



Country Partnership Strategy

Kiribati
2010–2014

CURRENCY EQUIVALENTS

(as of 5 March 2010)

Currency Unit	–	Australian dollar (A\$)
A\$1.00	=	\$0.9002
\$1.00	=	A\$1.111

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
AusAID	–	Australian Agency for International Development
CPA	–	country performance assessment
CPS	–	country partnership strategy
CSPU	–	country strategy and program update
FY	–	fiscal year
GDP	–	gross domestic product
ICT	–	information and communication technology
KDP	–	Kiribati Development Plan
km ²	–	square kilometer
MDG	–	Millennium Development Goal
NDS	–	national development strategy
NZAID	–	New Zealand Agency for International Development
PDMC	–	Pacific developing member country
PPP	–	purchasing power parity
PPTA	–	project preparatory technical assistance
RERF	–	Revenue Equalization Reserve Fund
RETA	–	regional technical assistance
SOE	–	state-owned enterprise
TA	–	technical assistance
UN	–	United Nations
UNICEF	–	United Nations Children's Fund
UNDP	–	United Nations Development Programme
WHO	–	World Health Organization

GLOSSARY

<i>te bubuti</i>	Traditional request for assistance (financial or otherwise) from a relative that cannot be refused. This traditionally plays a role in ensuring the equitable distribution of resources.
<i>i-Kiribati</i>	Indigenous citizen of Kiribati

NOTES

- (i) The fiscal year (FY) of the government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars, unless otherwise stated.

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EXECUTIVE SUMMARY

Development Context	The public sector dominates Kiribati's economy. It provides two-thirds of all formal sector employment and accounts for almost 50% of gross domestic product. The country's economy relies heavily on the sale of fishing licenses, remittances, and earnings from the Revenue Equalization Reserve Fund. Progress toward achieving the Millennium Development Goals is poor, even by regional standards, particularly in certain aspects of health, water, and sanitation. It is unlikely that Kiribati will achieve the target of halving poverty by 2015. High rates of population growth in urban centers stress water and sanitation infrastructure, causing high incidence of water-borne disease. Public sector reform, including strengthened budget management and state-owned enterprise reform, and infrastructure improvements, including the planned development of Kiritimati (Christmas) Island, are important for promoting private sector development and sustainable economic growth.
Asian Development Bank Development Strategy	The country partnership strategy, 2010–2014 is aligned with the Kiribati Development Plan, 2008–2011. The country partnership strategy supports (i) improved public financial management and (ii) improved delivery of sustainable infrastructure services.
Priority Sectors and Themes	<p>Sectors: Water supply and other municipal infrastructure and services; public sector management</p> <p>Themes: Capacity development, economic growth, private sector development</p>
Financing Envelope	\$6.34 million for 2009–2010 and \$5.72 million each for 2011–2012 and 2013–2014.
Partnership Arrangements	The country partnership strategy has been prepared in close coordination with Kiribati's development partners, in particular the Australian and New Zealand agencies for international development.
Risks and Mitigating Actions	The main risk during the country partnership strategy period is the sustainability of political commitment to reforms, including strengthened budget management, state-owned enterprise reform, and asset management. An assessment of political economy factors that could influence the government's ability to implement such reforms provides the basis for monitoring risks. Risks related to limited absorptive capacity are being addressed through longer-term and phased technical assistance, as well as consideration of in-country presence, possibly in cooperation with the World Bank.

I. DEVELOPMENT CONTEXT: CURRENT DEVELOPMENT TRENDS AND ISSUES

1. Kiribati's 33 low-lying islands total 726 square kilometers (km²) and are spread over an exclusive economic zone in the Pacific Ocean measuring 3.5 million km². The islands are in three groups: the Gilbert, Line and Phoenix islands. Only 23 of the 33 islands are inhabited. Almost half of the population of 93,000 is concentrated in the capital, Tarawa.

A. Political and Governance Assessment

2. Politics, culture, and geography form the context for Kiribati's development. Kiribati's Parliament elects the President for a 4-year term. President Anote Tong is in his second term, with the next parliamentary and presidential elections in 2011.¹ The President's party has numerical strength, but party unity is weakened by cabinet ministers' primary allegiance to their electorates. Ministers have significant discretionary powers and can block efforts to reduce them. The outer islands are overrepresented in Parliament, with 6 members for South Tarawa representing 45,000 people but 35 members representing the 50,000 in the outer islands. So, reform in Kiribati has been slow and is likely to remain so.

3. There are 20 island and 3 urban councils. The budget provides annual funding to these councils, totaling around A\$1.2 million. Councils set policies for agriculture, livestock, and fisheries; buildings and town and village planning; education; forestry and trees; land; famine and drought relief; markets; public health; public order, peace, and safety; communications and public utilities; and trade and industries. Councils can delay government measures. Members of the island councils wield discretionary power, by issuing licenses for business development and setting such prices as bus fares.² Council service delivery is, however, minimal.

4. Kiribati lacks anticorruption systems. There is no anticorruption strategy, agency, or ombudsman. However, legislation prohibits acts of corruption including embezzlement, bribery, and abuse of office. The President appoints the judiciary, reducing court independence. Culture and tradition influence national governance structures and political interests. Supplementary Appendix A presents an assessment of governance issues and a risk management plan.

B. Economic Assessment and Outlook

5. Assessments of Kiribati's growth potential point to constraints imposed by (i) land area, (ii) geographic dispersion across 5,000 km of ocean, (iii) remoteness from major markets with associated high external transport costs, (iv) high vulnerability to natural forces including climate change and sea-level rise, and (v) scarce natural resources. Historically, growth has been low. The gross domestic product (GDP) contracted by an estimated 0.7% in 2009, and Asian Development Bank (ADB) forecasts growth of 0.8% in 2010 and 1.2% in 2011. As the public sector accounts for 50% of GDP and provides around two-thirds of formal sector employment, government expenditure drives the economy. Table A1.1 in Appendix 1 presents key macroeconomic indicators, and *Asian Development Outlook 2010* gives further information.³

6. Revenues from the sale of fishing licenses and income generated by the revenue equalization reserve fund (RERF) dominate the narrow government revenue stream. Almost half of national income comes from external sources, which creates difficulty in public financial

¹ A president can hold office for up to three terms.

² R. Duncan. 2009. *Kiribati Political Economy for Capacity Development*. Manila: Asian Development Bank.

³ ADB. 2010. *Asian Development Outlook 2010*. Manila.

management. The government has initiated a review of the RERF, and implementing the recommendations which will come out of this review, may better secure the essential financing provided by income from the RERF.⁴ Revenue from fishing license fees has shown a declining trend,⁵ and the outlook remains poor for these fees owing to governance shortcomings that put the commercial viability of fish stocks at risk. Further, the year-on-year variation in license earnings is unpredictable because of the migratory nature of fish stocks and the influence of climate change on fish migration.

Revenue Equalization Reserve Fund

To help balance future recurrent budgets in the expectation of limited revenues, the Revenue Equalization Reserve Fund (RERF) was established with A\$556,000 in 1956. The Government of Kiribati is both the trustee and the beneficiary and therefore has sole authority over the investment, distribution, and utilization of RERF resources. A reserve fund committee comprising the minister of finance and economic planning, secretary to the cabinet, chief accountant, and two others appointed by the minister, is responsible for overseeing and managing the RERF.

Initially the Government followed a conservative policy of capital accumulation and investment, under which the RERF grew to A\$69 million by 1979. In the early 1990s, as other revenue sources waned and overall fiscal expenditure steadily increased, there was mounting pressure to draw on the fund. In response, the government set an informal annual drawdown limit, which required the real value of the fund per capita not to fall below the real 1996 level of A\$4,500.

Since 2003, RERF withdrawals have increased, averaging A\$35 million from 2006 to 2008 to finance sustained high budget deficits. The International Monetary Fund estimated in 2009 that drawdowns should be no more than 6%–7% of GDP, yet from 2002 to 2008 annual drawdowns were over 14% of GDP on average. The per capita value of the RERF was estimated to be A\$5,600 in 2009, which was significantly below its peak of A\$7,132 in 2000 and its 1996 real value per capita. This situation is worsened by the slump in global financial markets, which reduced the market value of the RERF by an estimated 20% in 2008. A continuation of this trend could undermine the fund's capacity to fulfill its role as a permanent source of budget support. A more prudent approach to government expenditures is needed to reduce the drain on the fund. The RERF also provides strong asset backing to government borrowing, though the government has not been an active borrower in recent years, preferring to use RERF funds directly.

Sources: ADB. 2005. *Trust Funds in the Pacific: Their Role and Future*. Manila; International Monetary Fund. 2009. *Kiribati: Selected Issues and Statistical Appendix*. IMF Country Report No. 09/196. Washington, DC (Government of Kiribati data).

7. The global economic crisis has impacted Kiribati through the reduced market value of the RERF, exchange rate shifts in the Australian dollar (the currency of Kiribati) against the US dollar (in which much external revenue is received), reduced remittances (remittances from seafarers are a significant social safety net), and high inflation. Impacts have been contained by the limited role of exports, tourism, and foreign direct investment in Kiribati. Economic stress is reflected in declining construction in Kiribati and reduced imports of vehicles and meat. In the absence of monetary policy, fiscal measures could help address adverse impacts from the global crisis.⁶ Increased spending on public infrastructure has been discussed as a possible economic stimulus. However, the implementation of any such government program remains

⁴ This independent review is being funded by the Australian Agency for International Development and is expected to commence in April 2010 and be conducted over 2 months.

⁵ Fishing license revenue increased in 2008 but this was a result of exchange rate fluctuations between the Australian and US dollars.

