

RESTRICTED

RRP:MAR 27071

ASIAN DEVELOPMENT BANK

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**REPORT AND RECOMMENDATION
OF THE
PRESIDENT
TO THE
BOARD OF DIRECTORS
ON A
PROPOSED LOAN
AND A
TECHNICAL ASSISTANCE GRANT
TO THE
REPUBLIC OF THE MARSHALL ISLANDS
FOR THE
EMERGENCY TYPHOON REHABILITATION ASSISTANCE PROGRAM**

18 January 1993

CURRENCY EQUIVALENTS

The currency unit of the Republic of the Marshall Islands is the United States dollar.

ABBREVIATIONS

CPI	-	Consumer Price Index
DAC	-	Disaster Assistance Committee
DMC	-	Developing Member Country
FEMA	-	U.S. Federal Emergency Management Administration
GDP	-	Gross Domestic Product
MAR	-	Republic of the Marshall Islands
MOF	-	Ministry of Finance
OPS	-	Office of Planning and Statistics

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September.
- (ii) In this Report, "\$" refers to U.S. dollars.

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(ii)

REPUBLIC OF THE MARSHALL ISLANDS
EMERGENCY TYPHOON REHABILITATION ASSISTANCE PROGRAM

LOAN AND PROJECT SUMMARY

Borrower	:	Republic of the Marshall Islands
Executing Agency	:	Office of the Chief Secretary
Loan Amount	:	SDR 364,000 (\$0.5 million equivalent) from the Asian Development Fund
Technical Assistance	:	\$150,000
Terms	:	A maturity of 40 years including 10 years of grace and a service charge of 1 per cent per annum
Period of Utilization	:	Up to 31 January 1994, with retroactive financing from 8 December 1992
Objective and Scope	:	The objective is to restore economic activity and key infrastructure as quickly as possible in the affected atolls. The loan will enable the Government to procure materials and equipment and to undertake civil works for this purpose. The project entails reconstruction and restoration of several schools, clinics, docks and buildings, and equipment for fisheries and agriculture.
Estimated Cost and Financing Plan	:	The total cost is estimated at \$3.2 million. This will be financed partly by the Government's own resources (\$0.2 million), partly by the Bank (\$0.5 million) and partly by the United States Federal Emergency Management Administration (\$2.5 million).

(iii)

- Use of Loan Funds : Costs (excluding duties and taxes) of eligible items (primarily materials for construction, agriculture, fisheries and associated civil works) produced in and procured from Bank member countries
- Procurement : In accordance with the Bank's Guidelines for Procurement
- Disbursement : Standard. The Borrower may also open an imprest account in accordance with the Bank's Guidelines on Imprest Account and Statement-of-Expenditure Procedures.
- Consultant Services : Under the Technical Assistance, foreign consultants will assist the Government in strengthening its institutions charged with disaster management and mitigation. The consultants will be engaged in accordance with the Bank's Guidelines on the Use of Consultants.

REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN
AND A TECHNICAL ASSISTANCE GRANT
TO THE REPUBLIC OF THE MARSHALL ISLANDS
FOR THE EMERGENCY TYPHOON REHABILITATION ASSISTANCE PROGRAM

1. I submit to the Board of Directors, for its consideration and decision, the following Report and Recommendation on a proposed loan from the Special Funds resources of the Bank in an amount in various currencies of SDR 364,000 (\$0.5 million equivalent) applied for by the Republic of the Marshall Islands (MAR) for the Emergency Typhoon Rehabilitation Assistance Program. The loan will have a term of 40 years including a grace period of 10 years, with a service charge of 1 per cent per annum. The assistance is proposed under the Bank's emergency rehabilitation facility for small developing member countries (DMCs),^{1/} which provides for a loan of up to \$500,000 in the event of a disaster. The facility involves abbreviated loan processing and approval procedures. The Report also describes a technical assistance (TA) grant in an amount in various currencies equivalent to \$150,000, applied for by the Government for Disaster Mitigation and Management, which I shall approve if the proposed loan is approved by the Board.

