

First DRAFT Kiribati Mid-Term Review/Progress on Implementation of the Brussels POA of LDCs (2001-2010): “Expert Group Meeting, 14-16 February 2006, Phnom Penh”

Introduction:

Kiribati is a small island country in the central Pacific comprised of 33 low-lying atolls barely 2-3 meters high above sea level. The population of 84,494 (2000 Census) is mainly young that lives on a total land area of 810 sq. km in a vast ocean area of 3.5 million sq.km. The country has limited physical resources and relies heavily on fish and copra as the mainstay of the economy. Economic growth is thereby only 2-3 per cent (real GDP) per annum on average driven mainly from the copra sector, construction, wholesaler/retail, and government administration. Gratefully, growth is underpinned by foreign earnings and ODA from government and international financial institutions. The former comprises net factor income from abroad that includes returns from the reserve fund and other foreign reserves, remittances, and fishing license fees. Government is the major provider of cash employment (2 out of every 3 employees) that contributes significantly to a relatively high level of its current budget each year. Fiscal policy is thereby the major policy instrument of government as the use of the Australian currency precludes monetary policy and likewise the lack of export and other economic and geographical disadvantages prevent trade and other related policies. Given such economic and physical disadvantages and also the volatilities/vulnerabilities of some economic strengths already mentioned, Kiribati definitely cannot live and develop on its own but truly needs to be party to development at a regional and international levels.

Progress:

Commitment 1: Fostering a People-Centred Policy Framework		
Goals & Targets	Policies Adopted and Strategies Taken	Constraints/Issues
1. Attain GDP growth rate of at least 7 percent per annum	Economic growth (annual real GDP growth in %) had been fluctuating over 2000 to 2004: 2.4% in 2000; 10.5% in 2001; 2.7 in 2002; -0.5% in 2003; -1.7% in 2004. The key economic drivers are Agriculture (copra) industry, fishing, construction, wholesaler/retail service, and government service – the major employer	<ul style="list-style-type: none"> ♦ High positive growth cannot be sustained due to volatilities and/or vulnerabilities of the key driving sectors (copra and fishing) to exogenous factors (prices and weather); ♦ Public crowds out Private sector; ♦ Growth of population restricts income per

<p>2. Increase the ratio of investment to GDP to 25% per annum</p>	<p>(2/3 of total labour force). Relevant strategies taken were: maintaining fiscal prudence; adopting population policy that will stabilize high population growth rate; promoting private sector development;</p>	<p>head: <ul style="list-style-type: none"> Climate change brings potential costly risks to economic growth. </p>
<p>3. Halve the proportion of people living in extreme poverty by 2015</p> <p>4. Halve the proportion of people from hunger by 2015</p>	<p>Investment is still predominantly public funded mainly from ODA (about 60% of GDP (2004)) comprising mostly Japan, ROC, EU, AusAID with NZAID.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> streamlining of foreign investment regulatory system; Continue public investment in infrastructure to support private investment; Invite private investment in existing government owned enterprises and in other areas where the private sector operates more efficiently than that the public; <p>There is no extreme poverty in Kiribati and no one is dying of hunger. Yet, by poverty definition of unequal access to income and opportunities, Kiribati is no exception as there still exist incidence of unequal distribution of income and access to some basic services (health, transport & communications) as well as generally low consumption. Lack of required data (e.g PPP) precludes up-to-date measurement of poverty incidence by international standard. The latest available was in 1996 of 38% - a proportion of the population below \$1.00 per day. However, the results of the ADB poverty assessment in 2005 (Table 1) showed that for</p>	<ul style="list-style-type: none"> Small private investment - both domestic and FDI; Isolation from world market; Slow progress to remove red tapes and other barriers to foreign investors and ultimately private sector development; Low absorptive capacity for ODA; Lack of data to measure private investment
	<ul style="list-style-type: none"> Lack of reliable and timely data (e.g. PPP) to measure up-to-date poverty incidence by international standard; Some elements of poverty definition are not applicable in the context of Kiribati; Plus those constraints to economic growth mentioned above. 	

urban South Tarawa (in 1996) 46% of households had per capita income levels, and 39% of households had per capita expenditure levels, below the Food Poverty Line (FPL). At the higher Poverty Line (PL) level the corresponding figures were 59% and 51% for income and expenditure respectively. For the **Outer Islands the incidence of poverty was considerably greater** on the basis of recorded incomes; 65% of the households had per capita income levels below the FPL and 69% below the PL. However when expenditure was considered the figures were significantly lower; 39% recorded expenditure levels below the FPL and 50% below the PL.

