



## RMI Technical Note

# Estimating an Appropriate Minimum Wage in the Republic of the Marshall Islands (RMI) Based on the Basic Needs Poverty Line

## 1. Summary

While the RMI lacks a formal social protection policy, the adoption of a minimum wage is a crucial element that is capable of safeguarding peoples' standards of living. The nature of the Marshall Islands and its separation of the population between urban and outer atolls suggests that different social protection policies are needed for both regions. This technical note focuses on deriving a minimum wage for the urban areas.

It is proposed that a minimum wage should be based on a Basic Needs Poverty Line (BNPL). This is determined from the recent Household Income and Expenditure Survey (HIES). The cost of a food poverty line is estimated from the cost of providing a person a nutritional diet of 2,100 kCal per day. Nonfood expenditures are estimated on the relation between food and nonfood expenditures known as the Engel coefficient. Adjusting for the size of the average urban household and the average number of wage earners, a minimum wage is estimated that would support the average household above the poverty line.

The HIES was conducted in 2019–2020 and prices have risen significantly since then. Multiplying the HIES-based minimum wage by the increase in the cost of living indicates a minimum wage of \$5.23 per hour.

The current minimum wage is set at \$3.00 per hour and has remained unchanged since 2017. Increasing the minimum wage to

### This Technical Note:

- Proposes basing the RMI minimum wage on the Basic Needs Poverty Line to safeguard urban living standards;
- Suggests other means be considered to address outer atoll living standards;
- Notes the inadequacy of the current \$3.00/hr minimum wage;
- Suggests incremental minimum wage increases based on economic data to avoid large shocks; and
- Indicates an RMI minimum wage reaching ~\$5.25/hr would be well-justified on social protection grounds

\$5.23 per hour would raise living standards in the urban areas above the poverty line but add to private sector costs and inflation. This technical note estimates that inflation is likely to rise by 7.7 percent and private sector wage costs would increase significantly. It is thus recommended that any increase in minimum wage should be implemented gradually over a period of years, until it attains the target.

It is also recommended that the appropriate minimum wage be recalculated periodically as new data, that is, HIES and Population Census, become available to reflect current demographics and costs of goods.

## 2. Background and Objective

In the Marshall Islands, the legislation of a national minimum wage started with the Minimum Wage Act of 1986, where the Nitijela prescribed a minimum rate of \$1.50 per hour. Subsequent amendments to the law shifted the wage floor to \$2.00 per hour in 1995. More recently, the law has been amended to set the minimum wage in 2016 at \$2.50 per hour with gradual increments of \$0.50 annually until it reached \$4.00 per hour in 2019.<sup>1</sup>

Despite the amendment of the law, the prevailing hourly minimum wage is still \$3.00. With the greater price levels and higher cost of living in the Marshall Islands, there has been an increasing demand among the public and legislators to revisit the minimum wage laws in the country.

While the RMI lacks a formal social protection policy, the adoption of a minimum wage serves as a crucial element of social protection, capable of safeguarding peoples' standards of living. Furthermore, establishing a well-managed minimum wage policy based on sound analytical principles could make significant improvements in the living conditions of urban households, given that a large number of households in urban areas have at least one member who is a wage earner.

However, in the outer atolls, even a well-managed minimum wage policy would not serve as a broadly effective form of social protection, as many rural households do not include wage earners. In such cases, an alternative mechanism for social protection is imperative. Recently, the RMI has been contemplating the introduction of a universal basic income (UBI), a mechanism that, if carefully designed, could be better suited to the circumstances prevailing in rural areas.

Against this backdrop, it is the goal of this technical note to produce a guide on setting a minimum wage that would ensure that the average urban household in the Marshall Islands stays above the poverty threshold.

## 3. Methodology

In formulating a minimum wage that is anchored to the poverty line, the initial step involves determining the basic needs poverty line (BNPL). In this paper, the poverty line is constructed using the cost-of-basic-needs approach, which entails estimating the monetary cost of the basket of goods and services that would fulfill the basic needs of individuals. The basket of goods and services is based on the consumption pattern of a defined reference population.

The cost-of-basic-needs approach requires the derivation of two components of the BNPL: (i) the food poverty line and (ii) the nonfood expenditure component. The food poverty line is estimated by calculating the cost of the bundle of goods and services that would achieve the minimum caloric needs of the reference population.

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1 RMI Minimum Wage (Amendment) Act of 2016.

The nonfood component is estimated to ensure that the poverty line includes adjustments for nonfood basic needs such as education, clothing, and housing. To accomplish this, a nonfood ratio called the Engel coefficient is multiplied by the food poverty line. This coefficient is determined by the ratio of nonfood to food expenditure within households whose income is equal to or lower than the food poverty line.

The BNPL is then constructed as the sum of the food poverty line and the estimated nonfood expenditure.

