Marshall Islands Basic Income (Enra)

I B Middleton

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Questions:

1. Do the Marshall Islands have a Basic Income, and when was it introduced?
2. What is the current population of the Marshall Islands, and how is the population distributed among the Islands? How is the population distributed by age, and what is the birth rate in the Islands, with International comparisons?
3. What are the impacts of climate change now and the likely projected impacts?
4. Please supply details on the economic debates and IMF critiques regarding the Basic Income program's sustainability.
5. Please describe the parallel **Extraordinary Needs Distribution (END)** program designed for outer island development
6. What are the exact terms of the **U.S. Compact of Free Association** that fund this Basic Income system?
7. Is the Basic Income restricted to those living in the Marshall Islands, or are those with citizenship but living elsewhere entitled to receive payments?
8. Is there any possibility that the US or another country or organisation will terminate the scheme?
9. Are there any reports on how well the scheme has worked so far?
10. How have **U.S. correspondent banks** previously restricted financial access in the Pacific?
11. What share of the Marshall Islands parliament supported the Basic Income, and has there been any change in the support since the introduction?

1. Do the Marshall Islands have a Basic Income, and when was it introduced?

Yes, the Marshall Islands has a nationwide Universal Basic Income (UBI) program, which was introduced on **26 November 2025**. [1]

Known officially as the **Individual Support Distribution** or **"Enra"** (a Marshallese term connoting sharing and caring for the community), it is recognised as the world's first long-term, nationwide UBI program. [2, 3, 4, 5]

Key Details of the Program

- **The Benefit:** Every resident Marshallese citizen—including children—receives an unconditional payment of **US$800 per year**, distributed in quarterly instalments of **US$200**. [2, 6]
- **The Funding:** The program does not cost local taxpayers. Instead, it is funded by the multi-billion-dollar Compact Trust Fund under the **Compact of Free Association** with the United States, which partly serves to compensate the nation for historical U.S. nuclear testing. [7, 8, 9, 10]
- **Purpose:** The initiative was launched to provide a financial safety net against high living costs, alleviate poverty, and help curb rapid outward migration to the U.S.. [8, 11]
- **Delivery Innovation:** In addition to traditional bank transfers or physical checks, the Marshall Islands made history by allowing citizens to receive their UBI directly into a government-backed digital wallet called **Lomalo**. The wallet uses a U.S. dollar-pegged stablecoin (**USDM1**) built on the Stellar blockchain, ensuring that even remote residents without access to traditional banks can receive their funds. [12, 13]

If you want, I can provide more details on:

- How the **Lomalo digital wallet and stablecoin system** work in practice
- The **economic debates and IMF critiques** regarding the program's sustainability
- The parallel **Extraordinary Needs Distribution (END)** program designed for outer island development

[1] https://www.lowyinstitute.org
[2] https://www.nziia.org.nz
[3] https://mof.gov.mh
[4] https://basicincomecanada.org
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[13] https://www.facebook.com

2. What is the current population of the Marshall Islands, and how is the population distributed among the Islands? How is the population distributed by age, and what is the birth rate in the Islands with International comparisons?

Current Population

The **current population of the Marshall Islands is approximately 35,075 people**. [1, 2]

The nation is experiencing a notable demographic trend: its **population is declining** by roughly 3.3% annually. This is not due to low birth rates, but rather high levels of **outward migration**, as citizens move to the United States under the visa-free travel provisions of the Compact of Free Association. [3, 4]

Population Distribution Among the Islands

The population is highly centralised, with the vast majority of residents living in just two urban areas. The Marshall Islands are effectively **78% to 80% urbanised**, leaving the remaining "outer islands" very sparsely populated. [5, 6]

- **Majuro Atoll (The Capital):** Home to **over 54% of the population** (approx. 18,800 people). It serves as the political and economic hub. [4, 7]
- **Ebeye Island (Kwajalein Atoll):** The secondary urban centre, housing roughly **23% of the population**. Ebeye is famous for its extreme population density, as many residents live there to work at the nearby U.S. military base on Kwajalein Island. [4]
- **The Outer Islands:** The remaining **20% to 22% of the population** is scattered across dozens of remote, low-lying coral atolls and islands (such as Arno, Jaluit, and Wotje). [5]

Age Distribution

The Marshall Islands has a **very young society**. The country's **median age is 20.5 years**, which is vastly younger than the global average median age of approximately 31 years. [2, 8, 9]

The population pyramid is structured roughly as follows:

- **0–14 years (Children):** ~30.6%
- **15–64 years (Working Age):** ~63.8%
- **65 years and over (Elderly):** ~5.5% [6]

This young demographic structure results in a high **age dependency ratio** (~64 dependents for every 100 working-age people), putting significant pressure on local education and healthcare systems. [10]

Birth Rate & International Comparisons

Despite its shrinking total population, the Marshall Islands maintains a **relatively high birth rate** compared to global standards.

