

Accountability ecosystems political economy analysis

Federated States of
Micronesia country study

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*Photo: The Flags of FSM including the National Flag and the Flags for the four states of FSM.
(Photo credit: Allan Mua Illingworth)*



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Acronyms

ACC	Anti-Corruption Commission
CDF	Constituency Development Funds
COFA	Compact of Free Association
CSO	Civil Society Organisation
DOFA	Department of Finance and Administration
FSM	Federated States of Micronesia
FSMACC	FSM Association of Chambers of Commerce
JEMCO	Joint Economic Management Committee
MPs	Members of Parliament
NGO	Non-Governmental Organisation
ONPA	Office of the National Public Auditor
PIFS	Pacific Islands Forum Secretariat
PFM	Public Financial Management
SPC	Pacific Community
UNDP	United Nations Development Programme
US	United States of America

Executive Summary

The accountability landscape of the Federated States of Micronesia (FSM) is shaped by its unique social structure, rich cultural traditions and as well as some significant external influences. FSM has four culturally distinct States—Chuuk, Kosrae, Pohnpei and Yap—each with its own blend of traditional and formal governance practices. Accountability in FSM is deeply influenced by family and clan connections, traditional leadership roles and the enduring impact of colonial history. Additionally, the Compact of Free Association (COFA) with the United States is seen to have substantial influence over FSM’s fiscal policies and accountability standards, establishing a blend of local traditions and U.S.-oriented governance requirements.

The dynamics of accountability in FSM are shaped by both opportunities and challenges rooted in this mix of local customs and foreign frameworks. While traditional social structures promote close relationships among citizens and leaders, they also discourage direct criticism and limit open accountability. Traditional leaders hold significant moral and social authority within communities – with some variability across FSM’s States - with decision-making often shaped by respect for elders, family ties and religious beliefs. This deeply embedded cultural respect sometimes hinders the effectiveness of formal accountability, as questioning authority is seen as disruptive to social harmony.

At the national level, formal accountability mechanisms in FSM are heavily influenced by COFA and administered through the Joint Economic Management Committee (JEMCO), which ensures US aid is used responsibly. This oversight, however, tends to be outward-facing, focusing on compliance with external standards rather than on building internal accountability to FSM’s citizens. Although COFA provides vital economic support, it also introduces dependency, creating tension between the pursuit of national sovereignty and the need for financial assistance. As FSM approaches a potential reduction in COFA funds, there is a growing need to strengthen local public financial management and develop a self-sustaining accountability culture that resonates with FSM’s context.

Accountability practices in FSM vary significantly across its four States, with each State maintaining a distinct balance of traditional and formal governance. For instance, Yap’s strong adherence to traditional authority contrasts with Kosrae’s hybrid approach, where church influence plays a more prominent role. Pohnpei combines modern government with a hierarchical traditional system, while Chuuk relies heavily on clan-based accountability. These variations underscore the need for tailored accountability strategies that respect State-specific customs while enhancing formal governance.

Civil society in FSM is emerging, with groups like the Chuuk Women’s Council and youth organisations becoming more active in advocating for transparency and community welfare. These organisations offer promising pathways for enhancing accountability but face challenges due to limited resources, capacity and influence. Women’s and youth groups are instrumental in encouraging open dialogue, though cultural norms still restrict the extent to which they can openly challenge authority. Supporting civil society’s role and strengthening their hand will be crucial in fostering an inclusive accountability ecosystem that encourages participation from diverse voices.

In this context, recommendations for improving accountability in FSM focus on strengthening local ownership of accountability mechanisms and orienting these domestically, reducing dependency on foreign oversight and creating space for civil society to thrive. Priorities include recalibrating COFA reporting, expanding civic education to build public understanding of governance, supporting the transparency of traditional leaders and institutions, and improving the capacity of media to provide independent information. Additionally, initiatives to bridge traditional and formal accountability systems, such as engaging traditional leaders in formal governance discussions, could foster a more resilient and culturally grounded accountability framework.

FSM's accountability ecosystem is a blend of traditional values and modern governance practices, and combines subnational, national and international influences, each shaping the way accountability and public oversight play out. Effective accountability in FSM will require balancing local norms with formal standards, and aligning subnational, national and international influences, to create a system that respects cultural practices, is realistic about funding sources, while at the same time promotes transparency, integrity and sustainable governance for the FSM public.

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Introduction and methods

In the Federated States of Micronesia (FSM), the landscape of accountable governance and public financial management (PFM) is shaped by its historical, cultural, and geopolitical factors. The challenges surrounding accountability has grown in recent years. Interviews with stakeholders from government, traditional and religious institutions, and civil society highlight heightened concerns regarding the distribution of resources and decision-making processes. Many see these processes as being influenced by political and social connections rather than driven by principles of need and fairness. As such, this environment underscores the diversity of accountability perceptions in FSM, deeply influenced by traditional values such as responsibility, care, and community obligations, which sometimes clash with the formal governance expectations of the modern state institutions. As FSM pursues policies of decentralisation and confronts evolving social and cultural norms, there is potential to strengthen governance and PFM by creating a more responsive and inclusive accountability system.

This country report is part of a wider research project looking at Pacific understandings and practices of accountability across the North and South Pacific and how these are shaped by particular, contextual histories and current political-economy realities. The aim of the research is to start with how accountability is thought about and practiced locally, by Pacific Islanders, and to identify constraints and opportunities for strengthening accountability from this basis. This is in contrast to externally imposed ideas of accountability and how it should be progressed, which have gained little traction in many Pacific Islands states despite many years of often well-intended efforts.

The study uses a political economy analysis methodology to examine how structures, institutions (formal and informal rules) and the power, agency and interests of individuals combine to create both constraints and opportunities for change in accountability practices. Accountability is thought about as an inherently political concept – as privileging particular interests and excluding others. It is also thought about as an ecosystem. That is, there are a wide range of actors that play varying and interrelated accountability roles – both formal actors outsiders tend to think about first, such as ombudsmen and anti-corruption commissions, but also others such as the Church, customary governance actors, civil society and the media. It is this entire network (or ‘ecosystem’) that shapes what accountability looks like in a given place and thinking more expansively about who is relevant to accountability opens up potentially new avenues for strengthening accountability (see Denney, Nimbik and Ford, 2023).

In the Federated States of Micronesia (FSM), research was undertaken through a review of relevant academic and grey literature, alongside interviews with accountability ecosystem actors. Twenty interviews were held with representatives of key institutions and groups cutting across government, community leaders, church, civil society, media, private sector and youth in the States of Chuuk and Pohnpei. Due to the time limitations and access challenges, the researchers were unable to conduct interviews in the States of Kosrae and Yap, so information and data was sourced from academic material as well as grey literature to give a sense of the subnational variation. Analysis involved the research team distilling key themes that emerged across the interviews and from the literature.

It is clear from the research that understandings and expectations of accountability vary across FSM. In addition to this subnational diversity, at the national level a significant focus of accountability is externally oriented towards the United States (US) for Compact of Free Association (COFA) assistance.

With growing questions about the future of COFA and cohesion across FSM's states, it is therefore an opportune moment to consider the constraints and opportunities for strengthening accountability and responsive governance in FSM.

The remainder of the paper is structured as follows. Section 1 summarises understandings of accountability in FSM. Section 2 details some of the contextual features that shape how accountability is thought about and practiced. Section 3 considers the formal and informal rules that inform how accountability functions (or does not). Section 4 maps the actors, power and interests of FSM's accountability ecosystem. Finally, section 5 synthesises these political economy elements to identify potential constraints and opportunities for change and sets out recommendations. Throughout, images are used to assist in conveying key points of analysis.

How accountability is understood and practiced in FSM

Accountability in FSM is perceived and practiced in varied ways across its four States—Chuuk, Kosrae, Pohnpei, and Yap—each shaped by unique historical, cultural and social contexts. Stakeholders consistently emphasise that the concept of accountability is recognised more as a Western concept, introduced through colonial governance and reinforced by modern state institutions. However, local understandings draw heavily on traditional and communal values.

While there is no direct translation of accountability in local languages, the concept is often associated with responsibility, integrity, care, honesty, righteousness and duty. In the Pohnpei language, the term 'Pwukoah' translates to 'responsibility,' reflecting the deep-rooted cultural expectation that individuals fulfill their roles for the collective benefit. Similarly, in Chuuk, words such as 'wenechchar' (honesty), 'angaangéech' (good work), 'pwúngún angaang' (competence), 'túmwún' (care), 'tupwpwén' (righteousness) and 'nikiitú' (patience) all serve as approximations of accountability, each emphasizing responsibility, honesty, integrity and care in the management of resources and community relationships. This variation highlights the degree to which local interpretations of accountability are embedded in cultural practices and values rather than formal governmental structures (Interviews with FSM Stakeholders, July 2024). However, alongside these culturally embedded understandings, people in FSM also see responsibility and accountability for meeting basic needs and services as being required from 'chiefs, state legislature, government departments, and congress' (ADB, 2004).

Accountability at the national level in FSM is primarily driven by formal institutions located in Pohnpei, the seat of both the national government and key international development agencies such as USAID, UN agencies, and regional organisations like the Western and Central Pacific Fisheries Commission. This proximity to international actors and aid flows has fostered an accountability culture heavily influenced by Western principles, characterised by formal 'checks and balances.' However, this formalised understanding contrasts with the more relational and community-based interpretations found at the State level, where cultural values often guide accountability mechanisms (Puas, 2021).

