RMI FY2016 Economic Brief

August, 2017

Recent Economic Performance

1. Economic performance*:* GDP recorded an improved performance in FY2016 with a 1.9 percent growth in GDP after two years of negative growth. The major driver of the improved performance was an increase in construction activity following a resumption in disbursements of the Compact infrastructure grant after the halt in FY2014 and FY2015. Public administration also contributed to the outturn reflecting increases in central government, local government and agency spending. On the downside fisheries activity slowed as Pan Pacific underwent regulatory issues in conforming to international shipping regulations.

2. Employment*:* During the amended Compact employment growth averaged 0.7 percent annually, but all the growth was in the in the initial years through FY2010. Since that time, employment levels have remained unchanged. While employment at the central government has remained largely stationary since FY2010, that in the public sector at large has grown by 1.8 percent per annum reflecting increased employment opportunities in the SOE sector, government agencies and local government. Meanwhile private sector employment has fallen by 2.3 percent offsetting the increase in the public sector. Clearly, employment generation in recent years has been unable to provide an increasing source of job opportunities for the growing population.

3. Inflation: With the substantial declines in world oil prices continuing to filter through the RMI economy, inflation fell for the second consecutive year by 1.5 percent compared with a drop of 2.2 percent the year earlier. Food prices declined by 1.4 percent together with reductions in the housing by 3.6 percent and transport by 2.5 percent, all helping to moderate the cost of living.

4. Banking: Commercial bank lending in the RMI is more active than in the Micronesian sister states of the FSM and RMI and achieved a loans-to-deposit ratio of 57 percent (FSM 19 percent, Palau 11 percent). The improved lending performance reflects the more active policy of the local bank: The Bank of the Marshall Islands (BOMI), which is not FDIC insured and comes under local supervision. However, the inability of businesses to prepare meaningful business plans and financial statements,

lack of collateral, the limited ability to use land as security have inhibited further financial intermediation. The one bright spot has the been the introduction of secure transactions legislation and registry. With limited opportunities, commercial banks have preferred to invest their assets off-shore in less risky and more secure markets.

A particular issue for the RMI has been the world-wide phenomena of "de-risking" by international financial institutions. In order to reduce exposure to money-laundering and to avoid stiff penalties imposed by regulatory authorities, international banks are reducing their exposure through limiting correspondent relationships. BOMI is under threat of loss of its correspondent bank, First Hawaiian Bank, and unless attempts to secure alternative arrangements are achieved, the RMI financial sector is at significant risk. It is understood that significant tightening of banking practices and procedures will be required.

5. The fiscal outturn***:*** The RMI achieved a record fiscal surplus in FY2016 of 4.0 percent of GDP; the third year in a row of strong performance. Revenues grew strongly reflecting growth in taxes, but dominated by growth in non-tax revenue: fishing fees and receipts from the corporate and ship registry. From a level of $4 million in FY2012 fishing fees received by government have now attained $26 million. On the expenditure side, payroll expense grew modestly in FY2016 by 2.2 percent, but use of goods and services expanded by 22 percent ($5.7 million). While subsidies and transfers to other public-sector entities continues to pose a significant fiscal threat, they remained unchanged at their FY2015 levels. Outlays on miscellaneous project expenses also grew strongly by 68 percent ($4.8 million).

The very significant improvement in the fiscal position has unfortunately been accompanied by large matching increases in expansionary budgets during the last two fiscal periods. While the attainment of significant surpluses is to be congratulated, the lack of discipline in controlling expenditures is of serious concern. Fiscal policy lacks a fiscal responsibility framework to encourage the prudential management of abundant current resources to meet future needs arising from declining Compact grants, an insufficient Compact Trust Fund (CTF) corpus to reliably replace the grants, and a perilously underfunded Social Security System.

6. External Debt: RMI external debt remains significant, and was characterized by the IMF in a recent Debt Sustainability Analysis (DSA) as reaching levels that placed the RMI at a "*high risk of debt distress*". Nevertheless, external debt continued to decline as a percentage of GDP, falling from a level of 72 percent of GDP at the start of the amended Compact to 43 percent in FY2016. In terms of debt service, total debt repayments of principal and interest represent 11 percent of general fund revenues: a measure of unconstrained government revenues. Debt service was a major issue for the government in the past with periods of delinquency. However, the RMI has resolved these issues and has been up to date during recent years. As a result of being designated at "*high risk of debt distress*", the RMI has now been accorded "grant" only status by the World Bank and ADB, and is no longer eligible for concessionary loan finance. This has both benefits and costs, but ushers in a period of enforced declining debt to GDP as existing loans are repaid.

Policy Issues

1. Fisheries and the domestic fleet: The fisheries industry in the RMI comprises provision of shore facilities to skip jack tuna purse-seine operators, a home base for long line sashimi grade operations, a fish loining plant, and a variety of small domestic fishing activities. The contribution to the economy has grown significantly during the amended Compact from $8.5 million in constant prices at the start to $16.2 million in FY2016. Total fish licensing and associated fees collected by the Marshall Island Marine Resources Authority (MIMRA) has also grown from $1.3 million to $31.7 million in FY2016, much of it in the last four years due to the implementation of the Parties to the Nauru Agreement (PNA). The PNA is a cartel of 9 pacific island states including PNG, which due to the introduction of the Vessel Day Scheme (VDS), has led to a remarkable increase in member country revenues. Daily fishing rates

currently average over $10,000 per vessel day and the RMI received over $24.0 million of revenues from this one source in FY16.