#### 4. Estimating the Food Poverty Line

In the construction of the food poverty line for the Marshall Islands, data from the 2019/2020 Household Income and Expenditure Survey (HIES) were utilized. Additionally, the consumption pattern of the lowest three decile households has been used as a reference for constructing the bundle of basic needs.

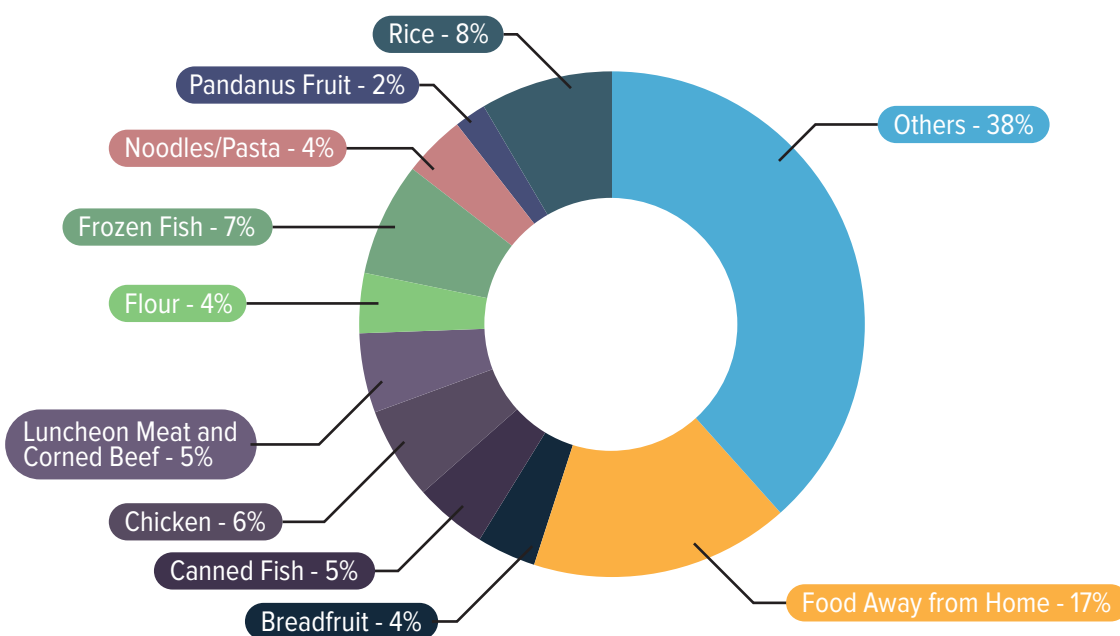
Figure 1 shows the consumption pattern of households belonging to the lowest three deciles.

Figure 1 reveals that ten items generally make up 61.6 percent of the lowest three deciles' consumption basket with 16.6 percent of the basket attributed to food consumed away from home. When compared to the consumption pattern of all households in the RMI, see Figure 2, the same ten items take up only 57.4 percent of the basket with the share of food consumed away from home increasing to 25.7 percent.

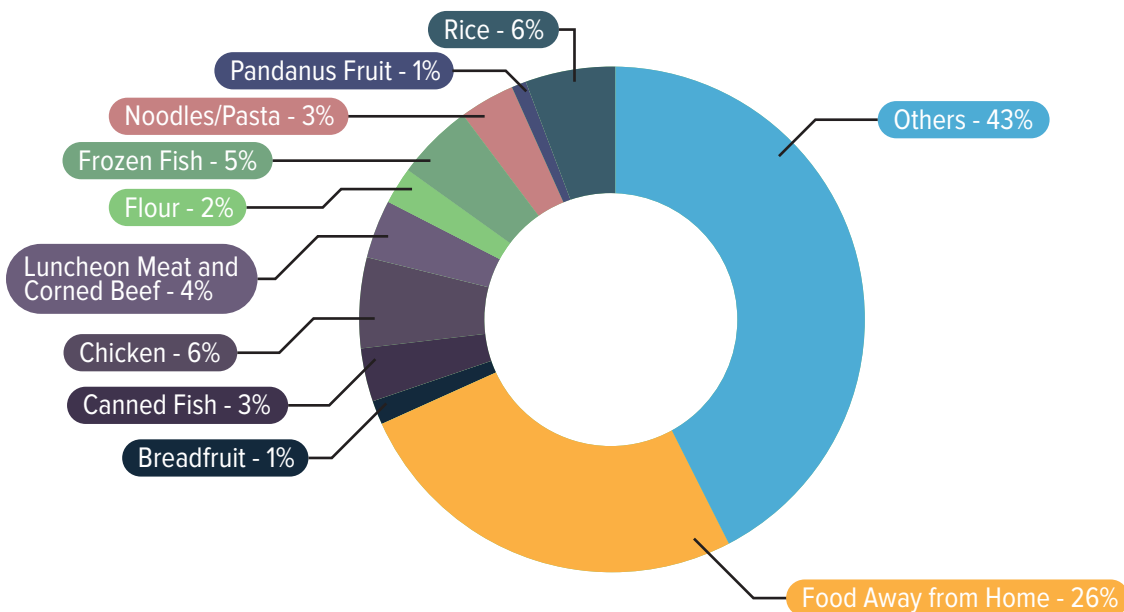
Survey results show that the caloric content of the average food expenditure (except for food consumed away from home) of the lowest three deciles is 1,672 kCal/capita. This is lower than the national per capita caloric intake, which is estimated at 1,894 kCal.

