

**KIRIBATI – EUROPEAN COMMUNITY
EDF 10**

Country Strategy Paper
&
National Indicative Programme
(For the period 2008 – 2013)

The Government of Kiribati and the European Commission hereby agree as follows:

- (1) The Government of Kiribati, represented by Hon. Nabuti Mwenikarawa, Minister of Finance & Economic Planning and Ms Teea Tira, Secretary of Finance & Economic Planning and National Authorising Officer, and the European Commission, represented by Mr Roberto Ridolfi, Head of the Commission Delegation for the Pacific, hereinafter referred to as the Parties, held discussions from March 2006 until August 2007 with a view to determining the general orientations for cooperation for the period 2008–2013.

During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of Kiribati were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 as revised in Luxemburg on 25 June 2005. These discussions complete the programming process in the Kiribati. The Country Strategy Paper and the Indicative Programme are annexed to the present document.

- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Kiribati for the period 2008-2013, an amount of € 12,700,000 is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of € 1,100,000 for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of Annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The Indicative Programme under Part 2 concerns the resources of the A-allocation. It also takes into consideration financing from which the Kiribati benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The B-allocation will be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the Indicative Programme.
- (5) Resources can be committed within the framework of the present Country Strategy Paper and Indicative Programme upon the entry into force of the 10th EDF Multi-annual Financial Framework for the period 2008–2013 of the revised ACP–EC Partnership but not before 1 January 2008. Financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Kiribati within the limits of the A- and B-allocations referred to in this document. Financing decisions can also be taken on the basis of Article 15(4) in conjunction with Article 4(1)(d) of Annex IV to the APC-EC Partnership Agreement for support to non-State actors or on the basis of Article 72(6) to the ACP-EC Partnership Agreement for humanitarian and emergency assistance



funded from the B-allocations. Financing decisions shall be taken and implemented according to the rules and procedures laid down in the EC Council regulations on the implementation of the 10th EDF and on the financial regulation applicable to the 10th EDF and in Annex IV to the ACP-EC Partnership Agreement.

- (6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Paragraphs 2(c) and 3 of Annex Ib to the ACP-EC Partnership Agreement regarding the 10th EDF Multi-annual Financial Framework for the period 2008-2013.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Strategy Paper and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

Without prejudice to Article 5.7 of Annex IV concerning reviews, the allocations may be increased according to Article 3(5) of Annex IV in order to take account of special needs or exceptional performance.

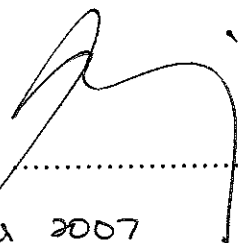
- (8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the revised ACP-EC Partnership Agreement and the 10th EDF multi-annual financial framework of for the period 2008-2013, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicates the contrary before the end of this period.

Signatures

For the Government of
Kiribati


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For the Commission


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Date: 18 October 2007
at Nuku'alofa, Tonga.



SUMMARY

Kiribati (formerly the Gilbert Islands) was granted self-rule by the UK in 1971 and complete independence in 1979. Since then, the country has maintained a stable and democratic government. Kiribati has a population of 105,432¹ living on low-lying atolls and islands scattered over a large part of the central Pacific. Kiribati is most vulnerable to the effects of climate change, climate variability, and sea-level rise. The country is highly vulnerable to extreme events, especially droughts and coastal flooding from storm surges. These threaten the viability and performance of public and private assets, and depress the returns on investment.

Economic growth has been much slower than population growth since 2002, and is projected to remain so for the foreseeable future. The public sector is the economy's chief employer. Government recurrent and development expenditures are a main determinant of aggregate demand. The private sector is underdeveloped and private investment is extremely limited. Fishing licence revenues, income from a trust fund, and seafarers' remittances make gross national product (GNP) about 70% higher than gross domestic product (GDP). Because of the narrow production base, the financial situation of Kiribati is vulnerable to external shocks.

In 2004 the overall deficit was 41.3% of GDP. This shrunk in 2005 to 18.5% of GDP. In 2006 it is expected to drop further to 15% of GDP affirming the government's commitment to reducing expenditure. Fishing licences have a profound effect on the economy. These provided almost 45% of the total revenue in 2005. Income from fishing licences is expected to increase by 5.2% to \$31 million in 2006.

There is wide disparity between the economic conditions in the capital, Tarawa, and Kiribati's outer islands, where many follow a subsistence-based lifestyle. The need for cash jobs, education, and better social services is causing an urban drift that can potentially lead to an overcrowding of South Tarawa, where almost half the population is now concentrated. With over 40% of the population under 15-years of age, a 50% increase in the country's labour force is expected within the next decade. Measures to stem the influx of people into the capital and job creation in the outer islands are high priorities. The provision of affordable basic services in the outer islands is considered a prerequisite for achieving this goal.

Taking into consideration improvement of basic services, in Tarawa, and in the outer islands, is proposed to allocate 85% of the A-envelope or € 10.8 million for the development of the **water and energy sector**. NSAs will be encouraged to participate in the implementation of the programme. The remaining 15 % (€ 1.9 million) will be assigned for establishment of a Technical Co-operation Facility from which necessary local Technical Assistance, studies and essential EDF-related activities will be funded. The TCF may also be used to finance necessary measures in support of governance issues linked to the governance commitments and regional integration/EPA related activities. GoK is potentially interested in a services agreement within EPA, opening the possibility to its seafarers gaining employment in EU vessels. This services agreement would normally offer only temporary mobility of labour, e.g. for upgrading skills.

¹ July 2006 estimate.

PART 1: STRATEGY PAPER

CHAPTER I: THE FRAMEWORK OF RELATIONS BETWEEN THE DONOR AND THE PARTNER COUNTRY

I.1.1. General Objectives of the EC's external policy

In accordance with Article 177 of the Treaty Establishing the European Community, community policy in the sphere of development co-operation is to foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

Europe should project a coherent role **as a global partner**, inspired by its core values in assuming regional responsibilities, promoting sustainable development, and contributing to civilian and strategic security

The Union has developed a broad spectrum of external relations tools in the shape of the common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, humanitarian aid and financial assistance as well as the external aspects of internal policies (energy, environment, transport, justice and home affairs, etc).

EU external action including the Common Foreign and Security policy, common trade policy and cooperation with third countries provides a framework both for integrating all EU instruments and for gradually developing a set of common actions based on common positions in the broader sphere of political relations.

Enlargement has entrusted EU with even greater responsibilities, as regional leader and as global partner. It should therefore strengthen its capacity to promote human rights, democracy and the rule of law as well as its capacity to focus on the fight against poverty, both in its neighbourhood and through its multilateral and bilateral policies which are mainly aimed at sustainable development and political stability. Thus, the EU will achieve genuine coherence between its domestic and its external agendas, contributing thereby to global security and prosperity.

I. 1.2. Strategic objectives of cooperation with the partner country

The Treaty objectives are confirmed in Article 1 of the *ACP-EU Partnership Agreement*, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005. The overarching objective of the *Cotonou Agreement* is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy. Cooperation between the Community and Kiribati is to pursue these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of "ownership" of the strategy by the country and populations concerned, and the essential elements and fundamental element as defined in articles 9 and 11b of the Agreement.

While the Treaty and the Cotonou Agreement provide the legal basis for EC cooperation with ACP countries, the recently adopted *European Consensus on Development* sets the general policy framework at EU level. The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda, and with particular attention to the Millennium Development Goals (MDGs). Human rights and good governance are recognised as other important objectives.

In May 2006 the European Commission issued a Communication to the Council, the European Parliament and the European Economic and Social Committee on **“EU Relations with the Pacific Islands – A Strategy for a Strengthened Partnership.”** The Council adopted this Communication in July 2006. The Strategy consists of three components: (i) a strengthened relationship between the EU and the Pacific region to allow for a broad political dialogue; (ii) more focussed development cooperation with a central theme relating to the sustainable management of natural resources, and (iii) more efficient aid delivery.

Better aid effectiveness is essential to achieving poverty eradication. Therefore the EU will advance coordination, harmonisation and alignment. It will promote better donor complementarity by working towards joint multi-annual programming based on partner countries strategies and processes, common implementation mechanisms, joint donor wide missions, and the use of co-financing arrangements. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and it will capitalise on new Member States’ experience to strengthen their role as donors.

Policy coherence for development will advance in a number of areas. The purpose is that all EU non-aid policies make a positive contribution to developing countries’ efforts to attain the MDGs.

The principle of concentration will guide the Community country and regional programming. This means selecting a limited number of priority areas of action, through the dialogue with partner countries, rather than spreading efforts in too many sectors. In this context the Community will be primarily active in the following nine areas, taking into account its comparative advantages in a number of these: trade and regional integration; the environment and the sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment.

The mainstreaming approach will be strengthened for four cross-cutting issues: democracy, good governance, human rights, the rights of children and indigenous peoples; gender equality; environmental sustainability; and the fight against HIV/AIDS.

I.1.3 Main bilateral agreements

Kiribati first acceded to the Lomé I Convention in 1975. It has signed each successive Lomé Agreement and the Cotonou Agreement in June 2000.

A Fisheries Partnership Agreement with the EU entered into force on 16 September 2003. A new six-year Fisheries Partnership Agreement was initialled in Brussels on 19 July 2006. This agreement will support the fisheries sectoral policy of the country, taking into account the priorities of the government, with a view to introducing sustainable and responsible

management of the fisheries resources, provided that the two parties agree within the framework of the Joint Committee set up by the agreement on the programming of the funds.

CHAPTER II: COUNTRY DIAGNOSIS

II.1. Analysis of the political, economic, social and environmental situation in the recipient country

II.1.1 Political and institutional situation

The Republic of Kiribati is an independent republic within the Commonwealth. It is also a full member of the United Nations and the Pacific Islands Forum.

The single-chamber Assembly (the 'Mwaneaba ni Maungatabu') is elected by the universal adult suffrage. Mwaneaba has 42 seats, 39 elected by popular vote, 1 *ex officio* member - the attorney general, 1 appointed to represent Banaba, and 1 other. Assembly members serve four-year terms. The current Assembly was elected in May 2003. The President (who is Head of Government and State, and Minister for Foreign Affairs) is elected from candidates nominated by members of the Mwaneaba from their own ranks. Kiribati is a stable democracy with a strong tradition of independence. The present government under the Presidency of Mr Anote Tong came into power in July 2003. The next general election is due in mid 2007.

There are no Member States represented in Kiribati. The British High Commission closed its Tarawa office in 2005. The governments of Australia and New Zealand are represented as is Taiwan. Taiwanese aid to Kiribati is substantial amounting to AUD 16 million for 2005 and scheduled in 2006 to be AUD 10 million. Ambassadors for France, Germany and Austria presented their credentials to the President of Kiribati in 2005, and Cuba in August 2006.