2. Following the destruction of infrastructure and crops during Typhoon Gay, 17-20 November, the Government of MAR requested Bank assistance for an emergency rehabilitation program. The request was conveyed on 28 November via a facsimile message to the President. A Fact-Finding Mission went to the field 7-16 December, visited several of the stricken atolls, and conducted an assessment of the situation.^{2/}

3. If approved, the loan would be the Bank's second to MAR, and the first for emergency rehabilitation after a natural disaster.

I. THE ECONOMY^{3/}

4. An Economic Report on the Republic of the Marshall Islands (ECR MAR 91006) was circulated to the Board of Directors on 10 April 1991 (IN.63-91).

5. In fiscal year (FY) 1992 gross domestic product (GDP) growth was influenced by the economic conditions prevailing in the U.S., the dominant trading partner of the country, and by the contraction in marketed and nonmarketed agriculture due to the effects of cyclone Zelda in December 1991 and cyclone Axel in January 1992. GDP growth at market prices slowed for the second consecutive year to an estimated 1 per cent in FY1992 compared with 3 per cent in FY1991 and 4.4 per cent in FY1990. With consumer prices rising at about 2 per cent a year, the average annual real growth rate over the last two years therefore stagnated. The

^{1/} The policy guidelines are laid down in Doc. R74-87. Rehabilitation Assistance to Small DMCs Affected by Natural Disasters, dated 17 June 1987.

^{2/} The mission comprised Paul McCabe, Programs Officer.

^{3/} See Appendix for Basic Data.

slowing trend in GDP growth, coupled with rapid population growth, led to a contraction in GDP per capita of 0.9 per cent in FY1991 and a further 2.9 per cent in FY1992.

6. Compensation of employees accounted for 74 per cent of GDP in FY1992, compared with about 55 per cent at the beginning of the 1980s. While the compensation of employees in both the public and the private sectors has shown a steady increase because of the impact of U.S. aid and an increase in the level of economic activity associated with institution building and infrastructure development, the operating surplus has shown a declining trend since FY1989. Largely comprised of taxes on private enterprises and estimated nonmarket production, the total operating surplus declined from 36 per cent of GDP in FY1980 to about 22 per cent in FY1992. Recent efforts to improve revenues have led to indirect taxes, another significant component of GDP, increasing from 8.6 per cent of GDP in FY1987 to over 11 per cent in FY1992. A disconcerting trend over this period was the corresponding increase in subsidies from 3.4 per cent of GDP in FY1987 to an estimated 11.0 per cent in FY1992. While this reflects the expansion in public services to cater for the rapidly increasing population, it underscores the need for improved cost recovery without at the same time affecting poverty reduction initiatives.

7. Prices have generally remained stable, averaging about 2 per cent growth annually. This reflects prudent financial management, the openness of the economy and the use of the U.S. dollar as currency. There is, however, some indication of an acceleration in the inflation rate as indicated by the rise in the consumer price index (CPI) for Majuro in the first quarter of 1992 compared with the previous quarter. Between these two quarters the price level increased by 4.4 per cent, mainly on account of price increases for imported food and fuel.

8. Unemployment, at 12.5 per cent in 1988, will continue to worsen if broad-based economic growth in certain types of labor-intensive economic activities is not stimulated quickly enough. With 51 per cent of the population under 15, additions to the labor force will certainly compound the unemployment problem. As the public sector is already overextended, new employment opportunities will have to be generated mainly in the private sector.

9. Since FY1990 Central Government budgetary developments have been increasingly affected by reductions in U.S. aid. The actual revenue outturn in FY1991 showed a decline of \$6.6 million in U.S. aid to \$45.7 million, with a corresponding two-thirds reduction in development expenditures. A further reduction in aid of about \$4.2 million is forecast for FY1992, with total U.S. grants dropping to about \$41.5 million, some \$10 million lower than the average during the first five years of the Compact of Free Association.^{1/} Against this background, and in order to finance priority development projects, the Government issued a third bond for \$38 million in September 1991, guaranteed as previously against future Compact revenues. Two projects have already been approved, and 38 more are under consideration. For the

^{1/} Dated 20 October 1986 (as amended) between MAR and the United States.

longer term, the Mission was informed that the Government's main budgetary priorities are to increase the mobilization of resources from both domestic and foreign sources, to limit the growth of operational expenditures while keeping maintenance expenditures at adequate levels, and to increase the allocation of resources to priority development areas.