At the State level, each State has its own accountability dynamics. In Chuuk, a matrilineal society where land ownership is traditionally passed through women, decision-making remains predominantly

male-dominated. There are fewer civil society actors or independent media in Chuuk to serve as watchdogs, resulting in a governance environment that some perceive as having no strong counterbalance to the State government institution which can uphold principles of accountability. In contrast, Yap's governance structure blends formal government with strong traditional leadership, particularly through the Council of Chiefs. This dual system has helped preserve a degree of accountability, particularly in resource management. Meanwhile, Kosrae operates within a formal governance system closely intertwined with the Church, which plays a key role in upholding ethical standards and influencing accountability practices within the community (Interviews with FSM Stakeholders, July 2024).

It is acknowledged that much of FSM's formal accountability infrastructure, especially within government institutions, stems from its relationship with the US under the Compact of Free Association (COFA) (Puas, 2021). The Compact has provided funding support towards sectors such health, infrastructure, education, capacity building, environment, and private sector development (Kramer, 2006). The Compact's financial oversight mechanisms, such as the Joint Economic Management Committee (JEMCO), impose external standards of accountability on the national government, particularly in the use of US aid funds. As a result, FSM's formal accountability mechanisms have been shaped more by external compliance requirements than by internal political or cultural drivers.

Informal accountability practices persist alongside these formal accountability processes, particularly through traditional governance structures and religious institutions. Traditionally, chiefs were seen as custodians of community welfare, distributing resources like sakau, breadfruit, yams, and fish among their people especially in States like Pohnpei. However, some interviewees noted a shift in recent years, with leaders increasingly seen as retaining resources for themselves or their networks, resulting in an erosion of traditional accountability practices. 'These days, resources go to the chief, but there is no disbursement,' one interviewee from private sector explained (Interview, 23 July 2024), highlighting how traditional leadership has lost some of its moral authority.

The Church also remains a powerful moral and social institution in FSM, especially in the State of Kosrae, guiding communities on issues of right and wrong. This can support notions of accountability given the focus on service, integrity and responsibility. However, the Church's influence can also hinder formal accountability when deference to religious authority stifles public critique or challenge. Interviewees from both government and civil society remarked that the lack of transparency in church finances reflects broader challenges in creating a culture of accountability, particularly when respect for elders and religious leaders discourages public scrutiny (Interviews, 30 July and 31 July 2024).

Understandings of accountability in FSM thus combine influences from formal governance structures, deeply ingrained cultural norms and external actors. While formal mechanisms of accountability exist at both the national and state levels, traditional and religious institutions, as well as cultural values continue to shape how accountability is understood in practice. Pressures around COFA and accountability to the US also shape ideas of accountability and transparent and efficient use of resources (Puas, 2021).

Contextual features shaping accountability

This section highlights three key contextual features that shape how accountability operates in FSM. The first is FSM's geographical and demographic composition, with its 607 islands spread across a vast area of the Pacific, fostering strong reliance on close-knit social networks and community governance. The second relates to the enduring influence of colonial history and the spread of Christianity, which continue to shape modern governance and social practices to varying extents in the four States of FSM. Lastly, is the COFA with the United States, which plays a central role in shaping fiscal governance and accountability, orienting accountability externally and posing challenges for national sovereignty.

SMALL POPULATION SPREAD ACROSS REMOTE ISLANDS MAKES ACCOUNTABILITY LOCALISED, WITH SIGNIFICANT SUBNATIONAL DIVERSITY

FSM consists of around 607 islands divided into four States. FSM's geographical location places it east of Palau, south of Guam and the Commonwealth of the Northern Mariana Islands, west of the Marshall Islands, and north of Papua New Guinea. While the FSM only has a total landmass of 701 km², this is spread across a vast expanse of ocean, encompassing over 1 million square km² of the Pacific Ocean (SPC, 2023). FSM's population of 105,506 (SPC, 2024) inhabits 125 of these islands, with the majority residing in the states of Chuuk and Pohnpei. Each state exhibits unique characteristics in terms of population distribution and geography.

- Chuuk State is the most populous, with around 50,000–54,000 people, most of whom live on the islands within the Chuuk Lagoon. This atoll contains numerous small islands, creating a dense population center in comparison to the outer atolls.
- Pohnpei State, home to 35,000–38,000 people, is the second most populated State. The island of Pohnpei itself, the largest and most developed in FSM, houses the majority of its residents. Pohnpei also serves as the national capital.
- Yap State has a population of approximately 11,000–12,000 people. While most of the population resides on the main island, a significant number live on smaller, outer islands, some of which are culturally more aligned with neighbouring Chuuk.
- Kosrae State is the least populated, with around 6,000–7,000 people, most of whom live on the island of Kosrae. This isolated State, located at the eastern end of the FSM, has a small, tight-knit community spread across a single island.

Travel between the States happens mainly by aircraft – making travel expensive and inaccessible to many people. However, due to the scattered islands, there are also many marine craft vessels that people use to commute for work or to get supplies and services to closer islands. During the course of this research, for instance, the researchers observed people keeping a vehicle parked on the Chuuk mainland and then commuting by small boats to outer islands.

The geographical isolation of the islands, coupled with the population's dispersal across the islands, fosters a strong reliance on close-knit local social networks for governance, social support and resource management. As Corbett (2015) notes, the small size of Pacific Island states creates a political environment where 'everybody knows everybody,' and political leaders are often accountable to

personal networks of family and kin rather than institutionalised mechanisms. In the case of FSM given the geographic isolation of the islands and their communities, this social closeness occurs predominantly at the island, or State level – but less so across islands and States. For this reason, social cohesion and national-level accountability processes are challenging. This personal closeness and geographic isolation shapes political accountability in a way that contrasts with larger, more concentrated states, where formal systems dominate.

EXTERNAL INFLUENCE THROUGH COLONIALISM AND CHRISTIANITY HAVE BROUGHT DIVERSE INFLUENCES TO GOVERNANCE IN FSM

The Federated States of Micronesia (FSM) occupies an interesting place within the broader Pacific Islands, not only as an independent nation but also as a cultural sub-region known as Micronesia. This classification arose from early European exploration and mapping efforts during the colonial period. Hanlon (2009) highlights that the initial term used for much of the Pacific was ‘Polynesia,’ but by the 19th century geographers proposed more nuanced categorisations, recognising the Carolines (now FSM and Palau), Gilberts (now Kiribati), and Marshalls (Marshall Islands) as lacking common language and cultural practices like taboo, thus defining them as ‘Micronesia,’ while the southwestern Pacific became known as ‘Melanesia’ (Hanlon, 2009).

During the Spanish colonial period (1668–1899), Catholic missions introduced Christianity, embedding religious practices into local governance and societal norms (see below). Following this, Germany took control (1899–1914), continuing to promote Western religious and economic interests, further shaping the islands' cultural landscape. The onset of World War I led to a shift in power, with Japan taking over in 1914. It should be noted that under Japanese rule, which lasted until the end of World War II, the term "Micronesia" was not used.

The post-war period brought significant change as the United States assumed control under the United Nations Trust Territory of the Pacific Islands (1945–1986). Hanlon (2009) notes that this era saw the U.S. embed the concept of Micronesia more firmly into administrative frameworks. This period laid the groundwork for the formation of the States of Chuuk, Kosrae, Pohnpei, and Yap. Despite their cultural differences, including matrilineal traits that align with Polynesian traditions, these States were unified under a single federated government, emphasising the complexity of governance across FSM's geographically dispersed islands (Hanlon, 2009).

Christianity played a pivotal role in shaping the modern cultural and governance landscape of FSM. Introduced by Spanish and German missions, the spread of Catholic and Protestant faiths significantly influenced social practices and governance structures. Churches became powerful community institutions, with religious leaders often playing key roles in local decision-making. The merging of traditional Micronesian customs with Christian teachings created a distinctive socio-political environment that continues to influence governance and social norms today.

The historical experiences of colonialism and the arrival of Christianity shape accountability by informing both the institutional forms that it takes and the values that it embodies. FSM's experience of multiple colonial rulers has perhaps weakened the influence of any one colonial power in shaping accountability forms but those that exist have nonetheless been shaped by the country's previous rulers.

FOREIGN INFLUENCE CONTINUES TO SHAPE ACCOUNTABILITY THROUGH FSM DEPENDENCE ON THE US COMPACT OF FREE ASSOCIATION

The Compact of Free Association (COFA) between the United States and FSM has been a central element of FSM's political and economic landscape since it was first signed in 1986 and later amended in 2004. Under the terms of the Compact, the U.S. provides substantial financial assistance to FSM, including grants for education, health care, infrastructure, and other essential services, along with defense and immigration privileges. In exchange, the U.S. maintains strategic access to the region. This financial assistance has been critical to FSM's development, constituting a significant portion of its economic base. Between 1987 and 2003, the U.S. provided approximately \$1.54 billion in grant assistance to FSM. During the second term of the Compact (2004-2023), FSM received an additional \$1.6 billion in grants and \$517 million in trust fund contributions (Congressional Research Service, 2024). The new 2023 agreements extended COFA support for a further 2 years, with projected funding of approximately \$3.3 billion for FSM between FY2024 and FY2043, covering targeted support for education, healthcare, environmental efforts, infrastructure and climate change adaptation.