Table 1:

% of households below	Recorded Income		Recorded Expenditure	
	Food Poverty Line (FPL)	Poverty Line (PL)	Food Poverty Line (FPL)	Poverty Line (PL)
South Tarawa	46	59	39	51
Outer Islands	65	69	39	50

Strategies:

Economic growth is the major policy and its related strategies to alleviate poverty (in above definition) through equitable distribution of income and access to basic services. The previous and current National Development Strategies (NDS) have the details of such

strategies.		
Commitment 2: Good Governance a National & International Levels		
Progress and Policies Adopted and Strategies Taken		Constraints/Issues
<p>Kiribati indirectly attended to this commitment by implementing other related commitments at the regional or international levels. These include: implementation of the FEMM 8 principles of Accountability; MDGs (Goal 8, Target 12); ILO; CEDAW; CRC; and so forth. A public sector reform under the ADB assistance also included relevant components such as performance agreement that started off between the Secretaries and the Ministers and then to expand down to other senior officials in all Ministries and public enterprises, passing of the Procurement act in 2002 to promote transparency in purchase of goods and services from public funds, and wider consultation and transparency in the preparation and publication of government policies, development plans, the budget, bills, and so on. Relevant strategies to promote good governance include: continue improving public access to government policies and plans such as by setting up systems for performance reporting to the public; developing and establishing Leadership Code; strengthening capability of Public Account Committee to examine audit reports and call public officers to account effectively; improve capacity of policy and judiciary to deal promptly and properly with illegal and corruption activities.</p>		<ul style="list-style-type: none"> ◆ Slow progress due to weak human and institutional capacities and sometimes lack of essential resources to implement the actions required; ◆ Different array of human attitudes that is not easy to win/influence; ◆ Prevalence of culture to be respected first before implementation of domestic and foreign policies, agreements, etc; ◆ Isolation of islands that make consultations difficult and costly.
Commitment 3: Building Human and Institutional Capacities		
Goals & Targets	Policies Adopted and Strategies Taken	Constraints/Issues
<p>5. Making accessible, through the primary health system, RH to all individuals of appropriate ages.</p>	<p>With the assistance of WHO and UNFPA, the Ministry of Health has been implementing its RH programme that involved consultation with the communities through arranged workshops and</p>	<ul style="list-style-type: none"> ◆ RH practices conflict with cultural/church values and principles.

<p>6. Making available the widest achievable range of safe, effective, affordable and acceptable family planning and contraceptive methods</p>	<p>promotion through public awareness campaigns. RH is accessible to everyone without much problems, not to mention its cultural drawbacks that led to its limited impact.</p> <p>RH has been perceived as an alternative to family planning but such a program and contraceptive methods were not fully accepted by everyone due to their conflicts with cultural/church values and principles. Hence, their expected results were limited, though they are accessible to everybody.</p>	<ul style="list-style-type: none"> ♦ Ditto
<p>7. Ensuring that by 2015 all children, particularly those in difficult circumstances and who belong to ethnic minorities, have access to and complete, free and compulsory primary education of good quality</p>	<p>Generally, no big issue with this goal as Kiribati has a policy of compulsory primary education to all children which is cost free but not to mention its quality. As in 2001, net enrollment ratio in primary education was 103%; South Tarawa 110%; M 104%; F 117% while in Outer islands 99%; M 98%; F 102%; Proportion of pupils starting Grade 1 who reach Grade 5 was estimated at 90% (2000); and Literacy rate of 15-24 year olds was 92% (2000).</p>	<ul style="list-style-type: none"> ♦ Quality ♦ Big burden on government budget for operation and maintenance of schools
<p>8. Achieve a 50% improvement in levels of adult literacy and equitable access to basic and continuing education for all adults</p>	<p>Given free and compulsory primary education, this goal is not a major issue as basic education is already available at primary level and also higher education and vocational training are accessible to every student including adults. As in 2000, ratio of literate females to males of 15-24 year olds was 100%.</p>	<ul style="list-style-type: none"> ♦ Ditto ♦ Limited disposable income for private education ♦ Limited scholarship opportunities
<p>9. Eliminating gender disparities in primary and secondary education</p>	<p>Again this is not an issue given free and compulsory</p>	<ul style="list-style-type: none"> ♦ Ditto

