



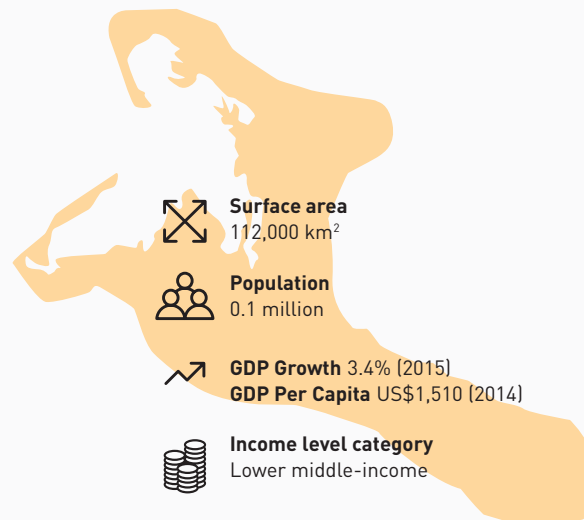
## 1. Country Context

As one of the most remote and geographically dispersed countries of the world, the Republic of Kiribati is a lower middle-income economy with a population of 110,000 and a GDP per capita of US\$1,510 (2014). Its key source of income (90% of GDP) are fishing license fees from its vast waters extending over an area similar to India's surface.

With a low human development, Kiribati ranks 137th among the 188 countries participating in the 2015 Human Development Index. The Small Island Developing State has not achieved any of the Millennium Development Goals. However, according to UNDP, 21.8% of I-Kiribati live below the national poverty line, which is the second lowest poverty rate among Pacific countries.

In 2015, the Republic of Kiribati received a total development co-operation worth US\$64 million, provided by 25 development partners, of which 11 contribute less than US\$100,000. The main providers are Australia (39% of all development co-operation), New Zealand (19%) and the World Bank (17%).

### Quick Facts



### Domains Where Country Systems Have Been Strengthened

	2009	2015
Budget Support		
PEFA Assessment		
PFM Roadmap		
Aid/Dev. Co-op. Policy		
Dialogue with Donors		
Peer Reviews		
Medium Term Plans		

### Key Development Indices:

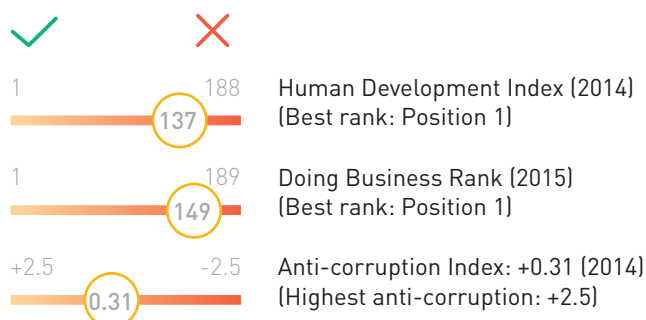


National Poverty Index  
22%



GINI Index  
37.6 (2006)

ODA per Capita US\$716 (2014)



### Key Development Challenges

Over the past years, Kiribati has received a substantial financial inflow from record fishing license revenues and increased investments from development partners, boosting economic growth. In this window of opportunity, the government has launched a new development plan providing clear pathways to address the still-limited opportunities for social and economic progress. Among the most pressing challenges to sustainable development, Kiribati faces a very narrow economic base, significant geographical remoteness and extreme vulnerability to external shocks, from volatile international markets to climate change.

## 2. Efforts to Implement the Effectiveness Principles

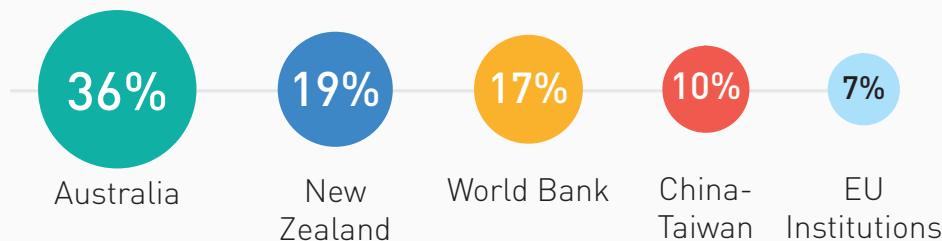
### A. Policies and Tools for Partners' Alignment

All domestic and international efforts to promote sustainable development in Kiribati are framed by the recently approved by Kiribati Development Plan (KDP) 2016-19, which includes Ministry Strategic Plans by each government entity along six priority areas (human resource

development, economic growth and poverty alleviation, health, environment, governance and infrastructure). The KDP includes a Country Results Framework, while the annual Ministerial Operational Plans (MOP) are the key avenue for planning and accounting for results as

well as budget planning and execution. The KDP reflects the Sustainable Development Goals and a number of regional agreements, demonstrating Kiribati's aspiration to fully localize international agendas in its national context.

