The Republic of the Marshall Islands (RMI) comprises over 1,000 islets and atolls in the North Pacific. Its economy relies on fisheries and development assistance, including grants under its Compact of Free Association with the United States. The Compact grants are scheduled to expire in 2023, and the RMI is in negotiations to extend assistance.

The Pacific Approach, 2021–2025 of the Asian Development Bank (ADB) is the country partnership strategy for the RMI, and focuses on building resilience against economic shocks, delivering sustainable services, and promoting inclusive and sustainable growth. It introduces new priorities including programmatic approach to climate change, longer-term capacity support, flexible procurement practices, and emphasis on gender equality.

To date, ADB has committed 77 public sector loans, grants, and technical assistance totaling $197.7 million to the Marshall Islands. Cumulative loan and grant disbursements to the RMI amount to $113.8 million. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds. ADB’s ongoing sovereign portfolio in the Marshall Islands includes 14 grants worth $59.2 million.1

Border closures associated with the coronavirus disease (COVID-19) pandemic have disrupted fishery supply chains and the broader economy. The country is also working to enhance climate resilience and balance resources between its urban and rural populations.

ADB has provided a total of $24.5 million in grants to assist the RMI’s COVID-19 response. A $16 million health and livelihood.

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1. Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.
program grant provided budget support to mitigate pandemic impacts on health, tourism, and social protection. A $1 million COVID-19 Emergency Response Project grant provided life-preserving goods and services to communities affected by the pandemic. The $1.5 million grant under the Ebeye Solid Waste Management initiative is preventing the spread of COVID-19 and other transmittable diseases by improving medical waste disposal and management. Phase three of ADB’s Pacific Disaster Resilience Program will provide a $6 million disaster-contingent financing grant for early recovery and reconstruction following disasters caused by natural hazards or health emergencies.

ADB is supporting the RMI to strengthen energy security, develop water and sanitation infrastructure, raise educational standards, strengthen public financial management, and improve governance. In 2021, ADB provided an additional $2 million grant for the Public Financial Management Project to support state-owned enterprise (SOE) reforms and help implement the public financial management road map.

ADB is also supporting the improvement of business conditions in the RMI—leveraging the Private Sector Development Initiative to increase access to finance and strengthen SOEs.

Operational challenges. Compact assistance to the RMI has been declining since 2003. The gradual reduction of the annual Compact grants has resulted in budget constraints affecting the Government of the RMI’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 to 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 is critical.

KNOWLEDGE WORK
ADB brings added value beyond its role in project financing. ADB cohosted a webinar on achieving long-term climate change resilience for Pacific small island developing states beyond the pandemic and stressed the need to improve climate adaptation and build resilience to help the most vulnerable communities adapt to the impacts of climate change.

ADB also publishes knowledge products on macroeconomic forecasting and public sector management in its Asian Development Outlook and Pacific Economic Monitor. Recent publications discuss progress on COVID-19 vaccinations across the Pacific, impacts of pandemic-related school closures on learning outcomes and potential earning capacity, medium-term revenue strategies to build fiscal sustainability, and addressing gaps to support recovery in the tourism sector.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Goods, Works, and Related Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount ($ million)</td>
</tr>
<tr>
<td>2020</td>
<td>23.17</td>
</tr>
<tr>
<td>2021</td>
<td>0.03</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>81.82</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Consulting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount ($ million)</td>
</tr>
<tr>
<td>2020</td>
<td>0.56</td>
</tr>
<tr>
<td>2021</td>
<td>0.81</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>3.68</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount ($ million)</td>
</tr>
<tr>
<td>2020</td>
<td>23.73</td>
</tr>
<tr>
<td>2021</td>
<td>0.85</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>85.50</td>
</tr>
</tbody>
</table>

### Top 5 Contractors/Suppliers from the Marshall Islands Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2017–31 December 2021

<table>
<thead>
<tr>
<th>Contractor/Supplier</th>
<th>Sector</th>
<th>Contract Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of the South Pacific (RMI)</td>
<td>EDU</td>
<td>1.47</td>
</tr>
<tr>
<td>College of Marshall Islands</td>
<td>EDU</td>
<td>0.93</td>
</tr>
<tr>
<td>Office Mart</td>
<td>EDU</td>
<td>0.05</td>
</tr>
<tr>
<td>ELM Motors Inc.</td>
<td>EDU</td>
<td>0.03</td>
</tr>
<tr>
<td>Triple J Marshalls Inc.</td>
<td>WUS</td>
<td>0.02</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>23.58</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>26.08</td>
</tr>
</tbody>
</table>

EDU = education, WUS = water and other urban infrastructure and services.
Note: Numbers may not sum precisely because of rounding.

