

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The United States (US) is the main development partner of the Republic of the Marshall Islands (RMI). The Asian Development Bank (ADB); Australia; the European Union (EU); Japan; and Taipei,China also provide grant assistance to the RMI. In October 2004, the RMI and the US signed a 20-year agreement—the amended Compact of Free Association—under which the government receives annual grant payments and access to federal support programs. In return, the US government retains rights to support the foreign affairs and defense of the RMI. From 2004 to 2014, the US provided about \$30 million annually for education, health, and infrastructure development. Japan and Taipei,China have supported the agriculture, fisheries, and water and sanitation sectors.

2. ADB has worked with Australia, the EU, Japan, and the US to support the development of the RMI's energy and water sectors. The table summarizes recent and ongoing assistance provided by development partners in these sectors.

#### Major Development Partners

Development Partner	Project Name	Estimated Duration	Estimated Amount (\$ million)
<b>Water Supply, Sanitation, and Waste Management</b>			
ADB	Enhancing Majuro Water & Sewer Company Asset Management	2014–2015 2008–2010	0.5 5.0
ADB and Australia	Ebeye Water Supply and Sanitation Phase 1	2013–2014	1.0
Australia	Pilot Community Infrastructure Projects for Ebeye	2014–2015	0.4
EU	PACC water project to address water security for communities in Majuro	2012–2014	0.8
<b>Energy</b>			
ADB	Improved Energy Supply for Poor Households (Installation of Pre-paid Meters and Power Generator Conversion to Coconut Oil-Diesel Blend)	2010–2012	1.8
US	RUS Grant to Marshall Energy Company to overhaul 6MW engine Conversion to Pre-paid Meters Energy Advisor to Marshalls Energy Company	2012–2014	2.3
		2010–2012	0.6
		2010–2011	0.1
Italy and Austria	Majuro–Ebeye Streetlight Retrofitting and Solar Streetlight Project	2010–	1.1
Australia	Energy Advisor to Marshall Energy Company	2009–	1.0
EU	National Energy Policy and Medium-Term Energy Action Supply and Installation of Solar Home Systems Supply and Installation of Off-grid Solar Power Systems for Schools	2008–2009	0.2
		2008	1.3
		2008	0.8
Japan	Solar to Grid Project	2010	4.4
IUCN	Efficient and Renewable Public Lighting	2010	0.5
GEF	Action for the Development of Marshall Islands Renewable Energy	2008–2013	1.0
UAE	Solar Energy Project	2015–	5.0

ADB = Asian Development Bank, EU = European Union, FAA = Federal Aviation Administration, GEF = Global Environment Facility, IUCN = International Union for Conservation of Nature, PACC = Pacific Adaptation to Climate Change, TBC = to be confirmed, UNFPA = United Nations Population Fund, UNDP = United Nations Development Programme, US = United States.

Sources: Government of the Marshall Islands and Asian Development Bank.

## **B. Institutional Arrangements and Processes for Development Coordination**

3. Development assistance is coordinated through bilateral and multilateral consultations, often directly with line ministries. The government held two large multilateral consultations in 2010 and 2014 with the support of the Ministries of Finance and Foreign Affairs, and the Office of the Chief Secretary. The RMI does not have a dedicated aid coordination unit to prioritize and monitor assistance flows, or to develop, coordinate, and follow up on consultations.

4. ADB consults with other development partners when preparing the country operations business plan for the RMI, shares the content and thrust of its recent technical assistance initiatives, and makes preliminary analyses and concept papers available for review and observations. ADB exchanges information with development partners on the projects and technical assistance provided to the RMI, including the Ebeye Water Supply and Sanitation Project, through regular visits to each embassy in Majuro, telephone conferences, and e-mails. For the Ebeye project, ADB has facilitated a number of joint meetings and field visits with Australia and the US during project preparation.

## **C. Achievements and Issues**

5. In 2012, a forum compact peer review was undertaken for the RMI. Peer review of the national development planning and budget processes the forum island countries was launched in 2009 by the Pacific Islands Forum Leaders. The peer review concentrates on the process by which planning priorities are developed and the intentions of the plans are translated into action through annual planning, budgeting, and the use of external support. The review produced a number of recommendations, including (i) setting up a central aid management unit, (ii) developing a medium-term development plan, and (iii) instituting regular informal collaborative consultation with partners.

6. In August 2014, the government held its second development partners' meeting with ADB; Australia; EU; IMF; Japan; Secretariat of the Pacific Community; Taipei, China; United Nations; US; and the World Bank. The meeting gave the government a forum to present the RMI National Strategic Plan, 2015–2017, supported by ADB and UNDP, and to discuss the country's reform and development progress and priorities in five areas: (i) social development; (ii) environment, climate change, and resiliency; (iii) infrastructure development; (iv) sustainable economic development; and (v) good governance.<sup>1</sup> These large meetings have been valuable, but the coordination engendered at these meetings could be reinforced through more regular consultation at the sector level, and between in-country partners.

## **D. Summary and Recommendations**

7. Development partners are keen to harmonize their development programs for maximum benefit to the RMI's socioeconomic development. All major partners agree on the need to prepare a sound, longer-term development strategy that encompasses the RMI's future and transition to the post-Compact era. To optimize development coordination, two areas need attention:—centralized aid coordination and more regular consultation opportunities—both with in-country partners and at the sector level.

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<sup>1</sup> RMI. 2014. *DPM Communiqué, Republic of the Marshall Islands 2<sup>nd</sup> Development Partners Meeting Majuro, Republic of the Marshall Islands, 20–21 August 2014*. Majuro.