<p>by 2005, and achieving gender equality in education by 2015</p> <p>10. Reducing the infant mortality rate below 35 per 1,000 live births by 2015</p> <p>11. Reducing the under 5 mortality below 45 per 1,000 live births by 2015</p> <p>12. Reducing the maternal mortality rate by $\frac{3}{4}$ of the current rate by 2015</p> <p>13. Reducing the number of under nourished people by half by the year 2015</p> <p>14. Reducing by half by 2015 the proportion of people who are unable to reach or to afford safe drinking water</p> <p>15. Reducing HIV infection rate in persons 15 to 24 years of age by</p>	<p>primary education to both gender. Secondary education is also accessible to everyone but may not be so for those who cannot afford paying school fees and related expenses. As in 2001, ratios of girls to boys in primary and secondary education were 97:100 and 100:80, respectively. In primary only, 94:100 (2002), 93:100 (2003), and 98:100 (2004).</p> <p>Infant mortality rate dropped significantly from 65 (1995) to 43 (2000);</p> <p>Under five-mortality rate is unavailable due to lack of data.</p> <p>No recent rates yet, however, maternal mortality rate (per 100000 live births) had dropped markedly from 225 (1995) to 56 (2000);</p> <p>Thus far, this is not an issue in Kiribati as it is by and large non-existent.</p> <p>No recent figures yet, but in 2000, proportion of population with sustainable access to an improved water source (piped to household or standpipe) was 47%.</p> <p>Since 1991 cases of HIV/AIDS have increased to 45 in 2004. No reported cases yet for 2005 until present.</p>	<ul style="list-style-type: none"> ♦ Recent and reliable data are unavailable due to the failure of many families to attend the Health facilities or register their deaths with the Civil Registration. These rates were therefore estimates based on the census carried out every 5 years. A recent rate would become available with the completion of the 2005 census report anticipated soon. ♦ Unavailable data to verify this goal for the outer island population ♦ Costly operation and maintenance of potable water in urban South Tarawa that is currently beyond the human, institutional, and financial capacities of the Public Utilities Board – the service provider, which is presently heavily
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<p>2005 in all countries, and by 25% in the most affected countries</p>	<p>16. Increasing the percentage of women receiving maternal and prenatal care by 60%</p>	<p>In 2000 and subsequent years, proportion of births attended by skilled health personnel were 83.6%; 88.9% (2001); 89.1% (2002); 89.1% (2003); and 88.3% (2004).</p>	<p>subsidized and not selling water and other utilities at prevailing market prices.</p>
<p>17. Halving malnutrition among pregnant women and among preschool children in LDCs by 2015</p>	<p>This is not an issue yet as it is not prevalent at present in Kiribati.</p>	<p>Malaria disease is not applicable in Kiribati, but TB is. Prevalence of TB and deaths rates associated with it have accumulated since 1991 to 143 in 2004. DOTS (Directly Treatment Short Course) has been contributing significantly to controlling the spread of the disease. The cured proportions of TB have been 81% (1999); 84% (2001); 89% (2001); 86% (2002); and 77% (2003). Recent figures for 2004 and 2005 are not available yet.</p>	
<p>18. Substantially reducing infection from malaria, tuberculosis and killer diseases in LDCs by the end of the decade, reducing tuberculosis (TB), deaths and prevalence of the disease by 50% by 2010 and reducing the burden of disease associated with malaria by 50% by 2010</p>	<p>Not applicable as all children irrespective of their gender receive equal treatment.</p>		
<p>19. Promoting child health and survival and reducing disparities between and within developed and developing countries as quickly as possible, with particular attention to eliminating the pattern of excess and preventable mortality among girl infants and children</p>			