#### Major Development Partners of this Round (by Reported Disbursements)



#### Participation in 2014 Monitoring

Yes



#### Existence of a National Co-operation Policy

Yes

### B. Governance and Management of Development Finance and Co-operation

All development partners are expected to contribute to the KDP 2016-2019 and its results framework. The government is currently preparing an Aid Policy to further align development co-operation to national priorities and global principles. There is a bi-annual Donor Forum, usually held in March, while more frequent meetings take place at the sector level such as education and health. In addition, a number of bilateral arrangements are in place with larger bilateral donors and the United Nations System. Kiribati has been an active participant in previous monitoring rounds, including the first Global Partnership monitoring in 2013,

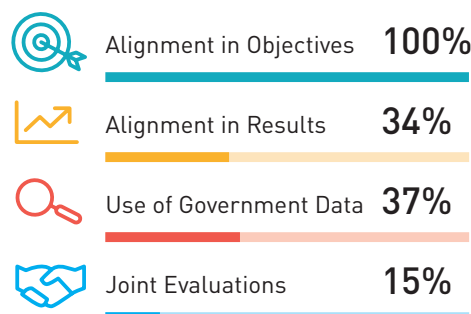
and is a champion in regional processes such as the Pacific Island Secretariat and the SAMOA Pathway. Institutionally, development co-operation is anchored at the Secretary-level Development Coordinating Committee (DCC) under the stewardship of the National Economic Planning Office (NEPO) of the Ministry of Finance and Economic Development, which is also in charge of tracking development efforts through a database managed by the National Statistics Office (NSO) within MFED. All ministries report development finance to NEPO, currently focusing primarily on conventional official development assistance.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

All development co-operation reported for this monitoring round is aligned to the objectives outlined in the KDP Country Results Framework, but the use of country-led results and monitoring systems is still incipient, standing at 34% and 37%, respectively. Indeed, only Australia and WHO use the latter systems for their programmes. The government still plays a rather secondary role in

programme evaluation. Overall, the government and development need to deepen the dialogue and agree on the next steps for strengthening the operationalization of country results frameworks. In this context, ministry-level M&E will be paramount to planning and accounting for KDP development results, in line with the annual MOP.

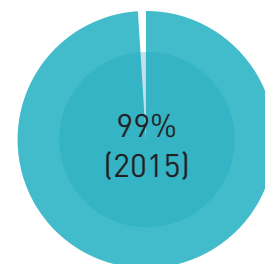


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

In 2015, 99% of development co-operation was recorded in the government budget, a very favourable figure considering the challenges to plan and implement external resources within national systems (indicators 1 and 9). Even the contributions of smaller providers such as South-South partners Papua New

Guinea and Kuwait have been adequately reflected. The MFED constitutes the main bridge for including external development finance into the budget, within relatively short ways between the development partner community, the government and the Parliament.

### Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

While none of the reported development co-operation used any of the country systems in 2013, a slight increase to 16% (for budget execution, financial reporting and auditing) can be reported for this year's monitoring round. Kiribati has a central procurement system for large infrastructure projects financed by organizations such as the World Bank, the Asian Development Bank

and IFAD. Among the major development partners, only China-Taiwan uses Kiribati's systems extensively, similar to many other smaller partners. In line with the official development finance policy, the government and the development partners need to engage in a closer dialogue on how to address the remaining caveats for using country systems, particularly

by strengthening national public financial management capacities. Overall, there might be relatively favourable conditions to advance substantially in the future, as Kiribati's country policy and institutional assessment value remains stable at 3.5 and most official development finance is untied (88% in 2014, slightly down from 94% in 2013).