A particular issue of concern for the PNA region is the operation of the FSM Arrangement (FSMA). The FSMA was established to encourage the development of domestic fishing fleets and permit access to fishing resources of other Parties fleets. Fishing operators are accorded domestic fishing fleet status under the FSMA and pay a reduced daily rate, about half the going rate. The issue concerns whether the reduced fishing fee and loss in revenue is offset by increases in benefits to the PNA economies. In the RMI case, Koos fishing company operates 4 purse seiners and a further boat under a joint equity venture, with the government. Pan Pacific operates 5 boats and the loining plant, but at significant loss to capture the rent from the reduced domestic fee rate. A comprehensive cost benefit analysis is needed to evaluate whether the domestic fleet makes a contribution to the RMI economy in excess of that generated from third party foreign fleets, and thus whether the nation would be better advised to license all of its Party Allowable Effort (PAE) at full VDS rates.

2. Public Expenditure and Financial Accountability: (PEFA): In December 2011, the RMI underwent an external PEFA assessment, and cabinet adopted the report and directed the government to request PFTAC to compile a PFM "roadmap". In collaboration with the government, PFTAC prepared a roadmap 2014-2016, but no action to implement the road map was taken. As part of the ADB 2018-2020 project cycle there is a $2 million PFM project to support the Ministry of Finance with the PEFA road map providing the focus of the reforms. The EU has also agreed to provide budgetary support for the reform of the energy sector, and government has committed to public financial management reforms as part of the conditions. Both the ADB PFM and EU energy project will support and encourage improved PFM.

3. Financial Management Information Systems (FMIS): The FMIS in the RMI is nearing the end of its effective life as the responsible software company is no longer operational. With donor grant support from the World Bank, a replacement system is being pursued, but implementation will take place over a period of years. Enhanced reporting and chart of accounts should enable improved information for budgeting, fiscal and performance management.

4. Public Sector Payroll: With public payroll representing a high proportion of GDP, 24 percent in FY2016, careful monitoring of trends is warranted with anticipation of declining resources post FY2023. At the start of the amended Compact there were 1,999 public servants, which today stands at 2,463. However, the significant increase of 23 percent occurred in the first two years in response to the depressed levels of public employment after the reforms of the late 1990s. Since FY2006 only another 61 positions have been added. Payroll costs on the other hand have risen gradually over the period reflecting a 2 percent annual wage increase, and as a percent of GDP government payroll is little changed since FY2004. While the government has maintained discipline since FY2006, the increase at the start of the amended Compact indicates the scope for right sizing when the government was operating in a leaner environment, and indicates the potential for efficiency gains.

5. Tax Reform: With a tax/GDP ratio of 19 percent RMI revenue effort is low and presents an opportunity to adjust to future fiscal shocks and to create an efficient tax environment that supports private sector development. In 2008, the RMI initiated a process to consider tax reform. With support from the IMF and PFTAC a reform agenda was thrashed out to include a VAT as the center piece, a net profits tax, repeal of the existing gross receipts tax, and the creation of revenue administration. Laws were drafted and submitted to the Nitijela for consideration in November 2011. However, elections have come and gone and no action has been taken since that date. It is understood that there is some reconsideration of the proposal with a more favorable administration in office. However, it is now 18 months into the electoral cycle and time is running out if passage of the laws is to be activated before elections present themselves again in 2019.

The failure to reform the tax system has put on hold efforts to improve tax administration: improved management practices, adoption of modern procedures, staff training and new ICT systems. The existing revenue and customs divisions in the Ministry of Finance have endured a long period of neglect and efforts to strengthen capacity should be put in place, regardless of the status of the tax reform initiative. A second phase of the existing ADB PFM supported project would be ideal. New ICT systems are needed both to support tax collection efficiency and improvement of key economic information flows, such as trade data and indicators on domestic businesses production.

6. SOE reform: With high levels of subsidies and capital transfers to the SOE sector, at 10 percent of GDP, the ailing sector remains a major issue of concern. Recent legislation in the 2015 State Owned Enterprise Act, requires SOEs to operate on a commercial basis, with identification of Community Service Obligations (CSOs), and requires the establishment of an SOE monitoring unit in the Ministry of Finance. However, the law was amended to allow an increase in board representation by public officials, from one to three, including government Ministers. This mitigates against the reform objective to eliminate political involvement in SOE management. The law requires SOE management to fall under the Minister of Finance due to the fiscal implications and to support the commercialization objective. However, there have been moves to revert SOE management to the respective Ministerial portfolios. While such is not recommended, the significance of the sector suggests the possible creation of a new Ministry portfolio comprising oversight of SOEs. While the law provides a sound basis for SOE management, the main challenge will be the lack of capacity and skilled management to implement the law both at the SOE level and in the proposed new SOE monitoring unit. Part of the ADB PFM project will provide resources for the establishment of the monitoring unit.