Government remains centralised; however policy to strengthen local councils is being assisted by the UNDP 'Strengthening Decentralised Government Programme' which began in early 2005. It is expected that this programme will assist the government in reducing migration from the outer islands to Tarawa. The overlapping and competing functions of the church, local councils and traditional decision-making structures contribute to a complex political matrix on the outer islands.

Kiribati has acceded to a range of important international treaties, however, not yet to several core UN human rights conventions, namely the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention against Torture, and the Convention on the Elimination of all forms of Racial Discrimination.

II.1.2 Economic and commercial situation

Kiribati is classified by the World Bank as a lower-middle income country. Kiribati is classified as a least developed ACP State under Annex 6 to the Cotonou Agreement.² It is one of the least-developed micro-island Pacific states. Since 1998, social indicators have marginally improved and international reserves have remained large, but GDP per capita has

² This is due to fact that ACP-EU methodology does not perfectly match that used by other agencies, nor it does follow exactly Human Development Index, after M. Holland, "20/20 The EU's Cotonou Partnership Agreement" in [2003] 9 (2) The Brown Journal of World Affairs 161 at 170.

stagnated at about AUD\$700. The production base remains narrow and the public sector dominates formal economic activity. Despite huge subsidies, most wholly State-Owned Enterprises continue to incur losses. Copra is a socially critical source of household income, especially for the populations of the outer and more remote islands. Deep-sea commercial fishing is a major source of revenue but relies on other countries for fishing its territorial waters under a regime of licensing. Kiribati is reliant on the surveillance of the Pacific Islands Forum Fisheries Agency to determine quotas. Remittances from expatriate I-Kiribati are also an important source of foreign exchange, accounting for more than AUD\$15 million a year. The tourism sector, which is just being developed in the Line & Phoenix Group, does not yet contribute significantly to economic activity.

The Revenue Equalisation Reserve Fund (RERF) was established by the British colonial administration in 1956 to hold royalties from phosphate mining in trust for the nation. The Fund is well managed and has grown to AUD\$636 million. The Fund, which is well diversified with investments overseas, is nevertheless exposed to stock market fluctuations.

Economic growth has been much slower than population growth since 2002, and is projected to remain so for the foreseeable future. Responding to that, the current National Development Strategy (for 2004-2007) concentrated on post-school livelihoods involving formal, informal or self-employment, with or without tertiary education in order to improve employment opportunities. The public sector is the economy's chief employer. Government recurrent and development expenditures are a main determinant of aggregate demand. The private sector is underdeveloped and private investment is extremely limited. Fishing licence revenues, income from RERF, and seafarers' remittances make gross national product (GNP) about 70% higher than gross domestic product (GDP).

Because of the narrow production base, the financial situation of Kiribati is vulnerable to external shocks. Public external debt at the end of 2004 was relatively low at about 18% of GDP. Kiribati has no outstanding domestic debt.

The Government's fiscal performance recently has become a concern. Domestic revenues declined substantially between 2001 and 2005 (from A\$85.8 million to A\$55.7 million in 2004, with an estimated A\$60.46 million in 2005). A drop in proceeds from fishing licences was the key reason for declining revenues. This was partly due to a cyclical downturn in the catch from the Kiribati Exclusive Economic Zone (EEZ), and also to the falling US dollar (the currency in which the licence fees are denominated). Fishing licence fees, which had reached A\$46.6 million in 2001, almost halved (A\$24.5 million) in 2004. The licence fees remain the dominant source of domestic Government revenue. In 2005, they accounted for about 43%, import duties 31%, company income tax 6%, personal income tax 9%, and the balance from sundry fees. Government recurrent and development expenditures have risen from A\$127.2 million in 2001 to an expected A\$145.8 million in 2005. However, signs of an emerging fiscal crisis in the Government are not evident. Indeed, management of Government finances generally has been disciplined in Kiribati, and the value of RERF has grown substantially over the past 15 years.

Budget reforms are a focal point of the public sector reform programme. The Ministry of Finance and Economic Development plans to introduce a multi-year budget framework to link the development planning and budgeting processes. The links between the planning and budget systems remain weak.

The governance framework for public enterprises is inadequate, although a requirement to prepare business plans was imposed recently. NZAID had provided support towards

institutional strengthening of several government-owned companies including Development Bank of Kiribati and Atoll Seaweed Company. NZAID and AusAID have agreed with government a Joint Country Strategy which outlines four thematic areas for future support. One of the thematic areas is Urban Renewal, which will be steered by NZAID. The activity is targeted for urban centres such as Betio Town, Teinainano on South Tarawa and Kiritimati. It will encompass policy development, planning and management, environment waste management and conservation.

Trade/EPAs

All Pacific ACP states, including Kiribati, continued their participation throughout 2005 in the EPA regional negotiation process through the established negotiating machinery. Progress in the Pacific negotiations was, however, slower than might have been hoped for, a reflection both of the very limited capacity of certain PACP states and of the varying levels of interest on the part of the states in an EPA (only a small number of smaller PACP perceive an interest in an agreement on goods). Discussions focused on the architecture of the Agreement, as well as on investment promotion and protection and on certain sectors of importance to most PACP – including some of the smaller countries – such as fisheries, tourism and services in general. There was little in the way of discussions on goods in 2005. Such discussions have been back-loaded for fear of triggering free trade discussions with Australia and New Zealand under PACER.

Support to EPA preparation efforts, including in-country stakeholder meetings and participation in EPA-related meetings at all levels, was provided for Kiribati through PACREIP, the € 11.2m 9th EDF regional programme.

The Republic of Kiribati is one of the Pacific ACP Group of countries currently negotiating an Economic Partnership Agreement (EPA) with the European Commission through the Pacific Island Forum Secretariat. The country has show interest in the EPAs, even though it has a rather limited number of products to export. Fishing is the most relevant sector, and improvement on the level of facilities and services in this field will be an important asset with reference to EPAs negotiations. It is also recognised the importance of working on the improvement of the requirements and criteria set up for the conclusion of an EPA agreement.

II.1.3 Social situation, including decent work and employment

Social Development

There is wide disparity between the economic conditions in the capital, Tarawa, and Kiribati's outer islands, where many follow a subsistence-based lifestyle. The need for cash jobs, education, and better social services is causing an urban drift that can potentially lead to an overcrowding of South Tarawa, where almost half the population is now concentrated. With over 40% of the population under 15 years of age, a 50% increase in the country's labour force is expected within the next decade.

The steady migration to South Tarawa is linked to the lack of economic opportunity in the outer islands and a persistently lower standard of service delivery, particularly in health, education, and water and sanitation. Recent Government and aid agencies' initiatives to improve social services in the outer islands have not succeeded. Government recognises that population growth and inequitable distribution of services are priority development

constraints that must be addressed. The Cabinet, which endorsed a population policy in August 2004, is committed to improving population distribution by 2025. This includes three core strategies: (i) promoting a smaller family size, (ii) developing alternative growth centres, and (iii) facilitating permanent emigration to other countries.

While average life expectancy at birth has improved, it remains low at 63.6 years due mainly to high infant and child mortality from respiratory diseases and diarrhoea (the second highest incidence among Pacific ACP countries after Papua New Guinea). Sexually transmitted diseases are another significant problem, and are consistent with a high prevalence of cervical cancer and the rise in HIV/AIDS cases. At the end of 2004 there were 46 reported HIV infections, and 28 reported deaths. The majority of reported cases were male (72%), and half of these were seafarers.³ Tuberculosis too is rising at an alarming rate. Co-infections of tuberculosis-HIV/AIDS represent a major threat. Responding to the HIV/AIDS threat, in 2000 a Kiribati HIV/AIDS taskforce was established with AusAid support; however the government has little capacity or the resources to implement effective measures to combat HIV/AIDS. It should be mentioned that the NGO sector is involved in care of and reducing vulnerability to HIV/AIDS. This includes training seafarers in the Kiribati Maritime School as a part of the Seafarers Project of SPC and NZAID, supported by the Seafarers Union. In general, though, the standard of health care delivery has improved over the past 3 years, with most health indicators slowly but steadily improving. The construction of 10 new clinics throughout the Gilbert Islands, coupled with an improvement in the nurse-to-population ratio from 1:450 to 1:375,⁸ has enhanced access to basic primary care on some Outer Islands. Further improvements are expected with the 9th EDF project. Outer island facilities, however, generally are poorly supplied, maintained and staffed compared with those on South Tarawa. Many women on the outer islands are isolated from maternal and infant health services. Much needs to be done in this area, especially to improve the delivery of public health and basic curative services, and to roll back the incidence of HIV/AIDS, and lifestyle diseases such as diabetes, cardiovascular disease, etc.

Some significant progress has been made in gender equity, notably through the education system. The social and economic status of women appears to be improving, with more equal access to education. However, the role of women on the outer islands is still confined largely to domestic duties and food gathering, and land tenure and local politics are reserved for men.

Overall, women comprise 51.5% of the workforce and 37% of those in paid employment. According to the 2000 census, 44% of administrators and managers and 51% of professionals (mainly teachers and nurses) were females. Females are still significantly underrepresented in some important areas. For example, men account for 77% of permanent secretaries, 95% of secondary school principals, and 73% of all legislators and senior officials. Of current members of Parliament, only 5% are female. Kiribati acceded to the Convention on the Elimination of Discrimination Against Women (CEDAW) in March 2004.

Currently about 1000 I-Kiribati are working as seafarers, primarily on German merchant vessels. The remittances from their employment represent 10 % of the GDP.

II.1.4 Environmental situation

Kiribati is most vulnerable to the effects of climate change, climate variability, and sea-level rise. The country is highly vulnerable to extreme events, especially coastal flooding from

³ Data of the Asian Development Bank.

storm surges and droughts. These threaten the viability and performance of public and private assets, and depress the returns on investment. Environmental stresses are particularly serious in South Tarawa. The lagoon is heavily polluted due to the high population density, poor sewage disposal from traditional practices (e.g. lagoon latrines), and open-pit dumping. Groundwater depletion, over-fishing of reefs and lagoons, deforestation, coastal erosion, and beach mining are common problems.

Numerous laws provide for the protection of the natural environment. More than 16 items of legislation have been enacted for marine and coastal resources protection and conservation alone. In addition, Kiribati has prepared many environmental action plans in cooperation with international agencies, including the National Environmental Management Strategies (1992), the National Biodiversity Strategy Action Plan (2000), and the National Adaptation Programmes of Action on Climate Change (2001). Environmental monitoring and enforcement have been weak, and a more effective and streamlined system of advocacy and implementation is needed. Government agencies involved in environmental management need to be strengthened.

