

# Asian Development Bank & Kiribati

## FACT SHEET

**Table 1. Kiribati: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)**

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	0.22	3.61	3.83

– = nil.

Note: Grants and technical assistance include cofinancing.

**Table 2. Kiribati: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b</sup>**

Sector	No.	Total Amount (\$ million) <sup>c</sup>	% <sup>c</sup>
Agriculture, Natural Resources, and Rural Development	8	2.09	2.95
Education	1	0.15	0.21
Energy	3	1.70	2.40
Finance	4	1.40	1.97
Health	1	0.58	0.81
Multisector	1	0.22	0.31
Public Sector Management	16	13.51	19.05
Transport	8	15.34	21.63
Water and Other Urban Infrastructure and Services	9	35.93	50.67
<b>Total</b>	<b>51</b>	<b>70.90</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Total may not add up because of rounding.

While the Republic of Kiribati has sustained several consecutive years of positive economic growth, driven by donor projects and increased activity in the private sector, the country faces many challenges typical of small island economies. Geographic isolation, limited human and financial resources, a narrow economic base, and underdeveloped markets all contribute to the country's vulnerability to external economic shocks. The Government of Kiribati relies heavily on income earned from external sources, including its trust fund, to finance high budget deficits. Maintaining fiscal sustainability is the government's key priority, and close collaboration with development partners is essential to achieving stable growth.

The Asian Development Bank (ADB) has been working with the Government of Kiribati since 1974, approving 9 loans and Asian Development Fund grants amounting to \$37.70 million and 40 technical assistance projects worth \$18.64 million. ADB's strategy and pipeline operations are aligned with the objectives of the Kiribati Development Plan, 2012–2015.

Cumulative disbursements to Kiribati for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$24.9 million.

### ADB-Supported Projects and Programs

With the broad objective of the Kiribati Development Plan, 2012–2015 focusing on generating economic growth for sustainable development, the ADB program in Kiribati aims to reduce poverty and promote economic opportunity. These goals can be achieved by improving public financial management and delivering sustainable infrastructure services.

Because many of the infrastructure services in Kiribati are provided by state-owned enterprises, key objectives of ADB support to the Kiribati Economic Reform Plan are the improvement of corporate governance arrangements and the sharpening of the commercial focus of these infrastructure enterprises. The ADB grant for the Strengthening Fiscal Stability Program and the technical assistance project for state-owned enterprise reform (approved in 2014) will help achieve the goal of fiscal sustainability in Kiribati by improving revenue measures, monitoring expenditure restraint, and implementing structural reforms.

ADB support has also helped Kiribati move toward achieving its Millennium Development Goals. ADB has provided funding for the South Tarawa Sanitation Improvement Sector Project to improve sanitation services and hygiene practices in the capital. The project's goal is to increase access to sanitation in South Tarawa, from 64% of the population presently to 80% of the population

**Table 3. Kiribati: Project Success Rates**

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2008	-	1
<b>Total</b>	-	<b>1</b>

- = nil.

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

**Table 4. Kiribati: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014**

Number of Ongoing Loans (as of 31 Dec 2014)	2013 (\$ million)		2014 (\$ million)
		2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	7.6	3.1	
Disbursements <sup>a</sup>	3.0	4.3	
Number of Ongoing Grants (as of 31 Dec 2014) <sup>c</sup>	2013 (\$ million)		2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	-	-	
Disbursements <sup>a</sup>	-	3.0	
Actual Problem Projects (%)			50

- = nil.

Note: Totals may not add up because of rounding.

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

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

by 2019. Meanwhile, the Road Rehabilitation Project will rehabilitate 32.5 kilometers of main roads and 8 kilometers of feeder roads. Cofinanced by the World Bank and the Pacific Regional Infrastructure Facility, this vital transport project will improve socioeconomic conditions for the people of South Tarawa.

## 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, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2014, cumulative direct value-added official cofinancing for Kiribati amounted to \$44.3 million for three investment projects, and \$4.5 million for six technical assistance projects.