7. Social security sustainability. The major pressing fiscal issue facing the RMI is the collapse of the Social Security System. In an effort to avoid collapse the Nitijela enacted legislation in 2017 to raise employer and employee contributions from 7 to 8 percent, to increase the maximum quarterly taxable wage from $5,000 to $10,000, reduce benefits from 0-10 percent, and extend the retirement age to 65 over a number of years. The impact of the reforms is to push the projected collapse data from 2021 to 2025, in essence kicking the can just a short way down the road. The mismatch between contributions and benefits is wide and growing over time. With little growth in the work force and increasing numbers reaching retirement age, the system is extraordinarily fragile. In order to stabilize the system, the government will need to provide transfers to the Fund from $3 million in FY2017, rising in annual increments of $1 million per annum, to a total of $9 million by 2025. This is clearly a hard call given the other priorities the RMI will face post FY2023 with anticipated reductions in Compact funding.

8. Booming donor support and capacity limitations. After a period of relative calm in donor support, the RMI is set for a period of significant activity. As a result of the policy to declare the RMI at high risk of debt distress, the ADB has placed the nation on a grant only basis with a commitment to an annual transfer of $6 million with a total of possible projects in the pipeline of $61 million. The former World Bank ICT reform project under IDA 17, which failed to garner support, has a remaining $10 million of funds available for other projects. Under IDA 18 and with grant only status, the World Bank is understood to have further resources to the tune of $20 million annually; with a total of over $100 million of potential projects in the pipeline. The EU has an EDF 11 grant of €9 million for energy related investments and budgetary support, coupled with a GIZ project of $10.6 million. JICA has projects of $10 million with further contributions from Taiwan of $4 million and $1 million under NZ aid. All in all, there is over $200 million in possible projects, a quantum leap in planned donor supported activity, but there is a severely limited capacity to implement the projects on the ground. For an office that is pressed to prepare its annual audits on-time, the Ministry of Finance hardly has time to entertain all the visiting missions, let alone prioritize and organize implementation.

9. The World Bank's "Doing Business" survey paints a discouraging view of the environment for private sector development. Out of 190 countries the RMI currently scores 143, 75% down the list indicating that there is much room for improvement. The RMI fares worse than Palau but better than the FSM, which are ranked 131st and 151st, respectively, but is substantially below most of the South Pacific nations. Tonga is ranked 85th, Samoa 89th, Vanuatu 93rd, Fiji 97th, and Papua New Guinea 119th. Overall, the RMI's scores are generally weak. Registering property and protecting investors score in the bottom decile of countries, while scores for getting electricity and resolving insolvency are also very weak. For the remainder of categories the RMI scores just better than mid-point.

10. Private Sector Registration and Licensing: A recent assessment of the private sector (Private Sector Assessment, ADB) for the RMI provides a useful analysis of the regulatory environment for the private sector. The list of areas for reform are many. In the RMI, corporate business registration is conducted through the Attorney General's office. The existing system relies on manual processes that are slow and time consuming. A modern computerized business registration process in the public domain is required so that businesses can be legally identified for commercial transactions. The RMI lacks a business licensing law although local governments have the power to issue licenses and collect fees under the Local government Act. This has led to a lack of transparency and discretionary decision making at the local level. Reforms could combine registration and licensing into a single process, but local governments would need compensation for lost revenue.

11. Foreign Direct Investment: FDI is implemented under the Foreign Investment Licensing Act 2005, but appears to have failed to simplify the process. FDI permitting is manually operated and licenses take weeks or months to process. FDI licenses are only issued after all other regulatory requirements, such as corporate registration, local government licensing, foreign work permits, Social Security registration etc. have been fulfilled. To reduce uncertainty, an automatic process is required allowing other legal requirements to be fulfilled on a separate timeline as required for any other domestic enterprise. There is a substantial list of restricted activities, which appears not be enforced. This can encourage "front" businesses that distort economic activity and undermine the rule of law. In a modern FDI regime businesses are only required to submit information required for statistical and after care procedures, and licenses should be issued in a matter of days.

12. Land Tenure: In the RMI, like many Pacific Islands economies, land is largely owned by customary groups with complex governance structures. Banks are reluctant to take customary land either owned or leased for collateral. Non-Marshallese are not allowed to own land and even transactions between Marshallese are rare. A key objective of economic development is to improve tenure security for both landowners and leaseholders by accurately defining and protecting land rights. In 2004 with ADB support a Land Recording and Registration Act was introduced as a voluntary means for custom owners to register land and develop an accessible registry of land transactions. The Land Registration Authority (LRA) was introduced to implement the new legislation. However, the uptake in use of the LRA has been minimal and currently only 7 land parcels have been registered and 35 title applications lodged. Despite the slow update, the 2004 legislation and LRA are generally considered to provide a sound basis for land administration. The process of improving public awareness, with both government and private sector backing, needs reinitiating so that secure registration and leasing of land can support its critical role in business and financial development.

13. Corporate and Shipping Registry: An issue that has attracted considerable interest is the corporate and shipping registry services provided to the RMI by the Trust Company of the Marshall Islands (TCMI), which is a wholly owned subsidiary of a U.S. company, International Registries Inc. The registry provides services for non-resident corporate registration and shipping services. Under the terms of the Compact, vessels registered in the Marshall Islands are treated as if they are US registered vessels and as a result, many large US shipping

companies use the Marshall Islands for registering their ships. At the start of the amended Compact the RMI government received $1 million annually from the registry, which rose to $6.125 million in FY2016. There is a general lack of factual information and transparency on the operations of TCMI. There is no publicly available financial information or whether the RMI receives a fair share of the earnings. There is thus a need for a transparent evaluation, particularly when there is perceived unfairness and loss of royalties to the RMI. A competitive bidding process could be initiated to ensure an equitable return at the time the current contract comes up for renewal.

