

**Validation Report**  
July 2021

# Kiribati: Strengthening Economic Management Reform Program (Subprograms 1 and 2)

Reference Number: PVR-808  
Program Numbers: 47322-001 and 47322-002  
Grant Numbers: 0560 and 0633

Independent  
Evaluation 

*Raising development impact through evaluation*

## CURRENCY EQUIVALENTS

Currency unit – Australian dollar (A\$)

		<b>At Program Completion</b> (3 April 2019)	<b>At PCR Validation</b> (31 June 2021)
A\$1.00	=	\$0.7071	\$0.7512
\$1.00	=	A\$1.4142	A\$1.3312

## ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
ERT	–	Economic Reform Taskforce
MFED	–	Ministry of Finance and Economic Development
PCR	–	program completion report
RERF	–	Revenue Equalization Reserve Fund
RRP	–	report and recommendation of the President
SOE	–	state-owned enterprise
TA	–	technical assistance

## NOTE

In this report, "\$" refers to United States dollars.

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**PROGRAM BASIC DATA**

<b>Program numbers</b>	47322-001 and 47322-002	<b>PCR circulation date</b>	22 Mar 2021	
<b>Loan and grant numbers</b>	0560 and 0633	<b>PCR validation date</b>	Jul 2021	
<b>Program name</b>	Strengthening Economic Management Reform Program (Subprograms 1 and 2)			
<b>Sector and subsector</b>	Public sector management	Public expenditure and fiscal management		
<b>Strategic agenda</b>	Inclusive economic growth Regional integration			
<b>Safeguard categories</b>	Environment		C	
	Involuntary resettlement		C	
	Indigenous peoples		C	
<b>Country</b>	Republic of Kiribati		<b>Approved</b> (\$ million)	<b>Actual</b> (\$ million)
<b>ADB financing</b> (\$ million)	<b>ADF:</b>	<b>Total program costs</b>		
	0560: 5.00		<b>5.00</b>	<b>5.00</b>
	0633: 2.50		<b>2.50</b>	<b>2.50</b>
	<b>OCR: 0.00</b>	<b>Loan</b>	0.00	0.00
		<b>Borrower</b>	0.00	0.00
	<b>Beneficiaries</b>	0.00	0.00	
	<b>Others</b>	0.00	0.00	
<b>Cofinanciers</b> 0560  0633	Governments of Australia and New Zealand, World Bank Governments of Australia and New Zealand, World Bank (Not ADB- administered)	<b>Total cofinancing</b> 0560	7.40	7.40
		0633	7.36	7.36
<b>Approval date</b> 0560 0633	14 Dec 2017	<b>Effectiveness date</b> 0560	15 Dec 2017	15 Dec 2017
	28 Nov 2018	0633	29 Nov 2018	14 Dec 2018
<b>Signing date</b> 0560 0633	15 Dec 2017 29 Nov 2018	<b>Closing date</b> 0560	31 May 2018	19 Feb 2018
		0633	31 May 2019	3 Apr 2019
		<b>Financial closing date</b> 0560	–	19 Feb 2018
		0633	–	3 Apr 2019
<b>Program officer</b>	P. Wyatt	<b>Location</b> ADB headquarters	<b>From</b> Dec 2017	<b>To</b> Apr 2019
<b>IED review</b> <b>Director</b> <b>Team leader</b>	J. Asquith, IETC A. Perdana, Evaluation Specialist, IETC*			

ADB = Asian Development Bank, ADF = Asian Development Fund, IED = Independent Evaluation Department, IETC = Thematic and Country Division, OCR = ordinary capital resources, PCR = program completion report.

\*Team members: E. Gozali (quality reviewer), P. Lim (Senior Evaluation Officer), B. Hitchcock (consultant).

## I. PROGRAM DESCRIPTION

### A. Rationale

1. Kiribati is a Pacific Island nation with a population of 116,000 spread over an area of 5 million square kilometers. It is classified as a country under a fragile and conflict-affected situation and has limited government capacity.<sup>1</sup> The economy is narrowly based on copra production, fishing, and tourism. It is vulnerable to a range of external shocks, including global economic shocks due to a high level of import dependency, the impacts of climate change, and weather-related events. The Government of Kiribati, working with development partners, identified a range of public sector management issues to improve the government's fiscal sustainability, build fiscal buffers to help address the volatility in national income, and support private sector-led growth. The key objective was to stabilize the country's macroeconomic framework.