⁶ International Monetary Fund. 2009. *Kiribati: 2009 Article IV Consultation—Staff Report*. IMF Country Report No. 09/199. Washington, DC, US (June).

some way off, and fiscal responsibility would likely require external borrowing rather than further drawing on the RERF.

8. The government needs to both develop and manage revenue sources and improve expenditure management. An assessment of public financial management highlighted concerns with the quality and completeness of financial statements.⁷ It also found systemic weaknesses in effectively controlling aggregate expenditure and noted that the unknown fiscal risk from public enterprises and sub-national government has the potential to undermine the government's fiscal position. Capacity and systemic problems affect the quality of the government's annual public accounts. Nonetheless, Kiribati has made progressive improvements in the management of public finances by (i) eliminating the backlog of central government financial statements, (ii) enabling more up-to-date audits of these statements, (iii) reducing the backlog of financial statements and audits of public enterprises, and (iv) initiating the modernization of tax and customs administration.

9. The private sector in Kiribati is relatively small but growing.⁸ Urban areas are particularly busy with minibuses, shops, bars and restaurants, roadside markets, and small construction and service industries. On Kiritimati Island, sport fishing and the export trade in aquarium fish are entirely in private hands. However, these areas aside, private sector activity remains minimal. In recent years, government policy has shifted to be more supportive of private enterprise and tackle the impacts and issues of the heavy presence of state-owned enterprises (SOEs). The benefits of private foreign investment in bringing down prices have been seen. Private investment remains constrained by

- (i) the government's limited capacity to implement its policies;
- (ii) the unavailability of secure land tenure;
- (iii) some areas of Kiribati's business legislation, particularly those that govern starting a business, accessing credit, dealing with licenses, enforcing contracts, and closing a business;⁹
- (iv) cultural and social factors; and
- (v) limited public–private sector dialogue.

10. The government actively seeks new opportunities for encouraging private sector-led economic development. Kiribati has a number of advantages provided by its extensive marine resource endowment and the tourism potential offered by Kiritimati and Tabuaeran islands and by the Phoenix Islands Protected Area.¹⁰ Reform of the civil service and SOEs could provide significant budget savings. SOE reform needs to encompass both improving the performance of natural monopolies (public utilities, telecommunications, the domestic airline, port operations, the Betio-Bairiki causeway) and removing government from areas best serviced by the private sector, such as marine services, hardware retailing, interisland fish transport, biscuit making, hotels, and general stores.

⁷ C. Proteus. and I. Rototau. 2010. *Kiribati Public Financial Management—Performance Report*. Tarawa.

⁸ The Chamber of Commerce estimates that there are 2,000 businesses in Kiribati employing 3,000 people. Half of the businesses are small, one-person businesses, and just two companies employ over 200 people each. Key sectors for private sector employment are retail trade, transport and communication, and agriculture and fisheries.

⁹ World Bank. 2009. *Cost of Doing Business Indicators 2008*. Washington, DC.

¹⁰ The Phoenix Island Protected Area is the largest marine park in the world. It came into being in 2008. The marine and bird life of Kiritimati attracts tourists despite the island's remote location.

C. Poverty Reduction and Social Assessment

11. One household in five and almost one person in four may live below the Kiribati national minimum cost of living or basic needs poverty line.¹¹ High household debt is evident, such that many households struggle to meet their basic living expenses. Table A1.2 in Appendix 1 presents further poverty and social indicators.

12. Kiribati is unlikely to achieve at least three of the seven Millennium Development Goals (MDGs) namely Goal 1 (Eradicating Poverty), Goal 6 (Curbing spread of Diseases such as HIV/AIDS), and Goal 7 (Environment Sustainability) by 2015. The decline in the quality of some outcomes makes this even more concerning.¹² Population growth is one factor in Kiribati's difficulty in achieving the MDGs. Table A1.3 in Appendix 1 presents progress toward the MDGs.

13. Kiribati is doing well against measures of primary school enrolment. Gross primary enrolment and completion rates are stable at nearly 100%, and the literacy rate is 95%. Yet weaknesses have been identified across all aspects of education. Appropriate training of teachers, teaching materials, suitable premises, and education outcomes are still lacking, with English language skills particularly problematic. Technical and vocational education and training are a key policy platform of the government and the focus of considerable donor assistance.

14. The government has improved the standard of health-care delivery by constructing new clinics and hiring more nurses. Immunization coverage and the reduced death rate from tuberculosis are positive outcomes. Kiribati has one of the highest HIV/AIDS prevalence rates in the Pacific, with 50 cases in 2006 (or 54 per 100,000), and indicators suggest the rate will increase. The under-5 mortality rate was 66 deaths per thousand in 2004, down from 88 in 1990 but still the second worst in the Pacific after Papua New Guinea. Performance toward water and sanitation targets has been poor. Access to improved drinking water sources remains one of the lowest in the Pacific region, despite increasing from 35% in 1990 to 49% in 2000.

15. High population growth is a problem. The annual average population growth rate is 1.6%. Without action, Kiribati's population is expected to almost double by 2025. A population policy endorsed by the cabinet in 2004 aimed to stabilize the population by 2025, but there has been little progress, and cultural and religious factors hinder implementation.

16. Population pressures are most pronounced in South Tarawa, which houses 42% of the nation's population and is experiencing average annual growth of 5.2% from inward migration. South Tarawa provides opportunities for cash employment and consumption diversity, as well as access to social services. The most densely populated island of South Tarawa is Betio, with an estimated 12,500 people per km².¹³ There are considerable stresses on such natural resources as land and freshwater, as well as on public health, education, water, electricity, and road services in South Tarawa.

17. Typically, economic development and women's entry into the workforce make important contributions to slowing population growth. Kiribati has ratified the Convention on the Elimination of All Forms of Discrimination Against Women, and women's basic rights are

¹¹ Government of Kiribati National Statistics Office and United Nations Development Programme (UNDP) Pacific Centre. 2009. *Analysis of the 2006 Household Income and Expenditure Survey*. Tarawa and Suva.

¹² Government of Kiribati. 2007. *Millennium Development Goals Report 2007*. Tarawa.

¹³ Government of Kiribati. 2009. *Draft Interim Water Master Plan for Tarawa*. Tarawa (July).

protected under Kiribati's constitution.¹⁴ In reality, women's social status is low, and men have greater access to and control of political, economic, knowledge, and time resources. Women comprise 51.5% of the workforce and 37% of those in paid employment.¹⁵ The need to address gender issues is widely recognized, and the government is working with a number of development partners, including the New Zealand Agency for International Development (NZAID) and United Nations agencies.

D. Environmental Assessment

18. Environmental degradation jeopardizes economic and social development and poverty-reduction achievements. Kiribati is very vulnerable to climate change and natural hazards, including high tides, sea-level rise, storms, drought, and salt-water intrusion of freshwater lenses. Inappropriate human interventions such as groundwater depletion, beach mining, poor waste disposal, poorly planned sea defenses, and de-vegetation worsen this vulnerability. Environmental degradation and damage threaten the viability and performance of public and private assets, as well as depress returns on investment.

19. Kiribati has prepared a number of environmental plans but implementation has been very limited.¹⁶ Kiribati developed the National Adaptation Programme of Action and there is also the Kiribati Adaptation Programme (funded by the World Bank) to address climate change. The two programs cover substantially the same policy areas, and implementation has been slow. Environmental monitoring and enforcement have been weak, with poor capacity and coordination. Some positive environmental protection has been achieved in Tarawa. Developments that do not meet environmental guidelines are subject to stronger provisions of the amended Environment Act.¹⁷ Littering has been greatly reduced, and efforts have been made to improve household waste management. Table A1.4 in Appendix 1 summarizes Kiribati's environmental performance.

E. Regional Cooperation and Integration

20. Cooperative regional activities can play an important role in supporting Kiribati's development. Recently Kiribati adopted a clearly multilateral approach, and in the Kiribati Development Plan, 2008–2011 (KDP) the government recognizes that regional assistance can be cost effective in addressing common problems and issues.¹⁸

21. Given the small scale of the ADB's Kiribati country program, regional activities are a cost-effective way to provide additional support to achieving country partnership objectives and reinforcing national economic growth and poverty-reduction efforts. ADB's Pacific Approach, 2010–2014¹⁹ provides further focused assistance in areas supportive of country partnership strategy (CPS) objectives. ADB-funded regional cooperation and integration activities will prioritize private sector development, economic management, public financial management, and infrastructure development. Such regional support allows Pacific governments to prioritize

¹⁴ United Nations Development Programme and United Nations Development Fund for Women. 2007. *Translating CEDAW into Law*. Suva.

¹⁵ Government of Kiribati. 2005 *Census*. Tarawa.

¹⁶ These include the National Environmental Management Strategies, 1992; National Biodiversity Strategy Action Plan, 2000; and National Adaptation Programme of Action on Climate Change, 2001.

¹⁷ Under the amended Environment Act, ministers are no longer able to grant environmental impact assessment exemptions for new development.

¹⁸ Government of Kiribati. 2008. *Kiribati Development Plan: 2008–2011*. Tarawa.

¹⁹ ADB. 2009. *ADB's Pacific Approach 2010–2014*. Manila (December).

strengthening core government functions. ADB will include Kiribati in new regional technical assistance (TA) where feasible, with capacity, availability, and political commitment being key considerations.