14. The RMI Compact Trust Fund experienced market gains during FY2016 of 10.4 percent; together with a scheduled contribution from the U.S. of $15.3 million at the outset of the fiscal year, from Taiwan of $2.4 million and from the RMI itself of $2.2 million, those gains enabled the fund to grow in size by $47.4 million to an end of FY2016 balance of $294.5 million. During the period of investment since the outset of FY2006, the annualized rate of return has been 5.6 percent.

Assuming the pledged contributions from Taiwan continue, the CTF would only need to grow at 3.46 percent annually from FY2017-2023 to achieve a level sufficient to provide a smooth transition to CTF distributions from FY2024 onward at the real value of FY2023 sector grants ($26.5 million). While there is a good chance of achieving such returns, this "simple" sustainability estimate relies upon performance during the distribution period at a 5.0 percent real rate of return and does not allow for market volatility. In the presence of market volatility, the Graduate School has modelled outcomes under the CTF distribution rules. The model results for the RMI indicate a significant probability of periodic fiscal shocks, including years in which zero dollars are legally available for distribution.

No distribution rules would simultaneously allow for (i) protecting the real value of the CTF corpus, (ii) ensuring distributions at or near the real value of the FY2023 grants, and (iii) avoiding year-to-year volatility of distributions. However, recent independent studies have shown that technical improvements to the existing rules could provide objectively better results at no extra cost. A key finding is that once market volatility is accounted for, the size of the CTF would need to be approximately 1.5 times larger than estimated using a simple fixed rate of return with no market volatility. For the RMI, achieving this "SAFER" sustainability estimate for its CTF would require growth at 10.53 percent annually from FY2017-FY2023. Making substantial improvements to the terms of the CTF Agreement would require mutual agreement by the original parties, which for the U.S. entails both executive and congressional approval.

15. Statistical Issues: In former Gradual School reviews of the RMI, statistical availability has been accorded a high score. Since the start of the amended Compact the RMI has developed a wide range of statistics on which to monitor economic performance. The set of economic statistics is prepared 11 months after the end of the fiscal year and no quarterly estimates are prepared. The annual statistical update is timed to coincide with the release of the government audits and in time for the JEMFAC annual meeting. The most recent IMF Article IV staff review found "*data provision to be broadly adequate for surveillance, though some shortcomings tend to constrain policy analysis, especially on trade statistics*". Weak data systems in Tax and Customs for both trade and the gross revenue taxes inhibit comprehensiveness, timeliness, and need replacement with modern systems. While more frequent estimates, such as quarterly, would not seem essential in an economy such as the RMI, availability of provisional estimates earlier in the year to coincide with budget preparation would be a priority.

16. Development of an RMI Decrement Management Plan (DMP) dominated JEMFAC meetings between the RMI and the U.S. in recent years, highlighting the need to develop a planned response to the annual real decline in sector funding and lack of full inflation adjustment contained in the Compact. In July of 2014, a RMI leadership meeting was held to develop a DMP. A series of measures were incorporated into the framework: expenditure reduction, tax reform, regularization of a substantial portion of fishing fee

income into the annual budgetary process, reductions in subsidies to SOEs and a reduction in payments to Majuro landowners for easement rights. With the new fiscal environment and boom in fishing fee revenues since the design of the DMP, the plan requires revisiting. While the numbers may require modification, the process remains equally relevant with the long-term implications of declining Compact grants to support government operations and looming collapse of the Social Security System.

17. Limited Success with Reform: During the amended Compact, the RMI has entertained numerous reform initiatives that have failed to achieve successful implementation. The expenditure proposals of the Comprehensive Adjustment Program (CAP) were not implemented, and although the new government has requested an assessment of the tax reform initiative, the outcome is uncertain with a lack of public awareness of what the reforms entail. While the SOE Act has become law, adoption of the "best practices" enshrined in the Act require effective implementation. The fiscal responsibility and debt management bill of 2012 appears to be no longer part of the legislative agenda. While there is no doubt the refinancing of the Marshalls Energy Corporation (MEC) debt under an ADB program (policy reform) loan was a beneficial move, the fiscal targets of the program were not achieved.

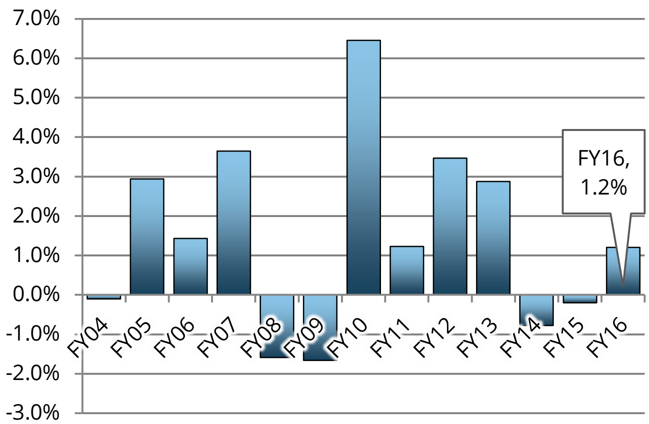
18. Long-term Fiscal Adjustment: In FY2016 and again in FY2017 the government enacted expansionary budgets increasing general fund appropriations by $12 million (26 percent) and $25 million (44 percent), respectively. The additional expenditures would be financed from booming fishing fees, drawdown of unused MIMRA deposits, and projected increases in domestic tax collections. Under the current revenue environment of large fishing fee surpluses, the pressures for reform to implement the DMP have faded. The current fiscal envelope will allow the government to maintain basic social services in education and health without the need for the DMP. However, the current path embarked on in the recent budgets is not sustainable in the long-term and significant fiscal challenges remain. CTF levels are not sufficient to provide a sustainable level of resources to replace the projected sector grant levels in FY2024 without significant adjustment. Further the ailing Social Security system will require rapidly growing support to avoid collapse.

