,036	3,129	3,154	3,305	3,386	3,242	3,024	3,009	2,809	2,768
1.2	Public Enterprise	-	7,712	8,225	9,063	10,562	11,042	10,779	10,241	10,542	9,593	8,561	9,085	8,924	7,373
2	Financial Institutions	13,844	15,915	13,815	13,782	16,026	16,902	16,634	14,694	13,049	11,908	9,558	10,364	12,769	12,137
3.1	National Government	16,858	16,260	15,398	14,881	8,721	8,012	7,627	8,368	8,363	8,190	13,373	12,904	10,717	8,593
3.2	State Government	8,232	7,914	6,631	6,469	6,260	6,793	7,120	7,097	7,490	6,929	6,730	6,189	6,125	5,566
3.3	Municipalities	1,392	1,269	1,294	1,175	3,527	4,394	3,329	3,014	2,913	1,573	4,594	5,312	2,137	2,914
3.4	Government Agencies	6,321	6,135	5,481	5,888	3,787	5,614	6,079	6,839	6,447	6,682	4,984	7,843	8,906	8,213
4	Non-Profits	2,611	2,600	2,456	2,455	2,311	2,630	2,820	2,820	2,824	2,866	3,177	2,921	2,939	2,909
	Total	5,574	5,438	4,788	4,507	4,844	5,206	5,444	5,433	5,535	5,276	5,187	5,096	4,788	4,552
Kosrae															
1.1	Private Sector	3,237	3,282	3,132	3,167	3,059	2,995	3,016	2,993	2,994	3,089	2,989	2,869	2,875	2,851
1.2	Public Enterprise	7,359	6,499	9,514	8,983	9,119	8,830	10,438	10,560	9,845	9,692	9,916	10,255	9,661	8,975
2	Financial Institutions	4,869	-	-	-	-	-	-	-	1,682	2,185	2,347	5,651	4,046	3,195
3.1	National Government	14,432	13,921	13,182	12,740	12,491	12,526	11,933	12,866	12,662	12,339	12,187	11,915	9,561	7,730
3.2	State Government	8,294	8,159	8,071	7,176	7,599	7,689	7,790	9,164	8,627	8,215	7,856	7,547	7,572	7,084
3.3	Municipalities	2,896	3,228	3,281	3,177	3,148	3,271	3,081	2,955	2,905	3,552	4,100	3,654	2,993	3,017
3.4	Government Agencies	2,189	1,130	2,946	2,933	868	2,348	2,628	2,896	1,060	2,303	1,798	2,222	2,487	3,368
4	Non-Profits	417	467	462	472	471	839	3,141	6,232	1,815	11,250	6,565	6,508	4,304	5,998
	Total	6,421	6,299	6,435	5,891	5,891	5,746	5,735	6,426	6,005	6,017	5,901	5,641	5,485	5,143

Source : Social Security Administration, Government Payrolls, statistical estimates and CPI

Table 7d : Continued, Average Real Wage Rates (2004 prices) by Institution, FSM and States

Pohnpei		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	4,626	4,767	4,589	4,393	4,529	4,490	4,544	4,528	4,626	4,404	4,221	4,085	3,935	3,882
1.2	Public Enterprise	9,279	9,961	10,114	10,548	11,207	11,572	12,190	11,583	11,749	11,913	12,140	12,635	12,600	12,351
2	Financial Institutions	13,998	13,960	13,896	14,218	15,142	16,315	16,308	16,385	17,239	15,036	14,447	14,117	18,032	13,643
3.1	National Government	17,425	16,807	15,916	15,382	15,081	14,481	14,322	14,753	14,829	14,833	14,322	13,954	13,795	13,360
3.2	State Government	12,781	12,851	11,840	12,574	11,801	11,361	11,054	11,172	11,774	11,411	10,843	10,037	9,486	9,412
3.3	Municipalities	3,828	3,577	3,788	3,612	3,673	4,011	3,920	3,813	4,239	4,420	4,688	4,196	4,000	4,013
3.4	Government Agencies	11,879	11,244	10,848	12,575	10,757	11,178	11,286	11,300	11,527	11,086	10,748	10,631	10,668	10,119
4	Non-Profits	5,821	5,423	5,730	5,421	5,234	6,034	5,962	6,222	6,468	6,835	6,897	7,200	7,025	6,596
	Total	8,561	8,591	8,320	8,424	8,151	8,107	8,132	8,242	8,571	8,258	7,906	7,656	7,415	7,120
Yap															
1.1	Private Sector	3,807	3,772	3,817	3,986	3,733	3,737	3,884	4,009	4,200	4,181	4,173	4,080	3,894	3,720
1.2	Public Enterprise	5,170	5,449	5,706	5,809	6,317	5,485	5,691	7,106	7,473	7,683	7,402	7,361	6,777	6,706
2	Financial Institutions	914	890	866	1,300	1,662	9,780	1,520	1,522	1,526	5,724	7,022	8,248	7,296	7,711
3.2	State Government	7,725	7,707	7,591	7,458	7,402	6,892	6,655	6,717	6,893	6,588	5,920	6,447	6,114	5,869
3.3	Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.4	Government Agencies	1,357	1,509	1,082	1,011	631	708	661	743	679	784	928	2,201	2,664	2,394
4	Non-Profits	3,111	3,064	3,030	2,629	2,619	2,915	3,055	3,005	3,152	2,945	3,101	2,865	2,875	2,808
	Total	5,628	5,598	5,478	5,465	5,121	4,930	4,949	5,214	5,400	5,400	5,404	5,569	5,291	5,125

Table 7e : Employee Earnings by Institution, FSM and States

FSM		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	23,347	23,447	22,320	22,883	24,140	27,039	27,556	27,070	27,261	27,496	26,637	26,497	27,553	28,729
1.2	Public Enterprise	7,205	8,064	8,830	9,200	9,419	9,615	9,622	9,213	9,318	9,384	8,651	8,522	8,548	8,642
2	Financial Institutions	2,659	2,667	2,642	2,755	2,915	3,097	3,202	3,113	2,773	2,411	2,507	2,686	3,571	2,910
3.1	National Government	10,255	9,766	9,661	9,605	10,527	10,131	10,202	10,600	10,741	10,704	9,588	9,835	10,672	11,825
3.2	State Government	49,522	48,591	41,952	37,906	35,579	36,896	39,234	41,484	40,810	39,069	41,982	46,562	43,042	40,915
3.3	Municipalities	2,092	2,198	2,203	2,308	2,732	2,740	2,521	3,154	2,952	1,950	2,393	2,916	2,040	1,736
3.4	Government Agencies	7,099	7,671	8,617	10,329	10,283	10,610	11,461	12,593	13,386	14,431	13,711	11,494	11,607	11,770
4	NGO's and Non-Profits	2,162	1,945	2,064	2,118	2,172	2,229	2,287	2,488	2,443	2,569	2,646	2,714	2,791	3,020
5	Households	61	56	46	41	46	54	47	70	61	58	56	53	54	52
6.1	Foreign Embassies	111	140	150	189	209	241	263	299	287	318	335	393	436	453
	Total	104,514	104,543	98,488	97,333	98,024	102,652	106,395	110,083	110,032	108,390	108,505	111,670	110,314	110,051
Chuuk															
1.1	Private Sector	5,497	4,836	4,368	4,385	4,693	5,838	5,630	5,605	5,863	5,858	5,570	5,561	5,582	5,293
1.2	Public Enterprise	0	307	674	734	972	1,076	1,061	1,004	997	873	726	777	763	599
2	Financial Institutions	366	347	277	262	303	309	304	250	212	208	189	186	234	234
3.1	National Government	858	817	809	804	1,724	1,773	1,722	1,691	2,038	2,198	914	941	1,400	1,872
3.2	State Government	20,407	19,068	15,143	13,664	12,690	14,171	16,680	17,227	15,994	14,630	16,096	18,583	15,589	13,273
3.3	Municipalities	1,013	908	888	1,015	1,316	1,155	888	1,524	1,334	377	675	1,279	379	60
3.4	Government Agencies	929	1,062	1,081	1,126	1,206	1,164	1,200	1,428	1,419	2,177	1,434	357	519	597
4	NGO's and Non-Profits	662	664	673	695	684	724	668	777	769	807	775	814	823	875
5	Households	0	0	0	0	0	0	0	5	0	0	0	0	0	0
	Total	29,733	28,009	23,913	22,684	23,589	26,210	28,152	29,510	28,626	27,128	26,379	28,498	25,289	22,800
Kosrae															
1.1	Private Sector	1,259	1,467	1,423	1,493	1,582	1,837	1,762	1,745	1,960	1,949	1,822	1,971	1,974	2,055
1.2	Public Enterprise	565	506	771	1,062	1,152	1,105	816	762	706	652	570	593	520	483
2	Financial Institutions	2	0	0	0	0	0	0	0	1	6	8	12	14	12
3.1	National Government	593	564	558	555	555	520	545	559	558	545	580	604	768	1,009
3.2	State Government	5,487	5,742	5,686	4,440	4,599	4,787	4,834	5,874	5,608	5,461	5,568	5,624	5,359	4,363
3.3	Municipalities	154	177	164	168	162	172	152	153	160	126	133	133	111	103
3.4	Government Agencies	41	19	7	11	19	22	163	122	23	26	32	25	106	53
4	NGO's and Non-Profits	9	1	1	1	1	3	6	6	8	11	21	27	64	76
5	Households	2	2	1	1	1	3	3	11	14	14	13	13	13	16
	Total	8,111	8,478	8,612	7,732	8,071	8,449	8,281	9,233	9,038	8,791	8,747	9,001	8,929	8,169

Source : Social Security Administration, Government Payrolls, statistical estimates

Note: Employee earnings = Gross wages and salaries as per Social Security regulations

Table 7e : Continued, Employee Earnings by Institution, FSM and States

Pohnpei		FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
1.1	Private Sector	12,545	12,697	11,810	11,716	12,461	13,015	13,347	12,854	12,505	12,840	13,626	13,796	14,850	16,121
1.2	Public Enterprise	6,178	6,582	6,425	6,525	6,332	6,423	6,759	6,441	6,548	6,728	6,327	6,099	6,295	6,570
2	Financial Institutions	2,290	2,319	2,364	2,492	2,610	2,753	2,897	2,861	2,558	2,169	2,241	2,389	3,239	2,576
3.1	National Government	8,193	7,802	7,718	7,673	7,676	7,268	7,315	7,739	7,498	7,293	7,410	7,656	7,772	8,136
3.2	State Government	16,880	16,821	14,713	13,872	12,868	12,929	12,881	13,384	13,967	13,928	14,147	14,957	15,069	16,071
3.3	Municipalities	924	1,113	1,151	1,125	1,254	1,412	1,481	1,476	1,459	1,447	1,585	1,505	1,550	1,573
3.4	Government Agencies	5,428	5,846	6,647	8,300	8,102	8,341	8,917	9,767	10,606	10,893	10,960	10,375	10,285	10,313
4	NGO's and Non-Profits	1,300	1,093	1,218	1,281	1,359	1,375	1,481	1,579	1,531	1,622	1,716	1,729	1,739	1,901
5	Households	59	54	45	40	45	51	44	54	47	44	43	40	42	36
6.1	Foreign Embassies	111	140	150	189	209	241	263	299	287	318	335	393	436	453
Total		53,908	54,467	52,241	53,213	52,918	53,809	55,386	56,455	57,005	57,281	58,389	58,939	61,277	63,749
Yap															
1.1	Private Sector	4,045	4,447	4,720	5,289	5,405	6,350	6,817	6,865	6,933	6,849	5,619	5,168	5,147	5,261
1.2	Public Enterprise	462	669	960	879	962	1,011	986	1,006	1,067	1,131	1,027	1,052	971	990
2	Financial Institutions	1	1	1	1	2	36	2	2	2	27	69	99	84	88
3.1	National Government	611	582	576	572	573	570	620	612	647	669	685	634	732	809
3.2	State Government	6,749	6,960	6,411	5,929	5,422	5,008	4,839	4,998	5,241	5,050	6,172	7,399	7,024	7,208
3.3	Municipalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4	Government Agencies	701	743	882	892	956	1,084	1,180	1,276	1,338	1,334	1,285	737	696	808
4	NGO's and Non-Profits	192	186	172	141	128	126	132	126	136	130	134	144	164	168
5	Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		12,762	13,588	13,722	13,703	13,446	14,185	14,575	14,885	15,364	15,191	14,990	15,232	14,819	15,333

Source : Social Security Administration, Government Payrolls, statistical estimates

Note: Employee earnings = Gross wages and salaries as per Social Security regulations

Table 7f : Employment by Industry, FSM and States, Private Sector

FSM	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	36	26	30	30	33	31	24	25	24	29	30	28	26	26
Fishing	198	106	82	63	46	60	51	35	44	44	47	42	186	169
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	605	625	588	627	603	714	822	796	682	591	185	94	100	116
Electricity, Gas and Water Supply	6	8	7	7	10	10	12	15	17	24	21	19	17	17
Construction	980	887	733	862	943	1,073	1,002	798	717	771	786	659	641	757
Wholesale and Retail Trade and Repairs	2,627	2,551	2,512	2,490	2,623	2,790	2,679	2,759	2,879	3,063	3,174	3,240	3,317	3,186
Hotels and Restaurants	705	741	763	851	842	945	886	793	793	829	841	813	858	830
Transport, Storage and Communications	890	845	784	717	757	825	757	713	802	767	792	853	873	848
Financial Intermediation	5	8	7	7	7	9	10	9	8	9	14	11	19	20
Real Estate, Renting, Business Activities	295	313	317	313	356	414	517	539	462	436	443	394	399	403
Public Administration	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Education	0	0	0	0	0	0	0	1	1	1	1	1	1	1
Health and Social Work	17	19	13	14	16	23	33	49	55	67	74	80	85	89
Other Community, Social, Personal Services	282	292	297	302	314	373	363	402	375	362	344	373	376	351
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	1	4
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6,644	6,421	6,132	6,282	6,548	7,266	7,156	6,933	6,858	6,991	6,750	6,607	6,899	6,818

Table 7f : Continued, Employment by Industry, FSM and States, Private Sector

Chuuk	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Fishing	67	26	10	13	16	22	5	2	3	7	6	6	6	6
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	98	84	73	57	61	60	58	52	44	31	28	19	19	17
Electricity, Gas and Water Supply	0	0	0	0	0	1	4	7	9	15	10	9	6	4
Construction	153	118	77	89	86	168	106	89	72	74	52	53	80	78
Wholesale and Retail Trade and Repairs	828	716	648	628	671	786	846	883	948	1,035	1,043	1,005	997	879
Hotels and Restaurants	262	281	273	313	314	371	331	262	267	251	262	253	309	271
Transport, Storage and Communications	338	295	290	267	311	321	283	236	247	220	220	219	216	205
Financial Intermediation	2	2	2	2	3	4	4	4	4	6	6	7	6	5
Real Estate, Renting, Business Activities	35	38	40	39	33	37	45	42	44	47	56	56	52	45
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	2	3	3	4	5	6	10	16	16	20	17	14	15	14
Other Community, Social, Personal Services	97	90	100	112	119	141	119	130	109	103	69	60	60	67
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,885	1,652	1,514	1,523	1,616	1,916	1,809	1,722	1,762	1,807	1,769	1,701	1,764	1,590

Source : Social Security Administration, Government Payrolls, statistical estimates. Not including Financial Institutions (Banks)

Table 7f : Continued, Employment by Industry, FSM and States, Private Sector

Kosrae	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	1	1	1	1	1	1	1	1	1	2	5	4	3	3
Fishing	14	8	4	4	3	3	14	0	0	0	0	0	2	7
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	22	29	32	35	32	34	24	30	28	24	21	28	40	42
Electricity, Gas and Water Supply	0	0	0	0	2	2	0	0	0	0	0	0	0	0
Construction	34	51	58	65	101	130	79	82	126	141	108	120	100	90
Wholesale and Retail Trade and Repairs	219	228	218	231	239	242	256	258	309	315	291	296	279	286
Hotels and Restaurants	55	63	69	59	62	60	56	60	58	53	52	52	52	50
Transport, Storage and Communications	33	38	36	32	32	62	52	51	41	41	45	50	45	45
Financial Intermediation	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Real Estate, Renting, Business Activities	50	61	60	62	60	66	59	53	51	47	52	57	56	51
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Community, Social, Personal Services	19	19	15	13	8	32	51	57	53	9	13	26	32	23
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	1	2
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	445	497	492	502	541	630	592	592	666	631	586	632	610	599

Table 7f : Continued, Employment by Industry, FSM and States, Private Sector

Pohnpei	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	23	20	24	23	19	19	18	19	19	23	23	23	22	22
Fishing	90	47	20	20	23	31	29	21	34	37	41	36	178	156
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	82	86	94	129	68	52	47	69	43	34	36	43	38	52
Electricity, Gas and Water Supply	6	8	7	7	8	8	8	8	8	9	10	11	11	13
Construction	753	664	546	605	702	714	745	529	431	437	481	409	393	502
Wholesale and Retail Trade and Repairs	1,210	1,207	1,188	1,192	1,224	1,262	1,144	1,181	1,188	1,290	1,403	1,443	1,531	1,517
Hotels and Restaurants	265	261	279	271	223	239	271	268	265	275	277	265	262	272
Transport, Storage and Communications	365	343	317	296	289	307	293	302	329	346	358	391	410	419
Financial Intermediation	3	6	5	5	4	5	6	5	4	3	8	4	13	14
Real Estate, Renting, Business Activities	147	152	151	141	151	159	237	273	213	207	193	183	193	206
Public Administration	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	15	16	11	10	11	15	21	31	38	45	54	62	67	71
Other Community, Social, Personal Services	144	151	145	143	157	167	158	178	180	209	217	238	232	208
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,100	2,961	2,787	2,842	2,877	2,976	2,977	2,881	2,751	2,915	3,102	3,108	3,351	3,453

Source : Social Security Administration, Government Payrolls, statistical estimates. Not including Financial Institutions (Banks)

Table 7f : Continued, Employment by Industry, FSM and States, Private Sector

Yap	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	8	5	5	6	13	12	5	5	4	4	2	1	1	1
Fishing	27	24	47	26	4	4	3	13	6	0	0	0	0	0
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	404	427	389	406	442	568	692	646	568	502	100	4	4	5
Electricity, Gas and Water Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction	41	55	52	103	54	62	72	99	89	119	145	77	68	88
Wholesale and Retail Trade and Repairs	371	400	459	439	490	501	434	438	435	423	437	496	511	506
Hotels and Restaurants	124	136	142	208	243	276	228	204	204	250	250	242	234	237
Transport, Storage and Communications	154	170	141	123	125	134	129	124	185	160	169	193	202	179
Financial Intermediation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate, Renting, Business Activities	64	62	66	71	112	153	177	172	154	135	142	99	98	101
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	1	1	1	1	1	1	1
Health and Social Work	0	0	0	0	1	2	3	2	2	3	3	3	3	3
Other Community, Social, Personal Services	23	32	38	33	31	34	36	36	32	42	45	49	52	53
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	1	2
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,215	1,311	1,339	1,414	1,514	1,744	1,779	1,738	1,679	1,638	1,294	1,166	1,174	1,176

Source : Social Security Administration, Government Payrolls, statistical estimates. Not including Financial Institutions (Banks)

Table 7g : Earnings by Industry, FSM and States, Private Sector

FSM	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	103	70	88	83	79	70	52	49	65	91	76	59	60	68
Fishing	774	424	340	246	255	283	324	304	477	467	468	250	684	703
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	1,771	1,784	1,743	1,990	1,781	2,108	2,675	2,771	2,454	2,196	537	354	334	422
Electricity, Gas and Water Supply	21	33	30	30	35	33	39	52	54	80	85	80	77	63
Construction	3,702	3,527	2,710	3,216	3,631	4,422	4,619	3,622	3,208	3,434	3,655	3,084	3,020	3,756
Wholesale and Retail Trade and Repairs	8,735	9,001	9,118	9,182	9,726	10,365	9,871	10,260	10,845	11,212	11,762	12,227	12,505	12,768
Hotels and Restaurants	2,348	2,444	2,662	2,809	2,854	3,123	3,056	2,811	2,721	2,679	2,837	2,930	2,913	2,941
Transport, Storage and Communications	3,504	3,421	3,196	2,917	2,996	3,254	3,159	3,252	3,719	3,725	3,744	3,828	4,079	4,046
Financial Intermediation	29	54	53	52	47	81	87	62	58	61	57	63	160	165
Real Estate, Renting, Business Activities	1,249	1,434	1,261	1,215	1,490	1,795	2,134	2,168	1,972	1,854	1,695	1,727	1,749	1,833
Public Administration	0	0	0	0	0	0	0	0	0	0	0	3	4	4
Education	0	0	0	0	0	0	0	1	1	1	3	5	5	5
Health and Social Work	113	163	87	84	91	127	190	306	404	487	548	620	673	760
Other Community, Social, Personal Services	997	1,092	1,034	1,060	1,155	1,377	1,350	1,412	1,285	1,208	1,170	1,267	1,286	1,186
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	3	10
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	23,347	23,447	22,321	22,883	24,140	27,039	27,556	27,070	27,261	27,496	26,637	26,497	27,553	28,729

Table 7g : Continued, Earnings by Industry, FSM and States, Private Sector

Chuuk	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	7	0	0	0	0	0	0	0	0	0	0	0	0	0
Fishing	268	84	21	24	18	16	3	1	2	7	7	7	9	10
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	295	266	250	219	230	233	217	210	158	100	90	72	72	72
Electricity, Gas and Water Supply	0	0	0	0	0	0	7	22	20	35	32	25	16	10
Construction	522	378	192	225	285	726	481	327	243	267	213	233	314	298
Wholesale and Retail Trade and Repairs	2,216	2,017	1,942	1,927	2,131	2,526	2,706	2,842	3,166	3,182	3,084	3,054	2,913	2,674
Hotels and Restaurants	770	765	814	921	944	1,004	908	725	708	694	705	721	765	730
Transport, Storage and Communications	1,145	1,022	835	698	697	844	831	977	1,019	1,007	943	973	1,009	955
Financial Intermediation	5	6	6	7	11	40	46	41	44	45	26	34	38	39
Real Estate, Renting, Business Activities	81	95	106	95	86	109	118	106	128	142	170	172	165	176
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	10	21	11	18	20	20	44	83	99	133	105	102	108	118
Other Community, Social, Personal Services	177	183	189	251	271	319	269	272	274	246	195	168	174	212
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,497	4,836	4,368	4,385	4,693	5,838	5,630	5,605	5,863	5,858	5,570	5,561	5,582	5,293

Source : Social Security Administration, Government Payrolls, statistical estimates.