COFA funds have been vital to sustaining public services and supporting FSM's economic stability amidst its limited natural and human resources (ADB, 2024). COFA financial assistance makes up almost 30% of FSM's annual budget. Unsurprisingly, this level of financial dependence means that COFA has a significant impact on governance and accountability in FSM. An additional 10-15% from other donor grants and assistance also adds to a fostered dependence on external aid, complicating efforts to achieve long-term fiscal sustainability. The oversight of Compact funds is managed through the Joint Economic Management Committee (JEMCO), a bilateral body tasked with ensuring accountability in the use of US grants. JEMCO plays a critical role in monitoring spending and enforcing transparency, yet challenges persist. One report indicates that FSM has struggled with issues such as incomplete or unreliable data tracking, inconsistent reporting, and challenges in planning for reduced funding as Compact grants diminish over time (Puas, 2021). Concerns about reporting against COFA funding means that much of FSM's accountability system is focused on addressing these perceived shortcomings, given the dependence on this source of finance. Some interviewees from State government institutions noted that while compliance with these accountability mechanisms is challenging, the requirements for regular reporting and performance assessments, is a good thing and has pushed FSM toward better accountability practices (Interviews with State government representatives, 31 July 2024). Yet on the other hand, a focus on improving accountability for US funds risks detracting attention from building accountability to FSM's public.

While Compact funds provide vital support for FSM, they have also opened the door for US influence on oversight for fiscal management. This has resulted in tensions between maintaining national sovereignty and meeting the strict accountability standards set by JEMCO and US authorities. These risks of foreign influence may increase as COFA funds have become a strategic tool in reducing China's influence in the region. As competition with China has increased in recent years, the U.S. has shifted from gradual disengagement to renewed commitment in Micronesia, leveraging COFA funding to counter Chinese investments. For example, former President Manny Mori highlighted that during his tenure, the U.S. initially refused to fund a major telecommunications project but quickly changed its stance after China expressed interest in stepping in (Pulitzer Centre, 2023). This underscores how COFA funds not only support FSM's development but also serve broader geopolitical objectives.

Finally, as the US phases out some grant programs in favour of long-term trust fund contributions, FSM faces the risk of budget shortfalls, with flow on risks for government services. This is particularly the case as trust fund disbursements may not fully replace the value of expiring grants. This creates

challenges for FSM’s government in planning and maintaining services like health and education without external assistance, making responsive governance difficult to achieve.

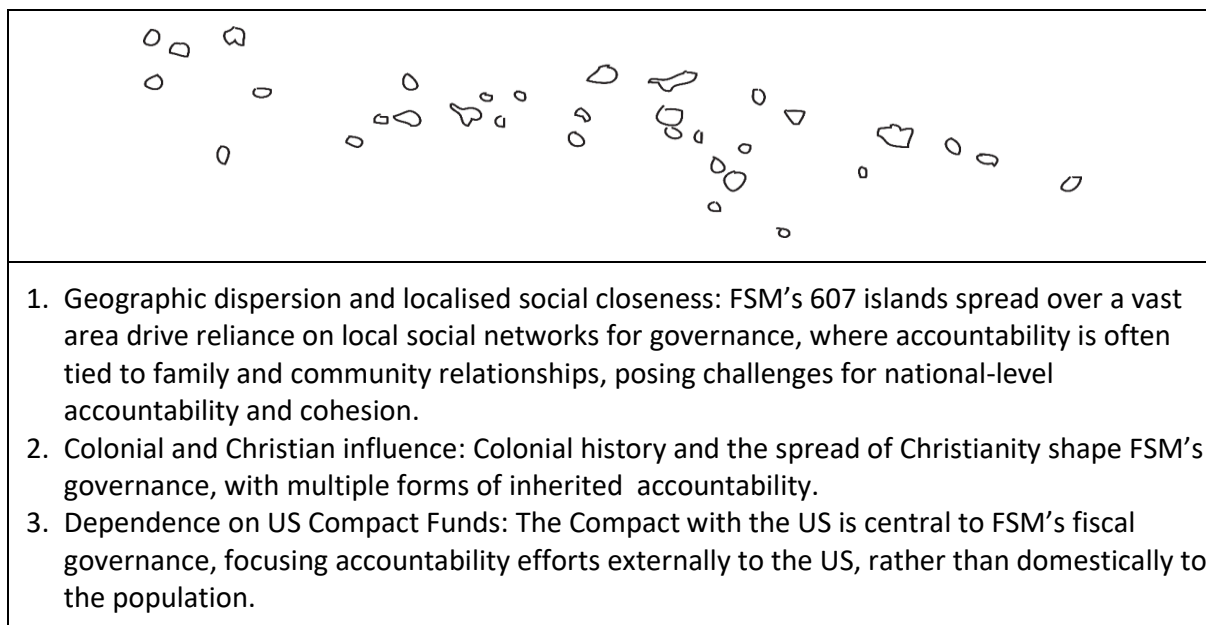


Figure 1 Contextual features shaping accountability in FSM¹

Rules and norms shaping accountability

FORMAL RULES AND NORMS SHAPING ACCOUNTABILITY

The formal rules and norms that shape accountability in FSM are influenced by a combination of constitutional provisions, relevant laws, and policies as well as compliance with accessing funding under the US Compact Agreement. However, the effectiveness of these formal mechanisms is often undermined by various systemic issues such as the influence of cultural norms and weak enforcement systems.

LEGAL FRAMEWORK ON ACCOUNTABILITY AND ITS APPLICATION IN PRACTICE

The Constitution of FSM establishes a framework intended to uphold accountability across national and State levels of government. At the national level, the FSM Constitution serves as the foundational document establishing the separation of powers among the executive, legislative, and judicial branches. Two key institutions were highlighted in discussions on accountability: the Office of the National Public Auditor (ONPA) and Department of Justice. The ONPA promotes financial and

¹ This map provides an approximation of the geography of FSM and excludes many of the islands. It is not possible to produce a legible map of the entire country in this format.

operational accountability, conducting audits and investigations to assess compliance with laws and regulations at both the national and State levels in FSM. This office is mandated to foster transparency and address issues related to public financial management. However, challenges such as political influence, which leads to politicians directing which areas can or cannot be audited, can limit its effectiveness in enforcing financial oversight and promoting responsiveness (FSM Law, 2024).

Similarly, the Department of Justice, and specifically the Attorney General's Office, complements the ONPA by addressing legal accountability through the enforcement of laws and prosecution, combating government corruption through investigation and prosecution of individual cases (United States Department of State, 2016). While this institution is meant to uphold the rule of law by prosecuting cases involving corruption and public mismanagement, interviews with stakeholders from civil society and private sector (23-24 July 2024) highlighted that high profile corruption cases are often 'delayed' or given less priority due to political interference.

The Department of Finance and Administration (DoFA) plays a central role in FSM's fiscal management and is a crucial institution shaping financial accountability. The DoFA is responsible for overseeing the management of public funds, preparing the national budget, monitoring government expenditures, and ensuring that financial practices adhere to legal and regulatory frameworks. Additionally, the DoFA facilitates revenue collection and implements financial controls aimed at preventing the misuse of public resources. FSM's DoFA is tasked with upholding transparency and reliability in financial reporting, but it has historically faced significant challenges in this regard such as incomplete and unreliable data tracking and inconsistent reporting and also in maintaining effective compliance to policies (U.S. Department of State, 2023).

Overall, there was a common theme across the interviews regarding a lack of enforcement, particularly when it comes to high-level accountability. For instance, while financial regulations are robust in theory (or on paper), in practice, there is a significant gap between the existence of laws and their enforcement. The Department of Justice is often criticised for its inaction. As observed in the one interview (24 July 2024), 'things are given to the Department of Justice but they sit on it,' indicating a systemic failure in ensuring that legal processes are followed through effectively. Interviews with stakeholders from national and State institutions noted that a Special Prosecutions Unit was approved to be formed to handle high-level accountability related cases, however political will to form this unit has been weak resulting in delays and obstacles and as such it has been over two years in process.

THE ROLE OF JEMCO OVERSIGHT

As noted above, the most significant external influence on formal accountability in FSM is the Compact of Free Association with the US. Similar to accountability findings in Palau (Craney and Besebes, 2024), COFA's influence has resulted in accountability processes that are largely outward-facing, focused on compliance with US standards rather than being driven by local engagement and citizen oversight. This outward orientation presents challenges for building local accountability structures that resonate with local norms. Interviews with some state representatives (31 July 2024) noted that COFA has influenced the development of policies which align with Western accountability best practice, however in reality, this is not well followed with examples of people 'accessing public funds and using for family commitments such as funerals' with the understanding that they will put it back later.

The Joint Economic Management Committee (JEMCO) plays a crucial role in overseeing the use of US funds, particularly in sectors such as education, healthcare, and infrastructure. JEMCO's oversight aims to ensure transparency and efficiency in the management of these funds, but challenges persist. FSM has struggled with inconsistent data collection, unreliable reporting, and disagreements between

national and State governments over spending priorities. FSM has signed a new compact of Free Association Amendments Act in 2023 (Joint Committee on Compact Review and Planning, 2023).