19. Commitment to Reform: There is thus a need to revisit the reform agenda. Firstly, to revisit the issue of fiscal responsibility, reverse out the recent expansionary budgeted expenditures, and allocate resources to the CTF and SS, and set the nation on a path of long-term fiscal sustainability. Secondly, the reform agenda outlined in the CAP, tax reform, and SOE Act all remain highly relevant and in need of implementation. Despite announced commitments to reform, successive governments have tended to operate fiscal policy on the basis of appropriating all available resources; therefore, a break from past practice will be required to achieve lasting reforms and improved long-term economic and fiscal management. There is a need for donor support to provide the right incentives and conditions to foster a better result.

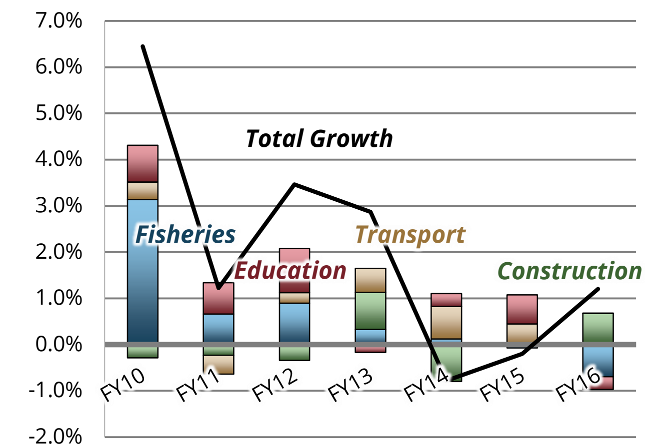
20. Economic Outlook during the remainder of the Amended Compact and Beyond: With an expansionary fiscal policy and booming donor funding the medium-term prospects for the economy are positive. Baseline projections indicate an acceleration of growth attaining 4 percent in FY2017 and 2 percent in FY2018 as recent budgets are enacted and the large pool of donor funds are drawdown. For the remainder of the amended Compact period without significant private sector initiative, the economy is expected to return to modest growth of about 1 percent. In FY2024 the economy is expected to enter recession as the switch from annual sector grants to reduced CTF drawdowns is implemented. While fiscal policy maintains balance through the remainder of the amended Compact, in FY2024 a large fiscal deficit is projected without adjustment.

A fiscal responsibility scenario has also simulated reversing out the expansionary budgets of FY2016 and FY2017 and setting the nation on a fiscally sustainable path. It indicates a significant hit to GDP in FY2018, when the program is implemented, with the size of the economy being reduced by about 2 percent in the short-term. However, fiscal stability is preserved with an improved $12 million outcome for the unreserved general fund balance (over the FY2016-FY2025 period) as compared with a $52 million deterioration under the baseline. The fiscal responsibility scenario clearly indicates the political costs of enacting a reform agenda. This is where donor support can help shift the focus to intergenerational benefits, that short-term political interest ignores.

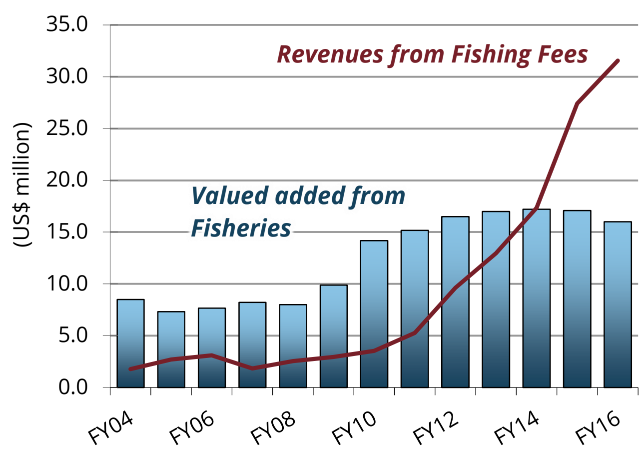
***Economic growth improves** in FY2016, after two years of negative growth and stagnation*



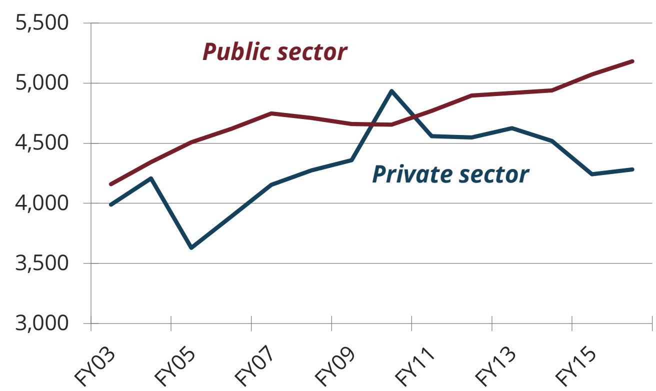
***Construction activity drives** economic growth in FY2016, but is offset by decline in fisheries*