2. The Strengthening Economic Management Reform Program (Subprograms 1 and 2) adopted a program approach and utilized the policy-based program modality.<sup>2</sup> The 2017 report and recommendation of the President (RRP) for subprogram 1 argued that the program approach provides for an ongoing, coordinated, and multi-development partner dialogue on critical economic reform issues. It also helps to situate partner support within the government's economic reform priorities. The two subprograms supported the aims of the Kiribati Economic Reform Plan.<sup>3</sup>

### B. Expected Impacts, Outcomes, and Outputs

3. The program's intended impact was to achieve a stable macroeconomic framework. The planned program outcome was improved economic management in general. This was to be achieved through reforms in two areas with the following outputs: (i) improved management of public finances, assets, and liabilities; and (ii) improved environment for the private sector.

### C. Provision of Inputs

4. The Asian Development Bank (ADB) approved the program (and the policy-based grant for subprogram 1) on 14 December 2017. Subprogram 1 became effective on 15 December 2017. It was closed on 19 February 2018, more than 2 months ahead of the targeted closing date of 31 May 2018. ADB approved the policy-based grant for subprogram 2 on 28 November 2018 and it became effective on 14 December 2018. Subprogram 2 was closed on 3 April 2019, just a few days behind the scheduled date of 31 March 2019. The planned and actual costs of subprogram 1 were the same at \$5.0 million. The planned and actual costs of subprogram 2 were also the same at \$2.5 million.

5. Consulting services were not financed by the grants supporting subprograms 1 and 2, and no technical assistance (TA) was attached to either subprogram. However, as noted in the program completion report (PCR), ongoing regional TA programs supported specific elements of

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<sup>1</sup> ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila.

<sup>2</sup> ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach and Policy-Based Grant for Subprogram 1 to the Republic of Kiribati for the Strengthening Economic Management Reform Program*. Manila; and ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Grant for Subprogram 2 to the Republic of Kiribati for the Strengthening Economic Management Reform Program*. Manila.

<sup>3</sup> Government of Kiribati. 2013. *Kiribati Economic Reform Plan*. Tarawa.

the program, including state-owned enterprise (SOE) reform and private sector development, economic management, governance, public finance management, and audit.

6. The program was classified category C for the environment, involuntary resettlement, and indigenous peoples. It was also classified as having no gender elements. However, the RRP for subprogram 2 reported two gender-related impacts of the subprograms. It noted that the public sector was a substantial employer of women, and that the equal opportunity approach to recruitment will increase the number of women occupying high-level positions. The RRP also noted that envisaged improvements in the public utility water services had an impact on the most vulnerable segment of Kiribati's society and will ultimately benefit women and girls.

#### **D. Implementation Arrangements**

7. The Ministry of Finance and Economic Development (MFED) was the executing agency and had oversight of the implementation of the agreed policy actions. It was also responsible for program administration, disbursements, and maintenance of all records. The implementing agencies were the MFED; the Ministry of Fisheries and Marine Resources Development; the Ministry of Infrastructure and Sustainable Energy; and the Ministry of Information, Communication, Transport, and Tourism Development. There were no changes in the implementation arrangements for the program.

8. The Economic Reform Taskforce (ERT), chaired by the Secretary to the Cabinet, was the main forum for consultation and coordination among the government and development partners in implementing the Kiribati Economic Reform Plan. As noted in the PCR, the government, ADB, and other development partners participated in annual reviews of the program through joint missions.

9. As noted in para. 5, regional TA programs funded by ADB supported the program implementation. The PCR reported that the governments of Australia and New Zealand, the Pacific Financial Technical Assistance Centre, the World Bank and the European Union (since 2019) also provided technical support. This validation views the provision of this technical support as essential to the implementation of the reform program given the limited government capacity.

10. The PCR reported that the government complied with the final policy actions for subprograms 1 and 2 in the original and revised policy matrices as agreed with the government. However, the government did not transfer additional cash reserves to the Revenue Equalization Reserve Fund (RERF) under subprogram 1 since the value of the RERF was appreciating.<sup>4</sup> Also, the asset management strategy was only approved by the Cabinet in September 2020.<sup>5</sup> The PCR assessed that the covenants were realistic, and where covenants were complied with delays, these did not have impact on the program performance.

