

# **RIO+10**

## **Republic of the MARSHALL ISLANDS**

*National Report  
to the  
World Summit on Sustainable Development*



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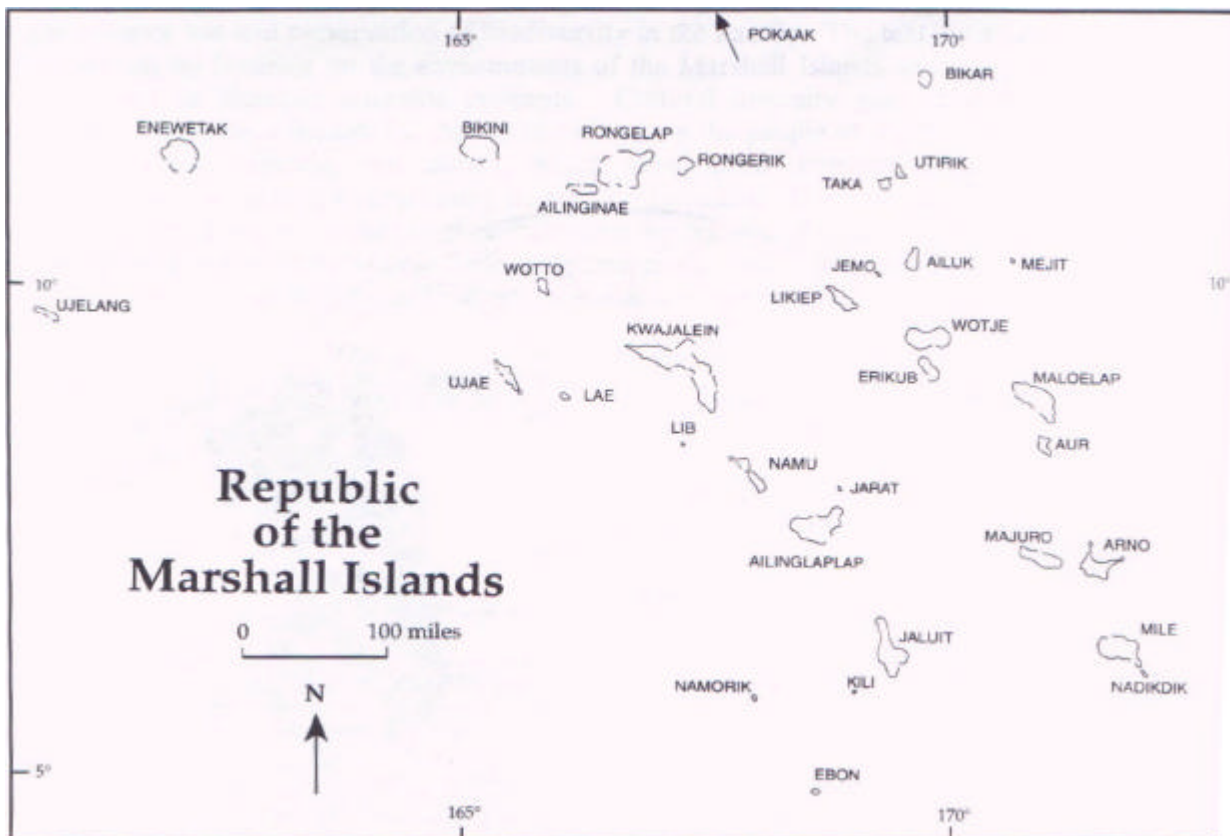
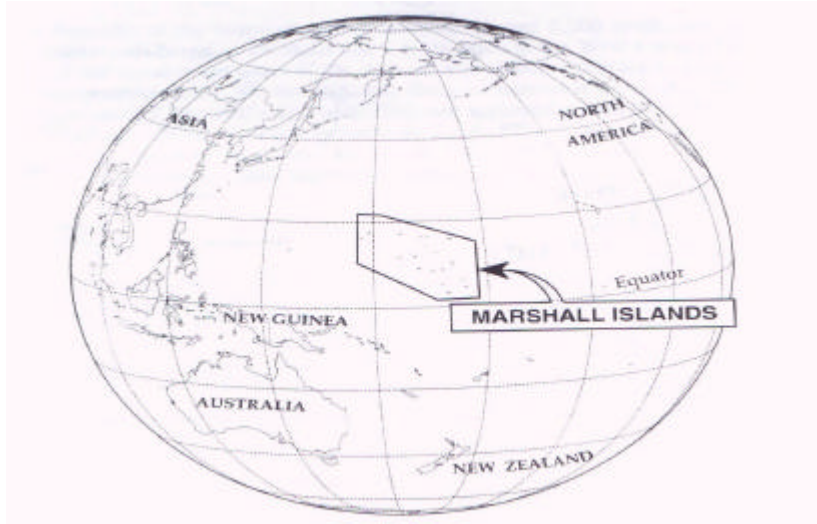
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# *Maps of the Marshall Islands*



## **INTRODUCTION - About the Marshall Islands**

### **a. Geography and Climate**

The Republic of the Marshall Islands (RMI) is a nation of 29 coral atolls and 5 islands which form two vast parallel chains scattered over 822,779 square miles of the Central Pacific. The Marshall Islands' 29 atolls and 5 individual islands make up a total of 70 square miles of land and are located between 4° and 19° North latitude and 160° and 175° East longitude. There are over 1,225 islands and 870 reef systems in the Marshall Islands with over 800 species of fish and 160 species of coral.

Temperatures in the Marshall Islands range from an average of 81-89°F with an average rainfall of 12-15" per month. The year-round tropical climate makes activities like aquaculture and tourism ideal for the Marshall Islands.

### **b. Population**

The total population of the Marshall Islands at present is estimated at 56,639. The annual growth rate is approximately 1.5%.

### **c. Government and Administration**

The Republic of the Marshall Islands is a self-governing democracy in free association with the U.S. The legislative body consists of a 33 member Nitijela (Parliament) who elects the President by majority vote. From the Nitijela, the President appoints his 10-member Cabinet. An 11-member Council of Iroij (Chiefs) presides over traditional and customary matters. The Constitution ensures equal rights of all citizens, and grants visitors full protection under the law.

## **I. PROGRESS AND ACHIEVEMENTS**

Since 1986, two Five-Year National Development Plans were produced. The Third National Development Plan for 1996 to 2001 was the Public Sector Investment Program (PSIP) following the Policy Reform Program (PRP), which took place from 1995-1997. During the same period up to the early part of this year, numerous technical reports and studies were conducted in the Marshall Islands. Analysis of these reports were presented to the people's representatives comprising of some 300 participants, at the Second National Economic and Social Summit (NESS2) held on Majuro from 26 March to 1 April 2001. The first National Economic and Social Summit held in 1998 was the initiation of the assessment process.

In 1999, recommendations resulting from the NESS compelled the Cabinet to establish the National Commission on Sustainable Development (NCSD) for the Marshall Islands. The Commission is comprised of Ministry heads, Agency heads, and representatives from the non-governmental organizations (NGOs) and the business community, as individually appointed by the President. The primary function of this body is to do a long-term planning strategy for the RMI i.e. develop strategies that would assist in the

formulation of the long-term economic sustainable development plan for the next 15 years. The Commission is also responsible for the following tasks-

- Review development projects submitted by ministries and other public enterprises and recommend the order of priority;
- Advise on a range of issues pertinent to the nation as directed by the Cabinet or on its own initiative;
- Advise the Cabinet on the annual sustainable budget framework;
- Commission and review technical reports on the monitoring and evaluation of development projects and major policy measures decided;
- Coordinate the inflow of aid by ensuring minimal duplications and make recommendations to the Cabinet; and
- Monitor the integration of environmental considerations into economic policies.

#### **a. Political Developments**

The Marshall Islands became a sovereign, independent country in October 1986, ending over 125 years of foreign control. That same year the 1945 UN Trusteeship Council Agreement under which the Marshall Islands were administered as the Trust Territory of the Pacific Islands, was terminated. With that termination the country became independent retaining however a special political, economic and defense relationship with the United States, under what is known as the Compact of Free Association Agreement. That Agreement recognizes the RMI's self-governing status and provides for reciprocal obligatory relationship with the United States, where the RMI allows the latter the right of strategic denial in exchange for annual payments, and receives the right of its citizens to live and work in the United States.

Over the past 15 years the RMI has successfully established itself as a fully sovereign nation within the world community. Diplomatic relations has been established with over 70 countries. The country has acceded to membership of several multilateral organizations including the United Nations, the IMF and the World Bank, ACP/EU and regional organizations such as ESCAP, Pacific Islands Forum and, Asian Development Bank. It has also acceded to many important international protocols and have established a Mission at the United Nations in New York and Embassies in Washington D.C. in the United States, Tokyo, Japan, Suva, Fiji and the Republic of China, as well as a Consulate-General Office in Honolulu, Hawaii.

#### **b. Social and Economic Development**

##### *i. Majuro – The Capital*

The physical landscape of Majuro has transformed so much since the 1980s that anyone who visits the island after fifteen years would notice the immense change that has occurred. Numerous developments have contributed to this phenomenal change. Not only is the Capital much cleaner now, but also there has been a vast growth in real estate. The number of buildings including both commercial and residential, has doubled from

1618 in 1980 to 3156 in 1999. This construction boom has resulted, among others, in the growth of the Long Island area from the bridge to the Airport, which was hardly occupied in 1985 into a suburb of modern residential houses, embassies, supermarkets, restaurants, tennis courts and gymnasiums. Even the 20-mile stretch from the Airport all the way to Laura at the end of the Atoll is showing signs of rapid real estate development. Many more people today commute daily from Laura to Majuro city for work.

Other major factors that have so much changed Majuro's landscape include an impressive new Capitol building, a new hotel resort, supermarkets and a notable expansion in infrastructure services of electricity water supply and telecommunications. Most roads in Majuro including the secondary roads from Rita to Laura are tar-sealed. This includes a two-lane boulevard from the bridge to the Capitol building in Delap. The frequent power outages in the pre-1986 era no longer occur and water shortages are rare. With the fast growing use of e-mail and faxes, the telex machines, which used to be the most common, means of rapid communications before 1990 have become history.

#### *ii. Ebeye – The Second Urban Center*

Ebeye, the other major urban center in the Marshall Islands, has witnessed improvements in recent years in the provision of electricity and water supply and a sewage services. The construction of a new hospital facility is under way and should be opened by the end of this year. This will ensure that health problems that are prevalent on Ebeye are addressed internally. The management of the power plant has recently been privatized and the new management has made considerable progress in terms of collecting arrears of revenue. Moreover, the Causeway between Ebeye and Gugeegu Island is halfway completed and part of the excess population from Ebeye has been able to move out to Gugeegu as planned. This has helped reduce the congestion on the island of Ebeye. The telecommunication services have improved significantly. Extension and improvement in the water supply and sewage system is in progress and should be completed before the year is over. Renovation of the Desalinization Plant has been undertaken and once completed, will lead to a considerable improvement in the water supply situation. In regard to education, the College of the Marshall Islands had established a second Campus on Gugeegu and has been successful in its operations for the last six years. More people in Ebeye have been able to find employment in the U.S Military Base in Kwajalein. The number of person so employed increased from 1100 in 1988, to over 1800 in 1999.

Despite the above progress, much more needs to be done on Ebeye to improve the quality of life. For example utility services are still far from adequate, as are education and health care services. Many of the houses are congested and are of poor quality. There is a need for greater local capacity building and training of personnel in the health, education and environmental sectors. There is a need for greater improvement in solid waste management and in income distribution.



### *iii. Outer Islands*

While the Capital has developed at a relatively fast speed, the developments in the Outer Islands have lagged behind. First of all, the infrastructure facilities in the Outer Islands have developed only slowly. For example, diesel generated electricity is available to all the households in Kili for lighting and to some extent in Jaluit, solar energy is used by a limited number of families in 16 other Outer Atolls. Most households in the Outer Islands use kerosene and firewood for cooking. Piped water is not available in almost all the Outer Islands. Although the quality of houses in the Outer Islands has improved to some extent, such progress has not matched that of Majuro. There are no private telephones in Outer Islands: common radio communication systems serve this need in the Outer atolls. Similarly, land, sea and air transport systems to the Outer Islands are still inadequate. Most of the Outer Island runways are not paved as yet resulting in a high degree of wear and tear for the Air Marshall aircrafts, which supplies the domestic air services.

## **c. Quality of Life**

### *i. General Trends*

Measuring changes in the quality of life of a nation is no easy task because of the complications involved by its many dimensions and because of the diversity of statistical data required. The Republic of the Marshall Islands' National Vision 2018 aims at achieving sustainable human development, which means increasing the opportunities available to the people to improve their lives by further developing their capabilities. Among the many capabilities that are needed for improving the quality of life of the people, three are generally accepted as crucial. These are-

- the ability to lead long and healthy lives;
- the ability to be knowledgeable; and
- having access to resources needed for a decent standard of living.

RMI's achievements in regard to quality of life in the above sense can broadly be summarized in terms of three indicators developed for the Pacific Island Countries by UNDP. The first of these is the Human Development Index (HDI). It takes into account the status of three factors: the average length of life of the people (Life Expectancy), average level of knowledge (Adult Literacy and a combination of primary, secondary and tertiary enrollment) and the value per person of goods and services produced in the country in a year (average GDP). In terms of this indicator, the HDI value assessed for the EMI in 1999 was 0.563 on the basis of which RMI ranked 10<sup>th</sup> country among 15 Pacific Island countries. The way the index has been constructed reads that when the index value is higher then a country is better off than when the value is lower.

Another indicator that has been developed by UNDP for the Pacific Island Countries is the Human Poverty Index (HPI). That index is a way of measuring relative poverty in the sense that there are people who are very much disadvantaged and deprived compared to

other people in a nation. This index reflects the proportion of the total population that is not expected to survive to the age of 40, the proportion of underweight children less than 5 years and the proportion of people without access to safe water and health services. In terms of this index the RMI with an index value of 19.5 ranked 11<sup>th</sup> among 15 Pacific Island Countries. In the case of this index, a country is considered better off when the index value is lower.

The third index, which is known as the Vulnerability Index is a way of quantitatively expressing the manner in which small Island countries are vulnerable to external economic changes and environmental shocks. The RMI is not yet included in the list of countries for which such an index is calculated. However, the 1999 Pacific Human Development Report published by UNDP states that the RMI is vulnerable to coastal flooding, moderately vulnerable to cyclones and droughts and exposed to the impact of climate change and sea level rise.

The above indicators show that broadly speaking much progress is needed in the Marshall Islands in terms of improving the quality of life the people. Having said that, however, the following sections summarize the changes in regard to housing conditions, population trends and health status and the progress in regard to education.

#### *ii. Housing Conditions and Amenities*

The quality of housing has significantly improved over the last two decades. Compared to 1980 more than 80 percent of the houses today are constructed with permanent material and the percentage of houses with modern amenities such as water and electricity, flush toilets, refrigerators, telephones, TVs, vehicles, motorboats, etc. has increased significantly. These changes are not limited merely to the urban centers. For example, in the Outer Islands the percentage of households using water-sealed toilets increased from 14% to 22.7% over this period. The percentage of households with electricity for lighting, in the Outer Islands has increased from 8.8% to 13.4%. In regard to solar energy, the number of households using solar power increased from 2.6% to 15.0%. Likewise, in contrast, however, only 1% of rural households have piped water.

#### *iii. Population Trends and Health Status*

Improvements in the quality of life of the Marshallese people can also be understood by looking at changes that have occurred in relation to the population trends and health status. Firstly, after three decades of explosive growth the natural rate of the population growth declined to some extent over the period 1988-99. Compared to an average growth rate of 3.9 percent over the period 1958-88, the growth rate for the period 1988 was 3.7 percent. This was made possible largely by a drop in the total fertility rate from 7.23 in 1988 to 5.71 in 1999. However, allowing for migration the actual population growth rate for this period was much lower at 1.5 percent. It appears that due to the uncertainty about the renewal of the Compact Agreement and declining job prospects in the RMI especially after the reduction in force of the Public Service in 1995-97, many of its citizens migrated to the United States in the latter half of the nineties. According to

official projections the level of population expected in 1992 was 63,319. However, the actual population counted at the 1999 Census was only 50,840. The difference has been attributed to large-scale out migration to the United States made possible under the provisions of the “Compact of Free Association.”

Despite a significant reduction in population growth, the population is still young with over 41 percent of it being under 15 years. This phenomenon resulting from high growth rates in population and the labor force, poses two great challenges to the nation. Firstly, as a result of a high proportion of the population being made up of young dependents, RMI will need to continue spending a significant proportion of its resources on consumption. Secondly, when these youngsters grow up they will add to the already rapidly growing labor force and more jobs will have to be created to absorb them. It is also important to note that over the period under consideration the internal migration has also abated. Whereas the urban population increased from 33 percent in 1958 to 67 percent in 1988, in the intercensal period 1988-99 it increased only slightly to 68 percent. Compared to the 57 percent growth of the urban population in the intercensal period of 1980-88, the growth of such population in the intercensal period 1988-99 was only 19 percent.

Nonetheless, there has been a considerable improvement in the health status of the RMI population. This is shown by the improvement in the average number of years a person can expect to live (Life Expectancy), the proportion of new born children under one year that die (Infant Mortality Rate), the proportion of children under five years that die (Child Mortality), and the proportion of total deaths per year (Crude Death Rate). Despite these salutary developments, however, the progress in other areas of health services has been slower. For example, there is high incidence of malnutrition among children and obesity in adults. According to the 1995-1999 Pilot Survey on Nutrition, 27 percent of children below five years in the RMI were under nourished. Similarly, 57 percent of the population in the age group of 18-50 is considered overweight and obese.