- **Crude Birth Rate:** The country sees roughly **20.1 births per 1,000 residents** annually.
- **Total Fertility Rate (TFR):** An average of **2.77 to 2.8 children born per woman**. This is well above the "replacement level" fertility rate of 2.1 required to keep a population stable without migration. [3, 8, 11, 12]

Global Comparisons:

- **Globally:** The Marshall Islands sits in the **top 35% of countries worldwide for high birth rates** (ranking roughly 72nd out of nearly 200 nations). [12]
- **vs. Developed Nations:** Its birth rate is more than double that of countries like the **United States** (~11 births/1,000) or **New Zealand** (~10 births/1,000), and triple that of nations facing severe ageing crises like **Japan** or **South Korea** (under 7 births/1,000).
- **vs. Regional Neighbours:** It is comparable to other Pacific Island nations like Samoa and Tonga, though its birth rate has steadily decreased from its historic high in 1960, when women averaged over 8 children each. [12]

If you want, I can provide more details on:

- The **impact of outward migration** to specific U.S. states (like Arkansas or Hawaii)
- How the **health infrastructure** on Ebeye deals with high population density
- Specific **climate change displacement projections** for the outer islands

[1] https://statisticstimes.com
[2] https://www.worldometers.info
[3] https://www.worldometers.info
[4] https://en.wikipedia.org
[5] https://datareportal.com
[6] https://www.chl-pacific.org
[7] https://worldpopulationreview.com
[8] https://www.worldometers.info
[9] https://worldpopulationreview.com
[10] https://ourworldindata.org
[11] https://www.macrotrends.net
[12] https://georank.org

3. What are the impacts of climate change now and the likely projected impacts?

Climate change poses an existential threat to the Republic of the Marshall Islands, an atoll nation with an average elevation of just **1 to 2 metres above sea level**. [1, 2, 3]

The impacts are divided into clear current realities and catastrophic long-term projections.

🌊 Current Impacts (What is Happening Now)

Climate change is already fundamentally reshaping daily life, the local economy, and human rights across the islands: [4, 5]

- **King Tides and Sunny-Day Flooding:** Rising sea levels have increased the frequency of severe tidal flooding. Even without storms, "king tides" regularly overtop seawalls, flooding roads, damaging coastal homes, and submerging urban areas in the capital, Majuro. [3, 6, 7, 8]
- **Freshwater Contamination:** Seawater flooding pushes saltwater into the thin subterranean freshwater lenses that residents rely on for drinking water and agriculture. Local groundwater is increasingly brackish and undrinkable. [4, 6, 9]
- **Severe Droughts:** While some seasons bring heavy storms, the nation is battling prolonged, severe droughts. This dries up rainwater harvesting systems and decimates traditional staple crops like breadfruit, pandanus, and taro. [6, 8, 10, 11]
- **Economic Losses in Fishing:** As ocean temperatures rise, massive schools of tuna—the backbone of the Marshallese economy, providing 30% of national revenue—are migrating eastward and northward toward cooler international waters. This has triggered a decline in domestic fishing revenues. [3]
- **The "Runit Dome" Nuclear Hazard:** Rising seas and coastal erosion are directly threatening the Runit Dome on Enewetak Atoll. This concrete dome encapsulates radioactive debris from Cold War U.S. nuclear testing and is now cracking and leaking radioactive isotopes into the rising ocean. [2]

🔮 Projected Impacts (The Future Threat)

Climate modelling by NASA, the World Bank, and the IPCC indicates that the Marshall Islands faces literal loss of territory within this century. [3, 7]

Climate Vector	Projected Change	Expected Impact on the Islands
Sea Level Rise	**+15 cm by 2050**; up to **+70 cm to 1 metre by 2100**	**40% of all buildings in Majuro** will be permanently submerged. Entire outer islands will completely disappear.
Ocean Temperatures & Acidification	Continued warming and dropping pH levels	**Widespread coral bleaching and die-offs**. Without living reefs, the islands lose their natural wave buffers, accelerating catastrophic coastal erosion.
Extreme Weather	Fewer but **significantly more intense** Category 4 and 5 typhoons	Severe infrastructure destruction, catastrophic storm surges capable of washing entirely over narrow atoll strips.
Habitability Threshold	Expected tipping point between **2030 and 2050**	Due to the combination of regular flooding and a complete lack of freshwater, multiple atolls are projected to become **entirely uninhabitable** long before they are physically underwater.