Note: Employee earnings = Gross wages and salaries as per Social Security regulations. Not including Financial Institutions (Banks)

Table 7g : Continued, Earnings by Industry, FSM and States, Private Sector

Kosrae	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	1	1	1	1	1	1	1	1	1	3	10	5	2	2
Fishing	49	36	12	9	6	6	36	0	0	0	0	0	4	22
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	62	74	72	83	80	82	70	83	84	78	67	84	118	131
Electricity, Gas and Water Supply	0	0	0	0	7	3	0	0	0	0	0	0	0	0
Construction	85	121	136	177	268	343	204	249	439	560	455	455	398	436
Wholesale and Retail Trade and Repairs	657	725	697	755	787	777	791	750	849	863	825	899	892	946
Hotels and Restaurants	108	136	139	102	109	127	155	156	148	141	134	120	128	130
Transport, Storage and Communications	93	107	120	129	119	179	149	143	122	114	120	132	123	131
Financial Intermediation	0	0	0	0	0	0	0	0	0	0	0	0	1	2
Real Estate, Renting, Business Activities	125	186	188	185	171	203	184	162	146	127	142	170	188	176
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Community, Social, Personal Services	81	81	56	51	34	115	172	201	172	63	68	106	119	76
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	1	2
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,259	1,467	1,423	1,493	1,582	1,837	1,762	1,745	1,960	1,949	1,822	1,971	1,974	2,055

Table 7g : Continued, Earnings by Industry, FSM and States, Private Sector

Pohnpei	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	82	53	74	65	49	45	37	30	49	74	62	54	58	65
Fishing	367	221	153	131	194	248	274	274	466	460	461	244	671	671
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	350	362	379	524	301	277	255	330	218	168	183	184	126	202
Electricity, Gas and Water Supply	21	33	30	30	29	31	32	30	34	45	54	55	60	54
Construction	2,972	2,884	2,177	2,259	2,897	3,129	3,610	2,548	2,077	1,952	2,237	2,098	2,092	2,657
Wholesale and Retail Trade and Repairs	4,541	4,685	4,736	4,736	4,848	4,948	4,521	4,844	4,961	5,390	5,834	6,031	6,482	6,871
Hotels and Restaurants	947	1,006	1,125	1,054	934	930	1,080	1,054	1,012	957	987	993	988	1,021
Transport, Storage and Communications	1,658	1,602	1,601	1,477	1,523	1,543	1,481	1,425	1,531	1,601	1,659	1,718	1,807	1,971
Financial Intermediation	24	48	47	45	37	41	41	22	14	16	32	28	121	124
Real Estate, Renting, Business Activities	826	938	750	692	844	911	1,117	1,288	1,140	1,091	942	1,038	1,038	1,114
Public Administration	0	0	0	0	0	0	0	0	0	0	0	3	4	4
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Social Work	103	142	75	66	70	104	139	220	294	346	436	510	558	634
Other Community, Social, Personal Services	654	723	663	637	736	809	760	789	711	739	740	840	845	731
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	12,545	12,697	11,810	11,716	12,461	13,015	13,347	12,854	12,505	12,840	13,626	13,796	14,850	16,121

Source : Social Security Administration, Government Payrolls, statistical estimates.

Note: Employee earnings = Gross wages and salaries as per Social Security regulations. Not including Financial Institutions (Banks)

Table 7g : Continued, Earnings by Industry, FSM and States, Private Sector

Yap	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Agriculture, Hunting and Forestry	13	16	13	18	29	25	15	19	16	14	4	1	1	1
Fishing	90	83	153	82	36	13	11	30	9	0	0	0	0	0
Mining and Quarrying	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	1,064	1,082	1,041	1,164	1,170	1,515	2,132	2,146	1,993	1,850	196	15	17	17
Electricity, Gas and Water Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction	123	144	204	555	181	224	324	498	448	655	750	298	217	366
Wholesale and Retail Trade and Repairs	1,321	1,573	1,742	1,763	1,959	2,114	1,853	1,824	1,869	1,776	2,019	2,243	2,219	2,278
Hotels and Restaurants	523	537	584	732	868	1,063	913	875	853	887	1,010	1,095	1,033	1,060
Transport, Storage and Communications	608	691	639	613	657	688	698	707	1,047	1,004	1,021	1,005	1,140	990
Financial Intermediation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate, Renting, Business Activities	217	215	217	243	389	573	715	612	558	494	442	346	359	367
Public Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	1	1	1	3	5	5	5
Health and Social Work	0	0	0	0	0	3	7	3	11	8	8	8	8	8
Other Community, Social, Personal Services	85	105	126	121	114	133	149	150	128	161	167	153	147	167
Private Households With Employed Persons	0	0	0	0	0	0	0	0	0	0	0	0	2	5
Extra-Territorial Organizations and Bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,045	4,447	4,720	5,289	5,405	6,350	6,817	6,865	6,933	6,849	5,619	5,168	5,147	5,261

Source : Social Security Administration, Government Payrolls, statistical estimates.

Note: Employee earnings = Gross wages and salaries as per Social Security regulations. Not including Financial Institutions (Banks)

Table 8a : FSM Commercial Banking Survey

(US\$ millions)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30
TOTAL ASSETS	128.7	127.8	123.8	135.8	134.2	137.0	138.6	128.3	137.1	131.2	128.4	132.4	139.4	142.6
Total Liquid Assets	75.8	75.8	78.4	83.8	80.6	81.2	82.2	83.5	107.7	104.4	97.2	96.2	97.5	86.9
Cash & Due from Local banks	5.4	4.1	4.2	5.5	4.6	4.2	4.4	5.2	3.1	4.0	3.6	4.2	4.1	5.3
Foreign Assets - Due from Banks Abroad	70.4	71.7	74.2	78.3	75.9	77.0	77.8	78.3	104.6	100.5	93.6	92.0	93.5	81.6
Total Loans	51.3	49.3	42.9	48.1	50.0	52.4	52.0	39.1	24.0	21.3	25.7	30.0	35.3	49.2
Commercial Loans	18.7	18.8	17.8	22.0	21.7	21.3	18.3	21.0	10.1	8.8	10.7	14.6	19.4	34.6
Consumer Loans	32.6	30.5	25.1	26.0	28.3	31.1	33.8	18.1	13.9	12.5	14.9	15.4	15.9	14.6
Other Assets	1.5	2.7	2.5	3.9	3.6	3.4	4.4	5.7	5.4	5.5	5.6	6.2	6.6	6.5
TOTAL LIABILITIES & CAPITAL	128.7	127.8	123.8	135.8	134.2	137.0	138.6	128.3	137.1	131.2	128.4	132.4	139.4	142.6
Total Deposits:	116.3	112.3	109.3	120.0	119.1	120.8	121.7	112.0	119.8	115.4	111.4	113.7	119.5	118.9
Demand	23.7	22.1	21.6	25.9	23.3	24.2	24.2	25.5	28.1	28.0	28.3	27.6	32.8	27.8
Savings	36.0	30.5	31.6	37.9	41.0	36.1	42.8	44.7	60.2	56.6	50.3	51.7	47.2	54.1
Time	56.6	59.7	56.1	56.3	54.7	60.5	54.5	41.7	31.4	30.7	32.8	34.4	39.4	36.4
Other					0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.6
Other Liabilities & Capital	12.3	15.5	14.5	15.8	15.1	16.1	17.0	16.3	17.3	15.8	17.0	18.7	19.9	23.7
Memorandum Items:														
Loan/Deposit Ratio	44	44	39	40	42	43	43	35	20	18	23	26	30	41
Commercial Loan Share of Total Loans (%)	36	38	42	46	43	41	35	54	42	41	42	49	55	70
Consumer Loan Share of Total Loans (%)	64	62	58	54	57	59	65	46	58	59	58	51	45	30
Deposits Annual Rate of Change (%)	3.3	-3.5	-2.7	9.8	-0.8	1.5	0.7	-7.9	6.9	-3.7	-3.4	2.1	5.1	-0.5
Loans Annual Rate of Change (%)	-14.9	-2.3	-12.9	12.0	4.0	4.8	-0.7	-24.9	-38.7	-11.0	20.4	16.9	17.7	39.3
Commercial Loans Annual Rate of Change (%)	-12.8	0.5	-5.0	23.6	-1.5	-2.0	-14.1	15.0	-52.0	-13.0	22.1	35.9	33.2	78.3
Consumer Loans Annual Rate of Change (%)	-16.1	-6.5	-17.7	3.7	8.6	10.0	8.5	-46.5	-23.3	-9.6	19.2	3.2	2.9	-8.3

Source FSM Banking Board

Table 8b: Interest Rates of Domestic Money Banks

(percent ¹)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Deposit rates												
Savings deposits ²	3.1	2.9	2.7	2.7	2.5	1.3	1.0	0.9	0.9	1.5	1.9	1.3
CDs	4.2	4.0	3.7	4.6	3.2	1.5	1.0	1.0	1.0	2.0	2.5	2.5
Time Deposits	5.0	4.9	4.4	~	~	2.1	1.2	1.0	1.0	1.6	3.2	1.8
Other Deposits	3.3	3.3	3.3	3.3	3.2	~	~	~	~	~	2.8	1.3
Loan rates ³												
Consumer loans	15.0	15.0	15.2	15.3	15.3	15.3	15.0	15.4	15.4	15.6	14.0	14.4
Commercial loans	10.7	10.6	10.6	10.8	8.5	6.2	7.3	7.0	7.0	8.4	9.1	8.5

Source: FSM Banking Board

1/ Calendar year average

2/ Average rates offered by the deposit money banks

3/ Average rates charged by the deposit money banks

Table 9a : FSM : CPI Index

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footwear	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	100.0	37.1	12.2	5.5	3.2	9.3	16.9	15.8
Weight (old)	100.0	45.5	8.5	2.9	2.7	5.6	16.5	18.4

Fiscal Year Average

FY99	80.6	84.1	89.8	100.0	94.5	44.9	70.0	104.7
FY00	82.0	84.9	90.8	99.6	95.4	47.8	71.6	107.0
FY01	83.1	84.8	93.5	96.9	94.3	50.2	77.4	104.5
FY02	83.0	85.2	89.5	96.2	93.7	52.1	78.6	100.7
FY03	82.8	84.3	89.0	95.9	92.1	53.5	79.0	100.9
FY04	84.2	87.3	85.1	95.9	91.5	56.9	81.0	97.7
FY05	87.7	90.3	86.8	95.9	92.9	68.7	85.2	96.8
FY06	91.5	92.1	93.8	96.5	94.9	82.3	89.5	97.8
FY07	94.9	94.3	97.6	97.4	97.1	95.9	92.2	98.8
FY08	101.3	102.9	98.8	100.1	99.5	106.0	100.2	100.2

Year on year percent growth

1999 q4	1.4	1.4	0.5	-0.2	0.4	-0.5	-0.1	4.6
2000 q1	1.5	1.5	1.1	0.9	2.3	-0.2	0.1	3.8
2000 q2	2.2	0.6	1.1	0.3	1.9	12.5	1.9	3.4
2000 q3	2.2	0.7	2.2	-2.7	-0.4	14.8	7.6	-2.7
2000 q4	2.7	0.4	4.3	-2.3	0.3	13.6	9.1	-1.9
2001 q1	2.0	-0.2	3.5	-4.5	-2.3	11.4	10.4	-2.2
2001 q2	0.7	-0.4	2.0	-3.8	-1.8	-2.4	8.6	-1.8
2001 q3	-0.1	-0.4	2.2	-0.3	-0.9	-1.4	4.2	-3.4
2001 q4	-0.6	-0.3	-2.0	-1.8	-1.8	0.4	3.3	-4.9
2002 q1	0.0	1.0	-6.0	0.3	0.2	6.1	1.3	-4.5
2002 q2	0.1	1.0	-3.8	-0.1	-1.0	5.0	1.8	-4.3
2002 q3	-0.1	0.2	-5.3	-1.0	-0.1	4.0	0.2	-0.6
2002 q4	-0.4	-1.0	-0.8	-0.8	0.9	3.8	-0.3	-0.1
2003 q1	-0.8	-2.3	1.8	-1.2	-2.8	1.1	0.6	0.1
2003 q2	-0.1	-0.7	-1.9	-0.6	-2.2	2.6	0.8	0.4
2003 q3	0.3	-0.3	-1.4	1.4	-2.3	3.3	0.8	0.5
2003 q4	1.1	1.1	-3.5	1.6	-2.9	5.5	1.1	0.7
2004 q1	1.8	3.4	-4.0	0.7	-0.1	4.3	2.9	-3.2
2004 q2	1.8	4.3	-4.7	-0.8	-0.4	8.4	2.2	-5.2
2004 q3	2.3	5.3	-5.5	-1.5	0.6	7.3	3.6	-5.1
2004 q4	3.2	5.0	-6.8	-1.2	1.0	14.3	6.1	-4.3
2005 q1	3.9	3.7	1.4	-0.8	1.6	21.5	4.5	-0.7
2005 q2	4.2	2.6	5.7	0.5	2.0	20.5	5.5	0.6
2005 q3	5.0	2.5	8.3	1.2	1.7	26.5	5.1	1.1
2005 q4	3.9	1.2	11.3	0.6	1.2	20.3	3.7	0.1
2006 q1	3.9	2.4	6.6	1.3	1.7	13.4	4.8	0.2
2006 q2	4.7	2.1	5.7	0.9	2.1	20.6	5.8	2.2
2006 q3	5.1	2.4	8.7	-0.2	3.2	24.3	5.7	1.6
2006 q4	4.9	4.0	7.4	1.0	3.9	17.0	4.3	1.7
2007 q1	4.3	2.1	5.7	0.4	2.4	23.9	3.1	1.6
2007 q2	3.1	2.0	4.2	1.0	1.9	15.9	1.9	0.0
2007 q3	2.4	1.5	-0.6	1.4	1.3	10.3	2.8	0.5
2007 q4	3.5	2.6	-0.2	2.0	1.3	12.3	5.9	0.6
2008 q1	4.4	3.6	0.9	2.5	1.9	14.1	6.1	1.0
2008 q2	5.3	6.1	2.5	2.7	3.1	2.8	8.3	1.4
2008 q3	13.9	23.9	1.8	3.7	3.4	12.9	14.1	2.6
2008 q4	11.9	22.4	7.4	3.3	2.8	5.3	6.0	3.0
2009 q1	10.1	23.7	7.6	3.5	6.1	-10.9	0.2	4.6
2009 q2	9.6	21.1	9.0	6.3	4.8	5.1	-7.0	5.5
FY00	1.8	1.1	1.2	-0.4	1.0	6.6	2.4	2.2
FY01	1.3	-0.1	3.0	-2.7	-1.2	4.9	8.0	-2.3
FY02	-0.2	0.5	-4.3	-0.7	-0.7	3.8	1.6	-3.6
FY03	-0.2	-1.1	-0.6	-0.3	-1.6	2.7	0.5	0.2
FY04	1.7	3.6	-4.4	0.0	-0.7	6.4	2.5	-3.2
FY05	4.1	3.4	2.0	-0.1	1.6	20.8	5.3	-0.9
FY06	4.4	2.0	8.0	0.7	2.1	19.7	5.0	1.0
FY07	3.6	2.4	4.1	1.0	2.4	16.5	3.0	0.9
FY08	6.8	9.1	1.3	2.7	2.4	10.5	8.6	1.4

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9b : FSM : CPI Index, Domestic Items

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footwear	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	23.7	6.6	4.4		1.3	5.9	5.5	
Weight (old)	25.4	9.6	0.8	0.1	1.5	3.9	9.5	
Fiscal Year Average								
FY99	72.3	87.6	126.0	91.9	104.4	46.0	76.9	
FY00	75.0	89.4	120.1	91.9	104.8	49.2	80.1	
FY01	79.0	91.6	134.0	92.9	105.7	50.9	87.9	
FY02	79.3	91.5	115.6	93.1	105.4	52.2	87.6	
FY03	79.4	89.5	123.6	93.6	102.0	53.6	87.8	
FY04	81.8	90.1	122.4	95.1	100.5	57.3	90.0	
FY05	86.1	91.4	107.3	95.9	100.2	69.7	92.3	
FY06	91.1	92.1	110.5	95.9	100.0	84.0	94.7	
FY07	96.0	95.2	96.2	95.9	100.0	100.2	95.5	
FY08	101.2	99.9	96.3	49.2	100.0	108.8	100.1	
Year on year percent growth								
1999 q4	0.1	-0.2	-3.0	0.0	0.6	-0.2	0.7	
2000 q1	0.0	-0.7	-5.9	0.0	0.8	0.0	1.0	
2000 q2	5.3	4.7	-7.4	0.0	0.0	13.2	2.1	
2000 q3	9.5	4.2	-2.4	0.0	0.0	14.9	12.4	
2000 q4	10.2	5.7	0.3	1.2	0.8	13.6	13.4	
2001 q1	9.2	5.0	9.3	1.2	0.8	10.6	14.2	
2001 q2	3.4	-0.4	22.6	1.2	0.8	-4.3	12.1	
2001 q3	-0.6	0.1	14.4	1.2	0.8	-4.3	0.7	
2001 q4	-0.7	-0.6	-1.7	0.0	0.0	-2.7	-0.2	
2002 q1	0.8	-0.2	-9.5	0.0	0.8	4.1	-1.1	
2002 q2	0.8	0.0	-17.7	0.0	-0.9	4.0	-0.3	
2002 q3	0.9	0.0	-24.2	0.7	-0.9	4.9	0.3	
2002 q4	0.5	-2.2	0.5	0.7	0.6	5.8	0.4	
2003 q1	-0.4	-2.5	3.1	0.7	-5.3	2.0	0.5	
2003 q2	0.0	-1.2	6.0	0.7	-3.6	1.5	-0.3	
2003 q3	0.2	-2.6	19.7	0.0	-4.5	1.9	0.1	
2003 q4	1.2	-0.9	-1.0	0.0	-5.0	4.2	0.2	
2004 q1	3.2	1.0	-4.8	1.9	0.0	3.8	3.5	
2004 q2	3.8	-0.1	2.4	2.3	-0.9	10.6	3.2	
2004 q3	4.0	2.3	-0.7	2.3	0.0	9.2	3.0	
2004 q4	4.9	1.6	-15.5	2.5	-0.9	14.2	4.7	
2005 q1	4.9	1.3	-8.8	0.6	-0.5	24.0	1.3	
2005 q2	4.7	0.8	-13.2	0.2	0.3	21.7	2.1	
2005 q3	6.5	2.4	-11.7	0.2	0.0	26.2	2.5	
2005 q4	5.4	2.0	4.1	0.0	0.0	20.4	0.7	
2006 q1	5.1	1.6	0.7	0.0	-0.4	10.9	3.5	
2006 q2	6.0	0.4	4.6	0.0	-0.4	21.1	3.2	
2006 q3	6.5	-0.8	2.6	0.0	0.0	29.2	2.8	
2006 q4	5.5	2.1	-6.1	0.0	0.0	21.2	2.9	
2007 q1	6.2	2.0	-12.1	0.0	0.0	29.3	0.1	
2007 q2	5.7	5.1	-17.4	0.0	0.0	17.6	0.0	
2007 q3	4.2	4.0	-15.3	0.0	0.0	10.8	0.7	
2007 q4	5.8	2.5	-9.9	2.7	0.0	15.2	4.5	
2008 q1	6.6	4.2	6.5	2.7	0.0	16.5	4.6	
2008 q2	3.5	4.0	4.5	-100.0	0.0	-1.2	4.9	
2008 q3	6.2	9.1	-0.4	-100.0	0.0	4.8	5.2	
2008 q4	6.4	10.3	23.6	-100.0	0.0	-2.0	2.6	
2009 q1	2.7	9.0	11.0	-100.0	7.8	-18.3	7.2	
2009 q2	9.2	7.8	13.2		7.8	10.2	7.0	
FY00	3.7	2.0	-4.7	0.0	0.4	6.9	4.1	
FY01	5.4	2.5	11.5	1.2	0.8	3.4	9.8	
FY02	0.4	-0.2	-13.7	0.2	-0.3	2.5	-0.4	
FY03	0.1	-2.1	7.0	0.5	-3.2	2.8	0.2	
FY04	3.0	0.6	-1.0	1.6	-1.5	6.9	2.5	
FY05	5.3	1.5	-12.4	0.9	-0.3	21.6	2.6	
FY06	5.8	0.8	3.0	0.0	-0.2	20.5	2.5	
FY07	5.4	3.3	-12.9	0.0	0.0	19.2	0.9	
FY08	5.5	5.0	0.1	-48.7	0.0	8.6	4.8	

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9c : FSM : CPI Index, Imported Items