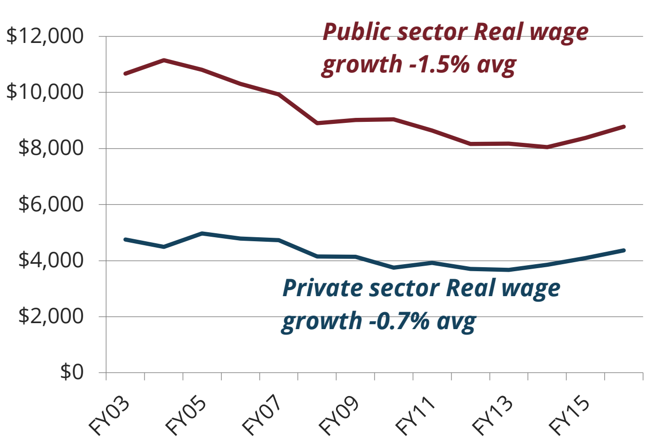
***Strong Growth in fisheries** and revenues from the Vessel Day Scheme (VDS), $m*



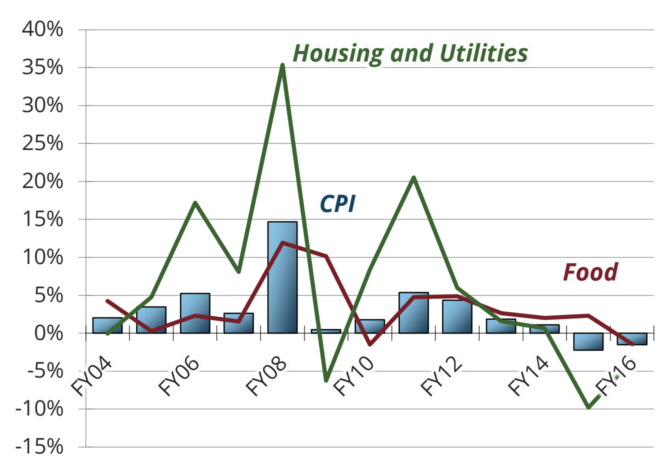
*Significant growth in **public sector employment**, but lack luster **private sector performance***



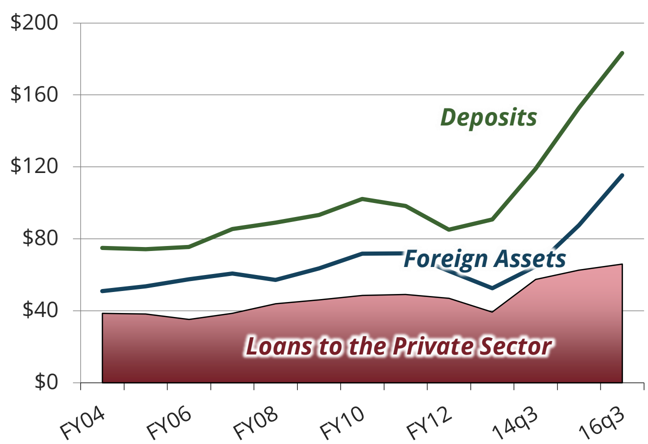
***Real wages decline**, but recent improvement with negative inflation; wage differential remains large*



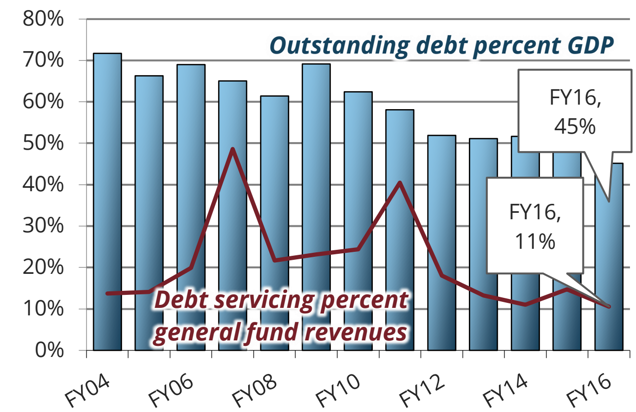
***Inflation turns negative** in FY15 and FY16*



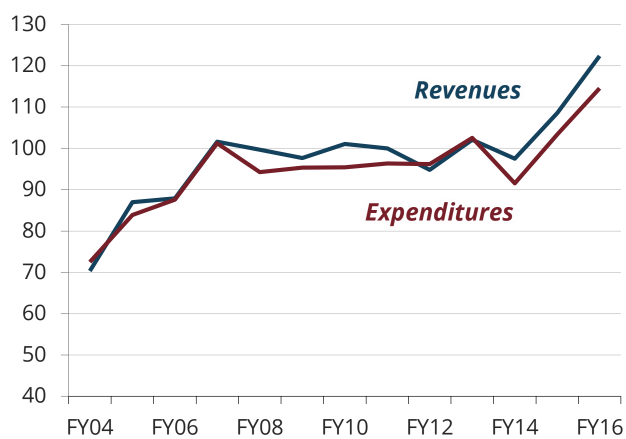
*Commercial bank **lending remains weak**, funds invested off-shore, $m*