DISCREPANCY BETWEEN NATIONAL AND STATE GOVERNANCE

At the State level in FSM, both Chuuk and Pohnpei have accountability structures that include the Office of the State Public Auditor (OSPA), which is responsible for conducting audits and reviewing public fund usage at the State level. Each State has a legislature that oversees budget approvals, passes financial regulations, and ensures legislative checks on executive functions. Additionally, traditional leaders and councils in both States hold cultural authority that influences local governance, though their formal role in State-level financial accountability is limited. The judiciary in each State provides legal oversight to ensure compliance with State laws, while Pohnpei also includes an active Public Prosecutor's Office that addresses cases of public fund mismanagement. These structures collectively shape accountability at the State level, balancing formal legal mechanisms with customary practices.

The national government, located in Pohnpei, faces challenges in maintaining authority and oversight across the geographically dispersed States, particularly vis-à-vis its State-level equivalents. For example, the Public Auditor's Office, while responsible for conducting performance and financial audits, at times struggles to demonstrate success on high-level accountability audits regarding public finances as it relies on successful Department of Justice prosecution of non-compliance findings and as noted above, has issues. While the national office is linked to the State offices, there is some autonomy in the way they operate, and authority is practiced. This is true for offices like the Public Auditor as well as Department of Finance and Administration and its state counterparts. A challenge for FSM, therefore, lies in balancing these diverse governance structures across national and State levels that will ensure accountability mechanisms remain effective across all four States.

NORMALISATION OF POOR ACCOUNTABILITY PRACTICES

Another issue raised during interviews with representatives from the private sector is that the formal governance space in FSM has seen a gradual erosion of accountability practices, leading to the normalisation of misconduct, mismanagement, nepotism, and corruption. This decline in formal accountability has become so embedded in the system that many citizens have grown desensitised to these issues as quoted that 'we may see our colleagues breaking financial rules to meet community or family obligations, but since others do it, it has become ok' (Interview with private sector representative, 23 July 2024). Rather than expecting transparency and proper conduct from public officials, there is a prevailing sense of indifference, as these practices are viewed as part of the status quo. Interviewees in the research indicated that while such issues are recognised, there is little expectation that they will result in meaningful consequences, as examples of mismanagement or corruption often go unpunished.

A report from Freedom House (2023) noted complaints about misuse of public resources as frequent, particularly from US authorities overseeing aid funds and also that 'government entities responsible for combating corruption, including the attorney general's office and public auditor, are independent and fairly effective, though some corrupt officials reportedly enjoy impunity'. This culture of acceptance has created an environment where accountability is not consistently demanded, further weakening the formal systems designed to uphold good governance. Indeed, in the absence of any active media reporting on corruption there is a lack of awareness of the extent to which this has spread. However, social media platforms such as Facebook reveal more active reporting and discussion

on corruption cases and poor accountability practices, with examples of youth groups such as Youth-4-Change (<https://www.facebook.com/pohnpeiy4c>) taking action on this issue.

INFORMAL RULES AND NORMS SHAPING ACCOUNTABILITY

Informal rules and norms, deeply rooted in FSM's cultural and traditional practices, also play a critical role in shaping accountability. These informal systems can sometimes complement formal mechanisms, but they also pose challenges when they undermine the rule of law. It should be noted that in many cases, cultural norms prioritise personal relationships and the maintenance of networks over formal accountability measures.

INFLUENCE OF TRADITIONAL SYSTEMS

Traditional systems, particularly the roles of chiefs and other community leaders, have historically been central to maintaining accountability within FSM's societies, particularly in rural areas where they often influence local governance. However, these roles have evolved over time, with some traditional leaders now prioritising personal gain over communal responsibility. For example, in small communities where personal relationships hold high value, there is a strong tendency to avoid conflict and maintain social harmony, which can lead to reluctance in holding individuals, particularly leaders, accountable. In many cases, family and kin relationships form the basis of political influence, with traditional leaders seen as custodians of both community welfare and resources. As highlighted by Corbett (2015), 'family support is crucial for political survival,' but it can also reinforce patterns of nepotism and patronage, which undermine transparency and create barriers to effective accountability. This dynamic is evident in how leaders are sometimes shielded from public criticism due to social and familial expectations

This can create situations where accountability is weakened as traditional norms and hierarchies take precedence over formal governance systems. The 2024 Freedom House report on FSM highlights the role of traditional leadership, stating, "Traditional leaders and institutions exercise significant influence in society, especially at the village level," which can impact the political choices of both voters and candidates (Micronesia Freedom, 2024: 3). It has been noted that traditional leaders in FSM exert control over local affairs, which can conflict with modern accountability systems. This can create tension between traditional structures and formal governance, with traditional leadership influencing community decisions, making it challenging to enforce formal transparency and accountability measures.

Moreover, in rural areas, traditional leaders hold significant informal authority over local governance matters, making it challenging to align modern accountability systems with local practices. As noted by Asuncion-Nace (2019), culture acts as a social glue, shaping behaviours, shared values, and codes of conduct, which influence peoples practices and values when they hold formal accountability roles and pressures the decisions they make. As such, these cultural values which play an essential role in guiding leadership and decision-making, can cause conflict with formal accountability standards. In many cases, cultural norms prioritise social harmony and maintaining relationships over formal transparency, creating tensions between traditional practices and modern governance expectations.

INFLUENCE OF THE CHURCH

The Church also plays a significant role in FSM, influencing both moral and social norms – although this varies subnationally. While the Church can act as a force for accountability, it can also contribute to a culture of deference to authority, making it difficult to challenge those in power. Churches also shape public opinion and community standards of leadership, which can either promote or undermine

accountability. Churches often influence both the moral decisions of leaders and their approach to governance. However, the close relationship between religious and political leadership can sometimes obscure efforts for formal accountability. In Kosrae, the Church is particularly strong and plays a central role in promoting ethical standards and governance. Religious leaders hold moral authority over their communities, and their influence extends into the political sphere. However, this close relationship between the Church and the state can obscure formal accountability mechanisms. In some cases, questioning religious leaders or their decisions is culturally taboo, which complicates efforts to introduce more transparent governance processes.

It should be noted that FSM has experienced some erosion of traditional authority. The traditional roles of leaders, particularly chiefs, have been changing, which has affected accountability. An interviewee from the state government (30 July 2024) mentioned that traditional leaders once distributed resources like Sakau, breadfruit, yams, and fish among their people but now often keep these resources for themselves. They also observed, 'These days resources, especially financial offerings, go to the chief, but no disbursement,' indicating a shift away from the communal sharing that was once a key aspect of leadership accountability. Another interviewee from the national government (28 July 2024) adds that 'traditional title has lost some value,' pointing out that wealth, rather than lineage, increasingly determines leadership, weakening traditional structures that once upheld accountability.

This erosion of traditional leadership has shaped how traditional systems now interact with formal governance systems and has produced variations in the governance and accountability systems of the four States in FSM. Chuuk, which previously operated through decentralised clan-based governance, now relies on formal democratic governance systems. Kosrae, historically governed by a paramount chief, now relies on a hybrid modern governance system, with religious leaders playing significant roles. Pohnpei's complex hierarchical system, centered around paramount chiefs and intricate prestige rituals, blends traditional and modern governance structures. In practice, traditional leaders and customs still feature but decision making on resources is maintained by formal State governments. By way of contrast, however, Yap maintains a strong adherence to traditional authority, with village chiefs and a formal caste system holding sway over local governance, even enjoying legal veto powers on issues concerning custom and tradition. As a result, these traditional governance influences vary across FSM's four States and approaches to accountability need to be conscious of this subnational variation.

CHINA'S INFLUENCE ON FSM

FSM is facing challenges to its governance from foreign influences such as China which is creating political divisions and raising concerns about accountability. Former FSM President David Panuelo has spoken out about foreign entities allegedly using bribery, coercion, and other forms of interference to manipulate the country's leadership. In a letter to Congress, he warned that these actions are designed to 'control our government's decisions, undermine our sovereignty, and silence opposition' ([RNZ, March 2023](#)). These claims highlight vulnerabilities in FSM's political system, where foreign powers appear to exploit weak safeguards to influence decision-making.

One of the most contentious issues involves Chuuk State, where a possible independence movement was suggested to have the backing of foreign entities. Financial and developmental promises were reportedly offered to Chuuk leaders, raising concerns that independence would result in external control over the state's strategic location in the Pacific ([Pulitzer Center, 2023](#)). Former President Panuelo has suggested that foreign support for Chuuk's secessionist movement reflects a broader strategy to weaken FSM by dividing its States and exerting influence.

This interference has deepened political divisions across FSM. Some leaders and citizens favour stronger ties with non-traditional foreign powers, lured by promises of investment and economic development. Others strongly support maintaining the Compact of Free Association (COFA) with the US, which provides financial aid and security guarantees in exchange for strategic partnership. These conflicting alliances have caused division among FSM's leaders and raised questions about the country's ability to govern independently ([Harvard International Review, 2023](#)).