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footwear	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	76.3	30.5	7.8	5.5	1.8	3.4	11.4	15.8
Weight (old)	74.6	35.9	7.7	2.8	1.1	1.7	7.0	18.4
Fiscal Year Average								
FY99	84.0	83.3	87.3	100.4	83.6	44.7	63.3	104.7
FY00	85.0	84.0	89.0	99.9	85.2	46.9	63.2	107.0
FY01	84.8	83.2	91.0	97.1	81.9	51.2	66.1	104.5
FY02	84.5	83.7	87.9	96.4	80.8	54.2	69.2	100.7
FY03	84.2	83.0	86.6	96.1	81.3	55.1	69.9	100.9
FY04	85.2	86.7	82.4	96.0	81.6	56.5	71.5	97.7
FY05	88.4	90.1	85.1	95.9	85.0	67.5	77.5	96.8
FY06	91.8	92.2	92.5	96.6	89.3	80.7	83.7	97.8
FY07	94.5	94.2	97.6	97.5	94.0	88.9	88.4	98.8
FY08	101.3	103.7	99.3	100.1	98.8	101.5	99.3	100.2
Year on year percent growth								
1999 q4	1.8	1.8	0.9	-0.2	0.0	-0.9	-1.3	4.6
2000 q1	2.1	2.1	1.9	0.9	4.3	-0.6	-1.2	3.8
2000 q2	1.2	-0.5	2.1	0.4	4.4	9.0	1.4	3.4
2000 q3	-0.4	-0.4	2.7	-2.8	-0.9	11.8	0.0	-2.7
2000 q4	0.0	-1.0	4.8	-2.4	-0.4	11.3	2.4	-1.9
2001 q1	-0.5	-1.5	3.1	-4.7	-6.3	13.0	4.2	-2.2
2001 q2	-0.4	-0.3	0.3	-4.0	-5.2	4.3	2.8	-1.8
2001 q3	0.1	-0.6	1.3	-0.4	-3.5	8.9	9.1	-3.4
2001 q4	-0.6	-0.2	-1.9	-1.9	-4.4	8.8	8.5	-4.9
2002 q1	-0.3	1.3	-5.8	0.3	-0.8	9.6	5.2	-4.5
2002 q2	-0.2	1.1	-2.5	-0.1	-1.2	5.9	5.2	-4.3
2002 q3	-0.4	0.2	-3.6	-1.0	1.1	-0.3	0.5	-0.6
2002 q4	-0.7	-0.8	-1.2	-0.9	1.3	-1.5	-1.1	-0.1
2003 q1	-1.0	-2.3	1.6	-1.2	0.6	-1.4	0.8	0.1
2003 q2	-0.1	-0.6	-2.9	-0.6	-0.2	4.2	2.4	0.4
2003 q3	0.4	0.3	-3.2	1.4	0.8	5.3	1.8	0.5
2003 q4	1.0	1.6	-3.8	1.7	0.2	6.1	2.3	0.7
2004 q1	1.3	4.1	-4.1	0.7	-0.3	2.7	2.1	-3.2
2004 q2	1.0	5.4	-5.5	-0.9	0.3	0.7	0.5	-5.2
2004 q3	1.6	6.2	-6.2	-1.7	1.5	0.9	4.2	-5.1
2004 q4	2.6	6.0	-6.2	-1.3	3.5	13.2	7.5	-4.3
2005 q1	3.6	4.3	2.2	-0.9	4.6	16.8	8.1	-0.7
2005 q2	4.1	3.1	7.6	0.5	4.3	19.0	9.9	0.6
2005 q3	4.5	2.6	10.3	1.3	4.1	28.7	8.3	1.1
2005 q4	3.4	1.0	12.1	0.7	2.9	21.1	7.3	0.1
2006 q1	3.5	2.6	7.2	1.3	4.4	18.0	6.2	0.2
2006 q2	4.2	2.4	6.0	1.0	5.3	22.8	9.1	2.2
2006 q3	4.5	3.2	9.6	-0.2	7.3	16.3	9.2	1.6
2006 q4	4.6	4.5	8.6	1.0	9.0	11.0	5.9	1.7
2007 q1	3.5	2.2	7.3	0.5	5.3	12.9	6.9	1.6
2007 q2	2.1	1.1	6.1	1.1	4.3	9.6	4.1	0.0
2007 q3	1.6	0.9	0.5	1.4	2.8	7.9	5.3	0.5
2007 q4	2.9	3.0	0.5	1.9	2.8	6.3	7.8	0.6
2008 q1	3.4	3.4	0.5	2.5	4.2	10.8	8.0	1.0
2008 q2	5.9	6.6	2.4	2.6	6.8	10.4	12.6	1.4
2008 q3	16.5	27.3	3.3	3.6	6.9	28.4	20.7	2.6
2008 q4	13.5	24.4	3.7	3.3	5.6	18.6	9.9	3.0
2009 q1	12.7	27.0	5.4	3.4	5.2	4.0	-1.6	4.6
2009 q2	9.7	23.9	6.6	6.3	2.6	-3.8	-13.6	5.5
FY00	1.2	0.7	1.9	-0.4	1.9	4.8	-0.3	2.2
FY01	-0.2	-0.9	2.3	-2.9	-3.9	9.2	4.6	-2.3
FY02	-0.4	0.6	-3.4	-0.7	-1.4	5.9	4.8	-3.6
FY03	-0.4	-0.8	-1.5	-0.3	0.6	1.6	1.0	0.2
FY04	1.2	4.3	-4.9	-0.1	0.5	2.6	2.3	-3.2
FY05	3.7	4.0	3.3	-0.1	4.1	19.4	8.5	-0.9
FY06	3.9	2.3	8.7	0.7	5.0	19.5	8.0	1.0
FY07	2.9	2.1	5.5	1.0	5.3	10.3	5.5	0.9
FY08	7.2	10.1	1.7	2.6	5.2	14.1	12.4	1.4

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9d : Chuuk : State CPI Index

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footware	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	32.4	14.4	2.3	1.9	0.6	3.1	5.2	4.9
Weight (old)	41.6	22.0	2.8	1.1	0.9	1.9	6.7	6.1
Fiscal Year Average								
FY99	78.1	87.0	91.3	101.0	101.8	30.8	64.7	95.9
FY00	79.0	87.0	94.4	100.4	102.4	37.1	65.0	95.5
FY01	79.8	86.4	100.6	97.7	102.7	38.2	68.1	95.7
FY02	80.5	87.2	97.7	97.3	102.0	45.9	68.1	93.4
FY03	80.7	86.8	95.7	97.0	97.4	48.7	68.8	94.2
FY04	83.5	90.0	85.6	96.3	94.9	57.8	73.1	94.4
FY05	86.1	92.3	80.8	95.7	95.3	67.4	77.7	93.1
FY06	90.8	93.7	87.0	96.1	96.0	85.6	84.1	95.8
FY07	94.6	95.2	98.4	96.5	97.9	95.2	88.9	97.9
FY08	102.7	105.8	99.0	100.2	99.3	102.3	100.8	99.7
Year on year percent growth								
1999 q4	0.7	1.7	-1.2	-0.3	0.0	-0.9	-0.4	0.1
2000 q1	0.5	0.8	0.4	0.8	1.4	0.3	-0.1	-0.1
2000 q2	1.6	-1.5	6.5	0.4	1.4	37.2	2.0	-0.3
2000 q3	1.8	-1.1	7.8	-3.3	-0.4	47.9	0.6	-1.3
2000 q4	2.5	-2.0	12.7	-1.7	1.4	40.0	4.9	0.6
2001 q1	1.2	-1.5	8.9	-4.6	-0.6	14.0	5.1	0.7
2001 q2	-0.5	0.0	1.1	-3.9	-0.2	-16.7	3.3	-0.3
2001 q3	0.9	0.9	4.0	-0.4	0.4	-12.8	5.7	0.0
2001 q4	-0.3	-0.3	0.2	-2.3	-1.6	4.5	1.4	-3.7
2002 q1	0.9	0.8	-7.9	0.6	0.9	29.4	-0.1	-3.1
2002 q2	2.5	2.5	0.9	-0.2	-1.5	29.4	-0.1	-2.2
2002 q3	0.7	0.4	-4.4	0.3	-0.4	21.4	-1.2	-0.6
2002 q4	0.4	0.7	-1.8	0.2	2.0	2.8	-0.9	0.6
2003 q1	0.0	-1.1	5.1	-1.1	-7.3	4.0	0.7	0.3
2003 q2	-0.1	-0.9	-6.2	-0.3	-5.6	5.8	2.3	1.1
2003 q3	0.5	-0.7	-4.7	-0.1	-7.1	11.5	2.2	1.3
2003 q4	2.3	1.1	-5.4	0.1	-8.2	22.4	2.5	2.6
2004 q1	3.5	2.4	-10.1	-0.8	-0.4	20.5	7.4	2.8
2004 q2	3.5	4.6	-13.0	-0.6	-1.5	18.4	6.7	-2.2
2004 q3	4.6	6.8	-14.2	-1.4	0.4	14.4	8.4	-2.1
2004 q4	3.8	4.9	-15.2	-1.6	-0.2	13.2	10.8	-3.2
2005 q1	3.3	4.1	-6.1	-0.4	0.0	13.9	5.8	-3.5
2005 q2	2.8	1.5	0.9	-0.9	1.4	13.9	4.8	0.2
2005 q3	2.7	0.0	-0.6	0.3	0.5	25.1	3.6	0.9
2005 q4	2.4	-1.5	1.5	0.2	0.0	28.3	3.1	0.6
2006 q1	5.0	2.1	3.5	0.4	0.2	26.9	7.3	0.7
2006 q2	6.5	1.8	3.8	0.9	0.5	30.6	10.9	5.8
2006 q3	7.8	3.4	22.2	0.2	2.0	23.0	11.9	4.5
2006 q4	6.7	4.4	22.3	0.7	3.0	8.8	9.7	4.6
2007 q1	4.5	0.7	16.5	0.2	2.1	14.8	6.0	4.4
2007 q2	3.7	1.5	16.2	0.4	1.8	12.2	3.7	0.1
2007 q3	1.8	0.2	-0.1	0.4	1.0	9.3	3.7	0.1
2007 q4	4.1	2.8	-1.0	2.9	-0.1	7.0	10.2	1.1
2008 q1	4.2	3.5	0.0	3.7	1.4	4.7	9.3	1.5
2008 q2	5.3	4.7	1.9	3.6	2.2	3.5	11.8	2.2
2008 q3	20.7	33.0	1.5	5.1	2.5	14.4	22.3	2.6
2008 q4	13.8	26.4	2.3	2.2	3.3	5.0	4.9	1.5
2009 q1	10.6	26.2	6.1	2.8	4.0	-4.9	-9.8	1.0
2009 q2	8.8	23.8	6.9	3.8	3.1	-4.3	-13.0	-0.5
FY00	1.2	0.0	3.4	-0.6	0.6	20.6	0.5	-0.4
FY01	1.0	-0.6	6.5	-2.7	0.3	2.9	4.7	0.2
FY02	1.0	0.8	-2.8	-0.4	-0.6	20.3	0.0	-2.4
FY03	0.2	-0.5	-2.0	-0.3	-4.5	6.0	1.1	0.8
FY04	3.5	3.7	-10.6	-0.7	-2.6	18.8	6.3	0.3
FY05	3.2	2.6	-5.7	-0.7	0.4	16.5	6.2	-1.4
FY06	5.5	1.5	7.7	0.4	0.7	27.1	8.3	2.9
FY07	4.1	1.7	13.1	0.4	2.0	11.3	5.7	2.3
FY08	8.6	11.1	0.6	3.8	1.5	7.4	13.5	1.9

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9e : Kosrae : State CPI Index

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footware	Housing	Fuel, Light & Water	Services	Miscellane- ous
Weight (new)	7.7	3.4	0.3	0.3	0.2	0.7	1.5	1.2
Weight (old)	6.0	2.5	0.2	0.4	0.1	0.2	1.3	1.4
Fiscal Year Average								
FY99	81.0	84.8	64.7	89.8	98.3	36.5	76.3	99.5
FY00	81.8	86.2	65.8	93.2	101.9	36.5	76.3	99.8
FY01	82.2	85.3	66.5	92.7	99.9	36.3	78.3	101.1
FY02	79.7	81.7	59.8	90.4	93.5	36.3	78.0	98.7
FY03	78.2	78.8	58.7	89.9	92.4	36.4	77.7	97.7
FY04	80.3	82.0	60.7	90.0	92.4	36.6	79.4	99.6
FY05	87.2	86.3	67.4	93.4	92.8	71.4	87.4	99.1
FY06	90.4	88.4	68.8	93.4	94.5	83.2	93.3	98.6
FY07	92.3	93.3	70.7	93.8	96.2	85.7	92.2	98.2
FY08	101.0	101.3	94.2	99.6	101.3	108.0	100.1	99.7
Year on year percent growth								
1999 q4	0.2	1.6	-1.3	0.0	2.3	0.0	-0.1	-1.9
2000 q1	0.9	1.6	1.6	5.0	4.9	0.2	0.2	-1.0
2000 q2	1.7	1.8	1.9	5.2	4.8	-0.5	0.3	1.8
2000 q3	1.4	1.3	4.6	5.0	2.7	-0.5	-0.6	2.2
2000 q4	1.7	1.6	4.6	6.9	3.1	-0.5	-0.8	2.4
2001 q1	0.7	-1.1	-0.7	-2.9	-1.5	-0.6	3.4	2.9
2001 q2	0.1	-1.6	0.5	-2.8	-1.0	0.0	3.7	0.6
2001 q3	-0.7	-2.9	0.3	-3.1	-8.0	-0.3	4.3	-0.6
2001 q4	-1.4	-3.0	-8.5	-3.9	-6.3	-0.3	4.5	-1.8
2002 q1	-2.7	-1.8	-6.8	-2.0	-7.5	-0.2	-2.1	-4.3
2002 q2	-4.1	-6.4	-11.3	-2.2	-9.8	0.0	-2.1	-1.4
2002 q3	-3.9	-6.0	-13.5	-1.9	-2.0	0.3	-1.7	-2.1
2002 q4	-3.8	-7.0	-5.2	-2.8	-4.2	0.3	-1.7	-1.0
2003 q1	-2.6	-6.1	-4.8	0.1	-1.2	0.2	0.3	-0.2
2003 q2	-0.9	-1.0	0.0	0.3	0.9	0.0	0.0	-2.0
2003 q3	0.0	0.2	2.6	0.3	0.2	0.0	0.0	-0.8
2003 q4	0.0	0.4	2.6	0.0	0.2	0.0	-0.1	-0.7
2004 q1	1.6	2.2	3.9	-0.6	-0.7	0.0	0.4	2.4
2004 q2	4.7	7.7	5.2	0.6	0.3	1.6	3.3	2.8
2004 q3	4.4	5.9	2.5	0.6	0.3	1.6	5.3	3.3
2004 q4	9.6	8.6	5.6	4.2	0.3	88.9	8.6	1.5
2005 q1	8.9	7.6	13.7	4.5	1.1	84.9	9.6	-1.2
2005 q2	7.2	2.1	12.3	3.3	0.0	95.8	10.3	-1.1
2005 q3	8.5	3.3	12.3	3.3	0.0	109.5	11.8	-1.2
2005 q4	4.8	1.1	9.0	0.0	0.0	20.1	11.8	0.3
2006 q1	3.7	-0.1	0.0	0.6	1.8	23.4	9.4	0.0
2006 q2	3.3	3.1	0.0	-0.3	2.9	14.7	4.9	-0.3
2006 q3	2.8	5.4	0.0	-0.3	2.9	9.4	1.4	-1.6
2006 q4	1.4	6.2	0.0	0.1	2.9	2.7	-3.9	-0.9
2007 q1	1.9	7.4	1.1	-0.4	1.1	2.7	-4.0	-0.8
2007 q2	1.4	4.5	1.5	0.8	0.3	4.3	-2.9	-0.4
2007 q3	3.7	4.2	8.1	1.3	3.0	2.2	6.1	0.5
2007 q4	6.2	6.8	18.4	4.6	4.7	11.6	6.8	0.5
2008 q1	7.5	6.3	36.8	5.7	4.7	11.0	10.3	0.9
2008 q2	8.9	7.2	43.1	6.5	4.5	15.6	11.0	1.6
2008 q3	15.1	13.8	34.3	7.5	7.3	65.2	6.6	2.8
2008 q4	12.5	10.5	22.6	3.6	5.5	50.3	8.4	2.6
2009 q1	10.9	10.2	5.0	2.5	5.5	50.3	5.9	2.3
2009 q2	5.8	9.1	-0.1	1.5	6.0	37.5	-10.9	1.6
FY00	1.0	1.6	1.7	3.8	3.7	-0.2	0.0	0.3
FY01	0.4	-1.0	1.1	-0.6	-1.9	-0.4	2.6	1.3
FY02	-3.0	-4.3	-10.1	-2.5	-6.5	0.0	-0.4	-2.4
FY03	-1.9	-3.6	-1.9	-0.5	-1.1	0.1	-0.4	-1.0
FY04	2.7	4.0	3.5	0.1	0.0	0.8	2.2	1.9
FY05	8.6	5.3	11.0	3.8	0.4	94.8	10.1	-0.5
FY06	3.6	2.4	2.1	0.0	1.9	16.6	6.7	-0.4
FY07	2.1	5.6	2.7	0.5	1.8	3.0	-1.2	-0.4
FY08	9.5	8.6	33.2	6.1	5.3	26.0	8.6	1.5

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9e : Pohnpei : State CPI Index

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footware	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	41.5	14.5	5.9	2.6	1.6	3.9	6.3	6.6
Weight (old)	37.5	16.2	3.5	1.1	1.2	2.7	5.5	7.3
Fiscal Year Average								
FY99	80.6	79.1	88.2	100.3	92.0	48.5	71.7	114.4
FY00	83.6	81.7	90.2	100.0	93.5	50.2	74.9	120.9
FY01	84.7	82.2	88.9	96.5	91.2	53.5	85.0	114.2
FY02	83.9	82.9	82.5	96.6	91.8	52.4	87.3	107.8
FY03	83.7	81.7	84.2	96.5	92.2	54.0	87.3	108.1
FY04	84.5	85.3	84.3	99.0	92.4	55.5	87.7	99.4
FY05	88.4	89.5	89.4	98.7	92.8	65.3	90.9	99.4
FY06	91.2	91.7	97.6	97.7	95.3	70.8	92.7	99.7
FY07	94.0	93.8	98.0	99.3	97.0	82.7	94.4	99.9
FY08	100.0	101.2	99.3	100.3	99.4	98.3	99.9	100.7
Year on year percent growth								
1999 q4	4.7	4.7	13.0	0.2	0.9	0.0	-1.4	9.2
2000 q1	3.2	2.8	2.5	0.7	3.4	-0.1	-0.7	9.4
2000 q2	3.8	3.5	-2.5	1.2	2.8	6.7	1.3	9.2
2000 q3	3.1	2.7	-2.5	-3.6	-0.8	6.7	18.7	-4.3
2000 q4	3.3	3.4	-1.7	-5.0	-0.8	6.9	18.9	-5.2
2001 q1	3.0	2.0	-1.8	-5.0	-4.3	13.3	18.8	-5.3
2001 q2	1.2	-1.1	-0.4	-4.9	-4.1	3.4	17.3	-4.0
2001 q3	-1.9	-1.9	-2.0	1.1	-0.6	3.8	1.6	-7.8
2001 q4	-1.5	0.0	-6.2	-0.4	-0.9	-1.5	3.1	-6.8
2002 q1	-0.8	2.0	-8.2	1.6	1.4	-0.7	2.5	-7.1
2002 q2	-1.7	0.2	-8.5	1.0	1.5	-3.9	3.8	-7.9
2002 q3	0.1	1.4	-5.8	-1.9	0.8	-2.5	1.5	-0.1
2002 q4	-0.7	-2.5	0.4	-1.4	1.0	5.3	-0.1	-0.1
2003 q1	-1.4	-3.9	3.0	-1.7	0.0	-1.0	0.5	0.4
2003 q2	0.7	0.2	3.3	-0.9	0.0	5.3	-0.7	0.8
2003 q3	0.5	0.1	1.6	3.7	0.8	3.4	-0.1	0.1
2003 q4	0.8	1.8	-1.1	4.4	0.8	0.9	0.0	-0.7
2004 q1	1.0	6.5	0.5	3.2	0.1	-0.6	0.2	-10.5
2004 q2	0.8	4.6	0.5	2.9	-0.1	5.3	0.8	-10.7
2004 q3	1.0	5.0	0.8	0.3	-0.1	5.3	1.1	-10.2
2004 q4	3.1	6.2	-0.4	0.2	-0.1	14.6	3.5	-7.3
2005 q1	4.3	3.2	3.1	-0.4	0.3	19.6	3.7	2.6
2005 q2	4.9	4.2	8.2	-0.5	0.7	16.2	3.4	2.5
2005 q3	6.5	5.8	13.2	-0.5	1.1	19.9	3.9	2.7
2005 q4	4.7	5.0	15.3	-0.9	1.1	10.6	1.7	0.3
2006 q1	3.1	3.0	10.7	-0.3	2.7	6.8	0.8	0.2
2006 q2	2.6	1.9	8.0	-1.4	3.2	5.0	2.9	0.6
2006 q3	2.1	0.5	3.3	-1.4	3.6	11.1	2.6	0.5
2006 q4	3.2	2.9	3.0	1.1	3.8	11.3	2.2	0.5
2007 q1	3.8	2.7	1.6	0.7	1.7	20.8	2.7	0.4
2007 q2	2.7	1.1	-1.2	1.8	0.9	22.9	1.0	0.0
2007 q3	2.4	2.2	-1.3	2.7	0.9	12.6	1.5	0.0
2007 q4	1.9	0.8	-0.8	0.9	1.8	11.0	3.0	-0.3
2008 q1	3.4	2.3	1.1	0.8	1.6	15.4	3.6	-0.1
2008 q2	6.5	7.7	2.3	1.0	3.3	16.8	5.6	0.1
2008 q3	13.7	20.9	2.7	1.4	3.2	31.5	11.1	3.4
2008 q4	14.9	22.6	15.9	3.7	2.2	24.4	5.3	4.3
2009 q1	14.7	25.9	15.5	4.9	9.2	-6.2	9.8	8.8
2009 q2	11.2	22.5	15.5	10.3	7.4	-18.3	-1.2	12.8
FY00	3.7	3.4	2.3	-0.4	1.6	3.3	4.4	5.6
FY01	1.3	0.6	-1.5	-3.5	-2.5	6.7	13.6	-5.6
FY02	-1.0	0.9	-7.2	0.1	0.7	-2.2	2.7	-5.6
FY03	-0.2	-1.5	2.0	-0.1	0.5	3.2	-0.1	0.3
FY04	0.9	4.5	0.2	2.7	0.2	2.7	0.5	-8.0
FY05	4.7	4.8	6.0	-0.3	0.5	17.6	3.6	-0.1
FY06	3.1	2.6	9.1	-1.0	2.7	8.4	2.0	0.4
FY07	3.0	2.2	0.5	1.6	1.8	16.8	1.9	0.2
FY08	6.4	7.9	1.3	1.0	2.5	18.9	5.8	0.8