II.1.5 The country in the international context

Kiribati participates in regional efforts on economic integration through membership of the Pacific Islands Forum and a number of regional trade agreements. The Government has contributed to ongoing EPA negotiations. Kiribati maintains close relations with its Pacific neighbours, including Australia and New Zealand and opened its first overseas diplomatic mission in Suva in February 2002. It is a member of the Commonwealth and became a member of the United Nations on 14 September 1999. Kiribati is also a member of the following organisations:

Africa, Caribbean and Pacific Group of States (ACP), Asian Development Bank (ADB), Commonwealth, Economic and Social Commission for Asia and the Pacific (ESCAP), Food and Agriculture Organisation (FAO), International Bank for Reconstruction and Development (IBRD), International Civil Aviation Organisation (ICAO), International Confederation of Free Trade Unions, International Federation of Red Cross and Red Crescent Societies (IFRC), International Development Association, International Finance Corporation (IFC), International Labour Organisation (ILO), International Monetary Fund (IMF), International Telecommunications Satellite Organization (Intelsat) (nonsignatory user), International Telecommunication Union (ITU), Organisation for the Prohibition of Chemical Weapons (OPCW), South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA), Pacific Community (SPC), South Pacific Forum (SPF), United Nations (UN), United Nations Educational, Scientific and Cultural Organisation (UNESCO), Universal Postal Union (UPU), World Health Organisation (WHO), Pacific Islands Forum (PIF)

II.2. Poverty reduction analysis

In 2002 it was estimated that 39% of households have per capita expenditure levels below the food poverty line and 51% of households in South Tarawa and 50% in the outer islands had expenditure below the poverty line.

The Participatory Assessment on Hardship and Poverty in Kiribati in the sample communities perceived that there is no absolute poverty but there is hardship. Hardship was due to limited

economic opportunities to earn income, poor delivery of basic services relating to water supply, road, transport, etc, rising prices of basic commodities, poor home environment caused by overcrowding, the decline in natural resources, lack of income or low incomes and the loss of traditional values and skills, particularly amongst young people. Other factors include increasing use of alcohol, limited food due to cargo shortages, burdensome contributions to the church and increasing land issues caused by erosion, unresolved ownership and low lease incomes.

People in hardship are mainly children with low educational attainment, unemployed youth, people with disabilities, single mothers with low incomes, elderly people without support and families with low income and living in crowded conditions. Hardship was determined to be in both rural and urban areas but most common in urban areas. Hardship in the rural areas is mainly due to limited access to basic services such as safe and accessible water supply, transport, power, communication and links to market to sell their produce or catch for income.

Hardship in the urban area is associated with low income, overcrowding, criminality, drinking, congested living conditions, depletion of natural resources and dependency on money.

Concerns raised most often by the Kiribati government and people relate to one group of society, which is young people. About 41% of the population is below 20 years of age. Approximately 1,700 young people enter the job market annually for 500 jobs in the formal sector. The education system requires reform so that it equips young people more appropriately for a wider range of opportunities. Amongst young people, there is increasing questioning of traditional social structures and behavioural problems such as increased drinking, violence and suicides. Youth issues and income generation are key areas to be addressed by government and donors.

Universal primary education has almost been achieved, and the focus now is shifting to higher levels. The target of eliminating gender disparities in education has been fully achieved at the primary and secondary levels. However, the outer islands are still disadvantaged in terms of access to health services, general Government services, and communications. Meanwhile, the services provided to the outer islands are of distinctly poorer quality than those available in the urban atoll. These disparities lead to increased migration to South Tarawa, where population density is increasing the pressure on water resources and sanitation services. AusAID and NZAID and, to a greater extent, the European Union have provided assistance to support education in Kiribati.

Health, poverty, and environment indicators need to improve to meet the Millennium Development Goals (MDG) and targets by 2015. Child and maternal mortality have decreased, but are still relatively high. HIV/AIDS infections have increased sharply in recent years, due to larger numbers of seafarers becoming infected overseas and returning home to infect other islanders. Diseases associated with diet and lifestyle, such as diabetes and hypertension, are increasing in Kiribati. Less than half the population has access to safe drinking water and sanitation and this has been identified as one of the country's top priority needs.

A project proposal has been initiated by the Ministry of Works and Public Utilities to further support water supply and sanitation in the outer islands, and this will help to protect the population from health risks.

II.3. The recipient country's development strategy

One of the six key policies areas of government is to improve public sector performance. To this end in 2004/2005 government instituted a number of reforms, including the adoption of results-based planning and budgeting. Reforms to the public sector include placing permanent Secretaries on performance-based contracts. In 2005 Cabinet approved the establishment of the Strategic and Risk Management Unit in the Office of the President, but the new Unit has not been in operation and preparations are underway for the office space and recruitment of officers. The establishment of this Unit is to coordinate effectively the implementation of the Population Policy and the Climate Change Policy and Strategy. Government is also formulating strategies in key sectors including education and health. The later strategy will be assisted by the EU funded Improvement of Health Services to Outer Islands Project.

The development of the next NDS 2008-2011 will start early next year with a review of the current NDS through a community-wide consultation round and economic review of all Government-owned companies. World and regional agendas backed by conventions to which Kiribati is a signatory, are reflected in sector plans.

II.4. Analysis of the viability of current policies and the medium-term challenges

The country policy is based on a National Development Strategy which is revised every four years, the present one finishing in 2007, the year of national elections in July. The main policy issues of this document are economic growth, equitable distribution with the outer islands, public sector performance, support to social sectors and local governments, and sustainable use of physical and natural resources.

The well-being of the population and the requisite economic growth is a major issue for the government which will continue this objective in the following NDS, although economic conditions have declined due to external factors such as the increased cost of fuel, dwindling returns from deep sea fishing and fluctuations in currency exchange rates. It is therefore a serious challenge for the government to find other sources of income for the country and the population.

The public sector reform is linked with governance. The adoption of result-based planning and budgeting in order to improve public sector performance is applied carefully and should have significant results in the medium term. With the same view, more efficient use of resources is being sought in state-owned enterprises where the government is financing the budget balance. However, the social aspects of the state employments make this reform difficult.

The government still has to consider the protection of the environment and the sustainable use of the natural resources as an important priority and therefore the support of several donors is needed in this field. The EU will also give priority to this sector for the 10th EDF, thus reinforcing the national development strategy and providing an increase in the well-being of the population of the outer islands.

As management of marine resources is concerned, GoK in the current NDS acknowledges the need to maximise sustainable economic benefits from the tuna resource. Maintaining close collaboration with FFA and other PIC coastal states to obtain maximum sustainable EEZ access fees. GoK plans to promote public-private partnerships with reputable foreign investors in catching and onshore domestic processing of tuna.

The aquaculture sector is planned to undergo transition from government research to commercial production and export. There will be promotion of direct foreign and local private investment with no GoK participation, but subject to strong resource management and conservation oversight.

CHAPTER III: OVERVIEW OF PAST AND PRESENT EC COOPERATION, COMPLEMENTARITY AND CONSISTENCY

Overview of past and present EC cooperation (lessons learned)

III. 1.1 Focal sectors (and macroeconomic support)

Projects during 1975- 1980 (Lomé I) included the financing of infrastructure, activities in the fisheries sector, training and microprojects. A significant amount of financial support for 1980-1985 (Lomé II) was used to construct two 26-metre pole and line fishing vessels.

Under Lomé III (1985-1990) telecommunications projects included the rehabilitation of the South Tarawa telephone exchange and the purchase of equipment to control the country's vast marine and air space. Microprojects included building copra storage sheds, improving the water supply and sanitation, seaweed cultivation and building fishponds.

The European Commission's ongoing activities in Kiribati include the Solar Energy for Outer Islands Project (8 ACP KI 2). In 2006 the Kiribati Training Programme II (8 ACP KI 7) and the Support to Seaweed Industry Project (8 ACP KI 6) have been concluded. Construction of the Airport Control Tower at Bonriki Airport, South Tarawa (7 ACP KI 29) has been completed and the Tower was opened during Kiribati Independence celebrations in July 2004.

Under the 9th EDF, the financing agreement of the 9th EDF Improvement of Outer Island Health Services Project was signed in April 2005, due to lengthy exchanges, necessary to set up the Contribution Agreement, enabling implementation to begin in mid 2006. This project aims to substantially enhance access to health and medical services in the Outer Gilbert Islands. Due to this reason and the fact that this programme will be implemented over practically the entire period of the 10th EDF, its potential continuity is not factored in as a part of the focal sector of the 10th EDF. The Focal sector of the 10th EDF is therefore complementary, as renewable energy and water and sanitation activities are to be undertaken in the Outer Islands. Overall, all of these programmes aim to improve living conditions in the Outer Islands of the Gilberts.

III.1.2 Projects and programmes outside focal sectors

The co-financing budget line project 'Pacific Skills Link' came to an end in February 2006. This project successfully strengthened the umbrella NSA – Kiribati Association of NGOs (KANGO) and other smaller NSAs active in Kiribati.

In 2005, KANGO successfully negotiated a partnership agreement for two years with the Government of New Zealand which will enable KANGO to continue to support NSA development in Kiribati. In addition, KANGO was elected by Kiribati NSAs to manage the NSA component of 9 EDF which makes available € 880,000 for NSA activities as part of the 'Improvement of Health Services on the Outer Islands Project'. A Memorandum of Understanding between KANGO and the Government to formalise the management of the NSA component of the health project was signed in April 2006. The first programme estimate was started during the second semester of 2006.

III.1.3 Utilisation of Envelope B

A project to address the problem of coastal erosion on the most densely populated and vulnerable atoll in Kiribati, South Tarawa, has been developed. The project was devised with the assistance of SOPAC through the EDF regional project 'Reducing Vulnerability of ACP States' and in close consultation with the World Bank, which is coordinating the Kiribati Adaptation Project. The identification sheet was submitted in March 2006 and agreed by the Commission. The NAO submitted a Financing Proposal to the Delegation in October 2006. The financing decision of the Commission should be taken in the second semester 2007. Implemented by the regional organisation SOPAC with community participation through a local NGO, the project aims to establish the "Tarawa Aggregate Extraction Company" which will help to avoid unorganised and environmentally dangerous scattered aggregate extractions all along the inhabited coastline. It should be noted as regards disaster preparedness that all current and future programmes should include reinforcement of the national capacity to respond to disasters and should encourage countries to propose their own strategies.

III.1.4 Other instruments

The 9th EDF Pacific Regional Indicative Programme funded a number of existing projects which extended services to Kiribati. These included:

Pacific ACP Regional Economic Integration Programme (PACREIP)

Development of Sustainable Agriculture in the Pacific (DSAP)

Pacific Regional and OCT Fisheries Programme (PROCFISH)

Plant Protection Programme (PPP)

Pacific Regional Initiatives for the Development of (basic) Education (PRIDE)

Reducing Vulnerability in PACP States – SOPAC

Development of Fisheries in the Pacific (DEVFISH)

Pacific Environmental Information Network (PEIN)

Additionally, Kiribati has benefited from training provided through the Technical Support to RAO Project and EPA-related technical assistance under a FORSEC-implemented intra-ACP funded programme.