The progress in regard to the policy of promoting preventive health care declared in 1987 has been disappointingly slow. Today, most of the resources in the RMI health care program are still consumed by curative health care programs necessitated by the predominant influence on morbidity from life style diseases such as diabetes, hypertension, heart disease and cancer. The inadequacy of its on-Island health care services still makes it necessary to refer patients to Honolulu and Manila for treatment. The latter used up a substantial proportion of Government resources causing heavy strain on the annual National Government budget. Off-Island referrals cost \$3.0 million or 34% of the Health Services budget in 1999, which increased to over \$7 million in FY 2001.

Many of the RMI citizens still continue to suffer from radiation-related types of cancers, tumors and thyroid problems traced to the adverse impact of nuclear testing programs in Bikini and Enewetak over fifty years ago. The Nuclear Claims Tribunal established under the first Compact Agreement to determine and award compensation for victims of nuclear testing program had by 1999 made 1656 individual awards. The Tribunal has, however, exhausted the funds allotted for payment of such compensation.

The Marshall Islands will therefore actively pursue this matter with the U.S. Government in order to re-evaluate the effects of the Nuclear Testing Program and to be able to implement programs that address all possible issues associated with such effects. In so doing the country will have to ensure that the interests of both its present and future generations are well protected in regard to the effects of the Nuclear Tests related illnesses as well as for studies that will look into the genetic impact of such tests. It will also ensure that adequate funding is sought and made available to meet the cost of all health programs that address Nuclear related illnesses and also to conduct programs that aim at educating the people in regard to the impact of Nuclear Tests.

#### *iv. Educational Progress*

School enrollment increased both at the elementary level and at the secondary level in the period 1988-1999. The number of students enrolled at the elementary level increased from 11,581 to 12,421 while at the secondary level, the number increased from 1,910 to 2,667. However, the school enrollment ratio i.e. the number of children enrolled in schools as a percentage of the total number of children eligible to enroll, at the elementary level increased only slightly from 81.9 to 84.1 percent over these years. In the case of the secondary school students, the ratio increased from 46.7 to 69.5 percent in the same period. One of the major concerns is the slow increase in the elementary level enrolment ratio. Given the existing law which calls for universal, compulsory elementary education, much progress needs to be made in this area. Another major concern is that the total enrollment at the elementary level has declined since 1995. The exact reason for this is not known. However, given a high degree of migration in the latter half of 1990s, it is possible that many families with elementary school age children may have migrated. In the case of high school age children too, the total enrolment has been less than desirable. Three out of every ten children in the high school going age had no access to high school education in 1999. In addition, the high drop out rate between grades has been a problem, especially at the high school level. For example, out of 879 students who were enrolled in Grade 9 in school year 1995/1996, only 498 or 57 percent reached grade 12 in the school year 1998/1999.

A major challenge still facing the RMI education system is the need for quality improvement at all levels, elementary right up to post-secondary. This has been shown by the less than average test scores of students at standardized tests such as TOEFL, SAT and the Pacific Islands Literacy Levels (PILL) Test. The entrance test results of the College of Marshall Islands (CMI) have also shown this. The deficiencies in the tertiary education have been demonstrated by the inability of the Marshall Islands thus far to produce sufficient numbers of qualified human resources required at various levels including the Government and the Private Sector.

#### **d. The Economy**

##### *i. Gross Domestic Product*

Available official data shows that the total value of production of goods and services in Republic of the Marshall Islands' economy after allowing for price increases (Real GDP) rose from \$60.5 million in 1987 to \$79.4 million in 1995 declining thereafter to \$62.6 million in 1999. In per person terms, the total yearly value of production of goods and services (Real Per Capita GDP) increased from \$1532 in 1987 to \$1656 in 1994 and then declined to \$1231 in 1999. The data on GDP should, however, be cautiously interpreted because before 1990 such estimation was based on the figures on wages, salaries and rents (Factor Incomes Approach) for which data was readily available. However, from 1990 onwards that approach has been replaced by another approach under which the estimation is based on the valuation of the yearly net production in each area of production such as agriculture, trade and construction (Value Added Approach) for which data was not readily available. Given the underdeveloped nature of the data collection system, especially in relation to the Private Sector the latter approach tends to result in a greater degree of underestimation than the former. There is no doubt that the growth rate was severely and adversely affected by the downsizing of the Public Service by 30% in 1995-97 given that the main determinant of the GDP was government wages and salaries and given the adverse weather conditions in 1997 and 1998. Taking all relevant factors into account it is possible to assume that RMI's per capita income had a steady upward trend, which may have raised its level from \$1532 to \$1931 over the period 1988-1999.

##### *ii. Employment and Unemployment*

Total employment in the economy increased from 6698 in 1980 to 10056 in 1988 and to 10141 in 1999. Job growth declined over the second half of 1990s mainly due to the reduction in force program of 1995-97 under the Public Sector Reform Program, which had a downward spiraling effect on the level of the Private Sector employment level<sup>i</sup>. However, due to the rapid increase of the labor force the economy was unable to provide enough jobs resulting in an increased unemployment rate. Apparently most of the unemployed were those who had high school education.

##### *iii. Prices, Wages and Inflation*

The rate of increase of the level of prices per year (Inflation), which was slow in the early years, accelerated towards the end of the 1990s. The Average Majuro Consumer Price Index rose from 111.85 in 1987 to 117.98 in 1990 showing an average annual inflation rate of 1.8%. In the period 1991 –1999 however, the Average Majuro Consumer Price Index (CPI) rose from 122.65 to 193.99 indicating an average annual inflation rate of 7.2%. Wages without taking into account their worth in terms of good and services (Nominal Wage Rates) however lagged behind the inflation rate. The minimum wage rate, for example, which was \$1.50 in 1992 was raised to \$2.00 in 1993 and has remained unchanged since then. The nominal average salary in both the public and Private Sector

increased from \$3866 in 1988 to \$4705 in 1999. In real terms, however, the average salary declined by 28 percent to \$2782.

*iv. Exports, Imports and Balance of Payments*

The Merchandise Account in the Balance of Payments remained increasingly in deficit over the years under consideration, from 1988 to 1999. Consequently, the trade deficit rose from \$29.4 million to \$61.3 million over the same period. The trade deficit was financed mainly from Compact and Federal funding from the United States and to a lesser extent with grants from Japan. In more recent years external funding have become more diversified to a limited extent with loans from ADB and grants from the Republic of China. The Capital Account has been in deficit in recent years due to large debt payments mainly due to Compact related borrowing, borrowing from ADB and short term commercial borrowing as there was little inflow of Foreign Direct Investment (FDI) into the RMI. On average, 65 percent of the imports came from the United States including Guam and a further 15 percent from Japan.

*v. Economic Structure and the Role of the Government*

The economic structure has continued to remain dependent on Government expenditure. In 1985, the total Government expenditure as a proportion of GDP was 79.2 percent. In 1999 the proportion was 89.2 percent. The modern Private Sector in the economy is still focused mainly on non-foreign exchange earning services such as wholesale and retail distribution of imported goods, construction, hotels and restaurants, banking and insurance, transport and allied activities. There has been little growth in foreign exchange earning activities. The entire economy is based on the inflow of Compact funds from the United States, aid and to some extent loan funds. Although the structure of the economy has not changed over these years, there has been a significant growth in the existing services as would be clear from the above discussion on the improvement in the general picture of Majuro.

*vi. Progress in Regard to the Policy Reform Program (PRP)*

Since 1995 the RMI Government has been engaged in a Policy Reform Program (PRP) aimed at achieving both short-term financial stability in the Government and long-term structural changes in the economy. Accordingly, a time bound action plan was launched in 1995 with technical assistance from the Asian Development Bank, United States and Japan aimed at ensuring financial stability in the Government both in the short and long run and to restructure the economy through the creation of an enabling environment for the growth of the Private Sector. A goal common to all these objectives was the reduction in the size of the Public Sector in the economy and improving its efficiency and effectiveness.

Through a Reduction in Force (RIF) Program the size of the Public Service (excluding the State Owned Enterprises) was reduced from 2303 in 1995 to 1484 in 1999. The PRP has led to an overall reduction in Government expenditure through a substantial cut in the

wage bill and subsidies. In addition the objective of fiscal stability was assisted by several measures aimed at increasing Government revenue such as improving tax collection. Under the PRP a Marshall Islands Intergenerational Trust Fund (MIITF) was established and some accomplishment was made in regard to creating an environment conducive for Private Sector growth. Before the PRP had a chance to be fully implemented, the program suffered a setback due to a reshuffle in Government and its implementation has only been resumed recently.

The Government has taken several steps to resume the PRP as part of its policy on good governance, transparency and accountability. Firstly, with ADB assistance it has taken all necessary steps to implement a Fiscal Financial Management program in Government with effect from June 2001. The main objectives of this program are-

- stabilizing the fiscal position of the national Government;
- strengthening Public Sector financial and economic management;
- ensuring sustainable income flow for the future generations;
- improving the effectiveness of the Public Service; and
- enhancing the policy environment for Private Sector development

Secondly after a lengthy fact-finding and a nationwide consultative process, the Government has begun to formulate its Strategic Development Plan Framework for the next 15 years.

#### **e. Sustainable Development in the Marshall Islands**

The Strategic Development Plan Project for the Marshall Islands was chartered with the prime task to formulate the Strategic Development Plan (SDP) of the Marshall Islands for the next 15 years.

The process started off with the planning and convening of the Second National Economic and Social Summit (NESS2), which led to the preparations of Papers based on selected Major Issues. NESS2 took place from March 26 to April 2, 2001 and culminated in a Communiqué that also outlined a National Vision, called Vision 2018, and 199 Recommendations. Immediately after that, the formulation of the Strategic Development Plan for the next 15 years took place.

The SDP comprises of three (3) sets of documents: (i) the SDP Framework written as the Strategic Development Plan Framework – Vision 2018, (ii) Master Plans, and (iii) Action Plans. The Vision 2018 is the first segment of RMI's Strategic Development Plan for the next 15 years and incorporates the broad vision of the Nation as to where it would like to be in the year 2018 in terms of its sustainable development. The National Vision is broken down into 10 realistic broad goals, and further categorized into broad objectives and strategies, which were developed through an extensive consultative process beginning with NESS2 and then followed by extended deliberations by various the members of the Strategic Development Plan Coordination & Steering Committee and four other Sub-Committees established by the Cabinet in March 2001. The second and

third segments of the Strategic Development Plan will consist of Master Plans focusing on major policy areas – Human Resource Development, Outer Island Development, Culture and Traditions, Environment, Resource and Development, Information Technology, Private Sector Development, Infrastructure, and Tourism. In addition, Action Plans of Ministries and Statutory Agencies will be developed in order to state in detail the respective programs of action aimed at achieving the targets identified in the Master Plans. These documents will show programs and projects together with the appropriate costing. It is also the intention of the RMI Government for all Atoll Local Governments to develop Action Plans tailored towards the achievement of RMI's National Vision.

After extensive involvement and consultation of the local people it can be confidently assessed to show that the OWNERSHIP of the Vision 2018 now belongs to the PEOPLE and GOVERNMENT of the Marshall Islands. The national legislature, the Nitijela, endorsed Vision 2018 at its September/October 2001 Session as the main planning document for the RMI, which is a manifestation of the aspirations of the People of the Marshall Islands, as well as endorsing its implementation. Overall, the process espoused in the Vision 2018, aims at upgrading the standard and quality of the Marshallese "person" based on the platforms of equity and sustainability

The whole planning approach starting from the Vision 2018 - the Strategic Development Plan Framework, and the Master Plans and Action Plans is a sustainable development planning strategy, whose main feature involves extensive consultation with the people. Another major feature of the approach relates to the establishment of clear Indicators right from the start to measure the performance of each development activity under each prescribed policy strategy. The Matrix presenting the National Vision in table form lists a range of Indicators having been categorized into three main areas: Social, Economic, and Environment.

Many of the problems relating to the development process in any one country result from lack of coordinated and integrated planning and inconsistent or uncoordinated decision-making by Ministries and Agencies at all levels of government. Decisions on economic growth, infrastructure development, environment, transportation, human resources development and other matters must be mutually reinforcing and consistent if the quality of life of the People of the Marshall Islands is to be maintained and improved. Otherwise, the planning and decisions of individual agencies will be compromised by decisions of other agencies that are based on inconsistent goals, strategies and policies.

## **II. MACROECONOMIC FRAMEWORK**

### **a. Policy Coordination**

In order to harness the collective effort of all stakeholders for the achievement of RMI's National Vision, the sustainable development policies and programs identified in the Plan will be carried out through a consciously planned process of participation. Such participation will be sought at several levels:



- broad national level in the National Government
- between National Government on the one hand and the Private Sector, NGOs and the Civil Society on the other
- between the National Government and the Local Governments
- among the National Government, Local Governments, Traditional Leadership and the Civil Society
- and at the Family Level

Effective participation at the national level will be ensured through the legal framework, which provides the “rules of the game” for everyone in the society. At present the RMI Constitution and the existing laws provide this. The Constitution as well as the laws will be reviewed and revised and further developed as necessary. Care would be taken to see that the system contributes positively towards enhancing the welfare of all citizens by ensuring speedy, efficient and transparent enforcement of national, local and traditional laws. For this purpose, the independence of the Judiciary will be protected. In order that all citizens are aware of the laws, a public education program will be carried out and the laws will be translated into Marshallese language including those laws that follow from the various international conventions.

The Justice system plays a very crucial role in ensuring the maximum possible and most productive participation of the entire nation in achieving the National Vision. Such a system includes the Constitution, the legal framework as well as the institutional structure for the enforcement of laws. At the National Government level effort will be made to ensure a process of continuing and effective dialogue, consultation and respect among individuals, Ministries and between the managers and political leaders. In this manner, all policy decisions in the national Government will be implemented after proper, adequate and prior consultation with all concerned entities. As a major strategy to ensure effective coordination and partnership at the National Government level, a National Policy Coordination Committee (NPCC) will be established. The role of NPCC will be purely advisory, to assist the Cabinet to make informed decisions. Another office with adequate qualified professionals will be established to serve as the Secretariat for this Committee.

In order to ensure that adequate information and database is established for co-ordinated and informed decision-making in the National Government, the national statistical database will be strengthened. Furthermore, a Clearing House for deposit of all documents relevant to our sustainable development programs will be established. The procedures laid down in the Administrative Procedures Act will be followed before policies are implemented. In addition, measures will be implemented in order to ensure that all Government entities publish Annual Reports on their respective activities. In order to ensure partnership among the Public Sector, the Private Sector, the NGOs and the Civil Society, strategies will be adopted to ensure that the role of the Public Sector is limited to activities essential for sustainable development, which will not be carried out by the Private Sector. Growth of the Private Sector will be encouraged through measures discussed below under the section on “creating an enabling environment.”

Similarly, the policies and programs will be pursued in order to improve and continue the dialogue and partnership between the Government and the rest of the civil society which includes traditional leadership, households and individuals so that the latter's optimal contribution towards the achievement of our National Vision can be ensured. Some of the identified strategies in this regard are discussed below under "Improving Resource Allocation". In order for the civil society to be involved more closely with our sustainable development process, measures will be adopted to engage the society in a continuing consultative process such as periodic National Economic and Social Summit. Grassroots level participation will be ensured by providing opportunities for the civil society to participate in planning development projects and to review proposed laws in the Nitijela.

In addition to the above, measures will be implemented to enhance the respect for, and to uphold, when and as necessary, the cultural and traditional system, as a driving force in the fostering of effective and productive partnership among all strata of the society in the achievement of the National Vision. Such measures include annual consultations between traditional leaders and other stakeholders, so as to secure support of the former for development programs, annual cultural events, revival and adaptation of traditional food production and preservation techniques, as well as resource conservation methods and safety nets for the disadvantaged. In order to empower Local Government Councils to take charge of more responsibilities in the development of their respective atolls, steps will be taken to devolve greater powers to such entities and to enhance their administrative and financial capacity to carry out those additional responsibilities. Local Governments will be encouraged to formulate their own Development Plans based on the National Vision.

In acknowledging the "family" as the prime building block in building a nation, the Government will implement policies and programs to enhance a consultative process at the family level in relation to matters concerning family welfare. These will be targeted at the following type of activities:

- encourage family members to share household chores,
- ensuring more democratic decision in relation to the allocation and enhancement of family resources.
- participation of families acting in partnership with their churches in nation building activities such as education and health as well as village economic and social development projects.
- The participation of parents more actively in assisting their children with schoolwork.

Further strategies pertaining to individual and family behavior are discussed below under "Improving Resource Allocation".

## **b. Governance**

One of the most fundamental requirements of good governance is the existence of political commitment to the implementation of strategies identified for achieving the National Vision. Such commitment is reflected in three broad strategies that the Government plans to implement. Firstly, sound political and administrative mechanisms will be established to enable informed and participatory decision-making. These have been discussed in the first section under Policy Coordination. Secondly, strategies will be implemented for achieving sound financial and economic management. These will be discussed under the subheading Strengthening the Financial and Fiscal System. Finally, strategies will be implemented to ensure the participation of the Civil Society in sustainable development programs.

Within the above broad framework, good governance requires making sure all decision-making and policy implementation is done in a transparent, accountable and a predictable manner. It also requires adherence to acceptable standards of conduct by all leaders and public officials. The Government is committed therefore to revisiting the existing Code of Ethics to ensure accountability and transparency is enforced at all levels of society. Furthermore, strategies will be implemented to ensure that these requirements are fulfilled both at the National and the Local Government level. These strategies are explained in full under “Strengthening the Financial and Fiscal System”. Similarly, the laws and conventions as well as local government ordinances will be reviewed in order to ensure compatibility with the existing Code of Ethics. Technical support for the Cabinet will be strengthened in order to enable it to effectively dispense its coordination and monitoring roles. The annual State of the Nation address by the President will include Government priorities for the year.