Foreign interference has also exposed accountability gaps in FSM's governance. Allegations of bribery and coercion suggest that some politicians are prioritising foreign interests over the needs of their constituents, due to personal benefits they receive. Leaders like Panuelo have called for stronger transparency measures and reforms to protect FSM's sovereignty. The concern is that without stronger accountability and a unified front, FSM risks political instability, weakened governance, and a loss of control over its future ([CNN, 2023](#)).

ACCOUNTABILITY REMAINS THE PRESERVE OF OLDER MEN

In FSM, women's roles in leadership and accountability are shaped by both traditional structures and emerging support networks. Traditional norms in matrilineal societies such as Chuuk, Pohnpei, and Kosrae grant women a role in resource management and influence through lineage-based titles; however, decision-making power typically rests with male family members. Women's representation in formal leadership remains limited, with only 7.1% of seats in the national congress and 5.9% in State legislatures held by women (UN Women, 2022). Amongst the 85 members in the four State legislatures, there are only two women Senators in Chuuk and Pohnpei States (Pacific Women in Politics (2024)).

To address these limitations, the Chuuk Women's Council (CWC), an influential organisation representing over 60 women's groups, promotes women's rights and accountability across FSM. Through annual conferences and leadership training, the CWC helps equip women with the skills and confidence to take on more public roles and hold leaders accountable, challenging cultural norms that discourage questioning male authority. This aims to foster greater female participation in community governance and accountability, while broader societal shifts toward gender equality continue to take shape (UN Women, 2022).

Similarly, youth remain poorly represented in most governance fora, including in relation to accountability. In response, the Chuuk Youth Council has been representing national youth issues and interests in regional and international forums. They have emerged as advocates for legal reforms and greater transparency. While these movements are growing, they face significant cultural barriers. In FSM, challenging authority—whether traditional, religious, or governmental—is often discouraged, particularly among youth. Nevertheless, these groups are beginning to reshape the accountability landscape, using social media to bypass traditional hierarchies and engage directly with the public.

Despite this, there is still strong cultural respect and deference to traditional authority, which has led to a deep-rooted respect for elders and traditional leaders, and which significantly impacts how accountability is practiced. One interviewee explained that 'Elders are more accountable to the youth in passing on traditions and local knowledge.' However, this respect also creates barriers to holding leaders accountable. They also noted that questioning authority is considered disrespectful, saying, 'You do not bring shame to your family by being the rebel and questioning leaders,' which reflects the cultural hesitation of younger people to confront or challenge those in power.

CLASH OF TRADITIONAL AND FORMAL SYSTEMS

A common theme emerging from interviews in FSM is the tension between accountabilities of leaders as per traditional governance and as per formal state institutions. There is a clash between community expectations of leaders—rooted in relational accountability—and how these intersect with formal state mechanisms designed to enforce transparency and legal-rationalism. A UNDP commissioned report on FSM (Hezel et al, 1997) noted that ‘Present-day leaders, traditional and modern, may not be as accountable to their people today as chiefs and other traditional authorities were in the past. There has been a decline in reciprocity between leadership and common people’. While traditional norms emphasise care and responsibility, particularly to one’s immediate community and networks, formal accountability institutions focus on financial compliance and formal audits. This duality presents a challenge for accountability in FSM that meets the needs and expectations of citizens, government and donors.

Traditional governance in FSM has long been rooted in customary systems, where leadership and decision-making are deeply intertwined with kinship, community obligations, and respect for elders. These informal structures emphasise values like consensus-building, collective responsibility, and care for the community. As highlighted in this report, while FSM has introduced formal governance systems, which relies on legal frameworks, regulatory oversight, and transparency, it still has tensions reconciling these with traditional norms and practices, which can have more traction at community level. The personalised nature of traditional norms and the values which underpin it can conflict with the impartial, rule-based accountability mechanisms expected in formal governance. This complicates efforts to establish formal accountability structures, as many citizens feel loyalty to their familial and community leaders, making it difficult to challenge authority when it conflicts with the formal rules of governance.

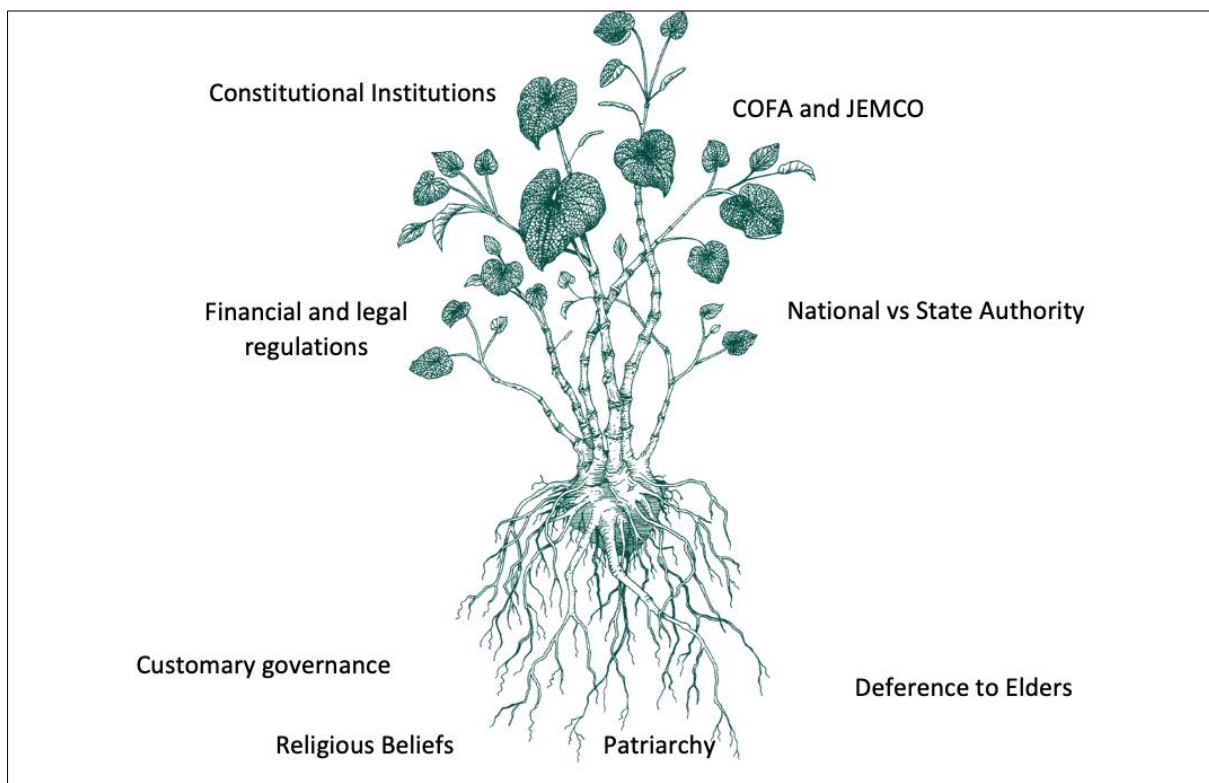


Figure 2 - FSM’s formal and informal ‘accountability Sakau plant’

People, power, interests and relationships shaping accountability

FSM's accountability ecosystem is made up of a range of stakeholders across national and State levels and reflects a blend of traditional authority, religious institutions and modern governance. These groups include the national and State legislatures, government institutions, dedicated accountability entities, the judiciary, traditional leaders, religious organisations, civil society, bilateral and multilateral partners, media, and the private sector. The relationships between these groups are complex and vary significantly by State, often influenced by cultural and familial ties, creating distinct accountability dynamics within each State. The following table provides an overview of these actors and their roles in FSM's accountability framework.

Table 1. Accountability Actors in FSM

	Actors	Roles	Power relationships
Parliament, Government Bodies and Legislation	Congress of FSM	Oversees the executive branch, approves budgets, confirms appointments, and creates laws.	Senators sometimes face pressure to provide favours in exchange for votes, leading to potential misuse of funds.
	President and Cabinet	Implements and enforces laws, handles foreign affairs, and nominates judges.	Strong ties with Congress; political dependencies can complicate efforts to hold Congress accountable.
	FSM Supreme Court	Interprets the constitution and laws, resolving disputes within the judiciary’s limited scope.	Nominations approved by Congress; political influences can limit judicial independence and accountability.
	Public Auditor’s Office	Conducts audits and ensures compliance with U.S. Compact requirements and national policies.	Political figures sometimes discourage publication of audit reports, limiting public scrutiny and enforcement.
	Attorney General’s Office	Prosecutes national cases and provides legal counsel to the government.	Political ties with Congress undermine impartial prosecutions, particularly in high-profile cases.
	Department of Finance (DOFA)	Manages government finances and ensures proper use of public funds.	Faces political pressure from government officials to authorise questionable payments.
	JEMCO	Oversees the use of U.S. Compact funds to ensure compliance with fiscal regulations.	Holds considerable oversight power over Compact funds, affecting national and State-level governance.
	National Election Commission	Ensures transparency and fairness in the election process.	Works to uphold electoral integrity but may face political influence during contentious elections.