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 9f: Yap : State CPI Index

	Total	Food	Tob, Alch, Betelnut, Sakau	Clothing, Footware	Housing	Fuel, Light & Water	Services	Miscellan- eous
Weight (new)	18.5	4.8	3.6	0.6	0.8	1.6	3.9	3.1
Weight (old)	14.9	4.8	1.9	0.3	0.5	0.8	3.0	3.5
Fiscal Year Average								
FY99	86.4	85.1	89.4	107.6	85.6	67.7	76.3	102.7
FY00	86.8	85.8	89.8	102.8	86.0	68.3	78.7	100.8
FY01	88.9	86.1	95.1	100.0	85.1	70.9	84.0	100.9
FY02	88.9	86.0	94.0	97.9	82.6	70.1	86.8	99.4
FY03	88.1	84.9	91.7	97.2	82.3	67.9	87.6	99.0
FY04	87.2	84.6	88.6	90.6	83.1	65.2	87.0	99.0
FY05	90.3	86.0	93.2	89.4	88.9	82.5	91.1	97.4
FY06	94.8	88.2	99.7	97.3	91.9	112.8	94.2	97.2
FY07	98.9	92.6	98.9	98.5	96.1	144.5	95.6	98.0
FY08	102.3	100.3	98.3	99.6	99.3	138.0	99.9	99.8
Year on year percent growth								
1999 q4	0.0	-0.6	0.0	-3.0	0.7	-1.0	1.8	-0.4
2000 q1	0.3	0.8	-0.4	-2.7	1.1	-1.1	1.9	-0.8
2000 q2	0.3	1.2	-0.3	-7.1	0.0	1.9	3.7	-3.2
2000 q3	1.5	2.1	2.3	-5.2	0.1	3.6	5.5	-2.9
2000 q4	2.2	1.7	3.1	-4.2	0.1	3.7	4.8	0.6
2001 q1	2.4	-0.5	5.5	-4.0	-1.2	5.9	9.5	-1.1
2001 q2	2.7	0.7	7.7	-0.8	0.2	3.5	6.0	0.4
2001 q3	2.2	-0.4	7.1	-1.8	-3.1	1.9	6.2	0.5
2001 q4	0.9	0.5	2.6	-2.6	-3.8	-0.8	6.8	-3.3
2002 q1	0.2	0.2	0.7	-3.0	-2.9	-2.7	2.8	-1.0
2002 q2	0.0	0.0	-2.3	-1.6	-4.0	-0.7	2.9	-0.4
2002 q3	-1.1	-1.2	-5.0	-1.2	-1.1	-0.3	1.4	-1.1
2002 q4	-0.3	-1.2	-0.8	-0.4	-0.9	2.4	1.0	-0.5
2003 q1	-0.7	-0.8	-4.0	-0.6	-0.2	2.2	0.9	-0.8
2003 q2	-1.8	-2.8	-3.4	-1.3	-0.6	-8.3	1.1	-0.9
2003 q3	-0.5	-0.1	-1.6	-0.4	0.2	-8.5	0.5	0.6
2003 q4	-0.9	-0.8	-5.0	-0.5	-0.6	-8.3	1.3	1.1
2004 q1	-0.5	-0.7	-2.6	-0.7	0.1	-8.0	1.0	1.2
2004 q2	-1.4	0.2	-2.1	-16.1	1.1	0.5	-3.6	-0.6
2004 q3	-1.3	-0.3	-3.9	-10.3	3.1	1.0	-0.9	-1.8
2004 q4	-0.5	0.4	-5.7	-10.1	6.2	3.7	1.4	-1.8
2005 q1	2.9	1.1	8.0	-9.7	8.6	32.2	1.4	-2.1
2005 q2	5.3	2.2	7.1	7.6	7.0	34.6	8.6	-1.9
2005 q3	6.2	3.1	11.4	9.5	6.1	35.4	7.5	-0.8
2005 q4	5.7	1.6	17.9	9.4	4.2	32.4	5.2	-1.0
2006 q1	3.0	2.8	4.3	11.9	2.1	3.6	5.2	-0.6
2006 q2	5.5	3.2	4.6	12.2	2.6	44.2	2.0	0.8
2006 q3	6.0	2.6	2.9	2.7	4.6	64.4	1.4	0.2
2006 q4	5.5	5.2	-1.9	2.6	6.3	53.6	1.1	0.3
2007 q1	5.7	4.4	0.1	1.3	4.8	57.6	1.1	0.3
2007 q2	3.2	5.6	-0.6	0.8	4.9	11.2	1.6	0.2
2007 q3	3.2	4.7	-0.9	0.3	2.5	9.3	2.0	2.4
2007 q4	4.8	5.5	0.6	-0.6	2.1	23.2	1.9	1.6
2008 q1	5.9	7.4	-1.0	0.9	3.3	26.8	2.4	2.5
2008 q2	1.0	6.7	0.4	1.1	4.4	-29.0	4.7	2.7
2008 q3	1.8	13.9	-2.1	2.7	3.5	-34.3	8.7	0.7
2008 q4	1.9	19.5	-3.9	3.7	2.7	-38.5	7.1	2.8
2009 q1	-1.8	19.9	-4.5	-0.9	1.3	-44.5	-4.7	2.4
2009 q2	8.9	16.7	0.5	-0.3	0.2	64.3	-6.6	1.0
FY00	0.5	0.9	0.4	-4.5	0.5	0.8	3.2	-1.8
FY01	2.4	0.4	5.9	-2.7	-1.0	3.7	6.6	0.1
FY02	0.0	-0.1	-1.1	-2.1	-3.0	-1.1	3.4	-1.5
FY03	-0.8	-1.2	-2.5	-0.7	-0.4	-3.1	0.9	-0.4
FY04	-1.0	-0.4	-3.4	-6.9	0.9	-3.9	-0.6	0.0
FY05	3.4	1.7	5.2	-1.3	7.0	26.5	4.7	-1.7
FY06	5.0	2.6	7.0	8.9	3.4	36.6	3.4	-0.1
FY07	4.4	5.0	-0.8	1.2	4.6	28.2	1.5	0.8
FY08	3.4	8.4	-0.5	1.0	3.3	-4.5	4.4	1.9

Source: Statistics Division, SBOC

Notes: Base second quarter 2008 = 100. Old weights applied until first quarter 2008

Table 10a : FSM and States: Imports by Major Category, FY2000-FY2008
(CIF Value, millions of \$US)

FSM	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Food	-	30.231	29.598	31.882	36.190	37.966	35.133	34.542	39.403
Beverages and tobacco	-	8.670	7.767	8.224	7.741	9.068	7.836	6.766	6.886
Household goods and consumables	-	10.912	11.932	12.413	14.864	13.794	14.789	18.031	15.435
Construction materials	-	11.756	10.636	12.840	14.498	13.399	14.244	12.086	16.017
Fuels	17.471	19.139	16.427	15.463	18.324	23.271	28.904	29.062	36.589
Machinery (non household)	-	9.422	10.217	7.452	8.984	12.101	11.779	15.081	13.600
Other intermediate goods	-	10.294	8.623	10.670	12.686	7.981	8.520	10.277	11.023
Transportation equipment and parts	-	10.832	7.659	8.406	10.479	9.011	10.194	10.986	9.917
Items not allocated to above	85.900	3.364	2.740	4.223	5.996	5.459	5.359	4.701	6.339
Total	103.371	114.622	105.599	111.573	129.764	132.050	136.758	141.532	155.208
Chuuk									
Food	-	10.938	9.960	13.248	12.983	14.069	12.464	11.443	12.706
Beverages and tobacco	-	2.070	1.910	2.720	2.237	2.901	2.164	1.537	1.562
Household goods and consumables	-	3.598	3.708	4.476	4.656	4.335	4.634	4.280	4.128
Construction materials	-	2.983	2.230	5.219	3.330	2.995	3.431	2.671	2.682
Fuels	5.384	6.237	6.455	6.233	4.655	6.871	7.354	5.983	8.132
Machinery (non household)	-	2.387	1.712	1.558	2.020	1.784	1.901	4.867	2.479
Other intermediate goods	-	1.739	1.424	1.936	2.447	2.187	2.878	2.611	3.137
Transportation equipment and parts	-	2.227	1.560	2.528	1.849	1.614	2.206	1.564	1.304
Items not allocated to above	22.641	0.728	0.528	1.016	2.063	1.919	1.715	1.164	1.272
Total	28.025	32.907	29.486	38.933	36.239	38.677	38.747	36.121	37.402
Kosrae									
Food	1.908	2.990	2.439	2.674	3.064	3.287	3.130	3.279	3.436
Beverages and tobacco	0.351	0.853	0.766	0.682	0.684	0.654	0.660	0.573	0.521
Household goods and consumables	0.743	0.954	1.092	1.142	1.244	1.335	1.505	1.113	1.303
Construction materials	2.657	1.860	1.503	1.684	1.069	1.193	1.301	1.263	2.106
Fuels	1.708	2.367	2.030	0.985	1.776	2.171	3.541	3.220	3.102
Machinery (non household)	0.709	1.140	0.752	0.790	0.537	1.041	1.072	1.692	0.799
Other intermediate goods	0.359	0.618	0.714	0.775	0.680	0.594	1.043	0.865	0.918
Transportation equipment and parts	1.524	2.080	0.755	0.753	1.094	1.133	0.816	0.781	1.283
Items not allocated to above	0.242	0.442	0.177	0.487	0.435	0.460	0.550	0.417	0.749
Total	10.200	13.302	10.227	9.972	10.584	11.867	13.617	13.203	14.215
Pohnpei									
Food	10.742	12.377	13.050	11.459	14.783	15.844	14.827	15.256	18.286
Beverages and tobacco	2.872	3.512	3.111	2.460	2.659	3.008	2.576	2.759	2.892
Household goods and consumables	4.672	4.513	5.150	4.795	6.412	5.421	6.286	10.460	7.629
Construction materials	5.265	4.879	4.678	3.268	5.539	4.756	5.728	5.086	7.123
Fuels	7.903	7.680	5.397	5.762	9.538	10.866	13.793	15.473	19.632
Machinery (non household)	4.542	3.696	5.370	3.489	4.455	5.957	5.827	5.557	6.845
Other intermediate goods	3.931	4.164	3.665	3.450	4.560	3.479	3.464	5.080	5.515
Transportation equipment and parts	4.039	4.484	3.669	3.479	4.906	3.697	4.803	5.535	5.098
Items not allocated to above	1.423	1.077	1.295	1.580	1.892	1.797	1.969	1.935	3.209
Total	45.390	46.383	45.385	39.743	54.743	54.826	59.276	67.142	76.229
Yap									
Food	3.367	3.927	4.149	4.500	5.360	4.767	4.712	4.564	4.976
Beverages and tobacco	1.854	2.234	1.981	2.362	2.161	2.505	2.436	1.897	1.911
Household goods and consumables	1.448	1.848	1.982	2.001	2.553	2.702	2.364	2.177	2.375
Construction materials	3.055	2.034	2.226	2.669	4.560	4.454	3.785	3.066	4.106
Fuels	2.477	2.855	2.546	2.484	2.355	3.363	4.216	4.385	5.723
Machinery (non household)	2.352	2.199	2.384	1.616	1.973	3.319	2.979	2.965	3.477
Other intermediate goods	2.516	3.773	2.820	4.509	4.999	1.721	1.134	1.721	1.453
Transportation equipment and parts	1.411	2.041	1.675	1.645	2.631	2.567	2.369	3.105	2.232
Items not allocated to above	1.276	1.117	0.739	1.140	1.607	1.283	1.125	1.185	1.109
Total	19.756	22.030	20.500	22.925	28.198	26.681	25.118	25.067	27.362

Source: FSM Customs PC Trade system and Statistical Estimates

Notes: A new Customs declaration system was implemented during 2003

Data prior to FY2003 was compiled by Division of Statistics from information on Customs files

FY2005 includes a \$9 million estimate to cover data missing due to computer crash in Pohnpei State

FY2004 excludes an unknown value of imports into Yap during an emergency period following Cyclone Sudal

Some CIF values for Fuel are estimated as volume multiplied by estimated unit price

Figures do not include estimates for underreporting by importers, or overseas provisioning by FSM vessels

Table 10b : FSM Balance Of Payments, FY1995-FY2008

Current Account	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Current account balance	-7.6	-27.1	-50.2	-41.6	-33.1	-23.0	-37.1	-15.5	-4.6	-24.0	-1.7	-9.1	10.6	1.8
Goods and services balance	-121.5	-141.5	-144.7	-140.5	-135.6	-127.5	-141.6	-130.1	-138.3	-148.4	-145.3	-144.5	-142.4	-153.4
Goods balance	-88.7	-102.6	-101.1	-95.6	-97.7	-88.7	-99.3	-90.7	-96.6	-108.1	-104.3	-107.3	-107.5	-115.5
Exports of goods	22.2	20.2	17.2	23.6	17.9	20.4	22.2	20.9	23.9	16.5	17.5	17.6	21.5	27.3
Fish	17.1	15.0	12.6	18.8	12.8	14.6	13.9	12.1	15.4	7.8	10.4	10.5	14.4	19.3
Re-exports: fuel	2.2	2.3	2.5	2.1	1.8	2.8	2.9	3.4	3.5	4.2	5.4	4.4	4.3	5.0
Other	2.9	2.8	2.2	2.7	3.3	3.1	5.4	5.4	4.9	4.6	1.6	2.8	2.8	3.0
Imports of goods, f.o.b.	110.8	122.8	118.3	119.2	115.6	109.1	121.5	111.7	120.4	124.6	121.8	124.9	129.1	142.8
Services balance	-32.9	-38.9	-43.6	-44.8	-37.9	-38.8	-42.3	-39.3	-41.8	-40.3	-41.0	-37.3	-34.8	-37.8
Exports of services	17.1	19.0	17.3	14.7	15.3	18.0	17.2	19.2	18.5	18.4	19.3	21.7	24.5	26.3
Transport	5.3	6.2	5.0	4.0	3.7	3.7	4.1	4.4	4.0	4.3	4.6	5.2	5.3	4.9
Travel	11.0	11.8	11.5	9.7	10.3	12.7	11.1	12.7	12.6	12.6	13.4	14.7	17.5	19.7
Telecommunication	0.8	1.0	0.8	1.1	1.1	1.1	1.8	2.1	1.9	1.5	1.3	1.8	1.7	1.8
Other	~	~	~	0.0	0.2	0.4	0.2	0.0	0.0	0.0	0.0	~	~	~
Imports of services	50.0	57.9	60.9	59.5	53.2	56.9	59.5	58.5	60.2	58.7	60.3	59.0	59.4	64.1
Transport	31.5	32.7	32.4	32.0	30.4	32.5	35.2	35.4	35.0	35.7	36.0	36.7	36.6	39.0
Passenger services	15.5	15.0	15.3	14.9	13.7	14.1	14.7	16.5	14.7	14.8	15.6	15.9	15.0	15.4
Freight and postal services	16.0	17.7	17.1	17.2	16.6	18.4	20.5	18.9	20.3	20.9	20.4	20.8	21.5	23.6
Travel	6.1	6.0	5.9	6.1	6.2	6.5	6.7	6.6	6.1	6.0	6.2	6.3	6.3	6.4
Technical assistance	2.8	2.7	2.1	2.8	2.8	2.9	2.8	3.0	4.2	3.8	4.7	4.0	4.3	5.3
Medical referral programme	1.9	2.1	2.4	2.3	3.0	3.5	3.5	2.9	3.7	4.1	4.7	3.2	3.6	4.2
Other	7.7	14.4	18.2	16.2	10.8	11.4	11.3	10.7	11.2	9.2	8.8	8.9	8.5	9.2
Primary income balance	19.4	18.6	10.7	9.4	12.4	10.7	6.8	6.3	4.6	10.5	13.9	17.7	21.2	18.9
Primary income, inflows	36.1	35.3	25.5	25.2	27.1	23.3	17.9	17.1	15.3	20.7	23.0	26.6	29.7	27.9
Fishing licence fees	21.5	20.5	14.4	13.5	15.9	14.4	10.9	11.1	11.2	12.6	13.7	13.3	14.8	17.0
Dividends and interest	13.6	13.5	9.9	10.2	9.2	7.3	4.9	4.3	2.8	6.7	7.9	11.5	12.7	10.2
Trust Fund											2.1	4.8	5.4	4.5
Portfolio investment	8.2	8.1	8.7	8.9	7.4	5.2	2.1	2.3	1.4	4.7	3.0	2.8	3.0	3.4
Commercial banks	5.4	5.4	1.2	1.4	1.8	2.1	2.8	2.0	1.5	2.0	2.8	3.9	4.3	2.3
Compensation of employees from foreign embassies	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5
Other	0.9	1.2	1.1	1.3	1.7	1.3	1.9	1.4	0.9	1.0	1.0	1.4	1.6	0.2
Primary income, outflows	16.7	16.7	14.8	15.8	14.6	12.6	11.2	10.8	10.7	10.1	9.1	9.0	8.4	9.0
Dividends related to direct investment	4.9	6.3	5.8	4.9	6.2	4.9	5.0	4.7	5.0	4.9	5.0	5.0	5.3	5.4
Compensation of employees	3.3	3.0	3.0	5.5	4.1	4.2	4.4	4.5	4.5	3.8	2.5	2.3	1.5	2.0
Interest on loans	2.0	1.9	1.6	1.7	1.7	1.7	1.7	1.8	1.4	1.5	1.6	1.6	1.6	1.6
Other	6.5	5.5	4.5	3.7	2.7	1.7	0.1	-0.2	-0.2	-0.1	-0.0	~	~	~
Secondary income balance	94.5	95.9	83.8	89.5	90.1	93.8	97.8	108.3	129.1	113.9	129.7	117.8	131.7	136.3
Secondary income, inflows	97.9	99.4	87.0	92.9	93.4	97.0	101.0	111.6	132.5	117.2	133.1	121.3	135.2	139.9
Budget grants	77.2	77.2	66.0	71.0	70.9	70.4	70.5	81.5	90.2	73.9	83.9	81.8	85.6	89.6
Compact current grants	62.9	63.2	56.0	56.1	55.7	54.7	55.3	66.0	66.4	52.1	56.0	59.3	60.6	58.0
Other budget grants	14.3	13.9	9.9	14.9	15.2	15.8	15.2	15.5	23.8	21.8	27.9	22.5	25.0	31.6
Airport improvement	~	~	0.6	0.6	0.6	0.6	0.6	0.3	0.3	7.1	5.3	3.1	17.4	13.9
Other off-budget grants	12.7	13.6	12.1	11.1	11.9	12.1	13.4	11.5	21.7	13.9	19.9	13.2	6.9	8.7
Household remittances	2.9	3.3	3.7	4.2	4.9	7.0	7.7	8.2	9.5	10.8	11.8	13.1	14.3	16.2
College of Micronesia	4.1	4.2	3.6	4.9	4.2	6.2	8.2	9.4	10.1	10.8	11.5	9.3	10.2	10.8
Non-life insurance claims	1.0	1.1	1.0	1.1	1.0	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8
Secondary income, outflows	3.4	3.5	3.3	3.4	3.3	3.2	3.3	3.2	3.4	3.3	3.4	3.5	3.5	3.6
Household remittances	2.4	2.4	2.2	2.3	2.3	2.5	2.5	2.5	2.6	2.5	2.7	2.7	2.7	2.8
Non-life insurance, net premiums	1.0	1.1	1.0	1.1	1.0	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8

Table 10b : FSM Balance Of Payments (continued)

Capital and Financial accounts	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Capital account balance	39.4	37.0	30.3	28.8	30.3	31.9	32.2	39.1	39.4	8.6	39.2	28.5	32.0	31.6
Capital inflows	39.4	37.0	30.3	28.8	30.3	31.9	32.2	39.1	39.4	8.6	39.2	28.5	32.0	31.6
Trust Fund grants	~	~	~	~	~	~	~	~	~	~	32.2	16.4	17.7	19.0
Compact capital grants	29.8	30.2	22.0	23.3	23.7	24.6	25.0	31.8	31.8	~	0.0	3.0	6.9	4.7
Other	9.6	6.8	8.3	5.6	6.6	7.3	7.3	7.3	7.6	8.6	7.1	9.1	7.4	7.8
Capital outflows	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Net lending/Borrowing (Curr + Cap)	31.8	10.0	-19.9	-12.8	-2.8	8.9	-4.9	23.6	34.8	-15.4	37.5	19.4	42.6	33.4
Financial account balance	-6.5	-17.3	-16.2	-1.9	-13.9	-18.1	-8.0	-1.1	-49.7	8.5	-18.5	-5.7	-22.1	-12.7
Direct investment	0.9	1.2	1.1	1.0	1.2	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	-4.4
Disinvestment	~	~	~	~	~	~	~	~	~	~	~	~	~	-5.5
Reinvested earnings	0.9	1.2	1.1	1.0	1.2	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1
Portfolio investment (increase in assets: -)	-4.1	-9.2	-24.9	-4.8	-15.0	-20.7	-10.2	-2.7	-26.5	33.4	-57.0	-9.8	-24.2	-22.3
Assets (increase: -)	1.9	1.9	-14.7	6.1	-3.0	-2.1	-2.0	-1.8	-27.5	34.9	-57.9	-10.4	-24.1	-24.4
Contributions to the Trust Fund (increase is a minus)											-62.4	-16.4	-17.7	-19.0
Additions to/withdrawals from the Investm	1.9	1.9	-14.7	6.1	-3.0	-2.1	-2.0	-1.8	-27.5	34.9	4.5	6.1	-6.4	-5.4
Liabilities (increase: +)	-6.0	-11.1	-10.2	-10.9	-12.1	-18.6	-8.3	-0.8	1.0	-1.5	1.0	0.6	-0.0	2.1
Capital and reinvested earnings, commerc	3.2	4.7	-1.9	0.4	-1.1	-0.1	-0.1	-0.8	1.0	-1.5	1.0	0.6	-0.0	2.1
MTN notes	-9.2	-15.8	-8.3	-11.3	-11.0	-18.5	-8.2	~	~	~	~	~	~	~
Other investment (increase in assets: -)	-3.3	-9.3	7.5	1.9	-0.0	1.6	1.3	0.7	-24.1	-25.9	37.5	3.2	1.0	14.0
Assets (increase: -)	-4.0	-1.3	-2.4	-4.1	2.3	-1.0	-0.8	-0.5	-26.3	-26.2	37.2	1.6	-1.5	11.9
Deposits of commercial banks	-4.0	-1.3	-2.4	-4.1	2.3	-1.0	-0.8	-0.5	-26.3	4.1	6.9	1.6	-1.5	11.9
Other assets, accounts receivable	~	~	~	~	~	~	~	~	~	-30.3	30.3	~	~	~
Liabilities (increase: +)	0.7	-8.0	9.9	6.0	-2.4	2.6	2.1	1.2	2.2	0.3	0.4	1.6	2.5	2.2
Loans, government	0.7	-8.0	9.9	6.0	-2.4	2.6	2.1	1.2	2.2	0.3	0.4	1.6	2.5	2.2
Reserve assets	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Errors and omissions	25.3	-7.3	-36.2	-14.7	-16.7	-9.2	-12.8	22.6	-14.9	-6.9	19.1	13.8	20.5	20.7

Table 10b : FSM Balance Of Payments (continued)

FSM International Investment Position	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
TOTAL STOCKS, NET	16.5	36.8	56.4	61.6	79.2	100.9	112.5	117.3	170.4	165.1	190.4	207.9	253.3	219.0
Direct investment, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Portfolio investment, net	-8.7	2.4	29.7	36.7	54.2	77.4	90.3	95.7	124.7	93.4	156.7	177.3	223.7	203.3
Assets	67.4	67.4	84.5	80.6	86.0	90.6	95.2	99.9	129.8	97.0	161.2	182.4	228.7	210.5
Trust Fund, Government	~	~	~	~	~	~	~	~	~	~	64.2	86.5	123.0	118.7
Investment portfolio, Government	67.4	67.4	84.5	80.6	86.0	90.6	95.2	99.9	129.8	97.0	97.0	95.9	105.8	91.7
Liabilities	76.1	65.0	54.8	43.9	31.8	13.2	5.0	4.1	5.1	3.6	4.5	5.1	5.1	7.2
Equity: Capital and retained earnings of foreign-owned banks	3.0	7.7	5.8	6.2	5.1	5.0	5.0	4.1	5.1	3.6	4.5	5.1	5.1	7.2
Debt: MTN notes	73.1	57.3	49.0	37.7	26.7	8.2	~	~	~	~	~	~	~	~
Other investment, net	23.8	33.0	25.5	23.5	23.6	22.0	20.7	19.9	44.0	69.9	31.8	28.6	27.6	13.6
Assets	70.4	71.7	74.2	78.3	75.9	77.0	77.8	78.3	104.6	130.7	93.6	92.0	93.5	81.6
Deposits, commercial banks (due from banks abroad)	70.4	71.7	74.2	78.3	75.9	77.0	77.8	78.3	104.6	100.5	93.6	92.0	93.5	81.6
Other assets, accounts receivable	~	~	~	~	~	~	~	~	~	30.3	~	~	~	~
Liabilities, loans, government	46.6	38.7	48.7	54.8	52.4	55.0	57.1	58.4	60.6	60.8	61.8	63.4	65.9	68.0
Reserve assets	1.3	1.3	1.3	1.4	1.5	1.5	1.6	1.7	1.8	1.8	1.9	2.0	2.1	2.1
SDR	1.3	1.3	1.3	1.4	1.5	1.5	1.6	1.7	1.8	1.8	1.9	2.0	2.1	2.1

Table 10c : FSM External Debt, FY1995-FY2008

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
External Debt Total (US\$ millions)														
New	1.3	0.3	10.5	9.9	1.3	3.2	2.7	1.8	2.9	1.1	1.8	2.5	3.6	3.6
Outstanding	129.5	120.1	106.5	107.6	93.7	82.3	65.9	59.0	61.2	61.7	62.6	64.3	67.0	69.5
Amortization	9.8	24.1	8.9	15.1	14.6	19.1	8.8	0.6	0.7	0.8	0.8	0.9	1.1	1.5
Interest	8.7	7.6	6.2	5.5	4.5	3.7	2.0	1.8	1.4	1.5	1.6	1.6	1.6	1.6
Principal balance	119.7	96.0	97.7	92.5	79.1	63.2	57.1	58.4	60.6	60.8	61.8	63.4	65.9	68.0
External debt as % of GDP	55%	44%	49%	44%	38%	28%	25%	25%	26%	27%	26%	26%	26%	27%
Debt service as % of exports*	47%	81%	44%	54%	58%	59%	27%	6%	5%	7%	7%	6%	6%	6%
External Debt Adjusted for Offsetting Assets**														
New	1.3	0.3	0.5	2.2	1.3	3.2	2.7	1.8	0.9	0.0	0.6	0.0	0.0	0.7
Outstanding	77.8	75.6	59.7	59.2	53.3	47.9	45.0	41.3	41.6	40.9	40.7	39.9	39.0	38.6
Amortization	2.6	16.4	2.8	7.1	8.6	5.6	5.6	0.6	0.7	0.8	0.8	0.9	1.1	1.1
Interest	4.3	3.8	3.0	2.7	2.4	2.1	1.7	1.6	1.2	1.3	1.4	1.4	1.3	1.3
Principal balance	75.2	59.2	57.0	52.1	44.7	42.3	39.4	40.7	40.9	40.1	39.9	39.0	37.9	37.5
External debt (adjusted) as % of GDP	34%	27%	28%	25%	21%	19%	17%	18%	17%	17%	17%	16%	15%	15%
Debt service (adjusted) as % of exports*	18%	52%	17%	26%	33%	20%	19%	6%	4%	6%	6%	6%	5%	5%
Memorandum items:														
Debt to ADB (all concessional)	1.3	1.7	12.2	22.0	23.3	26.5	29.2	31.0	33.9	34.9	36.0	38.3	41.6	44.6
GDP (US\$ millions)	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.6	253.5
Export of Goods and Services (US\$ millions)	39.3	39.2	34.6	38.3	33.2	38.4	39.4	40.2	42.3	34.9	36.8	39.3	46.0	53.6

Source: Department of Finance and Administration and EMPAT estimates.

