

ASIAN DEVELOPMENT BANK

TAR: KIR 38138

**TECHNICAL ASSISTANCE
TO THE
REPUBLIC OF KIRIBATI
FOR PREPARING THE
OUTER ISLAND GROWTH CENTERS PROJECT**

December 2004

CURRENCY EQUIVALENTS

(as of 16 November 2004)

Currency Unit	–	Australian dollar (A\$)
A\$1.00	=	\$0.7694
\$1.00	=	A\$1.2997

ABBREVIATIONS

ADB	–	Asian Development Bank
km	–	kilometer
km ²	–	square kilometer
MFED	–	Ministry of Finance and Economic Development
MISA	–	Ministry of Internal and Social Affairs
TA	–	technical assistance
TOR	–	terms of reference

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Multisector
Subsector	–	Integrated rural development, integrated urban development
Themes	–	Sustainable economic growth, environmental sustainability, private sector development.
Subthemes	–	Fostering physical infrastructure development, developing urban areas, environmental policy and legislation

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. During the Country Strategy and Programming Mission in March 2004, the Ministry of Finance and Economic Development (MFED) emphasized the need for preparatory project technical assistance (TA) to prepare a feasibility study for the development of an outer island growth center at Kiritimati (Christmas) Island. This was further confirmed at the development partners meeting in August 2004. The TA was included in the 2004 country strategy and program update.¹ A TA Fact-Finding Mission visited Kiribati from 19 to 21 October 2004 to reach an understanding with the Government on objectives and scope, implementation arrangements, cost estimates, and outline terms of reference (TOR) for the preparatory project TA. A memorandum of understanding was signed on 22 October 2004. The project framework is shown in Appendix 1.

II. ISSUES

2. The 90,000 people of Kiribati, who speak one national language and share one common cultural heritage, inhabit a country of 33 atolls and reef islands stretching 5,000 kilometers (km) across the central-western Pacific. All the islands with a total land area of 810 square kilometers (km²) are surrounded by an exclusive economic zone covering 3.5 million km². By 2025, the total population of Kiribati could reach 140,000 –to 145,000, with around 70,000 people in Tarawa, the capital, (double the 2000 figure), 20,000 on Kiritimati Island, and the remainder spread among the rest of the Gilbert, Line, and Phoenix island groups.

3. The 2000 census counted 9,200 people, or approximately 10% of the population, working in the cash economy in Kiribati, mostly in very small enterprises. Two out of every three employed people worked in the public sector, and two out of every three of these were in the densely populated South Tarawa. The major challenge for the Government of Kiribati is to provide jobs and a higher standard of living for its population, which is growing by approximately 1.8% annually.

4. The country faces major development constraints, including (i) limited natural resources, especially land and freshwater; (ii) little potential for economies of scale given the small size of the domestic market; (iii) widely scattered and sparsely populated islands, (iv) limited cash employment opportunities outside government and council employment in an outer islands economy that exists basically at a subsistence level,; (v) difficult and expensive access by sea or air to major international markets; (vi) tourism and investment facing an increasingly competitive international environment; (vii) limited understanding of or experience with business concepts and practices among the population; (viii) lack of education and job skills among members of the labor force; (ix) social and cultural constraints to the development of land; and (x) low absorptive capacity for major investments.

5. To improve the rate and distribution of economic and social development and stem urban drift into Tarawa, the Government's strategic emphasis is on promoting outer island growth centers. This strategy is documented in the Government's national development strategy for 2004–2007. Potential growth centers in the Gilbert and Phoenix island groups will be identified based on an island profiling and survey analysis supported by the United Nation Development Programme. Kiritimati Island has already been identified as a potential growth center because of its location and existing economic activities. Appendix 2 presents the initial poverty and social analysis.

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 1 June 2004.