10. In the external sector, the trade balance continues to be in chronic deficit, with exports on the average representing only about 4.5 per cent of total imports. Despite the large trade deficits, the current account in 1991 recorded sizeable surpluses, averaging about 45 per cent of GDP. Excluding official transfers, however, the current account registered large deficits, averaging over 40 per cent of GDP. In the longer term, as the programmed reduction of Compact funds takes place, it is vital to improve domestic production capacity in order to narrow the chronic trade deficit.

11. In connection with its borrowing program during 1987-1991 the country entered into three Indenture of Trust and Security Agreements with Irving Trust Company and the Bank of New York as trustees. Pursuant to these Agreements, MAR has granted a prior lien in favor of the trustees with respect to a portion of payments it will be receiving from the U.S. pursuant to the Compact of Free Association amounting to approximately \$260.5 million. It is not possible for the Bank to obtain pari passu rights in respect of these liens. The Bank therefore, as was the case in its previous loan to MAR^{1/} has agreed that the Bank's negative pledge clause will not apply in respect of these prior liens.

II. BANK OPERATIONS IN THE REPUBLIC OF THE MARSHALL ISLANDS

12. When MAR joined the Bank in 1990, it was classified as a Group A country, eligible to borrow from the Asian Development Fund. Since the start of its operations in the country in 1990, the Bank has approved one loan from Special Funds resources, the Fisheries Development Project, in an amount of \$6.95 million. Technical assistance in an amount of \$2.502 million has been provided for seven projects. The total cumulative disbursement as of 31 December 1992 amounted to \$0.883 million or 9 per cent of the total available for withdrawal.

III. THE TYPHOON AND THE GOVERNMENT'S RESPONSE

A. Extent of Damage

13. On 17 November 1992 Typhoon Gay hit the northern Marshall Islands, causing widespread destruction and damage. Heavy rain and

^{1/} Loan No. 1102-MAR: Fisheries Development, for \$6.95 million, dated 26 September 1991.

sustained winds up to 282 kilometers per hour (km/h), with gusts up to 345 km/h, lasted three days. The super-storm took place toward the end of one of the most virulent typhoon seasons in years.

14. In the afflicted areas, there was heavy damage to agriculture and fisheries, as well as to the limited infrastructure. These islands and atolls depend principally on subsistence fishing and farming of traditional food crops, so economic activity was seriously affected as a result of the typhoon. Up to 100 per cent losses of homes and crops took place in Ailuk, Mejit and Wotho, the areas most seriously affected. Lesser damage occurred in Enewetak, Wotje, Likiep, Ujelang, Utirik, Aur, Maloelap and Bikini Atolls. More than 300 homes were destroyed or heavily damaged; small businesses were seriously affected; and traditional food crops were ruined by wind and contamination from salt water where they were not destroyed. Since the outer islanders depend principally on tree crops - breadfruit, pandanus, banana and coconut - rehabilitation of agriculture is expected to take several years.

15. Many atolls are cluttered with debris from the storm, in residential and agricultural areas and on airstrips. On many atolls, rainwater catchments - the principal source of fresh water - were damaged or demolished. The storm also ravaged public buildings and facilities. Many primary schools lost roofing, classroom furniture and books. Outer island clinics and dispensaries suffered damage similar to the schools, with roofs torn off, windows smashed and medical equipment lost or damaged. Airport runways were eroded by waves, which in some cases washed across the entire atoll from shore to shore. Storage warehouses for copra - the main cash crop - were also wrecked or damaged. Docks, boat ramps and harbor facilities sustained damage as well. Many boats were lost or sunk, and much fishing equipment was ruined; this was a severe loss, given the key role of fishing in the economy of the atolls.

B. The Government's Response

16. The Government responded quickly in the aftermath of the typhoon, conducting its own assessment of the damage and sending relief supplies by plane and ship to the atolls most seriously affected. After the President declared a disaster on 18 November, the National Disaster Plan was activated and a Disaster Assistance Committee (DAC) was set up, chaired by the Chief Secretary. Funds reserved for natural disasters, under the Disaster Assistance Act of 1987, have been released for emergency expenditures in the amount of \$200,000. On each of the affected atolls, local disaster committees have been formed to report to the Government in Majuro on the needs and damage. These local committees are headed up by the mayors and include members of the island councils.