* Export of Goods and Services

** Yap MTN (Monetization Scheme), and three ADB loans all held/hold secured assets in offshore investments equal/greater than discounted value of the debt.

Table 11a : FSM Consolidated Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	170.3	162.9	138.7	151.6	149.4	148.8	141.1	160.3	170.4	133.6	135.9	139.7	145.2	149.8
A.II. Total revenue	58.7	54.2	48.7	56.0	53.4	52.6	45.4	47.0	48.4	59.8	52.1	54.9	52.8	55.4
A.IV. Tax revenue	21.1	21.1	20.6	26.5	25.3	27.7	26.5	26.3	24.1	27.3	29.2	29.7	27.8	29.3
Wages and salary tax	6.2	5.6	5.4	7.7	5.6	6.4	6.0	7.5	6.5	7.3	6.5	6.7	5.4	7.4
Gross revenue tax	6.1	6.0	5.5	6.2	5.8	6.9	6.9	6.2	5.1	6.8	6.7	5.7	6.2	6.4
Import tax:Fuel	0.7	0.9	0.7	0.5	0.8	0.7	0.9	0.8	0.6	0.7	0.6	0.7	0.8	0.7
Import tax:All others	3.8	3.7	4.1	6.4	6.3	7.2	7.0	5.9	5.4	6.2	8.0	7.8	7.3	7.7
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	1.5	0.0
All other tax (National)	0.3	0.3	0.5	0.2	0.7	0.0	0.2	0.9	0.2	0.0	0.0	0.0	0.0	0.0
State tax revenue	4.0	4.6	4.3	5.4	6.0	6.4	5.5	4.9	6.2	6.3	7.4	6.5	6.8	7.1
Nontax revenue	37.6	33.1	28.1	29.5	28.2	24.9	19.0	20.7	24.3	32.5	22.9	25.2	24.9	26.1
Fishing access revenue	21.5	20.5	14.4	13.5	16.0	14.1	11.3	10.6	11.8	12.1	13.3	13.2	15.0	17.0
Dividend and interest income	8.2	8.1	8.7	8.9	7.4	5.2	2.1	2.3	1.3	3.3	2.0	1.4	2.7	0.5
Other nontax revenues	7.9	4.5	5.1	7.2	4.7	5.6	5.5	7.9	11.2	17.1	7.6	10.6	7.2	8.6
A.VII. Grants	111.6	108.7	90.0	95.6	96.0	96.2	95.6	113.3	122.1	73.9	83.9	84.8	92.5	94.3
Grants from abroad	111.6	108.7	90.0	95.6	96.0	96.2	95.6	113.3	122.1	73.9	83.9	84.8	92.5	94.3
Current grants	77.2	77.2	66.0	71.0	70.9	70.4	70.5	81.5	90.2	73.9	83.9	81.8	85.6	89.6
Compact General	44.7	45.3	38.0	37.9	37.5	36.9	37.4	47.7	47.7	0.0	0.0	0.0	0.0	0.0
Compact Special	18.3	18.0	18.0	18.2	18.2	17.7	17.8	18.2	18.7	52.1	56.0	59.3	60.6	58.0
Other:Current	14.3	13.9	9.9	14.9	15.2	15.8	15.2	15.5	23.8	21.8	27.9	22.5	25.0	31.6
Capital grants	34.3	31.6	24.0	24.6	25.1	25.8	25.1	31.8	31.8	0.0	0.0	3.0	6.9	4.7
Compact CIP	29.8	30.2	22.0	23.3	23.7	24.6	25.0	31.8	31.8	0.0	0.0	3.0	6.9	4.7
Other:Capital	4.6	1.4	2.0	1.3	1.4	1.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 7a : Continued, FSM Consolidated Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	171.3	157.7	133.2	158.8	160.8	156.9	154.2	143.0	164.1	169.5	148.2	152.8	151.6	154.2
C.II. Total expenditure	171.3	157.7	133.2	158.8	160.8	156.9	154.2	143.0	164.1	169.5	148.2	152.8	151.6	154.2
C.III. Current expenditure	140.2	128.1	119.7	118.4	122.1	125.6	123.3	119.7	138.3	126.8	136.8	146.2	138.5	141.6
Expenditure on goods and services	130.0	119.7	113.6	109.1	114.3	119.7	122.1	113.1	131.3	120.5	131.4	140.6	135.4	138.0
Wages and salaries	62.9	63.2	58.5	50.1	50.2	52.2	54.3	58.1	46.1	27.8	29.3	31.1	30.1	31.3
Travel	6.2	5.1	6.9	6.8	7.7	8.4	8.9	7.8	2.9	2.3	2.3	2.8	2.6	2.5
Other	60.9	51.4	48.2	52.2	56.4	59.1	58.9	47.2	82.3	90.4	99.8	106.7	102.7	104.2
Interest payments	6.8	5.7	4.8	3.6	2.9	1.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	4.9	6.3	3.9	3.4	4.3	5.9	3.6	4.4	3.5	2.4	1.3	1.2	2.4	2.9
Transfers	0.6	1.1	1.9	8.8	5.2	4.5	3.4	4.4	4.4	4.4	4.8	4.8	1.2	1.5
Less transfers to state govts	-2.1	-4.7	-4.7	-6.5	-4.5	-6.2	-6.4	-2.3	-0.9	-0.4	-0.7	-0.4	-0.4	-0.8
C.IV. Capital expenditure	31.1	29.6	13.5	40.4	38.8	31.3	30.9	23.3	25.7	42.7	11.4	6.6	13.1	12.6
Acquisition of fixed capital	8.2	4.4	3.3	21.3	14.8	9.4	12.1	4.6	11.6	2.8	5.9	2.7	2.7	4.2
Multi-purpose development projects	18.9	22.2	10.2	16.9	23.0	21.5	18.5	17.7	14.1	11.6	5.6	3.8	10.4	8.4
Capital Transfers	4.1	3.0	0.0	2.2	1.0	0.5	0.3	1.0	0.0	28.3	0.0	0.0	0.0	0.0
C.V. Net lending (domestic)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	-1.0	5.2	5.4	-7.2	-11.4	-8.1	-13.1	17.3	6.4	-35.9	-12.3	-15.3	-7.8	-4.4
Current Balance	-4.2	3.2	-5.0	8.6	2.2	-2.6	-7.4	8.8	0.3	6.8	-0.9	-11.7	-1.6	3.4
Capital Balance	3.2	1.9	10.5	-15.8	-13.6	-5.6	-5.8	8.5	6.1	-42.7	-11.4	-3.6	-6.2	-7.8
Memo items:														
Nominal GDP	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5
Total Revenue & Grants as % of GDP	78%	75%	69%	72%	71%	67%	62%	70%	72%	58%	57%	58%	58%	59%
Grants as % of GDP	51%	50%	45%	45%	46%	43%	42%	49%	52%	32%	35%	35%	37%	37%
Grants as % of Total Revenue	66%	67%	65%	63%	64%	65%	68%	71%	72%	55%	62%	61%	64%	63%
Tax Revenue as % of GDP	10%	10%	10%	13%	12%	12%	12%	11%	10%	12%	12%	12%	11%	12%
Total Expenditure and Net Lending as % of GDP	78%	73%	66%	75%	76%	70%	68%	62%	70%	74%	62%	63%	61%	61%
Current Expenditure as % of GDP	64%	59%	60%	56%	58%	56%	54%	52%	59%	55%	57%	60%	56%	56%
Capital Expenditure as % of GDP	14%	14%	7%	19%	18%	14%	14%	10%	11%	19%	5%	3%	5%	5%
Overall Balance as % of GDP	0%	2%	3%	-3%	-5%	-4%	-6%	8%	3%	-16%	-5%	-6%	-3%	-2%
Current Balance as % of GDP	-2%	1%	-3%	4%	1%	-1%	-3%	4%	0%	3%	0%	-5%	-1%	1%

Source : FSM single Audits and statistical estimates

Table 11b : National Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	54.3	52.3	42.0	47.4	43.0	39.7	37.8	42.8	51.6	49.2	46.8	45.6	55.1	60.3
A.II. Total revenue	33.8	32.2	26.3	30.5	25.2	20.9	19.6	22.0	23.7	30.5	28.8	27.3	29.1	33.8
A.IV. Tax revenue	8.4	8.2	8.2	10.9	6.4	5.5	5.7	7.5	6.3	9.5	11.1	11.0	10.4	11.1
Wages and salary tax	2.8	2.7	2.6	3.9	1.5	1.4	1.5	2.8	2.3	3.1	3.3	3.2	2.4	3.7
Gross revenue tax	3.1	3.1	2.9	3.2	1.8	1.9	1.8	1.9	1.7	3.5	3.5	2.4	3.1	3.4
Import tax:Fuel	0.2	0.2	0.1	0.2	0.2	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Import tax:All others	2.0	2.0	2.1	3.2	2.0	2.1	2.1	1.8	1.9	2.8	4.1	4.3	4.0	4.0
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.7	0.0
All other tax (National)	0.3	0.3	0.5	0.2	0.7	0.0	0.2	0.9	0.2	0.0	0.0	0.0	0.0	0.0
Nontax revenue	25.5	24.0	18.2	19.6	18.9	15.4	13.9	14.5	17.4	21.0	17.7	16.3	18.7	22.7
Fishing access revenue	21.5	20.5	14.4	13.5	16.0	14.1	11.3	10.6	11.8	12.1	13.3	13.2	15.0	17.0
Dividend and interest income	2.4	2.1	1.9	2.2	1.6	0.1	0.7	0.3	0.5	2.5	0.4	0.3	0.6	0.3
Other nontax revenues	1.5	1.4	1.9	4.0	1.2	1.2	1.8	3.6	5.0	6.4	4.0	2.8	3.1	5.3
A.VII. Grants	20.5	20.1	15.6	16.9	17.7	18.8	18.2	20.8	27.9	18.7	18.0	18.3	26.0	26.4
Grants from abroad	20.5	20.1	15.6	16.9	17.7	18.8	18.2	20.8	27.9	18.7	18.0	18.3	26.0	26.4
Current grants	14.4	17.2	13.3	14.6	15.5	16.5	15.9	17.8	25.0	18.7	18.0	15.4	19.2	21.7
Compact General	6.5	6.6	5.2	5.4	5.4	5.4	5.5	7.0	7.0	0.0	0.0	0.0	0.0	0.0
Compact Special	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.8	4.8	9.1	6.4	5.4	3.3	1.9
Other:Current	3.9	6.6	4.0	5.2	6.0	7.1	6.3	6.1	13.2	9.6	11.5	10.1	15.8	19.8
Capital grants	6.1	2.8	2.3	2.3	2.3	2.3	2.3	3.0	3.0	0.0	0.0	2.9	6.9	4.7
Compact CIP	2.8	2.8	2.3	2.3	2.3	2.3	2.3	3.0	3.0	0.0	0.0	2.9	6.9	4.7
Other:Capital	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Table 11b : Continued, National Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	52.0	51.0	51.3	55.8	52.5	51.3	50.3	44.4	55.6	55.7	48.4	50.7	56.7	58.8
C.II. Total expenditure	52.0	51.0	51.3	55.8	52.5	51.3	50.3	44.4	55.6	55.7	48.4	50.7	56.7	58.8
C.III. Current expenditure	43.4	43.7	50.4	48.1	47.0	47.9	47.0	40.8	53.4	45.6	46.7	48.1	48.0	52.3
Expenditure on goods and services	41.2	41.4	47.9	44.9	42.4	41.8	42.0	35.2	48.1	40.7	41.9	43.5	46.7	51.0
Wages and salaries	10.9	11.4	13.5	12.5	11.8	11.4	11.6	12.7	0.0	0.0	0.0	0.0	0.0	0.0
Travel	2.9	2.6	4.3	4.2	4.7	4.9	5.2	4.4	0.0	0.0	0.0	0.0	0.0	0.0
Other	27.5	27.3	30.2	28.2	26.0	25.6	25.2	18.0	48.1	40.7	41.9	43.5	46.7	51.0
Interest payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	1.7	1.5	1.0	1.3	1.5	2.2	1.6	2.2	1.7	1.0	0.6	0.6	0.8	0.6
Transfers	0.5	0.8	1.4	1.8	3.0	3.8	3.4	3.4	3.7	4.0	4.2	4.1	0.5	0.7
C.IV. Capital expenditure	8.6	7.3	0.9	7.7	5.5	3.5	3.3	3.7	2.2	10.1	1.7	2.6	8.7	6.5
Acquisition of fixed capital	0.5	0.0	0.0	3.3	3.7	2.7	1.6	1.4	0.0	0.0	0.0	0.0	0.0	0.0
Multi-purpose development projects	4.7	4.3	0.9	2.9	0.8	0.7	1.7	1.3	2.2	2.1	1.7	2.6	8.7	6.5
Capital Transfers	3.4	3.0	0.0	1.5	1.0	0.0	0.0	1.0	0.0	8.0	0.0	0.0	0.0	0.0
Overall Balance	2.3	1.3	-9.3	-8.4	-9.5	-11.7	-12.6	-1.6	-4.0	-6.6	-1.6	-6.1	-2.3	1.5
Current Balance	4.8	5.8	-10.7	-3.0	-6.3	-10.5	-11.6	-0.9	-4.8	3.5	0.1	-6.4	-0.5	3.2
Capital Balance	-2.5	-4.5	1.4	-5.4	-3.2	-1.2	-1.0	-0.7	0.8	-10.1	-1.7	0.3	-1.8	-1.7
Memo items:														
Nominal GDP	218.9	216.6	201.0	211.3	210.7	222.8	226.9	230.4	235.5	229.6	240.3	242.9	249.3	253.5
Total Revenue & Grants as % of GDP	25%	24%	21%	22%	20%	18%	17%	19%	22%	21%	19%	19%	22%	24%
Grants as % of GDP	9%	9%	8%	8%	8%	8%	8%	9%	12%	8%	7%	8%	10%	10%
Grants as % of Total Revenue	38%	38%	37%	36%	41%	47%	48%	49%	54%	38%	38%	40%	47%	44%
Tax Revenue as % of GDP	4%	4%	4%	5%	3%	2%	3%	3%	3%	4%	5%	5%	4%	4%
Total Expenditure and Net Lending as % of GDP	24%	24%	26%	26%	25%	23%	22%	19%	24%	24%	20%	21%	23%	23%
Current Expenditure as % of GDP	20%	20%	25%	23%	22%	21%	21%	18%	23%	20%	19%	20%	19%	21%
Capital Expenditure as % of GDP	4%	3%	0%	4%	3%	2%	1%	2%	1%	4%	1%	1%	3%	3%
Overall Balance as % of GDP	1%	1%	-5%	-4%	-4%	-5%	-6%	-1%	-2%	-3%	-1%	-3%	-1%	1%
Current Balance as % of GDP	2%	3%	-5%	-1%	-3%	-5%	-5%	0%	-2%	2%	0%	-3%	0%	1%

Source : FSM single Audits and statistical estimates

Table 11c : Chuuk Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	42.8	40.0	34.2	37.5	39.3	42.2	38.7	42.2	42.9	24.9	27.4	32.2	28.5	27.2
A.II. Total revenue	7.0	5.3	6.0	8.0	8.6	10.1	8.3	5.6	6.6	6.5	5.4	7.0	5.2	5.0
A.IV. Tax revenue	3.6	2.8	3.2	5.0	5.3	7.4	6.3	4.4	5.6	5.2	4.8	4.9	4.1	4.2
Wages and salary tax	0.9	0.7	0.5	1.7	1.1	1.4	1.4	0.9	1.1	1.1	0.9	0.9	0.6	0.7
Gross revenue tax	0.7	0.5	0.6	0.7	0.9	1.7	1.3	0.9	0.9	0.9	0.8	0.8	0.7	0.7
Import tax:Fuel	0.3	0.1	0.1	0.2	0.1	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Import tax:All others	0.5	0.3	0.5	0.8	1.2	1.6	1.4	0.9	1.1	1.1	0.9	0.9	0.9	0.9
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
State tax revenue	1.3	1.1	1.5	1.6	1.9	2.4	2.0	1.5	2.3	2.0	2.0	2.0	1.9	1.9
Nontax revenue	3.3	2.5	2.8	3.0	3.3	2.7	2.0	1.3	1.0	1.3	0.6	2.1	1.1	0.9
Dividend and interest income	1.2	1.4	1.9	2.2	2.2	1.6	0.3	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Other nontax revenues	2.1	1.1	0.9	0.8	1.1	1.1	1.7	0.7	1.0	1.3	0.6	2.1	1.1	0.9
A.VII. Grants	35.8	34.7	28.2	29.5	30.7	32.1	30.5	36.6	36.4	18.4	22.0	25.3	23.2	22.2
Grants from abroad	35.8	34.7	28.2	29.2	30.5	29.0	29.5	36.1	36.4	18.4	22.0	25.3	23.2	22.2
Current grants	24.3	23.0	19.0	19.8	21.1	19.6	19.9	23.9	24.1	18.4	22.0	25.3	23.2	22.2
Compact General	16.4	16.6	13.2	13.5	13.5	13.6	13.8	17.5	17.5	0.0	0.0	0.0	0.0	0.0
Compact Special	5.3	5.0	5.0	5.0	5.0	5.0	5.1	5.0	5.0	15.9	18.2	20.8	22.1	18.5
Other:Current	2.6	1.3	0.8	1.3	2.6	1.0	1.1	1.4	1.6	2.4	3.7	4.5	1.1	3.7
Capital grants	11.5	11.7	9.2	9.4	9.4	9.5	9.6	12.2	12.2	0.0	0.0	0.0	0.0	0.0
Compact CIP	11.4	11.6	9.2	9.4	9.4	9.5	9.6	12.2	12.2	0.0	0.0	0.0	0.0	0.0
Other:Capital	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from national government	0.0	0.0	0.0	0.3	0.2	3.1	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Current	0.0	0.0	0.0	0.3	0.2	3.1	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0

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Table 11c : Continued, Chuuk Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	42.4	39.3	25.8	37.2	50.2	48.5	45.2	37.3	41.5	37.7	33.2	37.7	29.4	26.5
C.II. Total expenditure	42.4	39.3	25.8	37.2	50.2	48.5	45.2	37.3	41.5	37.7	33.2	37.7	29.4	26.5
C.III. Current expenditure	33.6	32.3	23.6	26.7	31.1	35.6	35.1	30.8	27.1	28.3	32.2	37.7	29.4	26.5
Expenditure on goods and services	32.0	29.1	21.4	22.5	28.2	34.0	34.1	29.7	25.8	27.3	31.9	37.4	29.1	26.3
Wages and salaries	21.9	20.9	16.9	12.8	14.0	16.8	18.4	19.5	18.5	0.0	0.0	0.0	0.0	0.0
Travel	0.8	0.7	0.8	0.7	1.1	1.3	1.3	0.5	0.8	0.0	0.0	0.0	0.0	0.0
Other	9.3	7.5	3.7	9.0	13.1	15.8	14.4	9.7	6.5	27.3	31.9	37.4	29.1	26.3
Interest payments	0.7	0.7	0.7	0.4	0.5	0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	0.9	2.5	1.5	1.2	1.5	1.2	1.2	1.0	1.2	1.0	0.4	0.2	0.2	0.2
Transfers	0.1	0.0	0.0	2.6	0.9	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0
C.IV. Capital expenditure	8.7	7.0	2.2	10.5	19.0	12.9	10.0	6.5	14.4	9.3	1.0	0.0	0.0	0.0
Acquisition of fixed capital	2.2	1.7	0.2	3.7	4.2	3.3	3.3	0.5	9.7	0.0	0.0	0.0	0.0	0.0
Multi-purpose development projects	6.6	5.3	2.0	6.8	14.8	9.6	6.8	6.0	4.7	3.3	1.0	0.0	0.0	0.0
Capital Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	0.0	0.0	0.0
Overall Balance	0.4	0.7	8.4	0.3	-10.9	-6.3	-6.4	4.9	1.5	-12.8	-5.8	-5.7	-0.9	0.7
Current Balance	-2.3	-4.0	1.5	1.5	-1.2	-2.8	-6.0	-0.8	3.6	-3.4	-4.9	-5.6	-0.9	0.7
Capital Balance	2.8	4.7	7.0	-1.1	-9.6	-3.5	-0.4	5.7	-2.2	-9.3	-1.0	0.0	0.0	0.0
Memo items:														
Nominal GDP	73.7	68.8	64.4	65.7	67.4	75.7	75.4	74.9	77.6	75.4	76.5	78.0	75.2	73.9
Total Revenue & Grants as % of GDP	58%	58%	53%	57%	58%	56%	51%	56%	55%	33%	36%	41%	38%	37%
Grants as % of GDP	49%	50%	44%	45%	46%	42%	40%	49%	47%	24%	29%	32%	31%	30%
Grants as % of Total Revenue	84%	87%	82%	79%	78%	76%	79%	87%	85%	74%	80%	78%	82%	81%
Tax Revenue as % of GDP	5%	4%	5%	8%	8%	10%	8%	6%	7%	7%	6%	6%	5%	6%
Total Expenditure and Net Lending as % of GDP	58%	57%	40%	57%	74%	64%	60%	50%	53%	50%	43%	48%	39%	36%
Current Expenditure as % of GDP	46%	47%	37%	41%	46%	47%	47%	41%	35%	38%	42%	48%	39%	36%
Capital Expenditure as % of GDP	12%	10%	3%	16%	28%	17%	13%	9%	19%	12%	1%	0%	0%	0%
Overall Balance as % of GDP	1%	1%	13%	0%	-16%	-8%	-9%	7%	2%	-17%	-8%	-7%	-1%	1%
Current Balance as % of GDP	-3%	-6%	2%	2%	-2%	-4%	-8%	-1%	5%	-5%	-6%	-7%	-1%	1%

