The Republic of the Marshall Islands 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). Like its neighboring countries, the Marshall Islands’ economy was impacted by border closures linked to the coronavirus disease (COVID-19) pandemic, particularly in fisheries and onshore fleet services, hotels and restaurants, and construction.

The Pacific Approach, 2021–2025, of the Asian Development Bank (ADB) serves as the country partnership strategy for the Marshall Islands, and focuses on building resilience against economic shocks, delivering sustainable services, and promoting inclusive and sustainable growth. It introduces new priorities including a programmatic approach to climate change, longer-term capacity support, flexible procurement practices, and a greater emphasis on gender equality. Recognizing the need for capacity support to complement physical infrastructure, ADB is helping improve public sector performance alongside infrastructure works.

To date, ADB has committed 78 public sector loans, grants, and technical assistance totaling $202.2 million to the Marshall Islands. Cumulative loan and grant disbursements to the Marshall Islands amount to $126.21 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 8 grants worth $44.7 million.

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**Marshall Islands: 2022 Commitments ($ million)**

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Sovereign</th>
<th>Nonsovereign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance</td>
<td>4.83</td>
<td>0.23</td>
<td>5.05</td>
</tr>
<tr>
<td>Total</td>
<td>4.83</td>
<td>0.23</td>
<td>5.05</td>
</tr>
</tbody>
</table>

DMC = developing member country, TA = technical assistance.

Notes:
- Commitment is the financing approved by ADB’s Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB.
- Grants and TA include ADB-administered cofinancing.
- Numbers may not sum precisely because of rounding.
- Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

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**Marshall Islands: Cumulative Commitments a, b, c, d**

<table>
<thead>
<tr>
<th>Sector</th>
<th>No.</th>
<th>Total Amount ($ million)</th>
<th>% of Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Natural Resources, and Rural Development</td>
<td>9</td>
<td>10.13</td>
<td>4.70</td>
</tr>
<tr>
<td>Education</td>
<td>6</td>
<td>23.62</td>
<td>10.96</td>
</tr>
<tr>
<td>Energy</td>
<td>7</td>
<td>26.68</td>
<td>12.37</td>
</tr>
<tr>
<td>Finance</td>
<td>3</td>
<td>1.48</td>
<td>0.69</td>
</tr>
<tr>
<td>Health</td>
<td>9</td>
<td>18.67</td>
<td>8.66</td>
</tr>
<tr>
<td>Industry and Trade</td>
<td>2</td>
<td>1.35</td>
<td>0.63</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>–</td>
<td>0.21</td>
<td>0.10</td>
</tr>
<tr>
<td>Multisector</td>
<td>3</td>
<td>2.49</td>
<td>1.16</td>
</tr>
<tr>
<td>Public Sector Management</td>
<td>33</td>
<td>86.28</td>
<td>40.02</td>
</tr>
<tr>
<td>Transport</td>
<td>5</td>
<td>9.35</td>
<td>4.34</td>
</tr>
<tr>
<td>Water and Other Urban Infrastructure and Services</td>
<td>10</td>
<td>35.33</td>
<td>16.39</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>215.61</td>
<td>100.00</td>
</tr>
</tbody>
</table>

- = nil, DMC = developing member country, TA = technical assistance.
- Grants and TA include ADB-administered cofinancing.
- Includes loans, grants, and TA.
- Using primary sector in the reporting of commitments.
- From 2020, financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.
- Numbers may not sum precisely because of rounding.

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Updated as of August 2023
Border closures associated with the COVID-19 pandemic have disrupted fishery supply chains and the broader economy. The country is working to enhance climate resilience and to balance resources between its urban and rural populations. Ongoing projects in the Marshall Islands involve basic education, network strengthening, energy security, solid waste management, water supply and sanitation, public financial management, and a project readiness financing to prepare an integrated urban investment. Further technical assistance addressed a range of areas, including strengthening the enabling environment for improved and sustainable services, community outreach and hygiene awareness, and deployment of hygiene kits to vulnerable households during the peak periods of community transmission.

**Operational challenges.** The Compact’s assistance to the Marshall Islands has been declining since 2003. The gradual reduction of the annual Compact grants has resulted in budget constraints affecting the Government of the Marshall Islands’ 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 Marshall Islands, and the government has shown strong commitment in implementing these reforms. However, given that local capacity constraints present challenges to this process, 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 among the most vulnerable communities.

ADB also publishes knowledge products on macroeconomic forecasting and public sector management in its Asian Development Outlook and Pacific Economic Monitor. Recent publications discuss the effects of rising fuel prices on public service, commodity and transport costs, and how Pacific governments have provided public relief measures in response to these issues. ADB is also conducting assessments of the tourism industry, and on the potential economic impacts of the cessation of current Compact assistance in fiscal year 2023.
FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s financing partner governments or their agencies, multilateral financing institutions, and private organizations to participate in financing ADB projects. The additional funds provided 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 2018 to 31 December 2022 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 Marshall Islands’ 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, youth development, and institutional strengthening for the Ministry of Finance. ADB will complement future operations with regional technical assistance, particularly in the areas of economic and public sector management, and private sector development.
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 3,775 staff from 66 members as of 31 December 2022.

ADB maximizes the development impact of its assistance to its 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 met strong demand for its assistance in 2022. It unlocked greater resources for its members through the private sector and partnerships. ADB provided financing for climate change mitigation and adaptation initiatives, education quality and access, affordable health care, and more sustainable and climate-resilient food systems. In 2022, 97% of ADB operations contributed to gender equality. ADB fostered greater regional collaboration on issues such as health threats and tax cooperation. ADB also responded to demand for tailored knowledge solutions from its members.

ADB operations. In 2022, ADB committed $20.5 billion in loans, grants, equity investments, guarantees, private sector programs, and technical assistance to both the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $11.4 billion.

As of 31 December 2022, ADB’s cumulative commitments in 45 countries stood at $358.4 billion covering 4,189 loans, $12.6 billion in 566 grants, and $5.5 billion in technical assistance grants, including regional technical assistance grants.

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

Total commitments in nonsovereign loans, equity investments, and guarantees from ADB’s own funds in 2022 amounted to $11.1 billion for 37 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2022, ADB mobilized $1.7 billion of long-term project cofinancing and $3.3 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 $12.8 billion as of 31 December 2022.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2022

- $11.39 billion for 165 projects, of which:
  - $11.2 billion, 75 investment projects,
  - $126.49 million, 87 technical assistance projects,
  - $60 million transaction advisory services mandates for 3 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2022

- $151.87 billion for 3,292 projects, of which:
  - $147.81 billion, 1,163 investment projects,
  - $2.92 billion, 2,120 technical assistance projects,
  - $1.13 billion transaction advisory services mandates for 9 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2022

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:

- $15.23 billion in 2021
- $16.19 billion in 2022
- $247.06 billion covering 228,149 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:

- $706.65 million in 2021
- $535.61 million in 2022
- $15.45 billion covering 74,995 contracts, cumulative procurement since 1966.