<p>20. Improving the health and nutritional status of infants and children</p> <p>21. Promoting breastfeeding as a child survival strategy</p>	<p>Not an issue as undernourishment of infants and children is not prevalent in Kiribati. Clinics and visiting nurses are running monthly weighing of infants to monitor their nutritional status and overall health.</p> <p>No recent available data to verify this goal but the practice seems prevalent given its understood health and economic advantages. Under the current National Conditions of Service, breastfeeding employed women are allowed to do so during working hours.</p>	<p>◆ Some women have problems with supplying the required nutrition (milk) and therefore rely on bottled milk.</p>
<p>Commitment 4: Building Productive Capacities to Make Globalisation Work for LDCs</p>		
<p>Goals & Targets</p> <p>22. Increasing road networks or connection in LDCs to the current level of other developing countries and urban road capacities, including sewage and other related facilities, by 2010</p> <p>23. Modernizing and expanding ports and airports and their ancillary facilities to enhance their capacities by 2010</p> <p>24. Modernizing and expanding rail way connection and facilities,</p>	<p>Policies Adopted and Measures Taken</p> <p>The water and sanitation issues in urban Tarawa have been addressed yet not fully by the ADB loan financed project viz, the SAPHE to be complete by the end of 2006. Ongoing maintenance of tar-sealed roads continues and new extensions to new villages are underway.</p> <p>The Ministry of Communications, Transport and Tourism (MCTT) had in its strategic plan and recently in its Ministry Operational Plan (MOP) development of sea and air ports to acceptable standards.</p> <p>Not applicable.</p>	<p>Constraints/Issues</p> <ul style="list-style-type: none"> ▪ The road conditions on the outer islands are still not good and mostly are non tar-sealed; ▪ High maintenance costs of the roads and sewage facilities. ▪ Funding and skilled human required to build and maintain

<p>increasing their capacities to the level of those in other developing countries by the end of the decade</p> <p>25. Increasing LDCs communication networks, including telecommunications and postal services, and improving access of the poor to such services in urban and rural areas to reach the current levels in other developing countries</p> <p>26. Increasing computer literacy among students in higher institutions and universities by 50% and in junior and high schools by 25% by 2015</p> <p>27. Increasing average telephone density to 5 main line per 100 inhabitants and internet connections to 10 users per 100 inhabitants by year 2010</p>	<p>MCTT also has the responsibility of providing and maintaining telecommunication and postal services through TSKL and the Kiribati Post Office (the 2 state owned enterprises under MCTT's jurisdiction). Currently TSKL is expanding to provide its services in the outer islands. Kiribati like other many countries is also linked to the outside world such as through internet, cell phones, faxes, etc.</p> <p>Use of computer in secondary schools and tertiary institutions (such as TTI and KTC) is increasing with the increasing number of donated computers from donors to the schools. However, a slow impact is anticipated first due to the fact that not all schools have had computers yet and not every single parent can afford to buy a computer for their children.</p> <p>This goal is not a major issue as the service is provided okay by TSKL which is accessible to everyone on demand but upon charge as well.</p>	<ul style="list-style-type: none"> ◆ the geographical isolation of the islands that makes the establishment, operation, and maintenance of the transport and communication facilities quite costly. ◆ Unaffordability of some schools (except government owned and Mormon schools) to buy computers; and ◆ inadequate human and financial capacities to maintain them.
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Commitment 5: Enhancing the Role of Trade in Development		Constraints/Issues
<p style="text-align: center;">Policies Adopted and Measures Taken</p> <p>Kiribati has been adopting and taking the following policies and actions, respectively to promote trade and its positive impacts on growth:</p> <ul style="list-style-type: none"> ◆ Encourage import substitution by promoting and protecting infant domestic industries particularly in manufacturing; ◆ Promote export of pet fish and other potential marine resources; ◆ Enactment of Small Enterprises Development Act (2002) that provides credit financing to small businesses through government guarantee to be provided by the Guarantee Corporation when it is eventually established under the Act; ◆ Ratifying the <i>Pacific Island Countries' Trade Agreement (PICTA)</i> in 2002; ◆ Becoming party to <i>Pacific Agreement on Closer Economic Relations (PACER)</i>; ◆ Participating in the European Partnership Agreements (EPA) currently underway with the EU under the Cotonou Agreement that will provide new access to the EU market; ◆ Implementing the FEMM 8 Principles of Accountability; ◆ Maintaining fiscal prudence, stable financial system with domestic prices and providing tax holiday policy as incentives to foreign investors or trade partners; 		<ul style="list-style-type: none"> ◆ Inadequate human, institutional and financial capacities to implement such agreements and other actions required to enhance trade and its contribution to economic growth; ◆ Information gap between domestic and foreign trading partners.
<p style="text-align: center;">Commitment 6: Reducing Vulnerability and Protecting the Environment</p> <p style="text-align: center;">Policies Adopted and Measures Taken</p> <p>To reduce vulnerability and protect the environment, Kiribati has been doing the following:</p> <ul style="list-style-type: none"> ◆ Enactment of the Environment Act (2002) which makes EIA a legally obligation by all proponents of development projects; ◆ Ratifying a KYOTO protocol and MDGs (Goal 7); 		<p style="text-align: center;">Comments (Constraints/Issues)</p> <ul style="list-style-type: none"> ◆ Again inadequate human, institutional and financial capacities to implement the required actions, agreements and laws;

