

Joint Annual Report

2003

European Commission/

Republic of the Marshall Islands

1. Executive Summary

Article 5, Annex IV of the Cotonou Agreement requires that the National Authorising Officer and Head of Delegation shall annually undertake an operational review of the indicative programme and, within 30 days of completion of review, draw up and submit a report to the Development Finance Committee.

This joint annual report for 2003 fulfils this reporting requirement.

The Country Strategy Paper and National Indicative Programme (NIP) for the Republic of the Marshall Islands (RMI) were signed in Majuro on 8th April 2003.

The NIP provides for and the indicative financial allocation for RMI of € 3.5 m for the "A" Envelope, and € 1.1 m for the "B" envelope. The focal area of EC-RMI cooperation is the energy sector, to which 65% of the A envelope (€ 2.3m) is to be allocated. A further € 0.7million (20% of the A envelope) is to be allocated to human resource development/capacity building, in the form of support to outer island schools, with the remaining 15% of funds (€ 0.5m) set aside for support to education through the involvement of Non-State Actors.

The preparation of project proposals to be financed under the Cotonou Agreement began in 2003 and the status of proposals in the focal and non-focal sectors by end 2003 was as follows :

In the latter half of 2003, a draft Financing Proposal of the proposed focal sector programme on Energy (covering 5 of the new PACP countries, including RMI) was developed, in concert with beneficiary countries and with the Forum Secretariat (which is to manage the project). The Proposal was submitted to the NAO of Marshall Islands in December 2003 for consideration and comment.

The Financing Proposal was expected to be reviewed by the EDF Committee in the second half of 2004, and implementation expected to begin in early 2005.

As regards the non-focal sector (HRD/capacity building), a project proposal entitled "Enhancement of Human Resource Development/Capacity-Building in the Outer Islands : School Construction" was received by the Delegation in November. However, since the proposal had not been channelled through the NAO's Office, there was uncertainty as to its status. By end-2003 a new proposal was being drafted, with similar objectives. Approval of the proposal was expected in the first half of 2004, with implementation beginning soon after approval.

Discussions on the NSA programme, in the education sector, began in October, and a draft Financing Proposal was forwarded to the NAO in December for review and comment. Approval of the programme was foreseen in the second half of 2004.

2. The Republic of the Marshall Islands' National Policy Agenda

The government's national policy framework and development strategies were set out in the Strategic Development Plan Framework 2003-2018 (Vision 2018). Vision 2018 sets out in very broad terms the goals and objectives over the next 15 years and how the RMI will go about achieving them. Vision 2018 is the result of the Second National Economic and Social Summit held in 2001.

The deliberations revolved around six discussion papers: RMI's Current Socio-Economic Challenges and Objectives over the next 15 Years; The Role of Government; The Role of the Private Sector; The Role of Civil Society; Human Resources Development; Sustainable Development. Following extensive debate and discussions, a number of common themes came through which included human resources development, environmental sustainability, outer island development and respect for culture and tradition.

2.1 National Development Strategy

RMI has identified ten key conditions to achieve Vision 2018:

1. A sound system of governance with political stability and commitment to Vision 2018, and a competent and honest public service;
2. High investment in education and research;
3. Foster a culture of high savings, investment and productivity;
4. Ability to take advantage of emerging global trends;
5. Effective and responsible economic and financial institutions;
6. Facilitating equitable development of the Outer Islands;
7. Strengthening the spirituality of the Marshallese people;
8. More harmonised development in the context of healthy lifestyles, and the prevailing culture and sustainable environment;
9. Fostering fundamental change in the attitudes and behaviour of all citizens, government, local governments, businesses, public corporations and NGOs, and
10. Effective "Partnership and Co-ordination" among National Government, Atoll Local Governments, NGOs, the Private Sector, Civil Society, and the Citizens.