Source : Chuuk State Audits and statistical estimates

Table 11d : Kosrae Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	15.2	15.2	13.3	12.0	12.4	14.3	13.8	14.8	15.5	9.7	11.0	11.5	10.7	10.2
A.II. Total revenue	2.4	1.8	1.5	1.5	1.8	3.2	1.4	2.1	2.5	3.0	2.2	2.1	2.5	2.7
A.IV. Tax revenue	0.9	1.0	1.0	1.0	1.4	1.6	1.9	1.5	1.4	1.2	1.1	1.3	1.6	2.2
Wages and salary tax	0.3	0.3	0.3	0.2	0.4	0.4	0.5	0.4	0.4	0.4	0.3	0.4	0.4	0.3
Gross revenue tax	0.2	0.3	0.2	0.3	0.4	0.4	0.5	0.5	0.3	0.3	0.2	0.3	0.3	0.3
Import tax:Fuel	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Import tax:All others	0.2	0.2	0.2	0.3	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.3	0.4
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State tax revenue	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.6	1.2
Nontax revenue	1.5	0.8	0.6	0.5	0.4	1.6	-0.4	0.6	1.1	1.8	1.1	0.8	0.8	0.4
Dividend and interest income	0.4	0.3	0.3	0.3	0.3	0.8	-0.8	0.2	0.4	0.4	0.4	0.2	0.4	0.1
Other nontax revenues	1.1	0.5	0.3	0.2	0.1	0.8	0.3	0.4	0.7	1.4	0.7	0.6	0.4	0.3
A.VII. Grants	12.8	13.4	11.8	10.4	10.6	11.1	12.4	12.8	13.0	6.7	8.7	9.4	8.3	7.5
Grants from abroad	11.9	12.1	10.1	10.4	10.0	10.5	10.6	12.5	13.0	6.7	8.5	9.4	8.2	7.4
Current grants	7.9	8.2	6.7	6.9	7.0	7.6	7.7	8.7	9.2	6.7	8.5	9.3	8.2	7.4
Compact General	4.1	4.1	3.3	3.4	3.4	3.4	3.4	4.4	4.4	0.0	0.0	0.0	0.0	0.0
Compact Special	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.0	2.3	4.9	6.4	6.6	7.1	7.0
Other:Current	1.8	2.1	1.3	1.5	1.6	2.1	2.2	2.3	2.6	1.8	2.1	2.7	1.2	0.4
Capital grants	4.0	3.9	3.4	3.6	2.9	3.0	3.0	3.8	3.8	0.0	0.0	0.1	0.0	0.0
Compact CIP	3.6	3.6	2.9	2.9	2.9	3.0	3.0	3.8	3.8	0.0	0.0	0.1	0.0	0.0
Other:Capital	0.5	0.2	0.5	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from national government	0.9	1.3	1.7	0.0	0.6	0.6	1.7	0.2	0.0	0.0	0.2	0.0	0.0	0.1
Current	0.1	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.7	1.2	1.6	0.0	0.5	0.5	1.6	0.1	0.0	0.0	0.2	0.0	0.0	0.1

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Table11d : Continued, Kosrae Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	13.6	15.3	13.3	11.3	11.8	13.4	14.6	14.5	14.9	13.4	12.1	13.0	10.6	10.8
C.II. Total expenditure	13.6	15.3	13.3	11.3	11.8	13.4	14.6	14.5	14.9	13.4	12.1	13.0	10.6	10.8
C.III. Current expenditure	10.5	10.0	9.4	8.4	8.1	8.4	9.5	10.9	12.6	10.6	10.6	12.2	10.0	10.5
Expenditure on goods and services	9.9	9.5	8.4	7.0	7.5	8.4	9.0	10.1	12.1	10.5	10.4	12.1	9.9	10.4
Wages and salaries	5.5	5.8	5.7	4.6	4.6	4.9	5.0	5.7	6.2	6.1	6.3	6.0	6.0	5.7
Travel	0.6	0.4	0.4	0.5	0.4	0.7	0.7	0.8	0.7	0.7	0.6	0.7	0.4	0.5
Other	3.8	3.3	2.3	1.9	2.4	2.8	3.3	3.6	5.3	3.7	3.5	5.4	3.5	4.2
Interest payments	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	0.4	0.5	1.1	0.5	0.5	0.0	0.5	0.5	0.5	0.1	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	0.0	0.9	0.1	0.0	0.0	0.4	0.0	0.1	0.3	0.1	0.1	0.1
C.IV. Capital expenditure	3.1	5.3	3.8	2.8	3.6	5.0	5.1	3.5	2.3	2.8	1.5	0.8	0.6	0.3
Acquisition of fixed capital	0.4	0.3	0.3	0.5	0.4	0.5	0.3	0.3	0.3	0.3	0.8	0.5	0.4	0.3
Multi-purpose development projects	2.7	4.9	3.6	2.4	3.2	3.9	4.6	3.2	2.0	0.8	0.7	0.3	0.2	0.0
Capital Transfers	0.0	0.0	0.0	0.0	0.0	0.5	0.3	0.0	0.0	1.8	0.0	0.0	0.0	0.0
C.V. Net lending (domestic)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	1.5	-0.1	0.0	0.7	0.7	1.0	-0.8	0.3	0.7	-3.8	-1.2	-1.5	0.1	-0.6
Current Balance	-0.1	0.1	-1.1	0.0	0.8	2.5	-0.3	0.0	-0.9	-1.0	0.1	-0.8	0.7	-0.4
Capital Balance	1.6	-0.2	1.2	0.7	-0.2	-1.5	-0.6	0.4	1.5	-2.8	-1.3	-0.7	-0.6	-0.2
Memo items:														
Nominal GDP	15.7	16.5	14.9	13.8	15.3	15.6	16.9	17.2	16.2	16.3	16.4	16.4	17.1	16.9
Total Revenue & Grants as % of GDP	97%	92%	90%	87%	81%	92%	82%	86%	96%	59%	67%	70%	63%	60%
Grants as % of GDP	81%	81%	79%	76%	69%	72%	73%	74%	80%	41%	53%	57%	48%	45%
Grants as % of Total Revenue	84%	88%	89%	87%	85%	78%	90%	86%	84%	69%	80%	82%	77%	74%
Tax Revenue as % of GDP	6%	6%	6%	7%	9%	10%	11%	9%	8%	7%	7%	8%	9%	13%
Total Expenditure and Net Lending as % of GDP	87%	93%	89%	82%	77%	86%	87%	84%	92%	82%	74%	79%	62%	64%
Current Expenditure as % of GDP	67%	61%	64%	61%	53%	54%	56%	64%	78%	65%	65%	74%	58%	62%
Capital Expenditure as % of GDP	20%	32%	26%	21%	24%	32%	30%	21%	14%	17%	9%	5%	4%	2%
Overall Balance as % of GDP	10%	-1%	0%	5%	4%	6%	-5%	2%	4%	-23%	-7%	-9%	1%	-3%
Current Balance as % of GDP	-1%	1%	-8%	0%	6%	16%	-2%	0%	-6%	-6%	1%	-5%	4%	-2%

Source : Kosrae State Audits and statistical estimates

Table 11e : Pohnpei Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	34.7	33.7	29.1	31.4	32.3	32.7	33.2	38.1	38.5	34.8	29.9	31.1	31.1	29.7
A.II. Total revenue	7.4	6.4	7.1	8.1	10.3	10.4	9.9	10.8	11.2	14.7	10.3	12.8	11.1	9.4
A.IV. Tax revenue	5.7	5.7	5.5	6.5	8.6	8.5	8.8	9.8	8.0	7.5	8.2	8.5	8.2	8.3
Wages and salary tax	1.8	1.5	1.6	1.3	2.2	2.3	2.4	2.7	2.1	1.8	1.5	1.7	1.5	2.0
Gross revenue tax	1.6	1.5	1.3	1.5	1.7	1.7	1.8	2.2	1.8	1.4	1.4	1.7	1.6	1.6
Import tax:Fuel	0.1	0.4	0.3	0.1	0.3	0.2	0.3	0.3	0.2	0.2	0.1	0.3	0.3	0.3
Import tax:All others	0.8	0.8	0.9	1.4	1.9	2.0	1.9	2.0	1.5	1.3	1.5	1.4	1.4	1.7
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.5	0.0
State tax revenue	1.3	1.5	1.4	2.3	2.4	2.4	2.4	2.4	2.4	2.7	3.5	2.8	2.8	2.8
Nontax revenue	1.8	0.7	1.6	1.5	1.7	1.9	1.1	1.1	3.2	7.2	2.2	4.3	2.9	1.1
Dividend and interest income	0.8	0.5	0.7	0.4	0.8	1.2	0.1	0.3	0.3	0.4	1.2	0.8	1.7	0.0
Other nontax revenues	0.9	0.2	0.9	1.2	1.0	0.8	1.0	0.7	2.9	6.8	1.0	3.5	1.1	1.1
A.VII. Grants	27.2	27.2	22.0	23.3	22.0	22.2	23.4	27.3	27.3	20.1	19.6	18.3	20.0	20.3
Grants from abroad	27.2	25.4	20.8	22.9	21.7	21.9	22.1	26.5	27.1	19.9	19.5	18.2	19.9	20.2
Current grants	19.1	17.2	16.5	17.2	16.1	15.6	15.8	18.4	19.0	19.9	19.5	18.2	19.9	20.2
Compact General	10.5	10.7	10.5	9.8	9.4	8.7	8.8	11.2	11.2	0.0	0.0	0.0	0.0	0.0
Compact Special	4.0	4.0	4.0	4.1	4.1	3.8	3.8	3.7	3.9	15.4	16.0	16.6	17.3	18.0
Other:Current	4.6	2.5	2.0	3.3	2.6	3.1	3.1	3.4	3.8	4.5	3.6	1.6	2.6	2.2
Capital grants	8.1	8.2	4.3	5.7	5.7	6.3	6.4	8.1	8.1	0.0	0.0	0.0	0.0	0.0
Compact CIP	7.6	7.7	4.1	5.0	5.4	6.3	6.4	8.1	8.1	0.0	0.0	0.0	0.0	0.0
Other:Capital	0.5	0.5	0.3	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from national government	0.0	1.8	1.1	0.5	0.3	0.4	1.2	0.8	0.2	0.2	0.1	0.1	0.1	0.1
Current	0.0	1.8	1.1	0.5	0.3	0.4	1.2	0.8	0.2	0.2	0.1	0.1	0.1	0.1

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Table 11e : Continued, Pohnpei Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	39.8	30.2	27.7	29.6	27.6	29.1	30.4	32.2	36.0	40.3	30.0	30.2	31.5	33.4
C.II. Total expenditure	39.8	30.2	27.7	29.6	27.6	29.1	30.4	32.2	36.0	40.3	30.0	30.2	31.5	33.4
C.III. Current expenditure	34.9	27.6	24.3	24.6	23.5	24.7	23.9	24.4	30.8	27.2	27.4	28.6	29.9	32.8
Expenditure on goods and services	31.6	25.8	22.6	22.1	22.8	22.2	23.7	24.1	30.7	27.1	27.0	28.2	29.5	31.2
Wages and salaries	17.7	17.9	15.7	14.1	14.1	13.8	13.6	14.1	15.2	15.5	15.8	16.7	16.5	18.0
Travel	1.0	0.5	0.6	0.6	0.6	0.6	0.7	0.8	0.7	0.7	0.7	1.1	1.0	1.0
Other	13.0	7.4	6.3	7.4	8.1	7.8	9.3	9.2	14.8	10.9	10.5	10.3	12.0	12.3
Interest payments	1.6	1.2	1.0	0.6	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	1.7	0.6	0.1	0.2	0.3	2.3	0.1	0.3	0.1	0.1	0.2	0.2	0.2	1.6
Transfers	0.0	0.0	0.5	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.0
C.IV. Capital expenditure	4.9	2.7	3.5	5.0	4.1	4.4	6.5	7.8	5.2	13.1	2.6	1.6	1.6	0.6
Acquisition of fixed capital	0.6	0.5	0.6	1.2	0.7	0.9	1.6	1.0	0.7	0.9	0.8	1.0	0.7	0.5
Multi-purpose development projects	3.6	2.2	2.9	3.8	3.4	3.5	4.9	6.8	4.4	4.8	1.8	0.6	0.9	0.1
Capital Transfers	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0	0.0	0.0
Overall Balance	-5.1	3.4	1.3	1.8	4.7	3.6	2.8	5.9	2.5	-5.5	-0.1	0.3	-1.0	-3.7
Current Balance	-8.3	-2.1	0.5	1.1	3.2	1.7	3.0	5.6	-0.4	7.6	2.5	1.9	0.6	-3.1
Capital Balance	3.2	5.5	0.9	0.7	1.6	1.8	-0.2	0.3	2.9	-13.1	-2.6	-1.6	-1.6	-0.6
Memo items:														
Nominal GDP	93.5	92.9	83.7	88.3	87.7	91.1	92.4	97.3	97.8	98.1	102.6	104.6	110.8	116.2
Total Revenue & Grants as % of GDP	37%	36%	35%	36%	37%	36%	36%	39%	39%	35%	29%	30%	28%	26%
Grants as % of GDP	29%	29%	26%	26%	25%	24%	25%	28%	28%	20%	19%	18%	18%	17%
Grants as % of Total Revenue	79%	81%	76%	74%	68%	68%	70%	72%	71%	58%	66%	59%	64%	68%
Tax Revenue as % of GDP	6%	6%	7%	7%	10%	9%	10%	10%	8%	8%	8%	8%	7%	7%
Total Expenditure and Net Lending as % of GDP	43%	33%	33%	33%	32%	32%	33%	33%	37%	41%	29%	29%	28%	29%
Current Expenditure as % of GDP	37%	30%	29%	28%	27%	27%	26%	25%	31%	28%	27%	27%	27%	28%
Capital Expenditure as % of GDP	5%	3%	4%	6%	5%	5%	7%	8%	5%	13%	3%	2%	1%	0%
Overall Balance as % of GDP	-6%	4%	2%	2%	5%	4%	3%	6%	3%	-6%	0%	0%	-1%	-3%
	-9%	-2%	1%	1%	4%	2%	3%	6%	0%	8%	2%	2%	1%	-3%

Source : Pohnpei State Audits and statistical estimates

Table 11f : Yap Government Finances (GFS Format)
Revenues (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
A.I. Total revenue and grants	25.4	26.5	24.7	29.8	26.9	26.2	24.0	24.6	22.8	15.5	21.7	19.6	20.3	23.2
A.II. Total revenue	8.1	8.4	7.7	7.9	7.5	8.0	6.3	6.4	4.4	5.1	5.3	5.7	4.9	4.5
A.IV. Tax revenue	2.5	3.3	2.8	3.1	3.6	4.7	3.8	3.2	2.7	3.9	4.0	4.0	3.5	3.5
Wages and salary tax	0.4	0.4	0.4	0.6	0.4	0.9	0.3	0.7	0.5	1.0	0.4	0.6	0.5	0.8
Gross revenue tax	0.5	0.6	0.6	0.4	0.9	1.2	1.5	0.7	0.4	0.7	0.7	0.6	0.6	0.5
Import tax:Fuel	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Import tax:All others	0.3	0.5	0.4	0.7	0.7	1.2	1.1	0.9	0.5	0.7	1.1	0.8	0.7	0.8
Cigarette tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.2	0.0
State tax revenue	1.3	1.8	1.2	1.4	1.5	1.4	0.9	0.8	1.3	1.4	1.7	1.6	1.5	1.4
Nontax revenue	5.6	5.1	4.9	4.8	3.9	3.3	2.5	3.3	1.7	1.2	1.3	1.6	1.4	0.9
Dividend and interest income	3.4	3.7	3.9	3.8	2.6	1.6	1.8	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Other nontax revenues	2.2	1.3	1.0	1.0	1.3	1.6	0.7	2.4	1.7	1.2	1.3	1.6	1.4	0.9
A.VII. Grants	17.3	18.1	17.1	21.9	19.4	18.2	17.7	18.1	18.4	10.4	16.3	13.9	15.4	18.7
Grants from abroad	16.1	16.6	15.2	16.1	16.0	16.0	15.2	17.4	17.6	10.2	15.9	13.6	15.1	18.1
Current grants	11.5	11.6	10.5	12.5	11.2	11.2	11.3	12.7	12.9	10.2	15.9	13.6	15.1	18.1
Compact General	7.2	7.3	5.8	5.9	5.9	5.9	6.0	7.6	7.6	0.0	0.0	0.0	0.0	0.0
Compact Special	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.7	6.7	8.9	10.0	10.8	12.7
Other:Current	1.5	1.4	1.8	3.7	2.4	2.5	2.5	2.3	2.6	3.5	7.0	3.6	4.3	5.4
Capital grants	4.6	5.0	4.7	3.6	4.8	4.8	3.9	4.7	4.7	0.0	0.0	0.0	0.0	0.0
Compact CIP	4.4	4.5	3.5	3.6	3.6	3.6	3.7	4.7	4.7	0.0	0.0	0.0	0.0	0.0
Other:Capital	0.2	0.5	1.2	0.0	1.2	1.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from national government	1.2	1.5	1.8	5.8	3.4	2.2	2.5	0.7	0.8	0.2	0.5	0.3	0.3	0.6
Current	1.1	1.0	1.3	1.3	1.4	1.3	2.4	0.7	0.0	0.0	0.2	0.3	0.1	0.0
Capital	0.1	0.5	0.5	4.5	2.0	0.9	0.1	0.0	0.8	0.2	0.2	0.0	0.2	0.5

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Table11f : Continued, Yap Government Finances (GFS Format) - Expenditures and Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
C.I. Total expenditure and net lending	25.5	26.6	19.8	31.4	23.3	20.9	20.1	16.9	17.0	22.7	25.3	21.5	23.9	25.5
C.II. Total expenditure	25.5	26.6	19.8	31.4	23.3	20.9	20.1	16.9	17.0	22.7	25.3	21.5	23.9	25.5
C.III. Current expenditure	19.8	19.3	16.7	17.2	16.8	15.3	14.2	15.0	15.3	15.5	20.6	20.0	21.6	20.3
Expenditure on goods and services	15.3	14.0	13.4	12.7	13.3	13.3	13.4	14.0	14.7	15.0	20.3	19.4	20.1	19.1
Wages and salaries	7.0	7.3	6.7	6.1	5.6	5.3	5.6	6.0	6.3	6.2	7.2	8.4	7.6	7.6
Travel	1.0	0.9	0.9	0.9	0.9	0.9	1.1	1.4	0.8	0.9	1.0	1.0	1.2	1.1
Other	7.3	5.8	5.7	5.7	6.8	7.1	6.7	6.6	7.6	7.9	12.1	10.0	11.3	10.5
Interest payments	4.4	3.8	3.2	2.6	2.0	1.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	0.2	1.2	0.1	0.2	0.5	0.2	0.2	0.3	0.1	0.2	0.1	0.2	1.2	0.5
Transfers	0.0	0.3	0.0	1.7	1.1	0.6	0.0	0.7	0.6	0.3	0.2	0.4	0.3	0.7
C.IV. Capital expenditure	5.7	7.4	3.1	14.3	6.5	5.5	5.9	1.8	1.7	7.3	4.7	1.5	2.2	5.2
Acquisition of fixed capital	4.4	1.9	2.2	12.5	5.7	1.9	5.4	1.5	0.9	1.7	4.2	1.3	1.7	3.4
Multi-purpose development projects	1.3	5.5	0.9	1.0	0.7	3.7	0.5	0.3	0.8	0.7	0.5	0.3	0.5	1.8
Capital Transfers	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0
C.V. Net lending (domestic)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	-0.1	-0.2	5.0	-1.6	3.6	5.3	3.9	7.7	5.7	-7.2	-3.6	-2.3	-3.8	-2.3
Current Balance	0.8	1.7	2.8	4.6	3.3	5.2	5.8	4.8	2.0	-0.2	0.9	-0.8	-1.7	2.4
Capital Balance	-1.0	-1.8	2.2	-6.2	0.3	0.1	-1.9	2.9	3.8	-7.0	-4.5	-1.5	-2.0	-4.7
Memo items:														
Nominal GDP	36.1	38.4	38.1	43.5	40.3	40.5	42.3	40.9	43.9	39.8	44.8	43.9	46.2	46.6
Total Revenue & Grants as % of GDP	70%	69%	65%	69%	67%	65%	57%	60%	52%	39%	48%	45%	44%	50%
Grants as % of GDP	48%	47%	45%	50%	48%	45%	42%	44%	42%	26%	36%	32%	33%	40%
Grants as % of Total Revenue	68%	68%	69%	73%	72%	69%	74%	74%	81%	67%	75%	71%	76%	81%
Tax Revenue as % of GDP	7%	9%	7%	7%	9%	12%	9%	8%	6%	10%	9%	9%	8%	8%
Total Expenditure and Net Lending as % of GDP	71%	69%	52%	72%	58%	51%	47%	41%	39%	57%	56%	49%	52%	55%
Current Expenditure as % of GDP	55%	50%	44%	39%	42%	38%	34%	37%	35%	39%	46%	46%	47%	44%
Capital Expenditure as % of GDP	16%	19%	8%	33%	16%	14%	14%	4%	4%	18%	11%	4%	5%	11%
Overall Balance as % of GDP	0%	0%	13%	-4%	9%	13%	9%	19%	13%	-18%	-8%	-5%	-8%	-5%
Current Balance as % of GDP	2%	4%	7%	11%	8%	13%	14%	12%	4%	0%	2%	-2%	-4%	5%