6. Kiritimati Island is located in the Line Islands group 4000 km east of the country's capital. It is the world's largest atoll, covering an area of 642 km², of which 325 km² is land and the remainder is lagoon and salt marshes. Kiritimati accounts for half of the country's total land area, and its promising potential has led to accelerating, and somewhat uncontrolled, migration to the island. Its proximity to Hawaii, and hence its access to markets; abundant, deepwater tuna resources; freshwater resources to support around 20,000 people; existing seaweed culture; exports of marine ornamental fish; and tourism potential are all likely to provide further opportunities to generate much-needed jobs, but at the same time call for an innovative and integrated approach to development.

7. Much of the tourism potential depends on retaining the unique and attractive environment on Kiritimati Island, which, among other attractions, is host to the largest breeding colony of sooty terns in the world and holds world record sizes of bonefish in its large lagoon. The Asian Development Bank (ADB) will incorporate sound and appropriate environmental objectives into the Project design and also attempt to raise grant funding from the Global Environment Facility for integrated ecosystem management.

8. Kiritimati has been almost continuously occupied since 1882, when the first attempt was made to plant coconuts for commercial production of copra. It was a major military base in the 1950s and 1960s and was used for nuclear weapons testing by both the British and the Americans. The testing was atmospheric and took place offshore, and apparently no trace of radioactive contamination remains. More recently, Kiritimati has been chosen as a base for the Japanese space exploration agency. These activities account for most of the road and runway infrastructure in place today. A new weekly commercial air service from the Fiji Islands via Kiritimati Island to Hawaii and back again will commence in November or December 2004.

9. Kiritimati has few commercial enterprises. Some phosphate mining started in the late 1880s and brine shrimp production in the salt flats had a short period of success in the 1970s before prices slumped, but otherwise seaweed and copra production have been the main sources of income since Kiribati gained independence from the United Kingdom in 1979, even though copra production peaked around 1920. Exports of coral reef aquarium fish commenced only in recent years, but the success of this venture also calls for greater awareness of its impact on reef ecosystems.

10. Kiritimati offers a unique opportunity to advance the Government's development objectives through an integrated economic, social, and environmental strategy. Its relatively large size, Government ownership of all land,² and relative proximity to Hawaii mean that its development potential is relatively unconstrained. However, at the same time Kiritimati is vulnerable to (i) constant and poorly regulated immigration from the rest of the country, (ii) poor devolution of responsibilities to the local government, (iii) a fragile ecology, and (iv) limited fresh water.

11. Supporting infrastructure for environmental protection and private sector-led economic activity is a high priority for making development sustainable and preserving the island's uniqueness. Ongoing TA³ from ADB is intended to improve land management systems to meet the projected increasing demand for land for residential and business purposes. This TA needs

² Land on Kiritimati can only be leased, a unique situation in the Pacific, where most land is customary, can normally not be used as collateral, and is difficult to designate for development.

³ ADB. 2003. *Technical Assistance to the Republic of Kiribati for Supporting Land Use Management on Kiritimati (Christmas) Island*. Manila.

to be complemented by assistance to (i) implement zoning for development and protect existing freshwater lenses; (ii) ensure that existing and future villages and urban areas are supported by water, power, and roads; and, above all, (iii) plan for proper sanitation infrastructure.

12. ADB experience with outer island development in Kiribati relates to a TA⁴ that designed a concept to support social infrastructure and improved livelihood through the establishment of a trust fund. Islands and island communities would also contribute towards this trust fund and the respective island councils would decide what activities to implement. However, the program did not materialize because of a change of Government in 2002. The focus of the new Government is now on private sector development and economic growth, with corresponding job creation. Subsequently, this TA has been designed accordingly with emphasis on a coordinated urban development with supporting infrastructure for private sector development based on economic considerations.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

13. The purpose of the TA is to prepare the Outer Island Growth Centers Project. The TA will identify the necessary infrastructure and supporting measures required for private sector growth, employment generation, and sustainable use of natural resources on Kiritimati Island.