3. ANALYSIS OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

RMI is one of the few atoll nations in the world. It consists of 29 atolls and 5 coral islands scattered throughout the central part of the Pacific Ocean. The total land area is only 181 km², whereas the Exclusive Economic Zone (EEZ) covers an area of more than 2 million km² and contains an abundance of fish and other valuable marine resources. The national capital is Majuro atoll. Recent statistics show that the population is approximately 56,000 with 45 percent under 15 years of age. Two-thirds of the population reside on Majuro and Ebeye, which are the two main district centres with modern infrastructures, while the remaining one-third live in the rural "outer islands" following a subsistence lifestyle. The population growth rate has significantly reduced from the previous rate of 3.5% to 1.7%, primarily due to increasing numbers of emigrants to the United States. It is estimated that 10 to 15% of the population live abroad.

3.1 Political Situation

In 1986, the RMI became an independent nation and established a bilateral agreement with the USA, known as the Compact of Free Association, which outlines the economic and political ties between the two countries. A major agreement of the Compact grants the U.S. exclusive military access to Kwajalein atoll for the U.S. Army strategic missile test range. It also provides for settlement of all claims for nuclear injury compensation following the nuclear testing programme, which the U.S. conducted from 1946 to 1958. By treaty, the national currency is the US dollar. Compact 'Two' (a 20-year agreement) was approved in 2003, and modest signs of growth in the hitherto near-stagnant economy have been shown since.

RMI has maintained a stable and democratic government since independence. The principal aims of the Compact – political sovereignty and exclusive military access by the U.S. – have been achieved, but the economic and social outcomes for the Marshall Islands differ significantly from RMI expectations. The country continues to strive for a self-sustaining economy in view of the natural constraints imposed by its small size, its remote location from major international markets, occasional natural disasters, and limited land resources, notwithstanding the challenge in balancing the effort to preserve its culture, to adapt to modern society and to promote a free market economy. The fact that Marshallese can live, work and study in the U.S. visa-free has provided a social safety valve for the country, but it has probably also undermined sustained efforts at attaining economic self-reliance.

The present government, under the leadership of President Kessai Note, was re-elected in November 2003, with a slightly larger Parliamentary majority than in his first administration.

3.1.1. Democratic participation

The Marshall Islands Constitution provides for a parliamentary system with legislative, executive, and judiciary branches. Legislative power is vested in the *Nitijela* (parliament), with thirty-three senators, elected every four years and representing 24 atoll/island districts. Larger districts are assigned additional senate seats. The Executive comprises the President and the Cabinet. The President, elected by majority vote from the membership of the *Nitijela*, appoints the ministers who are also member of the *Nitijela*, forming the Cabinet. There is a traditional council of chiefs known as the Council of *Iroij* that acts mainly as an advisory body on wide matters pertaining to customary practices. There are also twenty-four local governments overseeing local affairs and ordinances, most of them relying on the national government for support and assistance. The judiciary consists of the Supreme Court, the High Court and the Traditional Court.

Corruption has been an issue in the past, but the present administration is making efforts to bring about greater transparency in government operations. To the administration's credit, it has been receptive to the desire of a number of donors and lenders – including the EU – to channel a portion of development funds to RMI through non-governmental organisations and community groups – particularly for initiatives in the social sectors.

3.1.2. Human rights

All essential freedoms (expression, press, association etc.) are respected in RMI.

3.2 Economic and social situation

The principal feature of the small RMI economy is the predominance of a semi-subsistence sector, still based primarily on copra production, alongside a limited, modern service-oriented sector which is mainly sustained by the expenditures of the government and the U.S. military base on Kwajalein. During the long period in which the Marshall Islands, as part of the Trust Territories of the Pacific Islands (TTPI), were administered by the USA on behalf of the UN, economic development was not assigned a high priority and local productive capacity has remained relatively undeveloped. The economy is driven by the public sector that has received funding through successive Compact Agreements. Compact assistance remains the mainstay of the RMI economy, contributing an estimated 50% of GDP over the past 16 years. Private sector development has suffered in the past by bureaucratic regulations, although efforts are now being made (notably with ADB assistance) to remove obstacles to foreign investment.