C. External Assistance

17. In addition to the self-help measures outlined above, the Government has requested international assistance from the United Nations Development Programme/United Nations Disaster Relief Office, Australia, New Zealand, United States, France and the Bank. Through the Federal

Emergency Management Administration (FEMA), the U.S. is expected to contribute about \$2.5 million in long-term assistance - mainly for housing and infrastructure rehabilitation - in addition to food aid and tents for short-term relief.^{1/} The Bank assistance - concentrating on rehabilitation activities in agriculture and fisheries and on repair of schools and clinics - will complement other external assistance. Contributions from other countries and the United Nations are expected to be below \$100,000.

D. Economic Rehabilitation

18. Complete rehabilitation and restoration of social services is estimated by the Bank to cost about \$3.2 million, of which about \$0.2 million will be financed by the Government from its own resources, \$0.5 million will be financed by the Bank and \$2.5 million by FEMA.

19. Covering the atolls and islands of Mejit, Wotho, Likiep, Wotje, Ailuk, Bikini, Enewetak, Aur, Maloelap, Ujelang and Utirik, the Project includes provision of:

- (i) construction materials for the restoration and improvement of schools, clinics and health facilities, community centers and transport infrastructure;
- (ii) agricultural tools and equipment, including seedlings and other materials for replanting and cultivation;
- (iii) fisheries equipment;
- (iv) civil and remedial works for accomplishing the above objectives; and
- (v) air and sea freight and other transport costs for the above equipment and materials.

20. The rehabilitation and restoration work, which is well advanced, is expected to be completed by 31 January 1994.

IV. THE PROGRAM

A. Loan Assistance and Terms

21. It is proposed that the Bank provide a loan of SDR 364,000 (\$500,000 equivalent) to finance part of the rehabilitation. The Borrower will be the Republic of the Marshall Islands. The loan will be provided from the Bank's Special Funds resources and will carry a service

^{1/} Under the provisions of the Compact of Free Association, U.S. President George Bush declared a disaster in MAR on 16 December 1992, thus making the country eligible for FEMA assistance.

charge of 1 per cent per annum and have a maturity period of 40 years, including a 10-year grace period.

B. Executing Agency

22. The Office of the Chief Secretary will be the Executing Agency, in close coordination with the Ministry of Finance (MOF), for the implementation of the rehabilitation assistance. It will be assisted at the operational level by the DAC, which will manage the Government's efforts and the international assistance. The Office of the Chief Secretary will work directly with local governments and island councils to ensure distribution of the item financed under the loan.

C. Eligible Items

23. The proceeds of the Loan will be utilized to finance the expenditures for items listed below and for the cost of civil works under the Project.

- (i) construction materials, including cement, concrete, sand, glass, wood, reinforcement bars, roofing, tools and other building materials normally used;
- (ii) agricultural equipment and tools, including equipment and machinery for clearing storm debris from agricultural areas, and seedlings and other material for replanting and cultivation;
- (iii) fisheries equipment, including small boats and motors, nets, floats and fishing gear;
- (iv) computer equipment for the use of DAC; and
- (v) customary spares and ancillary equipment for the above.

D. Procurement

24. Procurement under the loan will be carried out in accordance with the Bank's Guidelines for Procurement. Eligible items must be produced in and procured from Bank member countries.

E. Disbursement

25. Retroactive financing will be permitted for eligible items procured since 8 December 1992.

26. Disbursements will follow regular Bank guidelines. In consultation with the Bank, the Borrower may also establish an imprest account at a commercial bank in accordance with the Bank's Guidelines on Imprest Account and Statement of Expenditure Procedures. Payments from the imprest account may be liquidated by submitting to the Bank applications for liquidation either (i) with supporting documents (such

as invoices, evidence of payment, evidence of delivery) or (b) with a Statement of Expenditures in lieu of usual documentation for items below \$20,000 equivalent, showing, inter alia, that the procured items were (a) eligible items and (b) produced in and procured from Bank member countries.