## **c. Strengthening the Financial and Fiscal System**

Programs and policies will be implemented to achieve both short term and long-term financial stability in Government. After some success in reducing Government expenditure due to the Policy Reform Program in the years 1996-97, RMI is facing short-term financial instability. This has been due both to a decline in Government revenue and a rise in expenditure. The implementation of a fiscal and financial management program with assistance from the Asian Development Bank to restore fiscal stability in Government will begin shortly. A key strategy under this program as well as under the Strategic Development Plan Framework is the Marshall Islands Intergenerational Trust Fund (MIITF). This Fund, which was established in 1999, will be continued and a substantial part of funds received under the Compact will be invested in it. This will help, among other things, ensure our long-term financial stability.

In addition, there will be efforts to increase the Government revenue through several measures that include the following:

- simplifying the tax system and adopting taxes with greater revenue potential;
- elimination of import duty exemptions to Government projects;

- improving tax collection through the institutional strengthening of the Taxation and Revenue division of the Ministry of Finance and contracting out tax collection;
- establishment of a Customs Bond House in Majuro;
- making the Blue Book (a consumer guide that provides information on important items for import such as motor vehicles) available to all concerned in order to prevent falsifying import documents;
- ensuring *ALL* Government revenues accrue to the National Budget first before they are appropriated to various Ministries and Agencies according to a well-formulated budget.
- diversification of the sources of our foreign economic assistance

As a further means of strengthening the financial and fiscal system the Government will also adopt to restrain its expenditures. These measures will include the following:

- imposing a ceiling on the annual growth of expenditures;
- adopting a freeze on all wages and salaries for a prescribed period of time;
- continuing to reduce, and eliminate where possible, subsidies to State Owned Enterprises and to our individual citizens;
- closely monitor reprogramming of funds, within and between Ministries;
- where possible, Privatization of State Owned Enterprises;
- strengthening and full compliance with our law in terms of budgetary controls, financial controls, proper accounting procedures, auditing and reporting systems;
- full compliance with competitive bidding procedures in the procurement and award of contracts;
- institutional strengthening of the Ministry of Finance to effectively enforce expenditure controls;
- avoid unplanned and wasteful expenditures by adopting the Annual National Budget as the principal tool for the implementation of the Strategic Development Plan; and
- reducing overseas medical referral cost.

The manner in which the annual Budget will be used as a tool for the implementation of the Development Plan is further explained below, under the section on “Improving Resource Allocation”.

#### **d. Creating Favorable Investment Climate**

It is recognized that the Private Sector must be the driving force in RMI’s economic development. In this respect, strategies will be taken to implement policies and programs to create an enabling environment for the growth of the Private Sector, as the achievement of the National Vision requires significant Private Sector contributions. Of equal importance is the need to assist the Private Sector in becoming more independent of the National Government’s resources, through appropriate business regulation and

legislation as well as business advisory services. Efforts will be made to continue to work closely with members of the Private Sector to foster a cooperative partnership where both sides work together toward achieving the National Vision. While some positive steps have been taken, such as streamlining business registration and foreign investment approvals, as well as enacting important legislation that allows investors access to land, it is recognized that more work needs to be done. Vision 2018 will provide development goals and objectives in which the government can promote business activities and direct its resources accordingly. At the same time, the Private Sector can be guided better and assisted in the direction of activities that will promote both economic growth and development.

The Government will continue to provide support to the Trade and Investment Division to carry out its mandate in promoting Private Sector growth. Together with the Private Sector, NGO's and aid donors, the Government will aim to respond to the needs expressed by the business community, including human resource development, marketing assistance, product development and establishing joint venture partnerships.

In order to attract viable, meaningful investment in RMI, it is recognized that the Government must first provide an environment conducive to business growth and success. To this end, efforts will be made to build on RMI's strengths in the marine, tourism and manufacturing sectors and direct its efforts on activities with the greatest potential of providing long-term benefit to the Marshall Islands.

Some measures have already been taken in regard to the accelerating the process of approval of ordinary business corporations and foreign investment business licenses. The Development Land Registration Act provides for the registration of land titles, which together with the Mortgage Act would make it easier for land to be offered as security for bank loans. An intensive effort will be made through a consultative process with the landowners to arrive at a system under which the land rights of the indigenous landowners will be protected and yet land will become easily available for investors. Further action aimed at the creation of an enabling environment includes steps to liberalize the economy. Other strategies such as improving the role of the Constitution, the legal framework, law enforcement, transparency and accountability were discussed above under Policy Coordination and Good Governance. Providing adequate infrastructure needs both in the urban centers as well as in the Outer Islands will further assist the growth of the Private Sector.

Policies will be adopted to encourage the achievement of higher and sustained growth in the level of our Gross National Income. Towards this end, efforts will be made to maximize income-earning opportunities at USAKA both for the workforce as well as for the business enterprises. The Government will also pursue negotiations with the United States to agree on a Tax Platform Agreement where US Contractors on USAKA are appropriately taxed. Greater opportunities will be sought and utilized for earning income from land rent and rent from arrangements similar to those in USAKA and Aur Atoll. Policies and programs aimed at increasing productivity and efficiency at all levels will be implemented. Policies will be adopted to enable Commercial Banks to increase lending

by using their excess liquidity and by adopting measure to discourage practices that decrease the Money Supply such as hoarding. Particularly urgent is the need to look into the lending portfolio of the Banks. Right now the greatest obstacle relates to the very high interest rates they charge to local customers, which runs up to 20 to percent. During the Plan period, measures aimed at improving credit accessibility to the medium and small businesses, especially in the Outer Islands and for export promotion and import substitution activities will be implemented. In this regard, measures aimed at the institutional strengthening of the Marshall Islands Development Bank (MIDB) will be adopted. These measures will especially focus on enhancing the Bank's ability to provide business advisory services, reducing its loan delinquency ratio and improving its capacity to undertake more lending activities aimed at the promotion of Outer Island Development.

The Plan incorporates strategies aimed at encouraging the development of activities in production for export and import substitution. These will be mainly in thee productive sectors such as Agriculture, Fisheries, Tourism and Manufacturing especially through Outer Island Development. Special effort will be made to encourage business activities in the Information Technology (IT) industry. At the same time, efforts will be made to lease RMI's airspace for launching information transmittal satellites and to make use of opportunities available to in cyberspace.

The growth of the Private Sector will be encouraged further through greater efforts at human resource development, which entails both the improvement of the quality of RMI's education and enhancing the various skills of the labor force. Special programs will be implemented to provide training for women and other disadvantaged groups such as the poor. Providing jobs for the unemployed and the fast growing labor force is one of the Government's key objectives. In collaboration with the Private Sector, aid donors and NGOs strategies will be implemented to create more job opportunitie s both in the form of paid jobs and self-employment.

#### **e. Improving Resource Allocation**

Achieving the National Vision requires improvement in the allocation of resources, which include the incomes in the hands of stakeholders, foreign economic assistance as well as real resources. The latter include the human resources and the natural resources of land, marine resources, environment, and the man-made capital assets such as the infrastructure. The term improving is used in the sense that the existing patternof resource allocation must be revised in such a way that it assists better in achieving the National Vision. That means improving the resource allocation in order to achieve all the goals and objectives. Resources need to be reallocated in order to achieve the highest possible growth in RMI's future incomes in a sustainable manner and to ensure that the country's total income is distributed fairly and equitably, ensuring an improvement in the quality of life of all of its citizens.

The strategies for improving allocation of resources can be considered in three ways: the Public Sector, the Private Sector and the Household Sector. With regard to the Public Sector, the most important strategy is to ensure that the resources received by the

Government in the form of compact funds would be used most carefully and rationally in order to maximize the benefits to the people both in the present and in the future. In this regard, it must be assured that by using a part of those resources, future financial sustainability for the RMI is established. That means, in the event that RMI will not continue to receive sufficient foreign economic assistance in the future, it should, by the year 2018, have established a reliable and a regular source of income for its nation. As the best strategy for this the Government will build up on the Marshall Islands Intergenerational Trust Fund. The Government's objective is to build up that Fund at least to a level of US\$500 million by 2018 by investing it abroad and managing it efficiently without making any draw downs in the first fifteen years.

Other strategies in the Public Sector have also been discussed thus far. These include the following:

- Informed, rational and coordinated decision making in regard to allocation of resources through such mechanisms as the National Policy Coordination Committee; and
- Implementation of Vision 2018 by using the Annual Government Budget as a tool of implementation.

The second item above implies that future development projects will be selected after a careful analysis of their costs and benefits in regard to their contribution towards the achievement of national goals and objectives. It also implies that Ministries and Statutory Agencies will change their present patterns of resource allocation in accordance with priorities of Vision 2018. In order to facilitate and ensure such reallocation, the current budget format will be changed to a program budget.

Changing the budget format will require both the commitment of Ministries and Statutory Agencies to the goals, objectives and strategies identified in Vision 2018. In addition, the change requires the existence of capacity at these levels to formulate their budgets in the new format. Since such capacity is inadequate at present, measures will be adopted to train the Ministry and Statutory Agency personnel in the formulation of program budgets based on the Strategic Development Plan. In addition, measures will be undertaken to review and strengthen the public service to enable it to assist in the successful implementation of the Plan Framework.

Strategies aimed at the use of the Annual Budget, as a planning tool will be implemented. In regard to the improvement of resource allocation in the Private Sector, the Government's strategy is to reallocate resources into the development of foreign exchange earning activities. The Plan has incorporated several strategies to encourage the growth of the Private Sector so that the desired reallocation of resources can be achieved. Many of these strategies have been discussed under the previous section on creating an enabling environment. In addition, the Plan incorporates sectoral strategies aimed at the development of RMI's productive resources such as Agriculture, Fisheries, Tourism, and Manufacturing.

In regard to the household sector, strategies will be implemented to change the people's attitudes in a manner that would lead to a greater level of saving in the Private Sector and to a higher level of cost sharing of Government provided services by the consumers. Measures will be taken to implement policies and programs aimed at encouraging the Marshallese people to save more and become more self-reliant. Policies will also be implemented to charge higher user fees for Government provided or subsidized services. In the same vein, policies to encourage people to participate more in the provision of these services such as in maintaining of school buildings and health clinics, participation of parent teacher associations will be adopted. The Government will also work in partnership with NGOs in achieving this objective. More intensive public awareness campaigns to heighten the sense of personal responsibilities in these areas and in personal health care will be carried out. A National Symposium will be conducted to better understand the problems associated with the existing consumption and saving habits of the people.

In regard to the former, the strategies that will be implemented will be those aimed at providing equal job opportunities, equal access to education, better health care and family planning, ensuring better nutrition for women. Policies and program will be pursued for the protection of women's rights including those relating to eliminating domestic violence, providing child support and protecting matrilineal land rights. In regard to children, steps will be taken to implement the relevant recommendations of the Conventions on the Rights of the Child.

With regard to ensuring more equitable distribution of income among different income groups, the National Vision incorporates strategies aimed at, raising the income levels of low-income groups, and for increasing job opportunities. In addition, efforts will be made to provide greater social security benefits to vulnerable groups and the disadvantaged. Appropriate policies will be incorporated in the tax system to ensure more equitable income distribution. During the early years of the Plan, a national Poverty Survey will be undertaken to assess the incidence of poverty and to identify groups of people who fall in that category. Based on the Survey, policies and programs will be designed and implemented to assist those who need assistance. In addressing the needs of the poor and the disadvantaged, the Government will work in close partnership with NGOs and other organizations interested in assisting the poor. Policies and programs will be implemented to ensure that prices of essential consumer goods in the Outer Islands and Ebeye are not far higher than those in Majuro.

Further measures will also be undertaken to implement strategies for ensuring an equitable distribution of income in the society. These are aimed specifically at:

- ensuring optimal accessibility to opportunities to ensure wider participation of women in the self-reliant and sustainable development process; and
- ensuring an acceptable level of equity in the distribution of national income among different income groups and among family members within families.



**f. Foreign Affairs and Trade**

It is important to strengthen RMI's capacity to manage its external affairs successfully in order to be able to meet challenges from Globalization and Climate Change. At the same time, RMI should also be able to derive as much benefits as possible from opportunities such as technological advances that come from external sources. In order to be able to do these, the Government will strengthen its institutional structures and mechanisms that are established to deal with its foreign relations. In particular, steps will be taken to improve the capacity and productivity of the part of the Public Service, which is involved in foreign affairs, the Embassies, Consular offices and trade offices.

The Government will also effectively participate in all relevant international efforts aimed at minimizing the adverse impact from Climate Change, Sea Level Rise and Globalization. At the same time, it will implement measures to reap the maximum possible benefits from external opportunities to achieve the National Vision. These will be policies and programs aimed at attracting foreign investment, obtaining tariff concessions for local products in major markets such as the U.S. and benefiting from opportunities in the information technology industry, for employment creation and trade. These policies and programs will be further strengthened through strategies aimed at enhancing the skills of RMI's human resources in order to both attract foreign investment and also to improve the chances of local workers finding jobs overseas.

A coordinated and an enhanced effort will be made to diversify the sources of foreign economic assistance so that the risk involved in being dependent on one or two major sources of assistance can be reduced. At the same time, policies will be implemented in order to ensure that RMI's foreign economic assistance is channeled into sustainable development programs, which enjoy high priorities in accordance with the National Vision. Furthermore, highest priority will be given to those strategies that would result in maximum donor cooperation such as those that enhance transparency and accountability as well as good governance in general.

**g. Infrastructure**

Adequate and affordable infrastructure services needed for the achievement of RMI's National Vision would be provided through several strategies. These are aimed at the provision of communications, sea, air and land transportation, water and energy and the facilitation of safe residential houses and commercial buildings. The strategies are particularly aimed at facilitating development in the Outer Islands in view of the existing considerable disparity in rural and urban amenities. Programs will be implemented for the provision of efficient and affordable sea and air transport services to the Outer Islands with reliable flying and shipping schedules. Given the special circumstances of RMI having been made up of small atolls scattered over a vast ocean with considerable distances from one another, shipping is an essential service similar to providing the national education and health systems of the Marshallese people. On this understanding therefore, the alternative modes of operating field trip services will be carefully studied and analyzed before adopting the most suitable method. As the population of the Outer Islands are economically disadvantaged, all factors contributing to this condition will be

considered to ensure the privatization of the shipping service will result in the most economical and efficient system possible, and also benefit the people at large. At the same time the Government will ensure that the needs of the Outer Islands are not unnecessarily jeopardized but are adequately provided. Through comprehensive and strictly enforced and monitored operating agreements, the government will aim to ensure that the quality and internationally accepted safety standards are followed. At the same time, transport services within Outer Islands will be improved by encouraging the use of “bum bum” aluminum, as well as sailboats and the use of environmentally friendly means of land transport.

Programs will be implemented to improve the domestic air services are by addressing the problems of the financial weakness and the poor maintenance record of our airline. Already a review of the organizational structure, staffing and finances of the airline has commenced. Other strategies relate to international air services and proper maintenance of infrastructure. Working in partnership with the Private Sector, the local governments, the airlines as well as neighboring countries, an effort will be made to improve RMI's international air services. The new development projects needed for improving both the air services and the sea transport between Majuro and the Outer Islands will be designed and implemented after the current review of the Outer Island transport infrastructure undertaken with ADB technical assistance is completed.

In regard to energy, programs will be implemented to provide both diesels generated electricity as well as solar-generated electricity based on their respective viability. In particular a program will be implemented to expand the use of solar energy in the Outer Islands. Energy efficient policies will be designed and implemented. Strategies aimed at improving access to clean water will be implemented. These include, increasing the number of solar energy based reverse osmosis and distribution systems and assisting households to have ground wells and water catchments systems. The quality of water will be monitored more regularly through the increased efforts of the Environmental Protection Authority (EPA) and devolving responsibilities for this task to the Local Councils in the Outer Islands. The EPA will provide the necessary training in this area.

Strategies adopted in the area of communications include those adopted by the National Telecommunications Authority (NTA) to keep up with technological progress and to improve its financial viability. With assistance from the NTA, policies and program will be implemented for improving communications to and within the Outer Islands and to provide opportunities for clients to receive the benefits of international technological progress in this area. An effort will be made to improve the emergency communications network between Majuro and Outer Islands linking both hospitals and the schools. The possibilities of establishing an amateur radio system for inter atoll and intra-atoll communications as well as of the use of a satellite system for Outer Islands will be explored.

In addition, policies and program will be implemented to ensure that the entire infrastructure related assets are kept maintained properly and on a regular basis. The funding necessary for this purpose will be included explicitly in the Annual Government

Budgets. The Repair and Maintenance Fund approved under existing legislation will be established. A program of Training in Maintenance will be started and continued and the necessary Repair and Maintenance manuals will be produced for all areas concerned. To the extent possible the assistance of Outer Island communities and Local Government will be secured for maintaining assets in their respective localities. At the same time a comprehensive program of ensuring safety of sea, air and land travel will be implemented. In order to ensure the construction of safe residential houses and to encourage physical planning and zoning, a Building Code will be developed and implemented in consultation with land owners. The Building Code will include provisions aimed at ensuring greater energy conservation, provision for water catchments and planting trees, gardens and lawns around houses and other buildings that are constructed, renovated or remodeled. The Land Registration and Land Management Acts be implemented and a study will be conducted to verify public and coastal land ownership.

