Early Warning System

ADB-52215-001

The Economic Impacts of the End of Compact Grant Assistance

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Quick Facts

Countries	Marshall Islands, Micronesia, Palau
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	U
Voting Date	2018-12-06
Borrower	Government of Marshall Islands, Government of Micronesia, Government of Palau
Sectors	Technical Cooperation
Investment Amount (USD)	$ 0.23 million

Project Description

According to the bank website, The Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau (PAL) face economic and fiscal uncertainties as they approach the end of their respective agreements with the Government of the United States (US) under the Compacts of Free Association (the Compacts) in fiscal years 2023/2024. One of the key feature of the Compacts is the grant assistance which support a variety of sectors, such as education, health, infrastructure, public sector capacity building, private sector development and environment. FSM, PAL, and RMI will have to fund these sectors when the US grant assistance is discontinued.

The proposed small-scale knowledge and support TA will: (i) identify the range of potential reductions in US government assistance to FSM, PAL and RMI, (ii) analyze the potential fiscal and economic shocks for FSM, PAL and RMI, and (iii) identify the range of preparatory and mitigating actions that could be taken by FSM, PAL and RMI, the US government and development partners, including the potential positive effects of a coordinated effort by the parties.

Investment Description

- Asian Development Bank (ADB)

Contact Information

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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Project Disclosure PDF [Original Source]