Source : Yap State Audits and statistical estimates

Table 11g : National Government Finances (Audit Format)
Revenues and Expenditures (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Revenues	55.7	53.3	64.5	48.4	61.6	49.3	35.3	39.2	57.0	50.9	50.2	49.7	61.3	61.7
Total Domestic Revenue	35.2	33.2	48.9	31.5	43.8	30.6	17.1	18.4	29.1	32.2	32.2	31.4	35.3	35.3
Tax Revenue	8.4	8.2	8.2	10.9	6.4	5.5	5.7	7.5	6.3	9.5	11.1	11.0	10.4	11.1
National Tax (Rev. Share)	8.4	8.2	8.2	10.9	6.4	5.5	5.7	7.5	6.3	9.5	11.1	11.0	10.4	11.1
	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Non-Tax Revenue	26.8	25.0	40.8	20.6	37.5	25.1	11.5	10.9	22.7	22.6	21.1	20.4	24.9	24.2
Investment	3.8	3.1	14.0	1.4	10.3	6.2	-4.4	-3.4	3.0	3.1	2.6	1.9	3.3	-1.9
Fishing/EEZ Access Fees	21.5	20.5	14.4	13.5	16.0	14.1	11.3	10.6	11.8	12.1	13.3	13.2	15.0	17.0
Service Charges/Fees	1.5	1.4	1.6	4.0	1.2	0.7	1.8	1.8	5.0	6.3	3.1	2.8	3.1	5.3
Loan Proceeds	~	~	10.5	1.8	9.9	3.5	2.7	~	2.9	1.1	1.2	2.5	3.5	3.6
Transfers In/Adjustments/Other	~	~	0.3	~	~	0.5	~	1.8	~	0.1	0.9	~	~	~
Total External Revenue	20.5	20.1	15.6	16.9	17.7	18.8	18.2	20.8	27.9	18.7	18.0	18.3	26.0	26.4
Compact Current	6.5	6.6	5.2	5.4	5.4	5.4	5.5	7.0	7.0	~	~	~	~	~
Compact Special Programs	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.8	4.8	9.1	6.4	5.4	3.3	1.9
Compact Capital (CIP)	2.8	2.8	2.3	2.3	2.3	2.3	2.3	3.0	3.0	~	~	2.9	6.9	4.7
Other: Current	3.9	6.6	4.0	5.2	6.0	7.1	6.3	6.1	13.2	9.6	11.5	10.1	15.8	19.8
Other: Capital	3.3	~	0.0	~	~	~	~	~	~	~	~	~	~	~
General Fund Revenue	41.1	39.2	42.8	34.5	38.5	32.2	19.2	23.6	28.3	25.7	29.1	27.3	30.0	31.5
Special Fund Revenue	8.4	9.3	19.2	11.3	20.4	15.2	13.5	12.6	25.4	25.0	20.7	19.0	24.1	25.1
Capital Fund Revenue	6.1	4.7	2.6	2.6	2.7	2.0	2.6	3.0	3.4	0.3	0.4	3.4	7.2	5.1
Total Expenditures	-52.0	-51.4	-51.3	-57.0	-52.5	-51.3	-50.3	-44.4	-55.6	-55.7	-48.4	-60.9	-58.1	-62.2
Personnel	-11.0	-11.5	-13.5	-12.5	-11.8	-11.4	-11.6	-12.7	~	~	~	~	~	~
ERP Payments to Retirees	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Travel	-2.9	-2.7	-4.3	-4.3	-4.7	-5.0	-5.2	-4.5	~	~	~	~	~	~
Other	-32.6	-31.5	-31.0	-34.3	-30.4	-29.0	-28.4	-20.6	-50.2	-42.8	-43.5	-46.0	-55.4	-57.4
Subsidies	-1.7	-1.5	-1.0	-1.3	-1.5	-2.2	-1.6	-2.2	-1.7	-1.0	-0.6	-0.6	-0.8	-0.6
Transfers Out/Adjustments/Other	-3.9	-4.3	-1.4	-4.6	-4.0	-3.8	-3.4	-4.4	-3.7	-12.0	-4.2	-14.3	-1.4	-3.2
Principal Repayment	~	~	~	~	~	~	~	~	~	~	~	~	-0.5	-1.0
Interest	~	~	~	~	~	~	~	~	~	~	~	~	~	~
General Fund Expenditure	-35.0	-34.0	-41.0	-39.1	-38.9	-37.9	-37.3	-31.2	-28.7	-22.3	-25.4	-36.3	-27.6	-30.5
Special Fund Expenditure	-8.9	-9.6	-9.4	-12.0	-11.7	-12.5	-11.4	-10.9	-23.5	-27.9	-21.0	-21.8	-21.6	-24.9
Capital Fund Expenditure	-8.1	-7.8	-0.9	-6.0	-1.8	-1.0	-1.7	-2.4	-3.4	-5.6	-1.9	-2.8	-8.9	-6.7

continued ...

Table 11g : Continued, National Government Finances (Audit Format)
Fund Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Overall Balance	3.7	1.9	13.3	-8.6	9.1	-2.0	-15.0	-5.3	1.4	-4.9	1.8	-11.2	3.3	-0.5
General Fund Surplus/(Deficit)	6.2	5.2	1.7	-4.6	-0.4	-5.7	-18.1	-7.6	-0.4	3.4	3.6	-9.0	2.4	1.0
Interfund Transfers In	0.1	0.0	~	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.3	1.2	3.7
Interfund Transfers Out	-0.4	-0.5	-0.4	-0.6	-1.0	-1.0	-0.8	~	-0.8	-0.5	-0.7	-0.6	-2.6	-3.6
Year-end Fund Balance	51.7	56.5	57.8	52.9	51.6	45.2	26.6	19.3	18.3	21.6	25.0	15.7	16.7	17.9
Unreserved:	16.5	12.3	17.2	13.2	10.4	9.5	0.6	-2.6	-2.4	-1.3	4.3	4.5	6.1	1.3
Special Fund Surplus/(Deficit)	-0.5	-0.3	9.8	-0.7	8.7	2.7	2.2	1.7	1.9	-2.9	-0.3	-2.8	2.5	0.2
Interfund Transfers In	0.4	0.5	0.4	0.6	1.0	1.0	0.8	0.8	0.8	0.5	0.7	0.6	1.1	3.6
Interfund Transfers Out	-0.1	-0.0	~	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4	-0.3	-1.2	-0.4
Year-end Fund Balance	4.6	4.8	15.0	14.7	24.2	27.7	30.4	32.6	35.0	32.1	32.1	29.5	32.0	37.0
Unreserved:	-0.5	-0.1	9.6	-0.6	1.8	1.8	1.4	0.7	-2.4	-6.4	-10.3	-13.0	-9.0	-43.5
Capital Fund Surplus/(Deficit)	-2.0	-3.0	1.7	-3.4	0.9	1.0	0.9	0.6	-0.1	-5.3	-1.5	0.6	-1.7	-1.6
Interfund Transfers In	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	~	~	~	~	-3.3
Year-end Fund Balance	8.6	5.5	7.2	3.8	4.7	5.6	6.6	7.2	7.1	1.8	0.3	0.9	-0.8	-5.7
Unreserved:	-5.2	-2.9	-3.9	-3.5	-3.3	-0.9	-0.0	-0.1	-1.3	-3.0	-2.4	-57.8	-52.9	-44.2
Total Year-end Fund Balance	64.9	66.8	80.0	71.4	80.5	78.5	63.5	59.0	60.4	55.5	57.3	46.1	47.9	49.1
Unreserved:	10.8	9.3	22.9	9.1	8.9	10.4	1.9	-2.0	-6.1	-10.7	-8.4	-66.2	-55.7	-86.4

Source : FSM single Audits and statistical estimates

Table 11h : Chuuk State Government Finances (Audit Format)
Revenues and Expenditures (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Revenues	43.0	40.6	36.5	48.0	46.5	44.2	35.3	40.5	44.8	26.3	30.1	33.2	31.1	27.7
Total Domestic Revenue	7.2	6.0	8.3	18.7	16.1	15.1	5.9	4.4	8.5	7.9	8.1	7.9	7.9	5.6
Tax Revenue	3.6	2.8	3.2	5.0	5.3	7.4	6.3	4.4	5.6	5.2	4.8	4.9	4.1	4.2
National Tax (Rev. Share)	2.4	1.7	1.7	3.4	3.4	5.0	4.3	2.9	3.3	3.3	2.8	2.9	2.3	2.3
State Tax	1.3	1.1	1.5	1.6	1.9	2.4	2.0	1.5	2.3	2.0	2.0	2.0	1.9	1.9
Non-Tax Revenue	3.6	3.2	5.1	13.7	10.8	7.8	-0.4	0.1	2.9	2.7	3.3	3.1	3.8	1.4
Investment	1.4	2.1	4.2	6.0	7.3	3.6	-3.1	-1.2	1.9	1.2	2.2	0.8	1.9	-0.8
Service Charges/Fees	1.6	1.1	0.9	0.8	1.1	1.1	1.7	0.7	1.0	1.3	0.6	2.1	1.1	0.9
Loan Proceeds	~	~	~	6.7	2.1	~	~	~	~	0.2	0.5	0.2	0.8	1.3
Transfers In/Adjustments/Other	0.5	0.0	~	0.0	0.0	~	~	~	~	~	~	~	~	~
CFSM Grants	~	~	~	0.3	0.2	3.1	1.0	0.5	0.0	~	~	~	~	~
Total External Revenue	35.8	34.7	28.2	29.2	30.5	29.0	29.5	36.1	36.4	18.4	22.0	25.3	23.2	22.2
Compact Current	16.4	16.6	13.2	13.5	13.5	13.6	13.8	17.5	17.5	~	~	~	~	~
Compact Special Programs	5.3	5.0	5.0	5.0	5.0	5.0	5.1	5.0	5.0	15.9	18.2	20.8	22.1	18.5
Compact Capital (CIP)	11.4	11.6	9.2	9.4	9.4	9.5	9.6	12.2	12.2	~	~	~	~	~
Other: Current	2.6	1.3	0.8	1.3	2.6	1.0	1.1	1.4	1.6	2.4	3.7	4.5	1.1	3.7
Other: Capital	0.1	0.1	0.0	~	~	~	~	~	~	~	~	~	~	~
General Fund Revenue	23.3	22.6	21.3	31.7	29.1	25.6	18.6	21.5	25.8	7.9	8.0	7.9	7.8	5.5
Special Fund Revenue	8.1	6.3	6.0	6.9	8.0	9.1	7.1	6.8	6.8	18.4	22.1	25.3	23.3	22.2
Capital Fund Revenue	11.6	11.7	9.2	9.4	9.4	9.5	9.6	12.2	12.2	~	~	~	~	~
Total Expenditures	-42.5	-39.7	-25.8	-38.5	-54.9	-63.0	-48.9	-37.3	-41.7	-37.7	-33.2	-37.7	-26.3	-26.1
Personnel	-22.1	-21.0	-17.0	-12.9	-14.3	-17.0	-18.6	-19.7	-18.5	~	~	~	~	~
ERP Payments to Retirees	~	~	~	-2.6	-0.9	~	~	~	~	~	~	~	~	~
Travel	-1.0	-1.0	-0.9	-0.8	-1.3	-1.4	-1.3	-0.5	-0.8	~	~	~	~	~
Other	-17.7	-14.2	-5.7	-19.3	-31.7	-28.5	-24.2	-16.1	-20.9	-30.6	-32.9	-37.5	-29.1	-26.3
Subsidies	-0.9	-2.5	-1.5	-1.2	-1.5	-1.2	-1.2	-1.0	-1.2	-1.0	-0.4	-0.2	-0.2	-0.2
Transfers Out/Adjustments/Other	-0.1	-0.4	-0.0	~	~	-9.9	-0.4	~	-0.1	-6.1	~	-0.1	3.0	0.4
Principal Repayment	-0.1	~	~	-1.3	-4.7	-4.7	-3.3	~	-0.2	~	~	~	~	~
Interest	-0.7	-0.7	-0.7	-0.4	-0.5	-0.3	0.1	~	~	~	~	~	~	~
General Fund Expenditure	-25.6	-24.6	-17.9	-20.3	-23.9	-28.2	-26.9	-25.2	-30.7	-9.9	-10.3	-13.0	-4.7	-5.5
Special Fund Expenditure	-7.9	-5.9	-5.1	-6.3	-8.4	-9.2	-9.3	-5.9	-5.7	-18.5	-21.9	-24.7	-20.4	-20.6
Capital Fund Expenditure	-8.9	-9.2	-2.8	-11.9	-22.6	-25.6	-12.6	-6.2	-5.3	-9.3	-1.0	-0.0	-1.2	~

continued ...

Table 11h : Continued, Chuuk State Government Finances (Audit Format)
Fund Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Overall Balance	0.5	1.0	10.7	9.5	-8.3	-18.8	-13.5	3.2	3.1	-11.4	-3.1	-4.5	4.8	1.6
General Fund Surplus/(Deficit)	-2.3	-2.0	3.4	11.3	5.2	-2.6	-8.3	-3.7	-4.9	-2.0	-2.3	-5.1	3.1	0.0
Interfund Transfers In	~	~	~	~	~	~	~	0.3	~	~	~	6.4	3.6	3.5
Interfund Transfers Out	-0.2	-0.1	-0.1	-0.2	-0.1	~	~	~	-0.1	~	~	~	-0.3	~
Year-end Fund Balance	-13.5	-15.6	-12.4	-1.2	3.8	1.2	-7.1	-10.5	-15.5	-17.5	-19.8	-18.5	-12.1	-8.6
Unreserved:	-15.6	-17.1	-14.0	-4.1	0.2	-4.0	-14.6	-18.1	-21.4	-24.4	-26.7	-27.6	-22.9	-15.6
Special Fund Surplus/(Deficit)	0.2	0.4	0.8	0.6	-0.4	-0.1	-2.2	0.9	1.0	-0.0	0.1	0.6	3.0	1.6
Interfund Transfers In	0.2	0.1	0.1	0.2	0.1	0.1	~	~	0.1	0.5	~	~	0.3	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	~	~	~	-2.5	-3.5
Year-end Fund Balance	1.6	2.2	3.2	4.0	3.7	3.7	1.5	2.4	3.6	4.1	4.2	4.8	5.6	3.7
Unreserved:	-0.1	0.8	2.4	2.8	3.0	3.4	1.2	2.3	3.5	0.5	-0.0	-1.3	0.1	-0.5
Capital Fund Surplus/(Deficit)	2.7	2.6	6.4	-2.5	-13.1	-16.1	-3.0	6.0	6.9	-9.3	-1.0	-0.0	-1.2	~
Interfund Transfers In	~	~	~	~	~	~	~	~	~	~	~	~	~	~
Interfund Transfers Out	-0.0	~	~	~	~	~	~	~	~	-0.5	~	-6.4	-1.2	~
Year-end Fund Balance	34.8	37.4	43.8	41.3	28.3	12.2	9.2	15.2	22.1	12.3	11.3	4.9	2.5	2.5
Unreserved:	-0.7	0.7	11.8	12.6	9.5	~	0.9	~	~	~	~	0.4	2.5	2.5
Total Year-end Fund Balance	23.0	24.0	34.6	44.1	35.8	17.1	3.6	7.2	10.2	-1.2	-4.3	-8.8	-4.0	-2.4
Unreserved:	-16.4	-15.6	0.2	11.4	12.7	-0.6	-12.4	-15.9	-17.9	-23.9	-26.7	-28.5	-20.3	-13.6

Source : FSM single Audits and statistical estimates

Table 11i : Kosrae State Government Finances (Audit Format)
Revenues and Expenditures (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Revenues	15.3	15.1	13.3	13.3	13.8	14.4	13.4	14.2	15.5	9.7	11.0	12.5	12.3	9.8
Total Domestic Revenue	3.4	3.0	3.3	2.9	3.9	3.9	2.8	1.6	2.5	3.0	2.4	3.1	4.2	2.5
Tax Revenue	0.9	1.0	1.0	1.0	1.4	1.6	1.9	1.5	1.4	1.2	1.1	1.3	1.6	2.2
National Tax (Rev. Share)	0.8	0.8	0.8	0.9	1.3	1.4	1.6	1.3	1.2	1.0	0.9	1.2	1.0	1.1
State Tax	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.6	1.2
Non-Tax Revenue	2.4	2.0	2.3	1.8	2.4	2.3	0.9	0.1	1.1	1.8	1.3	1.8	2.6	0.3
Investment	0.4	0.4	0.4	0.6	0.7	1.0	-0.8	-0.3	0.4	0.4	0.4	0.2	0.4	-0.1
Service Charges/Fees	1.1	0.5	0.3	0.2	0.1	0.8	0.1	0.3	0.7	1.3	0.7	0.6	0.4	0.3
Loan Proceeds	~	~	~	1.0	1.1	~	~	~	~	~	~	1.0	1.7	~
Transfers In/Adjustments/Other	0.2	~	~	~	~	~	~	~	~	~	~	~	~	~
CFSM Grants	0.7	1.2	1.6	~	0.5	0.5	1.6	0.1	~	0.0	0.2	0.0	0.0	0.1
Total External Revenue	11.9	12.1	10.1	10.4	10.0	10.5	10.6	12.5	13.0	6.7	8.5	9.4	8.1	7.3
Compact Current	4.1	4.1	3.3	3.4	3.4	3.4	3.4	4.4	4.4	~	0.0	~	~	~
Compact Special Programs	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.0	2.3	4.9	6.4	6.6	6.9	6.9
Compact Capital (CIP)	3.6	3.6	2.9	2.9	2.9	3.0	3.0	3.8	3.8	~	0.0	0.1	~	~
Other: Current	1.8	2.1	1.3	1.5	1.6	2.1	2.2	2.3	2.6	1.8	2.1	2.7	1.2	0.4
Other: Capital	0.5	0.2	0.5	0.6	~	~	~	~	~	~	~	~	~	~
General Fund Revenue	6.5	5.9	5.0	5.2	5.5	6.6	4.6	5.9	6.2	2.5	1.8	1.6	3.5	2.9
Special Fund Revenue	3.9	4.2	3.5	4.5	5.0	4.3	4.4	4.5	5.5	7.0	9.0	10.7	8.5	7.5
Capital Fund Revenue	5.0	5.0	5.0	3.6	3.4	3.7	4.6	3.9	3.8	0.2	0.2	0.2	0.2	0.3
Total Expenditures	-14.8	-16.6	-13.5	-11.5	-12.0	-13.4	-14.7	-15.4	-14.9	-13.4	-12.1	-17.0	-10.6	-11.1
Personnel	-5.9	-6.3	-6.2	-5.0	-4.9	-5.3	-5.3	-6.1	-6.3	-6.2	-6.3	-6.0	-6.0	-5.7
ERP Payments to Retirees	~	~	~	-0.9	-0.1	~	~	~	~	~	~	~	-0.1	-0.1
Lump-sum Annual Leave Payment	~	~	~	~	~	~	~	-0.4	~	~	~	~	~	~
Travel	-0.8	-0.5	-0.5	-0.6	-0.5	-0.7	-0.8	-0.8	-0.7	-0.7	-0.6	-0.7	-0.4	-0.5
Other	-6.5	-8.0	-5.6	-4.2	-5.7	-6.8	-7.8	-7.1	-7.4	-4.6	-4.9	-6.2	-4.1	-4.5
Subsidies	-0.4	-0.5	-1.1	-0.5	-0.5	~	-0.5	-0.5	-0.5	-0.1	~	~	~	~
Transfers Out/Adjustments/Other	-0.2	-0.3	-0.2	-0.0	-0.0	-0.5	-0.4	-0.5	~	-1.9	-0.3	-4.1	~	-0.2
Principal Repayment	-1.0	-1.0	~	-0.2	-0.2	~	~	~	~	~	~	~	~	-0.0
Interest	-0.1	-0.0	~	~	~	~	~	~	~	~	~	~	~	~
General Fund Expenditure	-6.7	-5.3	-5.4	-5.3	-4.6	-5.1	-5.2	-6.5	-7.5	-4.0	-2.6	-4.7	-2.0	-2.8
Special Fund Expenditure	-4.0	-4.8	-3.6	-3.7	-4.0	-4.3	-4.6	-4.7	-5.3	-7.0	-8.6	-10.3	-8.4	-8.3
Capital Fund Expenditure	-4.2	-6.5	-4.6	-2.6	-3.4	-4.0	-4.9	-3.8	-2.0	-2.4	-1.0	-2.1	-0.2	-0.0

continued ...

