

Asian Development Bank & Kiribati

FACT SHEET

Table 1. Kiribati: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	0.22	–	0.22

– = nil.

^a Excludes cofinancing.

Table 2. Kiribati: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount (\$ million)	% ^b
Energy	2	1.60	4.61
Finance	1	1.00	2.88
Transport and ICT	3	14.30	41.21
Water Supply and Other Municipal Infrastructure and Services	2	17.80	51.30
Total	8	34.70	100.00

Total Disbursements \$17.7 million

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

The Government of Kiribati joined the Asian Development Bank (ADB) in 1974. As of 31 December 2013, 8 loans amounting to \$34.70 million, and more than 40 technical assistance projects worth \$17.40 million have been approved for Kiribati. The loans and technical assistance projects largely support transport, and water supply and municipal infrastructure services.

Kiribati faces many challenges typical of small island economies including geographic isolation, limited human and financial resources, a narrow economic base, and underdeveloped markets. The economy is also extremely vulnerable to external shocks due to its heavy reliance on income earned from external sources, including its trust fund, which the government heavily relies on to fund its high budget deficits.

Maintaining fiscal sustainability is the government's key priority, and the government is working closely with its development partners to achieve this.

ADB-Supported Projects and Programs

In line with the broad objective of the Kiribati Development Plan 2012–2015, which focuses on enhancing economic growth for sustainable development, ADB's program aims to reduce poverty and promote economic opportunities by improving public financial management and delivering sustainable infrastructure services. As many of the infrastructure services are provided by state-owned enterprises (SOEs), improving corporate governance arrangements and the commercial focus of these enterprises is a key objective of ADB's support to the government's structural reform program. Technical assistance provided through the Economic Management and Public Sector Reform Program has helped strengthen governance of SOEs.

ADB support has also helped Kiribati's progress toward achieving a number of Millennium Development Goals (MDGs). In October 2011, ADB approved a loan for the South Tarawa Sanitation Improvement Sector Project, which aims to improve sanitation and hygiene practices in South Tarawa—the nation's capital and hub—and increase access to sanitation to 80% by 2019 from a current level of 64%. The Road Rehabilitation Project, approved in December 2010, will rehabilitate 32.5 kilometers (km) of main roads and about 8 km of feeder roads. Cofinanced by the World Bank and the Pacific Regional Infrastructure Facility, the project will improve socioeconomic conditions for the people of South Tarawa.

Table 3. Kiribati: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Energy	100.0	1
Finance	-	1
Transport and ICT	-	1
Water Supply and Other Municipal Infrastructure and Services	-	1
Total	25.0	4
Year of Approval		
1980s	50.0	2
1990s	-	2

- = nil, ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR and PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 4. Kiribati: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)		
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	-	7.6
Disbursements ^a	0.1	3.0
Number of Ongoing Grants (as of 31 Dec 2013) ^c		
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	-	-
Disbursements ^a	-	-
Actual Problem Projects (%)	-	-

- = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2013, cumulative direct value-added official cofinancing for Kiribati amounted to \$34.6 million for two investment projects, and \$4.5 million for nine technical assistance projects.

Table 5. Kiribati: Projects Cofinanced, 1 January 2009–31 December 2013

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	2	34.56
Grants	2	18.56
Official loans	1	16.00
Technical Assistance Grants	7	4.21

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/kiribati/cofinancing

Partnerships

Cooperation and coordination has been key to the success of the partnership between the Government of Kiribati, its stakeholders, and its development partners, including ADB, with the government leading the process. Following the development partners' meeting in June 2011, when Kiribati's development needs were discussed, an economic working group was formed, comprising development partner and government representatives to coordinate public financial management reform in Kiribati. This partnership resulted in the development of a joint policy matrix focusing on maintaining effective government expenditure and fiscal sustainability, expanding private sector opportunities, and promoting aid effectiveness.

This partnership was further strengthened in September 2011, when ADB and the World Bank established the ADB and World Bank Group Joint Liaison Office, which helped strengthen the participatory conceptualization, design, management, and monitoring of assistance programs and the coordination of the country performance assessment processes of both organizations. The office continues to be successful in enhancing relationships and policy dialogue with the government and other development partners, as well as ensuring coordinated support for the program.

The country partnership strategy, 2010–2014 was prepared in coordination with development partners, civil society organizations, and the private sector. ADB's pipeline assistance to Kiribati, detailed in the country operations business plan (COBP), 2014–2016 was also openly discussed and shared with government and development partners.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Kiribati were involved in 19 contracts for ADB loan projects worth \$1.58 million.