F. Implications for the Kiribati Country Partnership Strategy

22. The government endorsed the KDP 2008–2011 in April 2008.²⁰ Its vision is that the lives of Kiribati's people—its main asset—can be best improved by further developing their capabilities and the economy. This will ultimately create employment opportunities and a skilled workforce that can access national and international labor markets. The government considers improved access to the international market as an essential adaptation strategy in the face of climate change. The KDP prioritizes six key policy areas: (i) human resource development, (ii) economic growth and poverty reduction, (iii) health, (iv) environment, (v) governance, and (vi) infrastructure. Under these six, 46 issues and a further 195 strategies are identified, each variously funded by the government or development partners, or else remaining unfunded. The KDP's predecessor suffered from slow or nonexistent implementation.

23. Kiribati's priority areas of economic growth and poverty reduction, environment, governance, and infrastructure overlap ADB's core specializations, as set out in *Strategy 2020*, of infrastructure and environment, including climate change, as well as ADB's identified drivers of change in private sector development and good governance and capacity development.²¹ This subset of areas of joint priority interest allows for the identification of well-targeted ADB support of the government toward achieving its development goals.

II. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

24. The Kiribati country strategy and program update (CSPU), 2006–2007²² was designed to directly support the Kiribati National Development Plan, 2004–2007 by (i) improving the economic environment in the outer islands, particularly Kiritimati, and (ii) strengthening access to health services.

25. During CSPU implementation, the pipeline underwent significant adjustments in response to changes in government priorities and personnel. At the government's request, the proposed loan was removed from the pipeline, although preparatory TA had already been implemented. Counterpart capacity limitations and the lack of finance or skilled human resources also slowed pipeline implementation. The sustainability of investment activities has been harmed by weak community and stakeholder ownership, reflected in lack of maintenance of capital assets. The central contribution to sustainability made by ownership, capacity, and continuity was highlighted by a recent evaluation of Pacific program loans.²³ Appendix 2 contains the CSPU completion report.

26. Lessons from past experiences include (i) challenges in communication and coordination with both the government and development partners; (ii) the impact of local customs and

²⁰ Government of Kiribati. 2008. *Kiribati Development Plan: 2008–2011*. Tarawa.

²¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

²² ADB. 2006. *Country Strategy and Program Update: Kiribati, 2006–2007*. Manila.

²³ ADB. 2009. *ADB's Support for Public Sector Reforms in the Pacific: Enhanced Results through Ownership, Capacity, and Continuity*. Manila.

traditional practices on intended outcomes; (iii) the need for greater selectivity to ensure sustained support; (iv) capacity constraints, particularly limited absorptive capacity of human resources and high staff turnover; (v) lack of baseline data for performance monitoring; (vi) the need to include consultants with local knowledge; and (vii) the need for pragmatic planning of project implementation. Infrastructure projects have proven to be particularly sensitive, and there is a need for rigorous community consultations and awareness programs to address user expectations associated with infrastructure.

B. Portfolio Monitoring and Evaluation

27. Since Kiribati joined ADB in 1974, ADB has provided six loans, the most recent in 1998,²⁴ totaling \$15.14 million. ADB has also provided 37 TA projects for \$12.84 million.²⁵ Portfolio performance has been mixed. Across the four loans for which ratings from ADB project completion reports are available, there is a 50% success rate. This reflects the difficult operating environment in Kiribati, capacity constraints, and the country's lack of familiarity with ADB processes, which made the sustainability of some activities problematic. Performance is also influenced by the small number of loans provided and that most of the rated loans were developed in the 1980s and 1990s without the benefits of depth of experience or lessons to draw on. TA projects have also enjoyed variable success, although ongoing TA projects are proving successful. ADB's Kiribati portfolio comprises two TA projects with a total value of \$1.65 million.²⁶

28. Kiribati has performed weakly, according to ADB's country performance assessment. It was in the fourth quintile in the 2006 assessment, falling into the fifth quintile from 2007 to 2009 (Appendix 3). In 2009, Kiribati was 9th among the 12 Pacific developing member countries (PDMCs) assessed. Kiribati was weakest in the areas of budget and financial management, economic management, trade, and business and regulatory environment. Some of these are areas of ongoing ADB technical assistance to the government.

29. The CPS will address past experience by setting achievable goals, given the available counterpart support, and focusing on building consensus for change. The approach is to follow up, consolidate, and build on the achievements of past programs for maximum impact, allowing appropriate time and support to promote sustained changes, and to work more closely with other development partners.

30. The CPS results framework (Matrix) was finalized in discussion with the government. It identifies realistic impacts and outcomes of ADB's assistance that are aligned with the goals of the KDP, along with performance indicators and key risks. The framework will be the primary management tool for evaluating the performance of the CPS. ADB and the government will monitor the progress of implementation and adjust the program accordingly during the development of annual, rolling country-operations business plans.

²⁴ ADB. 1998. *Report and Recommendation of the President on Proposed Loan for Sanitation, Public Health, and Environment Improvement Project*. Manila (Loan 1648-KIR approved 8 December for \$10.24 million).

²⁵ Lending has been directed to the water supply, sanitation, and waste management (67% by value), transport and telecommunications (15%), energy (11%), and finance (7%), while TA has been predominantly directed towards outer island and alternative urban growth centers and public financial management. Cofinancing since 1995 has amounted to just \$270,000.

²⁶ Recent TA projects have been larger on average and implemented over longer periods, reflecting ADB's response to weak performance in Kiribati.

III. PARTNERSHIP STRATEGY AND PROGRAM

A. Operational Focus of the Country Partnership Strategy

31. The CPS 2010–2014 will support the government in its implementation of three of the policy areas of the KDP—economic growth and poverty reduction, environment, and infrastructure. This will be done in alignment with the objectives of the Paris Declaration and Accra Principles. Through this ADB will, in partnership with the government, relieve the constraints on inclusive, environmentally sustainable growth and so improve economic growth prospects.

32. The CPS will specifically support the implementation of the following six KDP strategies:

- (i) develop and improve economic infrastructure;
- (ii) upgrade and maintain existing and potential water and sanitation systems;
- (iii) improve and enhance efficiency of public enterprises;
- (iv) stimulate and expand the private sector;
- (v) strengthen public financial management through long-term budget strategies, including multi-year budgets; and
- (vi) implement climate change adaptation activities.

33. The CPS will aim to reduce poverty and promote economic opportunity by improving public financial management and the delivery of sustainable infrastructure services. These two areas are closely related. Many infrastructure services in Kiribati are provided by SOEs, so improved financial management, particularly as this applies to financial arrangements between the government and SOEs and to financial capability within SOEs, will flow through to improve the ability of SOEs (or their successors) to deliver services and appropriately fund operation and maintenance costs and capital expenditure.

34. CPS support for capacity development, economic growth, and private sector development will be part of the two areas of support. Private sector development in particular will be supported through ongoing and further efforts to reduce direct government involvement in economic sectors best left to the private sector through SOE reform and seeking private sector involvement in the provision of infrastructure services.

35. The expected intermediate CPS outcomes are (i) the improved efficiency and effectiveness of SOEs, (ii) strengthened government transparency and accountability, and (iii) strengthened resilience to climate change. Flexibility will remain an important feature of the proposed assistance program to (i) reflect development progress in general, and portfolio management issues in particular; (ii) respond to reform opportunities; and (iii) catalyze grant resources from, or cofinance with, other agencies as appropriate.

36. Country partnership strategy and program formulation is discussed in Appendix 4.

37. The main risk during the country partnership strategy period is the sustainability of political commitment to reforms, including strengthened budget management, state-owned enterprise reform, and asset management. An assessment of political economy factors that could influence the government's ability to implement such reforms provides the basis for monitoring risks. Risks related to limited absorptive capacity are being addressed through longer-term and phased technical assistance.

38. **Approach to country partnership strategy implementation.** Kiribati is a weakly performing country and, as such, presents special operational risks and challenges. Recognizing these challenges, the CPS will apply the principles of ADB's approach to weakly performing countries.²⁷ ADB will seek to engage with Kiribati in ways that will help address the factors contributing to weak performance and fragility or, where such factors cannot be changed, engaging so as to ameliorate their impact on operations. ADB's engagement with Kiribati will seek to

- (i) strengthen the operations of the state;
- (ii) emphasize the pursuit of good governance and strengthen demand for this;
- (iii) employ participatory process planning and more extensive consultations to promote the sustainability of the assistance provided;
- (iv) raise government awareness of the benefits and challenges of participatory approaches and promote the establishment of a formal process for public–private dialogue;
- (v) utilize regional cooperation solutions to alleviate capacity constraints in the country;
- (vi) promote coordinated assistance and strategic partnerships with donors to better target assistance and avoid overloading weak absorptive capacity;
- (vii) focus more on TA than on lending and particularly on providing larger, more flexible cluster “rolling design” and longer-term TA;
- (viii) place a much heavier emphasis on building capacity, including transferring skills from foreign experts to local counterparts;
- (ix) respond to identified assistance needs as the opportunity arises and allowing for adaptation and flexibility in implementation; and
- (x) prioritize greater understanding of, and allowance for, the political economy.

39. ADB will consider establishing a presence in the country during the period of this CPS to strengthen country knowledge, consensus building, and the sustainability of assistance. A presence would help strengthen the participatory conceptualization, design, management, and monitoring of assistance programs. Strengthening ADB's assistance programs could be achieved by recruiting a suitable national who would be available to work on ADB's program part time as a liaison officer, likely shared with another development partner.

40. The lessons from ADB's capacity development assessment, including long-term commitments, capacity and institution building, and support for project implementation in delivering the portfolio, will be incorporated into the delivery of the CPS.²⁸ Stakeholder engagement is highlighted as central to the success of capacity building, through the development of local demand for change, local involvement in design or redesign, flexible implementation, and monitoring and assessment. The CPS will be delivered through local facilitators to enhance participation and include change-management skills in project teams in recognition of the difficult environment for sustaining reforms.