🏛 The Response: Climate Justice & "Tile Til Eo"

The Marshallese government refuses to simply become "climate refugees." They have launched the Tile Til Eo ("Fastening the Keel") strategy, targeting net-zero emissions by 2050 to lead by example. [8, 12]

They have also partnered on the **BOLD (Building our Loss and Damage) Response Project** to build climate-resilient water infrastructure, reinforce shorelines, and demand international climate finance from major global emitters. [3, 12]

If you'd like, we can look closer at:

- The engineering proposals to **physically elevate parts of Majuro** to resist sea level rise
- How the leaking **Runit Dome** nuclear site is being monitored amid rising tides
- The legal efforts the Marshall Islands is pursuing at the **International Court of Justice** for climate accountability

[1] https://www.cfe-dmha.org
[2] https://www.youtube.com
[3] https://www.youtube.com
[4] https://unfccc.int
[5] https://en.wikipedia.org
[6] https://reefresilience.org
[7] https://www.facebook.com
[8] https://en.wikipedia.org
[9] https://sprep.org
[10] https://www.adaptation-undp.org
[11] https://www.facebook.com
[12] https://sprep.org

4. Please supply details on the economic debates and IMF critiques regarding the Basic Income program's sustainability.

📉 The IMF’s Core Critiques and Sustainability Warnings

The **International Monetary Fund (IMF)** has voiced deep concerns regarding the fiscal architecture of the Marshall Islands' universal basic income (UBI) expansion. While acknowledging it provides income security, the IMF's formal assessments outline significant macroeconomic dangers: [1]

- **Massive Share of GDP:** According to the IMF, the **Individual Support Distribution (Enra)** program is projected to consume roughly **8.1% of the nation’s GDP** once fully implemented. When paired with the **Extraordinary Needs Distribution (END)** for the outer islands (another 6% of GDP), these dual cash transfer programs demand a staggering **14.1% of the country's total economic output**. [2, 3]
- **Crowding Out Crucial Investments:** The IMF argues that committing such a large, permanent chunk of current fiscal spending to direct cash payouts drastically **erodes fiscal buffers**. The Fund warns this will directly "crowd out" much-needed capital investments, such as infrastructure development and vital climate change adaptation measures. [1, 4]
- **Erosion of Shock Absorbers:** Because the Marshall Islands is a highly vulnerable ocean state prone to climate shocks and global market volatility, the IMF insists the country needs substantial emergency reserves. Payouts at this scale severely restrict the government's ability to save for a rainy day. [1]
- **Recommendation to Terminate:** Due to these vulnerabilities, the IMF officially advised the Marshall Islands government to **replace the UBI scheme at the first available opportunity** with a targeted welfare system that directs funds exclusively to low-income households. [1]

📊 The Broader Economic Debate

The rollout of the program has sparked a sharp ideological divide between international financial institutions, local politicians, and global economic advocates. [5, 6]

1. Vulnerability vs. Direct Aid Architecture

- **The Skeptics' View:** Critics echo the IMF, noting that the Marshall Islands has **limited borrowing capacity** and a tiny domestic tax base. Relying entirely on the U.S. Compact Trust Fund (CTF) exposes the UBI program to geopolitical shifts in Washington or downturns in global investment markets. [4, 7, 8]
- **The Proponents' View:** Development advocacy groups (like [Equal Right](https://www.equalright.org)) defend the model. They compare it to Alaska's Permanent Fund Dividend or Norway's Sovereign Wealth Fund. Proponents argue that the CTF (valued at over US$1.3 billion) draws roughly US$50 million annually for these programs—about **3.6% of the fund's value**, which they claim is completely sustainable based on historical market returns. They see it as a progressive blueprint for distributing "strategic rents" directly to citizens rather than letting them sit in distant government accounts. [6]

2. Universal vs. Targeted Support

- **The Political Debate:** Within the Marshall Islands Parliament, opposition members have argued that the money would be better spent if it were **targeted strictly at lower-income families**, especially to combat the soaring costs of child school supplies and uniforms.
- **The Administration Argument:** The government countered that in a remote archipelago spanning dozens of low-lying atolls, the **administrative costs** of means-testing (checking everyone's wealth and income) would be incredibly expensive and logiven the logistical hurdles. A blanket, universal payout is vastly more efficient to distribute. [5, 8]