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from Kiribati were involved in 12 contracts for ADB grant projects worth \$0.12 million.

Table 6. Kiribati: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	-	0.00	0.12	0.00	1.69	0.00
Consulting Services	0.07	0.01	0.20	0.04	0.35	0.00

- = nil, 0.00 = less than 0.01%.

Table 7. Kiribati: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	2	0.18

Table 8. Kiribati: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	6	0.12

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Kiribati were involved in two contracts for ADB grant projects worth \$0.18 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Kiribati were involved in 12 contracts for ADB technical assistance projects worth \$0.17 million.

Operational Challenges

Providing development assistance—be it building infrastructure or capacity—is a challenge in Kiribati. The atoll environment is a particular challenge for ADB-supported infrastructure projects such as road reconstruction and sanitation projects. Climate proofing these projects is essential to ensure resilience against a harsh environment, saltwater inundation caused by king tides, and periods of increasingly heavy rainfall. ADB is directly addressing this challenge and looking at innovative solutions to ensure infrastructure maintenance—a long-standing problem in many Pacific island countries—such as training villagers to undertake maintenance on portions of infrastructure and arranging public finance to ensure adequate funds for contracting maintenance services. The remote location and lack of experienced local contractors make project implementation costly, and attracting overseas contractors to bid can be problematic. Weak capacity in government, especially in in-line ministries, and unfamiliarity with ADB processes entail ADB’s closer supervision and project implementation advice. Regular missions from both ADB headquarters- and Suva-based staff and the early identification of issues by the ADB/World Bank development coordination office in Tarawa are helping.

The development coordination office has played an important role in coordinating with key development partners represented in Tarawa such as Australia and New Zealand. Government-led development partner meetings and policy dialogue underpinning the

implementation of the public financial management reform program and budget support from some partners have also helped close working-level coordination with development partners.

Lack of capacity within government can delay ADB operations in Kiribati. When designing projects and technical assistance, the following need to be considered: movement of staff between ministries, inexperienced ministry heads, long periods of absence by staff on scholarships, and frequent overseas trips of staff who attend international meetings. ADB recognizes the need to train several staff for one task to provide backup, and cover for staff movement and ensure wider understanding of project objectives and activities. In some of technical assistance projects, ADB has employed local project facilitators and established project steering committees to provide comprehensive understanding and raise project awareness among stakeholders.

The small island nature of Kiribati and the close relationship among its population have proven challenging for ADB-supported activities such as reforming SOEs. While job creation, resulting from stronger economic growth is expected to balance the job losses resulting from the reforms, making the political decision is difficult. In implementing SOE reform in Kiribati, ADB has been aware of such concerns and have sought solutions, which balance the economic, financial, and social aspirations of the government.

Future Directions

Kiribati’s national priorities are set out in the Kiribati Development Plan, 2012–2015. The strategy includes a focus on improving public financial management and delivering sustainable infrastructure services, at which ADB’s Pacific Approach 2010–2014 (approved in November 2009), as well as ADB’s COBP 2014–2016 for Kiribati (approved in July 2013), are in alignment.

In Kiribati, the government is the largest employer, and government revenue and spending are the main drivers of economic activity. ADB will continue to work with the government to develop and manage its revenue sources and improve expenditure management so that resources are directed to productive areas of the economy. An essential component of this is tackling the impact and issues arising from the heavy presence of SOEs. Delivering sustainable infrastructure services to the people of Kiribati also remains a priority.

Kiribati will also benefit from regional projects in the areas of economic management and governance, climate change, and support from the Pacific Infrastructure Advisory Center for utilities and energy sector development.

About Kiribati and ADB

ADB Membership

Joined 1974

Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,873 (0.302% of total membership, 0.463% of total regional membership)
Overall capital subscription:	\$6.56 million
Paid-in capital subscription:	\$0.32 million

Anthony Baker is the Director and **Richard Sisson** is the Alternate Director representing Kiribati on the ADB Board of Directors.

Robert Jauncey is the Regional Director of the Pacific Subregional Office. The office was opened in 2004 and provides the primary operational link between ADB and the government, the private sector, and civil society stakeholders in its activities. The office engages in policy dialogue and acts as a knowledge base on development issues in the Cook Islands, Fiji, Kiribati, Samoa, Tonga, and Tuvalu.

The Kiribati government agency handling ADB affairs is the Ministry of Finance and Economic Development.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

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