F. Accounts, Reports and Audit

27. The MOF will record and account for the expenditures under the loan. It will also provide the Bank every two months with progress reports on the implementation of the loan and an analysis of problems encountered and steps taken to remedy them. Within six months of the closing date of the loan, MOF will furnish the Bank with audited copies of a Statement of Receipts and Disbursements covering any imprest account.

G. Monitoring

28. The Bank will monitor implementation closely, including procurement, rehabilitation and civil works, and disbursement.

H. Consulting Services

29. Consulting services are not expected to be funded under the loan.

V. TECHNICAL ASSISTANCE

30. Technical assistance will complement the proposed loan by helping MAR to manage its future responses to typhoons and other natural disasters in a more efficient manner, with faster processing of requests for help from the stricken areas and higher awareness by local authorities of the information necessary in a disaster situation. Ultimately a greater state of readiness will result in faster delivery of emergency aid to the people; lessening of disaster impact; and more efficient delivery of long-term disaster rehabilitation both in the affected atolls and at the Central Government level.

31. In 1991/92, MAR has experienced an unusual number of typhoon-related natural disasters. Considerable damage resulted in all parts of the country due to the combined destruction of typhoons Zelda, Axel and Gay. Damage to food crops and housing could have been minimized if communities had undertaken key mitigation actions. Moreover, better foreknowledge and preparedness by both the Central Government and local communities would have helped to shorten the period of widespread disaster-related problems. While future natural disasters are unpredictable, the experience of the past year has shown that mitigation activities need to be well designed and implemented rapidly to avoid unnecessary hardship.

A. Past Mitigation Efforts

32. With modernization, social and economic changes have been reflected in the type of housing material now being used and the methods for producing crops. As a result, both crops and dwellings are increasingly vulnerable to damage, which is costly at both the household and the national level. The general mitigation and management response at the national level has not kept pace with the modernization process in the main towns and the outer islands. Recently a consensus among Government officials has emerged that it would be advisable to strengthen the planning and delivery of such services. The Government is obligated under the Compact of Free Association with the United States to provide FEMA with a hazard mitigation plan. The last plan, prepared in 1987, needs to be updated.

B. Need for the Technical Assistance

33. Because the economy operates in a fragile ecological environment, disaster mitigation, planning and management could play a key role in national economic development. Preventing or lessening the impact of typhoons would serve as an important economic support. MAR should increase its self-reliance in this area. Usually the people that suffer the most economic loss are those in areas that can least afford it. New businesses and cottage industries in the outer atolls, for instance, cannot afford to rebuild, as they are still in the start-up phase. Frequent losses to disasters also place a strain on the limited resources of the national treasury.

34. The newly created Office of the National Disaster Coordinator, under the Office of the Chief Secretary, is a modest operation staffed by one person. The coordinator took up his post in November 1992, and there is a need for additional training, especially in the area of disaster management and mitigation. It is advisable for MAR to have a cadre of trained people to fill existing gaps in the national disaster management structure. The TA will concentrate on institutional strengthening at the national level while training local officials to work in the event of future disasters.

C. Objectives and Scope

35. The principal objectives of the TA are the following:

- (i) to train the National Disaster Coordinator in knowledge and skills to develop and manage disaster mitigation activities with both international and Government agencies;
- (ii) to improve the effectiveness of the DAC in its coordination role; and
- (iii) to give community leaders a better understanding of procedures to be followed in case of disasters and to identify specific hazards to infrastructure, housing, fisheries and food crops.

36. A comprehensive program approach is advisable, containing the following components: (i) staff training for the National Disaster Coordinator and working members of DAC; (ii) drafting a disaster management and mitigation manual for future use to improve the Government's response at all stages, from disaster warnings through to the rehabilitation period; (iii) on-site workshops on disaster mitigation and management for outer island mayors and other key personnel; (iv) development of a country profile concentrating on the compilation of important information needed in time of disaster; (v) making recommendations concerning institution building, policy response, disaster mitigation for increased shoreline protection, improved adverse weather warning communications systems and techniques for outer islands and atolls, storm surge channel construction, equipment preparation, and computer software for hazard mapping and vulnerability analysis; and (vi) integration of disaster mitigation concerns into national development planning, including policy formulation.