3. Inflation Concerns

- **The Risk:** Economists have questioned whether injecting cash directly into a small island economy reliant on expensive imported goods will simply trigger local inflation, effectively wiping out the purchasing power of the US$800 annual dividend.
- **The Defence:** UBI academic researchers have argued that the payouts are no more inflationary than any other mechanism that raises income. They state that true hyperinflation occurs from supply scarcity (like global fuel crises), meaning the UBI itself is a vital lifeline rather than the economic driver of rising prices. [9, 10]

Would you like to explore:

- The exact terms of the **U.S. Compact of Free Association** that fund this system?
- A closer look at how the **Extraordinary Needs Distribution (END)** differs from Enra?

[1] https://www.imf.org
[2] https://www.lowyinstitute.org
[3] https://www.nziia.org.nz
[4] https://eastasiaforum.org
[5] https://newsroom.co.nz
[6] https://www.equalright.org
[7] https://www.nziia.org.nz
[8] https://www.lowyinstitute.org
[9] https://mof.gov.mh
[10] https://newsroom.co.nz

5. Please describe the parallel **Extraordinary Needs Distribution (END)** program designed for outer island development

The **Extraordinary Needs Distribution (END)** program is a major income and development initiative in the **Republic of the Marshall Islands (RMI)**. Launched in late 2025 alongside **Enra**, the nation's milestone Universal Basic Income (UBI) scheme, the END program functions as a targeted "second layer" of support specifically engineered to drive **outer island development, climate adaptation, and poverty alleviation**. [1, 2, 3, 4, 5, 6]

💰 Funding and Economic Scale

- **GDP Share:** The END program adds a massive **6% of the nation's GDP** on top of the 8% allocated for the universal Enra scheme. [3, 7]
- **Annual Budget:** It injects roughly **US$20 million annually** (dispersed quarterly) directly into local government systems for targeted community support. [4]
- **Financial Foundation:** Like Enra, the program is financed through permitted annual drawdowns from the **Compact Trust Fund (CTF)** under the renewed **Compact of Free Association with the United States**. [2, 3]

🎯 Core Objectives & Targeted Beneficiaries

While the standard Enra UBI provides flat cash transfers to all citizens, the END framework is legally earmarked for communities experiencing exceptional hardship due to structural disadvantages. It specifically targets: [5, 8]

- Remote, isolated **outer atolls** suffering from highly restricted local economies.
- High-need communities still bearing the long-term environmental and social impacts of **historic nuclear testing**.
- Low-lying populations facing the immediate existential threat of **climate change**. [5, 6, 8]

🛠 Key Areas of Intervention

Rather than operating strictly as an individual payout, the END framework routes funding to **local governments** to distribute resources and build resilience. Major interventions include: [1, 4]

- **Food Security:** Funding direct food distribution to isolated communities where supply chains are weak and agricultural conditions are poor.
- **Housing and Infrastructure Restoration:** Providing resources for essential housing repairs, community renovations, and power subsidies.
- **Climate Adaptation:** Financing localised projects to protect vulnerable atolls from rising sea levels and extreme weather events.
- **Outer Island Top-Ups:** Government policy models utilise END funds to create an *Outer Island Basic Income Support* system. This acts as a geographic financial premium—giving a higher effective basic income to individuals living in the most structurally isolated places. [1, 4, 5, 8, 9]

By running parallel to the universal safety net, the END program acts as a critical mechanism for **geographic equity**, ensuring that the citizens most isolated from the capital's economy are not left behind. [5, 6]

Would you like to explore **how the primary Enra UBI program operates** alongside this, or would you like to see how the **Compact Trust Fund controls** ensure the sustainability of these distributions?

[1] https://www.lowyinstitute.org
[2] https://www.elibrary.imf.org
[3] https://eastasiaforum.org
[4] https://siteadmin.mbjguam.com
[5] https://www.scottsantens.com
[6] https://www.equalright.org
[7] https://scottsantens.substack.com
[8] https://mof.gov.mh
[9] https://www.nziia.org.nz

6. What are the exact terms of the **U.S. Compact of Free Association** that fund this Basic Income system?

The funding for the Marshall Islands' **Individual Support Distribution (Enra)** program is rooted in a unique geopolitical arrangement rather than domestic tax revenue. The program is directly sustained by the **Compact Trust Fund (CTF) for the People of the Republic of the Marshall Islands**. [1, 2, 3]

The exact terms and mechanisms governing this funding include the following core pillars:

🤝 1. The Strategic Geopolitical Bargain

The Marshall Islands is a fully sovereign nation, but under the [Compact of Free Association (COFA)](1.1.1, 1.3.4), it grants the United States **exclusive military and defence authority** over its territorial waters and airspace. This includes the long-term lease of strategic installations like the **Kwajalein Missile Range**. In exchange for this strategic access, the U.S. government provides long-term financial aid, economic assistance, and domestic public services to the Marshall Islands. [4, 5]

💰 2. Structure and Value of the Compact Trust Fund (CTF)

Instead of relying strictly on annual budget appropriations from the U.S. Congress, a significant portion of COFA funding was structured into a sovereign-style **inter-governmental trust fund**. [5]

- **Asset Size:** The capital base of the Compact Trust Fund surpassed **US$1.3 billion**.
- **U.S. Top-Ups:** Under updated renewals of the agreement, the U.S. committed an additional **US$500 million in mandatory contributions** to build up the fund's principal balance. [3]

📈 3. The Dividend Accumulation Model

The UBI system functions effectively as a national wealth dividend derived from this fund. [6]

- **Drawdown Limit:** The Marshall Islands government draws down roughly **US$50 million annually** from the CTF to bankroll its broad social safety net expansions. [3]
- **Cost of the Program:** The Enra UBI program itself requires approximately **US$30 million per year** to cover its citizens. [2]
- **Market Reliance:** Rather than depleting the U.S. capital injections, the program is designed to be sustained by the fund's **investment market returns** (roughly a 3.6% annual drawdown of the total fund value), allowing the UBI to be paid out without taxing local citizens. [2, 3, 6]

⚖️ 4. Historical Nuclear Compensation Links

The terms of the Compact Trust Fund are legally tied to wrapping up historic liabilities from **U.S. nuclear testing** conducted on atolls like Bikini and Enewetak between 1946 and 1958. The Marshall Islands government explicitly leverages these trust funds as a vehicle for resource distribution to grant direct "strategic rents" back to the population as a form of ancestral and geographic compensation. [1, 5, 6]

If you want, we can dive deeper into:

- How **Kwajalein Atoll's military land lease terms** relate to this funding
- The specific **asset allocation and investment strategy** of the Compact Trust Fund
- The strict **joint U.S.-RMI supervisory committee rules** that oversee how trust fund money is audited

[1] https://eastasiaforum.org
[2] https://www.rnz.co.nz
[3] https://mof.gov.mh
[4] https://www.lowyinstitute.org
[5] https://scottsantens.substack.com
[6] https://newsroom.co.nz

7. Is the Basic Income restricted to those living in the Marshall Islands, or are those with citizenship but living elsewhere entitled to receive payments?

No, the Basic Income is strictly restricted to citizens who are actively residing within the Marshall Islands. Citizens who hold Marshallese nationality but live elsewhere (such as in the United States) are **not entitled** to receive the payments. [1, 2]

The residency restriction is central to the design, purpose, and political backing of the program for several reasons:

🏠 1. Designed to Stop Outward Migration

A primary objective of the **Individual Support Distribution (Enra)** program is to act as an economic anchor to **stem the high levels of outward migration**. Because Marshallese citizens enjoy visa-free travel and work authorisation in the U.S. under the [Compact of Free Association](1.1.1, 1.3.3), the country has faced a massive brain drain and population decline. The US$800 annual payout is explicitly intended to improve domestic living conditions so people choose to stay. Extending the payout to those already living abroad would defeat this core policy goal. [3, 4, 5]

👥 2. Target Population vs. Diaspora Size

Of the roughly 75,000–80,000 total Marshallese citizens globally, **only about 35,000 to 37,000 reside within the islands**. If the program were extended globally to the massive diaspora living in places like Arkansas, Hawaii, and Washington, the cost of the program would more than double, making it completely fiscally unsustainable for the U.S. Compact Trust Fund to support. [1, 4, 6]

📝 3. Enrolment and "Residency-Based" Rules

When the Ministry of Finance launched registration for the program, the rules established an explicit **residency-based eligibility system**. To successfully enrol and receive the quarterly US$200 distributions, citizens must verify their local physical presence within the atolls. [7, 8]

4. Local Economic Stimulus

The government's goal is for this cash injection to circulate entirely within the domestic economy, boosting small businesses and purchasing power across urban hubs like Majuro and Ebeye, as well as the remote outer islands. [2, 5]

If you would like, I can provide details on:

- The specific **registration and tracking processes** the government uses to verify local residency
- How the **Lomalo digital wallet** handles identity verification for those on remote outer islands