41. **ADB assistance for the strategic priorities.** Kiribati is a category A developing member country. Country-specific Asian Development Fund (ADF) lending allocations have been derived from the 2008 country performance assessment after applying the performance-based allocation formula. ADF allocations for Kiribati for 2009–2010 have been set at \$6.34 million. The ADF assistance program for 2011–2012 is tentative, with actual ADF assistance subject to the results of the 2010 country performance assessment. For planning, the

²⁷ ADB. 2007. *Achieving Development Effectiveness in Weakly Performing Countries*. Manila.

²⁸ ADB. 2008. *Pacific Choice: Learning from Success*. Manila.

provisional 2-year allocation for 2011–2012 has been set at \$5.72 million. These resources are not fully programmed, as the government wants further dialogue on its borrowing options. Appendix 5 sets out the country cost-sharing arrangements and eligible expenditure financing parameters for Kiribati. Indicative annual TA support for the period covered by the CPS is \$400,000. Appendix 6 presents the country operations business plan including indicative lending and nonlending assistance.

42. The program has two areas of intervention: (i) improved public financial management and (ii) improved access to, and delivery of, sustainable infrastructure services.

43. **Improved public financial management.** Public financial management weaknesses have been well analyzed, and intentions are strongly reflected in the KDP, but putting them into operation will take time, governmental investment of domestic political energy, and a lot of strategically targeted external support. There is strong donor coordination in the assistance provided. ADB support for strengthened public financial management will facilitate government efforts to better manage its budget and, in particular, control unproductive expenditures directed to SOEs. Opportunity to support the implementation of recommendations from the proposed RERF review will also be sought to free up fiscal space for priority government expenditures.

44. Targeting improved public financial management, the CPS program will support the government's delivery of KDP priorities by implementing a TA cluster, Strengthened Economic and Financial Management, which will support the government in addressing public financial management weaknesses identified in the 2010 public financial management review [footnote 7]. This will complement ongoing TA *Economic Management and Public Sector Reform*, which is scheduled for completion in February 2013.²⁹

45. **Improved access to, and delivery of, sustainable infrastructure services.** The physical infrastructure necessary for economic development—power, transport (roads, ports, and airports), water supply, and sanitation—is weak. Infrastructure is required in population centers and in potential economic growth centers to improve services and lower the economy's cost structure. Many infrastructure services are inefficiently delivered and incur high costs in their provision that are not fully reflected in charges to users. The government has limited ability to increase public investment. Poor infrastructure raises costs to businesses, constraining employment creation, and so contributing to poverty. Poor access to basic public services is a main cause of hardship in Kiribati and a contributor to poor health outcomes. Poor or nonexistent services undermine willingness to pay and create a downward spiral in service provision.

46. With government support, physical infrastructure development and upgrading (particularly climate-proofing) and improved utility services will be pursued under the CPS. Learning from past experience will bring a strong focus on capacity building and community engagement programs to promote sustainable outcomes associated with physical infrastructure development.

47. To address the issue of access to sustainable infrastructure services, the government has confirmed its interest in a Tarawa Sanitation Improvement Project. Project preparatory TA (PPTA) approved in October 2009, with additional input from the Pacific Infrastructure Advisory Center, will support the development of a water and sanitation sector roadmap that will reflect

²⁹ ADB. 2008. *Economic Management and Public Sector Reform*. Manila. (TA 7166-KIR, approved 7 October, for \$800,000 from the Japan Special Fund).

KDP priorities and ongoing development partner assistance.³⁰ This will provide the basis for identifying potential investments. Assuming continued government support, the PPTA may develop an investment project for ADB to support. Attention will be paid to asset management, which is a known weakness in Kiribati. Asset management planning, the financing of operations and maintenance, and the potential for private sector involvement in this area will be considered. The ensuing project is envisaged to provide infrastructure, capacity development, and community engagement programs to improve access to secure and sustainable potable water supply and appropriate and safe sanitation in South Tarawa. It will incorporate elements of climate proofing. The lending pipeline includes this \$15 million project (a \$10 million ADF loan and a \$5 million cofinanced grant) in 2012.

48. Infrastructure projects' anticipated safeguard issues, particularly in relation to urban infrastructure, include involuntary resettlement, gender, labor, affordability, and vulnerable people. As i-Kiribati are a single ethnic group, indigenous peoples are not an issue. Community participation in designing, implementing, and operating the proposed sanitation project is central to promoting the sustainability of outcomes and will include the participation of the poorest sections of the community. Community awareness of the links among sanitation, hygiene, and good health will be pursued under PPTA. During PPTA implementation, further detailed poverty and social analyses will be undertaken to make the final project design more pro-poor and deal effectively with any issues of risk, involuntary resettlement, gender, labor, affordability, and vulnerable people. In developing new infrastructure, access to land may become an issue, and timely access to land is identified as a risk factor. However, previous TA to the government to develop land registration systems will reduce this risk.

49. Climate change is one of Kiribati's most pressing issues. Kiribati has broadcast its concerns effectively to the world, but large adaptive measures—which are mainly extensions of the normal business of economic planning, infrastructure provision, and environmental action—have barely begun to be put in place. ADB has prepared the Climate Change Implementation Plan for the Pacific to identify climate change issues and options in PDMCs. The plan identifies adaptation as a priority area for the Pacific countries. Kiribati faces a set of well-analyzed impacts from climate change. Adaptation to allow economic activity to continue normally as these impacts are felt, such as climate-proofing infrastructure, contributes to Kiribati's continued economic growth. Climate-proofing infrastructure will contribute to both of the strategic objectives of the CPS, allowing ongoing access to infrastructure services despite climate change and reducing the drain on public finances for infrastructure replacement. The plan notes that some mitigation efforts such as clean energy investments in renewable energy and energy efficiency provide a dual benefit to the Pacific in terms of their contribution to climate change mitigation and, more importantly, addressing energy security by reducing dependence on expensive imported fossil fuel. Guided by the Climate Change Implementation Plan, and supporting the two CPS pillars, ADB will seek to incorporate climate change adaptation and mitigation into the Kiribati program using available funding windows.

50. **Regional activities.** Guided by ADB's Pacific Approach, 2010–2014,³¹ regional activities will reinforce CPS objectives, national economic growth, and poverty reduction in a cost-effective manner. Regional assistance brings the additional benefits of sharing experiences and

³⁰ ADB. 2009. *Technical Assistance to the Republic of Kiribati for Preparing the Tarawa Sanitation Improvement Project*. Manila (TA 7359-KIR, approved on 1 October, for \$850,000 of which \$500,000 is cofinanced by the Pacific Infrastructure Advisory Center).

³¹ ADB. 2009. *ADB's Pacific Approach 2010–2014*. Manila.

peer support for implementation. The KDP recognizes that regional assistance can be a cost-effective way to address common problems and issues.

51. ADB will include Kiribati in new regional activities where feasible, with demand, capacity, and political commitment being key considerations. For Kiribati, participation in regional TA provides the opportunity for peer pressure to promote strengthened country ownership and government commitment. Three regional TA projects in particular are expected to directly support CPS objectives: (i) Strengthening Governance and Accountability in Pacific Island Countries, Phase II, which will provide subregional audit support to public auditing in Kiribati, Nauru, and Tuvalu; (ii) Pacific Economic Management to support countries in addressing the impacts of the global financial and economic crisis; and (iii) Strengthening Capacity of PDMCs in Climate Change.³² The regional portfolio available to benefit Kiribati is in Appendix 7.

B. Coordination with External Funding Agencies and Partnership Arrangements

52. Kiribati depends heavily on donors, receiving external grants equivalent to over half of GDP in 2008. Funding from development partners is estimated to have accounted for just over two-fifths of total expenditure and net lending for the Government of Kiribati from 2002 to 2007. Development partner finance has therefore played a vital role in sustaining and developing services to the community and public infrastructure. External assistance is managed through the National Planning Office in the Ministry of Finance and Economic Development, though not progressing to proactive aid coordination. Because of its limited capacity and poorly developed systems, Kiribati has difficulty promoting development partner alignment with national systems in accordance with the Paris Declaration and Accra Principles. The main development partners are ADB, Australia, New Zealand, European Union, Taipei,China, Japan, United Nations, and World Bank. Appendix 8 presents the donor coordination matrix.

53. ADB will support the government's leadership of policy, programming, and implementation. ADB continues to look for opportunities to undertake joint analytical work and missions. ADB promotes donor coordination by meeting with donors regularly and sharing information and analysis. Public financial management has proven to be an anchor for development partners' discussion with government. A development partners' agreement for Kiribati that builds on the Paris Declaration with the objective of improving aid effectiveness has been discussed among partners and with the government, and ADB will promote its development. ADB will explore establishing a local presence in Kiribati, probably with another development partner.

³² ADB. 2008. *Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries (Phase 2)*. Manila (TA 6499-REG, for \$1,900,000, approved on 3 November, cofinanced by the Japan Special Fund and the Government of Australia); ADB. 2009. *Technical Assistance for Pacific Economic Management*. Manila (TA 7250-REG, for \$2 million, approved on 13 May, cofinanced by the Government of Australia); and ADB. 2009. *Technical Assistance for Strengthening Capacity of PDMCs in Climate Change*. Manila (TA 7394-REG, for \$3,465,000, approved 23 November).