37. If the proposed loan is approved by the Board of Directors, I, acting under the authority delegated to me by the Board, shall approve the provision of technical assistance to the Government in an amount not exceeding \$150,000. This technical assistance will be provided as a grant.

VI. LEGAL INSTRUMENTS AND AUTHORITY

38. A draft Loan Agreement (Special Operations) between the Republic of the Marshall Islands and the Bank is circulated herewith. The provisions of the Bank's Special Operations Loan Regulations dated 7 December 1982 are incorporated in the Loan Agreement (Special Operations) subject to the modification set forth in Section 1.01 of the draft. Under its laws the Republic of the Marshall Islands is empowered to borrow from the Bank. I am satisfied that the proposed Loan would comply with the Articles of Agreement of the Bank.

VII. RECOMMENDATION

39. I recommend that the Board approve the proposed loan from the Bank's Special Funds resources to the Republic of the Marshall Islands for Emergency Typhoon Rehabilitation Assistance in an amount in various currencies equivalent to SDR 364,000, with a service charge at a rate of 1 per cent per annum, and carrying such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board.

KIMIMASA TARUMIZU
President

18 January 1993

BASIC DATA SHEET OF MARSHALL ISLANDS
As of 21 December 1992

		1960	1970	Most Recent Estimate	Remarks	
AREA	Total (000 sq. km.)			0.181	1988	
	Cropped Land Per Capita (ha.)			NA		
POPULATION	Total (000; mid-year)	14.91	22.08	48.04	1991	
	Density (persons/sq. km.)	NA	NA	265	1991	
	Annual Growth Rate (%)			4.0	1991	
GNP PER CAPITA	(US\$)					
SOCIAL/ DEVELOPMENT INDICATORS	Life Expectancy at Birth (years)	NA	NA	62	1991	
	Infant Mortality (per 1,000 live births)	NA	NA	63	1986	
	Access to Safe Water (% of population)	NA	NA	NA		
	In Urban Areas	NA	NA	NA		
	In Rural Areas	NA	NA	NA		
	Daily Per Capita Calorie Supply (cal.)	NA	NA	NA		
	Daily Per Capita Protein Supply (gm.)	NA	NA	NA		
	Persons Per Physician	NA	NA	2076	1987	
	Gross Primary School Enrollment (%) a/	NA	NA	90	1988 c/	
	Adult Literacy Rate (%) b/	NA	NA	91	1988 c/	
	Energy Consumpt. Per Capita (kg. coal equiv)	NA	NA	NA		
	Income Dist'n: % of Income Received By	NA	NA	NA		
	Highest % of Households	NA	NA	NA		
	Highest % of Households	NA	NA	NA		
	Lowest % of Households	NA	NA	NA		
Lowest % of Households	NA	NA	NA			
LABOR FORCE ('000)	Total	NA	11.488 c	NA	NA	
	Employed	NA	10.056 c	NA	NA	
	Agriculture, Forestry & Fishery	NA	2.150	NA	NA	
	Mining and Manufacturing	NA	0.947	NA	NA	
	Others	NA	6.959	NA	NA	
	Unemployed and/or Underemployed	NA	1.432 c	NA	NA	
	Unemployment/Underemployment Rate (%)	NA	12.5 c	NA	NA	
GROSS DOMESTIC PRODUCT ('000 US\$)	GDP at Current Market Price (mp)	64824	69809	70138	73211	75421
	GDP at Constant 19__ mp	NA	NA	NA	NA	NA
	Growth Rate (%)	NA	NA	NA	NA	NA
GDP,at constant 19__ mp (Percentage Share by Industry)	Agriculture, Forestry and Fishery	NA	NA	NA	NA	NA
	Mining and Manufacturing	NA	NA	NA	NA	NA
	Construction	NA	NA	NA	NA	NA
	Electricity and Water	NA	NA	NA	NA	NA
	Transport and Communications	NA	NA	NA	NA	NA
	Trade	NA	NA	NA	NA	NA
	Others	NA	NA	NA	NA	NA
GDP,at constant mp (Growth Rate by Industry)	Agriculture, Forestry and Fishery	NA	NA	NA	NA	NA
	Mining and Manufacturing	NA	NA	NA	NA	NA
	Others	NA	NA	NA	NA	NA