Assuming equivalence in caloric content between food consumed at home and away from home, the estimated caloric content of food expenditure for the lowest three deciles and at the national level would be 1,949 kCal per capita and 2,379 kCal per capita, respectively. This figure for the lowest three-

Figure 1: Food Expenditure Composition of the Three Lowest Deciles



**Figure 2:** Food Expenditure Composition of All Households



decile group is also lower compared to the average caloric requirements of the 2,100 kCal mean daily per capita intake recommended by the World Health Organization.<sup>2</sup>

Following the procedure outlined in a relevant UNDP<sup>3</sup> study on poverty, the monetary equivalent of the per capita caloric content of the lowest three deciles is valued at \$3.15 per day. However, since the actual energy-equivalent consumption estimate is below the WHO-required energy requirement, the cost estimate is adjusted to meet the daily requirement of 2,100 kCal. This adjustment brings the cost to \$3.79 per day, that is, a weekly per capita cost of \$26.50.

## 5. Estimated Nonfood Expenditure

Calculating the BNPL entails the estimation of the nonfood expenditure component. This requires derivation of the Engel coefficient, a factor that will be multiplied by the food poverty line. For the estimation of the nonfood expenditure component, total expenditure serves as a proxy for income. However, due to the small sample size of households with incomes below the food poverty line,<sup>4</sup> and associated large sampling errors, this method is considered unreliable for the estimation of the Engel coefficient.

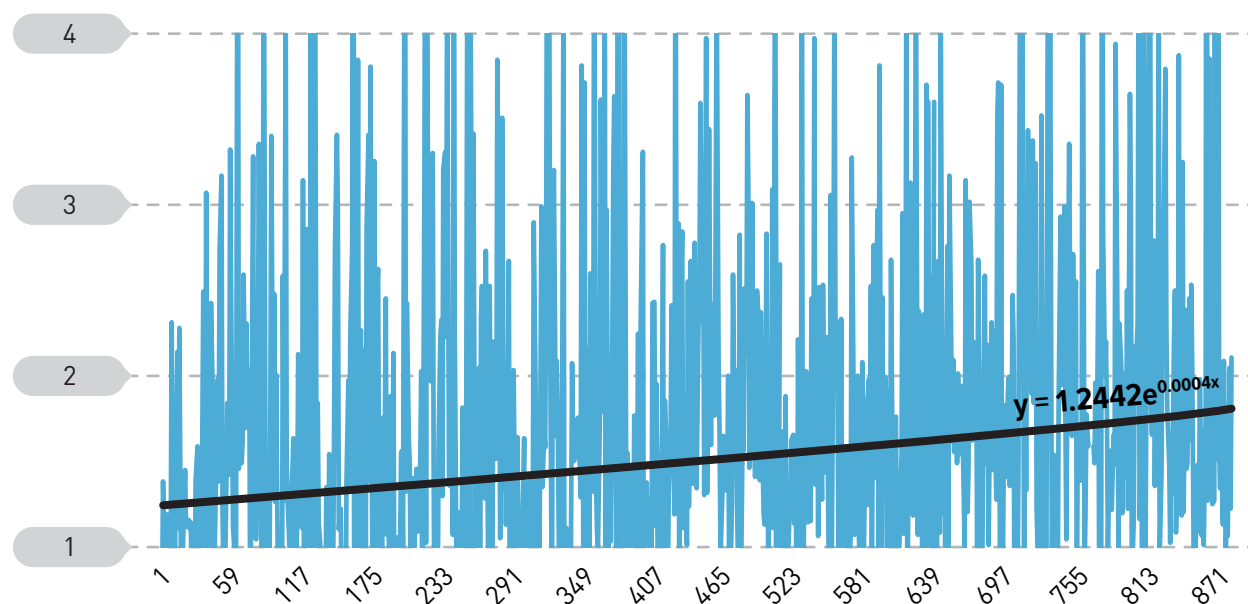
As an alternative, households in the lowest-three-decile groups have been selected. While this selection does not strictly coincide with households below the food poverty line, it is in the lower part of the distribution close to the poverty line. Further, the regression line of nonfood to food expenditures is largely flat within this range, which indicates that estimates of nonfood expenditures are not that sensitive to the choice of reference group, see [Figure 3](#). The same reference population

<sup>2</sup> The WHO recommendation is based on a developing economy profile if the energy and protein requirements of the population is unknown.