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	16% ▲	16% ▲	16% ▲	0% ▶		
INDICATORS 9A & 10.					3.5 ▶	88% ▼

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Over the past years, non-state actors have been increasingly active in Kiribati's development and involved in the diverse development co-operation portfolio. The umbrella organizations for civil society organizations and private sector are the Kiribati Association of NGOs (KANGO) and the Kiribati Chamber of Commerce & Industry (KCCI), respectively. There is also strong collaboration among these players through the Kiribati State-NSA Engagement Process (KSNEP) Initiative, a tripartite arrangement to discuss development policy especially at the

sector level, to improve coordination among all actors (enabled by existing close inter-institutional and interpersonal ties) and to ensure coherence among global, national and community-level processes. There are plans to elevate the KSNEP to a Non-State Actors Council as an even more effective contribution to national development policies. Capacity gaps are being addressed through support provided by partners such as the EU institutions and New Zealand, and the government has shown interest and commitment to bring non-state actors

fully on board, not only in their oversight function, but also as active contributors to sustainable development. The advanced inclusiveness of partnerships in Kiribati reflects fluid and productive collaboration among all relevant development actors and there is a good and detailed understanding on how to further deepen these partnerships under the umbrella of the KDP. Challenges remain in the area of capacities and formalization of dialogue spaces, but ongoing joint efforts are addressing these.

### Indicator 8. Gender Empowerment

At this stage, there is no system to track budget allocations for gender equality and women's empowerment, beyond the annual allocations to the Ministry of

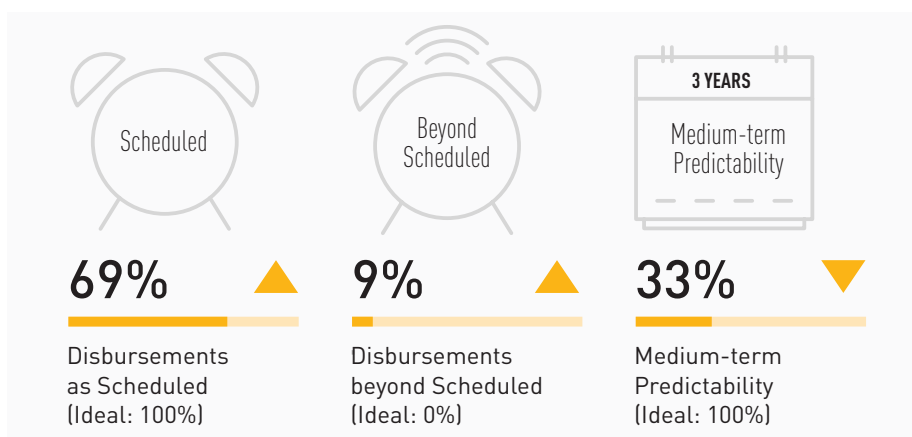
Women Youth and Social Affairs. Future strengthening of Kiribati's PFM system might address this gap consistently, also building on the constructive

interaction between government and non-state actors, which include women's organizations and businesses led by women.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

As of 2015, annual predictability stood at 69% of all development co-operation, a substantial improvement compared to 0% in the previous monitoring round. Medium-term predictability decreased from 48% to 33%, which reflects the fact that all development partners participating in that year supplied information on forward-looking expenditures only for the next fiscal year. There are ample opportunities for co-operation providers to enhance the flow of information to the government on their future investments.



### Indicator 7. Mutual Accountability

So far, mutual accountability on effective development co-operation takes place primarily at the bilateral level, reviewing existing co-operation agreements. The government is currently preparing a more specific official development finance policy in line with international principles, including those of the Global Partnership, which might become a valuable input to lifting the annual

development partner forums to an arena for expanding quality and effectiveness of development co-operation. Beyond this more political forum, national PFM systems and high-profile modalities such as general budget support, the sectors are the primary space for operationalizing effectiveness – for instance, in terms of M&E systems, programme-based approaches and inclusive partnerships

with non-state actors. Moving forward, coordination of official development finance at the sector level should build on the emerging national policy on official development finance, potentially identifying proper indicators and ensuring future accountability in a formal and structured manner.

## National Priorities Going Forward

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The government's primary focus is to improve economic reform plans to maximize the benefits of the country's resources and to improve development programmes. These priorities include: (a) biannual reporting on projects to the DCC and Cabinet; (b) provision of technical assistance to develop an asset maintenance plan; (c) consulting with development partners on development priorities in regular discussions and at the biannual development partners' forum; (d) strengthening financial management through PEFA, which will commence in early 2017; (e) provision of technical assistance to review the national procurement system; (f) establishment of a central statistical database; (g) establishment of a Kiribati development database in 2016; and (h) monitoring of the KDP by the National Economic Planning Office (NEPO) through consultation with line ministries and to provide a biannual report to the DCC and then to forward it to the Cabinet for approval.

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