

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. ADB is coordinating closely with other development partners supporting energy development in the Marshall Islands. Major partners with activities ongoing in the Marshall Islands are listed in the table below.

Major Development Partners			
Development Partner	Project Name	Duration	Amount (\$ million)
Energy			
ADB	Majuro Power Network Strengthening Project – Phase One	2017–2019	2.0
	Majuro Power Network Strengthening Project – Phase Two	2018-2020	18.0
	Majuro Fuel Tank Farm Rehabilitation Project	2018-2020	5.0
European Union	European Development Fund 11 – Sector Budget Support	2016–2020	9.4
JICA	Hybrid Islands Program	2017-2017	11.0
New Zealand MFAT	RMI Renewable Energy Project	2017-2018	1.1
Taipei,China ICDF	Household renewable energy and energy efficiency lending	2016-2020	4.0
World Bank	Sustainable Energy Development Project	2017-2020	27.0

ADB = Asian Development Bank, ICDF = International Cooperation and Development Fund, JICA = Japan International Cooperation Agency, MFAT = Ministry of Foreign Affairs and Trade

Source: Government of the Marshall Islands Ministry of Finance, Department of International Development Assistance

B. Institutional Arrangements and Processes for Development Coordination

2. Development coordination in the Marshall Islands is effected through the Ministry of Finance’s Department of International Development Assistance. Energy coordination has relied largely on the initiative of development partners themselves and the Marshall Islands’ utility companies (Marshalls Energy Company and Kwajalein Atoll Joint Utilities Resources). The Ministry of Resources & Development is nominally responsible for energy planning and policy in the Marshall Islands, but to date has been under-resourced to fulfil this mandate.

3. The Government of the Marshall Islands has a revised National Energy Policy and Action Plan, adopted in April 2016. Its Energy Action Plan covering 2016-2019 does not appear actionable, and is not used as a tool for coordination of development partner activities (NB: ADB was not invited to contribute to its drafting, and it is unlikely that other major development partners’ input informed the document’s content).

4. What appears lacking in the Marshall Islands’ policy and planning realm is a least-cost development plan or road-map for investments to realize the Marshall Islands’ renewable energy and greenhouse-gas emissions reduction targets. ADB’s technical assistance under which the Majuro Power Network Strengthening Project – Phase One has been prepared is also preparing a least-cost development plan and investment roadmap.

C. Achievements and Issues

5. The Marshall Islands currently enjoy abundant interest and resources from major development partners for energy-sector investments. Marshalls Energy Company’s Majuro power

system has attained full saturation of photo-voltaic solar generation thanks to grant and concessional financing from development partner assistance, and has managed to make improvements in revenue collection thanks to an ADB-administered (JICA funded) grant for installation of residential pre-payment metering. Going forward there is a risk that development partners' investments will be allocated for sub-optimal investments due to haste, restrictions on their use (e.g. categorical proscription of investment in fossil-fuel generation) and disregard for rigor in economic analyses and cost-benefit analyses of investment options.

D. Summary and Recommendations

6. ADB is working closely with the Marshalls Energy Company, the Ministry of Finance's Department of International Development Assistance, and major development partners (particularly, the World Bank), to ensure coordination of investments, including use of the results of the least-cost development plan and investment roadmap that ADB's technical assistance is imminently producing (October 2017). It is also imperative that development partners emphasize the need for improvements in the Marshall Islands' utilities business processes and management practices in policy dialogue with the government for the sake of investments' sustainability. ADB has begun this dialogue with the government and development partners. The business-process and capacity building consulting services under the Majuro Power Network Strengthening Project is intended to advance this agenda.