MATRIX: COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK

Country Development Goals		Country Partnership Strategy (CPS) Outcomes		Key Areas of ADB's Intervention	Risks
Country-Level Outcomes	Key Constraints	CPS Intermediate Outcomes ^a	Intermediate Outcome Indicators		
Key policy area 2: Economic growth and poverty reduction	<p>SOEs place increasing demands on the government budget, crowd out the private sector, and operate with unsustainable cost and price structures.</p> <p>Limited employment opportunities</p> <p>Low private sector investment</p> <p>Government's weak fiscal position</p> <p>Ineffective policy dialogue between public and private sectors</p>	<p>Improved efficiency and effectiveness of SOEs (return on assets and productivity of the current SOE portfolio)</p> <p>Selected SOEs reformed</p> <p>Government's strengthened transparency and accountability</p>	<p>Reduced fiscal allocations to and contingent liabilities from SOEs by FY2012 compared with FY2008</p> <p>Number of completed restructurings (2 SOEs reformed by 2012)</p> <p>Increase in value of private sector participation in activities currently undertaken by the public sector (TA to identify baseline and target)</p> <p>Annual reports on the compliance of SOEs with corporate governance requirements by June 2010</p> <p>Establishment of medium-term fiscal framework by June 2012</p> <p>Improved ownership by private sector of government policy and improved understanding and analysis by public sector of business constraints (issue-specific government-private sector consultation piloted in TA)</p>	<p>Ongoing TA for Economic Management and Public Sector Reform^b</p> <p>Future Cluster TA for Strengthened Economic and Financial Management</p> <p>Policy dialogue on CPA results (initially economic management)</p> <p>Participation in regional TA as appropriate</p> <p>Inclusion of targeted policy dialogue and participatory activities within specific TA projects</p>	<p>Absorptive capacity of local counterparts may be insufficient. (Mitigation: Longer TA periods with intermittent support and triggers to move to next TA component)</p> <p>Fluctuating political commitment to championing implementation of needed reforms (Mitigation: Use of local facilitators and inclusion of change-management specialists in TA)</p> <p>Lack of trust between the public and private sectors (Mitigation: Facilitated issue-specific consultation to develop shared understanding)</p>

Country Development Goals		Country Partnership Strategy (CPS) Outcomes		Key Areas of ADB's Intervention	Risks
Country-Level Outcomes	Key Constraints	CPS Intermediate Outcomes ^a	Intermediate Outcome Indicators		
			Improved performance against MDG 1 (eradicate extreme poverty and hunger) indicators "GDP per capita" and "GDP per capita growth."		
Key policy area 4: Environment	Threat posed to land, livelihoods, and structures by global climate change	Increased resilience in the face of climate change	Priority climate change adaptation implemented (reported in Ministry of Environment, Land, and Development operations plan)	Future Grants in support of climate change adaptation Participation in regional TA projects as appropriate	Political and personal biases distort decision making (Mitigation: Building demand for reforms through community consultation)
Key policy area 5: Infrastructure	Negative health impacts arising from inadequate disposal of waste and pollution Threat posed to infrastructure by global climate change	Improved public health standards in Tarawa Increased resilience in the face of climate change	Increased access to improved sanitation in Tarawa by 2013 (MDG 7 related baseline and target to be identified in project preparatory TA) Progress to meet MDG 4 (reduce child mortality) through reduced incidence of infantile diarrhea and dysentery (baseline and targets to be identified in project preparatory TA) Priority climate change adaptation implemented (reported in Ministry of Environment, Land, and Development operations plan)	Ongoing Tarawa sanitation improvement project preparatory TA Future Tarawa Sanitation Improvement Project Grants in support of climate change adaptation activities	Implementation capacity constraints exacerbated by parallel infrastructure development (Mitigation: External support to project management unit) Political and personal biases distort decision making (Mitigation: Building demand for reforms through community consultation)

ADB = Asian Development Bank, CPA = country performance assessment, CPS = country partnership strategy, FY = fiscal year, GDP = gross domestic product, MDG = Millennium Development Goal, SOE = state-owned enterprise, TA = technical assistance.

^a Refined to reflect strategic objectives and key result areas of ADB. 2008. *Working in Fragile Environments: A Midterm Review of the Pacific Strategy (2005–2009)*. Manila.

^b ADB. 2008. *Technical Assistance to the Republic of Kiribati for Economic Management and Public Sector Reform*. Manila (TA 7166-KIR, approved on 7 November).

Sources: Government of Kiribati. 2008. *Kiribati Development Plan: 2008–2011*. Tarawa; and Asian Development Bank.

COUNTRY AND PORTFOLIO INDICATORS

Table A1.1: Country Economic Indicators
(per capita GDP [2008, current]: \$670)

Calendar Year (Ending December)	2005	2006	2007	2008	2009
Real GDP growth (%)	1.6	(5.2)	0.5	0.6	0.7
Current account balance/GDP (%)	(98.5)	(69.8)	(75.4)	(72.6)	...
Overall fiscal balance/GDP (%)	(2.8)	(5.7)	(28.0)	(13.0)	...
Inflation rate (period average, %)	(0.4)	(1.5)	4.2	11.0	6.6
Official government debt (% of GDP)	75.9	75.4	68.0	...	...
Net foreign assets (months imports cover)	69.7	...	...	...	...

() = negative, ... = not available, GDP = gross domestic product.

Sources: Kiribati Ministry of Finance, Kiribati Statistics Office, International Monetary Fund, ADB estimates.

Table A1.2: Country Poverty and Social Indicators

Item	Period		
	Year 1995	Year 2000	Latest Year
A. Population Indicators			
1. Total population	77,658	84,494	92,533 (2005)
2. Annual population growth rate (% change)	...	...	1.6
B. Social Indicators			
1. Total fertility rate (births/woman)	3.8	4.3	3.5 (2005)
2. Maternal mortality rate (per 100,000 live births)	225	56	158 (2005)
3. Infant mortality rate (below 1 year/1,000 live births)	65	61	66 (2004)
4. Life expectancy at birth (years)			
a. Female	58.2	67.3	63.1 (2005)
b. Male	57.2	62.3	58.9 (2005)
5. Adult literacy (%)	98	92	92 (2005)
a. Female	...	...	...
b. Male	...	...	...
6. Primary school gross enrollment (%)			91 (2005)
7. Secondary school gross enrollment (%)			
Junior secondary		89 (2003)	79 (2006)
Senior secondary			34(2006)
8. Child malnutrition (% below age 5)	5	13	...
9. Population below poverty line (%)			
10. Population with access to safe water (%)	51	...	65 (2005)
11. Population with access to sanitation (%)	46 (1995)	...	68 (2005)
12. Public education expenditure (% of GDP)	...	...	...
13. Human development index rank	...	...	...
14. Gender-related development index rank	...	...	...
C. Poverty Indicators			
1. Poverty incidence	...	...	38% (1996)
2. Percent of poor to total population	...	...	...
3. Poverty gap	...	...	...
4. Poverty severity index	...	...	...
5. Inequality (Theil-L Index)	...	...	...
6. Human poverty index	...	...	...
Rank	...	...	...

... = not available, GDP = gross domestic product,

^a Updated from Kiribati Census 2000

Sources: Kiribati National Statistics Office (2007); Kiribati Ministry of Health and Medical Services Database; Government of Kiribati Millennium Goals Development Report; United Nations Statistics Division.

Table A1.3: Progress Towards the Millennium Development Goals and Targets

Development and Poverty Reduction^a (selected MDG indicators)	1990	2000	Latest
Goal 1: Eradicate extreme poverty and hunger			
1. Poverty headcount (\$/day PPP; % of population)	38 ¹⁹⁹⁶	... ¹⁹⁹⁹	...
2. Prevalence of underweight children (under 5 years of age)	5	13	...
3. GDP per capita, PPP (current International \$)	1988	3129	3688 ²⁰⁰⁶
4. Real GDP per capita growth (annual %) ^b	0	(0.7)	1.7 ²⁰⁰⁷
Goal 2: Achieve universal primary education			
5. Primary completion rate (% of age group)	...	99	128 ²⁰⁰⁶
6. Youth literacy rate (% of ages 15-24) ^c	98 ¹⁹⁹¹	...	96 ²⁰⁰⁵
Goal 3: Promote gender equality and empower women			
7. Ratio of girls to boys in primary education	0.98	0.99	1.1 ²⁰⁰⁶
8. Ratio of girls to boys in secondary education	1.16	1.61	1.13 ²⁰⁰⁵
9. Women employed outside of agricultural (% of sector total) ^c	50	60	65 ²⁰⁰⁵
Goal 4: Reduce child mortality^d			
10. Under 5 mortality rate (per 1,000)	88	70	63 ²⁰⁰⁷
11. Infant mortality (per 1,000)	65	52	46 ²⁰⁰⁷
Goal 5: Improve maternal health			
12. Maternal mortality ratio (modeled estimate, per 100,000 live births) ^e	10	56	...
Goal 6: Combat HIV/AIDS, malaria, and other diseases			
13. Prevalence of HIV (% of population aged 15-49)	...	...	...
14. Contraceptive prevalence (% of women aged 15-49) ^c	18.5	...	21.5 ²⁰⁰⁴
15. Prevalence of tuberculosis (per 100,000 people) ^f	1157	559	426 ²⁰⁰⁵
Goal 7: Ensure environmental sustainability^d			
16. Forest area (% of total land area)	3	3	3 ²⁰⁰⁵
17. Access to improved water source (% of population)	48	62	65 ²⁰⁰⁶
18. Access to improved sanitation (% of population)	22	30	33 ²⁰⁰⁶

() = negative, ... = not available, GDP = gross domestic product, MDG = Millennium Development Goal, PPP = purchasing power parity.

^a Sourced from United Nations Statistics Division unless otherwise stated.

^b Source: World Bank.