<sup>3</sup> UNDP (2008). Palau Analysis of the 2005/06 Household Income and Expenditure Survey. OPS and UNDP: Suva, Fiji.

<sup>4</sup> Only 56 of the 873 or 5.0 percent of the sample households.

**Figure 3:** Unadjusted Non-Food to Food Expenditure Ratio for All Households Arranged in Ascending Order by Total Expenditure



has also been used in the UNDP study on poverty in Palau. With the use of the characteristics of the lowest-three-decile group, [Table 1](#) displays the total annual expenditure in the RMI and that of the reference population.

A particular consideration in the estimation of the Engel coefficient for the lowest-three-decile group is the treatment of imputed rent, which constitutes 45.7 percent of the group’s nonfood spending, see [Figure 4](#). While the minimum wage is a social protection mechanism designed to provide a sufficient source of income to cover cash needs, imputed rent is noncash and has been excluded from the estimation of the nonfood component of the BNPL.

The median of the nonfood to food expenditure ratios for each household falling within the lowest three deciles was taken to ensure that the impact of outliers is limited. [Table 2](#) shows the median ratio of nonfood to food expenditure and the estimated nonfood expenditure when multiplied by the food poverty line. Based on these assumptions, the per capita nonfood expenditure component of the basic needs poverty line is equal to \$18.40.

## 6. Basic Needs Poverty Line (BNPL)

By adding up the estimated food poverty line and the estimated per capita nonfood expenditure, the basic needs poverty line is derived in [Table 3](#). The table shows that an average person in the Marshall Islands must have a total weekly income above \$44.90 to stay above the basic needs poverty line.

## 7. A Minimum Wage above the BNPL

To estimate the minimum wage based on the BNPL requires information from the population census. Two parameters are needed: (i) the average household size, and (ii) the average number of employees per household. First, the BNPL must be multiplied by the average household size to derive the income

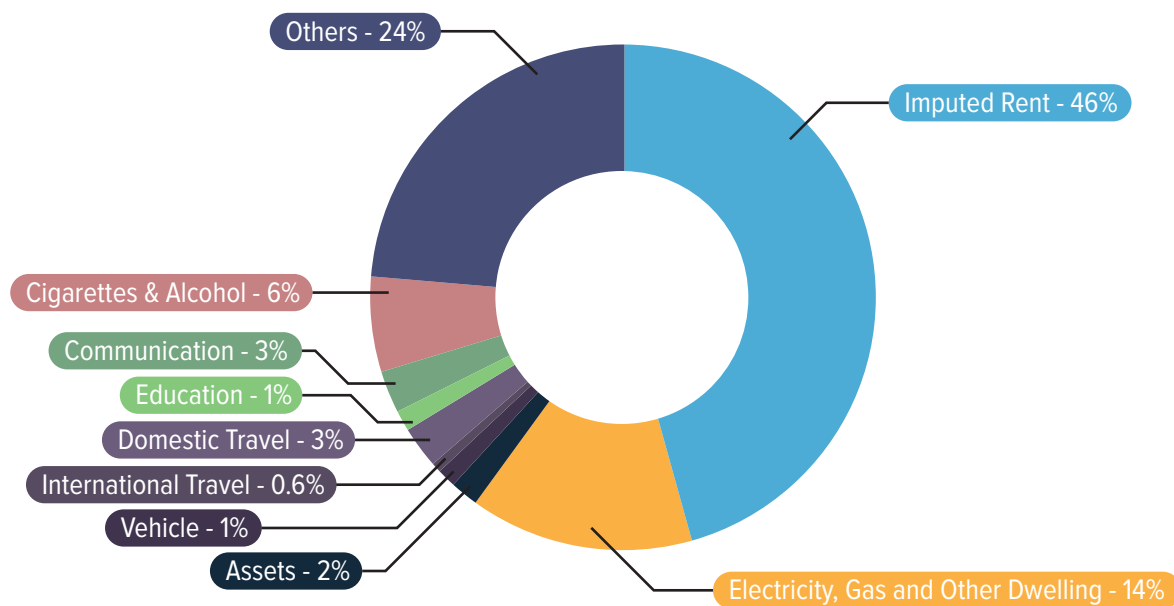
**Table 1:** Summary Statistics on Total Annual Expenditure (in million USD)

	Lowest Three Decile	RMI
Food Expenditure	6,371,756	10,365,323
Non-Food Expenditure	8,426,080	133,520,020
of which: Imputed Rent	3,849,406	27,879.153
<b>Total Expenditure</b>	<b>14,797,836</b>	<b>143,885,343</b>
Number of Surveyed HHs	306	873
Number of HHs	1,584	7,123
Number of Persons	6,258	42,418

Source: EconMAP Calculations from 2019/20 RMI HIES.