Judicial system	FSM Supreme Court	Interprets the constitution and laws, resolving disputes within the judiciary’s limited scope.	Nominations approved by Congress; political influences can limit judicial independence and accountability.
	State Courts	Each state (Chuuk, Kosrae, Pohnpei, Yap) has its own court system responsible for State-specific civil and local legal matters. Addresses cases that reflect local customs and community standards where applicable.	Customary law and traditional practices often play a role in state court proceedings, especially in dispute resolution. This preference for traditional approaches can create challenges in aligning State judicial practices with formal national legal standards.
State Governments	State Governments of Chuuk, Kosrae, Pohnpei and Yap	Each FSM State has its own government and accountability structures such as Office of the State Public Auditor (OSPA), State Legislature, Traditional Leaders and Councils and Judiciary. Chuuk, previously operated through a decentralised clan-based governance but now relies on formal democratic based governance systems. Kosrae, historically governed by a paramount chief, now relies on a hybrid modern governance with religious leaders playing significant roles. Pohnpei's complex hierarchical system, centered around paramount chiefs and intricate prestige rituals, blends traditional and modern governance structures. In practice, traditional leaders and customs still feature but decision making on resources is maintained by formal state government. In contrast, Yap maintains a strong adherence to traditional authority, with village chiefs and a formal caste system holding sway over local governance, even	These institutions operate with varying degrees of independence; sometimes constrained by capacity and local pressures. At times the national ecosystems struggle to exert authority over the state institutions as they have a high degree of autonomy. They also vary by State, with differing degrees of traditional versus formal oversight.

		enjoying legal veto powers on issues concerning custom and tradition.	
Traditional leadership settings	Traditional Leaders (States)	<p>Chiefs and other customary leaders preserve cultural practices, guide community governance, and mediate disputes, especially in rural and outer island communities.</p> <p>They often have authority over land, resource distribution, and social matters, making them central to local accountability.</p>	<p>High cultural respect for chiefs discourages open criticism, creating challenges for public accountability.</p> <p>While traditional leaders are expected to prioritise community welfare, some interviewees note a shift toward personal gain, weakening communal sharing and diminishing traditional accountability.</p>
Religious groups	Church Leaders	<p>The Roman Catholic Church and various Protestant denominations are influential across FSM's four States, guiding moral and social standards.</p> <p>Churches provide community services, exerting influence over ethical standards and social behaviors in both public and private spheres.</p>	Strong influence over political decisions but lack financial transparency, limiting accountability. Close ties between church leaders and community members can limit formal accountability, though churches also promote values aligned with responsible leadership and community welfare.
	Women's Organisations	Mainly the Chuuk Women's Council is most active. Empowers women through leadership and health initiatives, promoting gender equality.	Limited political participation, though regional funding provides some independence from government pressure.
	Youth Organisations	The Chuuk Youth Council is most active. Advocate for reforms, particularly on social issues like family violence and trafficking.	Cultural norms discourage youth from questioning authority, creating barriers to meaningful participation.
Bilateral and multilateral	JEMCO (Joint Economic	Oversees the allocation and use of COFA funds, with a focus on compliance, transparency, and efficiency in sectors like health, education, and	Holds considerable oversight power, influencing FSM's fiscal management policies to align with U.S. standards.

relationships	Management Committee)	infrastructure. Sets specific accountability standards to ensure effective use of U.S. financial assistance.	FSM’s reliance on COFA funding limits its autonomy, creating tensions as JEMCO priorities sometimes conflict with local governance needs and cultural practices.
	Multilateral Agencies	Provides financial assistance, technical support, and policy guidance on public finance management and governance. Includes organisations like UNDP, ADB, and regional bodies focused on sustainable development and capacity building	Multilateral agencies promote reforms in governance and accountability, but their standards may sometimes diverge from local traditions, causing challenges in harmonising international expectations with FSM’s traditional practices. These agencies are instrumental in supporting civil society but face constraints in influencing deeply rooted informal systems
Media		There are four radio stations in the FSM located in each of its four States that are government owned and they are responsible for public announcements such as public hearing, disaster related updates and other public services. However, no report on finance or accountability is ever reported on such radio stations. Other existing radio stations are purely for entertainment and religious purposes. Reports on government activities and promotes accountability through social media.	Traditional media is government-influenced, while social media enables independent public reporting. Social media platforms such as online public fora are places where voluntary leadership and governance accountability reporting is often done by citizens and most of the time by anonymous individuals behind fake profiles
Private Sector	Chamber of Commerce	The Private Sector is organised through the national FSM Association of Chambers of Commerce (FSMACC) which serves as a convening body of local businesses for decision making and policy influencing. Influences government policies through business networks.	Often uses political connections for personal gain, undermining broader accountability efforts.

One way to understand how and why accountability operates the way that it does in FSM is to consider the relationship between power and commitment to accountability among key stakeholders. This is reflected in the analysis of key actors below. The matrix of accountability actors reveals that those wielding the most political influence, such as Congress and traditional leaders, although bound to uphold formal accountability, at times have shown limited commitment towards it in practice. Politicians, particularly members of Congress, face significant electoral pressures to deliver on their duties toward FSM's development, as set out in its Strategic Development Plan (FSM, 2004) but also to maintain patronage networks, which are key to re-election. This can undermine their commitment to accountable governance.

There are important variations between national and State systems. Chuuk relies heavily on family and clan-based decision-making, with accountability rooted in informal networks, making those customary leaders more influential in this setting. Civil society's presence is limited, and formal accountability actors are less influential in Chuuk due to this strong clan loyalty. In contrast, Kosrae operates within a hybrid system where both formal government and the Church hold sway. The Church's influence is particularly notable in upholding ethical standards, blending modern governance with deeply ingrained religious values. In this context, then, different actors emerge as more influential. Pohnpei integrates formal government with a complex traditional hierarchy, where paramount chiefs retain influence over cultural matters, particularly in resource management. This setup allows Pohnpei to balance tradition with formal governance, each reinforcing the other. Finally, Yap adheres closely to traditional authority, where chiefs hold legal powers in community matters, often superseding formal governance structures. This dual system prioritises cultural values but interacts with formal governance where necessary. It means that in Yap, traditional authorities are by far the most influential actors. This significant subnational diversity makes it impossible to present a nuanced stakeholder map of FSM's accountability ecosystem. As a result, what is presented below is an approximation of the national level, not accounting for this subnational diversity by State.

Traditional leaders hold considerable cultural influence (although noting their diversity as above), but their accountability is more aligned with social norms and customs, limiting their engagement with formal government systems. Interviews highlighted cultural barriers that prevent people from raising concerns or complaints about governance. 'If you have some relationship or connection, you keep quiet,' pointing to the reluctance of citizens to speak out against individuals in positions of power due to cultural norms. This silence is particularly problematic in a small, tight-knit society like Chuuk, where traditional and kinship ties often take precedence over formal accountability mechanisms.

In contrast to customary governance, formal governance entities such as the Public Auditor's Office and the Department of Finance exhibit a stronger commitment to accountability, but their influence is curtailed by limited resources, outdated systems and political interference from political actors like Congress. There was little information obtained about the differences and relationships *between* formal accountability institutions and these were widely talked about as being in step with each other.

Civil society groups, including women's and youth organisations, demonstrate strong commitment to accountability, particularly in social justice areas like gender equality and anti-corruption awareness. Nevertheless, their power remains limited by cultural norms that discourage confronting leaders and older generations. Interviews with government and civil society stakeholders noted that while there is an umbrella organisation for civil society the FSM Alliance of Non-Government Organisations, this was seen as inactive. However, recent efforts by

UNDP to work with CSOs and build accountability capability are underway (UNDP, 2023). In its absence, organisations in the most populous State of Chuuk seem to be filling this gap. The capacity of these organisations to hold government accountable is limited, however, by a lack of funding, staff, and expertise – as well as geographic challenges. Moreover, many NGOs are reliant on external donors, which can lead to tensions between the most pressing local issues and the priorities of donor funding. When interviewing an employee from an NGO (31 July 2024) they stated that ‘Accountability is not seen as very feasible or transparent’ in FSM, with little space to have formal discussions on the concept or to advocate for the enforcement of laws.

Churches and religious leaders maintain a unique position in FSM’s accountability landscape (again, with notable subnational diversity). While they hold substantial moral authority and influence over community behaviour, their role in formal accountability is limited. Religious leaders are expected to guide their communities based on moral teachings, but they are not subject to the same transparency requirements as government entities. As a result, while they can influence social norms, their involvement in holding political leaders accountable is minimal, and financial transparency within church organisations is generally lacking, as was highlighted in interviews with stakeholders in both Chuuk and Pohnpei (31 July 2024).