3.2.1. Economic situation, structure and performance

Recent statistics indicate no real growth in national income per capita since independence and little change in the structure of the economy. GDP stood at US \$ 96m in 2001. Growth has been negative, on average, since 1995, and GDP per capita growth has been negative, by an average of over 4%, over the same period. In 2001, GDP per capita was estimated at US 1,830. Inflation has been largely contained, due to cheaper imports arising from the strengthening of the US dollar and sluggish demand, the combination of which more than offset the impact of the sharp rise in fuel prices. Expenditure on imports from the U.S. exceeds the annual value of Compact revenues. The labour force is growing faster than the number of jobs being created and unemployment, which is currently as high as 30%, continues to increase. The present government seems more convinced than previous ones of the need to improve the business climate, and through such improvement, the economy as a whole, but bringing about the changes needed will not be a quick or easily-accomplished task.

Economic Indicators (2001)

GDP	: US \$ 96m
Sector share in GDP	: agriculture (14%) industry (16%) services (70%)
Main industries	: copra, fish, tourism, craft items, wood, pearls
Export commodities	: copra cake, coconut oil, handicrafts, fish
GDP/capita	: US \$ 1,830
ODA and official aid	: US \$ 74m

3.2.1. Economic growth sectors

The traded goods sector of commercial agriculture, local handicrafts, black pearls and niche tourism contribute minimum input, but continue to gain steady growth.

Agricultural production is relatively limited but important to the livelihood of people and the economy. It comprises food crops including small livestock and one cash crop, copra, which is processed into coconut oil and other products. Copra remains the most important – almost

the only – source of earned income for people in the rural areas. The copra price subsidy is an important way of redistributing income to rural households. Land for agricultural production is limited.

The fisheries sector comprises two sub-sectors, coastal and oceanic fisheries. Coastal resources are harvested by households for their own consumption and sale to the urban areas. There is potential for commercially viable (black) pearl farming. With an Exclusive Economic Zone of more than 2 million km², RMI has an abundance of fish and other marine resources. The fishery resources are exploited through licensing of vessels from distant water fishing nations to fish in RMI's EEZ. RMI has a Multilateral Fishery Treaty with the USA and bilateral fisheries agreements with Japan, Korea and Taiwan. In 1997 the National Fisheries Policy was approved in order to improve the economic benefits from the fisheries sector, promote responsible private sector-led fishery development and strengthen the institutional capacity to facilitate development and management of fishery resources, within sustainable limits. Part of these efforts resulted in the recent establishment of a private tuna loining plant in Majuro with a processing capacity of 50 tons per day and employing some 350 people, of whom 80% are women.

In the past five years RMI has received about US \$16.4 million from licences and trans-shipment fees, with annual receipts between US \$2 to US \$5 million. This represents a significant contribution to the government's General Fund. Apart from the multi- and bilateral fisheries agreements, an important strategy of RMI is to make Majuro an attractive port for trans-shipment, not only to derive additional revenues from trans-shipment fees, but also to inject spending into the local economy.

Tourism at present is a very small sector, employing less than 10% of the labour force, but may have development potential in certain niche markets. Tourism infrastructure, hotels and restaurants are located mostly in Majuro with some small facilities on the outer islands. Development aims at niche markets in Japan and the USA for outer island/atoll cultural experience, diving and fishing. In the longer term, the plan is to shift to the development of self-contained, private island resorts.

3.2.2. Social aspects

The external support provided to RMI has produced a reasonable standard of living, especially in the urban centres. Income per capita has been above the regional average, with most health and education indicators comparable to the average for other Pacific Island countries. However, delivery of both education and health services suffer from the vast dispersion of the islands, and educational facilities, on the outer islands especially, have been badly neglected in recent years. The education sector is now receiving a large proportion of donor funds (32%), while health services will receive 20%, but despite the higher budgets the effect of long years of neglect will be felt for a number of years to come. Nevertheless, there has been a significant improvement in the health status over the past years, with infant and child death rates have been considerably reduced. Life expectancy has also increased, and now stands at 69 for women and 63 for men. Apart from radiation-related health problems caused by the nuclear testing, much ill health in RMI is lifestyle- and nutrition-related.