14. The output of the TA will be a feasibility study of an investment proposal for a long-term, strategic development plan for Kiritimati Island that considers land use planning and zoning for residential, business, and recreational/protected areas; tourism and other economic development; increased entrepreneurship by young people; telecommunications; transportation; expanded water and sewer systems and protection of freshwater lenses; solid waste management; and supporting infrastructure.

15. The scope of work will encompass, (i) substantiating the economic feasibility of investment based on diagnostic work on sources of growth and prospects, including industries and their local and regional markets and labor markets and employment; (ii) proposing land use management options and associated administrative and legislative systems; (iii) identifying required infrastructure, services, and support facilities to support immediate and medium-term economic development; (iv) preparing a long-term strategic development plan; (v) identifying institutional arrangements for strategic development; (vi) identifying social issues relating to the proposed development plan; and (vii) submitting a full environmental impact assessment with clear recommendations for mitigating measures to safeguard the island's uniqueness and biodiversity. Recommendations from the World Bank's Climate Adaptation Program will be taken into account. Efforts will also be made to explore possibilities for additional funding from the Global Environment Facility for specific project components.

16. The TA will also help the Ministry of Internal and Social Affairs (MISA) and the United Nations Development Programme to identify key survey data to be collected in selected growth centers in the Gilbert and Phoenix island groups and to analyze these data through periodic consultancy input from the TA team. ADB's consultancy input will be approximately 0.5 person-month. ADB has no other plans for involvement in any identified growth centers outside Kiritimati Island.

⁴ ADB. 2000. *Technical Assistance to the Republic of Kiribati for Preparing the Outer Island Development Program (Financed from the Japan Special Fund)*. Manila.

B. Methodology and Key Activities

17. The TA will be implemented using a phased approach. Phase I will begin by focusing on diagnostic work, including analyzing constraints to and opportunities for Kiribati becoming an economic growth center, paying specific attention to economic links with major regional economic partners. If potential for economic growth can be substantiated, the TA consultants will identify the institutional arrangements and policy reforms needed to bring such potential to fruition, and will present the resulting findings and conclusions for discussion at a workshop with pertinent Government agencies. Upon agreement on the findings, the TA consultants will (i) conduct a feasibility analysis for a comprehensive development plan for Kiribati Island encompassing analysis of its biophysical and social features and natural resource potential and economic valuation of the resources and their potential for development; (ii) identify required infrastructure and services; (iii) comment in details on the TOR for work to be undertaken during phase II; and (iv) help MISA prepare survey questionnaires and analyze the data collected.

18. Phase II will produce a comprehensive and detailed feasibility study for an investment proposal for Kiribati Island. The areas to be covered during phase II include (i) an investment plan for short-, medium-, and long-term development; (ii) the formulation of legal and regulatory priorities for investment; (iii) the detailed design of proposed infrastructure for ADB financing and preliminary and conceptual designs of infrastructure for non-ADB investment; (iv) an assessment of capacity building and monitoring needs; (v) the preparation of proposals for setting up maintenance funds and cost-recovery mechanisms; (vi) a training needs assessment, (viii) the calculation of economic costs and benefits for the overall development plan; (ix) the detailed calculation of economic and financial rates of return as a basis for selecting the most urgent infrastructure subprojects for ADB financing; and (x) a social analysis as required and a full environmental impact assessment if required.

C. Cost and Financing

19. The total cost of the TA is estimated at \$945,000 equivalent, of which \$709,000 equivalent is the foreign exchange cost and \$236,000 equivalent is the local currency cost. ADB will provide financing in an amount of \$800,000, covering the entire foreign currency cost and \$91,000 of the local currency cost. The TA will be financed on a grant basis by ADB's TA funding program. The Government will provide financing of \$145,000 in local currency costs to cover office accommodation, counterpart staff in the form of a main liaison person and others as required and their transport, and office space. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project. Detailed cost estimates are in Appendix 3.