[1] https://www.rnz.co.nz
[2] https://www.scottsantens.com
[3] https://www.rnz.co.nz
[4] https://www.abc.net.au
[5] https://www.facebook.com
[6] https://www.theguardian.com
[7] https://basicincome.org
[8] https://eastasiaforum.org

8. Is there any possibility that the US or another country or organisation will terminate the scheme?

Neither the United States nor any external international organisation has the direct legal authority to unilaterally terminate the Marshall Islands' UBI program. [1]

Because the Marshall Islands is a fully sovereign nation, the program's existence is entirely a domestic policy choice. However, **external forces can exert massive economic and regulatory pressure** that could force a future Marshallese government to suspend or alter the program. [1, 2]

The primary pathways through which the scheme could face external disruption or termination include:

US 1. U.S. Regulatory and Oversight Controls

While the U.S. has already legally committed the money to the Compact Trust Fund (CTF), Washington holds significant sway over how those funds are handled: [3]

- **Strict Spending Rules:** The U.S. government placed specific restrictions on the treaty funding, mandating that Enra payouts can only be made via traditional paper checks or direct bank deposits. They explicitly blocked the funds from being directly funnelled as a "one-step distribution" into the country's new blockchain-based **USDM1 digital stablecoin**. [4]
- **The Supervisory Committee:** The CTF is managed by a joint U.S.-Marshall Islands committee. If the U.S. representatives determine that drawing down **US$30 million annually** violates specific fund preservation guidelines or threatens the long-term principal needed to maintain other essential public services, they could legally dispute the withdrawals. [3, 4]

2. Pressure from the IMF and International Creditors

As noted earlier, the **International Monetary Fund (IMF)** has officially recommended that the government replace the UBI with a targeted system. [5]

- While the IMF cannot force a law change, it holds massive sway over the country's creditworthiness. If the Marshall Islands requires external loans, international restructuring, or global financial aid in the future (especially following a climate disaster), lenders like the IMF or World Bank could make **the termination or tapering of the UBI a mandatory condition** for financial assistance.

💳 3. The Threat of De-Risking by Global Banks

The biggest existential threat to the delivery of the UBI is the risk of losing **Correspondent Banking Relationships (CBR)**. [5]

- Global commercial banks (mostly based in the U.S.) are deeply sceptical of small island nations experimenting with sovereign digital currencies, stablecoins, and decentralised registries. [4, 5]
- The IMF has explicitly warned that the Marshall Islands' digital infrastructure (**USDM1 / Lomalo**) could trigger financial integrity concerns. If major Western financial institutions decide the UBI delivery mechanisms pose a risk for money laundering or compliance violations, they could cut off the country's access to the global financial system. If the Marshall Islands loses its final international banking links, it would become impossible to process the payments or clear U.S. dollars. [5]

⚖️ Conclusion: Geopolitical Interdependence

The UBI scheme functions because it is financed by **"strategic rent"** paid by the U.S. for long-term military access until 2086. As long as the current Marshallese administration remains politically unified behind the program and balances its books without needing a global bailout, external actors can critique the program but cannot legally shut it down. [1, 6]

If you want, we can explore:

- How **U.S. correspondent banks** have previously restricted financial access in the Pacific
- The specific **legal sovereignty provisions** outlined in the Compact of Free Association

[1] https://eastasiaforum.org
[2] https://www.lowyinstitute.org
[3] https://www.rainierinstitutefa.org
[4] https://www.rnz.co.nz
[5] https://www.imf.org
[6] https://newsroom.co.nz

9. Are there any reports on how well the scheme has worked so far?

Reports from journalists, local officials, and regional economic forums reveal that the **"Enra" UBI scheme has been broadly popular and life-changing for residents, though it has faced notable logistical and social challenges**. [1, 2, 3]

Because the program is funded externally, it has delivered direct economic relief without traditional domestic tax fallout. [4, 5]

✅ The Successes & Positive Outcomes

- **Immediate Morale and Economic Boost:** For a nation where nearly 46% of households previously reported worrying about where their next meal would come from, residents have described the US$200 quarterly payments as a critical "lifeline". According to local feedback, the program has significantly boosted community morale and brought tangible relief to low-income families. [3, 5]

