

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Marshall Islands: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	-	12.70	12.70

- = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Marshall Islands: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	9	9.86	6.58
Education	6	22.11	14.77
Energy	6	17.55	11.72
Finance	3	1.18	0.79
Health	7	16.76	11.19
Industry and Trade	2	0.85	0.57
Multisector	3	2.02	1.35
Public Sector Management	27	51.11	34.14
Transport	5	9.07	6.06
Water and Other Urban Infrastructure and Services	7	19.22	12.83
Total	75	149.73	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

ADB is working to promote renewable energy sources, shore up energy security, raise educational standards, strengthen public financial management, and improve governance in the Marshall Islands.

MARSHALL ISLANDS

Just 181 square kilometers in area, the Republic of the Marshall Islands (RMI) lies amid a rich fishery region in the North Pacific. The RMI contains over 1,000 islets grouped together into 29 atolls and 5 single islands. While the capital, Majuro, and the atoll of Ebeye are highly urbanized, small populations are dispersed across the country's outer atolls.

Annual grant assistance to the RMI under the Compact of Free Association with the United States (the Compact) has been diminishing since 2003. After the Compact grant period expires in 2023, the RMI is expected to complement domestic revenues with returns from the Compact Trust Fund, which receives annual savings from fiscal surpluses and contributions from development partners.

The Asian Development Bank (ADB) has been supporting the RMI since 1990 and has committed loans of \$93.1 million, grants of \$34.5 million, and technical assistance projects worth \$22.2 million.

Cumulative loan and grant disbursements to the RMI amount to \$83.9 million. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB's Pacific Approach, 2016–2020 serves as the country partnership strategy for the RMI. The approach focuses on a three-pronged strategy to help small island nations reduce costs, manage risks, and create economic value. The bank's development program in the RMI seeks to reduce costs by increasing the supply of renewable energy, manage risks by improving disaster risk financing, and create value by delivering safe water and sanitation services and developing the private sector.



Under those broader objectives, ADB is working to promote renewable energy sources, shore up energy security, raise educational standards, strengthen public financial management, and improve governance.

In 2018, ADB committed financing for the Energy Security Project, which will help the Marshalls Energy Company upgrade its fuel tank farm to ensure safe and reliable operations and supply of fuel to power generation facilities throughout the country. Meanwhile, the Majuro Power Network Strengthening Project is reducing network losses in the RMI while conducting fiscal and macroeconomic analyses to improve the financial and operational sustainability of the Marshalls Energy Company.

The Improving the Quality of Basic Education in the North Pacific Project is improving teacher training, strengthening student assessment, broadening access to teaching and learning resources, building educational leadership, and engaging parents and communities in education. The Public Financial Management Project is assisting the Ministry of Finance to prioritize and implement its road map for public financial management reform

and providing operational support to reform state-owned enterprises.

Additionally, the Ebeye Water Supply and Sanitation Project is designed to reduce the incidence of waterborne diseases by improving access to safe water and sanitation on the RMI's most populous island. With financing from the Government of Australia, ADB is helping implement three community initiatives as part of the project: (i) upgrading the Ebeye drainage system to mitigate flooding, (ii) constructing new saltwater wells to deliver more volume to the island's desalination plant, and (iii) establishing a community radio station to disseminate information and increase awareness of safe water use.

Through ADB's Pacific Private Sector Development Initiative, an assessment of the RMI's private sector has identified reform priorities that the bank, in partnership with the Government of the RMI, is supporting to increase private sector development and diversify sources of economic growth for the country.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to

nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity,

Marshall Islands: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	-	1
2009	-	1
2015	-	1
Total	-	3

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Marshall Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	-	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b, c}	-	-
Disbursements ^b	-	-
No. of Ongoing Grants ^a (as of 31 Dec 2018)	5	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b, c}	1.56	5.12
Disbursements ^{b, d}	1.53	2.46
Actual Problem Projects (%) (as of 31 Dec 2018)	-	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Marshall Islands: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	1	4.00
Grants	1	4.00
Technical Assistance Grants	2	1.06

^a A project with more than one source of cofinancing is counted once.

Marshall Islands: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	2.60	0.03	0.09	0.00	58.42	0.03
Consulting Services	0.05	0.01	0.63	0.09	2.64	0.02
Total Procurement	2.65	0.02	0.71	0.01	61.07	0.03

0.00 = less than \$50,000.

Top 5 Contractors/Suppliers from the Marshall Islands Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
The University of the South Pacific	EDU	1.47
College of Marshall Islands	EDU	0.93
AC Construction Co. & Services	WUS	0.04
Others		0.53
Total		2.97

EDU = education, WUS = water and other urban infrastructure and services.

Top 5 Consultants from the Marshall Islands Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Contract Amount (\$ million)
Individual Consultants	0.82
Total	0.82

guarantee cofinancing, and cofinancing for transactions under ADB's [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in the RMI in 1993. Since then, cumulative direct value-added official cofinancing commitments for the RMI have amounted to \$5.76 million for two investment projects and \$3.97 million for eight technical assistance projects.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/marshall-islands/cofinancing.

PARTNERSHIPS

Over the past 20 years, ADB and the RMI have implemented a number of public consultation programs to provide the government, the private sector, civil society organizations, development partners, and the general public an opportunity to discuss fiscal and economic reforms as well as other development issues facing the country.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international

competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In the RMI, 173 contracts worth \$58.42 million have been awarded to contractors and suppliers since 1990.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In the RMI, 56 contracts worth \$2.64 million have been awarded to consultants since 1990.

OPERATIONAL CHALLENGES

The gradual reduction in the value of the RMI's annual Compact grants has resulted in budget constraints affecting

the government's ability to provide basic services. To achieve fiscal sustainability, government spending and revenue generation need to be managed more effectively. Budgetary consolidation and structural reforms are also needed to ensure long-term economic sustainability and boost private sector development.

ADB continues to support key institutional reforms in the RMI, and the government has shown strong commitment to implementing these. However, local capacity constraints present challenges to this process, so maintaining reform momentum, particularly at the political level, is critical.

Good coordination among development partners is required to deliver investment projects that do not overlap and are relevant to the RMI's development needs.

FUTURE DIRECTIONS

ADB will continue to respond to government requests for assistance in developing the RMI's outer islands, and to further improve the quality of basic education in the country. The bank will also support integrated strategic planning for investments in renewable energy and the institutional strengthening of the Ministry of Finance. Future ADB operations will be complemented by regional technical assistance programs, particularly in the areas of economic management, private sector development, and public sector management.



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Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

ADB Data Library
data.adb.org

ABOUT THE MARSHALL ISLANDS AND ADB

ADB Membership

Joined 1990

Shareholding and Voting Power

Number of shares held: 282 (0.003% of total shares)
Votes: 39,979 (0.301% of total membership,
0.462% of total regional membership)
Overall capital subscription: \$3.92 million
Paid-in capital subscription: \$0.19 million

Shahid Mahmood is the Director and **Paul Dominguez** is the Alternate Director representing the Marshall Islands on the ADB Board of Directors.

James Lynch is the ADB Country Director responsible for the Marshall Islands, as well as Deputy Director General for the Pacific Department. The ADB Pacific Department provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The Pacific Department engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in the Marshall Islands.

In 2018, ADB approved the establishment of a country office in the Marshall Islands. The office strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

The Marshall Islands government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.