D. Implementation Arrangements

20. MFED will be the executing agency, and the Ministry of Line and Phoenix Islands Development and MISA will be the implementing agencies and will provide dedicated counterparts to the TA to ensure that appropriate inputs and relevant data from other relevant line ministries and other agencies—e.g., the Ministry of Communication, Transport, and Tourism Development; the Ministry of Environment, Land, and Agriculture; the Land Management Division, Kiribati; the Ministry of Commerce, Industry, and Cooperatives; the Ministry of Works; and the Kiribati Local Land Planning Board—are freely available on a timely basis. The implementing agencies will provide the necessary office space with access to e-mail, telephone, and facsimile services.

21. A steering committee, chaired by a representative from the Ministry of Line and Phoenix Islands Development and including representatives from at least the main ministries involved (para. 20), will be established to oversee all milestone events of the TA, namely, the inception, midterm review, and draft final reports; ensure that all concerned ministries and agencies are kept abreast of progress; and that individual sector concerns are incorporated appropriately.

22. Phase I will take 3 months. In phase II, a feasibility study for an investment proposal will be prepared with objectives and scope, outputs, methodology, key activities, and an updated project framework. The draft feasibility analysis from Phase I together with the comments to the TOR for Phase II will be submitted to MFED and ADB at least 10 days before a tripartite meeting in Kiribati, during which the detailed TOR for Phase II will be finalized and final details for a feasibility study for an investment proposal for partial ADB financing will be agreed upon in a memorandum of understanding between the Government and ADB.

23. Subject to satisfactory performance of the consultants in phase I, the same firm may be offered a contract, through direct selection, to implement and complete phase II. Phase II is expected to commence about 4 weeks after the memorandum of understanding has been signed.

24. For phase I the TA will finance up to 11 person-months of international consulting services with the following expertise: (i) development planner/team leader, (ii) economist, (iii) infrastructure engineer, (iv) social specialist, and (v) environmental specialist. In phase II the TA is anticipated to finance a total of up to 16 person-months of international consulting services with the same expertise. In phase I, 1.5 person-months will be unallocated, and in phase II, 3.0 person-months should be unallocated to allow flexibility to engage consultants with other expertise as may be required. Outline TOR for phase I and in part for phase II are shown in Appendix 4.

25. The consultants will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants by the Asian Development Bank and its Borrowers*. Phase I will commence on 1 March 2005 and be completed by the end of May 2005. Phase II will commence on 1 July 2005 and be completed by the end of November 2005. ADB's simplified technical proposal procedures will be followed, and given the somewhat complex nature of the TA and the desirability of soliciting an innovative approach, the Quality Based Selection procedures will be applied.

26. The consultants will carry out the TA in consultation with relevant stakeholders, including public sector agencies, private commercial interests, industry groups, affected communities, and civil society representatives. Workshops will be convened during the course of the TA to present the major key findings and to solicit feedback on problems, constraints, and potential. The consultations are intended to improve the quality of the analyses, to disseminate results, and to develop consensus on the recommendations.

IV. THE PRESIDENT'S DECISION

27. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$800,000 on a grant basis to the Government of Kiribati for preparing the Outer Islands Growth Centers Project, and hereby reports this action to the Board.

PRELIMINARY PROJECT FRAMEWORK

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal (for ensuing loan) Enhancing and ensuring the equitable distribution of development benefits</p>	<p>Demonstrable contribution to accelerated and inclusive economic growth in target islands</p> <p>Reduced disparities in household incomes across the population</p> <p>Demonstrable contribution to Kiribati's targets for Millennium Development Goals in education, health, and sanitation</p>	<p>National economic statistics National accounts</p> <p>Household and Income Expenditures Survey</p> <p>Millennium Development Goal related monitoring and reporting</p>	
<p>Purpose (for ensuing loan) To increase employment opportunities on Kiritimati island</p>	<p>Creation of XX% more jobs in the private sector than in the Government by year 20XX</p>	<p>Ministry of Commerce, Industry, and Cooperatives annual report</p>	<p>Land leases for business and residential use are issued according to agreed upon procedures</p> <p>Strategic development plan is followed</p>
<p>Outputs (for the PPTA) A feasibility study for a long-term strategic development plan for Kiritimati island</p>	<p>Investment proposal with costing of strategic infrastructure development and recommendations for supportive regulatory frameworks for private sector involvement finalized by November 2005</p>	<p>Inception report</p> <p>Mid-term review report</p> <p>Draft final and final reports</p>	<p>Phase I of the PPTA confirms ADB-financed investment potential</p>
<p>Activities (for the PPTA) Diagnostic work on sources of growth and prospects</p> <p>Proposing land use management options</p>			<p>Consultants fielded on time</p>