STABEX

The first external audit of STABEX reported in July 2005 but was inconclusive. The Government of Kiribati undertook its own internal audit in October 2005. This identified the bank accounts where STABEX funds are held and provided additional information on funds used for the copra subsidy. Nevertheless, remaining STABEX funds amount to € 270,000 will be programmed to support the Solar Energy project through the establishment of a special fund for the replacement of solar batteries. An additional external audit is still necessary and will be carried out in the coming weeks. The contract for the audit of Stabex accounts was signed in December 2006. After receiving its outcomes, an FMO should be prepared by the NAO office at the beginning of 2007.

Fishing Agreement

The Fisheries Agreement between the Government of Kiribati and the European Union entered in force on 18 September 2003. Its implementation Protocol ended in September

2006. A new 6-year Fisheries Partnership Agreement (FPA) was negotiated, and initialled on 19 July 2006 and entered into force on 16 September 2006. This FPA covers a reference tonnage of 6.400 tons of tuna per year and fishing opportunities for four purse seine vessels and 12 long-liners. The financial contribution is of 478.400 €/year, out of which 30% will be devoted to support the fisheries sectoral policy with a view of promoting responsible and sustainable fisheries. The second year, this percentage will increase to 40%, and to 60% the following years.. Economically, Kiribati has benefited greatly from the fishing agreement, firstly through the EC's financial contribution, secondly through the fishing industry's access fee payments for each boat licensed. The new Agreement covers policy dialogue, and creates the Joint Committee principally in charge of monitoring of the implementation, and the programming of the support to the sectoral policy.

III.2 Information on the programmes of the Member States and other donors (complementarity)

No Member State has in-country representation in Kiribati. In recent years MS involvement has been limited to studies. Other donors are an important source of funding and technical assistance in the various sectors.

Australia and New Zealand are mostly involved in the social sectors, education and health. They have a sector wide approach for long term support in education. They are also involved in institutional strengthening of the public sector, particularly in customs, SOEs, and the Development Bank. They also support the Kiribati Adaptation Programme for Climate Change promoted by the World Bank. Taiwan is an important bilateral donor for social and agricultural sectors. Japan is concerned mainly with fisheries and infrastructure. The European Union is the major multilateral donor.

The Planning Office of the Ministry of Finance and Economic Development is responsible for internal donor coordination. AusAID, New Zealand, UNICEF and WHO have in-country representation. ADB, IBRD and UNDP send regular missions to the country.

No specific coordination exists for regional programmes supported by the various donors. However, the EC Delegation harmonised the focal sector of the 10th EDF in order to avoid any overlap with major donors – Australia and New Zealand. AusAid provides fund for the water sector in South Tarawa (not to the Outer Islands). This project is complementary to NZAid, which concentrates on urban planning for South Tarawa. The implementation of the Project Improvement of Health for Outer Islands is co-ordinated also with the WHO in Kiribati.

Local and regional/international NGOs in Kiribati work mainly in the environmental and social sectors.

III.3 Other EC policies

There are two important links to be mentioned. The first one is with the European environmental policy and the active role of EU and the Commission in implementing this as the Kyoto Protocol, and secondly, the Green Blue Diplomacy Strategy in general. Additionally, the European Community entered into a Fisheries Partnership Agreement with Kiribati, and European vessels do engage into fishing activities in the area.

The second area of exchange and interaction is linked to cooperation on tax matters. The GoK has declared its willingness to comply fully with international standards and practices in the area of money control and taxation.

Coherence between development co-operation policy and other EC policies (trade, fisheries, agriculture, environment) relevant for Kiribati will be assessed on a continuing basis. Coherence with cross-cutting issues referring to gender mainstreaming, environmental considerations and principles of good governance will be observed in all future projects.

III.4 Description of the political dialogue with the partner country

Relations between the EC and Kiribati are cordial with no contentious issue to note. Through the NAO the EC Delegation in Suva maintains regular contact with the Government. Regular visits by Delegation staff provide ample opportunity to liaise directly with line Ministries. The Delegation has also very good relation with the High Commission of Kiribati in Fiji. The closure in 2006 of the EC office in Tarawa appears not to have affected programme implementation. Following End-of-Term Review and NIP Addendum the de-committed funds from EDF 8 were transferred to the development reserve.

III.5 Description of the state of the partnership with the recipient country and progress towards harmonisation

The EC Delegation holds meetings with other donors, including Member States, in order to progress donor coordination. This is particularly true in the case of Australia and New Zealand.

The Ministry for Finance and Economic Development is responsible for monitoring donor aid to the country. The EC National Authorising Officer is the Permanent Secretary of this Ministry and is critically involved in the development planning of the country.

CHAPTER IV: RESPONSE STRATEGY

IV.1 Objectives for future co-operation

The response strategy takes into consideration the basic principles of the EC's Development Policy, as well as the results of the preceding analysis of the political, economic and social situation in the Kiribati, the longer-term development goals, the government's own priorities and the management capacity and staff resources of the EC Delegation in Fiji. Past experience of other donors activities are also included in the strategy. The future co-operation between Kiribati and the EC in the context of the Cotonou Agreement has been designed to contribute in particular:

- to ensure that EC funded projects have a positive impact on living conditions of all beneficiaries, in particular the people in the outer islands, without any distinction according to social, ethnic, political, religious or gender criteria;
- to ensure that the operations can be sustained in order to guarantee a long-lasting flow of benefits to the target groups and to the country as a whole;
- to ensure that the projects and programmes funded under the present Agreement are in areas where the EC is perceived to have a comparative advantage, as a donor focusing on

the development of the Outer Islands, compared to other donor organisations, and where it is possible to operate in close partnership with established and reputable regional agencies that have already established networks in Kiribati.

IV.2 Focal Area of Co-operation

The Government of Kiribati and the European Commission jointly recognise that important environmental issues and the sustainable management of natural resources form an essential part of the country's development priorities, to which the European Commission wants to align its response strategy. Issues related to the reliable provision of water and sanitation, management of solid waste and renewable energy are therefore topics of central relevance for any discussion on the future partnership.

In October 2005 the European Commission proposed to the Pacific Forum Leaders to focus the EDF's future assistance in the Pacific on the sustainable management of natural resources, a sector of strategic importance to all Pacific Island Countries, where there is a general commonality of interests between the region and the European Union and where the EU has significant expertise. Sustainable development is also one of the four key pillars of the regional framework underpinning the Pacific Plan, which was approved by the Forum Leaders on the same occasion in 2005. The above-mentioned new EU strategy for the Pacific, which was approved by the General Affairs Council of the European Union on 17 July 2006, refers to the sustainable management of natural resources as one of the priority areas for more focused development cooperation.

There is a need to spread the benefits of growth more widely and equitably across the country and to improve the living conditions in the outer islands. Addressing the basic energy needs of the outer islands through a sustainable, environmentally sound and secure energy supply can supplement the long-term energy needs of the country and further reduce the dependence on imported fossil fuels. To redress the imbalance and achieve a more equitable distribution of resources to the outer islands, the **water and energy sector**⁴ has been selected as the focal sector in support of outer island development. These objectives are coherent with the CSPs of most other small Pacific Island countries, which also feature renewable energy and/or water particularly for outer island development, and is consistent with the *sustainable management of natural resources* focal sector of the Regional Strategy Paper. The chosen sector reaffirms government's support of rural development and poverty reduction and compliments both the Pacific Plan and the European Union's green/blue strategy for the Pacific.

Additionally, it should be noted that the Fisheries Agreement currently in force contributes not only to the income of the country, but also to the promoting co-operation among economic operators and in civil society. The DEVFISH regional project provides funds for the economic development of the fisheries sector. The European Community provides the financial assistance for promoting responsible fishing and sustainable exploitation of fishing resources in Kiribati.

As for fisheries, it should also be noted that one of the priorities of the EU in this area, which nowadays is becoming increasingly important, is the fight against the illegal, unreported and unregulated (IUU) fishing activities which is a drain on the economy of Kiribati. The new

⁴ 'It is understood that renewable energy and energy efficiency/water and sanitation (use whichever appropriate in your country) falls within the broader focal area of water and energy as contained in the European Consensus on Development.'

Fisheries Partnership Agreement will take into account this important aspect, which is also being addressed with the recent SCIFISH regional intervention, financed from 9th EDF.

Climate change is an important issue, in particular for low-laying islands the Pacific region. Major regional initiatives are being considered in the context of the forthcoming 10th EDF Regional Indicative Programme.

In January 2007 Kiribati has adopted a National Adaptation Programme of Action (NAPA) and has taken important steps in this area. Environmental issues and problems that have been identified in Kiribati include:

- deteriorating states of coastal zones, coral reefs, fisheries, fresh ground water, health and biodiversity;
- increasing population;
- inadequate urban services such as water supply and sanitation;
- overexploitation of natural resources in urban Tarawa; and
- difficulty in enforcing land use management strategies and controls.

Some specific issues with regard to improved water resources management should be taken into account (and also in the identification process and feasibility studies which will determine the specific interventions and accompanying measures of the focal sector programme).

It is also to be noted that, given the difficulty of implementing individual disaster prevention programmes for each small island, a synergy should be found between all contributions to such programmes on a country and regional basis (for example the multi-country programme under the 9th EDF B-envelope).

It is proposed to allocate 85 % of the A-envelope or € 10.8 million for the development of sector of the **water and energy**. NSAs will be encouraged to participate in the implementation of the programme. The remaining 15 % (€ 1.9 million) will be to establish a Technical Co-operation Facility from which necessary local Technical Assistance, especially for the NAO office, studies and EDF-related activities will be funded. The TCF may also be used to finance necessary measures in support of governance issues, regional integration and EPA related activities, and in the improvement of statistical reporting.

The programme is complementary to Kiribati's own efforts to improve the living conditions in the outer islands and is co-ordinated with and complementary to the support for outer island development of other donors.

The situation in the concerned sector

Kiribati relies heavily on imported fossil fuels for its commercial and transportation energy needs, but many problems are faced by the energy sector. Diesel generators supply electricity to most of the urban centres like Tarawa. For the outer islands, however, where there is no regular supply of fuel for generators, solar photovoltaic technology has been promoted. Importing fossil fuels for energy generation have been putting an increasing strain on the

economy of Kiribati, while the technical expertise and infrastructure needed to utilise the resources better are lacking.

The use of alternative, renewable energy sources will help to offset future dependence on imports and contribute to the overall aim of achieving the maximum degree of energy independence, while providing opportunities for development primarily in the rural sector.