#### **h. Environmental Sustainability**

In regard to environmental sustainability, the RMI will strive to implement strategies aimed at meeting both external and internal challenges. Externally it will focus all possible efforts on mitigating the threats to its sustainable development and certainly RMI's very survival from Climate Changes and Sea Level Rise. All possible measures will be taken to increase the awareness among the Marshallese people of this threat, to make the necessary planning and preparations to meet that challenge and to secure international support to reduce its impact on the nation. RMI will make the greatest possible effort to lobby the international community to call on all industrialized nations to ratify and fulfill their commitment and obligations under the Kyoto Protocol and other related protocols at the earliest. Strategies will be implemented to have in counter the emerging threats resulting from the Climate Change phenomena. For this purpose securing the involvement of elected and traditional leaders will strengthen the Climate Change Country Team (CCCT). A nationwide education program will be carried out to educate the Marshallese people including the private sector about the effects of Climate Change, Sea Level Rise and, and Ozone depletion on atoll environment. The Climate Change Contingency/Adaptation Plan will be reviewed and implemented.

In terms of internal challenges, the RMI will strengthen its efforts to minimize the environmental degradation and to harmonize development efforts with environmental protection. Towards that, all the institutional mechanisms will need to be strengthened first, including the Environmental Protection Authority, the Historical Preservation Office and other regulatory authorities as well as the laws, regulations and procedures established for this purpose. These efforts will be further enhanced through the establishment of greater coordination and collaborative action among all relevant regulatory agencies in the Government. The support of the Local Council will also be actively sought. Through these means the relevant laws and regulations will be enforced more effectively.

In addition, the Government will implement policies and programs to ensure greater compliance to environmental protection laws and regulations from the Private Sector and the general public. This will be done through various means, which include more intensive public education and awareness programs and campaigns. Aid donors will be required to follow the Environmental Impact Assessment (EIA) regulations in the design and implementation of their projects. Facilities will be provided for the general public to more easily dispose their solid waste. At the same time a well coordinated and an efficient program will be carried out for the safe and quick disposal of solid waste in urban areas. In the immediate future, a National Waste Management Plan will be formulated. Efforts will be made to identify and revitalize specific traditional environmental practices, methods and sites and to enhance public awareness about such methods and sites. Environmental studies will be included in the school curricula.

### **III. CAPACITY BUILDING**

#### **a. Education**

The National Strategic Development Plan Framework for the next 15 years places priority on education by investing in vital resources that will ensure achievement of RMI's National Vision. An education system that is contextually and culturally suitable, but internationally competitive, is RMI's national priority. Building on initiatives already underway to reform education and improve student achievement standards to acceptable levels is one of the strategies to achieve this. The Strategic Education Plan, and its accompanying Implementation Guidelines, identifies additional reform initiatives that the Ministry of Education must undertake in the short and long-term future. An audit to align the goals of the Strategic Education Plan to the broader framework of the Human Resources Development will be a necessary first step. Likewise, a nationwide consultation between the Ministry of Education and community stakeholders, including teachers, parents, traditional, business and community leaders will need to be concluded immediately.

Implementation of the Strategic Education Plan, and any other education reform initiatives, calls for a close partnership with the local community. Two initiatives are planned in the near term to increase public awareness and create ownership and commitment towards the Strategic Education Plan and the education process overall. A second Education Summit will be convened by the Ministry of Education, followed by a National Symposium on Education with the following objectives:

- to increase awareness and create public ownership of the Strategic Education Plan
- to inform the public of new and planned reform initiatives
- to increase awareness and instill appreciation in the minds of our people on the importance of education in the future development of RMI and;
- to encourage close partnership between the Ministry of Education, Schools, Local Governments, and parents.

A logical extension of the education planning process is the requirement for all atoll local governments to formulate respective Education Plans in close consultation with communities. While the constitutional responsibility for education is vested in the Ministry of Education, the partnership with local communities is essential for the improvement of education in the RMI. To that end, Local Government Education Plans will be mandated to encourage this partnership and to create ownership for localized school improvement efforts. Such plans will reflect community thinking and plans for the maintenance of school facilities and grounds, and other curricula and material improvements deemed culturally valuable and economically sustainable for community members.

A closer assessment of the education management information system is required. Important statistics about fluctuations in school enrolment, number of repeaters and school drop outs, and graduates are need for planning effective programs in the future. Requisite training on software use and on the importance of collecting and using data for education planning purposes will be essential for its success. Particularly important will be literacy development in both English and Marshallese languages focusing mainly on kindergarten and early years of elementary.

The purpose of education and the overall support for the development of schools in the RMI will be continually assessed to ensure the system is meeting the country's human resource needs in all areas including "white collar" jobs as well as vocational and technical skills and expertise. Necessary restructuring of the Ministry of Education is part of the recommended efforts of the Strategic Education Plan that will make the system more responsive to shift in thinking and priorities of the nation. A new Policy Section will be created in the Ministry of Education Rules and Regulations are undergoing review to ensure they are comprehensive, consistent and flexible to maintain high quality standards for all employees. The following actions will further these efforts:

- appropriate national qualification standards and assessment measure for elementary, secondary schools and college be developed and results used to guide and improve quality of education;
- program review be conducted for the University of the South Pacific/RMI Joint Education Project, the high school college preparatory program and the College of the Marshall Islands Upward Bound and Development programs with a view to enhance their quality and ensure their cost-effectiveness;
- immediate efforts to be made to incorporate cultural and traditional beliefs, values, arts and crafts and language into national elementary and secondary curricula; and
- strengthen the ability of schools to carry out organized physical education and sports related programs in schools with more balanced gender approach.

Review of the Education Act, the legal framework for education, to ensure its provisions are fully implemented, will be another important task. Where additional resources are required to fully implement the Act, assistance will be sought from the National and

Local Governments. The following specific provisions will be review and revised as necessary with a view to making them enforceable:

- school standards, rules and ethics for all teachers, parents and students;
- standardized curriculum and school examinations;
- school supervision and monitoring;
- national qualification standards for elementary, high schools and college programs;
- compulsory education from kindergarten up to high school;
- that schools in the country must have adequate textbooks and other core school supplies; and
- any other issues identified from the nationwide consultative process

Working towards establishing, at the earliest possibility, a team of Core Education Specialists in the Ministry of Education who could become the “Education Think-Tank” for the RMI is being considered. It is the hope to clearly establish in the course of reviewing the Strategic Education Plan, the specialized areas that this Core Staff must represent. It is also envisaged having specialized people in curriculum development, education administration and management, human resources planning, psychology, science and technology and financial manager. The ultimate goal is to have all these specialized posts filled by the local people, but in view of the inadequate number of qualified people in education at this point in time, a relevant training program for the staff at the Ministry including other potential local candidates must be initiated at the earliest.

In the meantime however, there is the option of looking towards donor partners of RMI to field certain experts and volunteers until such a time RMI gains its own qualified people. When on board, the Core Team must exert exceptional degree of commitment and dedication and should be able not only to perform their duties from their base in the Ministry but more so must be mobile and visit our schools regularly. But addressing the professional development of education personnel including the teaching profession overall is not enough. In fact, training aimed at upgrading the professional skills of education personnel is a waste unless staff working in the Ministry, are truly motivated and have the overall attitude of hardworking, dedication and commitment in the performance of their duties. In this regard, the Ministry will foster management-training workshops from time to time aimed at enhancing the overall professional attitude of staff in the Ministry towards their work.

Equally important would be the establishment of an organizational structure that encourages decentralization of school administration and management from the Ministry of Education to the Principals and School Committees of each school, including Atoll Local Governments. The rationale here is simply to create partnership among all strata within RMI’s society in the promotion of education for all thus making sure the people truly benefit from the process. At the same time it is of the conviction that by devolving certain responsibilities to those at lower management levels would encourage high motivation and commitment. The responsibility on the National Policy on Education vest with the Ministry of Education and whatever functions to be delegated must be clearly

defined to avoid conflict between the authorities in the Ministry and those at the Local Governments and School Committees. Appropriate decentralization within the educational structure will certainly integrate the school system into the respective communities and lead to greater appreciation and hence to a commitment by all people at all levels of the society to play their role in making education in the RMI indeed the priority contributor to the achievement of its sustainable development.

Lack of qualified teachers has been a continuous problem confronting the RMI since the start of First Compact of Free Association with the United States. RMI cannot continue to rely on overseas teachers for obvious reasons such as high recruitment expenses. A priority therefore will be the commencement in the next academic year, of an aggressive comprehensive Training Plan aimed at upgrading qualifications, teaching skills, and the overall professional development of teachers and school principals. In the next 3 to 4 months the Ministry of Education will carry out an internal audit of the training requirements for all personnel serving in the Ministry of Education to ensure they are well accounted for in the overall Labor Market Survey. However if the Labor Market Survey addresses the Private Sector only, then a comprehensive Training Needs Assessment of the Public Sector must be undertaken as early as possible to address the professional training requirements for ongoing serving public servants including teachers. This Training Needs Assessment is discussed in more detail under the Section on Skills and Training. The internal audit of the Ministry's training needs will result in the formulation of an Education Training Plan that should show clearly the types and number of training for each specialized area in education, and number of scholarships for teachers based on the required number for each professional category of the teaching profession.

The RMI Government plans to implement this training program at the start of the 2002 academic year. By the year 2018, it is the aim to have trained over 2000 certified elementary teachers, and likewise over 700 High School teachers with Bachelor and Masters degrees, in the different specialized fields thus enabling us to maintain a trained teachers/pupils ratio of 1:17. The National Vision also envisages locally qualified teachers with qualifications up to Doctorates to teach at CMI and also to make up the "Education Think-Tank" envisaged at the Ministerial level. The immediate policy decision required right away is to review the existing force and ensure that all schools have a fair share of certified teachers, and not only concentrated in Urban Centers. At the same time it is important that the Public Service Commission assist where necessary to control the transfer of certified teachers away from the teaching profession to enable our teaching force maintained at reasonable levels. Also important is that the College of the Marshall Islands is moving towards offering a four-year Bachelor's degree program in education, which calls for all concerned to provide all the necessary support and at the same time ensure that a well-credited program is established once it starts.

The Ministry of Education will also examine closely the existing scholarship grants available to the people of the Marshall Islands under the Compact with the United States to make it fully complement the mission to arrive at high numbers of locally qualified teachers. Starting this year, a revision will be made to review the Teachers Training Program of the College of the Marshall Islands (CMI) with the aim to ensure it

consistently produce higher number of certified teachers. Expansion of CMI, both its programs and facilities as appropriate, to include annual training workshops to continuously upgrade the skills of current serving teachers is additionally aimed at. Furthermore, a training program specifically for the current serving teachers, especially those in kindergarten and elementary schools but lack the required qualifications, to take up further training at the CMI in order to get them certified will be considered.

In addition to implementing a training program for teachers, there remain the much more extensive training requirements for the whole of the RMI. As yet, there are not enough locally qualified people, which contributes to the low capacity of the Government to effectively administer development programs. For the foreseeable future, technical support from donor partners overseas will be relied on. However, it is important that the Labor Market Survey that was commissioned recently reflect the training needs both in the areas of formal and non-formal education. From the finding of this Labor Market Survey as well as any other commissioned training assessments by the Public Service Commission including other Government Ministries and Statutory Agencies, Local Governments, the Private Sector, and Civil Society, establishment an overall National Training Plan will be established. In addition, the Ministry of Education will review the present Scholarship Act in light of the Labor Market Survey and any other training needs assessment, with the view to ensuring existence of a satisfactory procedure for the selection and award of scholarships to the Marshallese people.

While there has been recognition towards the immense contribution by education to a better quality of life for the people RMI, the real issues have not been adequately addressed. The teaching profession is not being accorded its appropriate status relative to other professions and technical occupations in Government. Over the years, teachers have been leaving the teaching profession seeking better compensation in other occupations. Yet, the fact is education is the prime process that has impacted considerably on individual lives apart from the parental guidance and cultural surroundings. One of the Government's priorities in the immediate future would be to focus on reviewing the education sector salary structure with the view to giving education its appropriate status as a dignified occupation. In particular, there is the consideration of incorporating a salary structure that takes into consideration the extensive impact of education on the Marshallese society, an incentive package for those serving on the Outer Islands, as well as responsibility allowance to those in charge of schools. By doing this, it is the aim that RMI will retain its qualified teachers in the teaching profession.

One of the most important challenges for the education system over the next 15 years is the changing of the "mindset" of the Marshallese people. The RMI education system will have to impart knowledge and skills among its people to revive the "sense of belonging" and make the young generation truly responsible, innovative and hard working. The schools must set standards and rules for all teachers and students and ensure that these standards are enforced. As a start in changing the mindsets of the younger generation, the Ministry of Education hopes to commence implementing a new policy at the start of the next academic year in September 2001. Under this new policy, discipline will be re-enforced by requiring all schools to stage a formal school assembly. It is intended that



this school assembly will undertake a school roll of all teachers and students, followed by announcements, flag raising and singing of the RMI National Anthem. All schools will also be required to develop and implement a physical education program.

The considerable advance of science and technology requires RMI's national education process to be updated to the current know-how. The introduction of Computer Science and Information Technology courses, in all the schools is essential throughout the nation. At the same time, it is imperative to inform the public at large of the opportunities that are available in the world of Information Technology, particularly that of the Internet to enable individuals to make the best out of these technologies while minimizing its risks upon the society. It will require provision of computer laboratories, with a reasonable number of computer hardware and software, plus the necessary teaching manpower in all the schools. Furthermore, the Government will explore all possibilities under the Compact with the United States that RMI may truly benefit in the area of Science and Technology.

Then there is the issue of financing the Strategic Education Plan. The RMI Government must have the political will to allocate adequate funding to the Education Sector, noting in particular the trend all over the Pacific where Education commands the highest budgetary allocation. It needs to re-look at the present funding allocation and agree on a framework that provides adequate funding to the education sector, making sure that it has factored into the costing population growth. It is also important to identify other sources of funding from local sources aimed specifically to support education. The schools buildings and other facilities require early upgrading and renovation. And there is also the issue of private schools that have contributed to the advancement of education in the country. The Ministry of Education will review possible assistance that the Government could offer to private schools and come up with an appropriate policy on the role of private schools in RMI's national education system.

RMI will not be able to arrive at an ideal situation of providing its schools with first class facilities and teaching aids. But the least it must do over the next 15 years is to make sure the funding allocation for its education will not be affected by any of the national reform programs that involve cutting down of expenditures in the Public Sector. While it is an immediate national need right now to get well-qualified and trained Marshallese to serve in the Public Service, it is imperative that improving the quality of education, especially at the elementary level, is not negatively affected due to excessive allocation of resources for post-secondary education.

#### **b. Skills & Training**

A common dilemma confronting most of neighboring countries in the Pacific has been the lack of a clear direction and imperatives on non-formal education. This is the same for the RMI, although it had recently addressed this dilemma in the reinforcement of the National Training Council (NTC) by reviving its Board of Directors. The execution of the ADB Program Loan on Skills and Training is also already addressing a range of critical issues on non-formal training. It is apparent that non-formal education and training is important for those students who could not meet up to the formal academic

requirements and for the unemployed adult population. Already there is an excessive rate of unemployment in the RMI, and the challenge for the next 15 years is to assist the population of the unskilled people to gain productive skills through a dynamic non-formal education and training program. The lack of appropriate non-formal training programs has been compounded by the lack of adequate financial resources and thus the need for the Government to ensure that adequate funding is allocated for non-formal education and training to ensure early and effective implementation of the national vocational training programs.

The National Vision calls for “a productive people” in whom a National Strategy on Non-Formal Education and Training would prepare the majority of the people to manage change and contribute productively to the achievement of Vision 2018. The ongoing Labor and Market Survey will provide the Government with an inventory of non-formal training needs at all levels of the RMI society: National Government, Local Government, and Private Sector and in all Atoll Communities and Households. It is also important, in view of the increasing out-migration of Marshallese, that these migrants are provided with the minimal skills to enable them lead productive lives in the United States, and in turn, contribute to the sustainable development of the RMI by way of sending back remittances. At the formal education level, strategies will be taken to introduce directives in the areas of traditional fishing and agricultural skills, handicrafts, basic bookkeeping and other basic skills to equip the young generations to lead productive lives.

As part and parcel of the Non-Formal Education and Training Strategy the Government will be establishing a Vocational Institute, which is one of the priority activities of the ADB Program Loan. Already there is the existing Fisheries and Nautical Training Center that can also be expanded to include training for sailors. On the latter point, it is especially advantageous for RMI, from the perspective of its successful Ship Registry, that it have all ships flying its National Flag, manned by Marshallese sailors. Even the effort to train skilled Marshallese to work on foreign fishing vessels is yet to be fully realized. There have been attempts in the past, nonetheless it is an area that needs to be re-looked at and improved on where things went wrong. On the subject of sailors, RMI could benefit greatly from the experiences and lessons of the Marine Training Schools of neighboring Pacific Island States, Kiribati and Tuvalu, who had received immense economic benefits from their numerous sailors serving on foreign vessels.

As in formal education where RMI must have internationally recognized qualifications and standards, so also is the case with non-formal education. Within its Public Service for instance, there must be standards for all job categories. For example, Clerical Officers, must demonstrate competency, by passing a certain examination both theory and practical, based solely on minimal skills required for an Office Registry Clerk. Similarly, a Senior Executive in a Ministry or Statutory Agency, must demonstrate competency in management and other skills such as policy formulation and analysis, and should also be made to confirm his or her competency by passing relevant written examinations from time to time. Any officer serving in Government must be well versed with the Public Service Orders and Regulations and again this should be consistently verified by way of examinations at least ever 4 to 5 years of service. For those public

officers serving in the Statutory Agencies, they must be well versed with the legislation governing their agencies, and should also be subjected to examinations from time to time.