Continued on next page

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Identification of required infrastructure to support economic development</p> <p>Identification of institutional arrangements for strategic development</p> <p>Undertake required social and environmental studies</p>			
<p>Inputs (for the PPTA)</p> <p>International Consulting Services:</p> <p>Development Planner/Team Leader</p> <p>Economist</p> <p>Infrastructure Engineer</p> <p>Social Specialist</p> <p>Environmental Specialist</p> <p>Unallocated</p>	<p>\$310,000 in Phase I \$490,000 in Phase II</p> <p>Phase I: 3.0 person-months Phase II: 4.0 person-months</p> <p>Phase I: 2.0 person-months Phase II: 3.0 person-months</p> <p>Phase I: 1.5 person-months Phase II: 3.5 person-months</p> <p>Phase I: 1.5 person-months Phase II: 3.0 person-months</p> <p>Phase I: 1.5 person-months Phase II: 2.5 person-months</p> <p>Phase I: 1.5 person-months Phase II: 3.0 person-months</p>		

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Contribution of the sector or subsector to reduce poverty in Kiribati: Rural development is one of the Government's high priority sectors for creating more job opportunities. Kiribati's remote location and limited natural resources provide few options for economic growth and subsequent employment. Kiritimati's location to the east in the country is relatively close to Hawaii, and hence to potential markets. Tourism and marine resources are identified as having the greatest potential for economic growth and hence job opportunities.			

B. Poverty Analysis

Targeting Classification: General intervention

What type of poverty analysis is needed? Through the regional technical assistance for Consultative Workshops for Poverty Reduction Strategies for Selected Pacific Developing Member Countries, ¹ a calculation of poverty lines and inequality measures was carried out for South Tarawa and the outer islands. In addition, a discussion paper on poverty assessment and strategies for equitable growth and poverty reduction was finalized in April 2002. The social sector specialist will undertake a poverty and social analysis during the TA, the extent of which will be determined during Phase I.

C. Participation Process

Is there a stakeholder analysis?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Is there a participation strategy?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
The TA calls for broad stakeholder consultations.			

D. Gender Development

Strategy to maximize impacts on women: Traditionally, island councils on Kiribati's outer islands consist exclusively of men, and women and young people are rarely heard from in relation to development issues. On Kiritimati Island, all land is state owned and can only be leased for a specific period. The male dominance of island councils, which is rooted in traditional land tenure systems, therefore does not exist on Kiritimati island, and the private sector-led approach toward development should ensure maximum participation by women.		
Has an output been prepared?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant	At this stage, no resettlement is envisaged, because those living on Kiritimati Island can only lease plots from the Government. However, phase I will determine if any	<input type="checkbox"/> Full <input type="checkbox"/> Short

¹ ADB. 2001. *Consultative Workshops for Poverty Reduction Strategies for Selected Pacific Developing Member Countries*. Manila.