Biomass plays an important role for domestic purposes, such as cooking, in the outer islands and for most families in South Tarawa. Timber products including coconut palms constitute the biomass resources in Kiribati. Increasing population and the overexploitation of fuel-wood has resulted in the loss of suitable supplies. On Betio, fuel-wood has to be purchased to meet the growing demand.

Regular access to safe drinking water poses an ongoing challenge to the government, as water shortages frequently occur. Rainwater collection is the most efficient and sustainable source of freshwater throughout Kiribati. However, due to a lack of adequate catchment areas and storage facilities, water supplies can be vulnerable during droughts (defined as extended periods of no rainfall, or extended periods of much less than average rainfall, which cannot keep up with normal municipal-wide water demands). Most households have individual water tanks, and guttering provides for the collection of run-off rainwater from the roof in urban areas. This catchment method could be sufficient on the outer islands provided that individual household storage is significantly enlarged.

In the case of Tarawa atoll the collection and storage of fresh water in Tarawa is problematic, with far too little rainwater catchments and not enough storage capacity, where nearly 50% of the population live. Rainfall can be infrequent and there are regular periods of drought that can last months. Covering periods of drought by producing desalinated water is not viable due to high electricity (and fuel) costs to operate the desalination plants. To provide a sufficient water supply for the population of Tarawa that can cover the lengthiest periods of drought (usually 1-2 months) residential and (or) municipal rainwater catchments and storage capacity need to increase significantly.

In the Outer Islands the solution to water shortages lies primarily in increasing individual rainwater catchments and storage capacity through the procurement of household water tanks. The cost of adequately sized water tanks for an average household makes it possible to supply every outer island household with sufficient storage capacity. The response will include water resource assessments as well as physical improvements in the water supply system in selected locations, technical assistance to review the feasibility of non-polluting sanitation systems, and finally, establishment of community development scheme for roof catchments and sanitation.

IV.3 Implementation mechanism

As discussed at the Regional Seminar in March 2006 and if deemed feasible and desirable by partner governments, a multi-country program approach is proposed as the preferred modality for implementing the 10th EDF. This should raise the quality of Technical Assistance, improve efficiency and effectiveness, and speed up the delivery of 10th EDF assistance.

Nevertheless a degree of flexibility regarding implementation arrangements needs to be maintained in case the suggested centralised technical assistance of a large multi-country

programme is found wanting. Alternatives including national programmes through national government authorities, or the use of regional agencies for technical assistance, such as the South Pacific Geosciences Commission (SOPAC), should remain an option.

Where and when available, 10th EDF projects should employ local administrative and technical expertise. Detailed implementation mechanisms will be jointly discussed and agreed upon, taking into consideration lessons learned from the five-country renewable energy project in the Pacific, financed under the 9th EDF.

In order to assist in the definition of future strategy under the 10th EDF, use should be made of the recommendations provided in the “Thematic evaluation of the European Commission’s support to Partner Countries in the Water and Sanitation sector” (ref: EUROPAID – 116546/C/SV/Multi-Jly 2006).⁵

⁵ Main recommendations of the thematic evaluation – Water & Sanitation Sector:

1) Specific Water & Sanitation (W&S) sectoral needs of a partner country and the potential contribution W&S actions reducing poverty and raising living standards, can best be mainstreamed into the CSP and NIP by moving towards more formal partnerships for the W&S sector between the EC and its partners.

2) Before a water supply project or programme is contemplated, the need for a sanitation component must be properly assessed, and if appropriate included.

Although the IWRM principles (like proper understanding of the water resources management process, and stakeholders well equipped) are being considered, they should be applied more rigorously in planning/design/management of water supply schemes.

3) Balancing W&S policies with the inability of some in society to pay for water, and the need for sustainability through higher investments in Operation and Maintenance, and ensuring beneficiary empowerment, must be viewed as W&S sectoral priorities.

4) Continue and expand the use of sector and budget support mechanisms to implement W&S actions. Where “basket” funding is being used through sector programmes, special efforts should be made to ensure that Member States' development and sectoral priorities and the ones promoted by EC will be aligned.

The EC's financial and management systems, via which it administers W&S sector and budget support programmes, should be closer harmonised with those used by the recipient government.

5) Efforts to advance gender awareness in the W&S sector, particularly at decision-making level, should be doubled.

6) Performance indicators should be selected and mainstreamed to enable policy-makers and senior managers to assess impacts of service delivery on health and poverty. These indicators should also enable to demonstrate successes to a wider audience with more confidence.

PART 2: INDICATIVE PROGRAMME

1 Indicative Programme

Introduction

On the basis of the cooperation strategy presented in Part One and in accordance with Article 4 of Annex IV to the Cotonou Agreement, the Indicative Programme has been drawn up as a set of tables showing the intervention framework for each sector, the financial programming timetable and a detailed schedule of activities for all listed programmes over the four-year implementation period.

Amounts mentioned in this chapter indicate the overall breakdown of funds between the focal sectors, macro-economic support and other programmes. The breakdown may be adjusted in the light of the operational, mid-term, final or ad hoc reviews. However, for any adjustment resulting in a substantial change to the structure of the response strategy, a formal decision in the form of an addendum to the strategy document will be required.

1.1 Financial instruments

The implementation of the EC's cooperation strategy with Kiribati will be financed from several financial instruments. The following is an indication of their mobilisation as currently envisaged.

1.1.1 10th EDF, A envelope, € 12.7million: this envelope will cover long-term programmable development operations under the strategy, and in particular

Renewable Energy	€ 4,100,000	
Water Supply/Sanitation	€ 6,700,000	}85% of total

The specific areas to be addressed within the focal area will be determined on conclusion of a project design study to be undertaken in 2007. Programme Implementation of renewable energy sector will be through a multi-country approach where a centrally located Project Management Unit will service a number of participating countries. The countries involved in this approach are, Cook Islands, FSM, RMI, Palau, Nauru, Niue, Kiribati, Tuvalu and Tonga. The detailed implementation mechanism will be jointly discussed and agreed upon, taking into consideration lessons learned from the 5-country renewable energy project in the Pacific.

As far as water is concerned, the focal area will be determined within a bilateral project with the Government of Kiribati. The water and sanitation project will aim at the development and management of freshwater resources to reduce the vulnerability to climate variability and climate change. It will provide support for technical assistance, awareness materials, and workshops to update the national water policy, improve water resource management, and revise building codes to enhance opportunities for rainwater catchments and storage for the

Outer Islands. It is planned to support water resource assessments as well as physical improvements in the water supply system in selected locations, technical assistance to review the feasibility of non-polluting sanitation systems, and finally, it should lead to the establishment of an Outer Island community development scheme for roof catchments and sanitation. Focus on the Outer Islands is in line with the Improvement of Health Services for the Outer Islands Project implemented under the 9th EDF.

The implementation of the Water project in the Outer Islands should include assessments of public and private systems, upgrading existing freshwater systems which are widely in need of repair and upgrading. Assessment, prioritisation and design need to be followed promptly by systematic improvement. This sub-component will enable the work to be undertaken incorporating climate variability and change factors. A grant scheme based on the success of a somewhat similar scheme in South Tarawa, will assist households in providing rainwater catchments and storage, and possibly to install water-saving sanitation systems.

Non-focal € 1,900,000 15% of total

will be the Technical Cooperation Facility

1.1.2 **10th EDF, B envelope, € 1,100,000** : this envelope will cover unforeseen needs such as emergency assistance where such assistance cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives, and support to mitigate adverse effects of instability in export earnings.

In accordance with Article 3(5) of Annex IV to the Cotonou Agreement, this amount may, if necessary, be increased in the light of the operational or ad hoc reviews.

1.1.3 **Investment Facility**: in addition to the financial instruments mentioned above, of which the A envelope is the main programmable basis for the NIP, the 10th EDF also includes an Investment Facility, which is an instrument managed by the European Investment Bank. The Investment Facility is not part of the NIP.

Some specific activities may be supported by the **Centre for the Development of Enterprise (CDE)** and the **Centre for the Development of Agriculture (CTA)**.

1.1.4 **10th EDF Pacific Regional Indicative Programme**: this allocation will cover long term programmable development operations under the regional strategy for the Pacific. The allocation is not part of the Indicative Programme but may have repercussions at national level depending on the participation of Kiribati in the programmes proposed under the regional framework.

1.1.5 **Other financial instruments**:

Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007-2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes “investing in people”, “non state actors in development”, “migration and asylum”, “environment and sustainable management of natural resources” and “food

security”, as well as actions funded from other instruments such as the stability instrument, the instrument for the promotion of human rights and democracy or the instrument for humanitarian and emergency assistance.

1.1.6. Monitoring and evaluation:

Monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this CSP will be undertaken in line with the Technical and Administrative Provisions that are attached to each individual Financial Agreement prepared to implement this CSP.

The results and impact of the Community’s cooperation with Kiribati implemented through the NIP and through other external actions funded by the general budget of the European Community will be assessed by means of an independent external evaluation. This country-level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

1.2 Focal sectors

Water and Energy

The following specific objective will be pursued:

- to increase power production from renewable energy sources and
- to improve the overall policy framework of the energy sector
- to improve water Supply & Sanitation in the Outer Islands of the Gilberts Group.

As an indicative amount, approximately € 10.8 million will be set aside for this field.

The main actions proposed are: **in the outer islands the supply and installation of households, common and social buildings with renewable energy systems and the supply and installation of water and sanitation equipment (new or upgrading installations).**

Water Supply and Sanitation is planned to be addressed in bilateral programme with the Government of Kiribati.

The main implementing instrument will be: **project support**

The main sectoral policy measures to be taken by the Government as a contribution to the implementation of the response strategy in this field are: **Renewable Energy policy formulated and approved by Parliament by mid 2010.**

The main commitments by the Government to ensure mainstreaming of the crosscutting issues are:

When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out.

1.3 General budget support

The indicative programme does not provide for general budget support. However, in the light of changing needs, it may be decided to reallocate funds from other application points in the NIP to this type of support. Such a decision can be taken in the form of a specific agreement between the Chief Authorising Officer and the National Authorising Officer or within the context of an operational, mid-term, final or ad hoc review.

1.4 Other programmes

An indicative amount of € 1.9 million is set aside for the following actions:

The Technical Cooperation Facility; € 1.9 million. The TCF will primarily fund the cost of technical assistance and training and capacity building of the NAO office. It will also be used to fund necessary technical studies and activities related to EDF implementation, future programming and /or regional integration and EPA.

The TFC can also be used to finance measures which improve overall governance, in particular, actions that are directly linked to the government's commitments in Annex 3B.