Over the next two years, the RMI Government will be developing sets of standards and performance indicators for all job categories in the National Government including Statutory Agencies, Local Governments, Private Sector and Non-Government Organizations (NGOs) with the aim to officially commence vocational training in relevant programs by the year 2004. Thereafter, assurance that whatever examinations standards are adopted, they must be consistently enforced. However, for the very immediate future, and in anticipation of the findings of RMI's national Training Needs Assessment, the Government would like to embark on training in community development skills, project design, planning and management, small business skills, and how to manage family finances including loans, expenditures and savings. The areas of training listed here are very much in demand in the RMI right now and the Government would like to see training programs in these areas started by the year 2002.

To avoid ending up with a big Administrative Office with many staff responsible for non-formal education and training but does not deliver to benefit the majority of the country, the Government will look at ways of decentralizing vocational training activities throughout the country and even explore the concept of "Mobile Training Teams" to travel throughout the Outer Islands, bringing the training to the people thus ensuring that most people benefit. It will also carry out an inventory of local NGOs and the type of training they are involved with, and where appropriate, use them to carry out training programs under their areas of expertise. The use of the National NGOs is especially an important strategy to attract supplementary financial grants available to International NGOs for capacity building in the developing world.

It is also important for the Government to appreciate and recognize the difference in having the right people with the right background to oversee and conduct its National Vocational Training Program once established. From the experience of other countries, RMI has been told that one of the failures of their vocational training programs relates to the involvement of ex-school teachers who had not been trained in the appropriate skills required by instructors in vocational education and training. Right now, RMI lacks such instructors and a priority over the next year, would be to recruit minimal number of expertise from overseas to fill in the gap while the local people go overseas for further education. It is seen and anticipated from the foregoing that in order for non-formal education to take off and become successful in the RMI, the National Training Council be strengthened and provided with adequate finance and human resources. In the medium term, looking towards recruiting Volunteers from abroad availing in particular the Volunteer Assistance Program from RMI's donor partners is another strategy.

### **c. Health & Population**

#### *i. Health Situation*

RMI's health status has improved significantly over the last 10 years. Most indicators of health status have improved. However, there are still many challenges in this area. The

challenges include the need to reduce the incidence of communicable diseases such as tuberculosis, leprosy, gastroenteritis, typhoid, scabies, conjunctivitis, sexually transmitted diseases (STDs), influenza and diarrhea. Another challenge is that of non-communicable diseases or “life-style diseases” which include, diabetes, hypertension, heart diseases and cancer. Due to the high incidence of these lifestyle diseases combined with inadequate healthcare facilities on Island to treat them, many of the patients are sent off-Island for treatment. This off-Island referral program is increasingly causing a financial drain on the RMI’s National Budget. It is the intent of the Marshall Islands Government to aggressively improve the Outer Island medical services to relieve the off-island medical referrals.

## *ii. Health Sector Strategies*

RMI’s National Vision calls for the Marshallese to become healthy people. Accordingly, the goal here is to build the capacity of each community, family and individual to care for their own health through quality primary care program and to provide high quality affordable and efficient health service for our people. Given that the basic building block of a society is the individual, the process of becoming a healthy nation starts with each individual. It is only through an effective primary health care program, which motivates the people to take initiatives in following healthy life styles, that the health status of the RMI can be improved on a sustainable basis. Towards this, the first and foremost strategy is to revise and implement the already existing 15–Year Strategic Health Plan. That Plan is based on the following Mission statement:

*“To provide high quality, effective, affordable and efficient health services to all people of the Marshall Islands, through a primary health care program to improve health status and build the capacity of each community, family and individual to care for their own health. To the maximum extent possible, the Ministry of Health and Environment pursues these goals using the national facilities, staff and resources of the Republic of the Marshall Islands.”*

Reinforcement of the primary health care concept endorsed in 1987 will be a further strategy. A sustained intensive effort will be made to ensure that the thrust of the health care program will focus on preventive health care while at the same time enhancing the curative health services to enable the people to have confidence in their own hospitals. Towards that, the target programs will be implemented to get all stakeholders in the community involved in promoting primary health care. This will be followed by the implementation of a comprehensive and a sustained program to educate the community to practice elementary health care living standards. The primary health care program will be administered through the Community Health Councils while further strengthening the program through complementary primary health care programs developed for each atoll with the participation of Local Governments, NGOs and other interest groups. Further steps will be taken to renovate and improve all Health Centers in the Outer Islands and build new ones where necessary. In addition, steps to further improve the health and well being of mothers and children through strengthening of pre-natal and post-natal health care and immunization programs will be undertaken. An Action Plan will be developed

and implemented to aggressively promote nutritious diets, which mainly include local foods. The consumption and production of local foods will be encouraged through appropriate tax measures, appropriate agricultural policies, re-introduction of the school lunch program using local food and promoting health education classes in schools. Assistance will be provided in establishing facilities that encourage the habit of regular exercise among the Marshallese people, especially in the urban areas.

Policies and programs will be implemented for the improvement of hygiene and sanitation at household level. For this purpose a survey of all homes in the RMI will be carried out to assess the sanitation needs and to formulate a plan to meet those needs. At the same time, an effort will be made in collaboration with NGOs to reduce poverty and to provide safety nets for the disadvantaged and the needy. As a further approach, programs aimed at reducing the number of medical referral overseas will be implemented. These programs include mainly improving the quality of health services and the facilities available in the country, especially at the two urban hospitals in Majuro and Ebeye. Programs will be implemented to urgently train the personnel required at these two facilities to be able to competently operate the various medical equipment at these hospitals and to run the required laboratory tests. At the same time steps will be taken to produce skilled and qualified local health personnel so that there will be an adequate supply of such personnel in the future. The screening process followed for the selection of referring patients for treatment overseas will be improved and strictly enforced.

Additionally, RMI's reproductive health program will be enhanced in order to ensure sustainable livelihoods for every one of its citizens. This program will include an effective health education program aimed at convincing families of the importance of family planning, developing and implementing a national breast feeding policy and increasing access to family planning facilities and services. The current policies and programs aimed at significantly reducing the incidence of STDs will be strengthened and intensified. All possible care will be taken with vigilance in order to prevent the incidence of HIV and AIDS in the RMI.

### *iii. Population*

According to the latest RMI Census in June 1999, the total population increased to 50,840 persons, or by 17 percent from the previous Census figure of 43,380 persons in 1988. The intercensal annual growth rate shown by these figures is 1.5 percent, which is far below the natural growth rate of 3.7 percent recorded in the same period. The reason for the actual growth rate to fall far below the natural growth rate has been the significant out migration of Marshallese to the United States in recent years. While the Compact of Free Association provides the legal right for RMI people to migrate, the job opportunities in that country have been a major factor attracting the local people there. The uncertainty of the future of the Compact as well as bleak job prospects and the loss of many jobs due to the recent downsizing of the Public Service seem to have induced many to migrate.

While acknowledging the contribution of out-migration, it should also be noted that a fall in the fertility rate has also contributed to the reduction in the population growth rate. In 1988, natural growth rate of population was higher at 4.3 percent. Since then although the Crude Death Rate (CDR) has declined significantly from 8.9 per thousand in 1988 to 4.9 in 1999, RMI has managed to achieve a decline in its natural rate of growth to 3.7 percent. The main factor behind this has been a fall in the total fertility rate from 7.2 in 1988 to 5.7 in 1999. This has been mainly the result of a successful family planning program implemented by the Ministry of Health and Environment with contributions from other Government Agencies in collaboration with NGOs such as Youth to Youth in Health.

The Second National Economic and Social Summit 2001 has pointed out and recommended that the country should start taking into account out-migration as an important factor to be part of its sustainable development strategy. The natural rate of population growth is still high both by international standards and by the capacity of the RMI economy to absorb the increasing labor force in gainful employment. Out migration can act as a safety valve, which absorbs the excess labor force. This is one of the advantages of being, “*a country within an inter-dependent world*” as admitted in the National Vision. More specifically, this is one of the advantages of RMI’s special political and economic relationship with the United States. In the Vision 2018, the Government has identified specific strategies to import job skills to the workforce, which would prepare them specifically for jobs in the United States.

*iv. Urbanisation , Population, Health and the Poor*

Another important trend in the population growth is internal migration. Although as shown in Chapter 2, the rate of urban influx has somewhat abated in recent years, some atolls in the Marshall Islands have experienced negative population growth. Despite the drop in the *growth rate* in urban population, over two thirds of the people are living in the two urban centers of Majuro and Ebeye. The adverse consequences of such heavy population pressure are acutely felt in both these population centers, especially in Ebeye. In particular, the demands on housing, infrastructure and on essential services like health and education have been heavy and not adequately met. Overcrowding in many homes on Majuro and Ebeye has increased the incidence of communicable diseases such as TB, leprosy, conjunctivitis and skin diseases. Insufficient income to buy nutritious food for everyone in the home has perhaps led to the increase in the incidence of non-communicable diseases such as diabetes, heart disease and hypertension.

Another major problem associated with the massive internal migration is the fact that large numbers of youth idle in the urban centers without being involved in productive activities. They are not only unemployed but also live on the incomes of their extended families. The pressures on the environment and on the natural resources such as the plants and marine resources (reef fish) are another problem that has intensified, due to the urban concentration of the population. Social tension also is on the rise as people compete for land, space and money, thus leading to increasing frequency of land disputes between various owners, that further lead to discouragement of potential investors. Due

to the major structural changes in RMI's economy over the past four decades, the people have come to depend heavily on imported food. The favor of non-nutritious imported food is one of the causes of malnutrition among children and obesity among adults. It is the belief that through the strategies in Vision 2018 particularly aimed at Outer Island Development, RMI would be able to attract some of its excess population from the Urban centers to the Outer Islands to be gainfully employed.

The dependency ratio, or the number of dependents per 100 working age populations has fallen from 109 in 1988 to 78 in 1999. But the ratio is still high and exerts a considerable strain on available resources. The fast growing labor force is the other significant challenge facing the Government. The labor force will grow by an amount of 800-900 new entrants per year for the next ten years. This means that with about 200-300 people retiring from jobs the Government will have to find jobs for about 500 to 600 job seekers every year. In the past, the Government was not able to create so many jobs. In fact many jobs were lost due to the Public Sector Reform Program in the late 1990s. As a result, the average unemployment rate for the country as a whole including both urban and rural areas, increased from 12.5 percent in 1988 to 30.9 percent in 1999. Under the strategies in Vision 2018, particular care will be taken to encourage the creation of jobs in the Private Sector and in self-employment.

Vision 2018 incorporates strategies to develop RMI's sectors on agriculture, fisheries, tourism, manufacturing, IT Industries, airspace as well as its seabed potential. Such development should be able to create job opportunities for the growing labor force. Other strategies, which will assist in the process, include the development of infrastructures needed for the general economic development, promotion of the Private Sector through creation of a favorable environment and human resources development. At the same time, efforts will be made to improve the family planning program in order to further reduce the population growth to levels manageable both at the family level and at the national level. Towards this end the Government will reactivate the National Population Council to ensure that the National Population Policy, which was adopted by Cabinet in 1995, is implemented to the fullest extent possible. Further efforts to promote reproductive health at all levels through an appropriate population education program will be implemented.

#### **IV. OUTER ISLAND DEVELOPMENT**

##### **a. Introduction**

The recent Second National Economic and Social Summit highlighted Outer Island Development as one of the key strategies for RMI's sustainable and self-reliant development in the next 15 years. The National Strategic Development Plan implies for the Marshallese people to, among other things, strive towards achieving greater socio-economic self-reliance. It implies further for the RMI to become a productive nation, where the culture and tradition is respected and at the same time ensuring harmony between development and environmental sustainability. Looking at these goals more

closely it is clear that Outer Island Development will contribute significantly to their achievement.

#### **b. The Rationale for Outer Island Development**

The rationale for Outer Island Development would best be understood by looking briefly at the major developments in RMI's economy over the past forty years. Most notably, the RMI has become increasingly dependent on foreign economic assistance, imports and skills. This has brought about a remarkable transformation in the people's life styles. Firstly, most of the natural resources have been diverted away from their traditional use to fit the new economic structure that has emerged over the past four decades. Over these years the labor force has shifted largely from subsistence agriculture and fishing towards more specialized types of employment in a cash economy where almost all the needed goods are bought in the market. In 1958, over three fourths of the labor force was employed in agriculture and fishing. However, three decades later only 21 percent of the labor force was employed in that primary sector. In this case, the goods that the local people buy in exchange for the wages and salaries they earn, are not produced domestically but are imported from overseas.

Secondly, the RMI has become heavily dependent on foreign economic assistance. Without foreign economic assistance to the economy, and along with it, the living standards will be greatly affected. It is able to generate a huge import bill, which in 1999 was \$61.0 million, without earning enough foreign exchange to pay for it. This is so only because of the availability of such assistance. The structural change undergone by the economy did not result in any notable growth in the export earnings either from the sale of goods overseas or from services such as tourism. Instead of being engaged in such activities, the labor force and entrepreneurship were engaged in the production of services in the Public Sector and in non-export earning services in the Private Sector.

A third and relevant significant change is that in addition to those employed in the newly emerged sectors in RMI's economy, which came to be centered in Majuro and Ebeye, a large proportion of RMI's population has moved to those two urban centers. In 1958, only one third of the total population lived in Ebeye and Majuro but by 1988 the situation had completely reversed with only one third living in the Outer Islands. This has resulted in a striking imbalance in the use of economic resources: while the lands and marine resources in the Outer Islands have come to be underutilized, a substantial proportion of the workforce live in urban areas, unemployed and living on the resources of those who have jobs. In 1999 the unemployment rate was 30.5 percent.

Fourthly, while the above indicates a fundamental problem in RMI's economy from the point of view of production, major problems have developed over these years in the consumption side as well. One of these problems relates to the dietary habits of the people. As a result of shifting consumption pattern in favor of imported fatty foods, much of the Marshallese people have come to suffer from many life style diseases such as diabetes and hypertension. The problems have become worse because of sedentary lives with inadequate physical exercise. Much of the adult population suffers from



obesity. In contrast, many of the young children suffer from malnutrition due perhaps not so much to the lack of food, but to their heavy dependence on non-nutritious foods and soft drinks. Apart from the adverse consequences of the health status in the RMI, the financial drain resulting from this situation on the Government budget has been discussed earlier.

The respect and justice for all individuals, respect for leadership, elders and for knowledge, the willingness to share and care and to care for the disadvantaged, rational use of resources to ensure sustainability, maintaining social discipline and reciprocity in transactions are some of the basic characteristics of the traditions and culture of the Marshall Islands. Before the major changes of the past four decades, the culture and traditions ensured that the economy and society were sustainable. RMI has now reached a point where its economy and society has changed significantly but its sustainability is not assured. In reinstating sustainability, time has come for the Marshallese people to see how their culture and traditions can assist.

The above discussion shows that in order to achieve the National Vision, RMI will need to:

- reallocate its resources in order to promote the production of foreign exchange earning goods and services;
- change the consumption pattern towards a more nutritious diet;
- induce the people to become more active physically;
- put idle resources, both natural and human, into greater productive use;
- divert idle population from urban areas to the rural areas; and
- bring about a fundamental change in attitudes towards a greater sense of self-reliance and in favor of respecting the national identity and, culture and tradition.

It is through the adoption of Outer Island Development as a key component of in the RMI's sustainable development strategies that these results will be achieved. **Vision 2018** has identified several key areas of focus with regard to the formulation of strategies for Outer Island Development. These are:

- devolution and deconcentration of political and administrative functions;
- infrastructure and maintenance development;
- development of productive resources; and
- human resource development

### **c. Outer Island Development Strategies**

It is said that a good government is a government that stays close to its people. One way in which a government can stay close to its people is by bringing itself closer to the people. This means there will be a continuing partnership between the government and the people through a variety of mechanisms such as consultations in regard to proposed legislation, policies, programs and projects that affect the citizens. While doing so, it is also important to provide the maximum possible opportunity to make decisions in relations to matters that concern their own localities and which do not have major

ramifications for the rest of the nation. In this regard the Plan proposes that over the next fifteen years steps will be taken to gradually devolve legislative authority to Local Councils in regard to matters that concern the development of each Atoll.

At the same time, the Plan also proposes that strategies be implemented for the purpose of enhancing both the financial and administrative capacity of each Atoll to manage governance within its area of authority. This will be done initially by adopting training programs and other measures to enhance the administrative and accounting capacity of each Local Government Council, particularly those that need to be strengthened. Measures will also be adopted to strengthen the financial viability of the respective Local Governments, should they need such assistance. In this regard it is important to ensure that the taxes imposed by the Local Councils and those of the National Government are complementary and not competitive. Reference was made earlier to the Tax review that will be undertaken and which will take this consideration into account. Eventually a Trust fund or several such funds will be established to financially assist those Local Councils that are in need.

In addition to devolution of functions as discussed above, efforts will be made to decentralize the activities of the National Government by developing viable regional sub-centers at suitably central locations such as Wotje and Jaluit atolls. Already high schools and infrastructure facilities such as power plants are being established in these locations. Because of the small populations in the Outer Islands the development of such sub-centers will be done slowly and gradually while ensuring that each sub-center will serve as a hub for several of the neighboring Atolls. Steps will be taken to ensure that Outer Island communities will be provided opportunities to review legislation proposed in the Nitijela. Initially this will be done by providing an opportunity for Local Governments to review such Bills in consultation with their people.