	<input checked="" type="checkbox"/> None	resettlement will be required because of proposed infrastructure, and plans developed may or may not involve significant resettlement	<input checked="" type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The Government has prioritized its leases on Kiritimati island for business purposes. The envisaged intervention target increased private sector activities, however, it cannot be ruled out that unlicensed ongoing activities, such as fishing with small-mesh sized nets in the lagoon will be prohibited in the future.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Because of Kiritimati's uncontrolled influx of people from other parts of Kiribati, small-scale businesses and subsistence living have taken place without any regulatory framework. Some of the activities are in areas that could generate more employment through tourism. Kiritimati's greatest potential lies in its unique environment and the current encroachment into this without regulatory frameworks could jeopardize the island's future development potential. Some people are likely to have to give up activities they are undertaking without proper permission.	<input type="checkbox"/> Yes <input type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem (Phase I)	209.0	0.0	209.0
b. International and Local Travel	30.0	30.0	60.0
2. Reports and Communications	1.0	1.0	2.0
3. Workshops, Seminars, and Conferences	0.0	3.0	3.0
4. Surveys	0.0	2.0	2.0
5. Miscellaneous Administration and Support Costs	4.0	1.0	5.0
6. Contingencies	25.0	4.0	29.0
Subtotal Phase I	269.0	41.0	310.0
7. Consultants			
a. Remuneration and Per Diem (Phase II)	361.0	0.0	361.0
b. International and Local Travel	30.0	30.0	60.0
8. Reports and Communications	3.0	2.0	5.0
9. Workshops, Seminars, and Conferences	0.0	5.0	5.0
10. Surveys	0.0	3.0	3.0
11. Miscellaneous Administration and Support Costs	6.0	4.0	10.0
12. Contingencies	40.0	6.0	46.0
Subtotal Phase II	440.0	50.0	490.0
Subtotal (A)	709.0	91.0	800.0
B. Government Financing^b			
1. Office Accommodation and Transport	0.0	37.0	37.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	78.0	78.0
3. Other	0.0	30.0	30.0
Subtotal (B)	0.0	145.0	145.0
Total	709.0	236.0	945.0

^a Financed by the Asian Development Bank's technical assistance funding program.
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The project preparatory technical assistance (TA) will be conducted in two phases. Phase I will begin with diagnostic work that will include an analysis of constraints to and opportunities for Kiritimati to act as an economic growth center and will identify institutional arrangements and necessary policy initiatives required to support. The consultants will follow the Asian Development Bank's (ADB's) *Guidelines to Key Areas of Analysis of Projects*. Findings from this initial analysis will be presented at a workshop with Government representatives and other key stakeholders, and agreement will be sought on all issues before preparing the feasibility study and commenting on detailed terms of reference (TOR) for phase II. Phase II will involve the preparation of a detailed investment plan for implementing the development strategy. Subject to satisfactory performance during phase I, and the Government's concurrence with the proposed development plan, the same consulting firm may be offered a contract for phase II. Individual consultants' duties will include, but will not necessarily be limited to, those listed below.

A. International Consultants (phase I: 11 person-months; phase II, 16 person-months)

1. **Development Planner/Team Leader** (phase I: 3.0 person-months; phase II: 4.0 person-months)
 2. The consultant will do the following:
 - (i) Undertake diagnostic work on constraints and opportunities with a focus on sources of growth, including domestic and external economic bases and links with major regional economic partners. Based on the physical, economic, social, and environmental assessments, the consultant will assess the overall feasibility of developing Kiritimati Island as a growth center and will discuss issues, problems, and possible policy recommendations and institutional arrangements necessary to achieve economic growth sustainability with the central and local governments. Once the results have been substantiated and documented, the consultant will conduct a broad stakeholder workshop and seek agreement on all key findings.
 - (ii) Review and collect statistics and other information on population, migration, and urbanization trends for the country and prepare population projections for Kiritimati Island.
 - (iii) Assess and document the physical, social, economic, and environmental aspects of Kiritimati Island in consultation with the Ministry of Finance and Economic Development (MFED) and the steering committee and visit the island to collect information on physical features, land ownership and use, land use plans and control systems, and administration and discuss their land development needs with communities.
 - (iv) Review the roles of agencies in land use planning and development; review land use standards and regulations, including those for planning, zoning, registration, acquisition, and development; and assess the extent to which current arrangements and plans facilitate effective and efficient provision of developed land, infrastructure, and housing.
 - (v) Visit each sector agency and collect information about its responsibilities, organization, staffing, funding, operations, management, and institutional capacity and assess the need for an integrated approach to development planning.