<ul style="list-style-type: none"> ♦ Establishment of the Environment and Conservation Division which carries out an EIA, control pollution, and manage the environment to ensure sustainable development; ♦ Implement a climate change adaptation project viz, <i>Kiribati Adaptation Project</i> (KAP) jointly funded by the World Bank and Japan through GEF. Phase I of this project (KAP I) has started already in 2003 basically to make an initial assessment of the country that involved extensive consultations with stakeholders of the project. Phase I is now completing by the end of February 2006, and Phase II will start in March 2006 that will focus on producing a design for the project with AusAID being a new additional sponsor of the program. 		
<p>Commitment 7: Mobilizing Financial Resources</p>		
<p>Goals & Targets</p>	<p>Policies Adopted and Measures Taken</p>	<p>Comments (Constraints/Issues)</p>
<p>28. Donor countries providing more than 0.20 percent of their GNP as ODA to LDCs' continue to do so and increase their efforts</p> <p>29. Other donor countries which have met the 0.5 percent target undertake to reach the 0.20 percent expeditiously</p>	<p>ODA levels had been fluctuating over the past recent years. While we cannot do much to influence donors to increase their level of assistance, Kiribati has been doing some incentives to attract donors to invest their money in the local economy. Such incentives other than those already stated earlier include:</p> <ul style="list-style-type: none"> ♦ Improve aid coordination and management; ♦ Safeguarding public deposits with Banks; ♦ Drafting of a <i>Financial Institutions Bill</i> needed for prudential bank supervision and regulation of 	<ul style="list-style-type: none"> ♦ Ditto ♦ Inconsistency of donors policy and criteria with the projects' objectives and scopes. ♦ Low absorptive capacity due to, inter alia, complex system and procedure, and poor aid coordination and management capacities. ♦ The existence of a sole commercial Bank (ANZ) that prevents the use of competitive interest rates and other charges for the financial services provided;

<p>30. All other donor countries which have committed themselves to the 0.15 percent target' reaffirm their commitment and undertake either to achieve the target within the next 5 years or to make the best effort to accelerate their endeavors to reach the target.</p>	<p>Financial institutions;</p> <ul style="list-style-type: none"> ◆ Contributing to financing projects from government's own funds that is important for government's ownership and hence commitment to implementing the project; and ◆ Consideration of the use of part of the government reserve fund (RERF) to this effect. 	<ul style="list-style-type: none"> ◆ Low domestic savings due to low interest rates; ◆ The use of the Australian dollar that precludes monetary policy and the supervisory and regulatory roles of the Central Bank
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Conclusion:

In sum, Kiribati has not completely met much of the goals of the Brussels program of action thus far in the first half of the decade (2001-2010). Though some goals were indicated to have fairly been achieved such as those for primary education, health, and so forth still a lot more goals and targets are yet to be attained. Kiribati fell short of achieving these goals as planned principally due to the following common constraints being reported: weak human, institutional, and financial capacities; lack of reliable and timely data; narrow economic base; disadvantaged location; the predominant public sector; the undeveloped financial sector; and a high vulnerability to economic shocks and weather/climate changes. To improve our effort in achieving the goals by 2010, these constraints would thereby need to be removed through considering the following recommendations: strengthening local capacities of institutions, human, and other required resources as required inputs to achieving the goals through technical assistance (TA) funded by donors and training both short and long term; improve capacity of the National Statistics Office and other sources of the required data in collecting, collating, compiling, and analyzing statistics through TA and training and provision of other required resources and facilities; improve aid coordination and management capacities also through TA and provision of other required inputs; with improved aid coordination and management and harmonized donor aid program with Kiribati's own policies/procedures and system, low absorptive capacity of the latter should improve; stable political commitment throughout the rest of the decade; effective monitoring and evaluation system at the national level; and least but not last is concerting and synchronizing the efforts and resources of LDCs in achieving these goals with similar goals of other regional and international obligations/conventions (MDGs, FEMM 8 Principles, Barbodas Program of Action, and so on).