Plan strategies in regard to infrastructure development in the Outer Islands aim at several objectives that would ultimately lead to the achievement of RMI's National Vision. Firstly, they aim at facilitating greater productive use of natural and human resources by providing the needed and reliable transport, energy, and communication services. Secondly, they aim at improving the quality of life of the Outer Island population so that they need not necessarily reside in the urban centers to enjoy modern amenities. Thirdly, better and more affordable transport facilities would enable more frequent commuting by Outer Island communities between the urban centers and their homes so that they need not permanently live in the urban centers.

The strategies identified in the Plan for improving Outer Islands infrastructure relate to several key areas. One is sea, air and land transportation. The specific projects needed for improvement will be identified as soon as the report of the ADB technical assistance funded team of experts have formulated their report. The provision of better access to energy is another area in which strategies have been identified. There are ongoing efforts to provide diesel-generated electricity in the sub-centers such as Wotje and Jaluit. These efforts will be continued based on future demand and viability. In the meantime, an intensive effort will be made to facilitate more use of renewable energy in all the Outer

Islands in partnership with all strata of RMI's society. Strategies have been identified to provide better access to clean water through assistance for the installation of solar power operated reverse osmosis systems as well as for rainwater catchments and ground wells. Strategies for the improvement of communications have been discussed earlier.

The third area of focus in Outer Island Development is the development of productive resources. Strategies identified for this general objective are also discussed under "Resources" - Agriculture, Fisheries, Tourism and Manufacturing. In the case of agriculture, strategies are identified for increasing food production both for domestic consumption and for export. Achievement of food security is one of the key objectives. Outer Islands offer the best opportunities for this purpose because there is not much arable land area left in Majuro and Ebeye. An important challenge in this connection is how to make agriculture an attractive occupation in view of the rising expectations among the young labor force to find paid jobs in the urban centers. Problems encountered at present are numerous. They relate to land ownership, availability labor, capital and know-how, availability of transport, marketing outlets and processing facilities. Strategies have been developed to deal with these impediments in order to ensure an adequate effective demand for domestic agricultural products and to ensure higher cash and real incomes from agriculture. These are discussed in the section on Agriculture.

Fisheries are another area, which has potential for increased production in the Outer Islands. The objective here is to enhance income opportunities in coastal fisheries for which several strategies have been identified including establishment of fish centers in the Atolls and developing sustainable energy sources for the use of fishermen. Major projects are already under way in certain Outer Atolls with assistance from Japan. Other strategies include those aimed at developing mari-culture in the Outer Islands, especially pearl and giant clam farming which seem to have bright prospects for fetching high-income levels. Strategies will also be implemented to ensure sustainability of marine resources in the Outer Islands. Strategies in regard to fisheries development in the Outer Islands are discussed in more detail under "Resources".

There is potential for the development of tourism in the Outer Islands. This industry is still at a very low stage of development due to a number of constraints such as remoteness from the rest of the world and the associated high cost of travel as well as the lack of a sufficiently developed tourism-infrastructure. The latter includes such things as hotels and resorts, activities for tourists, well trained hospitality industry workers and medical, transport and communication facilities. However, there seems to be a developing interest in diving ventures, which has become clear over the past few years. Strategies for developing tourism in the Outer Islands in a sustainable manner are discussed also under "Resources".

The scope for developing manufacturing in the RMI is limited. However, there are opportunities to develop manufacturing in the form of agro-based and fisheries based processing activities. There is also scope for greater promotion of our handicrafts. In regard to all these activities the Outer Islands have to be closely involved because of the need to produce a surplus agricultural or fisheries output for processing. There is also the

need to produce a higher level of raw material for handicrafts as the output of such products increase. The strategies identified are presented under the section on Manufacturing under “Resources”.

In addition to the above, the Plan present strategies aimed at enhancing education and skills levels of the Outer Island communities. It is important that while providing greater economic opportunities through better infrastructure services, and production possibilities in the real sector, it is equally important for the people in the Outer Islands to have the capacity to make use of such opportunities. That will come only from empowering them with greater education and skill levels. The strategies aimed at achieving the objective are discussed in detail under “Capacity Building”.

## **V. SCIENCE & TECHNOLOGY**

### **a. Integration of science and technology policy**

In 1984, the National Environmental Protection Act (NEPA) was adopted by Parliament and then further modified in 1987. This Act defines and establishes the RMI Environmental Protection Agency, identifies the policies, powers, functions and duties of RMI-EPA, and establishes general rules for government actions. The goal of ensuring that science and technology policy is closely linked to national environmental strategies and sustainable development plans and that it is respective to local and sectoral sustainable development needs is enclosed under the NEPA Act, Part IV, section 33, subsection (a). It states that all Ministries, Departments, offices and agencies of the Government of the Marshall Islands shall, in all matters in which there is or may be an environmental impact shall “utilize a systematic, interdisciplinary approach which will ensure the integrated use of the natural and social sciences, traditional wisdom and the environmental design arts in planning and decision-making”. All government entities have responsibilities under NEPA such as the enforcement and implementation of the Act. Furthermore, each Ministry should understand their responsibilities and set up procedures for compliance.

Problems with institutional capacity for integration and cooperation can be associated with lack of relevant data and information; lack of guides for integrated decision making; lack of administrative connectivity, marginalisation of resource and Environmental units, lack of integrated laws; policy, strategies and action plans.

### **b. Research and Development**

Research and development, as well as to training for science and technology and economic development is acknowledged but there has been minimal action in this area. RMI’s priorities over the next 2 years will be to develop a National Strategy on Information Technology in order to benefit from the immense opportunities from the continued advance of information technology in a coordinated and cost-effective manner.

There is clearly the need to establish computer laboratories in all the school systems as the first step in adapting the mindsets of the young generation to IT. Access to supplemental information and technology is having a detrimental impact on outcomes in the school system as many schools, especially high schools, lack almost everything in terms of libraries and the most basic of computers for faculty and students. Most of the high school graduates have had little, if any, contact with computers. This lack of preparation and practice hinders progress in tertiary level education and in the workforce development. Though there has been progress at improving library and computer resources for schools over the past several years, it is far from comprehensive.

There is also the urgent need to institute a comprehensive Program on Science and Technology that addresses not only the education system overall, but also the level of skills and competency in the Public and Private Sectors right now i.e. institute a dynamic science and technology stream in both the formal and non-formal education training programs. The capacity and capability of research programs in the ‘origins’ of RMI – environment, agriculture and fisheries – are far from being adequate and thus points to the imperative need to augment this situation.

Thus, within the period of the Strategic Economic Development Plan (SEDP) of the Marshall Islands for the next 15 years, the Government will focus its efforts in two equally important strategies in the area of Science and Technology. Firstly, to take stock of the scientific and technological skills available in the RMI at this point in time, and rank those areas in the Government which require competent scientific and technological skills. It is quite apparent that there is a dire need for qualified scientists in the various working fields like water and sanitation, scientists specializing in areas of fisheries, agriculture, and manufacturing, and competent scientists in climate change, health science, Environmental Impact Assessment, and many more. Establishing opportunities for the existing scientists to undergo additional education and training overseas, as well as exploring potentials and opportunities for providing on-the-job-training in the areas of Science and Technology are also a must. The establishment of a National Science and Technology Board as the major national authority in the dispensing of scientific advice to the Government is an area that would allow consistent access to the best scientific and technological advice. Among the many other factors that RMI wants to benefit from include:

- the reform in science and technology education, detailed analysis of energy options;
- a practical look at electricity regulation;
- renewed approaches to environmental management and regulation;
- making the health program effective at sustainable costs; and
- how we can develop and facilitate Research and Development (R&D) of our fisheries and marine resources in a sustainable manner as a means to obtain our fair share from such resources

The second important strategy for Science and Technology will be in the area of education. Global employment trends show that the number of people employed in

industries either producing or intensive users of information technology are expected to double over the next decade. RMI's challenge is to institute in the education curricula at all levels a strong Science and Technology imperative, not only to cope with global employment trend, but more so to enhance the sustainable development programs of the Marshall Islands. The solution rests in the ability to better educate the younger generation in preparing them for the study of science and technology in college and beyond.

### **c. Endogenous technologies and Traditional practices**

There has been minimal action in the area to promote research and development in areas where endogenous technologies and traditional practices have great relevance, including agriculture, agricultural processing, waste-recycling, ethno biology and bio-technology, construction and renewable energy, ensuring that mechanisms are in place for the appropriate protection of intellectual property rights in accordance with relevant international conventions. Implementation of this recommendation would assist with realizing the NEPA Act, Part IV, section 33, subsection (a).

#### *i. Traditional and intellectual property rights*

There is an urgent need for the RMI government to develop a legislative framework for biological diversity, including access to genetic resources, benefit sharing, the protection of traditional knowledge and intellectual property rights. As there are currently no mechanisms in place in the RMI addressing the protection of local communities in bioprospecting agreements, there is a high risk of local knowledge and biological resources being exploited without a fair share of profits. One of RMI's goals in the Strategic Economic Development Plan (SEDP) of the Marshall Islands for the next 15 years in the area of culture and tradition address the need and strategy to adopt policies and programs to improve and implement collection, processing and dissemination of data on culture and traditions, and the need to strengthen and preserve the traditional skills especially in agriculture, environment conservation, and fishing and fisheries management.

#### *ii. Biotechnology*

The RMI Nitijela or Parliament has approved the Cabinet Paper recommending that the RMI accede to the Cartagena Protocol on Biosafety. The Protocol seeks to protect biological diversity from potential risks posed by living modified organisms resulting from modern biotechnology. Under the Protocol, which falls under the Convention on Biological Diversity, which RMI is state party to, countries are urged to develop national framework for biosafety to address the potential benefits and potential threats of introducing genetically modified organisms into our fragile socio-economic and natural environment.

#### **d. Environmentally friendly technologies**

RMI is yet to establish regulations, standards and economic incentives that encourage the use of endogenous environmentally friendly technologies. Implementation of this recommendation would assist with the realizing of NEPA, Part IV, section 33, subsection (a).

#### **e. Development of databases and monitoring systems**

The National Environmental Protection Act (NEPA) provides the framework for the goal of developing or ensuring access to databases on environmental sound technologies of local relevance and the collection of consistent time-series data for monitoring the performance of sustainable development. Assistance will be needed in this area. The directive is for all Ministries, Departments, offices and agencies of the Government of RMI to follow the requirements of NEPA, Part IV, section 33 and 34 provides for this action.

#### **f. Role of women in science and technology disciplines**

Access to Science and Technology and targeting women in science and math (technological advance) and leadership building programs is an area that needs to be intensified. The National Strategic Development Plan – Vision 2018 – recognizes that the role of women in the society is crucial to sustainable development of the nation. One of the objectives therefore under the National Framework aims at ensuring optimal accessibility to opportunities to ensure wider participation of women in not only the science and technology disciplines, but in the overall sustainable development process of the country, this includes providing equal access to women in education and training opportunities.

### **VI. RESOURCES**

#### **a. Coastal and Marine Resources**

With over two million square kilometers of ocean, the Republic of the Marshall Islands is blessed with a wide variety of marine resources. The value of the annual catch of Distant Water Fishing Nations (DWFNs) vessels within the Exclusive Economic Zone (EEZ) is estimated to be around US\$50 million annually. To date however, the potential of the sector for the development of sustainable and more substantial income earning opportunities in the RMI has been under-utilized. As a strategy aimed at maximizing rents from the sector within sustainable limits, the RMI is determined to streamline and strengthen its Fishing Agreements in the course of negotiating with DWFNs. Other potential possibilities of developing or investing in additional fish processing infrastructure such as canneries based locally will be explored.

In November 1997 the Cabinet approved the National Fisheries Policy with the main objectives of improving the economic benefits from the fisheries sector within

sustainable limits, promoting responsible private sector-led fishery developments and strengthening the institutional capacity to facilitate the responsible development and management of the fisheries resources. The Marshall Islands Marine Resources Authority (MIMRA) had been established in 1988 with the responsibility to manage all marine resources within the exclusive economic zone (EEZ). In 1997 MIMRA was given more autonomy through a new Act to carry out its responsibility more effectively. With the influx of foreign fishing vessels and fisheries activities in the country, a strategy has been formulated to ensure that the Marshall Islands Marine Resources Authority's (MIMRA) technical capacity is strengthened in order for the Agency to effectively enforce, monitor, and control transshipment and all other fisheries activities. Assistance in this area is critical as the impact of the industry is felt locally as well as in the wider EEZ for the country.

Currently, the RMI has been primarily generating foreign exchange earnings mostly in offshore fisheries. The income-generating opportunities in the near-shore fisheries are vast and have not been properly utilized. A strategy incorporated in the Plan therefore aims at sustainable utilization of coastal fisheries resources in the areas of aquaculture and mari-culture as a means of attaining food security and income generation. Furthermore, another strategy addresses the need to conduct a study on the aquarium fish trade as an alternative source of income. Another approach addresses the establishment of Community Fishing Centers (CFC) and trust fund for fishers. It is, however, important to emphasize that the available natural resources must be managed in a sustainable manner. Therefore the Plan incorporates a strategy for the formulation of a comprehensive coastal resource management plans and policies that will ensure that precious resource stocks are not depleted or degraded. The development of sustainable energy sources for the use of local fishers is another strategy that the Plan has taken into account. An Initiative to assist in the attraction of resources and assistance in these pragmatic areas would be in order.

An alarming emerging trend in most fisheries worldwide is the near depletion of fisheries resources due to over-harvesting and unsustainable harvesting methods. Marine resources are one of the main means of sustenance and livelihood in the Marshall Islands. To preserve and manage the valuable resource in a sustainable manner, for the present and future generations, the RMI must develop sustainable resource management plans based on fisheries stock assessment and scientific evidence. The Strategic Development Plan has included a strategy, which aims to facilitate research and studies to conduct fisheries resource stock assessments. Understanding how much resource is available, and how much can be taken from it will assist to make better decisions in regard to the utilization of RMI's resources. Strategies have also taken into account the regulation and conservation of particular marine resources such as seashells, live reef fish, and live corals. Another strategy that is equally important and which addresses the preservation and conservation of marine resources is the establishment of marine conservation areas throughout the RMI particularly in those atolls where resources are near depletion.

Earlier fisheries strategies included emphasis on the development of a local capability for large-scale commercial fisheries. However, the RMI has now deviated from this strategy because of the difficulties and risks involved. As an alternative means of creating more



employment opportunities in the fisheries industry, one of the strategies is to strengthen RMI's Fisheries Nautical and Training Center (FNTC). First the institution will be reviewed with a view to establishing a clear development mission taking into account emerging trends in fisheries regionally and internationally. In addition, the possibility of increasing employment opportunities for the graduates of FNTC in RMI's Ship Registry operations will be explored. Additionally potential aquaculture activities will be explored into by utilizing the existing research units within the College of the Marshall Islands (CMI) including those services offered by regional and international organizations to carry out feasibility and viability studies that promote and enhance the diversification of employment and income opportunities for the Marshallese people.

Total exports from the fisheries sector have been declining over the years. This is mainly due to the closure of Ting Hong Fishing Company. The company was involved in the management and operation of Majuro Fish Base and exported fresh-chilled tuna to overseas markets. To address this issue, the Strategic Development Plan has taken into account strategies aimed at enhancing the capacity of the fisheries sector to increase output, processing, trade and exportation of marine resources within sustainable limits. Therefore, a strategy has been formulated to address the promotion of Private Sector activities for both offshore and inshore fishing. Another strategy is aimed at strengthening relationships with regional and international multilateral fisheries organizations with a view to maximizing benefits. These benefits may include but are not limited to funding and technical assistances to carry out scientific research, surveys and other marine related projects and programs. Regional organizations such as the Forum Secretariat, South Pacific Regional Environment Program (SPREP), South Pacific Applied Geosciences Commission (SOPAC), and Forum Fisheries Agency (FFA), offer various technical assistances. The challenge for the RMI is to make the best use of the services provided by these organizations to make payment of RMI's fees worth the while and especially to enhance the development of the fisheries sector.

#### *i. Coastal Zone Management*

The establishment and strengthening of institutional, administrative, and legislative arrangements for developing and implementing integrated coastal zone management plans and strategies for coastal watersheds and exclusive economic zone, and the integration within the national development plans has been incorporated in the MIMRA Act 1997, Section 43, Part IV, stated, "MIMRA has the power to delegate its authority to Local Government Councils for management of local fisheries." MIMRA had also conducted resource identification and developmental feasibility study in Likiep Atoll in August 2001. At present, the results from the marine survey have not yet finalized. MIMRA in conjunction with College of the Marshall Islands survey leaders hope to complete the management plan next year, 2002. With this regard, MIMRA, College of the Marshall Islands and the Likiep community will then formulate the management plan for the Likiep community. Furthermore, MIMRA wishes to extend the resource identification study as well as to conduct stock assessments in all the atolls in the Republic of the Marshall Islands in the future. Coastal Zone Management suffers from a lack of consistent coordinated resource information and institutional mechanisms which

assist integrated decision making. While plans are afoot to address the shortfalls resources are necessary to ensure success.

#### ii. *Monitor, Control and Surveillance*

MIMRA is yet to design comprehensive monitoring programs for coastal and marine resources, including wetlands, in order to determine shoreline and ecosystem stability and also document and apply, as a basis for integrated coastal zone planning and decision-making, traditional knowledge and management practices that are ecological sound and include the participation of local communities.

Catches of fish and shellfish are believed to have declining in lagoons and inshore reefs of many island countries in the Pacific region including the Republic of the Marshall Islands. Reasons for this decline are known to include over-exploitation and use of destructive fishing methods. In the Marshall Islands, over-exploitation has resulted from a combination of increasing size, and the use of overly efficient, and some times destructive fishing methods. The use of modern materials such as monofilament nylon for gill nets, for example, has made fishing effort more effective. In some cases, destructive fishing methods include the use of explosives and chemicals such as bleaching agents have caused damage to the marine environment and kill many small fish and marine organisms. Other activities such as wharf and near shore infrastructure development have affected the marine habitats for millions of tiny marine lives.