- (vi) Develop consensus on detailed analysis and investment project design work to be conducted under phase II In consultation with the MFED and the Government.
- (vii) Prepare a situation report and overall problem assessment and an outline of a Kiritimati Island development plan covering long- and short-term objectives, possible actions to be taken, time frame, agencies to be responsible for the actions, risks, and assumptions.
- (viii) Participate in the teams conducting feasibility studies for other outer island growth centers, paying with particular attention to data collection and study methodology, and provide analytical support to help determine priority centers for development.
- (ix) Prepare detailed comments on TOR for phase II, intended to finalize the Kiritimati Island development plan and prepare a project for financing by ADB and other external funding agencies. The main tasks in phase II will include finalizing the Kiritimati Island development plan; recommending on resettlement plans (if required), including physical locations and development standards; and recommending improvements in the roles, processes, and activities of each agency and any necessary capacity building activities and changes to Government legislation and regulations to implement the strategic growth centers development plan.

2. Economist (phase I: 2.0 person-months; phase II: 3.0 person-months, phase I)

3. The consultant will undertake the following:

- (i) Review and collect previous studies, statistics, and other information on existing and projected industrial, commercial, artisanal, and tourism activities for Kiritimati Island and prepare projections of potential economic performance based on different development scenarios.
- (ii) Identify and analyze constraints and opportunities to further economic development, including access to markets, resources, and services; current infrastructure; institutions; and policy-related incentives.
- (iii) Assemble information on the budgets and financial management of the central Government and of Kiritimati Island agencies; review investment and recurrent funding trends, including available resources; and prepare expenditure and revenue projections, and identify issues to be considered.
- (iv) Collect information on current and projected types of housing and land use arrangements on Kiritimati Island, their costs, and their financing arrangements and help the infrastructure engineer prepare maps of land ownership, values, transactions, and uses.
- (v) Identify the costs of doing business on Kiritimati Island, including transport, services, labor, housing, and land development.
- (vi) Interview stakeholders in the housing market, including business and residential land developers, financial institutions, and housing users, including those in low-income and informal settlements, and determine their views on the availability of housing and how it could be enhanced and assess the capacity and flexibility of the market and constraints on activities, including those imposed by regulations and Government policies.
- (vii) Participate in the teams conducting feasibility studies for other outer islands growth centers, paying particular attention to data collection and study methodology, and provide analytical support to help determine priority centers for development.

- (viii) Prepare preliminary economic assessments of the likely costs and benefits of developing Kiritimati Island, and using these assessments recommend preferred development scenarios for detailed analysis in phase II.
 - (ix) Prepare detailed comments on the TOR for phase II. The main tasks in phase II will include analyzing the different development scenarios and helping the team finalize a development plan for Kiritimati Island; preparing a detailed economic assessment of the final development plan, including financial and economic rates of return; and preparing detailed financial analyses of required investments.
- 3. Infrastructure Engineer** (phase I: 1.5 person-months; phase II: 3.5 person-months)
4. The consultant will perform the following tasks:
- (i) Review current infrastructure conditions on Kiritimati Island; prepare maps of physical features, infrastructure and services, land ownership, land values, and land use; and update existing assessments of water resources and sanitation services as necessary.
 - (ii) Assess the management of infrastructure and services, including their effectiveness, costs, and cost-recovery arrangements and recommend changes in management, organizational arrangements, operations, and staffing to improve service delivery and management.
 - (iii) Prepare indicative demand analyses for water supply, sanitation, power supply, telecommunications, information, technology, and inter-island transportation of passengers and freight.
 - (iv) Prepare an indicative investment program for required infrastructure and services to implement the Kiritimati Island development plan under various development scenarios.
 - (v) Prepare detailed comments on the TOR for phase II. The main tasks in phase II will include finalizing the investment program for the recommended development plan for Kiritimati Island, preparing indicative engineering designs and specifications, preparing detailed costs estimates and descriptions of procurement packages, and identifying opportunities for cofinancing.
- 4. Social Specialist** (phase I: 1.5 person-months; phase II: 3.0 person-months)
5. The consultant will undertake the following activities:
- (i) Review and collect statistics and other information on unemployment, poverty, and social issues and prepare an initial social and poverty assessment for Kiritimati Island.
 - (ii) Assess and document existing and potential participation by the poor, women, young people, and nongovernment organizations in governance, planning, and service delivery on Kiritimati Island and survey selected communities to assess their capacity to participate in decision making.
 - (iii) Determine the likely need for land acquisition and resettlement, if any.
 - (iv) Prepare detailed comments on the TOR for phase II. The main tasks in phase II could include preparing a full poverty and social analysis in accordance with ADB requirements and a complete resettlement plan for affected areas.
- 5. Environmental Specialist** (phase I: 1.5 person-months; phase II: 2.5 person-months)