^c Source: Republic of Kiribati. 2007. *Millennium Development Goals Report, 2007*. Tarawa

^d Source: ADB's Statistical Database System.

^e Government of Kiribati MDG report gives a maternal mortality ratio of around 110 in 1990 and 220 in 2004.

^f Government of Kiribati MDG report gives tuberculosis prevalence as 392 in 1990.

Table A1.4: Country Environment Indicators

Indicator	1990	Latest Year
A. Energy Efficiency of Emissions		
1. GDP/unit of energy use (PPP\$/kilogram of oil equivalent)	--	--
2. Traditional fuel use (% of total energy use)	--	--
3. Carbon dioxide emissions	--	--
a. Tons	--	--
b. Tons per capita	--	--
B. Water Pollution: Water and Sanitation		
1. % urban population with access to safe water	54	60
2. % rural population with access to safe water	25	42
3. % urban population with access to sanitation	--	60
C. Land Use and Deforestation		
1. Forest area (million hectares)	--	--
2. Average annual deforestation	--	--
a. km ²	--	--
b. % change	--	--
3. Rural population density (people/km ² of arable land)	66.0	67.0 (2000)
4. Arable land (% of total land)	--	--
5. Permanent cropland (% of total land)	51.0 (1993)	51.0 (2000)
D. Biodiversity and Protected Areas		
1. Nationally protected area		
a. km ²	--	267.0 (1997)
b. % of total land	--	--
2. Mammals (number of threatened species)	--	0 (2002)
3. Birds (number of threatened species)	1 (1992)	4 (2002)
4. Higher plants (number of threatened species)	--	--
5. Reptiles (number of threatened species)	--	1 (2002)
6. Amphibians (number of threatened species)	--	--
E. Urban Areas		
1. Urban population		
a. '000	25.4	36.7 (2000)
b. % of total population	35.1	43.5 (2000)
2. Per capita water use (liters/day)	--	--
3. Wastewater treated (%)	--	--
4. Solid waste generated per capita (kg/day)	--	--

-- = not available, GDP = gross domestic product, kg = kilogram, km² = square kilometer, PPP = purchasing power parity.

Source: Government of Kiribati.

COMPLETION REPORT FOR PREVIOUS COUNTRY STRATEGY^a

Item	Major Achievement	Lessons and/or Recommendations
Country Development Goals^b 1. Equitable economic development 2. Sustainable development 3. Fiscal security (perpetual and sufficient RERF)	<p>Kiribati's assessment of progress toward the development goals set out in the NDS 2004–2006 was that</p> <ul style="list-style-type: none"> • economic growth was negatively affected by a lack of capacity, finance, and skilled human resources; • the achievement of sustainable development was variable with maintenance of assets lagging, but there has been some progress in addressing key issues, in particular relating to climate change and variability; and • the achievement of fiscal security was generally limited. <p>Lack of capacity, finance, and human resources contributed to the slow progress in all these areas. An overambitious NDS, poorly prioritized supporting activities, and only weak links to the annual budget contributed to this lack of resources. A further contributing factor was that on occasion political commitment to the activities supporting the objectives fluctuated.</p>	<p>Capacity constraints have been a key limiting factor in the program. The absorptive capacity of both the government and the overall economy is limited. Limits on capacity and resistance to reform are being addressed in recent TA by including specialists in change management and specific reference to capacity building in the consultants' terms of reference. The progress and outcomes of this TA should be closely monitored.</p>
Expected CPS Outcomes^c 1. Increased private sector activity on Kiritimati Island 2. Improved infrastructure on Kiritimati Island 3. Improved land management systems 4. Effective government response to population growth 5. Improved water supply and sanitation 6. Climate change mainstreamed into ADB projects	<p>Both the lending and nonlending pipeline supporting the outcomes underwent significant adjustments during CSPU implementation, and only one TA was implemented, comprising the folding together of two of the three pipelined TA projects. A further TA project was approved in 2008, with implementation commencing in June 2009. At the request of the government, this focused on public financial management. Assessment of the CSPU has identified difficulties in implementing its pipeline due to changing government priorities and personnel.</p> <p>Limited progress was made in the outcomes 1–3 in support of equitable economic development. While a PPTA focused on Kiritimati Island was undertaken, the key assistance—the proposed Kiritimati Island loan—did not happen.</p>	<p>The impacts of local custom and traditional practice on the intended outcomes of assistance must be considered.</p> <p>There is a need for greater selectivity and focus in assistance for longer-term development impact. The approach should aim to follow up, consolidate, and build on the achievements of past programs for maximum impact, allowing appropriate time and ongoing support to promote sustained changes.</p> <p>Given the relative weak capacity of most line ministries to absorb projects, the minimal capacity of human resources, and high staff turnover, ADB should place much more priority on pragmatic implementation arrangements in its design of loans and TA.</p> <p>The lack of country familiarity with ADB processes needs to be</p>

	<p>Supporting TA provided assistance in land-management systems, but its effectiveness will be reduced without government commitment to planned development on the island.</p> <p>ADB assistance in developing a population policy has been only partly successful because of delayed implementation in practice.</p> <p>The completed Sanitation, Public Health, and Environment Improvement project improved water supply in Tarawa. However, the gap between what the project was designed to deliver and client expectations has reduced the project's likely sustainability.</p> <p>There has not been an opportunity to mainstream climate change into ADB projects, as the intended project has not progressed.</p> <p>Although the quality of the projects ADB has supported generally has been satisfactory, delays have affected the performance of the assistance through reduced continuity of counterparts, shifting of government priorities, and lessened timeliness of assistance. Delays have arisen from limited feedback from the government on its specific needs and response to proposed designs, as well as difficulty in attracting skilled consultants, especially for longer-term assignments.</p>	<p>specifically recognized and addressed.</p> <p>Consultants engaged in advisory TA could generally do better in presenting and discussing issues, have better knowledge of country issues, be more sensitive to local knowledge, and facilitate much better capacity building.</p> <p>The executing and implementing agencies should be much more assertive and take ownership of their TA projects to ensure that consultants deliver according to schedule and their terms of reference, as well as allocate staff and time to comment in a timely manner on submitted reports.</p>
CPS Implementation		
Quality and portfolio management	The portfolio in Kiribati over the period of the CSPU has been very small, but significant effort was put into its management. Government monitoring of assistance remains problematic.	Efforts need to be made to promote sustained government commitment to assistance and its monitoring.
Results management	The changing pipeline of assistance to Kiribati has meant that many of the indicators in the results-based strategy have been superseded. The lack of quantitative and time-bound indicators reduced their usefulness.	The appropriate base-line data required for meaningful results-based performance monitoring is often unavailable.
Partnership with government	The partnership with government has not been as strong as would have been hoped. Communication and coordination difficulties have	A sound understanding of local political and social dynamics is required to reduce uncertainty and help manage risk. Infrastructure

Development partner coordination	<p>been experienced both between ADB and the government and within government. The delays, uncertainty, and eventual halting of fact finding for the proposed Kiritimati Island loan is a prime example.</p> <p>Development partner coordination is not proactively sought by the government, though in 2008 the government did hold a donors meeting to promote donor support for KDP implementation. Over the period of the CPSU, development partner coordination has been strengthened through meetings in-country and at Suva of some development partners. There have been a few joint missions to Kiribati. The traditional development partners share analysis and information more readily than in the past. The drafting of a development partners agreement has been suggested but has not progressed.</p>	<p>projects have proven to be particularly sensitive, and a rigorous community consultation and awareness program needs to be instituted to address user expectations associated with infrastructure.</p> <p>Lessons should be drawn from the experiences of other development partners to inform CPS development and assistance design.</p>
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ADB = Asian Development Bank, CPSU = country strategy and program update, NDS = national development strategy, PPTA = project preparatory technical assistance, RERF = Revenue Equalization Reserve Fund, TA = technical assistance.

^a ADB. 2006. *Country Program and Strategy Update: Kiribati, 2006–2007*. Manila.

^b The CPSU was aligned with the government's NDP 2004–2007.

^c Drawn from the summary statement of results-based strategy in the CPSU.

Sources: ADB. 2006. *Country Strategy and Program Update: Kiribati, 2006–2007*. Manila; and Government of Kiribati. 2004. *Kiribati National Development Plan 2004–2007*. Tarawa.

COUNTRY PERFORMANCE ASSESSMENT RATINGS (2009)

Rating^a	Pacific Average^b	Country Performance Assessment
2.5 2.0 2.0 3.5	3.0 3.1 2.8 3.2	A. Economic management 1. Macroeconomic management 2. Fiscal policy 3. Debt Policy
2.7 2.5 3.0 2.5	3.1 3.8 3.0 2.6	B. Structural policy 4. Trade 5. Financial sector 6. Business regulatory environment
3.0 3.0 3.0 3.0 3.0 3.0	3.0 3.0 3.3 3.0 2.9 2.8	C. Policies for social inclusion and equity 7. Gender equity 8. Equity of public resource use 9. Building human resources 10. Social protection and labor 11. Policies and institutions for environmental sustainability
2.9 3.0 2.5 3.0 3.0 3.0	3.1 3.3 3.2 3.3 2.9 3.0	D. Public sector management and institutions 12. Property rights and rules-based governance 13. Quality of budgetary and financial management 14. Efficiency of revenue mobilization 15. Quality of public administration 16. Transparency, accountability, and corruption in the public sector
3.5 3.5	3.6 3.5	E. Portfolio performance 17. Portfolio performance
8.5	10.1	Composite Country Performance Rating

^a Ratings are on a scale of 1–6, where 6 is the best performance and 1 is the worst.