Under the Marine Resources Act 1997, MIMRA has the power to delegate its authority to Local Government Councils for management of local fisheries. In order to assist and spearhead Local Government Councils to meet their obligations, the RMI through MIMRA engaged the service of the South Pacific Commission community fisheries advisor to examine options in order to facilitate the management of inshore fishery resources and local fisheries by island communities.

#### iii. *Sustainable Harvesting*

MIMRA is currently addressing the need to develop and strengthen its national capabilities for the sustainable harvesting and processing of fishery resources and provide training and awareness programs for the managers of coastal and marine resources. MIMRA has been working with the Environment Protection Agency (EPA) and Sea Patrol with Marine Pollution Control and Emergency Response Situations.

To address the issue of marine pollution from oil spillage, MIMRA has requested EPA to officially request an in-country training workshop such as Marine Spill Response Training, and Regional Marine Spill Response Exercises.

Furthermore, in November 1998, MIMRA announced the prohibition of dumping raw or treated sewage, discard fish, by-catch, rubbish, garbage, fuel wastes fuel waste by-products, bilge water, and brine while they are within 12 miles of land or inside Majuro lagoon.

#### *iv. International and Regional Conventions*

RMI is party to following regional and international conventions concerning the protection of coastal and marine resources and combat unsustainable fishing and related practices:

- Nauru Agreement Concerning Cooperation on the Management of Fisheries of Common Interest (Nauru, 1982)
- Forum Fisheries Agency Convention (Honiara, 1979)
- Treaty Fisheries between the Government of Certain Pacific Island States and the Government of the United States of America (Port Moresby, 1987)
- Convention for the protection of natural resources and environment in the South Pacific (Noumea, 1986)
- Protocol for the prevention of pollution in the South Pacific by dumping (Noumea, 1986)
- Protocol on cooperation in combating pollution emergencies in the South Pacific (Noumea, 1986)
- Convention on long drift nets in the South Pacific (Wellington, 1989)
- Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific (Honiara, 1992)
- Palau Agreement for Management of the Western Pacific Purse Seine Fishery (Palau, 1992)
- Federated States of Micronesia Arrangements for Regional Fisheries Access (Honiara, 1994)
- Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (Honolulu, 2000)
- Implementing Agreement, UNCLOS Straddling Fish Stocks (New York, 1995)

#### **b. Freshwater Resources**

The capacity of the Majuro water supply to meet dry-weather demand is inadequate and its technical and commercial viability remain problematic. Most of the households in the outer islands, including household on Majuro and Ebeye use mainly rainwater catchments for drinking water. Other sources of drinking water for households are wells.

Additionally, household water tanks have been widely installed, reducing the demand for the piped (and chargeable) supply during rainy periods. On Ebeye, the Kwajalein Atoll Joint Utilities Resources has been in charge of the potable water system. The source for freshwater is an artificially constructed area dedicated to collecting water. Given the low rainfall in Ebeye freshwater is supplemented by desalination of saltwater.

Several areas which have been neglected to date and that require attention from the RMI Government funding or from alternative resources are: incorporating and enforcing rainwater harvesting into building design, promotion of water efficient appliances, training and capacity building of EPA in Majuro and Ebeye (financial and human resources), training and capacity building of the Water Supply Operator in Majuro and

Ebeye, assessment, management and protection of the Laura groundwater lens, promotion of large scale and household rainwater harvesting, and the water and sanitation on Ebeye.

National strategies aimed at improving access to clean water will be implemented, including increasing the number of solar energy based reverse osmosis and distribution systems. The quality of water will be monitored more regularly through the increased efforts of the Environmental Protection Authority and devolving responsibilities of this task to the Local Councils in the Outer Islands. It is intended for EPA to provide the necessary training in this area.

*i. Maintenance of water systems and distribution networks*

In 1994, the RMI Government approved the RMI Environmental Protection Authority water supplies regulation. Urban areas are served with reticulated water supply systems; rural areas rely on groundwater and rainwater catchment systems. RMIEPA is mandated to monitor, protect and maintain the quality of all drinking water sources such as groundwater (wells), distribution systems, processed and bottled water, and privately owned rainwater catchments. Furthermore, water conservation efforts are applied at urban areas by rationing of treated water supplies, utilizing brackish water as a source of flushing for toilets, and encouraging individual households to own rainwater catchment systems.

*ii. Monitoring and assessment*

The Majuro Water and Sewer Company (MWSC) monitors the Majuro groundwater resources for certain chemical parameters while the RMI EPA monitors the bacterial quality. Reinforcement of applying RMI EPA water quality standards as set in the RMI EPA water supply regulations 1994, as well as applying US EPA and WHO water quality standards would further strengthen capabilities in this area.

EPA has gathered data on water quality for MWSC, Ebeye water distribution system, and some water quality data for the Outer Islands. However, there is the need to include water quality monitoring to the Outer Islands water resources periodically.

*iii. Response to environmental impacts*

Procedures to monitor and respond to the impacts on water resources of natural and environmental hazards, in particular the impacts of climate change and climate variability, including drought and sea level rise is minimal and is therefore an area that needs to be further developed. Currently, EPA and MWSC monitor the salinity of groundwater resources on Majuro Atoll.

*iv. Acquisition of appropriate technology and training*

Strategies in the National Plan involve establishing reliable reverse osmosis water and power supply and renewable energy and/or solar energy systems, exploring ways and

means of assisting households to have ground-wells and installed water catchments and storages at affordable costs. Additionally, responsibilities to the Local Governments to monitor the water quality will be devolved, as well as incorporating into the Building Codes a provision requiring all buildings to include suitable water catchments and gutter systems and provide assistance for private households to construct water catchments and roof to support such catchments.

EPA will play its part by monitoring the public water supply, household catchments and ground-wells on a regular basis, and also conduct public awareness campaign and protection of water reserves to ensure safe drinking water. Hence, EPA will need to be strengthened in terms of increasing its skilled staff and assisting in and providing training in water testing in the Outer Islands.

### **c. Land Resources**

#### *i. Agriculture*

Imports into the RMI have grown rapidly and increasingly outstripped the slow growing exports. The widening trade deficit from this situation has been financed from the Compact of Free Association with the United States and other foreign economic assistance and to some extent with borrowing. The influx and consumption of less nutritious imported food have induced the prevalent health problems for “life-style” diseases such as diabetes, high blood pressure, obesity and gout among the Marshallese population. To address these issues, strategies are needed, to among other matters provided incentives to encourage communities to produce more local food. The creation of an effective demand through the establishment of facilities such as “Farmer’s Markets” in urban centers is needed. Equally important is the training of farmers to adopt modern and appropriate technology such as hydroponics. Another strategy encourages assisting communities in the management of land and the growing and preservation of traditional food crops. In addition, implementation measures to enhance the value-added portion of the local produced goods and promotion of the sales distribution of such goods is needed.

Strengthening and implementing the Food, Agriculture, and Nutrition policies is essential to ensure that the people of RMI have adequate access to quality and nutritious food. A part of such policy is to promote home gardening as a means of supplementing home food supply and to reinstate school lunch programs that serve more local food. The encouragement of a subsidized school lunch where warranted will aim at promoting healthy nutritious diet and a state of well being for all children attending school. Program activities as well as public awareness campaigns conducted by the Ministry of Health and Environment and other relevant government agencies will also be strengthened in order to encourage and instill in the minds of the Marshallese people the importance of consuming nutritious local food.

## *ii. Food crops*

The production of locally processed food and supplements has not been fully developed in the RMI. Locally processed food and supplements such as *nin* juice, breadfruit chips, coconut cooking oil, tuna jerky, preserved giant clams, fish, and breadfruit and so forth have the potential to generate supplemental income, food security, and foreign exchange earnings for the nation. To increase the output of locally processed food and supplements, the 15-year National Strategic Development Plan advocates the establishment of requisite agricultural infrastructure to the Outer Islands. The assistance of such facilities would be able to foster and promote the enhancement of agricultural surplus available for processing. Such facilities would further encourage small-scale agri-business and processing at the household level. The process will be further enhanced through educating communities both in urban and in the Outer Islands in food processing techniques and technology.

The percentage of underutilized and idle land in terms of area and soil quality in the RMI is significant. There are well over 1,000 islets that have the potential to increase the output of agricultural food crops and other produce if properly utilized. An investigation will be needed to determine the cause of their idleness – abandonment through urbanization, poor soil management, fragmented from land dispute??: and their sensitivities to development assessed. One solution could be to revitalize the idle land, through the rehabilitation and replanting of coconut plantations with coconuts and other commercially valuable trees and crops that could be utilized as raw materials for the production of Marshallese handicrafts and for other traditional, construction and industrial purposes. The traditional leaders and landowners will also be encouraged to urge local communities to grow more traditional food crops. Food crops in the Marshall Islands are produced by households largely for their own consumption. The main staple food crops are green and mature coconut, breadfruit and pandanus, which produces fruit and leaf used for various purposes. Banana and taro are also staple crops. While there is household consumption of local food crops there is the high preference for imported foodstuffs. To assist in agriculture production, steps could be taken to balance farmer's use of burning techniques and natural/modern mulching techniques for agriculture purposes. This should ensure that overclearing and burning of vast areas does not result in interruptions to nutrient and Potassium cycling. Farmers and the general community will also be assisted in eradicating pests and diseases that infest food crops.

## *iii Natural Disasters*

Mitigation measures to minimize the adverse impact of natural disasters to the agricultural crops and livestock is equally important must be taken into account. Formulation of a National Disaster Management Plan needs to be carried out. The National Strategic Development Plan advocates a strategy aimed at promoting a crop and livestock management system. This system will also facilitate early response to distressed crops and livestock. In addition, emergency response plans and training programs aimed at controlling and eradicating pest and diseases that infest food and commercial crops will be formulated and implemented.

#### *iv. Copra production*

A serious review into the future of copra as it has always been the mainstay of the lives of the Marshallese people also needs to be undertaken. In particular, the functions of the Tobolar as a copra processing Authority and exploring the necessity of establishing a Coconut Authority or Cooperative as a Statutory Agency similar to the setups in a number of our neighboring countries. The foremost task of such Authority will be to:

- boost copra production through an on-going coconut replanting program on the Outer Islands;
- help copra producers achieve better quality copra and increased production;
- establish and operate consolidation points where copra can be easily shipped so as to cut shipping turn-around times
- establish improved transportation methods for copra so that producers can more easily bring their products to the consolidation points, and;
- establish and operate on-island copra sales arrangement where the Coconut Authority
- acts as middleman

The proposed establishment above will allow the producers to sell their product at their chosen time, rather than wait for the visit of a ship. At the same time, quality control at the sales point will ensure that the Tobolar will be able to purchase from the Coconut Authority a guaranteed good quality copra, that will improve its value-added products. The Coconut Authority can also carry out research and development on other coconut by-products and provide competent technical advice to the Government. Consideration of establishing a Coconut Price Stabilization fund in order to handle the responsibility of administering the copra subsidy, which is currently administered by Tobolar, and to invite aid donors to contribute towards this fund is an avenue to look into.

#### **d. Energy Resources**

Sustainable energy resources are critical to any country, particularly in the developing world. The Marshall Islands has great potential for renewable energy sources such as solar and wave energy, as an alternative to burning fossil fuels. At the same time, provision of current energy services to outer island communities is critical in the interim to developing alternative energy technologies. In this regard, the Ministry of Resources and Development has adopted a Policy and Plan guide to its energy activities in the outer islands. The achievement of the policy directions will require large resource reserves. While renewable sources may have a high start up cost, the simple maintenance regimes required and use of community management may see their preference to non-renewable sources. Non-renewable technologies may need to be instigated in some communities to ensure the provision of basic human services. Assistance in these choice areas is needed, as well as resources for instigation of energy provision in remote communities.

### *i. Outer Island Energy Policy*

- To contribute to the social and economic development of the outer islands through the provision of reliable energy services;
- To encourage the use of low emission technologies and native resources for the production of energy on the outer islands;
- To ensure that the provision of energy services is based on both at least cost development strategy and on technically and commercially proven technologies that utilize alternative energy options without ruling out grid connections when such connections are the economically viable option;
- To guarantee full cost recovery from customers for the provisions of energy services while making explicit budgetary provisions for Government and non-Government assistance when assistance is socially justified.

### *ii. Outer Island Energy Plan*

- Ensure Sustainable and coordinated development of energy systems infrastructure on outer islands;
- Ensure that outer island energy institution and system management techniques provide for higher customer satisfaction while the outer island energy infrastructure is developed;
- Guarantee that the stringent environment and educational principles required of outer energy suppliers, by the outer island energy policy, are upheld;
- Ensure a quick transition from outer island dependency on inconsistent and marginally sustainable energy resources, to a confidence in consistently available and indigenous energy resources.

### *iii. Future Plans*

The RMI is heavily dependent on fossil fuels as its main source of energy. While the contribution of RMI, like all other small island states to global warming is insignificant, it is nonetheless imperative that a national policy on energy be established. Currently the Ministry of the Resources and Development is developing a National Energy Policy, which while at the same time be consistent with our outer island energy policy, will seek to implement appropriate public education and awareness programs, including consumer incentives to promote energy conservation and infusion of such into the school curricula. The policy aims to strengthen research capabilities and develop technologies to encourage the efficient use on non-renewable sources of energy, and collect data on fuel importation and consumption to be able to regulate, control and or negotiate the retail prices of fossil fuels. Standardization of outer island projects and solar electrification and/or hybrid systems for every outer island including the small islets in Majuro and Kwajalein atolls are also components of this National Energy Policy.



#### *iv. Current Projects*

Currently there are two solar rehabilitation projects in process on the atolls of Namdrik and Mejit. The solar project on Namdrik is ready for implementation in early 2002, and the Mejit solar project is expected to commence following the implementation of the former. The Ministry of Resources and Development has also embarked on another project proposal totaling US\$1.6 million that will equip at least 1500 households, churches, school and medical dispensaries in all the outer islands.

#### **e. Tourism Resources**

The tourism industry in the Marshall Islands is very small and in its infancy, yet the numbers of tourists that come into the Marshall's has been slowly increasing over the past years. The total number of visitors to the RMI ranges between 4000 – 6000 with an estimated spending of 2-3 million per year. Visitors on holiday compromise about 1000 people per year, or about 16 percent of all visitors. There is thus considerable potential to develop our tourism industry, and through its growth and development a significant contribution can be made towards the development of the overall economy.

##### *i. Marshall Islands Visitors Authority*

Due to the country's limited resource base and requirement for diversification of its economy, the Government places increasing priority in the development of tourism as a means of general economic development and has further recognized the tourism sector's ability to generate foreign exchange, job opportunities and income to the local population and tax revenue. The Government's increasing commitment to tourism development became apparent with the approval of the 1991 Tourism Act, the Tourism Amendment Act in March 1997, and the establishment of the Marshall Islands Visitors Authority (MIVA) in 1997 as the countries national tourism organization. In summary, MIVA's objectives include:

- a) to promote the development of tourist facilities and services in the Marshall Islands in a geographically equitable manner by encouraging the private sector, both local and foreign, to invest in and operate such facilities and services. Such development should take place in a planned and controlled manner so that there would not be any significant adverse impact on the natural and socio-cultural environment of the country. Much work needs to be done in terms of environmental planning to determine preferred areas for sustainable development;
- b) to promote international tourism to the country by highlighting the natural and socio-cultural attraction features of the country and by fostering the understanding of the tourists of the unique and sensitive character of the eco-system and the traditional culture and values of the Marshallese people;
- c) to mobilize the popular support of the people on a nation-wide basis for tourism development through a well planned community awareness program, highlighting the economic and other benefits accruing to the people as a result of such development; and

- d) to develop tourism in such a manner as to maximize the net economic and other benefits to the country and to ensure that such benefits accrue to the people in an equitable manner, as far as possible.

These objectives, activities, and projects aim to complement and support MIVA's overall mission, which is:

*“To create a policy, infrastructural and natural environment that is conducive to private sector investment in tourism and to ensure that tourism development is well planned and managed to ensure long-term economic, environmental and social sustainability.”*

One of MIVA's most fundamental areas of responsibility lay in policy analysis, planning and product development. Therefore as the main agent of tourism development in the RMI, MIVA must plan an active role in analyzing and improving tourism-related policies, must lay down the planning frameworks for tourism development (short, medium or long-term) and must help create, develop and promote RMI's various tourism products. It has thus been instrumental in identifying and providing strategies into the National Strategic Development Plan in the area of tourism for the next 15 years.

#### *ii. National Tourism Plans and Strategies*

Recognizing that there is considerable potential to develop the tourism industry of the Marshall Islands, and that through its growth and development a significant contribution can be made towards the development of the overall economy, the Government has set out clear objectives and strategies in the 15 year National Plan for the development of tourism in the Marshall Islands.

Increasing the reliability and frequency of air service both domestically and internationally, as well as implementing an aggressive marketing program to promote the RMI as a major venue in eco-tourism are essential factors for the growth of tourism. Tourism infrastructure, hotels, and restaurants are found mostly in the capital, Majuro, and on Ebeye with some facilities in the outer islands such as Mili and Likiep. RMI's national strategies on tourism also involve identifying and developing, in a sustainable manner, atolls that have the potential for tourism, establishing tourism infrastructure and facilities in the outer islands, and increasing the reliability and frequency of air service to the outer islands. The passing of the Marshall Islands Development Land Registration Authority Act recently and ensuing the establishment of the Authority itself would accomplish in obtaining lands for developing tourism resorts, a further catalyst for tourism development in the RMI. Steps will be taken for the promotion of annual cultural events aimed at reviving Marshallese songs, skills, chants, folklore, and food preparation.