11. The RRP identified (i) the lack of government's capacity to implement reforms, (ii) the external shocks, and (iii) a weakening commitment to improving SOE performance as key risks to program implementation. The planned mitigating measures were (i) provision of TA and training, (ii) enhancement of RERF, and (iii) continued support to the SOE reform as a trigger for budget support. Throughout the life of the program, the identified risks did not emerge.

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<sup>4</sup> This outcome target was revised under Subprogram 2. By 2020, the revised target was achieved with RERF's closing balance of at least A\$1 billion.

<sup>5</sup> The asset management strategy was supposed to have been completed by the end of October 2018.

However, after the program's completion, this validation notes that there has been an expanding support for SOEs, which is posing a risk to the government finances.

## II. EVALUATION OF PERFORMANCE AND RATINGS

### A. Relevance of Design and Formulation

12. The PCR noted that while the program design was considered appropriate and relevant at design stage, it required significant redesign for subprogram 2 and was, therefore, rated less relevant at program completion. The entire program and modality were rated less than relevant. The PCR noted that the government's development priorities changed during the course of the program. The PCR noted that the government's actions over the past 5 years—which included increasing public salaries and raising government expenditures for outer island development and for air and sea transport with a consequent increase in SOE activity—raised questions on the government's commitment to improve the management of public finances. Given this shift of strategic focus, a stand-alone policy program may have been more appropriate.

13. This validation finds the program relevant at the time of design. The government and its partners identified the need to improve fiscal sustainability and increase the country's capacity to manage the volatility in national income and the capacity to respond to external shocks. The planned reforms in the joint policy matrix were appropriate and, taken together, could be expected to have a modest positive impact on public finances over the medium-term.

14. However, changes in the government's policy and priorities led to a significant redesign for subprogram 2. These included the modification of some actions in the policy matrix, as follows:

- (i) **Four policy actions were removed.** These include the (i) recommendation for Cabinet approval to improve or replace the government's financial management information system (Policy action 1.3.1); (ii) Community Service Obligation Policy for approval and budget allocation (Policy action 1.4.1); (iii) execution of the concession agreement with the Captain Cook Hotel, which was later closed by the government (Policy action 1.5.1); and (iv) the management contract award for the Otintaai Hotel, which was later converted into a coronavirus disease (COVID-19) isolation hospital (Policy action 2.3.1).
- (ii) **Three new policy actions were introduced.** These include the (i) 2019 fiscal strategy to be published on the MFED website (Policy action 1.3.2), (ii) Cabinet approval of a cash management policy (Policy action 1.3.3), and (iii) appointment of a chief procurement officer and procurement officer (Policy action 1.6.1).

15. While this validation acknowledges that reforming public finances almost always takes time and the commitment to reform is often inconsistent, resulting in policy shifts, these changes have affected the program's relevance.<sup>6</sup> This validation also notes that, with a significant part of the program focusing on improving SOE performance, the design and monitoring framework could have included an outcome indicator that appropriately reflected aggregate SOE financial performance. The program should have also targeted a more ambitious outcome that reflect the achievements of the reforms. Given the above discussion, this validation assesses the program less than relevant.

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<sup>6</sup> A stand-alone, policy-based grant may have been more suitable under this circumstance, which was one of the lessons indicated in the PCR.

## **B. Effectiveness in Achieving Program Outcomes and Outputs**

16. The PCR rated the program effective. It noted that the program largely achieved the policy actions under each output, although many changes had to be made under subprogram 2 and there were some delays. The original outcome indicator was achievable, but this was amended under subprogram 2 to reflect changes in government priorities.

17. At closing, this validation finds that the program largely delivered its intended outcome and outputs. Completed actions included (i) a review and endorsement by the Cabinet of the RERF custodial arrangements; (ii) improved monitoring of contingent liabilities; (iii) Cabinet approval to carry out a full assessment of the government's financial management information system; (iv) Cabinet approval to divest ownership of the Captain Cook Hotel; (v) Cabinet approval of a new electricity tariff to make electricity more affordable to the poor, aligning new tariffs to cost recovery, and reducing the household electricity connection fee to expand access to electricity; and (vi) having the Cabinet award a public-private concession to Betio Shipyard Limited. All subprogram 1 policy actions were completed before grant approval. All the policy actions under subprogram 1 had planned follow-up actions under subprogram 2. The failure to transfer additional cash reserves to the RERF was the major deviation from the agreed program. However, it is noted that the RERF was on track to meet its targeted value without the transfers and the policy actions in the RERF were revised for subprogram 2. As the PCR admitted, this was helped by external factors which increased the value of the RERF, especially the performance of financial instruments in which the RERF had invested (PCR, para. 21).