6. The consultant will do the following:
- (i) Review and collect statistics and other information on environmental issues and prepare initial assessments to allow a determination of the environmental significance of various development scenarios.
 - (ii) Review the mechanisms and processes used to identify environmental problems, assess environmental impacts, and alleviate environmental degradation and prepare recommendations for improving environmental management.
 - (iii) Assess present environmental conditions, regulation, and management; determine the extent to which environmental considerations are being taken into account in decision making; and suggest improvements.
 - (iv) Prepare detailed comments on the TOR for phase II. The main tasks in phase II will include carrying out an environmental impact assessment of all components of the Kiritimati Island development plan in accordance with *ADB Environmental Assessment Guidelines*, assessing the major direct environmental impacts of the Project, designing ways to mitigate any adverse effects, and estimating the costs of mitigation measures.
7. In Phase I, 1.5 person-months will be unallocated, and in Phase II, 3 person-months will be unallocated.

B. Consultations and Dissemination of Results

8. A number of workshops will be convened during the course of the TA. The first workshop will be held after the diagnostic work has proven or disproved that Kiritimati has the potential to become a growth center, to discuss what additional information would be required to present comprehensive findings and conclusion, as well as extensive comments on TOR for phase II for presentation at the end of phase I. This workshop should take place approximately at midpoint of phase I. A second workshop/tripartite meeting will be held at the end of phase I to reach an understanding with the Government on objectives, scope, implementation arrangements, and consultancy services input for phase II. A third workshop will be held at approximately the midpoint of phase II, at which time the consultants will present the final Kiritimati Island development plan and solicit feedback on the feasibility and desirability of suggested approaches.

9. The content and conduct of the workshops will be the responsibility of the international consultants in consultation with MFED and the project steering committee. The consultants will prepare and circulate records of the workshops and incorporate comments into the reports and activities.

10. In parallel with the workshops, the consultants will organize consultation meetings with ADB on TA administration, outputs, deliverables, and TA achievements. In connection with these meetings, the consultants will arrange meetings with other aid agencies operating in the sector. The consultants will prepare and circulate minutes of the meetings and incorporate comments in the reports and activities as appropriate.

C. Reporting

11. The consultants will submit the following reports: (i) an inception report within 3-4 weeks of the commencement of the TA; (ii) a phase I interim report at the midpoint of this phase; (iii) a phase I draft final report at the completion of phase I; (iv) a phase I final report about 3 weeks after the receipt of comments on the draft final report from ADB and the Government; (v) a

phase II interim report at the midpoint of this phase; (vi) a draft phase II final report at the completion of phase II; and (vii) a phase II final report 1 month after the receipt of comments on the draft final report from ADB, the Government, and MFED.

12. Reports shall be submitted in hard copies to all relevant Government agencies as well as in CD-Rom format to MFED and the two implementing agencies, Ministry of Line and Phoenix Islands Development and Ministry of Internal and Social Affairs. ADB shall receive one hard copy and one CD-Rom version of all reports. The reports shall follow ADB's *Handbook of Style and Usage* and will be subject to ADB's public disclosure policy.