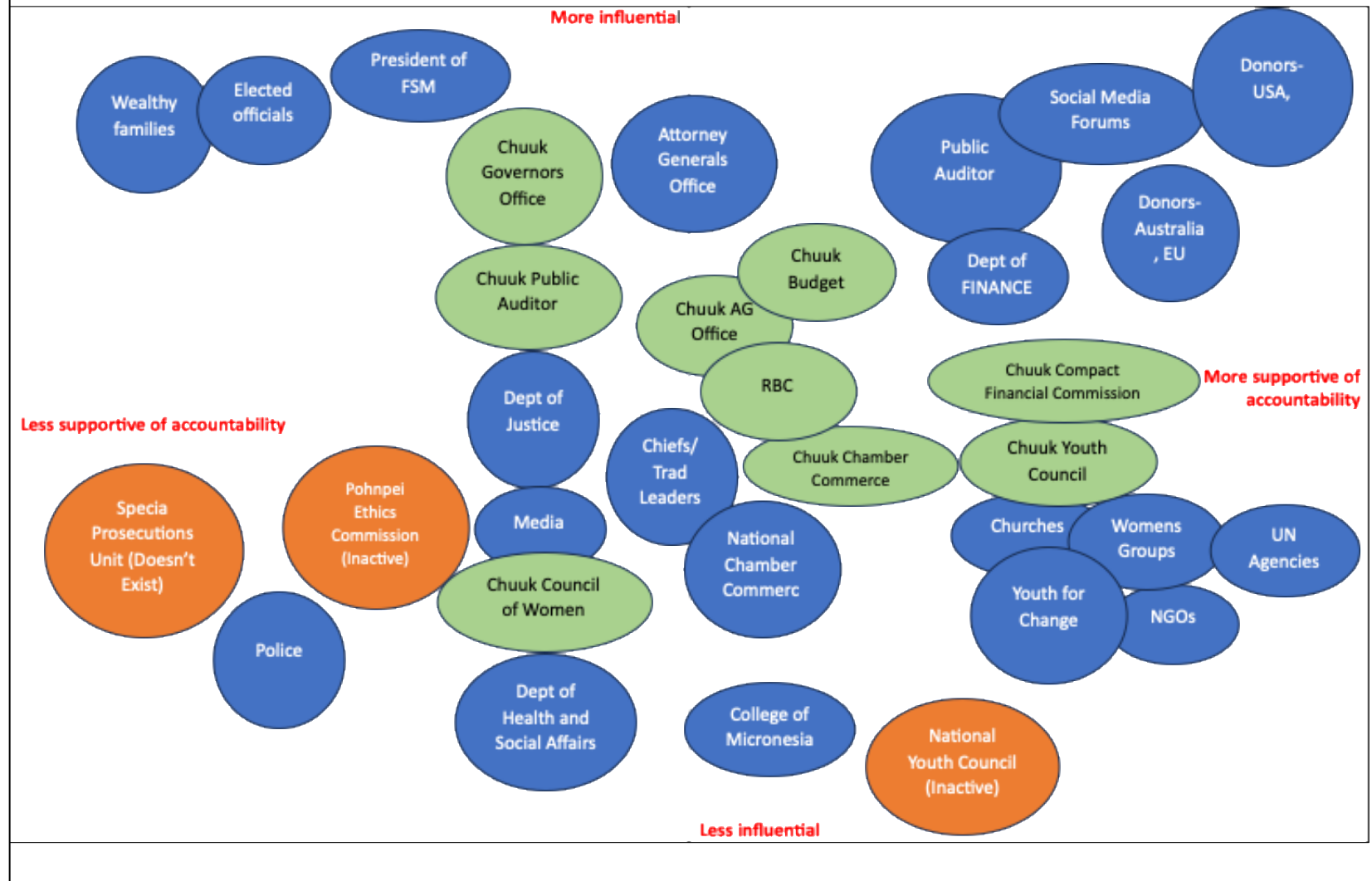
The role of the media in promoting accountability is also seen as limited in FSM, with traditional media outlets often constrained by ownership ties to either the government or the Church. However, the rise of social media and platform such as Facebook has helped raise public awareness, especially among younger generations and call attention to poor behaviour amongst political leaders. This shift represents a growing form of civic engagement that is helping to foster a culture of accountability, even in the face of institutional and cultural barriers.

External actors, especially those involved in overseeing Compact funds (such as JEMCO), are seen to have a high commitment to financial accountability, driven by US regulations. However, their focus tends to prioritise external accountability mechanisms over local needs, creating tension with FSM’s sovereignty and doing little to promote downwards accountability. Non-US donors are supportive of accountability but lack the same level of influence.

Finally, the private sector is recognised as a strong force within FSM's accountability ecosystem with substantial influence over some policy decisions. This influence often manifests through leveraging insider knowledge to sway policy-making to align with business interests, potentially undermining broader efforts toward accountable governance and transparency. The private sector's structure, characterised by small-scale family enterprises and influential business figures, means that collaboration with government is crucial. However, the limited integration of private entities in formal accountability measures and public-private partnerships challenges the sector's potential role in fostering comprehensive accountability.

The stakeholder map below sets out the relative power and supportiveness of various actors involved in FSM’s accountability ecosystem. It is not comprehensive and – as mentioned above – cannot account for the significant subnational diversity within FSM. However, it plots relevant stakeholders in Pohnpei and Chuuk States, where this research focused, demonstrating the need for a layered national/State lens in any analysis of FSM. The map was developed by engaging stakeholders to evaluate the relative power of key actors and their supportiveness of accountability. Insights were refined through subsequent interviews and discussions, ensuring a participatory and iterative process. While the resulting map provides valuable insights, it is shaped by the perspectives of those interviewed and the specific contexts of Pohnpei and Chuuk States. As such, it should be seen as indicative rather than definitive, providing a basis for further analysis and refinement.

FSM Accountability - Stakeholder mapping



KEY: FSM National Institutions (Blue) / Chuuk State Institutions (Green) / Institutions Inactive or Yet to be Activated (Orange).

Synthesis: opportunities and constraints for change

FSM presents a complex accountability ecosystem with a range of constraints for change, related to its vast geographic and demographic spread, subnational diversity and ongoing dependence on US COFA assistance. Opportunities also exist, however, particularly at the subnational level, building on the work of civil society groups and in embracing hybrid accountability approaches.

SUBNATIONAL DIVERSITY MAKES NATIONAL ACCOUNTABILITY A CHALLENGE

FSM's subnational diversity across the four States, accentuated further by the geographic and demographic isolation of the population, creates particular accountability challenges. National level accountability mechanisms struggle to exert their authority at the State level. This is made harder due to the vast geographic spread of FSM's islands across a large expanse of the Pacific Ocean, which has fostered a reliance on highly localised, close-knit social networks and traditional forms of governance, particularly within smaller communities. This pairs with diversity in governance structures across the States, which have their own formal accountability mechanisms alongside customary systems. Aligning customary, State and national accountability cultures and mechanisms is thus a challenge, particularly when national cohesion itself is difficult to cultivate. The two States which could benefit from dedicated accountability initiatives and investment would be in Chuuk and Pohnpei. These two States have the largest populations and need for a strong counterbalance to the formal governance systems, especially in Chuuk where there is not a strong media presence and there were identified needs from the interviews for better infrastructure and services provided by political leadership.

HYBRID ACCOUNTABILITY APPROACHES OFFER OPPORTUNITIES

FSM's four States each bring a unique blend of customary and formal governance structures, influencing how accountability functions locally. These variations reflect diverse accountability landscapes where customary and formal practices coexist, creating challenges for cohesive approaches but also opportunities for locally resonant and hybrid accountability approaches. Further exploration of the accountability ecosystems in Kosrae and Yap would be beneficial, particularly considering a positive deviance approach to understanding how Churches and customary institutions work alongside State government to balance leadership and decision making with positive results.

ACCOUNTABILITY FOR COFA DOMINATES ACCOUNTABILITY EFFORTS, SETS IMPORTANT STANDARDS BUT ALSO ORIENTS THE FOCUS EXTERNALLY

COFA assistance plays a significant role in FSM's financial landscape, providing substantial funding for public services and requiring oversight mechanisms that emphasise transparency and accountability. On the one hand, these accountability standards, enforced by JEMCO, mean that FSM is familiar with what is required to demonstrate formal accountability and has experience in putting this in place. However, the focus on meeting accountability standards for US funding also orients FSM externally, treating the US as the audience for accountability, rather than the domestic population. As a result, accountability for COFA funds risks detracting from accountable governance to citizens of FSM. Furthermore, as COFA funds decrease, FSM will need to strengthen its domestic governance and

accountability structures, creating an opportunity for more locally-oriented, culturally resonant accountability practices. The transition towards self-sufficiency is an opportunity for FSM to strengthen its internal governance mechanisms, develop sustainable fiscal policies, and balance traditional forms of accountability with modern financial management practices.

Under the new provision, there appears to be a stronger focus on strengthening FSM's internal governance capacity and promoting a self-sufficient economy and aligns with the US commitment to fostering stability and prosperity in FSM, as well as its interest in reducing the need for FSM to rely on other external actors in the region. Starting in 2024, US \$9.8 million annually (7% of total sector grants) will be automatically deposited into the Infrastructure Maintenance Fund (IMF), ensuring accountability in infrastructure maintenance without requiring FSM's matching contributions (FSM Embassy, 2024). Collectively, these new measures demonstrate the United States interest to promote fiscal discipline, transparency, and effective governance, while also reinforcing sustainable development and economic resilience in FSM.

However, on closer examination it appears this is just another new mechanism for financial oversight i.e. the Enhanced Reporting and Accountability (ERA) mechanism which allocates 2% of total annual sector grants to reporting and compliance activities (ADB, 2023). JEMCO enforces stricter fiscal management and reporting requirements and introduced improvements to the Fiscal Procedures Agreement (FPA), mandating new annual and periodic financial reporting to JEMCO. To further enhance governance and accountability, \$550,000 is allocated annually for judicial training within FSM's judiciary (FSM Embassy, 2024).