Table 11i : Continued, Kosrae State Government Finances (Audit Format)
Fund Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Overall Balance	0.5	-1.5	-0.2	1.8	1.8	1.1	-1.3	-1.2	0.7	-3.8	-1.2	-4.5	1.7	-1.3
General Fund Surplus/(Deficit)	-0.2	0.6	-0.4	-0.1	0.9	1.5	-0.6	-0.6	-1.3	-1.5	-0.8	-3.0	1.5	0.1
Interfund Transfers In	~	~	~	~	~	~	0.3	~	~	~	~	~	2.0	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	-0.6	~	-0.2	~	~
Year-end Fund Balance	2.1	2.8	2.4	2.3	3.2	4.7	4.4	3.8	2.5	0.3	-0.5	-3.7	-0.3	-0.2
Unreserved:	1.0	-1.7	-2.7	-2.4	-0.4	0.9	0.1	-1.3	-1.9	-3.0	-4.2	-5.0	-1.2	-1.0
Special Fund Surplus/(Deficit)	-0.1	-0.6	-0.1	0.8	1.0	0.1	-0.2	-0.2	0.1	-0.0	0.4	0.4	0.1	-0.7
Interfund Transfers In	~	~	~	~	~	~	~	~	~	0.5	~	0.2	~	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	~	~	~	-0.3	~
Accounting Adjustment	~	~	~	-0.1	-0.9	~	~	~	~	~	~	0.0	0.0	0.0
Year-end Fund Balance	-0.1	-0.7	-0.7	0.0	0.1	0.2	-0.0	-0.2	-0.1	0.5	0.9	1.4	1.2	0.5
Unreserved:	-1.3	-1.4	-1.7	-1.3	-1.1	-0.7	-0.9	-0.8	-1.0	-1.0	-0.4	0.5	0.5	-0.2
Capital Fund Surplus/(Deficit)	0.8	-1.4	0.4	1.0	0.1	-0.3	-0.3	0.1	1.8	-2.2	-0.7	-1.9	-0.0	0.2
Interfund Transfers In	~	~	~	~	~	~	~	~	~	0.0	~	~	~	~
Interfund Transfers Out	~	~	~	~	~	~	-0.3	~	~	~	~	~	-1.6	~
Year-end Fund Balance	6.3	4.9	5.2	6.3	6.3	6.0	5.3	5.4	7.2	5.1	4.3	2.4	0.8	1.0
Unreserved:	-2.9	-1.2	-1.5	-2.0	0.0	0.8	0.1	0.1	2.4	0.4	1.2	1.4	~	0.2
Total Year-end Fund Balance	8.3	6.9	6.9	8.6	9.7	10.9	9.7	9.0	9.6	5.9	4.7	0.2	1.8	1.3
Unreserved:	-3.1	-4.3	-6.0	-5.6	-1.5	1.1	-0.7	-2.1	-0.4	-3.7	-3.4	-3.1	-0.8	

Source : FSM single Audits and statistical estimates

Table 11j : Pohnpei State Government Finances (Audit Format)
Revenues and Expenditures (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Revenues	34.8	34.2	33.4	31.4	35.0	32.7	32.4	37.4	39.3	34.8	29.9	31.1	31.1	28.6
Total Domestic Revenue	7.6	8.8	12.6	8.5	13.3	10.8	10.3	11.0	12.2	14.9	10.4	12.9	11.2	8.4
Tax Revenue	5.7	5.7	5.5	6.5	8.6	8.5	8.8	9.8	8.0	7.5	8.2	8.5	8.2	8.3
National Tax (Rev. Share)	4.3	4.2	4.1	4.3	6.2	6.1	6.4	7.3	5.6	4.8	4.6	5.7	5.4	5.5
State Tax	1.3	1.5	1.4	2.3	2.4	2.4	2.4	2.4	2.4	2.7	3.5	2.8	2.8	2.8
Non-Tax Revenue	1.9	3.1	7.1	1.9	4.7	2.3	1.5	1.2	4.2	7.4	2.2	4.4	3.0	0.1
Investment	1.0	1.1	2.5	0.3	1.9	1.2	-0.8	-0.3	1.2	0.4	1.2	0.8	1.7	-1.1
Service Charges/Fees	0.9	0.2	0.8	1.2	0.0	0.4	0.6	0.5	0.1	6.8	0.6	2.2	0.8	1.0
Loan Proceeds	~	~	2.5	~	1.6	~	~	~	~	~	~	~	~	~
Transfers In/Adjustments/Other	0.1	0.0	0.1	~	0.9	0.4	0.4	0.2	2.7	~	0.3	1.3	0.3	0.1
CFSM Grants	~	1.8	1.1	0.5	0.3	0.4	1.2	0.8	0.2	0.2	0.1	0.1	0.1	0.1
Total External Revenue	27.2	25.4	20.8	22.9	21.7	21.9	22.1	26.5	27.1	19.9	19.5	18.2	19.9	20.2
Compact Current	10.5	10.7	10.5	9.8	9.4	8.7	8.8	11.2	11.2	~	~	~	~	~
Compact Special Programs	4.0	4.0	4.0	4.1	4.1	3.8	3.8	3.7	3.9	15.4	16.0	16.6	17.3	18.0
Compact Capital (CIP)	7.6	7.7	4.1	5.0	5.4	6.3	6.4	8.1	8.1	~	~	~	~	~
Other: Current	4.6	2.5	2.0	3.3	2.6	3.1	3.1	3.4	3.8	4.5	3.6	1.6	2.6	2.2
Other: Capital	0.5	0.5	0.3	0.6	0.2	~	~	~	~	~	~	~	~	~
General Fund Revenue	17.2	17.5	18.6	17.3	18.0	16.7	15.2	18.7	18.7	14.0	9.2	10.3	9.8	6.6
Special Fund Revenue	9.1	8.4	10.3	8.3	9.2	7.9	9.1	8.6	10.7	20.7	20.6	20.8	21.3	21.9
Capital Fund Revenue	8.5	8.3	4.5	5.7	7.8	8.1	8.1	10.2	10.0	0.1	0.0	0.0	0.0	0.0
Total Expenditures	-40.8	-37.3	-29.9	-31.6	-29.6	-31.1	-32.4	-32.2	-36.0	-40.3	-30.0	-30.4	-35.0	-33.5
Personnel	-17.8	-18.1	-15.8	-14.1	-14.1	-14.1	-13.7	-14.3	-15.2	-15.5	-15.8	-16.7	-16.7	-18.1
ERP Payments to Retirees	~	~	-0.4	-1.8	~	~	~	~	~	~	~	0.0	~	~
Travel	-1.0	-0.6	-0.6	-0.6	-0.7	-0.6	-0.8	-0.9	-0.8	-0.8	-0.8	-1.1	-1.0	-1.0
Other	-17.1	-9.8	-9.6	-12.3	-10.8	-11.9	-15.7	-16.7	-19.8	-16.4	-13.0	-11.9	-13.4	-12.8
Subsidies	-1.7	-0.6	-0.1	-0.2	-0.3	-2.3	-0.1	-0.3	-0.1	-0.1	-0.2	-0.2	-0.2	-1.6
Transfers Out/Adjustments/Other	-0.7	~	-0.1	-0.0	-1.3	~	-0.0	~	~	-7.5	-0.1	-0.4	-3.6	-0.2
Principal Repayment	-1.0	-7.1	-2.2	-2.0	-2.0	-2.0	-2.0	~	~	~	~	~	~	~
Interest	-1.6	-1.2	-1.0	-0.6	-0.4	-0.2	-0.1	~	~	~	~	~	~	~
General Fund Expenditure	-24.8	-19.1	-16.3	-15.2	-15.1	-15.9	-16.5	-17.1	-20.4	-10.2	-7.5	-8.7	-9.8	-12.6
Special Fund Expenditure	-9.1	-7.7	-7.4	-9.8	-8.7	-7.5	-10.1	-7.8	-11.0	-20.7	-20.6	-21.0	-21.8	-20.8
Capital Fund Expenditure	-6.9	-10.6	-6.2	-6.6	-5.8	-7.7	-7.9	-7.2	-4.5	-9.4	-1.9	-0.7	-3.4	-0.1

continued ...

Table 11j : Continued, Pohnpei State Government Finances (Audit Format)
Fund Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Overall Balance	-6.0	-3.2	3.5	-0.2	5.4	1.6	-0.0	5.3	3.4	-5.5	-0.1	0.7	-3.9	-5.0
General Fund Surplus/(Deficit)	-7.7	-1.5	2.4	2.1	2.9	0.7	-1.3	1.5	-1.7	3.8	1.7	1.6	-0.0	-6.0
Interfund Transfers In	~	0.3	~	~	~	~	~	~	~	~	~	~	~	0.6
Interfund Transfers Out	~	~	~	-0.4	-0.8	-0.6	~	~	~	-0.2	~	~	-0.4	~
Year-end Fund Balance	-0.3	-1.5	0.9	2.6	4.6	4.7	3.5	5.0	3.3	6.9	8.6	10.1	9.7	4.3
Unreserved:	-1.2	-2.2	0.1	1.6	1.6	1.4	-0.0	-1.8	-1.3	1.6	3.1	8.5	9.0	4.8
Special Fund Surplus/(Deficit)	0.1	0.7	2.8	-1.4	0.6	0.5	-1.0	0.7	-0.3	0.0	0.1	-0.2	-0.5	1.1
Interfund Transfers In	~	0.0	~	0.4	0.8	~	~	~	~	0.2	~	~	~	~
Interfund Transfers Out	~	-0.3	~	~	~	~	~	~	~	~	~	~	~	~
Year-end Fund Balance	0.6	1.0	3.8	2.8	4.3	4.7	3.7	4.4	4.1	4.3	4.3	4.2	3.7	4.8
Unreserved:	-1.4	-0.3	2.0	0.8	3.4	2.8	2.0	2.5	0.7	1.6	3.0	1.3	2.4	3.7
Capital Fund Surplus/(Deficit)	1.6	-2.3	-1.7	-0.9	1.9	0.3	0.2	3.0	5.4	-9.3	-1.9	-0.7	-3.4	-0.1
Interfund Transfers In	~	~	~	~	~	~	~	~	~	~	~	~	0.4	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	~	~	~	~	-0.6
Year-end Fund Balance	11.8	9.5	7.8	6.8	8.8	9.1	9.3	12.3	17.7	8.4	6.5	5.9	2.9	2.2
Unreserved:	2.6	-1.6	-1.2	-0.9	-1.6	-3.3	-4.1	-0.8	0.7	-0.5	-0.0	-0.1	0.3	0.4
Total Year-end Fund Balance	12.2	9.0	12.5	12.2	17.6	18.6	16.4	21.7	25.1	19.5	19.5	20.2	16.3	11.4
Unreserved:	-0.0	-4.0	1.0	1.5	3.4	0.8	-2.1	-0.1	0.0	2.8	6.2	9.7	11.7	8.9

Source : FSM single Audits and statistical estimates

Table 11k : Yap State Government Finances (Audit Format)
Revenues and Expenditures (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Revenues	25.7	29.9	33.0	30.7	33.8	31.5	15.9	21.6	28.6	18.6	29.0	24.1	30.5	15.1
Total Domestic Revenue	9.6	13.3	17.8	14.6	17.8	15.5	0.7	4.2	11.0	8.4	13.2	10.5	15.4	-3.1
Tax Revenue	2.5	3.3	2.8	3.1	3.6	4.7	3.8	3.2	2.7	3.9	4.0	4.0	3.5	3.5
National Tax (Rev. Share)	1.3	1.6	1.5	1.7	2.1	3.3	2.9	2.4	1.4	2.4	2.3	2.4	2.0	2.2
State Tax	1.3	1.8	1.2	1.4	1.5	1.4	0.9	0.8	1.3	1.4	1.7	1.6	1.5	1.4
Non-Tax Revenue	7.1	10.0	15.0	11.5	14.2	10.7	-3.1	1.1	8.3	4.5	9.1	6.4	11.9	-6.6
Investment	3.7	7.1	12.2	2.7	8.0	6.9	-6.3	-2.0	5.9	3.1	7.4	4.5	9.5	-8.8
Service Charges/Fees	2.2	1.3	1.0	1.0	1.3	0.8	0.6	0.8	1.0	0.6	0.8	1.0	1.0	0.9
Loan Proceeds	~	~	~	2.0	1.5	~	~	~	~	~	~	~	0.8	0.6
Transfers In/Adjustments/Other	~	~	0.0	~	~	0.8	0.1	1.6	0.6	0.6	0.5	0.6	0.3	0.0
CFSM Grants	1.2	1.5	1.8	5.8	3.4	2.2	2.5	0.7	0.8	0.2	0.5	0.3	0.3	0.6
Total External Revenue	16.1	16.6	15.2	16.1	16.0	16.0	15.2	17.4	17.6	10.2	15.9	13.6	15.1	18.1
Compact Current	7.2	7.3	5.8	5.9	5.9	5.9	6.0	7.6	7.6	~	~	~	~	~
Compact Special Programs	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.7	6.7	8.9	10.0	10.8	12.7
Compact Capital (CIP)	4.4	4.5	3.5	3.6	3.6	3.6	3.7	4.7	4.7	~	~	~	~	~
Other: Current	1.5	1.4	1.8	3.7	2.4	2.5	2.5	2.3	2.6	3.5	7.0	3.6	4.3	5.4
Other: Capital	0.2	0.5	1.2	~	1.2	1.1	0.2	~	~	~	~	~	~	~
General Fund Revenue	15.4	18.8	21.6	14.5	20.1	18.8	4.1	11.1	17.8	8.0	12.3	9.4	13.8	-4.6
Special Fund Revenue	5.6	5.6	6.2	7.8	6.9	7.1	7.8	5.9	6.2	10.5	16.5	14.4	16.6	19.1
Capital Fund Revenue	4.7	5.5	5.3	8.4	6.8	5.6	4.0	4.7	4.7	0.1	0.2	0.2	0.2	0.5
Total Expenditures	-32.7	-34.3	-35.6	-38.5	-33.8	-28.8	-29.0	-16.9	-17.0	-22.7	-25.3	-22.3	-24.7	-25.5
Personnel	-7.2	-7.4	-6.8	-6.2	-5.7	-5.3	-5.7	-6.0	-6.3	-6.3	-7.2	-8.4	-7.6	-7.6
ERP Payments to Retirees	~	~	~	-1.0	-0.5	-0.0	~	~	~	~	~	~	~	~
Travel	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-1.1	-1.4	-0.8	-0.9	-1.0	-1.0	-1.2	-1.1
Other	-12.7	-12.9	-8.8	-19.2	-13.2	-12.6	-12.5	-8.4	-9.3	-10.2	-16.8	-11.6	-13.5	-15.7
Subsidies	-0.2	-1.2	-0.1	-0.2	-0.5	-0.2	-0.2	-0.3	-0.1	-0.2	-0.1	-0.2	-1.2	-0.5
Transfers Out/Adjustments/Other	~	-0.3	-9.8	-1.7	-1.1	-0.6	-0.2	-0.7	-0.6	-5.2	-0.2	-1.2	-1.1	-0.7
Principal Repayment	-7.2	-7.7	-6.1	-6.7	-10.0	-7.9	-8.8	~	~	~	~	~	~	~
Interest	-4.4	-3.8	-3.2	-2.6	-2.0	-1.3	-0.6	~	~	~	~	~	~	~
General Fund Expenditure	-22.4	-23.0	-25.5	-18.1	-21.5	-17.0	-17.2	-10.2	-8.8	-6.2	-4.2	-5.8	-6.5	-5.4
Special Fund Expenditure	-5.6	-4.7	-5.8	-10.0	-6.9	-7.1	-7.6	-5.4	-7.4	-10.5	-17.2	-16.2	-17.4	-18.2
Capital Fund Expenditure	-4.7	-6.7	-4.3	-10.3	-5.4	-4.7	-4.3	-1.3	-0.8	-6.1	-3.9	-0.3	-0.7	-1.9

continued ...

Table 11k : Continued, Yap State Government Finances (Audit Format)
Fund Balances (\$ millions)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Overall Balance	-6.0	-3.2	3.5	-0.2	5.4	1.6	-0.0	5.3	3.4	-5.5	-0.1	0.7	-3.9	-5.0
General Fund Surplus/(Deficit)	-7.7	-1.5	2.4	2.1	2.9	0.7	-1.3	1.5	-1.7	3.8	1.7	1.6	-0.0	-6.0
Interfund Transfers In	~	0.3	~	~	~	~	~	~	~	~	~	~	~	0.6
Interfund Transfers Out	~	~	~	-0.4	-0.8	-0.6	~	~	~	-0.2	~	~	-0.4	~
Year-end Fund Balance	-0.3	-1.5	0.9	2.6	4.6	4.7	3.5	5.0	3.3	6.9	8.6	10.1	9.7	4.3
Unreserved:	-1.2	-2.2	0.1	1.6	1.6	1.4	-0.0	-1.8	-1.3	1.6	3.1	8.5	9.0	4.8
Special Fund Surplus/(Deficit)	0.1	0.7	2.8	-1.4	0.6	0.5	-1.0	0.7	-0.3	0.0	0.1	-0.2	-0.5	1.1
Interfund Transfers In	~	0.0	~	0.4	0.8	~	~	~	~	0.2	~	~	~	~
Interfund Transfers Out	~	-0.3	~	~	~	~	~	~	~	~	~	~	~	~
Year-end Fund Balance	0.6	1.0	3.8	2.8	4.3	4.7	3.7	4.4	4.1	4.3	4.3	4.2	3.7	4.8
Unreserved:	-1.4	-0.3	2.0	0.8	3.4	2.8	2.0	2.5	0.7	1.6	3.0	1.3	2.4	3.7
Capital Fund Surplus/(Deficit)	1.6	-2.3	-1.7	-0.9	1.9	0.3	0.2	3.0	5.4	-9.3	-1.9	-0.7	-3.4	-0.1
Interfund Transfers In	~	~	~	~	~	~	~	~	~	~	~	~	0.4	~
Interfund Transfers Out	~	~	~	~	~	~	~	~	~	~	~	~	~	-0.6
Year-end Fund Balance	11.8	9.5	7.8	6.8	8.8	9.1	9.3	12.3	17.7	8.4	6.5	5.9	2.9	2.2
Unreserved:	2.6	-1.6	-1.2	-0.9	-1.6	-3.3	-4.1	-0.8	0.7	-0.5	-0.0	-0.1	0.3	0.4
Total Year-end Fund Balance	12.2	9.0	12.5	12.2	17.6	18.6	16.4	21.7	25.1	19.5	19.5	20.2	16.3	11.4
Unreserved:	-0.0	-4.0	1.0	1.5	3.4	0.8	-2.1	-0.1	0.0	2.8	6.2	9.7	11.7	8.9

Source : FSM single Audits and statistical estimates

Table 111: FSM Compact grants awarded, FY2004-FY2009

	Kosrae Govt.	Pohnpei Govt.	Chuuk Govt.	Yap Govt.	National Govt.	Total FSM
Education						
FY2004	1,883,853	7,373,651	8,140,265	4,243,681	4,324,122	25,965,572
FY2005	2,070,432	7,469,772	8,804,369	4,249,157	4,511,317	27,105,047
FY2006	2,412,498	6,978,447	9,432,618	3,149,415	4,159,081	26,132,059
FY2007	2,300,057	7,187,007	9,710,276	4,397,287	4,456,982	28,051,609
FY2008	2,256,039	7,565,071	9,990,369	4,220,978	4,291,331	28,323,788
FY2009	2,613,160	7,643,352	11,002,820	4,266,747	4,403,240	29,929,319
C/O FY2004	~	233,430	755,999	1,359,757	9,126	2,358,312
C/O FY2005 & FY2006	54,948	533,904	2,529,014	329,082	41,434	3,488,382
FY2004 to FY2009	13,590,987	44,984,634	60,365,730	26,216,104	26,196,633	171,354,088
Health						
FY2004	1,326,663	5,989,461	4,691,707	2,881,672	553,613	15,443,116
FY2005	1,674,212	6,200,560	5,595,636	3,197,090	763,235	17,430,733
FY2006	1,763,553	4,898,393	6,292,745	2,675,685	764,383	16,394,759
FY2007	1,945,848	4,945,959	6,594,327	2,999,233	824,164	17,309,531
FY2008	1,978,916	5,327,453	6,934,953	2,676,205	823,972	17,741,499
FY2009	2,423,963	6,149,401	10,585,931	3,476,336	789,832	23,425,463
C/O FY2004	~	639,214	388,631	1,059,799	63,080	2,150,724
C/O FY2005 & FY2006	94,715	163,472	1,066,458	333,757	247,496	1,905,898
FY2004 to FY2009	11,207,870	34,313,913	42,150,388	19,299,777	4,829,775	111,801,723
Public Sector Capacity Building						
FY2004	1,013,866	1,676,163	2,853,813	1,831,307	4,287,697	11,662,846
FY2005	1,113,866	1,542,488	3,001,410	1,520,446	608,028	7,786,238
FY2006	1,346,976	759,254	2,724,099	1,345,585	~	6,175,914
FY2007	1,231,867	729,991	2,950,592	435,957	473,238	5,821,645
FY2008	1,534,009	709,883	3,334,122	621,722	3,305,686	9,505,422
FY2009	478,605	511,869	762,750	849,727	681,057	3,284,008
C/O FY2004	~	~	~	~	1,336,934	1,336,934
C/O FY2005 & FY2006	~	~	~	~	315,756	315,756
FY2004 to FY2009	6,719,189	5,929,648	15,626,786	6,604,744	11,008,396	45,888,763
Environment						
FY2004	302,523	666,944	378,394	595,854	79,477	2,023,192
FY2005	296,592	688,181	502,499	791,258	111,421	2,389,951
FY2006	335,240	665,807	798,428	337,977	~	2,137,452
FY2007	149,277	630,544	747,259	409,835	25,000	1,961,915
FY2008	220,165	481,576	717,042	421,160	50,000	1,889,943
FY2009	271,354	404,195	542,656	292,249	~	1,510,454
C/O FY2004	10,772	105,105	100,346	226,312	16,491	459,026
C/O FY2005 & FY2006	~	~	~	~	~	~
FY2004 to FY2009	1,585,923	3,642,352	3,786,624	3,074,645	282,389	12,371,933
Private Sector Development						
FY2004	795,261	525,423	1,338,874	613,470	513,091	3,786,119
FY2005	988,025	657,602	1,403,876	989,407	~	4,038,910
FY2006	606,029	887,817	1,498,616	1,046,701	~	4,039,163
FY2007	414,199	499,854	831,359	509,184	25,000	2,279,596
FY2008	567,101	142,754	914,373	832,117	50,000	2,506,345
FY2009	799,956	~	756,179	917,162	~	2,473,297
C/O FY2004	193,685	10,644	95,945	183,754	67,424	551,452
C/O FY2005 & FY2006	~	~	~	~	~	~
FY2004 to FY2009	4,364,256	2,724,094	6,839,222	5,091,795	655,515	19,674,882
Total Compact Sector Grants						
FY2004	5,322,166	16,231,642	17,403,053	10,165,984	9,758,000	58,880,845
FY2005	6,143,127	16,558,603	19,307,790	10,747,358	5,994,001	58,750,879
FY2006	6,464,296	14,189,718	20,746,506	8,555,363	4,923,464	54,879,347
FY2007	6,041,248	13,993,355	20,833,813	8,751,496	5,804,384	55,424,296
FY2008	6,556,230	14,226,737	21,890,859	8,772,182	8,520,989	59,966,997
FY2009	6,587,038	14,708,817	23,650,336	9,802,221	5,874,129	60,622,541
C/O FY2004	204,457	988,393	1,340,921	2,829,622	1,493,055	6,856,448
C/O FY2005 & FY2006	149,663	697,376	3,595,472	662,839	604,686	5,710,036
FY2004 to FY2009	37,468,225	91,594,641	128,768,750	60,287,065	42,972,708	361,091,389
Infrastructure						
FY2004						17,119,155
FY2005						17,293,207
FY2006						24,291,631
FY2007						23,753,269
FY2008						24,089,976
FY2009						24,338,784
FY2004 to FY2009						130,886,022
Total Compact Grants, FY2004 to FY2009						491,977,411

Table 12 : Net Air Passengers from the USA, FY1991 to FY2008
(Arrivals minus departures)

Fiscal Year	Kosrae	Pohnpei	Chuuk	Yap	FSM
FY1991	-54.0	-658.0	-379.0	-482.0	-1,573
FY1992	61.0	-213.0	-1070.0	129.0	-1,093
FY1993	-171.0	-182.0	-444.0	69.0	-728
FY1994	109.0	40.0	-858.0	2.0	-707
FY1995	-95.0	-818.0	-983.0	6.0	-1,890
FY1996	-77.0	-374.0	-1062.0	-45.0	-1,558
FY1997	65.0	-422.0	-689.0	-109.0	-1,155
FY1998	-53.0	-911.0	-663.0	-405.0	-2,032
FY1999	13.0	-113.0	400.0	-45.0	255
FY2000	-171.0	-1061.0	-95.0	213.0	-1,114
FY2001	-83.0	-566.0	-652.0	24.0	-1,277
FY2002	-158.0	-632.0	-203.0	-75.0	-1,068
FY2003	-136.0	-485.0	-1890.0	-188.0	-2,699
FY2004	-131.0	-919.0	-1467.0	-195.0	-2,712
FY2005	-218.0	-496.0	-815.0	18.0	-1,511
FY2006	-88.0	-680.0	-1553.0	92.0	-2,229
FY2007	-215.0	-587.0	177.0	-1116.0	-1,741
FY2008	-177.0	-923.0	-1764.0	-200.0	-3,064
5 year averages					
FY1994-1998	-10	-497	-851	-110	-1,468
FY1999-2003	-107	-571	-488	-14	-1,181
FY2004-2008	-166	-721	-1,084	-280	-2,251

Source : US Department of Transportation "TRANSTATS" database

Notes : Only includes air passengers to/from FSM and US airports (Guam, Hawaii, Saipan).

Passengers to/from FSM and other countries (e.g. Marshall Islands) are excluded.

Passengers between FSM states are excluded