^b This average reflect the result of the Pacific countries includes, Kiribati, Marshall Island, Micronesia,FS, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu.

Source: ADB.

COUNTRY PARTNERSHIP STRATEGY AND PROGRAM FORMULATION

1. The formulation of the country partnership strategy (CPS) and programs for the Kiribati CPS 2010–2014 began in 2009 with policy dialogue with the government, development partners, and other stakeholders during the pre-CPS formulation mission in February 2009.
2. A formulation mission took place from 26 May to 2 June 2009 for further consultations with civil society, including the private sector, to identify priority sectors to be targeted in the CPS 2010–2014 in support of the achieving the goals outlined in the KDP 2008-2011. The confirmation mission took place on 16–23 February 2010, and this gained government confirmation of the sectors prioritized in the CPS.
3. The formulation process is summarized in Table A4.

Table A4: Country Partnership Strategy Formulation Process

Activity	Date
Pre-CPS formulation mission	23–26 February 2009
Stocktaking meeting	17 March 2009
Initiating meeting	8 April 2009
CPS formulation mission	26 May–2 June 2009
Vice-president endorsement of draft CPS formulation in mission back to office report	23 June 2009
Draft CPS for interdepartmental and peer review	13 August 2009
Management review meeting	28 August 2009
Confirmation mission	16–23 February 2010
Draft CPS for editing	10 March 2010
Government endorsement	22 March 2010
Submit to management for circulation to the Board	22 March 2010
Management approval for circulation to the Board	24 March 2010
Printing	24 March 2010
Board circulation	24 March 2010
Board discussion	14 April 2010
Chairman's summary	15 April 2010
CPS web release	19 April 2010

CPS = country partnership strategy.

Source: ADB.

COUNTRY COST-SHARING ARRANGEMENTS AND ELIGIBLE EXPENDITURE FINANCING PARAMETERS

Item	Parameter	Explanation
Country cost-sharing ceiling^b for loan portfolio over the period 2010–2014	Up to 99%	Higher percentages of financing would be provided for non-income-earning projects with strong evidence of ownership and commitment that address binding constraints to growth and development. Lower percentages of financing would be provided for income-earning projects to encourage local ownership including private sector participation.
Country cost-sharing ceiling^b for the TA portfolio and other grants over the period 2010–2014	Up to 99%	Higher percentages of financing would be provided for projects and activities with strong evidence of ownership and commitment that address binding constraints on growth and development. This is in line with the TA financing of other development partners.
Cost-sharing ceiling^b for specific sectors	None	Sector-specific variations have not been proposed. However, lower percentages of financing are expected for income-earning projects in transport and infrastructure to encourage local ownership.
Recurrent cost financing	No country limits	At the project level, financing recurrent costs would be considered if consistent with project objectives and provided there is strong demonstration of arrangements to ensure sustainability after ADB financing ceases. Integrating ADB financing into budget and planning processes would be strongly emphasized to help ensure that increased recurrent costs from ADB projects avoid adverse impacts on fiscal sustainability.
Taxes and duties	None. Taxes and duties are eligible for ADB financing provided they are limited to a reasonable amount.	Taxes and duties are considered reasonable, and no taxes and duties specifically target ADB projects. Tax and duty arrangements set out in ADB's charter are complied with. At the project level, ADB would consider whether taxes and duties constitute an excessively high share of project costs. ADB would monitor local taxes for possible.

ADB = Asian Development Bank, TA = technical assistance.

^a ADB policy on cost sharing is governed by ADB. 2005. *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*. Manila.

^b Country cost-sharing ceilings are financing parameters that indicate the maximum share of costs ADB will finance with respect to an aggregate portfolio of projects in a developing member country over the country partnership strategy period for that country.

Source: ADB.

INDICATIVE COUNTRY OPERATIONS BUSINESS PLAN, 2010–2014

A. Consistency of the Business Plan with the Country Partnership Strategy

1. The country operations business plan presents an indicative lending and nonlending pipeline consistent with the country partnership strategy, 2010–2014. There are no activities planned for approval in 2010.

B. Indicative Resource Requirements

2. Asian Development Fund (ADF) allocations for Kiribati for 2009–2010 have been set at \$6.34 million. The ADF assistance program for 2011–2012 is tentative, with actual ADF assistance subject to the results of the 2010 country performance assessment. At this stage, for planning, the 2-year allocation for 2011–2012 has been set at \$5.72 million. Kiribati is not eligible for ADF grants.

1. Lending and Grant Program

3. An indicative amount of \$15 million is included in the lending pipeline for processing in 2012 for the Tarawa Sanitation Improvement Project. The project is envisaged providing infrastructure, capacity development, and community development programs to improve access to secure and sustainable potable water supply and appropriate and safe sanitation in South Tarawa. It will incorporate elements of climate-proofing. Funding will be provided through a \$10 million ADF loan and \$5 million in grant funds for which cofinancing will be sought. There may be potential for support of this and further infrastructure projects through the Pacific Regional Infrastructure Facility.

4. ADB has prepared the Climate Change Implementation Plan for the Pacific to identify climate change issues and options in the Pacific developing member countries. The plan identifies adaptation as a priority area for the Pacific countries. It notes that some adaptation efforts such as clean energy investments in renewable energy and energy efficiency provide a dual benefit to the Pacific in terms of their contribution to climate change mitigation and, more importantly, addressing energy security by reducing dependence on expensive imported fossil fuel. Guided by the Climate Change Implementation Plan, and supporting the CPS objectives, ADB will seek opportunities to incorporate climate change adaptation and mitigation into the Kiribati program, utilizing the range of funding windows available. For this purpose, a standby grant for climate change adaptation is in the 2011 pipeline, and opportunities will be sought to access new funding windows.

5. The indicative lending program is provided in Table A6.1.

2. Nonlending Program

6. The indicative annual nonlending program for Kiribati is \$0.4 million for 2009–2011. The program is provided in Table A6.2.

7. To address the issue of delivering sustainable infrastructure services, the government has confirmed its interest in the Tarawa Sanitation Improvement Project. Project preparatory TA, approved in October 2009, will assess the feasibility of this project, with a particular emphasis on building community awareness and ensuring stakeholder participation in project design. Project preparatory TA was cofinanced by the Pacific Infrastructure Advisory Center.

8. Targeting improved public financial management, the nonlending program will support the delivery of KDP priorities through the implementation of a TA cluster, Strengthened Economic and Financial Management, which will support the government in addressing public financial management weaknesses identified in the 2010 public financial management review. This will complement ongoing TA for Economic Management and Public Sector Reform, which is scheduled for completion in November 2012. It will provide timely and focused support for strengthening financial management and infrastructure governance, important elements of the government's response to the global economic crisis. In the longer term, the TA program will enhance prospects of economic recovery and sustainability.

9. The country operations business plan will be supported by regional technical assistance for economic management, governance, environment, energy efficiency, climate change, health, and private sector development. Regional TA currently available to Kiribati is in Appendix 7. ADB will include Kiribati in new regional TA where feasible, with capacity, availability, and political commitment being key considerations.

16. It is estimated that 16 person-weeks (12 person-weeks from professional staff and 4 person weeks from support staff) will be required for processing and administering the lending program, and 10 person-weeks (7 person-weeks from professional staff and 3 person-weeks from support staff) will be required for processing and administering the nonlending program.

Table A6.1: Indicative Assistance Pipeline for ADF Loans and Grants, 2010–2014

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				Cofi- nancing
						ADB			Gov't.	
						OCR	ADF	Total		
2010 no loan										
2011 no loan										
2012 Firm Loan										
Water supply and other municipal infrastructure and services										
Tarawa Sanitation Improvement Project	General intervention	SOD	PAHQ	2009	15.0		10.0	10.0	TBD	5.0
Total					15.0		10.0	10.0	TBD	5.0
2012 Standby Grant										
Environment										
Climate Change Adaptation Project	General intervention	ENV	SPSO		2.0				TBD	2.0
Total					2.0		10.0	10.0	TBD	2.0
2013 no loan										
2014 no loan										

ADB = Asian Development Bank, ADF = Asian Development Fund, SOD = social development, ENV = environmental sustainability, Gov't = government, OCR = ordinary capital resources, PAHQ = Pacific Operations Division, SPSO = South Pacific Subregional Office, TBD = to be determined.

Source: Asian Development Bank estimates.

Table A6.2: Indicative Assistance Pipeline for Nonlending Products and Services, 2010–2014

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2010 no TA							
2011							
Law, Economic Management, and Public Policy							
Strengthened Economic and Financial Management, Subprogram I	SPSO	CDTA	TASF	800.0	TBD	TBD	800.0
Total				800.0	TBD	TBD	800.0
2012 no TA							
2013							
Law, Economic Management, and Public Policy							
Strengthened Economic and Financial Management, Subprogram II	SPSO	CDTA	TASF	800.0	TBD	TBD	800.0
Total				800.0	TBD	TBD	800.0
2014 no TA							

ADB = Asian Development Bank, CDTA = capacity development technical assistance, PAHQ = Pacific Operations Division, SPSO = South Pacific Subregional Office, TA = technical assistance, TASF = technical assistance special fund, TBD = to be determined.

Source: Asian Development Bank estimates.