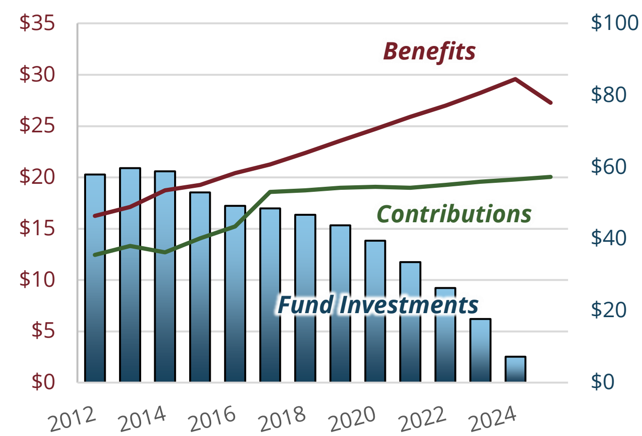
***External debt is high** but declining*



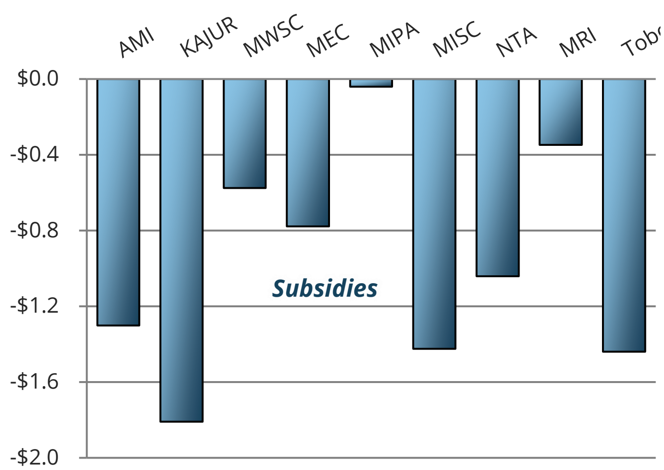
***RMI executes blow out budgets** in FY15 and FY16, but maintains overall 4.4% of GDP fiscal balance, $m*



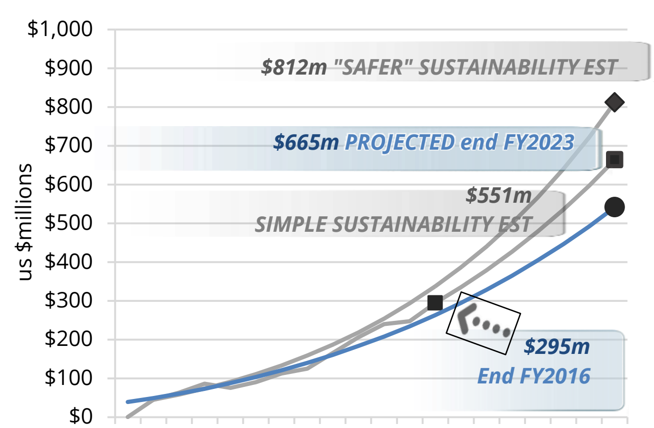
***Social security funds** projected to **collapse** in FY25 even after recent reforms, $m*



***Subsidies to the ailing SOE** sector are a persistent drain on fiscal policy, $'million*



***Trust Fund** likely to achieve a size sufficient to replace FY2023 sector grants, but remains subject to volatility risk