18. Under the revised subprogram 2, the following policy actions were fully completed: (i) the RERF custodian selection and evaluation process was undertaken by the government; (ii) the approach to the RERF management designed to achieve the target of \$1 billion in fund assets by 2020 was endorsed by the Cabinet; (iii) all debt-related transactions of the government were recorded in public debt database within 3 months of their occurrence; (iv) the 2017 financial statements of the five major SOEs (Air Kiribati Limited, Development Bank of Kiribati, Kiribati Ports Authority, Kiribati Oil Company Ltd, and Public Utilities Board) and the Kiribati Provident Fund were submitted to the Kiribati National Audit Office for auditing; (v) the 2019 fiscal strategy was published on the MFED website; (vi) a cash management policy, including a cash target and implementation plan, was approved by the Cabinet; (vii) a chief procurement officer and a procurement officer were appointed; (viii) a new water tariff in pilot areas was approved by the Cabinet, which has improved access and quality of water services that particularly benefited women; and (ix) an asset management paper, which committed to develop an asset register and an asset management plan, was approved by the Cabinet.

19. These achieved outputs contributed to the intended outcome of improving the management of the national economy. This validation views the establishment of the new water tariff and the timely submission of SOE financial statements for audit as the most important policy actions. They supported the government's efforts to monitor SOE performance and improve service delivery. The reforms undertaken by the program is expected to contribute to improved fiscal outcomes in the medium-term, but these improvements may not be sufficient to fully provide for the planned additional \$30 million transfer to the RERF per year, as envisaged in the original outcome indicator. Given the limited capacity of the government, the ADB TA, policy dialogue, and program monitoring are seen to substantially contribute to the achievement of the program's outputs and outcome. This validation assesses the program effective.

### **C. Efficiency of Resource Use**

20. The PCR rated the program efficient. It assessed that the program was approved and mostly implemented in a timely manner. The PCR highlighted the significant role of the government-led multi-donor group and/or committee in contributing to the program's efficiency. The multi-donor committee also helped in formulating the country's policy reform matrix, which promoted coherence, coordination, and consistency among partners.

21. This validation assesses the program efficient. Although two subprograms were presented to the ADB Board after their respective policy actions were completed, it is noted that the program was completed within the originally planned time frame. The necessary changes to the policy actions under subprogram 2 also did not significantly delay program completion. In addition to the use of the joint policy matrix, this validation also notes two factors that contributed to the efficient implementation of the program. These are the (i) effective role of the ERT in facilitating close coordination between the government and its development partners, and (ii) joint fielding of the annual program review missions by the development partners.

### **D. Preliminary Assessment of Sustainability**

22. The PCR rated the program less than likely sustainable. It assessed that program's sustainability has been negatively affected by a loosening of fiscal policy, staff turnover in critical government offices, and low institutional capacity to provide internal policy advice. It concluded that program's sustainability will remain vulnerable to (i) political risks, (ii) climate change, (iii) the vagaries of the weather, (iv) financial and economic fluctuations, and (v) domestic capacity constraints. The A\$15.2 million fiscal stimulus in response to COVID-19 pandemic also posed additional risks to the sustainability of the macroeconomic framework that underpinned the reforms.

23. This validation assesses the program less than likely sustainable. It notes that the individual elements of the policy reform agenda accomplished by the program have reasonable prospects of remaining in place and contributing to improved economic management. However, the risks to sustainability, as summarized in the PCR and described in the 2017 RRP, are likely to remain as features of Kiribati's situation at least in the medium-term. The failure to divest government ownership in the Captain Cook Hotel (which was eventually closed by the government) and award the management contract for the government-owned Otintaai Hotel reflects the structural difficulties facing the tourism sector. It will be important for Kiribati to reassess its fiscal policy stance when the impact of the COVID-19 pandemic has subsided.

## **III. OTHER PERFORMANCE ASSESSMENTS**

### **A. Preliminary Assessment of Development Impact**

24. The PCR rated the development impact of the program (stable macroeconomic framework) less than satisfactory. It noted that the outcome and outputs were focused on contributing to macroeconomic stability by strengthening the RERF, improving public finance management, initiating SOE reforms, and providing a better environment for private sector development. However, as other fiscal and economic factors also affected the macroeconomic stability, the PCR indicated that the program's reform actions have become difficult to quantify and to attribute.