### Top 5 Contractors from the Marshall Islands Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2017–31 December 2021

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Sector</th>
<th>Contract Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Consultants</td>
<td></td>
<td>1.71</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1.71</td>
</tr>
</tbody>
</table>
**FINANCING PARTNERSHIPS**

Financing partnerships enable ADB’s partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in the Marshall Islands:

- Sovereign cofinancing: $5.76 million for 2 investment projects and $3.97 million for 8 technical assistance projects since 1992

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/marshall-islands/cofinancing.

**FUTURE DIRECTIONS**

ADB will continue to respond to government requests for assistance in developing the RMI’s outer islands and further improving the quality of basic education in the country. To foster green and sustainable recovery beyond the COVID-19 pandemic, ADB will also support investments in water and sanitation, solid waste management, renewable energy, social protection, and institutional strengthening for the Ministry of Finance. ADB complemented future operations with regional technical assistance, particularly in the areas of economic and public sector management, and private sector development.

### Marshall Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2020–2021

<table>
<thead>
<tr>
<th>No. of Ongoing Loans† (as of 31 Dec 2021)</th>
<th>2020 ($ million)</th>
<th>2021 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards‡, §</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Disbursements‡</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>No. of Ongoing Grants†, § (as of 31 Dec 2021)</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Contract Awards‡, §, ¶, ‡</td>
<td>2020 ($ million)</td>
<td>2021 ($ million)</td>
</tr>
<tr>
<td>Disbursements‡, ¶, ‡</td>
<td>24.75</td>
<td>2.70</td>
</tr>
<tr>
<td>At Risk Projects (%) (as of 31 Dec 2021)</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

† = nil.
‡ Based on commitments.
§ Includes closed loans/grants that had contract awards or disbursements during the year.
¶ Excludes policy-based, results-based, financial intermediation/credit, CPF (COVID-19 Pandemic Response Option), and cofinanced loans and grants.
¶ Includes only Asian Development Fund and other ADB special funds.


<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly successful</td>
<td>Less than successful</td>
</tr>
<tr>
<td>Sovereign Operations</td>
<td>1</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>–</td>
</tr>
</tbody>
</table>

† = nil, IED = Independent Evaluation Department.

Note: The numbers indicate sovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports circulated by ADB within the 10-year period from 1 July 2011 to 30 June 2021. See evaluations related to the Marshall Islands.

Source: IED success rate database.
ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed $22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $12.9 billion.

As of 31 December 2021, ADB’s cumulative commitments in 45 countries stood at $342 billion covering 4,061 loans, $11.7 billion in 521 grants, and $5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB’s own funds in 2021 amounted to $1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized $1.7 billion of long-term project cofinancing and $5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- $12.93 billion for 187 projects, of which:
  - $12.38 billion, 75 investment projects,
  - $134.67 million, 110 technical assistance projects,
  - $422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- $140.43 billion for 3,165 projects, of which:
  - $136.6 billion, 1,098 investment projects,
  - $2.8 billion, 2,061 technical assistance projects,
  - $1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2021

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:

- $22.93 billion in 2020
- $15.6 billion in 2021
- $232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $730.78 million in 2020
- $697.03 million in 2021
- $14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT THE MARSHALL ISLANDS AND ADB

Shareholding and Voting Power

Number of shares held: 282 (0.003% of total shares)
Votes: 39,396 (0.296 of total membership, 0.455% of total regional membership)

*Overall capital subscription: $3.95 million
*Paid-in capital subscription: $0.2 million

*United States dollar figures are valued at rate as of 31 December 2021.

ADB Governor: Brenson S. Wase
ADB Alternate Governor: Patrick Langrine
ADB Director: Noor Ahmed (Pakistan)
ADB Alternate Director: Paul Dominguez (Philippines)

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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

Notes: (i) Figures are estimated by ADB unless otherwise stated.
*“$” refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.