- **Surge in Registration:** The program started with around 33,000 enrolled citizens. By mid-2026, **enrollment jumped to 40,000 people**, proving that the administration's localised push to register citizens has been highly successful. [6]
- **Targeted Household Spending:** Despite the universal, unconditional nature of the cash, monitoring shows that families are spending the money responsibly. The main priorities for the cash injections have been **school supplies, uniforms, and stationery** as children return for new school terms, alongside coping with soaring electricity utility rates. [2, 6]
- **Showcase for Regional Innovation:** At the Pacific Islands Forum Economic Ministers Meeting, the Marshall Islands government successfully demonstrated the scheme to its Pacific neighbours, positioning the model as a blueprint for how small island microstates can use "strategic rents" from geopolitical partners to build robust welfare safety nets. [4, 7]

⚠️ The Implementation Challenges & Hitches

- **The "Distribution Day" Bottleneck:** In the urban hubs like Majuro, the rollout originally suffered from massive logistical congestion. Because many citizens did not initially have bank accounts or the **Lomalo** digital wallet app, distribution days resulted in **massive lines of people and traffic gridlock** as residents waited to collect physical paper checks or cash.
- **Exploitation by Traditional Chiefs (Iroij):** A complex cultural hurdle emerged regarding the islands' ancient land ownership laws. Because local tribal chiefs hold traditional rights over all land parcels, reports surfaced that **some chiefs demanded immediate cash "tribute" or payouts from citizens** right as the Enra distributions were handed over. Critics note this dynamic highlights how deep-seated traditional structures can sometimes interfere with modern economic relief.
- **Digital Adoption Hurdles:** While the blockchain-backed **Lomalo wallet and USDM1 stablecoin** were praised globally, local adoption has been slow. The government has had to spend considerable effort establishing relationships with domestic grocery and retail vendors so that recipients can actually spend their digital stablecoins directly at the counter, rather than immediately rushing to convert them to physical cash. [1, 8]

💡 Summary Status

The consensus among local observers (such as Giff Johnson, editor of the *Marshall Islands Journal*) is that the policy is **"really well-received" by the public**. While opposition politicians still argue the fund should have been strictly means-tested for the poor, the government's stance remains validated: a universal payout is vastly easier and cheaper to administer across remote atolls than a complicated bureaucracy. [2, 9]

[1] https://newsroom.co.nz
[2] https://newsroom.co.nz
[3] https://www.rnz.co.nz
[4] https://eastasiaforum.org
[5] https://www.rnz.co.nz
[6] https://www.rnz.co.nz
[7] https://www.abc.net.au
[8] https://www.rnz.co.nz
[9] https://www.equalright.org

10. How have **U.S. correspondent banks** previously restricted financial access in the Pacific

U.S. and regional commercial banks have historically restricted financial access in the Pacific through a process known as **"de-risking"**. This involves cutting off or severely restricting **Correspondent Banking Relationships (CBRs)**—the essential financial plumbing that allows local Pacific banks to clear foreign currencies (predominantly the U.S. dollar) and wire money globally. [1, 2, 3]

The Pacific has suffered a **60% decline in active correspondent banking relationships**, which is double the global average contraction. [2, 4]

🔍 How and Why U.S. Banks Restricted Access

1. Blanket "De-Risking" Instead of Risk Management

Following the 2008 global financial crisis, Western regulators drastically tightened Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws. Rather than evaluating small Pacific institutions case-by-case, major U.S. banks began issuing blanket closures of accounts belonging to entire categories of cross-border clients—particularly **Money Transfer Operators (MTOs)** and small domestic banks—viewing them as inherently "high-risk". [5, 6, 7]

2. The Low Profit vs. High Compliance Cost Equation

Servicing tiny, geographically isolated populations like the Marshall Islands or Tuvalu generates very low transaction volumes. U.S. banks concluded that the **overhead costs of strict regulatory compliance and audits** far outweighed any potential profit margins. Unilaterally exiting the market was seen as the easiest way to avoid multi-million-dollar compliance penalties from U.S. regulators. [4, 6, 8, 9]

3. Shifting Financial Friction Inward

When a primary U.S. correspondent bank cuts off a Pacific country, it triggers a cascade of internal friction: [7, 10]

- **Exorbitant Fees:** Remittance fees in Pacific corridors skyrocketed, averaging **10% of the total sent** (triple the United Nations' sustainability goals). [11]
- **Domestic Gridlock:** In places like the Marshall Islands, even inter-atoll domestic bank wires face extreme due-diligence scrutiny from remaining upstream banks, bottlenecking the local economy. [11]
- **Closed-Loop Isolation:** Local retail networks are frequently disconnected from international credit cards like Visa or Mastercard, forcing domestic networks to operate as isolated, closed-loop systems. [11]

🛑 The Spillover into Government Cash Transfers

This legacy of banking fragility directly explains why the United States exerted such heavy pressure on the Marshall Islands' **Enra UBI program**.