RMI summary economic indicators, FY2004-FY2016

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Per Capita Income measures							
GDP current prices, $ million	164.9691	173.2603	185.2105	190.8008	183.1213	179.6979	194.4979
Population	52,921	53,158	53,356	53,554	53,753	53,952	54,153
GDP per capita $	3,117	3,259	3,471	3,563	3,407	3,331	3,592
GNI per capita $	**3,766**	**3,971**	**4,011**	**4,240**	**4,323**	**4,605**	**4,792**
GNDI per capita $	4,891	5,061	5,106	5,454	5,376	5,687	5,923
National accounts							
GDP, at constant prices $ million, FY2004 prices	**146.4**	**148.1**	**153.3**	**157.6**	**156.4**	**155.9**	**158.8**
GDP, % growth	**6.5**	**1.2**	**3.5**	**2.9**	**-0.8**	**-0.4**	**1.9**
GDP, % growth (excluding purse seine fishing boats)	4.4	0.4	2.3	2.9	-0.6	-0.9	2.8
Prices (annual percent change)							
Consumer price index	1.8	5.4	4.3	1.9	1.1	-2.2	-1.5
Employment and Wages							
Number of employees	10,926	10,637	10,744	10,857	10,783	10,657	10,895
% change	*5.0*	*-2.6*	*1.0*	*1.1*	*-0.7*	*-1.2*	*2.2*
Private sedctor	4,922	4,549	4,545	4,622	4,508	4,241	4,292
% change	*13.5*	*-7.6*	*-0.1*	*1.7*	*-2.5*	*-5.9*	*1.2*
Public sector	4,653	4,768	4,896	4,918	4,940	5,071	5,182
% change	*-0.1*	*2.5*	*2.7*	*0.5*	*0.4*	*2.6*	*2.2*
Average annual wage	9,130	9,588	9,530	9,664	9,856	10,235	10,638
% change	*-3.6*	*5.0*	*-0.6*	*1.4*	*2.0*	*3.8*	*3.9*
Private sedctor	5,026	5,545	5,465	5,511	5,839	6,066	6,350
% change	*-7.9*	*10.3*	*-1.4*	*0.8*	*6.0*	*3.9*	*4.7*
Public sector	12,123	12,195	12,030	12,260	12,215	12,432	12,829
% change	*2.0*	*0.6*	*-1.4*	*1.9*	*-0.4*	*1.8*	*3.2*
Average annual real wage (less inflation)	6,965	6,943	6,613	6,585	6,643	7,056	7,446
% change	*-5.2*	*-0.3*	*-4.7*	*-0.4*	*0.9*	*6.2*	*5.5*
Government Finance Statistics, $ millions							
Revenue	101.0	100.0	94.8	102.1	97.5	108.6	122.4
Tax revenue	28.2	29.0	29.2	30.4	29.1	31.4	34.6
Grants	68.2	65.5	59.2	61.3	53.9	58.7	59.1
Other revenue	4.6	5.5	6.4	10.4	14.5	18.4	28.7
Expense	-78.9	-83.2	-88.9	-95.3	-86.1	-96.4	-108.4
Compensation of Employees	-37.6	-37.7	-38.6	-40.5	-40.3	-41.4	-42.4
Use of goods and services	-24.3	-26.8	-28.1	-28.5	-25.4	-26.3	-32.0
Other expense	-17.0	-18.7	-22.2	-26.4	-20.4	-28.8	-34.0
Net Worth and its Changes	-22.1	-16.8	-5.9	-6.7	-11.4	-12.1	-14.0
Nonfinancial assets	-16.5	-13.1	-7.3	-7.2	-5.4	-7.0	-6.2
Financial assets	-6.3	11.2	5.9	-0.4	-2.1	-2.3	-5.8
Financial liabilities	0.6	-14.9	-4.5	0.8	-3.8	-2.9	-2.0
Overall fiscal balance	5.7	3.7	-1.4	-0.4	5.9	5.2	7.8
(In percent of GDP)							
Revenue	61.2	57.7	51.2	53.5	53.2	60.4	62.9
Taxes	17.1	16.7	15.8	15.9	15.9	17.5	17.8
Domestic revenues	19.9	19.9	19.2	21.4	23.8	27.7	32.5
Grants	41.3	37.8	32.0	32.1	29.4	32.7	30.4
Expense	-47.8	-48.0	-48.0	-50.0	-47.0	-53.7	-55.7
Compensation of Employees	-22.8	-21.8	-20.8	-21.2	-22.0	-23.0	-21.8
Use of goods and services	-14.7	-15.5	-15.2	-14.9	-13.9	-14.6	-16.4
Non Financial Assets	-10.0	-7.6	-3.9	-3.8	-3.0	-3.9	-3.2
Overall fiscal balance	3.4	2.1	-0.7	-0.2	3.2	2.9	4.0

RMI summary economic indicators, continued, FY2004-FY2016	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Money and Banking ($ million)							
Assets	133.6	132.0	118.9	110.8	147.3	151.3	156.9
Foreign assets	71.8	71.9	62.1	52.5	60.9	62.6	64.7
Loans	63.3	60.2	59.4	60.0	73.3	75.6	79.4
Commercial loans	14.7	11.2	12.5	20.8	21.0	20.9	22.1
Consumer loans	48.6	49.0	46.9	39.2	52.3	54.8	57.4
Other	-1.5	-0.1	-2.6	-1.6	13.2	13.1	12.8
Liabilities	133.6	132.0	118.9	110.8	147.3	151.3	156.9
Deposits	102.1	98.2	85.0	90.8	112.4	114.6	118.9
Other	4.1	4.7	4.2	3.9	4.5	5.4	5.3
Capital	27.4	29.1	29.7	16.2	30.5	31.3	32.7
Loans to deposit ratio, %	62.0	61.3	69.9	66.1	65.2	66.0	66.8
Balance of Payments $ million							
Trade balance	-90.9	-52.0	-43.4	-61.3	-60.4	-54.6	-61.6
Service balance	-37.4	-40.2	-43.6	-50.1	-42.0	-42.9	-49.1
Primary Income balance	34.3	37.8	28.8	36.3	49.2	68.7	65.0
Secondary Income balance	59.5	58.0	58.4	65.0	56.6	58.4	61.2
Current Account, balance	-34.5	3.5	0.3	-10.2	3.4	29.6	15.6
Capital Account, balance	18.6	14.5	8.6	15.9	9.6	8.5	10.9
Financial account balance	32.6	15.3	14.1	26.0	1.2	-8.2	-13.6
International Investment position (IIP), $ million							
Total stocks, net	244.3	234.4	245.3	245.0	258.1	280.1	309.4
Direct investment, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Portfolio investment, net	276.3	264.0	280.3	291.2	288.8	282.2	278.1
Other investment, net	-32.1	-29.5	-35.0	-46.2	-30.6	-2.1	31.2
memo: COFA Trust Fund	119.6	132.7	175.0	217.5	252.2	259.1	307.8
External Debt, $ million							
Gross External Debt Total	102.8	100.3	96.0	97.6	94.6	89.0	83.5
Gross External debt as % of GDP	62.3	57.9	51.8	51.2	51.7	49.5	42.9
Debt Service	8.7	15.2	6.9	5.7	5.1	7.6	6.9
Debt service as % of national goverenment revenues	24.4	40.5	18.1	13.2	11.0	14.7	10.5