Support for Non-State Actors covers NSAs eligible for funding as defined in Article 6 of the Cotonou Agreement and article 4(1)(d) of Annex IV to the revised Agreement. Depending on their mandate, support to NSAs may cover activities including, inter alia, capacity building, advocacy, research, awareness raising, monitoring and delivery of services to the population. In supporting NSAs, the EC may make use of article 15(4) which allows it to be the Contracting Authority

The main policy measures to be taken by the Government as a contribution to the implementation of the response strategy in the non focal areas are:

- Government agrees to assign full-time staff and operating budget to the office of the NAO.

1.5 Intervention Framework & Performance Indicators Water and Energy Sector Focal Sector

1.5.1 ENERGY

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	To improve social and economic development and reduce poverty in the outer islands	Employment increase Improved HDI rankings	Government records HDI index Poverty Assessments	N/a
Programme Purpose	To provide cost effective and reliable renewable energy and promote energy efficiencies	All RE systems supplied and in use by 2012 Increase in demand for RE systems Increase in private sector involvement in RE technologies New employment in the sector	Government records Independent reviews Independent surveys	World demand for oil continues at current or higher levels Government policies to support development of private sector
Results	Cheaper electricity costs Cleaner environment Educated public (in energy efficiencies) Efficient renewable energy company service and cost-effectiveness	Reduced dependency on fossil fuels Improved Household income Reduction of diesel imports Increase of household activities Increased number of households using electricity	Independent survey Inter-island shipping records Household income surveys	RE equipment properly maintained User pay system accepted Battery disposal system applied

1.5.2 WATER

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	To improve social and economic development and reduce poverty in the outer islands	Employment Increase Improved HDI rankings	Government records HDI index Poverty Assessment	N/a
Programme Purpose	To provide cost effective and reliable water and sanitation installation for the outer Gilbert Islands, using sustainable waste management	All WS systems supplied and in use by 2012 Increase in demand for WS systems Increase in private sector involvement in WS technologies New employment in the sector	Government records Independent reviews Independent surveys	Government policies to support sustainable water and sanitation management Increased social support for sustainable water and sanitation management
Results	Increased access to clean drinking water to every household Decrease of solid waste Increased water storage in case of periods of drought Improvement of hygiene, health and sanitation.	Increased number of households using water tanks and sanitation systems Increase household water storage capacity Increase communal water catchments and storage capacity Increased access to fresh water	Independent survey records surveys	Installation and maintenance of water tanks available Reinforcement of sewage systems

Proposals for performance indicators for water and sanitation sector

Below is a set of indicators that can be useful for designing performance assessment for the W&S sector

Intervention	Indicator
Sustainable national water resource management	<ul style="list-style-type: none"> ● Existence of a national water policy, with clearly defined institutional roles and responsibilities ■ Regional exchanges on IWRM good practices. ■ Transparency of decision making processes and participation of stakeholders ■ Introduction of a national water resource plan, including a national & local IWRM strategy.
Fair and appropriate allocation of water between all users. - water for food, water for nature, water for basic needs & water for energy & industry,	<ul style="list-style-type: none"> ● % of Population (urban, peri-urban and rural) with sustainable access to safe drinking water ● % of Population (urban, peri-urban and rural) with access to basic sanitation
Improving health and quality of life of the poor through sustainable water resource management	<ul style="list-style-type: none"> ● % of mortality rate due to water-related disease (especially under 5 mortality) ● Prevalence of diarrhoea ● Health costs of water related disease (% of income) ● Hygiene education & sanitation facilities provided in schools
Ensure an healthy access to safe drinking water, sanitation & waste disposal systems for the poor	<ul style="list-style-type: none"> ● Involvement of women in decision-making processes
Gender sensitive WS&S services and infrastructure	

1.6 Indicative timetable for commitments and disbursements

1.6.1 Indicative timetable of global expenses

	Indicative allocation	2008		2009		2010		2011		2012 →	
		1	2	1	2	1	2	1	2	1	2
1st FOCAL SECTOR – RENEWABLE ENERGY	M €										
- Project 1 : MULTI-COUNTRY PROGRAMME	M € 6.7		6.7								
2nd FOCAL SECTOR – WATER AND SANITATION	M €										
- Project 1 : W&S in Outer Islands	M € 4.1		4.1								
NON FOCAL SECTORS	M € 1.9										
- Institutional support for non state actors.	M €										
- Technical cooperation facility	M € 1.9		0.95						0.95		
- Contribution to regional programmes	M €										
- <optional> Support for EPA	M €										
- <optional> Support for Governance	M €										
- Other	M €										
Total Commitments:	M €										
Total Cumulative Commitments :	M € 12.7		11.75								0.95

1.6.2 Indicative timetable of disbursements

	Indicative allocation	2008		2009		2010 →	
		1	2	1	2	1	2
1ST FOCAL SECTOR – REWABLE ENERGY	M€ 10.8						
- Project 1 : MULTI-COUNTRY PROGRAMMING	M€ 6.7		0.6	0.6	1.5	1.0	1.0
- Project 2 : WATER AND SANITATION	M€ 4.1		0.5	0.6	1.0	1.0	1.0
2ND FOCAL SECTOR – <name>	M€						
- Project 1	M€						
- Project 2	M€						
NON FOCAL SECTORS	M€						
- Institutional support for non state actors.	M€						
- Technical cooperation facility	M€ 1.9		0.5	0.2	0.2	0.2	0.2
- Contribution to regional programmes	M€						
-<optional> Support for EPA	M€						
-<optional> Support for Governance	M€						
-Other	M€						
Total Commitments :	M€						
Total Cumulative Commitments :	M€ 12.7						

1.7 Schedule of activities

1 st FOCAL AREA (M € 10.8)	Indicative allocation	2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Project 1	M € 6.7			AF	✂	✂	✂	✂	✂	✂	✂	✂	✂
- Project 2	M € 4.1			AF	✂	✂	✂	✂	✂	✂	✂	✂	✂
2 nd FOCAL AREA (M €)		2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Project 1	M €												
- Project 2	M €												
NON FOCAL AREAS (M € 1.9)		2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Institutional support for non state actors.	M €												
- Technical cooperation facility	M € 1.9			AF	✂	✂	✂	✂	✂	✂	✂	✂	AF
- Contribution to regional programmes	M €												
-<optional> Support for EPA	M €												
-<optional> Support for Governance	M €												
-Other	M €												

FS: Feasibility Study

AF: Action Fiche

FD: Financing decision

✂ : Project implementation

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ANNEX 1: country at a glance

	2000	2001	2002	2003	2004	2005	2006	2007	
Basic data									
1	Population (in 1000)	84.5	85.9	87.4	88.9	90.4	92.5	na	Na
	- annual change in %	1.69				1.87			
2a	Nominal GDP (in millions A\$)	81.5	91	93.3	93	91.2	na	na	Na
2b	Nominal GDP per capita (in millions A\$)								
2c	- annual change in %	2.6	11.3	2.9	-0.5	-1.8	na	na	Na
3	Real GDP (annual change in %)	4.3	5.4	3.3	-2.6	-3.3	na	na	Na
4	Gross fixed capital formation (in % of GDP)	Na	Na	na	na	na	na	na	Na
International transactions									
5	Exports of goods and services (in % of GDP)	na	19.6	16.1	13.7	12,6	na	na	Na
	- of which the most important: ... (in % of GDP)								
6	Trade balance (in % of GDP)	-76	-76	-91	-81	-89	na	na	Na
7	Current account balance (in % of GDP)	2	23	-5	-27	-29	na	na	Na
8	Net inflows of foreign direct investment (in % of GDP)	Na	na	na	na	na	na	na	Na
9	External debt (in % of GDP)	14.9	19.7	17.7	25.5	29.9	25.0	na	Na
10	Service of external debt (in % of exports of goods)	2	8	18	18	na	na	na	Na
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	na	na	na	na	na	na	na	Na
Government									
12	Revenues (in % of GDP)	75	109	88	77	98	na	na	Na
	- of which: grants (in % of GDP)								
13	Expenditure (in % of GDP)	79	100	103	89	108	na	na	Na
	- of which: capital expenditure (in % of GDP)								
14a	Deficit (in % of GDP) including grants	-4%	8%	-15%	-13%	-9%	na	na	Na
14b	Deficit (in % of GDP) excluding grants								
15	Debt (in % of GDP)								
	- of which: external (in % of total public debt)								
Other									
16	Consumer price inflation (annual average change in %)	0.9	7	1.6	2.6	-1.9	-0.5	na	Na
17	Interest rate (for money, annual rate in %)								
18	Exchange rate (annual average of national currency per 1 €)	Na	na	na	na	na	na	na	Na
19	Unemployment (in % of labour force, ILO definition)	na	na	na	na	na	na	na	Na
20	Employment in agriculture (in % of total employment)								

ANNEX 9: POVERTY INDICATORS

Item	Country Poverty Indicators			Latest Year
	1990	1995		
A. Development Progress Indices				
1. Human Development Index	—	0.439	0.515	1998
a. PDMC Rank (out of 12 PDMCs)	—	—	7	9
2. Human Poverty Index	—	—	12.7	998
a. PDMC Rank (out of 12 PDMCs)	—	—	—	7
3. Composite Vulnerability Index	—	—	5.082	1998
a. PDMC Rank (out of 7 PDMCs)	—	—	—	7
4. Gender-Related Development Index	—	—	—	—
a. Global Rank	—	—	—	—
B. Poverty Indicators				
1. Headcount Index (% poor of total households) ^a	—	—	—	—
a. South Tarawa	—	—	51.0	1996
b. Outer Islands	—	—	50.0	1996
2. Poverty Severity Index (%)	—	—	—	—
C. Inequality Indicators				
1. Gini Coefficient	—	—	—	—
2. Household Income (% of total)	—	—	—	—
a. South Tarawa ^b	—	—	50.0	1996
i. H25	—	—	50.0	1996
ii. L75	—	—	50.0	1996
3. Income Ratio (H20/L20)	—	—	5.7	1996
a. South Tarawa	—	—	20.5	1996
b. Outer Islands	—	—	—	—

— = not available, H25 = highest income quartile group, H20/L20 = ratio of share in total income of the highest income quintile group to the lowest income quintile group, L75 = lowest 75% income group, PDMC = Pacific developing member country.

a In a 2001 Sanitation, Public Health and Environment Improvement Project (SAPHE) community survey of South Tarawa, an estimated 52% of households interviewed reported experiencing regular shortages of cash to meet daily needs.

b Figures refer to expenditure distribution.

Sources: Asian Development Bank (ADB). 2002. *Discussion Paper on Assessment of Hardship and Poverty*, under ADB. 2002 Technical Assistance for *Consultation Workshops for Poverty Reduction Strategies in Selected Pacific Developing Member Countries (PDMCs)*. Manila (TA 6002-REG); United Nations Development Programme. 1994 and 1999. *Pacific Human Development Report*. New York.