25. This validation holds a similar rating on the development impact of the program as less than satisfactory. It is of the view that the program's achieved outputs and outcomes had limited contribution to macroeconomic stability, which is the intended program impact. Admittedly, the impact of the COVID-19 pandemic on Kiribati's growth and economic volatility in 2020 and 2021 makes it difficult to assess the impact of the program.<sup>7</sup> However, the International Monetary Fund's assessment in 2020, when the pandemic was still at an early stage and no confirmed cases were yet reported, suggested that Kiribati's macroeconomic situation was volatile.<sup>8</sup>

## **B. Performance of the Borrower and Executing Agency**

26. The PCR rated the performance of the borrower and executing agency in implementing the program less than satisfactory. It noted that while individual staff and government entities demonstrated a high degree of commitment to the program, limited capacities, high staff turnover, and changing government priorities weakened the program's ownership. The PCR noted that increases in public salaries and in government expenditure on outer island development and in air and sea transport undermined the earlier commitment to restrain government's spending and to improve the management of public finances.

27. This validation assesses the performance of the borrower and the executing agency less than satisfactory. This validation acknowledges that the executing and implementing agencies have worked with ADB to achieve the policy actions of the revised policy matrix. However, the government's waning commitment to reform, as evidenced by policy reversals, and the changing priorities in addition to the other reasons stated in the PCR, were the most significant reasons for the assessment.

## **C. Performance of the Asian Development Bank and Cofinanciers**

28. The PCR rated the performance of ADB satisfactory. It noted that staff at ADB headquarters and country offices in the Pacific played key roles in helping the Government of Kiribati design the program and make it effective. ADB staff actively supervised the program's progress, ensured the completion of the policy actions, and revised the policy actions under both subprograms. ADB was also active in coordinating with the development partners that were cofinancing the program, with joint government–development partner review missions being held each year.

29. Cofinancing and TA were provided by the governments of Australia and New Zealand, and the World Bank. The European Union also joined the ERT in early 2019. The PCR reported that all cofinancing partners were fully engaged in the regular joint policy review meetings. There were no difficulties or issues in the provision of cofinancing.

30. This validation assesses the performance of ADB less than satisfactory. ADB participated in analytical work to assess the country's needs and worked with the government and development partners to design a set of manageable reforms that Kiribati can undertake. The commitment demonstrated by ADB to deliver a program with two subprograms over a 2-year period was consistent with the need to engage over an extended period and to appropriately sequence the steps in the reform process. However, the results of the program, including the

<sup>7</sup> ADB. 2021. *Asian Development Outlook: Financing a Green and Inclusive Recovery*. Manila.

<sup>8</sup> ADB. 2020. *Report and Recommendation of the President to the Board of Directors: Proposed Contingent Disaster Financing Facility, Policy-Based Loan, and Policy-Based Grants to the Republic of Kiribati for the Pacific Disaster Resilience Program (Phase 3)—Assessment Letter for the Asian Development Bank and the World Bank by the International Monetary Fund*. Manila.

government's waning commitments and the shift in its policy directions, were known when ADB management presented subprogram 2 to the ADB Board. Since the PCR agreed that this shift made the program less than relevant and less than likely sustainable, it implied that ADB should have been more active in its policy dialogue to counsel against the changes in the SOE and in the fiscal policies.

#### IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

##### A. Overall Assessment and Ratings

31. The PCR rated the program less than successful. It rated the program less than relevant at completion as a significant redesign was required for subprogram 2. The PCR rated the program effective as the policy actions were largely achieved under each output. The program was rated efficient as the overall program was approved and mostly implemented in a timely manner. The PCR rated the program less than likely sustainable since program sustainability was negatively affected by a loosening of fiscal policy, the turnover of critical government officials, and the low institutional capacity to provide internal policy advice.

32. This validation assesses the program less than relevant due to the significant changes in the subprogram 2 policy actions. The program is rated effective since the program achieved the revised outputs and outcome for both subprograms. It is rated efficient as the necessary changes in the policy actions under subprogram 2 did not significantly delay program completion. The program is assessed less than likely sustainable as Kiribati continues to face risks to macroeconomic sustainability. Overall, the program is assessed less than successful.

