I. Introduction and Context

Country Context

The Republic of Marshall Islands (RMI) became self-governing in 1979 and achieved formal independence in 1990 and is governed as a mixed parliamentary-presidential system. The public sector dominates the Marshallese economy, accounting for approximately half of GDP. Agriculture and fisheries are the main economic activities and contribute a little over one-fifth of GDP with small scale service industry such as wholesale and retail trade making up the remainder of the economy. With private sector development limited by remoteness and small market size and a weak business climate, growth is highly dependent on government spending and fiscal policy overall. Government revenues, on the other hand, are dominated by foreign grants and sit on a narrow tax base. Upon independence, Republic of Marshall Islands (RMI) entered into the original Compact of Free Association (CoFA) with the U.S under which RMI receives yearly financial transfers in the form of “Compact sector grants” which are scheduled to expire in FY2023. The last Household Income and Expenditure Survey was carried out in 2002 and identified the official poverty rate to be 51 percent. Poverty is said to be especially acute in outer islands, which are isolated with extremely limited access to capital or opportunities, and poor service delivery, especially in health care and education. There is also reported increase in the incidence of squalor and inequities in urban areas and, with traditional social bonds weakening, increased slippage into poverty in recent times. A joint World Bank-IMF debt sustainability analysis conducted in November 2013 concluded that the Marshall Islands is at high risk of debt distress.

Sectoral and Institutional Context

As RMI has not undertaken a household survey for almost a decade and half, it is impossible to accurately examine overtime trends in poverty and other quality of life indicators. This knowledge gap has seriously compromised policy discussion, especially on matters related to poverty reduction and
provision of basic services. In the short term, therefore, immediate action is needed to implement a comprehensive household survey that provides updated information on living conditions in RMI that facilitates and informs national policy discussion on poverty alleviation. In the longer run there is a need to develop and put in place a sustainable program of household surveys that facilitates regular poverty monitoring and provide more continuous inputs to policy adjustments. However, household surveys that accurately elicit and record information on a wide array of topics is technically challenging, costly, and hard to administer in remote islands settings such as those existing in RMI. While the Economic Policy, Planning and Statistical Office (EPPSO) of the Republic of Marshall Islands is responsible for collecting and disseminating statistics in RMI, severe financial and staffing constraints and low technical capacity prevent EPPSO from funding and implementing large household surveys.

For this reason, a package of financial and technical assistance is needed to help EPPSO achieve both its short term and long terms goals. Further, to ensure impact and sustainability, support provided to EPPSO needs to be paired with smart design of survey instruments that capture information accurately and cost effectively. With the availability of new Computer Assisted Personal Interviewing systems, plans need to be put in place to use available ICT tools to improve quality of data elicitation, to improve management of surveys, and to cut down survey costs. In particular, CAPI systems need to be married with new visualization and GPS-based tools to obtain data more accurately, with less fatigue, and at lower cost, especially while collecting information in subsistence settings where information on quantities and prices are difficult to elicit as well as in urban settings where higher fractions of food are being consumed away from home. ICT needs also to be used to improve survey supervision, especially in remote locations.

**Relationship to CAS/CPS/CPF**

The RMI 2013-2016 CPS focuses on strengthening economic governance and promoting the effective use of public resources to enhance living and service delivery standards for all Marshallese. Improving the quality and availability of poverty data is a priority in the CPS. The CPS will be replaced by the Regional Partnership Framework (RPF) for the PIC9 countries including RMI. The HIES for RMI has been identified in the RPF to be carried out in coordination with SPC and EPPSO.

At a broader level, the PIC 9 Regional Partnership Framework states that World Bank will seek to fully exploit opportunities for data collection, sharing, and analysis created by the improved ICT infrastructure in several of the PIC9 and that the Pacific Poverty Programmatic Analytical and Advisory Assistance (AAA) "will focus on activities that address gaps and constraints by: (i) providing technical assistance to national statistical offices as well as the Statistics Unit of the SPC to enhance capabilities in data collection and analysis; (ii) generating evidence-based knowledge to support poverty reduction policies; and (iii) engaging in policy dialogs with national governments, regional organizations and development partners".

**II. Project Development Objective(s)**

**Proposed Development Objective(s)**

To provide a package of financial and technical assistance to EPPSO, RMI to successfully conduct a nationally representative CAPI-based Living Standard Survey that will result in the collection of high quality data on living standards of the people of Marshall Islands needed to support evidence-based policies and programs to reduce poverty and enhance shared prosperity in RMI.

**Key Results**

1. A sample design for a nationally representative multi topic living standards survey in RMI is developed,
2. CAPI-based survey instruments customized to RMI conditions are developed,
3. A nationally representative multi topic living standards survey is implemented successfully in RMI,
4. Capacity of EPPSO to implement household surveys is enhanced.

III. Preliminary Description

Concept Description

IV. Safeguard Policies that Might Apply

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V. Financing (in USD Million)

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VI. Contact point

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