Note: Decile ranking of households is based on the calculated weighted annual expenditures.

**Figure 4:** Non-food Expenditure Composition of Households in the Lowest Three-decile Group



needed for the average household to stay above the poverty line. Second, this measure needs to be divided by the average number of wage earners in the household. If each wage earner of the household earns the minimum wage or above, the average household will have sufficient income to be above the BNPL.

**Table 4** presents the key results of the 2021 census. It shows that the average household size in the RMI is 6.0, with 6.1 in urban areas and 5.0 in rural areas. It also indicates that the average number of employees per household is 1.3, with 1.5 and 0.6 employees per household in the urban and rural areas, respectively. Given the results from the Census (the national average household size and employees per household), the hourly minimum wage required to stay above the BNPL is equivalent to \$5.16, see **Table 5**.

However, in the outer atolls the low number of average employees per household, and a majority without any wage earners, suggests that targeting a minimum wage as an element of social protection

**Table 2:** Median Ratio of Non-Food to Food Expenditure for the Lowest Three Deciles and Estimated Non-Food Expenditure

Median Ratio of Non-Food to Food Expenditure	0.7
Estimated Non-Food Expenditure	18.4

Source: EconMAP Calculations from 2019/20 RMI HIES.

**Table 3:** Estimated Average Weekly Per Capita Basic Needs Poverty Line (in USD)<sup>1</sup>

Food Poverty Line	26.5
Estimated Non-Food Expenditure	18.4
Basic Poverty Needs Line	<b>44.9</b>

Source: EconMAP Calculations from the 2019/20 RMI HIES.

<sup>1/</sup> Totals might not add up due to rounding.

**Table 4:** Derivation of key parameters from the 2021 RMI Census

	Total	Urban <sup>1/</sup>	Rural
Population Size	42,418	32,612	8,963
Number of Households	7,123	5,318	1,805
Size of the Labor Force	27,197	21,886	5,311
Employed	12,297	9,778	2,519
o.w. Employees	9,227	8,115	1,112
Average HH Size	6.0	6.1	5.0
Employee per HH	1.3	1.5	0.6

Source: EconMAP Calculations and the RMI 2021 Census Report, Volume 1: Basic Tables and Administrative Report.

<sup>1/</sup> Urban areas refer to Majuro and Kwajalein.

for this group would not be a suitable policy. Rather, other means such as Universal Basic Income (UBI) would be more appropriate. This paper thus assumes that a minimum wage policy should be focused on the urban areas. Reworking the math in [Table 6](#) indicates that a minimum wage of \$4.51 per worker in the urban areas would be sufficient to maintain the average household above the BNPL.

The proposed basis for the adoption of a minimum wage is based on the average urban household having 1.5 employees. [Figure 5](#) indicates the distribution of wage earners by number of households in the urban areas to provide an idea of how many households would fall below the poverty line if this policy is adopted. The figure indicates that 909 households (17 percent of urban households) have no wage earners. This suggests that development of a social protection framework would need to find an alternative means of income support for this group.

**Table 5:** Minimum Wage Estimates Using National Characteristics (in USD)

Minimum Average Weekly Income Needed for an HH to Stay Above BNPL	267.4
Minimum Average Income Needed for Each Employed Person in an HH to Stay Above BNPL	206.5
Minimum Hourly Wage Needed for each Employed Person in an HH to Stay above BNPL <sup>1/</sup>	5.16

Source: EconMAP Calculations.

<sup>1/</sup> Assuming an employed person works 40 hours per week.