ADB PACIFIC REGIONAL PORTFOLIO FROM WHICH KIRIBATI MAY BENEFIT
(activities approved as of 28 February 2010)

RETA No.	TA Name	TA Objective	Amount	Approval Date	Expected Completion Date	Countries
A. Transport and ICT						
6522	Establishment of Pacific Islands Advisory Committee under the Pacific Regional Infrastructure Facility	Help Pacific island countries to plan and implement appropriate and sustainable infrastructure and services that support achieving national development goals. The outcome will be high-quality strategies, policies, regulations, and project designs that are suitable for future coordinated and harmonized assistance from Pacific Regional Infrastructure Facility partner agencies and other stakeholders through loans, grants, and private sector participation.	\$1,800,000	08 Jan 2009	30 Jun 2010	All PDMCs
7399	ICT-based Inclusive Growth	Enable the Secretariat of the Pacific Community to better assist PDMCs in assessing options for accessing regional connectivity infrastructure, making informed choices, and preparing investment proposals. The TA will explore appropriate and innovative ICT services and applications to help PDMCs promote inclusive growth and poverty reduction.	\$570,000	3 Dec 2009	31 Dec 2010	All PDMCs except Timor-Leste
Subtotal (A)			\$2,370,000			
B. Public sector management						
6463	Strengthening Pacific Economic Analysis and Policy Development	Produce economic and social updates, other sector and thematic assessments, and pro-poor policy options and development strategies under the umbrella of the Pacific Studies Series, to be used by the PDMC governments, civil society, and the media. As a result, PDMCs benefit from a better understanding of development issues, strategies, and policies for reducing hardship and poverty.	\$1,900,000	9 Jun 2008	31 Dec 2010	All PDMCs
6466	Pacific Financial Technical Assistance Centre, FY2008–FY2011	Strengthen institutional capacity of PDMC authorities to diagnose, prioritize, and implement improved policies, systems, and practices that underpin good practice in public sector economic and fiscal management and regulation.	\$1,000,000	24 Jun 2008	30 April 2011	All PDMCs except Timor-Leste
6507	Strengthening Public Financial Management	Promote good governance through improved transparency, accountability, and efficiency in managing and using public resources in the Pacific.	\$1,500,000	11 Dec 2009	31 Dec 2011	All PDMCs except Timor-Leste

RETA No.	TA Name	TA Objective	Amount	Approval Date	Expected Completion Date	Countries
6414	Support for Results-based Management in the Pacific	Improve managing for development results in PDMCs and PDMCs' capacity to use economic and social statistics to inform planning and policy decisions.	\$1,000,000	19 Oct 2007	31 Oct 2010	Selected PDMCs
6436	Results-based Project Management	Assist PDMCs in achieving sector objectives that contribute to national development goals, measured by attainment of the outcomes for the majority of ADB-funded projects.	\$800,000	18 Dec 2007	31 Mar 2011	All PDMCs
6499	Strengthening Governance and Accountability in Pacific Island Countries, Phase II	Support the initial implementation of the Pacific Regional Audit Institution, which helps raise public auditing to uniformly high standards across the Pacific, so that the public accounts of participating countries are audited in a timely manner to uniformly high standards. With enhanced aid, it improves audit capability and is also intended to strengthen the governance and anticorruption orientation of ADB CPSS, programs, and projects in the Pacific.	\$1,900,000	3 Nov 2008	31 Oct 2010	All PDMCs
6507	Support to Pacific Regional Financial Management	Support the design of the Pacific Regional Audit Institution and the implementation of the Second Governance and Anticorruption Action Plan in PDMCs.	\$1,500,000	11 Dec 2008	31 Dec 2011	All PDMCs
7250	Support for Pacific Economic Management	Strengthen the capacity of PDMCs to manage for inclusive economic growth, specifically to assist PDMCs in using improved economic management processes. This is achieved by assistance that offers longer-term benefits by helping develop existing PDMC systems and processes for economic management and the individual capacity of the region's economic managers. The TA helps address long-standing institutional constraints to change by encouraging demand for better economic management.	\$2,000,000	13 May 2009	13 Jun 2011	All PDMCs
7269	ADB in Fragile Situations	Help bring into the ADB mainstream different operational approaches to fragile and/or post-conflict situations. Pilot country initiatives that localize particular elements of ADB's approach in country settings are implemented. In parallel, the TA develops and disseminates tools and knowledge to facilitate ADB's engagement in fragile situations.	\$750,000	14 Apr 2009	31 Dec 2011	All PDMCs
Subtotal (B)			\$12,350,000			

RETA No.	TA Name	TA Objective	Amount	Approval Date	Expected Completion Date	Countries
C. Health and social protection						
Grant No. 0021-REG	HIV/AIDS Prevention and Capacity Development in the Pacific	Halt and begin to reverse the spread of HIV/AIDS in the Pacific by 2015. The purpose is to have an effective response to HIV/AIDS in place in PDMCs in regard to government and community capacity to address HIV/AIDS, through the implementation of the ADB Pacific region road map on HIV/AIDS.	\$8,000,000	8 Nov 2005	31 Mar 2010	All PDMCs except Papua New Guinea and Timor-Leste
7282	Creation of a Pacific Information Super Highway with the University of the South Pacific	Support the preparation of newly proposed ICT-based education in the Pacific region. The TA provides more opportunities and access to higher education for youths in the Pacific. The outcome of the TA is to enhance ICT-based education with the key stakeholders, including the participating countries, the University of the South Pacific, and interested cofinanciers.	\$1,050,000	12 May 2009	30 Sep 2010	All PDMCs
7458	Designing Demand-Based Technical and Vocational Education and Training Frameworks for the Pacific	Raise regional and national capacity to support technical and vocational education and training frameworks in the Pacific that address private sector demands, the needs of the informal economy, and gender equity.	\$745,000	8 Dec 2009	28 Feb 2012	All PDMCs
Subtotal (C)			\$9,795,000			
D. Environmental sustainability						
7394	Strengthen Capacity of PDMCs in Climate Change	Assist PDMCs in developing regional capacity in managing climate change. It builds resilience through adaptation to climate change, climate variability, and extreme weather, taking into account local, country-specific issues and needs. It seeks to complement existing climate change activities in the region, including the Australian Adaptation to Climate Change Initiative and the Global Environment Facility-funded regional Pacific Adaptation to Climate Change project.	\$3,465,000	23 Nov 2009	30 Sep 2011	All PDMCs
Subtotal (D)			\$3,465,000			
E. Private sector development						
6353	Pacific Private Sector Development Initiative	Improve the business environment by promoting effective private sector development policies, strategies, practices, and activities in priority areas, as measured by improved ratings in selected World Bank doing-business indicators, and ongoing qualitative assessments through ADB private sector assessments.	\$8,700,000	21 Nov 2006	30 Nov 2011	All PDMCs

RETA No.	TA Name	TA Objective	Amount	Approval Date	Expected Completion Date	Countries
7430	Pacific Private Sector Development Initiative II	This TA represents a continuance of TA 6353-REG. Support the implementation of focused reform strategies and measures and project designs for an improved business-enabling environment with an emphasis on the themes of state-owned enterprise reform and public–private partnership, business law and regulation, competition policy, access to finance, and mainstreaming private sector development across sectors.	\$12,000,000	10 Dec 2009	31 Dec 2013	All PDMCs
Subtotal (E)			\$20,700,000			
Total			\$48,680,000			

ADB = Asian Development Bank, CPS = country partnership strategy, CSP = country strategy and program, FY = fiscal year, ICT = information and communication technology, MDG = Millennium Development Goal, PDMC = Pacific developing member country, REG = regional, RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank estimates.

DEVELOPMENT COORDINATION MATRIX

Sectors and Themes	Current ADB Strategy/Activities	Other Development Partners' Strategies and/or Main Activities			
		Multilateral Institutions and the UN System		Bilateral	
Sector					
Agriculture and natural resources				Taipei,China	Agricultural training and marketing
				European Union	Kiribati Aggregates Company
Education		WHO UNICEF	Nurse training Primary education	NZAID	Teacher training Vocational training Overseas scholarships
				AusAID	Basic education
				AusAID and NZAID	School curriculum development Scholarships
				Japan	Vocational Training
				Cuba	Medical scholarships
Energy		UNDP	Extending Renewable Energy System in Kiribati communities	European Union	National Rural Electrification for Kiribati Group
				Japan	Electric power supply
Health and social protection		UNICEF UNDP UN Population Fund	Basic health and nutrition awareness HIV policy development Obstetric care and adolescent health	Taipei,China	Hospital construction
				European Union	Rural health infrastructure
				Japan	Infectious diseases control
				Cuba	Provision of medical doctors
Water supply and other municipal infrastructure and services		UNICEF	Public awareness	European Union	Rural water and sanitation
		World Bank	Kiribati Adaptation Program (water is one focus area)		

Sectors and Themes	Current ADB Strategy/Activities	Other Development Partners' Strategies and/or Main Activities			
		Multilateral Institutions and the UN System		Bilateral	
Sector					
Transport and ICT				Japan	Port improvement Wharf development Road development
				Taipei,China	Airport upgrading Outer island broadcasting
THEME					
Public sector management	Economic management and public sector finance	ADB	Strengthen state-owned enterprise corporate governance Reduce budget deficit and deficit in medium-term fiscal framework	AusAID	Public sector reform Institutional strengthening of policies Capacity building of financial system
		UNDP	Aid management	NZAID	Tax reform specialist
Good governance		UNDP	Strengthening parliament and improving participatory democracy		
Environmental sustainability (including climate change)	Sustainable urban development on Kiritimati Island	UNDP	National Adaptation Plan of Action Community adaptation to environmental changes Mainstreaming environmental sustainability	NZAID	Sustainable towns program
		World Bank	Kiribati Adaptation Program		
Law and justice		UNICEF	Training for magistrate on juvenile justice Strengthening youth court activities		

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, NZAID = New Zealand Agency for International Development, UN = United Nations, UNICEF = United Nations Children's Fund, UNDP = United Nations Development Programme, WHO = World Health Organization.