RMI has a young population with a median age of 18 years old. Unemployment rates are highest among the youth, in the age group between 15-19 and the job market is limited. The

working-age population is under-employed, especially the women, who make up 30% of the labour force.

3.2.3. Structure of the public sector and recent developments

The public sector in RMI plays a dominant role in the economy, and is the country's main employer, by a wide margin. The Government recognises the challenges that this poses, and has been focusing on economic reform, greater accountability and improved performance, as well as on increasing NSA involvement in a country where the expectation has long been that government should take care of everything. There are efforts to improve domestic capacity to administer Government more efficiently and promote private sector growth by further streamlining the requirements for new business, particularly foreign investors. In addition Government continued to: 1) retain expenditure levels 25% lower than 1995 expenditure levels, 2) decrease subsidies on a number of government entities and allow for privatisation process, 3) maintain the government hiring and wage freeze policy, and 4) concerted more efforts to collect unpaid taxes.

In terms of long-term fiscal policy, RMI has established the Marshall Islands Intergenerational Trust Fund (MIITF), with an initial deposit of US\$18 million, to set aside maximum savings so as to generate uncommitted future income. The aim is that a proportion of Compact transfers (and potentially other external contributions) will be saved and invested in the Intergenerational Trust Fund to create post-Compact income and enhance self-reliance.

The Government has been attempting structural adjustment to stimulate economic development and contain budgetary deficits for over half a decade. The Government requested the Asian Development Bank (ADB) support for public sector reforms as far back as 1994. This resulted in a Public Sector Reform Programme (PSRP) loan in 1997. Overall, RMI's performance under the PSRP has been positive and include improving the policy environment for the private sector, strengthening the financial sector for growth and achieving an economy which is less dependent on external aid flows. Recent actions taken include anti-corruption and good governance measures.

In 2003, RMI continued to be ranked on the list of the OECD's list of "Unco-operative tax havens", one of five countries world-wide which have not yet made commitments to transparency and effective exchange of information on tax legislation. However, the country is moving to bring its financial system into line with international "best practice" for small financial centres.

3.3. External Environment

3.3.1. Balance of payments

No up-to-date data available.

3.3.2. Merchandise Trade

The economy has a serious trade imbalance. Even with modest increase of exports, the level of imports has not significantly decreased, and still represents a high percentage of GDP. This heavy dependence on imports has made RMI vulnerable to external influences, in particular to fluctuations in world market commodity prices.

3.4. Sustainability of Current Policies

3.4.1. Economic development

Compact assistance is scheduled to last for another two decades, but in order to advance the cause of economic self-reliance, and to reduce the increasing social problems associated with the high unemployment, or under-employment rate, it is vital that the authorities devise and implement policies capitalising on the potential for economic growth. This is likely to involve a degree of privatising of areas at present in the public sector and, more generally, to create a more enabling environment for private sector development.

3.4.2. Unemployment

As in many Pacific Island countries, unemployment is an area of great concern, with the present rate standing at 30% - a rate which would be even worse without the "safety valve" of possible emigration to the U.S. Employment prospects for both the highly educated and the unskilled are poor : ironically, semi-skilled workers are sometimes brought into the country from other countries to work on e.g. construction projects, because Marshallese workers lack the required work ethic.

3.4.3. Gender issues

RMI is based on matrilineal society. Males derive their traditional status and land rights accordingly from the mother's side. As such women are highly respected in many aspects. They play an influential role in the communities, particularly on the outer islands. Female students are almost equally represented, accounting for nearly 50%, but in the labour market women participation is only 30%, partly because women are traditionally expected to perform family and household duties. In recent years, however, more women are becoming involved in the labour force and public service, due to an increase in education and expertise in many fields.