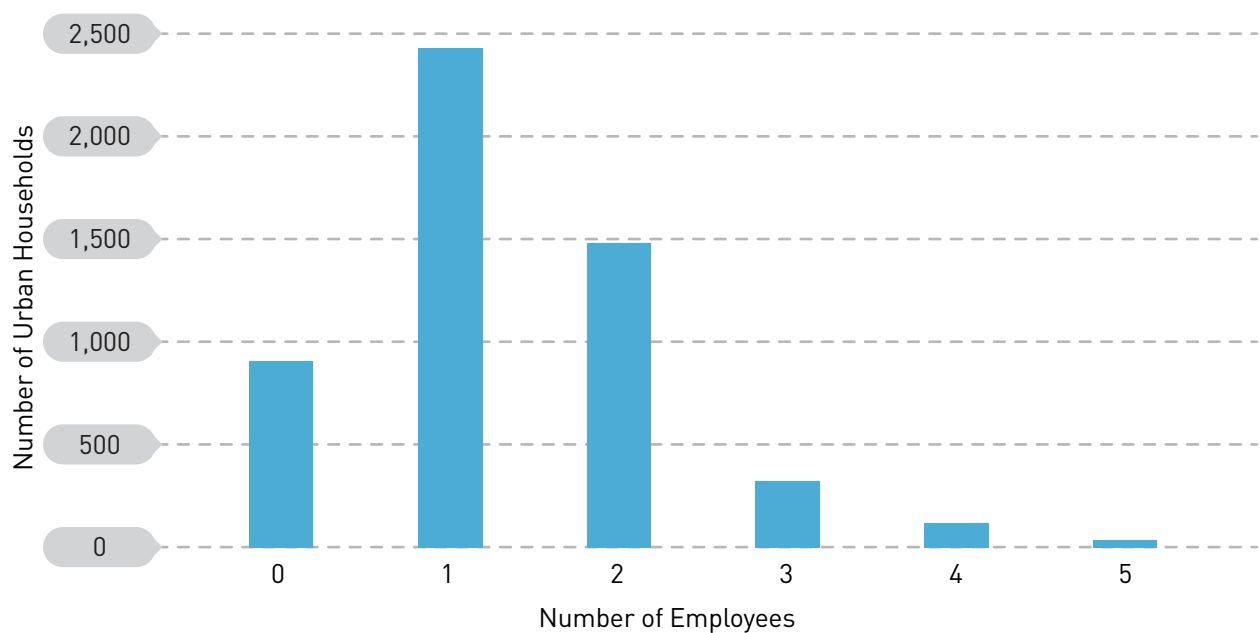
**Table 6:** Minimum Wage Estimates Using Urban Characteristics (in USD)

Minimum Average Weekly Income Needed for an HH to Stay Above BNPL	275.4
Minimum Average Income Needed for Each Employed Person in an HH to Stay Above BNPL	180.5
Minimum Hourly Wage Needed for each Employed Person in an HH to Stay above BNPL <sup>1/</sup>	4.51

Source: EconMAP Calculations.

<sup>1/</sup> Assuming an employed person works 40 hours per week.

**Figure 5:** Distribution of Urban Households by Number of Employees



## 8. Adjusting for Inflation

Since the BNPL is derived from the HIES that was conducted from July 2019 to May 2020, it needs to be adjusted for inflation since that time period to provide a current-day estimate. [Table 7](#) provides the average Consumer Price Index (CPI) for the periods when the HIES was conducted and for 2023.



**Table 7:** CPI for the HIES Reference Period and for 2023

	Overall CPI	Food CPI	Non-Food CPI
HIES Reference Period <sup>1/</sup>	146.7	156.6	141.2
2023	168.1	186.1	158
Growth Rate (%)	14.6	18.8	11.9

1/ Average CPI for 2019Q3 until 2020Q2.

Source: EconMAP Calculations and EPSSO.

**Table 8:** BNPL and Estimated Minimum Wages in 2023 Prices (in USD)

Food Poverty Line	31.5
Estimated Non-Food Expenditure	20.6
Basic Needs Poverty Line	52.1
Hourly Minimum Wage using National Characteristics	5.99
Hourly Minimum Wage Using Urban Characteristics	5.23

Source: EconMAP Calculations.

The BNPL in 2023 prices when revalued for inflation provides an estimate of \$52.10 per capita, with the food poverty line at \$31.50 per capita and the estimated nonfood expenditure equal to \$20.60 per person. Utilizing parameters derived from urban demographics, the hourly wage rate that could ensure that an average household stays above BNPL is equal to \$5.23, see [Table 8](#).

## 9. Estimating the Impact of Changing the Minimum Wage on Employment and Wages Costs.

A crucial aspect of increasing the minimum wage is the potential impact on employment, production costs, and inflationary pressures. Raising the minimum wage may bolster the financial well-being of workers, but it would also mean higher wage bills for employers and lead to higher prices in the economy.

To shed light on these issues, data is drawn from the Marshall Islands Social Security Administration (MISSA), which maintains comprehensive and updated records on wages and employees in the country. It is important to note that the data on gross earnings of individuals in formal employment are available every quarter but are not separated between full-time and part-time workers. Further, the data does not indicate whether the person has worked for the entire (or only partial) duration of the quarter.

While acknowledging the limitations in using the data from MISSA, the number of employees by wage brackets and institutional sectors has been estimated for fiscal year 2022, see [Table 9](#).<sup>5</sup> Notably the estimates indicate that 32.5 percent or 3,695 of all employed persons in the RMI are earning less than \$3 per hour, and 2,290 or 62 percent of those are employed in the private sector. In addition, 6 out of 10 working individuals in the Marshall Islands are earning \$5.23 or less per hour.