In promoting RMI's culture and tradition as a means of offering something that is unique and special, the Plan has taken into account this trend through strategies aimed at:

- the development of niche markets to attract specific tourist groups;

- identification, protection, and promotion of legendary and historical sites;
- strengthening the Alele Museum institution with a view to reviving and promoting cultural activities and incorporating our culture and traditions in school curricula; and
- the establishment of sanctuaries and conservation sites, as a measure to minimize negative impact from tourism

Taking into consideration the environmental impacts that come with the development of tourism infrastructure and services, the National Plan incorporates the following strategies to be implemented:

- minimizing the use of non-biodegradable products
- strengthening and aggressively enforcing laws and regulations for minimizing littering and pollution
- strengthening and promoting recycling programs and public awareness programs aimed at community education
- facilitating activities, which are aimed at landscaping and beautifying our country through the involvement of Traditional leaders and landowners.

As we address and improve the situation facing the development of and growth of the RMI's tourism industry, there must also be a focus on improving the industry's capacity to cater to the anticipated growth in the number of tourists visiting RMI. The strategies contained in the Plan hence aim to increase the number of rooms and to develop modern but appropriate tourism infrastructure, particularly in the outer islands as they are seen as the future opportunity for the development of the national economy. As a further strategy, steps will be taken to improve the access to credit and to assist domestic private investment. Another strategy aims at improving the safety standards for all tourist-related activities.

## **f. Biodiversity Resources**

### *i. Policy measures for sustainable use of biodiversity resources*

The Marshall Islands Marine Resources Authority (MIMRA) has developed a National Action Plan which accounts for all the policy measures and strategies for the conservation and sustainable use of terrestrial and marine Biodiversity, in particular endemic species, including protection from the introduction of certain non-indigenous species and the identification of sites of high biological significance for the conservation of biological diversity and/or for eco-tourism and other sustainable development opportunities. What is important now is to ensure that the "blueprint" is translated into action.

### *ii. Biodiversity and related conventions*

The Marshall Islands signed the Convention on Biological Diversity (CBD) in Rio de Janeiro in 1992 and submitted its ratification soon afterwards. As part of its duties and

obligations under the CBD the RMI has completed a National Biodiversity Strategy and Action Plan and a National Biodiversity Report. This is seen as an important step for RMI in the abatement of loss of marine and terrestrial biodiversity.

*iii. Community awareness and conservation*

Reinvigorating the cultural and traditional environmental conservation practices to harmonize development with environmental sustainability will allow for conservation of biodiversity. Efforts will be made to identify and revitalize the specific traditional environmental practices, methods and sites and to enhance public awareness about such methods and sites. Such efforts will be made through the status production of survey list of traditional environmental practices, methods and sites, annual consultations between traditional leaders and other stakeholders, radio programs on traditional environmental issues, conservation of sites/preservations sites established, involvement of traditional environmental NGOs in the country, annual events held for awareness creation in regards to environmental conservation practices, and the protection of vegetation and land areas.

Outer island surveys, particularly marine surveys have been conducted to assist local communities in sustainably managing their biological resources. Jaluit and Likiep Atoll have completed marine surveys. Resource management plans for these two atolls are still under development.

*iv. Biogenetic gene banks*

Generating and maintaining buffer stocks or gene banks of biogenetic resources for reintroduction into their natural habitats is an area that has not been developed yet.

*v. Research on biological resources*

Research on biological resources is minimal and in its early stages. Currently there is some information on the RMI National Biodiversity Report to the Convention on the Biodiversity Secretariat, however, this is an area that needs to be further developed and continuously updated.

*vi. Flora and fauna inventories*

Inventories of flora and fauna and ecosystems have been compiled in the National Biodiversity Report. However, more research in this area needs to be undertaken.

*vii. Intellectual property rights*

There are currently no mechanisms in place in the RMI addressing the protection of local communities and their intellectual property rights. There is a need for the RMI Government to develop a legislative framework on biological diversity that would include access to genetic resources, benefit sharing, the protection of traditional knowledge and intellectual property rights.

*viii. Community involvement towards conservation of biodiversity/ biotechnology*

Supporting existing community i.e. NGO, women groups, fishing and farming community initiatives is one of the activities in the RMI National Biodiversity Strategy and Action Plan. Continued and consistent support for community development and management of natural resources is an issue. Assistance from the Global Environmental Facility (GEF) in implementation of the strategy and action plan is currently being sought.

**g. Manufacturing**

Manufacturing is one area within RMI's productive sector that is well positioned to stimulate economic growth. To effectively harness the potential of this sector, the RMI will need to

- identify an overall strategy for the sector;
- expand the productive capacity in manufacturing tradable goods for domestic consumption and for export earning; and
- be innovative and aggressive but prudent in new product development

Efficiency, in allocation of resources, and effectiveness, from a strategic planning perspective are critical needs for RMI. Strategies and guidelines are critical to the realization of policy goals of Vision 2018, particularly where it concerns harnessing the full potential of this sector.

*i. Overall Strategy*

RMI's overall strategy to promote the development of the Private Sector as a whole has been presented in the section on "Creating a Favorable Climate". The overall strategy is also intended as a means of attracting private investment including foreign direct investment into the manufacturing sector. Although there is scope for the development of agro-based and fisheries-based manufacturing activities, past experience has shown that attracting investment into such activities is not easy. There are disadvantages that the RMI faces that need to be overcome. These include the smallness of its domestic market, the low level of skills among the workforce and the remoteness from major world markets. Therefore RMI will develop an integrated approach to encourage the growth of the manufacturing sector through the adoption of a number of measures including the enhancement of the skills of the workforce and identifying niche products that are viable in RMI's context. In this regard, a detailed set of policies and programs will be developed taking into account the need for the above type of measures as well as the potential role that IT can play in this context as well as the preferential treatment that RMI's exports could receive under its Compact of Free Association with the United States, the ACP/EU Cotonou Agreement and the SPARTECA.

*ii. Expansion of Productive Capacity*

The RMI envisions expanding its productive capacity by identifying potential comparative advantages in manufacturing. Realizing that its resource base is relatively small, the RMI shall strive to be innovative and prudent in expanding the productive capacity of its manufacturing industry. Taking also into consideration that the tariff concession under the Compact of Free Association with the United States gives RMI product a competitive edge in the particular market, measures will be taken to ensure that this treatment is continued under the new Compact. For manufacturing operations where local resources cannot meet capital requirement, RMI will aim to enter into partnership or joint venture with reputable foreign companies.

*iii. Product Development*

New and existing product development and new market penetration is an opportunity RMI aims to accomplish. The Trade and Investment Division within the Ministry of Resources and Development will be institutionally strengthened to enable implementation of an effective program of development and marketing both new and existing products. Information technology is one area RMI endeavors to engage in actively, and where feasible, will enter into joint ventures with foreign IT companies so as to develop its own IT industry.

## **VII. WAY FORWARD**

### **a. Coordination & Cooperation**

The extent to which RMI's National Vision is achieved depends, at the end of the day, on the totality of the efforts made towards that end by all stakeholders in the society. These stakeholders are the National Government, the Local Governments, the Private Sector, the NGOs and the Civil Society including the households and the individuals. The role of each one of these stakeholders is clear from the strategies presented in the area of Institutional Framework. They would become clearer in the detailed action plans of the Ministries and the Statutory Agencies that will be developed in the next six months. The role of each stakeholder will be spelled out clearly for these strategies to get implemented. This area is therefore dedicated to a discussion of the implementation aspect of Vision 2018.

In regard to implementation, the key role is played by the National Government. While all other stakeholders are players in the system that will react to the opportunities and constraints facing them, the National Government is the provider of opportunities, the facilitator who will lay down the legal and economic framework within which the others play their role. In short, while the behavior of all stakeholders has to be orchestrated for the purpose of achieving the National Vision, the national Government is the Conductor who will do that orchestration. Hence the following presents the procedures and

mechanisms that will be followed within the National Government for the implementation of the Plan.

In the past, good development plans were written but there was much to be desired in terms of their implementation. From the past fifteen years of experience as a nation RMI has been able to learn much about its weaknesses and strengths in regard to plan implementation and it is important that these lessons of experience are put to good use so that better results in RMI's nation building efforts in the next fifteen years is assured. Moreover, this time around the Strategic Development Plan in the form of Vision 2018 is the end product of a consultative process in which representatives of all strata of the Marshallese society as well as Ministerial Secretaries and Heads of Statutory Agencies have had an opportunity to participate actively. Hence, Vision 2018 is based on a better sense of ownership by the RMI people and therefore should receive a greater degree of national support in its implementation than previous Plans.

#### **b. Master Plans and Action Plans**

Vision 2018 is the Broad Development Framework that will guide the strategic development of the RMI for the next 15 years. With the endorsement of Vision 2018 by the Nitijela, the next important tasks shall be the formulation of MASTER PLANS and Strategic Action Plans for Ministries, Statutory Agencies and Atoll Local Governments. In order to reflect on the expressed development priorities resulting from the Second National Economic and Social Summit (NESS2), Master Plans on the following major Policy Sectors will need to be developed:

- Human Resources Development.
- Physical, Land and Resource Use Planning
- Outer Islands Development;
- Culture and Traditions;
- Environment;
- Information Technology;
- Private Sector;
- Infrastructure Development;
- Resources and Development; and
- Tourism.

The Master Plans will describe in detail policy decisions under each sector, priority programs and projects together with the costing, and an indication of the institutional implementation framework. In addition to the Master Plans, the Government will also concurrently develop Strategic Action Plans for all Ministries, Statutory Agencies and Atoll Local Governments. These Strategic Plans will describe the detail responsibilities of each agency, whether a Ministry, Statutory Agency or Atoll Local Government, indicating mainly the relevant program of actions and activities towards achieving the targets stipulated in each of the Master Plans.

### **c. Political Commitment**

Effective implementation of programs and projects envisaged in the Vision 2018 requires three main types of ingredients:

- political action;
- financial resources; and
- effective administrative inputs.

First of all, in regard to political action, there is an important role to be played by the highest law making bodies, the Nitijela and the Council of *Iroij* as well as by RMI's highest executive authority, the Cabinet. It is absolutely essential, if this plan is to result in the achievement of the National Vision, that there is full political commitment to its implementation. It is true that the composition of the Government and the Legislature may change from time to time, as it is the natural tendency in any nation with a democratic form of government. However, it is extremely important that the National Vision identified in this Plan be accepted at least in broad terms as something that is representative of the RMI as a whole irrespective of any political affiliation. If that were done, then a political commitment for its implementation can be expected from all Governments and legislatures to come.

Having pointed out that as the bedrock on which effective implementation of the Vision 2018 should be built, there are certain immediate actions that need to be taken by the political authorities. First of all, there is an important and a continuing role for the Nitijela, the Council of *Iroij* and the Cabinet. Initially, the Plan needs to be accepted and approved by these authorities. Once the initial approval is given, then there is also a continuing role expected of them. One of the most important aspects of this continuing role is to approve funding for the implementation of the Vision 2018 through the Annual Budgets. Furthermore, many of the strategies identified will require the amendment of existing laws and regulation and the approval of new legislation and regulations. Of course, in all these matters the lead initiative has to be taken by the Cabinet. Some of the strategies identified may even require revision of the RMI Constitution for which a clear mandate from the people must be obtained. When this happens then there would be the need for a Constitutional Convention as and where appropriate. From time to time, even National consultations through Economic and Social summits would need to be held as part of the continuing partnership between the Government and the people.

### **d. The National Budget**

The second key ingredient in ensuring effective implementation is that the financial resources necessary for that purpose are provided in adequate amounts and on a timely and a regular basis so that their availability can be taken for granted. The funds needed for the implementation of this Plan will come mainly from the grants under the Compact of Free Association that is coming up for renewal for another fifteen years. These grants will be supplemented by domestic revenue and other aid funds. Where absolutely necessary, and sound development projects have been identified, borrowed funds will be



utilized to finance development projects. Projections of funding needs of the Plan are being prepared at present.

Assuming that the projected funds will become available, the most important tool through which such funds will be applied for the purpose of carrying out the programs, projects and tasks that logically flow from the strategies identified in the Plan, is the Annual Budget of the Government. Hence the role of the budget needs to be discussed at length. For effective implementation, it is important that the role explained therein be strictly followed. The resources needed to implement the programs prioritized according to the Plan strategies must be provided annually through the Budget. The Budget must also be used as a means of monitoring the implementation of the Plan and for identifying and rectifying factors that tend to impede progress.

The exact manner in which the Budget becomes a tool for implementing the Plan would become clearer by looking at the third most important ingredient, i.e. effective administrative inputs. These come from the various Ministries and Statutory Agencies. The strategies to be followed by each of these entities are stated in various parts of the Plan. More detailed action plans based on these strategies will be developed in the next six months. There are two principal tasks that the Ministries and Statutory Agencies should perform.

As explained above, the next immediate step will be the formulation of Master Plans and detail Strategic Plans as shown in Diagram B above, based on the relevant priority objectives and strategies in the Vision 2018. Secondly, after detailed action plans are developed, it is important that resources are channeled into those areas through the annual budget. With regard to the first, the Ministries and Statutory Agencies must operationalize the respective parts of this Vision 2018, which are relevant to them by taking the relevant objectives and strategies and organizing in terms of their own programs. Each program will then be broken down into projects, outputs and tasks so that it can be ensured that the activities needed to implement the strategies are in fact well identified and carried out by personnel assigned to those tasks. The tasks then have to be assigned and time bound responsibilities assigned. In addition, implementation and monitoring mechanisms have to be established and indicators for gauging progress have to be set up. Mechanisms to identify unforeseen bottlenecks and problems and to address them have also to be established.

It is equally important for Ministries and Statutory Agencies to ensure that the resources needed for the implementation are made available. This requires that all Ministries and Statutory Agencies use the annual Government Budget as the principal tool of implementation. Every year each entity has to ensure that the required funding is requested and secured through the Annual Government Budget. This poses an important challenge to all Ministries and Statutory Agencies since the current format of the budget has to be changed. The current format is a line budget system which only shows funds required in terms of inputs such as personnel, equipment, and travel, and personnel emoluments. What those inputs are for and what programs are carried out and what objectives are achieved are not clear from the present format.

The new format will allocate funds in terms of programs, which are directly linked to strategies and objectives, derived from the Strategic Development Plan. Changing to the new format requires that the resources such as funding and personnel be reallocated in terms of the new programs and priorities. That requires Commitment from all Heads of Ministries and Statutory Agencies to change their budgets from the old system to the new system based on the priorities of the National Plan. That also requires writing new job descriptions for all or most personnel in each entity. What this points to is that there is adequate capacity in each entity to prepare budgets on the new formats and to carry out new responsibilities as required by the Plan strategies. At present such capacity is low and limited. Therefore a long-term training program will be carried out in all Ministries and Agencies to organize the planning and utilization of both financial and human resources in the manner required for Plan implementation.

Implementation calls for a significant improvement in the Public Service. At the moment the Public Service is thin in terms of its numbers and quality. Sometimes even basic skills such as those of stenographers, and clerical workers with ability to file, keep records seem to be inadequate. The productivity is low due to lack of skills, commitment and inadequate numbers. There is an urgent need to address this situation. The financial and fiscal management reform program ready to be implemented with ADB assistance is expected to initiate work in this regard. Under that program a thorough review of the Public Service will be undertaken so that the problems can be correctly identified and solutions recommended. Such recommendations, once known, will be implemented.

#### **e. Monitoring and Evaluation**

Once the Plan begins to be implemented, the achievement of the results will be monitored on an ongoing basis in order to ensure that the programs are being carried out as expected. Another purpose of continuous monitoring is to discover any unforeseen problems and to deal with such problems as quickly as possible in order to ensure continuity of implementation. Sometimes, from time to time changes would be required in implementation in order to respond to unforeseen circumstance or changes in the priorities. Monitoring will be done at all levels. For example, each Ministry and Agency will have its own monitoring procedures and mechanisms established to ensure successful implementation. Serious consideration will be given to the creation of Program Implementation Units at each Ministry to manage the implementation of programs. These units can report directly to the Minister and Secretary on a regular basis as well as report to the National Policy Coordination Committee periodically for the purpose of coordination. Monitoring will also be done at a national level for the benefit of the Cabinet through a Coordination body such as the Budget Coordination Committee and the newly established National Policy Coordination Committee. On behalf of the NPCC, its Secretariat, will establish a mechanism and a schedule to ensure that monitoring is done on a regular basis.

Finally the Nitijela and the Council of *Iroij* will be involved in the monitoring and evaluation process through various means. The Annual Budget along with the annual

Statement of Economic Policy by the Minister of Finance will provide two important means for the legislature to monitor the progress of the Plan. The data provided in terms of the many indicators used by the Ministries, Statutory Agencies to collect information on the progress of the goals and objectives would be a good source of information available to all stakeholders in the society to understand the manner in which the Plan is being implemented.

While the primary responsibility for sustainable development of RMI rests with the Government and the People of RMI, it is an acknowledged fact that RMI alone will not be able to complete all these priorities without technical and financial assistance from the international community. The RMI Government further considers that any damage caused by climate change is fully the liability of the international community, as the RMI contribution to climate change is negligible. Thus for climate related policy measures in RMI, such as renewable energy and adaptation measures, there is a particular obligation for the international community to assist. The international community should consider supporting the following initiatives in the RMI:

- Climate change education and capacity building
- Energy policy development
- Training and education in the area of science and information technology
- Planning systems suited to community development focuses