3.4.4. Environment

See environmental profile, in annex 1.

3.4.5. Governance : Sound Development Management

As noted earlier, efforts are being made to implement anti-corruption and pro-transparency policies. The requirements in terms of accountability under the new Compact agreement are also more stringent than previously, particularly in terms of accountability, to the extent that - in the opinion of some - they amount to violations of the country's sovereignty. The present readiness to accord an important role in development to NSAs is to be welcomed.

4. OVERVIEW OF ONGOING COOPERATION IN THE REGION

The 9th EDF Regional Programme foresees an allocation of €29 million and includes three focal sectors "Economic Integration and Trade" (€9 million), "Human Resource Development" (€8 million) and "Fisheries" (€5 million) and € 7 million for a non-focal sector, destined for the extension of a number of 8th EDF programmes to the 6 new ACP countries,

including RMI. The Regional Programme was signed in 2002 by Commissioner Poul Nielson, during his first visit to the Pacific.

- "Regional Economic Integration Programme" (REIP) - €9.2 million

The programme aims to assist the region in strengthening its capacity to implement PICTA (the proposed free trade area among the Pacific island countries), negotiate trade agreements with developed partners (e. g. an Economic Partnership Agreement with the EU) ; to participate in multilateral trade negotiations (WTO) and to assist the private sector in addressing supply-side constraints.

The EDF approved the programme at its November 2003 meeting and at the end of the year the Financing Agreement (FA) had been finalised. The FA was scheduled to be officially signed by the RAO and by the Commissioner during the latter's visit to Fiji in February 2004.

- "Human Resources Development" (HRD) – PRIDE programme - €8 million

The objective of the programme is two-pronged: to assist Pacific island countries (PICs) in developing a sector-wide strategy for Education and subsequently to finance the implementation of some parts of that strategy. Most PICs have identified Education as a focal sector in their National Indicative Programmes, and a number of other donors are very active in the sector in all of them. Therefore, the parts of the strategies that have a more national character will be implemented with national funding (both governments' own resources and that of donors) and those that have the capacity to be shared by the region can be selected for funding by this programme. The programme is implemented by the Institute of Education of the University of the South Pacific (USP).

The Financing Proposal was finalised in 2003 and approved by the EDF Committee in September. Both the Financing Agreement and Contribution Agreement were signed in Suva in November 2003.

A very positive development occurred during 2003: at the invitation of the Pacific Island Countries, led by Samoa, and with the consent of the Commission, NZAid agreed to provide funding for PRIDE, to the tune of NZD 5 million for three years, with the possibility of additional funding after that. This allowed USP to proceed with the recruitment of the project management team during the second half of 2003. At the end of the year all but one element of the team have been selected and all have either ACP or EU nationality. USP is also finalizing works in the PRIDE office building. The team will start working in February 2004.

Implementation of this programme went faster than expected: implementation had been forecast to start in early 2004, but at the end of 2003 almost all the team has already been selected and works in the office were almost completed.

- "Fisheries" - €5 million

Two programmes are being funded in this sector :

- a) Extension of PROCFISH to the 6 new ACPs - €1.997 million

The complementary Financing Proposal was approved in late 2003, and the Financing Agreement was to be signed in February 2004, during Commissioner Nielson's visit to Fiji, for immediate implementation (cf. 8th EDF, below, for further details on PROCFISH).

b) **DEV FISH**, a programme to be managed by the Forum Fisheries Agency (FFA) in collaboration with the Secretariat of the Pacific Community (SPC) - € 3 million

The objective of the programme is to increase the benefits received by PICs from sustainable use of marine resources, by increasing the capacity of PICs to directly participate in the tuna fishing and processing industry, and reinforcing national and regional policies and strategies for the sector.