##### Overall Ratings

Validation Criteria	PCR	IED review	Reason for disagreement and/or comments
Relevance	Less than relevant	Less than relevant	
Effectiveness	Effective	Effective	
Efficiency	Efficient	Efficient	
Sustainability	Less than likely sustainable	Less than likely sustainable	
<b>Overall assessment</b>	<b>Less than successful</b>	<b>Less than successful</b>	
Preliminary assessment of impact	Less than satisfactory	Less than satisfactory	
Borrower and executing agency	Less than satisfactory	Less than satisfactory	
Performance of ADB and cofinanciers	Satisfactory	Less than satisfactory	Para. 30.
Quality of PCR		Satisfactory	Para. 37.

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = program completion report.  
Source: ADB (IED).

##### B. Lessons

33. The PCR confirmed the issues and lessons learned from earlier policy-based programs. These included (i) building on the ownership for reform, (ii) building on existing efforts, (iii) accommodating the political economy, (iv) carefully timing the intervention, (v) employing participation and building consensus, (vi) incorporating the need for capacity and institutional development, (vii) keeping the design simple to allow for flexibility in the design, (viii) sequencing

of the reforms, and (ix) monitoring progress. The PCR assessed that a stand-alone, policy-based grant would have been preferable to a program approach. Due to the prevailing influence of the domestic political economy, ADB and the other development partners were unable to help sustain a government commitment to a reform program such as this for more than a few years. The PCR also emphasized the importance of the country-specific TA to Pacific countries to help address capacity constraints. This assistance could be long-term in-country, intermittent, short-term, or on call to suit specific needs.

34. This validation offers two additional lessons, as follows:

- (i) Both RRP and the PCR emphasized the difficulties of delivering services to the widely dispersed population of Kiribati. It appears that an important element of the government's changes in SOE and fiscal policy was its wish to provide better services to the remote communities.
- (ii) Limited government capacity is a key constraint to improving public finance management. However, working with the government to achieve small, manageable improvements should contribute over time to fiscal sustainability and better macroeconomic management. This was demonstrated in this program, which consisted of a step-by-step approach to improving SOE management and performance and strengthening public financial management.

### **C. Recommendations for Follow-Up**

35. This validation recommends the following three areas for follow up:

- (i) ADB should work with other development partners to continue to support the improvement and/or replacement of the financial management information system. This will be an important element in the improvement of public finance management in Kiribati.
- (ii) ADB can consider additional assistance to the government on the use of information from the audited financial statements of SOEs. This will help manage and monitor SOE performance.
- (iii) ADB should continue to support the improvement of public sector management in Kiribati. Under a fragile and conflict-affected situation, progress is not always steady and policy reversals must be expected. Flexibility will often be necessary to respond to changes in policy direction. Understanding the local political economy is emphasized so that the dimensions of fragility can be reflected in program design. This would include balancing the SOE's expected role in providing services to remote communities and the fiscal implications resulting from these.

## **V. OTHER CONSIDERATIONS AND FOLLOW-UP**

### **A. Monitoring and Reporting**

36. The PCR noted that no covenant was modified, suspended, or waived. The covenants were realistic and where covenants were complied with delays, this did not affect program performance. The government complied with the final policy actions for subprograms 1 and 2 in

the original, and in the revised policy matrixes as agreed with the government. This validation notes that the annual joint development partner missions were key elements in ADB's monitoring of the program. Overall, this validation assesses that the design and monitoring framework was adequate and enabled ADB to monitor this program on a timely basis.

#### **B. Comments on Program Completion Report Quality**

37. The PCR generally met the requirements for the preparation of project completion reports. It adequately described the context in which the operation took place and discussed in detail the design and implementation of the program. It provided a frank assessment of the issues that led to the need to redesign subprogram 2. It also identified useful lessons based on its assessment of the program. The PCR also provided practical recommendations on how work in the sector could be carried forward. This validation supports the various rating assessments of the PCR. The quality of the PCR is satisfactory.

#### **C. Data Sources for Validation**

38. The data sources used to prepare this validation were the PCR, the two subprogram RRPs, the Asian Development Outlook 2021, and back-to-office reports of ADB processing and monitoring missions.

#### **D. Recommendation for Independent Evaluation Department Follow-Up**

39. This validation has no recommendations for IED to follow-up.