CIVIL SOCIETY HAS AN APPETITE FOR CHANGE BUT LACKS POWER

Civil society actors, particularly women's and youth groups, are active in FSM's accountability landscape, often using social media to amplify their voices. However, these groups face cultural barriers that discourage challenging authority figures and lack influence over political leaders. Nonetheless, civil society organisations play an important role in fostering transparency and raising awareness on governance issues within FSM. There is thus an opportunity to build on their work to mobilise a more engaged and informed citizenry.

A good example of this is the Chuuk Women's Council (CWC) which leads initiatives to improve the lives of people in FSM. To date, however, much of this work has focused on providing support to communities for improved health and welfare (Church of LDS Newsroom, ND). There is an opportunity to support such groups to expand their focus on raising awareness about issues of accountability and supporting them to hold leaders to account.

At the regional level, the 53rd Pacific Islands Forum Leaders Meeting further underscored the importance of amplifying marginalised voices and empowering youth across the Pacific. As chair of the Smaller Island States (SIS) grouping, FSM President Wesley W. Simina highlighted the need to address the unique challenges faced by smaller and more vulnerable nations, ensuring their concerns are reflected in regional policies. Lorin Robert, FSM's Secretary of Foreign Affairs, emphasised this commitment, stating, 'True development must engage all stakeholders, with a focus on ensuring that the most marginalised voices are heard and empowered.' He also acknowledged the vital role of youth in shaping the region's future, noting, 'We are particularly proud that one of our native sons now leads the Pacific Youth Council, embodying the spirit of youth empowerment and leadership that is essential for the region's development. The FSM stands ready to continue working collaboratively with all partners to build a future that leaves no one behind' (FSM National Government, 2024).

These examples showcase FSM’s stated commitment to foster inclusivity and ensure that marginalised voices, including those of women, youth, and grassroots communities, are integral to driving development and governance in both national and regional. This bodes well for more inclusive accountability initiatives and is an opportunity to build on.

Recommendations

The following recommendations are proposed to improve understanding and practices of accountability in FSM. These recommendations emphasise building accountability structures that align with local cultural and governance systems, rather than narrowly focusing on externally driven compliance mechanisms. While donor-supported compliance and reporting improvements are important, they should complement efforts to foster internal accountability that resonates with FSM’s unique social and political context.

STRENGTHEN PUBLIC FINANCIAL MANAGEMENT AND DOWNWARDS ACCOUNTABILITY

Enhancing oversight of public funds is crucial to ensuring their effective use for FSM’s development but this must be reoriented to improve accountability of use of public funds for the FSM public – not for donors. Regular, transparent audits and accessible financial reports can foster trust in governance systems but these must be targeted in areas that citizens care about and undertaken and published in a manner accessible to them. At the same time, building local capacity to manage public finances while maintaining compliance with donor requirements will create a more resilient and self-reliant accountability framework. As such finding ways to support inward looking accountability systems that meet FSMs own accountability needs is critical rather than more compliance mechanisms couched as internal capacity strengthening.

WORK WITH EXISTING LEADERSHIP SYSTEMS

Given the range of actors involved in FSM’s accountability ecosystem, it is essential for government, donors, and other stakeholders to engage leaders across multiple levels. This includes village chiefs, State governments, faith-based organisations, and women’s groups, to collaboratively develop and implement mechanisms that promote accountability. Efforts should prioritise working within existing leadership structures to ensure broad acceptance and legitimacy. Greater emphasis could be placed on strengthening accountability at the State level, where relationships and networks are often more deeply embedded and service delivery is more immediately impactful. At the national level, the focus could shift toward facilitating coordination among State-level actors, encouraging the exchange of experiences, and promoting alignment between accountability systems to improve overall effectiveness. Tailored approaches that recognise these dynamics will be key to fostering meaningful and sustainable accountability practices.

PROVIDE PLATFORMS FOR CIVIL SOCIETY TO ENGAGE

Fragmentation across FSM’s geographically dispersed communities makes it essential to provide forums where civil society groups can convene and collaborate. Donors and partners should support initiatives that bring together diverse civil society actors, such as the FSM Alliance of Non-

Governmental Organisations, to foster dialogue and shared accountability goals. Special attention should be given to including marginalised groups, such as women, youth, and residents of remote areas, ensuring their voices are integral to governance and decision-making processes.

SUPPORT INITIATIVES LED BY WOMEN AND YOUTH

Although FSM's traditional governance systems often limit women's and youth participation in formal leadership, these groups have demonstrated their ability to foster forms of social accountability. Organisations like the Chuuk Women's Council and youth councils can play critical roles in advocating for transparency and ethical leadership. Supporting these groups through targeted capacity-building, funding, and platforms for advocacy can strengthen their influence in shaping governance practices. Encouraging regional collaborations and convening forums for women and youth can further amplify their contributions to accountability efforts.

ENHANCE MEDIA CAPACITY AND NETWORKS

FSM's media landscape faces challenges of limited reach, resources, and independence. Strengthening local media's capacity to report on governance and accountability offers opportunities for stronger oversight and awareness raising. This could involve training programs, partnerships with regional media organisations, and mentorship from experienced journalists. Expanding traditional media such as community radio and newspapers, alongside digital platforms like social media, can ensure wider access to information and help foster a culture of transparency. Additionally, regional and international media networks, including connections with the Pacific Islands News Association, should be leveraged to enhance the skills and reach of FSM's journalists.

SUPPORT LOCALLY DRIVEN INITIATIVES AND TRAIN FOREIGN ADVISORS

Donors and international agencies should prioritise empowering local stakeholders to design and lead accountability initiatives. Local actors possess invaluable knowledge of FSM's cultural norms and governance systems, making their leadership essential for sustainable reform. Foreign advisors working in FSM should receive training on local cultural practices and accountability norms to build trust and ensure their efforts align with community values. This would also empower local accountability trainers to recognise their accountability ecosystem as a valid system, different from externally-imposed models. Encouraging direct engagement with local communities, including in outer islands, will foster a deeper understanding of FSM's accountability ecosystem and enhance the effectiveness of collaborative efforts.

PROMOTE TRANSPARENCY IN TRADITIONAL AND RELIGIOUS INSTITUTIONS

Traditional leaders and religious organisations in FSM manage significant resources but often lack formal accountability measures. Introducing culturally sensitive frameworks for monitoring resource allocation and decision-making within these institutions can help build trust and ensure equitable distribution. These frameworks should be co-designed with local stakeholders to respect cultural values while addressing transparency gaps.

By focusing on these culturally aligned and inclusive strategies, FSM can develop an accountability ecosystem that resonates with its unique context while meeting the demands of modern governance and international partnerships.

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List of interviews

Name	Position	Organisation	Date of Interview
Brandon Tara	Former Public Auditor	FSM Development Bank	23-Jul-24
Yvonne Pangelinan	Teacher / Youth Council	Xavier College	30-Jul-24
Sophia Pretrick	Programme Officer	UN Office Micronesia	23-Jul-24
Sherry Jane Edmond	Prosecutor, Youth Council board Member, Anti-Trafficking Chair-Lady, GBV Coalition Member	Office of the Attorney General	23-Jul-24
Sebastian T. Tairuwepiy	Sports and Physical Wellness Coordinator	FSM Department of Health & Social Affairs	23-Jul-24
Lululeen Santos	Country Focal Officer on EAW (Ending Violence Against Women)	SPC Office (Pohnpei)	23-Jul-24
Roger Mori	Special Advisor to the Governor	Office of the Governor - Chuuk State	23-Jul-24
Midsun Tom	National Public Auditor	Pohnpei	23-Jul-24
Duke Mendiola			
Miriama Naivalu	National Public Auditor	Pohnpei	23-Jul-24

Myjolyne Kim	Chief of Staff	Office of the Governor - Chuuk State	23-Jul-24
Linda Emwuch	Fiscal Officer	Chuuk State Budget Office	23-Jul-24
Jacinta Lipwe	Coordinator of Program; Previously Substance Abuse Counsellor at Health	GBV Office - Chuuk Council of Women	23-Jul-24
Dionisia Asher	Indigenous Education Consultant - University of South Pacific	FSM NDOE	22-Jul-24
Theresa Koroivulaono	College of Micronesia Staff	College of Micronesia	23-Jul-24
Jennifer Heleisar	College of Micronesia Staff	College of Micronesia	23-Jul-24
Delihna Ehmes	College of Micronesia Staff	College of Micronesia	23-Jul-24
Shanna Braiel	Public Auditor's Office Staff	Chuuk Public Auditor's Office	23-Jul-24
Sarah Mori	Public Auditor's Office Staff	Chuuk Public Auditor's Office	23-Jul-24
Christopher Estauguio	Board Member CYC	Youth and Chamber Office (Chuuk)	23-Jul-24

ACKNOWLEDGEMENT OF COUNTRY

La Trobe University acknowledges that our campuses are located on the lands of many traditional custodians in Australia.

We recognise their ongoing connection to the land and value their unique contribution to the University and wider Australian society.

We are committed to providing opportunities for Indigenous Australians, both as individuals and communities through teaching and learning, research and community partnerships across all of our campuses.

La Trobe University pays our respect to Indigenous Elders, past, present and emerging and will continue to incorporate Indigenous knowledge systems and protocols as part of our ongoing strategic and operational business.

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