By end-2003, the Financing Proposal was being finalised by EC headquarters, with a view to a decision by mid-2004. Implementation should start immediately after.

- **Non-focal sector - € 7 million**

The non-focal sector is composed of extensions of existing programmes to the new 6 ACP countries, and support to the Palau Festival of Arts:

a) All extensions refer to the participation of the 6 new ACP countries (Cook Islands, Federated States of Micronesia, Nauru, Niue, Palau and the Republic of the Marshall Islands), which cannot benefit from 8th EDF funding, in projects/programmes recently approved and financed under the 8th EDF. Three extension proposals were approved during 2003 and one other is being finalised, as per the table below.

PROJECT	EURO Millions	EDF SOURCE	STATUS
SPC/DSAP ext.	1.981	9th EDF	Approved. FA to be signed by Com. Nielson in Feb 2004
SPC/PPP ext.	1.512	9th EDF	Approved. FA to be signed by Com. Nielson in Feb 2004
SOPAC ext.	2.55	9th EDF	Approved. FA to be signed during the first quarter of 2004
SPREP/PIEN ext.	0.56	9th EDF	being finalised by HQ in view of a decision by mid-2004

b) The **Palau Festival of Arts** is a co-financing project with the Pacific OCT, consisting of € 330,000 from the 9th EDF RIP (including balances of previous EDFs, transferred into the 9th) and € 250,000 from the OCTs. The RIP part will finance the purchase of sound and light equipment, its installation and the training of Festival staff for its operation. The OCT part will finance accommodation, local transport and catering for the participants from the French Pacific territories. The Festival will take place in Palau in July 2004 and the organisation wanted to start tendering for the sound and light equipment in November 2003.

The Financing Proposal was presented to the Delegation in May 2003 and, after further processing, to AIDCO at the end of the same month. Changes in staff in headquarters and difficulties in coordinating funding from different sources resulted in serious delays to the programme. Approval was expected at the end of the first quarter of 2004.

4.1 NIP Focal sectors

4.1.1 9th EDF NIP Focal sector – Energy

As a result of a mission by the delegation to RMI in March 2003, which allowed for consultations with various energy stakeholders and discussions with the government on the implementation of the cooperation programme, the Delegation proceeded with the drafting of a Financing Proposal for the interventions in the renewable energy sector. Agreement on the final Financing Proposal was sought from 5 different NAOs in December 2003, since the programme is to be implemented at a sub-regional level, together with FSM, Nauru, Niue and Palau. The Financing Proposal is expected to be presented to the EDF Committee in the second half of 2004, with a Financing Agreement signed soon thereafter.

4.2. Projects and programmes outside focal sectors

After some initial confusion about procedures to be applied, understandable for a new ACP country, a well-founded and well-constructed project proposal was emerging in the HRD/capacity sector by end-2003. No substantial difficulties are foreseen. It is true, however, that there is a risk of progress in preparing projects being slower in countries where there is no EC representation, which are distant from the Fiji-based Delegation (11 hours' flying, with no direct connection), and therefore face-to face contact between interlocutors a rarity, and between which postal services are slow and unreliable.

After initial discussions with NSAs in October 2003, a draft Financing Proposal for the NSA component was developed and sent to the NAO in December 2003 for review and comment. The focus of the programme is on Human Resource Development and Capacity Building, as foreseen in the Country Strategy Paper.

NAO-NSA consultations on the NSA programme were expected to begin in-country in 2004, and it was expected that a Financing Proposal would be agreed in the second half of 2004.

5. Programming perspectives for the following years

9 th EDF NIP	2004	2005	2006	2007	2008
Commitments (in € million)					
Energy Programme (€ 2.3m)	2.3				
HRD/capacity programme (€ 0.7m)	0.7				
NSA programme (€ 0.5m)	0.5				
Disbursements (in € million)					
Energy Programme	-	500,000	1,000,000	500,000	300,000
HRD/capacity programme	60,000	160,000	160,000	160,000	160,000
NSA programme		100,000	300,000	100,000	-

Total (cumulative)	60,000	760,000	1,460,000	760,000	460,000
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6. 2003 Annual Operational Reviews – specific themes

6.1 The speeding up of the use of old EDF Resources

Not applicable.