		1987	1988	1989	1990	1991	Remarks
GDP, at constant 19__ mp (Percentage Share by Expenditure)	!Private Consumption	NA	NA	NA	NA	NA	
	!Government Consumption	NA	NA	NA	NA	NA	
	!Gross Fixed Capital Formation	NA	NA	NA	NA	NA	
	!Increase in Stocks	NA	NA	NA	NA	NA	
	!Exports of Goods & Services	NA	NA	NA	NA	NA	
	! Less Imports of Goods & Services	NA	NA	NA	NA	NA	
	!Statistical Discrepancy	NA	NA	NA	NA	NA	
RESOURCE GAP, at current mp (%)	!Gross Domestic Savings/GDP	NA	NA	NA	NA	NA	
	!Gross Domestic Investment/GDP	NA	NA	NA	NA	NA	
	!Savings-Investment Gap	NA	NA	NA	NA	NA	
PRICE INDEXES	!Wholesale (19__=100)	NA	NA	NA	NA	NA	
	! Annual Change (%)	NA	NA	NA	NA	NA	
	!Consumer(Majuro, 4th Qtr. 1982=100)	111.9	114.7	117.2	118.0	122.7	
	! Annual Change (%)	-0.5	2.5	2.2	0.7	4.0	
MONEY AND CREDIT ('000 US\$)	!Commercial Banks						
	! Deposits with Domestic Banks	NA	38.0	106.0	666.0	NA	
	! Domestic Credits Outstanding	NA	590.0	3442.0	2978.0	NA	
	!Money Supply (M1)	NA	NA	NA	NA	NA	
	! Annual Change (%)	NA	NA	NA	NA	NA	
CENTRAL GOVERNMENT FINANCE (mil US\$)	!Current Revenue	15.9	18.9	21.6	24.1	22.5	
	!Current Expenditure	45.7	44.0	46.8	51.3	50.9	
	! Current Surplus/Deficit(-)	-29.8	-25.1	-25.2	-27.2	-28.4	
	!Capital Receipts	NA	NA	NA	NA	NA	
	!Capital Expenditure	11.8	14.0	18.7	19.8	5.7	
	! Cap. Account Surplus/Deficit(-)	NA	NA	NA	NA	NA	
	!Net Lending	-	2.3	-2.3	3.9	-	
	!Overall Surplus/Deficit(-)	-18.0	-11.1	-6.5	-7.4	-22.7	
	!Financing						
	! Domestic Borrowings, net	NA	NA	NA	NA	NA	
	! Foreign Borrowings, net	NA	NA	NA	NA	NA	
	! Foreign Grants	NA	NA	NA	NA	NA	
	! Use of Cash Balances	NA	NA	NA	NA	NA	
	!Local Govt. Rev./Central Govt. Rev. (%)	NA	NA	NA	NA	NA	
	!Local Govt. Exp./Central Govt. Exp. (%)	NA	NA	NA	NA	NA	
BALANCE OF PAYMENTS ('000 US\$)	!Exports (fob)	1728	2061	2217	2513	NA	
	!Imports (fob)	-40670	-41798	-47088	-53457	NA	
	! Trade Balance	-38942	-39737	-44871	-50944	NA	
	!Services (net)	8807	695	10815	7481	NA	
	!Transfer (net)	63191	69751	66849	69298	NA	
	! Current Balance	33056	30709	32793	25835	NA	
	!Capital Flow	11700	-6500	13500	-9467	NA	
	! Direct Investment	NA	NA	NA	NA	NA	
	! Portfolio Investment	NA	NA	NA	NA	NA	
	! Other Long-Term Capital	NA	NA	NA	NA	NA	
	! Other Short-Term Capital	NA	NA	NA	NA	NA	
	!Net Errors and Omissions	NA	NA	NA	NA	NA	
	! Overall Balance	44781	24233	46342	16868	NA	
	!Allocation of SDRs	NA	NA	NA	NA	NA	
	!Monetary Movements	NA	NA	NA	NA	NA	