5 For each employee, the hourly wage rate is computed by dividing the average quarterly earnings during the fiscal year by 520 hours. This assumes that every worker is full-time.

**Table 9:** Total Employees by Hourly Wage Bracket<sup>1/</sup>

	less than \$3	\$3- \$4	\$4- \$5	\$5- \$5.23	above \$5.23	Total
Private Sector	2,290	640	311	54	752	4,047
Public Enterprise	156	86	116	38	601	997
Banks	40	31	23	2	240	336
RMI Government	189	430	259	36	1,855	2,769
Government Agencies	283	40	56	16	334	729
Local Government	485	156	115	17	218	991
Social Security Funds	-	2	2	2	22	28
NGO's and Non-Profits	188	66	61	11	161	487
Foreign Embassies	6	2	2	3	49	62
Kwajalein US Base	58	70	85	22	674	909
Total Employees	3,695	1,523	1,030	201	4,906	11,355

Source: EconMAP Calculations from MISSA data.

1/ In instances where an individual changed his or her job from one sector to another during the fiscal year, the employee is categorized as part of the sector where he or she obtained the highest gross earnings.

**Table 10:** Number of Employees by Sector Earning at or below the Minimum Wage

Private Sector	3,295
Banks	96
Public Sector <sup>1/</sup>	2,484
of which: Public Enterprise	396
RMI Government	914
Government Agencies	395
Local Government	773
Social Security Funds	6

Source: EconMAP Calculations from MISSA data.

1/ Public sector is composed of public enterprises, REPMAR, government agencies, local governments, and MISSA.

**Table 10** shows how many employees would earn the proposed minimum wage per hour if the law was amended. By setting the minimum wage at \$5.23 per hour, 8 in 10 employees in the private sector would earn \$5.23. Similarly, 45.1 percent of public sector employees (of which a large portion would be in local government) would earn the proposed minimum wage.

In terms of the annual earnings, **Table 11** reveals the total earnings by wage bands and by institutional sectors. It shows that among all institutional sectors, the national government pays the highest wage bill. Nonetheless, the private sector incurs the highest wage bill for employees earning the current minimum wage of \$3.00 or less per hour.

**Table 11:** Annual Gross Wages by Bands (in '000 USD)

	\$3 or less	\$3- \$4	\$4- \$5	\$5- \$5.23	above \$5.23	Total
Private Sector	5,241	3,703	2,480	503	15,136	27,063
Public Enterprise	351	453	886	300	11,485	13,475
Banks	81	178	188	32	6,542	7,021
RMI Government	407	2,842	2,143	377	38,336	44,105
Government Agencies	358	239	490	164	8,780	10,031
Local Government	1,228	873	870	167	3,656	6,794
Social Security Funds	-	14	15	19	517	565
NGO's and Non-Profits	399	310	475	114	3,036	4,334
Foreign Embassies	10	5	18	21	996	1,050
Kwajalein US Base	162	358	645	151	13,668	14,983
Total Employees	8,064	8,613	7,547	1,676	103,522	129,423

Source: EconMAP Calculations from MISSA data.

To account for the social contributions payable by employers to the total wage bill, the information in Table 11 is adjusted. This yields the estimates in Table 12, which provide the annual compensation of employees by wage band. Further, the values in Table 12 are consistent with the national accounts aggregates derived for the RMI. As in Table 11, the national government has the largest share of the economy's total compensation of employees. However, the private sector pays the largest compensation of employees earning \$3 or less per hour.

If new minimum wage legislation is enacted, the private sector is expected to incur \$18 million in additional labor costs. This represents a 46 percent increase in costs, see Table 13. For the national government, the wage bill is estimated to increase by \$3 million or 6 percent. For local government, the increase in the wage bill would be \$5 million<sup>6</sup> or 52 percent. In the case of the national government the total increase in the wage bill of \$25 million would result in additional wage tax collections of a similar amount, implying a minimum wage policy would have little impact on fiscal balance. However, in the case of local government, the impact would be large.

## 10. Estimating the Impact of a Minimum Wage Change on Inflation

Based on the RMI's national accounts statistics and consumer price index, it is possible to make preliminary estimates of the impact on inflation. Table 14 indicates the impact of the introduction of a minimum wage policy on compensation of employees, operating surplus, and output for the private sector. The increase in compensation of employees is derived from Table 13. If business operates on a cost-plus pricing rule, that is, that a constant margin is maintained on costs of production (wages plus intermediates), and that there is no increase in intermediate prices, the increase in operating surplus (profit margins) can be derived. Table 14 indicates that an increase in output or producer prices of 18 percent could be anticipated.