Table of indicators for the MDGs

	Indicator	1991	2000	2004	2005	2006	2007	2008	2009	2013	2015
Impact	1. Proportion of population living on less than USD 1 per day ⁶	nda	nda	nda	nda	nda	nda	nda	nda	nda	nda
	2. Prevalence of underweight children < 2500g (under-five years of age)	8.79	5.33	6.07	nda	nda	nda	nda	nda	nd	nda
	3. Under-five mortality rate	67	25	13	na	na	na	na	na	na	nda
Outputs	4. Net enrolment ratio in primary education	nda	86%	98%	nda	nda	nda	nda	nda	nda	nda
	5. Primary Completion Rate	nda	90%	79%	nda	nda	nda	nda	nda	nda	nda
	6. Ratio of girls to boys in: - primary education- secondary education- tertiary education										
	7. Proportion of births attended by skilled medical personnel	71%	84%	88%	nda	nda	nda	nda	nda	nda	nda
	8. Proportion of one-year-old children immunised against measles	62%	73%	56%	nda	nda	nda	nda	nda	nda	nda
	9. HIV prevalence among 15- to 24-year-old pregnant women	nda	na	na	nda	nda	nda	nda	nda	nda	nda
	10. Proportion of population with sustainable access to an improved water source	nda	na	na	nda	nda	nda	nda	nda	nda	nda

⁶ Indicator 1 may be replaced by an equivalent indicator based on national poverty thresholds, in which case a comment will be needed to permit consistent interpretation of data over time.

MDG PROGRESS

Progress Toward the Millennium Development Goals and Targets

Goals and Targets	1990	1995	Latest Year	
Goal 1. Eradicate Extreme Poverty and Hunger				
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015				
1. Proportion of population below US\$1 per day (PPP\$ values) (%)	—	—	38.0	1996
2. Poverty gap ratio	—	—	—	—
3. Share of poorest quintile in national consumption (%)	—	—	6.0	1996
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015				
4. Prevalence of child malnutrition of children under 5 (%)	—	—	13.0 ^a	1997
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	< 5.0	1996
Goal 2. Achieve Universal Primary Education				
Target 3: Attain 100% primary school enrolment by 2015				
6. Net enrollment ratio in primary education (%)	—	—	103.0	2001
Total	—	—	110.0	2001
South Tarawa	—	—	99.0	2001
Outer Islands	—	—	—	—
7. Proportion of pupils starting Grade 1 who reach Grade 5	103.8 ^b	88.9 ^c	90.0	2000 est.
8. Literacy rate of 15–24 year olds (%)	—	—	95.0 ^d	2000
Male	—	—	93.0 ^d	2000
Female	—	—	95.0 ^d	2000
Goal 3. Promote Gender Equality and Empower Women				
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and in all levels of education no later than 2015				
9. Ratio of girls to boys in: (%)	98.0 ^c	97.0 ^c	97.0	2001
Primary education	95.0 ^c	119.0 ^c	125.0	2001
Secondary education	—	—	—	—
10. Ratio of young literate females to males (% of age group 15–24)	—	—	102.0 ^d	2000

11. Share of women in wage employment in the nonagricultural sector (%)	—	—	37.0	2000
12. Proportion of seats held by women in national Parliament (%)	0.0 ^b	0.0 ^b 1997	5.0 ^b	2003

Goal 4. Reduce Child Mortality

Target 5: Reduce infant and child mortality by two thirds from 1990 to 2015

13. Under-5 mortality rate (per '000 live births)	88.0 ^b	77.0 ^b	69.0 ^b	2002
14. Infant mortality rate (per '000 live births)	65.0 ^b	57.0 ^b	51.0 ^b	2002
15. Proportion of 1-year-old children immunized against measles (%)	75.0 ^e 1989– 1990	62.0 ^e 2000	88.0 ^b	2002

Goal 5. Improve Maternal Health

Target 6: Reduce maternal mortality ratio by three quarters between 1990 and 2015

Goals and Targets 1990 1995 Latest Year

16. Maternal mortality ratio (per 100,000 live births)	—	225.0	56.0	2000
17. Births attended by skilled health staff (% of live births)	—	72.0 ^a 1995– 1997	85.0 ^f	1998

Goal 6. Combat HIV/AIDS, Malaria and Other Diseases

Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS

18. HIV prevalence rate among 15–24 year old pregnant women (%)	—	—	—	—
19. Contraceptive prevalence rate (% of women aged 15–49)	19.0 ^g	20.9 ^f 1998	28.0	2000
20. Number of children orphaned by HIV/AIDS	—	—	—	—

Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases

21. Malaria:	—	—	—	2000
Prevalence rate (per 100,000 people)	—	—	17.0 ^b	
Death rate (per 100,000 people)	—	—	—	

22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures (%)	—	—	—	—
23. Tuberculosis (TB):	—	—	39.0 ^b	2000
Prevalence rate (per 100,000 people)	—	—	6.0 ^b	2000
Death rate (per 100,000 people)	—	—	—	—
24. TB cases, DOTS:	—	157.0 ^b	201.0 ^b	2001
Detection rate (%)	—	83.0 ^b	91.0 ^b	2000
Treatment success rate (%)	—	1998	—	—

Goal 7. Ensure Environmental Sustainability

Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

25. Forest area (% of total land area)	38.4 ^b	—	38.4 ^{b,h}	2000
26. Nationally protected areas (% of total land area)	—	37.0 ^b	36.6 ^h	2002
		1997		
27. GDP per unit of energy use (PPPUS\$ per kg oil equivalent)	—	—	—	—
28. Carbon dioxide emissions (per capita metric tons)	0.306 ^b	0.283 ^b	0.310 ^b	1999

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

29. Access to an improved water source (% of population) ¹	47.9 ^d	76.0 ^a	60.0 ^d	2000
Total	76.0 ^d	1995—	77.2 ^d	2000
Urban	32.7 ^d	1997	49.5 ^d	2000
Rural	—	—	—	—

Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Goals and Targets 1990 1995 Latest Year

31. Access to secure tenure (% of population) ¹	—	—	92.2 ^d	2000
--	---	---	-------------------	------

— = not available, DOTS = directly observed treatment, short course; GDP = gross domestic product; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; kg = kilogram; PPP\$ = purchasing power parity in US dollar

^a United Nations Development Programme (UNDP). 1999. *Pacific Human Development Report 1999*. New York

^b United Nations Statistics Division, Millennium Indicator Database (2003), available: <http://millenniumindicators.un.org>.

^c United Nations Educational, Scientific and Cultural Organization, Institute for Statistics, available: <http://www.uis.unesco.org>.

^d Secretariat of the Pacific Community, Pacific Regional Information System (PRISM), available: <http://www.spc.int/PRISM>.

^e United Nations Economic and Social Commission for Asia and the Pacific. 2002. *Economic and Social Survey of Asia and the Pacific 2002*. New York.

^f World Health Organization, Regional Office for the Western Pacific, Country Health Profiles 2001 Revision, available: <http://wpro.who.int>.

^g ADB. 2003. *Key Indicators 2003*. Manila.

^h World Bank. 2003. *The Little Green Data Book 2003*. Washington, DC.

ⁱ Figures for 1990 and 2000 are based on households not population.

Sources: Unless otherwise specified, data are from the Asian Development Bank (ADB). 2002. *Discussion Paper on Assessment of Hardship and Poverty* undertaken under ADB. 2002. *Technical Assistance for Consultation Workshops for Poverty Reduction Strategies in Selected Pacific Developing Member Countries (PDMCs)*. Manila (TA 6002-REG) Figures from the discussion paper are primarily based on the 1996 household income and expenditure survey and the 2000 census.

Annex 3 - Country Environmental Profile Kiribati

1. Summary

This Kiribati country environment profile provides the background information from a national perspective, and suggests possible areas for intervention with EDF 10 resources.

Kiribati consists of 33 low atolls divided into three island groups, has a total area of 810 km², and an exclusive economic zone (EEZ) of 3.5 million km². Most of the islands are low lying coral atolls, consisting of a narrow band of coral sand overlying hard coral pans, fringed by coral reef on the ocean side and often surrounding a lagoon. Twenty of these islands are permanently inhabited.

Kiribati is one of the countries most vulnerable to the effects of climate change, climate variability, and sea-level rise. The atoll islands are low-lying and therefore highly vulnerable during certain climate conditions to changes in rainfall patterns and sea level, both from the point of droughts and of land loss through erosion and inundation. The impacts of such events have had adverse impacts on socioeconomic development, as resources are diverted to support emergency response and disaster rehabilitation. The potential threat of accelerated sea-level rise due to global warming puts all shorefront development at high risk from wave erosion, and from impacts from storms, and coastal inundation. These threaten the viability and performance of engineered facilities, as well as the economic growth and development of Kiribati, particularly in climate-sensitive sectors such as water and sanitation, infrastructure, agriculture, and inshore marine resources, together with the energy needs to service these sectors.

Kiribati has faced a challenging decade since the publication of its National Environment Management Strategy (NEMS) in 1993, which is based upon the principles agreed to at the Earth Summit on Environment and Development held in Rio, 1992.

The NEMS (1993) states that for Kiribati it is *“fully aware of the responsibility it is entrusted with regarding the proper management of its natural resources to ensure the long-term viability of this small island nation”*.

In the NEMS overall country goals included:

- manage and plan for ecologically sustainable development and conservation of coastal areas, habitats and resources;
- develop and implement coastal planning and management;
- improve administrative arrangements and legislation;
- control pollution and have an effective waste management system;
- strengthen the capacity of national institutions to carry out pollution monitoring and research;
- increase knowledge and understanding of Kiribati's resources and environment; and
- improve policies, methods and technical advice on environmental issues.

Strategies for attaining sustainable development were presented in the NEMS (1993) under five broad objectives:

- integrating environmental considerations into economic development;
- improving environmental awareness and education;
- development and protection of the resource base;

- improving waste management and pollution control; and
- balanced development, planned urbanisation and lower population growth rates.

Kiribati's progress over the last decade has laid the platform for necessary mechanisms to implement all its environmental obligations under international and regional environment conventions since the Barbados Programme of Action in 1994. Despite progress over the years, new concerns have emerged together with imperative issues of special needs that require immediate assistance from the international community on the sustainable management, protection and conservation of Kiribati's natural, ecological, cultural and human resources. These emerging concerns are seen as the next stepping stone for Kiribati to consider in the coming decade if it is to fully realise a balance between development and natural resource management.

Climate Change

- Strengthen climate change coordination mechanisms, enhancing coherence in their activities, and improving synergies.
- Design multi-sector policy programmes for instance coastal erosion, environmental threats, current climatic implications (hazards), coastal resource management, infrastructure management that is inclusive of potential effects of climate change.
- Future approaches to tackling climate change should be programmatic, short-term project cycles have limitations and relevant milestones and evaluations should be built into a longer term approach, along with flexibility to enable strategic change of direction if required.
- Develop a pool of national expertise to address UNFCCC implementation issues at the national level.
- Develop and strengthen linkages of climate change issues within the national planning process.