		1987	1988	1989	1990	1991	Remarks
LEADING EXPORT COMMODITIES (Percentage Share)	!Coconut oil !Trochus shells !Copra cake !Handicraft !Live animals	86.2 9.3 2.0 1.6 0.4	82.7 16.6 0.3 0.0 0.4	74.5 20.7 4.4 NA NA	NA NA NA NA NA	NA NA NA NA NA	
LEADING IMPORT COMMODITIES (Percentage Share)	!Food & live animals !Machines, transport equipment !Mineral fuels, etc. !Beverages & tobacco !Basic Manufactures	28.5 * 11.8 * 16.8 * 10.8 * 13.4 *	34.1 10.8 10.7 9.6 5.5	NA NA NA NA NA	NA NA NA NA NA	NA NA NA NA NA	
TERMS OF TRADE	(19__=100)(period average)	NA	NA	NA	NA	NA	
EXCHANGE RATE	e/						
INTER-NATIONAL RESERVES ('000 US\$)	!Total (end of year) ! Gold, National Valuation ! Foreign Exchange ! Reserve Position in the Fund ! SDRs ! Other Bank's Assets !Ratio to Merchandise Imports (months)	NA NA NA NA NA NA NA	NA NA NA NA NA NA NA	NA NA NA NA NA NA NA	NA NA NA NA NA NA NA	NA NA NA NA NA NA NA	
EXTERNAL DEBT (mil. US\$)	!Total, Outstanding and Disbursed ! Long-Term ! Public and Publicly Guaranteed ! Private Non-guaranteed ! Short-Term ! Use of IMF Credit !Debt Service ! Principal Repayments on Long-term Debt ! Interest on Long-term Debt ! Interest on Short-term Debt ! Debt Service Ratio (%)	65.0 NA NA NA NA NA 58.6 NA NA NA 281	58.5 NA NA NA NA NA 12.1 NA NA NA 53	72.0 NA NA NA NA NA 11.5 NA NA NA 52	64.8 NA NA NA NA NA 13.9 NA NA NA 67	95.3 ! est. NA NA NA NA NA 13.7 ! est. NA NA NA NA	

NA Data not available.

- Magnitude equal to zero.

0.0 Magnitude is less than half the unit employed.

a Refers to primary school age population 6-13 years of age.

b Refers to population aged 10 years and over.

c Refers to census year.

d For the fiscal year ending 30 September.

e The unit of currency of the Rep. of Marshall Islands is US dollar.

Sources:

Area	- ADB, Economic Report on the Rep. of Marshall Islands, March 1991 & Office of Planning & Statistics (OPS), Rep. of Marshall Islands Statistical Abstract 1989/90, p. 43.
Population	- OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, pp. 55 & 86.
GNP per Capita	
Social/Dev. Indicators	
Life Expectancy at Birth	- For Most Recent Estimate, OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, p. 86.
Infant Mortality	- For Most Recent Estimate, OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, p. 82.
Access to Safe Water	
Daily per Capita Calorie Supply)	
Daily per Capita Protein Supply)	
Persons per Physician	- For Most Recent Estimate, UN, Statistical Yearbook for Asia & the Pacific (SYAP) 1991, p. 357.
Gross Prim. School Enrollment	- For Most Recent Estimate, OPS, Census of Population & Housing 1988, Final Report, p. xxv.
Adult Literacy Rate	- For Most Recent Estimate, OPS, Census of Population & Housing 1988, Final Report, p. xxv.
Energy Consumption per Capita	
Income Distribution	
Labor Force	- OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, p. 124.
National Accounts	- For 1987-88, OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, p. 201. For 1989-91, were estimated by Marshall Islands authorities based on ESCAP methodology and reflected in IMF Staff Memorandum relating to calculation of quota, February 1992.
Price Indexes	- For 1987-89, OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, p. 176. For 1990-91, OPS, 3 March 1992.
Money and Credit) - IMF Staff Memorandum on Calculation of Quota (Internal Use Only),
Central Government Finance) February 1992
Balance of Payments)
External Trade	- For 1987-89, OPS, Rep. of Marshall Islands Statistical Abstract 1989/90, pp. 158, 160 & 173.
Exchange Rate & Internat'l Reserves	
External Debt	- IMF Staff Memorandum on Calculation of Quota (Internal Use Only), February 1992