Knowing the potential impact of an increase in the minimum wage on private sector output prices allows calculation of the impact on consumer prices. Each item in the CPI basket is classified as either

<sup>6</sup> Figures estimated before the collapse of KBE local government.

**Table 12:** Annual Compensation of Employees by Wage Band (in '000 USD)

	\$3 or less	\$3- \$4	\$4- \$5	\$5- \$5.23	above \$5.23	Total
Private Sector	7,482	5,287	3,540	718	21,608	38,635
Public Enterprise	434	561	1,098	372	14,233	16,699
Banks	91	200	211	36	7,333	7,870
RMI Government	542	3,784	2,853	502	51,046	58,728
Government Agencies	464	311	637	213	11,406	13,031
Local Government	1,846	1,312	1,308	251	5,494	10,212
Social Security Funds	-	17	18	22	621	679
NGO's and Non-Profits	399	310	475	114	3,036	4,334
Total Employees	11,258	11,782	10,140	2,228	114,778	150,187

**Table 13:** Increase in Compensation of Employees Paid by Different Institutional Sectors

	Total Wage Bill ('000 USD)	Percent Change from the Baseline
Private Sector	56,481	46.2
Banks	8,144	3.5
Public Sector <sup>1/</sup>	111,043	11.8
of which: Public Enterprise	17,907	7.2
RMI Government	62,055	5.7
Government Agencies	14,907	14.4
Local Government	15,484	51.6
Social Security Funds	690	1.6

Source: EconMAP Calculations.

1/ Public sector is composed of public enterprises, REPMAR, government agencies, local governments, and MISSA.

domestic or imported. In the RMI, there are 61 goods and services included in the CPI basket, of which 16 are domestic and 45 are imported.

Assuming businesses in the RMI adopt a cost-plus pricing strategy, the increase in the price for each item in the CPI follows in Equation 1:

$$\tilde{p}_i = \begin{cases} (1 + g)m_i p_{i,0} + (1 - m_i)p_{i,0}, & \text{if } i \text{ is imported} \\ (1 + g)p_{i,0}, & \text{if } i \text{ is domestically produced} \end{cases} \quad \text{Equation 1}$$

where:

- $\tilde{p}_i$  is the new price of good  $i$  under the minimum wage policy;  
 $p_{i,0}$  is the price of good  $i$  in the baseline;  
 $g$  is the price increase in private sector output prices; and  
 $m_i$  is the distributive margin ratio<sup>7</sup> of good  $i$  for

Equation 1 implies that for imported goods, the proportion of the price attributed to margins increases by the change in producer's prices, while the cost of the nonmargin component is assumed to remain unchanged. For domestic goods, prices are assumed to grow at the same rate as the increase in producer's prices. In addition to Equation 1, items in the CPI that have historically remained largely unchanged<sup>8</sup> are assumed to be unaffected by the impact of the increase in minimum wages. **Table 15** demonstrates the hypothetical CPI indices and inflation rate due to increasing the minimum wage and indicates an increase in consumer prices of 7.7 percent.

**Table 14:** Impact of Adoption of Minimum Wage Policy on Private Sector Output and Value-Added

	Baseline	With minimum wage
Output	157,576	185,365
Intermediate Consumption	62,556	62,556
Value Added	95,020	122,809
Compensation of Employees	38,635	56,481
Operating Surplus	56,385	66,328
<b>% Change from the Baseline</b>		
Output		17.6
Intermediate Consumption		-
Value Added		29.2
Compensation of Employees		46.2
Operating Surplus		17.6

Source: EconMAP Calculations.

**Table 15:** Impact of Minimum Wages on CPI and Inflation<sup>1/</sup>

	Baseline <sup>2/</sup>	Minimum Wage of \$5.23
CPI	170.0	183.1
Inflation (%)		7.7

Source: EconMAP Calculations from EPPSO price worksheets.

1/ For some items (i.e., tuition, hospital fees) where the average price has remained constant for a long period, it is assumed that their prices will remain constant despite the increase in minimum wages.

2/ Baseline is based on CPI in 2023q4.

- 7 The distributive margin ratio for each item in the CPI basket is calculated by dividing the import margin by the supply of each commodity at producers' prices. In cases where the ratio for a particular commodity is above 1, the average ratio of related products was used.
- 8 These include tuition fees, health insurance, video rentals, telephone charges, and health visits.



This Technical Note has been prepared by **Michael Barsabal** and **Dr. Richard Sturton** of the Graduate School USA's (GSUSA) Economic Monitoring and Analysis Program (EconMAP). EconMAP is supported by the U.S. Department of the Interior's Office of Insular Affairs, and the Asian Development Bank. The analysis, opinions and recommendations presented in this document are solely those of the author(s) and should not be interpreted as the official position of GSUSA, its sponsoring entities, or the government of the Republic of the Marshall Islands.

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