6.2 Setting indicators and targets for measuring poverty reduction and results in focal sectors

6.2.1 Indicators for measuring poverty reduction

No information available.

6.2.2. Indicators for measuring results in focal sectors

Indicators to measure results of the focal sector programme would be the number of renewable energy initiatives running in the country and/or the share of energy consumption derived from renewable sources.

6.3. Dialogue in-country with the Office of the NAO and non-State actors

In general terms the present government has shown a welcome readiness to encourage funding for Non-Governmental organizations, probably as a result of increased NSA calls for improvements in delivery of education and health services.

The NIP includes a component for NSAs (15% of the A envelope), which has been allocated for HRD/Capacity Building. Good NSA contacts have been established by the Delegation with the Marshall Islands Council of NGOs, an umbrella NGO established in October 2003.

7. Conclusions

(One-page resume of the foregoing, to be written when the rest of the text is complete/agreed)

Republic of the Marshall Islands : Country Environmental Profile

Land

The Republic of the Marshall Islands archipelago lies in the central Pacific. RMI comprises approximately 1225 low-lying islets making up the twenty-nine atolls and five low elevation islands. Its total land area is 181 square kilometres with an average height of approximately 3 metres above sea level and a fragmented coastline of 370 kilometres covering a total ocean area of 1.2 million square kilometres. RMI is predominantly made up of dead coral limestone with very little topsoil found anywhere hence soil retention is a major setback to any agricultural activity. The people of the Marshalls share with all the people of the Pacific a deep and abiding respect for the land and the sea, elements which have provided them daily sustenance for thousands of years. This fragile natural environment has been well-tended in customary practice, providing a basis for subsistence living and for social, economic and cultural well-being. The RMI now faces threats to this natural resource base, including rapidly increasing population, rising material expectations, demands for economic growth and the depletion or degradation of natural resources. Although land resources are limited due to nutrient-deficient soils both land and marine resources provide opportunities for economic development, as they contribute to the export earnings of the country.

Water

Access to portable water and improved sanitation facilities is very low with significant differences between rural/outer islands and urban areas. Available data suggests that only 14% of the population has access to safe water (piped to household or village stand pipe). A recent census found that the main source of drinking water for most households are rainwater catchments and tanks. On several islands, there are major problems with access to safe water.

Climate & Forestry

The weather in the Marshall Islands is tropical - hot and humid, but tempered by trade-winds which prevail throughout the year. Average rainfalls of around 2030mm annually keep the weather in RMI quite stable. The range between the coolest and warmest months averages less than one degree.

Marine

Fishing provides subsistence economy of the Marshall Islands people, with deep-sea fishes providing a valuable commercial resource for export markets. Exploitation of marine resources, both renewable and non-renewable, is set for future emphasis. Pollution of Majuro lagoon from household waste and discharges from fishing vessels are a threat to marine life.

Tourism

Eco-tourism has evolved as a process by which landowners are encouraged to conserve their natural resources, while still reaping economic benefit from their land. Like many other Pacific nations, Tourism has flourished at the expense of the Environment, only now have there been measures to put a balance between the two.

Waste Management

Solid waste accumulation and poor landfill design contribute to the eutrophication of coastal waters, the contamination of groundwater, and the spread of vector borne diseases. Due to the nature of atolls most wastewater from septic tanks and other point sources find their way to the water table and eventually to the sea, causing health problems.

Environmental Management

For many years, the Marshall Islands Government has been concerned with the issue of global climate change. Environmental management is geared towards a safe future for the people of the Marshall Islands. The government of the Marshall Islands has put in place systems to closely monitor the accelerated sea-level rise and partaking in international negotiations to combat global warming.