Because the domestic banking rails are incredibly brittle and dependent on a shrinking number of foreign clearing partners, U.S. officials feared that utilising experimental blockchain stablecoins (the **USDM1 / Lomalo system**) to distribute public funds would alarm the few remaining commercial correspondent banks. If those banks panicked over digital asset exposure and cut off the final dollar-clearing lifelines, the entire Marshallese economy would face near-total financial isolation. Consequently, the U.S. mandated that the UBI must only be distributed via traditional paper checks or direct bank deposits. [10, 11, 12, 13]

🌐 Current Defensive Countermeasures

The crisis became severe enough to catch the attention of global leaders. In response, a **US$77 million initiative** backed by the World Bank and the Pacific Islands Forum was launched to provide temporary cross-border currency rails while helping Pacific nations harmonise their regulations to restore confidence with U.S. and Australian commercial lenders. [4, 14]

If you'd like, we can explore:

- The outcomes of the joint **U.S.-Australia Pacific Banking Forum** held to address this issue
- How **Tuvalu or Samoa** specifically adapted to losing their core banking relationships

[1] https://www.worldbank.org
[2] https://theconversation.com
[3] https://theconversation.com
[4] https://www.worldbank.org
[5] https://www.elibrary.imf.org
[6] https://www.oecd.org
[7] https://www.imf.org
[8] https://www.rbnz.govt.nz
[9] https://www.thepeg.co
[10] https://www.rbnz.govt.nz
[11] https://mof.gov.mh
[12] https://mof.gov.mh
[13] https://papers.ssrn.com
[14] https://forumsec.org

11. What share of the Marshall Islands parliament supported the Basic Income, and has there been any change in the support since the introduction?

The legislative introduction of **Enra** (the Universal Basic Income scheme) and the parallel **Extraordinary Needs Distribution (END)** program was passed into law by the Marshall Islands national legislature, the **Nitijela**, in **September 2025** with strong backing from the ruling coalition led by **President Hilda Heine** and Finance Minister David Paul. Because the funding for the program was successfully negotiated as a permanent direct entitlement from the **Compact Trust Fund (CTF)** with the United States, it secured the cross-factional consensus required to alter the nation's long-term fiscal framework. [1, 2, 3, 4, 5, 6]

However, since its rollout in late 2025, the nature of political and institutional support has seen notable shifts: [6]

1. 🏛 Parliamentary Opposition Pushback: Focus on Targeting

While the program enjoyed a smooth legislative passage, **opposition members of parliament** have since raised criticisms. [7]

- Their primary objection is not the existence of cash transfers, but the **universal nature** of Enra. [7]
- Opposition figures argue that rather than giving flat, unconditional quarterly payments to every resident citizen regardless of wealth, the funds would be better utilised if they were explicitly **targeted at lower-income families** who are most vulnerable to inflation. [7]
- The government, conversely, maintains that an unconditional, universal framework is vastly superior because it eliminates the complex, expensive administrative bureaucracy required for means-testing in a developing island nation. [7]

2. 📈 The Government's Response: "Bumping Up" Payouts

Despite the opposition's concerns, the executive branch has doubled down on its commitment to the program. In **May 2026**, President Hilda Heine's administration successfully advocated for an **expansion of the payouts**. By securing an additional **$3.2 million in World Bank funding**, the government boosted individual Enra distributions from approximately $160 up to **$200 quarterly**. [3]

3. ⚠️ External Pushback from the IMF

While internal support from the Heine administration remains unyielding, the scheme has faced resistance from international economic bodies. The **International Monetary Fund (IMF)** has openly criticized the UBI framework. In its consultations, the IMF warned the RMI government against untargeted payouts, expressing concern that injecting a combined **14% of GDP** into the economy via Enra and END risks worsening domestic inflation. Local indicators did show a temporary inflation blip to **7% in 2026** (though the government attributes this largely to global fuel and shipping costs rather than the UBI itself). [2, 8, 9]

Would you like to learn more about **how the local population is utilising the Enra payments** or explore the **blockchain-based digital wallet (Lomalo)** the government introduced to distribute these funds to the outer islands? [10]

[1] https://mof.gov.mh
[2] https://www.elibrary.imf.org
[3] https://marshallislandsjournal.com
[4] https://www.abc.net.au
[5] https://eastasiaforum.org
[6] https://www.nziia.org.nz
[7] https://newsroom.co.nz
[8] https://scottsantens.substack.com
[9] https://newsroom.co.nz
[10] https://www.facebook.com