In 2014, Kiribati received grant cofinancing of \$9.7 million from the Government of New Zealand, the Multidonor Trust Fund under the Water Financing Partnership Facility, and the World Bank.

**Table 5. Kiribati: Projects Cofinanced, 1 January 2010–31 December 2014**

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	3	44.27
Grants	3	28.27
Official loans	1	16.00
Technical Assistance Grants	4	3.71

<sup>a</sup> A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at [www.adb.org/countries/kiribati/cofinancing](http://www.adb.org/countries/kiribati/cofinancing)

## Partnerships

ADB plays a pivotal role in facilitating cooperation and coordination of development initiatives between the Government of Kiribati, its stakeholders, and other development partners.

A range of Kiribati's development partners met in June 2011 to discuss the country's development needs, and an economic working group was formed, comprising representatives of the various development partners and the government. The group set out to coordinate the reform of public financial management in Kiribati, and it developed a joint policy matrix focusing on three key issues: maintaining effective government expenditure and fiscal sustainability, expanding private sector opportunities, and promoting aid effectiveness.

Development partner interaction in Kiribati was further strengthened in September 2011, when ADB and the World Bank established the ADB–World Bank Group Joint Liaison Office. The work of this office has helped to strengthen the participatory conceptualization, design, management, and monitoring of assistance programs, and to coordinate the country performance assessment processes of both ADB and the World Bank.

ADB also engages in ongoing dialogue with the government, the private sector, and civil society organizations within Kiribati to ensure the effectiveness of the assistance it provides.

## Procurement

### Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

**Table 6. Kiribati's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects**

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	0.18	0.00	3.00	0.04	4.76	0.00
Consulting Services	0.22	0.04	0.13	0.02	0.50	0.01
<b>Total Procurement</b>	<b>0.40</b>	<b>0.01</b>	<b>3.13</b>	<b>0.03</b>	<b>5.26</b>	<b>0.00</b>

0.00 = less than 0.01%.

### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 33 contracts were awarded to contractors and suppliers from Kiribati worth \$4.76 million.

**Table 7. Top 5 Contractors/Suppliers from Kiribati Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Others		3.18
<b>Total</b>		<b>3.18</b>

## Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 16 contracts were awarded to consultants from Kiribati worth \$0.50 million.

**Table 8. Top 5 Consultants from Kiribati Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014**

Consultant	Sector	Contract Amount (\$ million)
Individual consultant/s		0.43
<b>Total</b>		<b>0.43</b>

## Operational Challenges

Kiribati faces some major constraints to its development progress. A dearth of natural resources—even critical ones such as land and freshwater—hampers development, and this is exacerbated by having a sparse population scattered across numerous islands. International markets are difficult for Kiribati to access, and there is little potential for economies of scale. As a small, open economy, the country is also heavily reliant on imports, including basics such as food and fuel, leaving it vulnerable to international price hikes on commodities. The economies of the outer islands function at a subsistence level, with limited opportunities for private sector cash employment. Kiribati faces significant challenges in delivering education and health services for children, generating employment growth, and adapting to climate change.

## Future Directions

The country operations business plan, 2015–2017 for Kiribati, approved in 2014, is consistent with the focus of the Kiribati Development Plan, 2012–2015. It also accords with ADB's *Midterm Review of Strategy 2020*, ADB's corporate strategy, and country partnership strategy, with a continued focus on improving public financial management and delivering sustainable infrastructure services. Directing resources to enhancing public financial management will allow the government to improve its decision making on expenditure allocations. This will ensure that resources are directed to productive areas of the economy such as infrastructure development and maintenance, as well as in meeting social service needs. Kiribati will also benefit from regional projects in the areas of economic management and governance, and climate change, while receiving support from the Pacific Infrastructure Advisory Center for the country's energy and utilities sectors.

## About Kiribati and ADB

### ADB Membership

Joined 1974

### Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,856 (0.302% of total membership, 0.463% of total regional membership)
Overall capital subscription:	\$6.17 million
Paid-in capital subscription:	\$0.30 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 for activities between ADB and the governments of the subregion, the private sector, civil society stakeholders, and development partners. The subregional office engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting 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 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

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