Natural and Environmental Disasters

- Limited capacities towards human resource development, resource/tools for work and funding for the NDMO, including making the shift from response and recovery to a risk reduction focus.
- Strengthen networking amongst all stakeholders, many agencies in government and outside are working sectorally and independently with little consultation with the NDMO.
- A dedicated budget is needed to implement identified activities and work programmes to facilitate provisions for response and rehabilitation.
- Limited appreciation and acknowledgement by relevant stakeholders of the interlinkages between natural and man-made disasters especially in the coastal zone as regards erosion and pollution.

Waste and Pollution

- A well structured and designed multi-stakeholder national strategic plan for the implementation of waste disposal and pollution prevention
- An adequate financial commitment by the national government and development partners.
- Human resources development in the field of waste and pollution management.
- Studies carried out to determine ways of providing extra space for landfill sites.
- Expansion of the present Environment Act and Regulations to provide for a thorough and more comprehensive control of waste and pollution.
- Individual responsibility to be encouraged via educational programmes in individual homes, and programmes on public awareness to be strengthened.

- Sufficient equipment to be provided and maintenance funds allocated in order to substantiate an attempt to maintain pollution monitoring schedule.
- Updating and expansion of relevant Ordinances and Regulations that cover pollution and waste disposal.

Coastal and Marine Resources

- Improve public awareness and knowledge of coastal resources and marine related systems, and the need to sustainably manage them, amongst all stakeholders.
- Empower local communities who depend on these resources to take a more active role in managing their own resources in their villages while Fisheries Environment Division assist in providing technical advice.
- Establish more conservation areas especially in areas where there is high fishing pressure on the resources. Prior to establishing these areas, a stock assessment survey should be conducted to identify main spawning and aggregation sites for important fisheries resources, especially those that are targeted for subsistence and commercial purposes including endangered species namely giant clams, turtles and others.
- Establish aquaculture stock enhancement programmes.
- Strengthen existing and establish where necessary data collection and on going stock assessment surveys to form an integral part of all fisheries programmes, as there is still a large gap in acquisition of baseline information on coral reefs and important fisheries due to limited funding for research.
- Strengthen technical and human capacity of the Fisheries Division to improve conservation and management of the resources.
- Review the current Fisheries Act and assist Island Councils to develop more stringent regulations and by-laws for sustainable management of the coastal marine resources.

Freshwater Resources

- Strengthen national planning, policy, and legislation for water resources.
- Public education and assistance to households and communities with the purchase of water storage tanks, improve catchments and environmentally sound domestic sewage disposal systems, including the development of composting toilets, especially on the outer islands.
- facilities and equipment are required to test for water quality.

Land Resources

- Collaboration with regional and international research institutes to find solutions to the constraints that hinder the development of agriculture in Kiribati without exploiting other valuable resources and most importantly cause environmental destruction.
- Strengthen institutional and human capacity of the Agriculture Division.
- Traditional agricultural methods should be encouraged and interlinked with introduced agricultural methods to increase and improve food crop production.

Energy Resources

Key constraints related to the planning, production and distribution of sustainable energy resources and systems, including improving energy conservation and efficiency, and increasing the amount of affordable renewable energy include:

- high capital costs, and lack of institutional framework, capacity and capability;
- lack of information and awareness of the potential for renewable energy systems; and

- renewable energy is not considered a priority sector.

Conclusions and recommendations of the Kiribati Country Environment Report are as follows.

Conclusion 1: It should be highlighted that this Kiribati environmental profile has been compiled as a desk study. Nonetheless, it has benefited from access to reporting on environmental issues by Kiribati produced over the past decade, since 1992 at UNCED in Rio (Agenda 21), and in 1994 at the Barbados International Meeting on Sustainable Development for Small Island Developing States (BPoA). Most recently, Kiribati has had the opportunity to produce national assessment reports for the 10-year review of both Agenda 21 (the World Summit on Sustainable Development in 2002), and the BPoA (the International Meeting on SIDS in 2005). Furthermore, the first 5-year national report of progress on achieving the MDGs was due for completion in September 2005.

Conclusion 2: The EU has supported Kiribati along with all Pacific ACP countries during recent global environmental processes, and in particular in regard to environmental issues such as climate change, water and sanitation, renewable energy, food security, and how to improve livelihoods of island people by addressing the “special case for SIDS” in regard to vulnerability and addressing poverty through establishing poverty reduction strategy papers and national sustainable development strategies, or the like. Kiribati needs support for implementation from the EDF 10.

Conclusion 3: Notwithstanding the current Country Support Strategy (refer Section 4.1) for EDF 9, together with assistance being provided through the Regional Indicative Programme, it should be noted that along with other Pacific ACP countries, Kiribati has agreed to the new Strategy for Strengthened Partnership between the EU and the Pacific Islands which has a *“blue-green” theme within the context of sustainable management of natural resources and environmental challenges*. Within this broad theme specificity is needed to ensure the activities to be supported by the NIP deliver tangible and concrete benefits at national level that demonstrably contribute to strengthening the environmental pillar of national sustainable development and poverty reduction. In this context also, improved and strengthened links need to be demonstrated with the activities to be carried out at national level by the regional organisations supported by the Regional Indicative Programme.

Conclusion 4: Kiribati’s environment is no exception to the reality that it provides the basic goods and services, such as water, energy and food security, upon which people live. Improvements and sustainability in these areas are essential to underpin generation of economic wealth. Kiribati acknowledges that environmental considerations are inextricably linked across their national development planning efforts, but there is a need to strengthen these interlinkages to ensure improved decision-making supports efforts to achieve sustainability.

Conclusion 5: The state of the Kiribati environment over the past decade has deteriorated and remains extremely vulnerable. Over the past decade much has changed with internal shocks from increasing population, concentration of that population through urbanisation and urban drift, and external shocks such as globalisation, HIV/AIDS, climate change and most recently increasing fuel prices. All are putting increased stress on the environment. Key examples of improvements needed are; secure safe water supply and sanitation; developing access to affordable renewable energy resources; food security from fishing and agriculture, to support sustainable development, improve lifestyles and reduce poverty. The urban and rural population, urban centres and outer islands must be targeted.

Improvements in these “sectoral” areas will also have a positive impact on reducing Kiribati’s vulnerability to climate change and natural disasters (many of which are weather-related).

Conclusion 6: Over the past decade some progress in many areas has been made in improving environmental sustainability through institutional strengthening. Although not as significant as Kiribati would have liked. Much of the progress has been at the initiative of the Kiribati and with its own financial resources. But much remains to be done to improve the efficiency and effectiveness of the national environmental machinery including strengthening the role of the NGOs. Development partners, including regional organisations, need to harmonise and coordinate their assistance more closely with Kiribati needs and efforts, and amongst themselves. This will make both existing and new resources more efficient and effective.

Conclusion 7: In order to provide a platform to facilitate closely cooperation with its development partners, and improve governance, Kiribati should consider developing an overarching planning policy/regulatory and institutional arrangements such as National Sustainable Development Strategy (or to embed the principles of sustainable development in revisions of existing national development plans, including issues of environment concern). There is much room for supporting capacity building and technical assistance in this context.

Conclusion 8: Kiribati’s capacity needs to be strengthened to manage its large marine environment compared with the generally small island land areas. In reality, as the marine “blue environment” and land “green environment” are an environmental continuum across the coastal zone. Kiribati needs a spatially integrated management approach, similar to “island system management” promoted by the EU through one of the EDF8/9 regional projects.

Conclusion 9: Kiribati, like many other of its neighbours, recognises the opportunities of improved information and communication technologies, in particular in regard to getting more up to date data and making it readily available to support the decision-making process.

Conclusion 10: Kiribati needs to develop and strengthen its own national setting of indicators and targets, and monitoring arrangements to track progress, and link these to international development goals agreed at for example the WSSD, the Mauritius International Meeting on SIDS, and contained in all relevant MDGs and targets, not just MDG7 on environmental sustainability.

Recommendation 1: Concerning the selection of the focal sectors and response strategies for Kiribati, within the overarching “blue-green” theme of sustainable management of natural resources and environmental challenges, key areas to consider are: securing safe water supply and sanitation; developing access to affordable renewable energy resources; and improving food security from fishing and agriculture.

Recommendation 2: As a governance issue in regard to national institutional capacity to improve the management of natural resources and the environment, consideration needs to be given to supporting Kiribati address institutional capacity assessment and needs for all its line ministries. Specifically:

- there is an immediate need to promote the participation and involvement of NGOs at the national and community level and be supported through capacity building;

- additional financial assistance is required to implement priority human capacity building needs of the country; and.
- the recognition of integrating environmental consideration into national economic planning is a critical issue that requires priority attention. The development of a national policy on economic growth and sustainable development must include the integration of environmental issues into economic planning.

Recommendation 3: Improve Kiribati's national environmental information systems, and ensure environmentally-relevant indicators to be used in the implementation of the EDF 10 National Indicative Programme, are integrated into these systems.

Recommendation 4: Kiribati access to the use of EC horizontal budget lines (such as Environment and Forests) and facilities (EU Water Facility - EUWF and the EU Energy Facility - EUEF), and the EU/ACP Natural Disaster Fund are limited by national capacity constraints. Each of these opportunities of additional financial resources are important and should these funds/facilities be ongoing consideration needs to be given to assisting Kiribati prepare the bulky and complex applications.

Recommendation 5: In order to ensure effective and efficient support to Kiribati, it is important for the EU to develop new and strengthen existing opportunities for co-ordination on natural resources and environmental issues with other donors (including regional organisations) seeking to achieve complementarities and synergies.

Annex 4 - Migration profile country KIRIBATI

Box 1 : Immigrants

Total number of residents: about 93,000 (JAR 2004)

Of which: Own nationals more than 99%
Immigrants

Status immigrants

Refugees 0 %
Labour migrants /permanent few expatriates, aid workers, diplomats etc.
Labour migrants/seasonal 0

p.m. internally displaced persons

Immigration trend

Number of arriving immigrants in 90/95: na
Number of arriving immigrants in 95/2000: na

Education: few expatriates, aid workers, diplomats etc.

Main countries of origin UK, Australia, New Zealand, Taiwan, Japan, US, other EU countries, Pacific Island Countries etc.

Rate of return

Finance

Amount of outgoing migrant remittances: not relevant
Remittances as % of GDP: not relevant

Box 2: Emigrants

Total number of emigrants 1500-2500

Status emigrants

Refugees 0 %
Labour migrants /permanent
Labour migrants/seasonal 1500 – 2000 mostly seafarers

Legal situation emigrants

Documented 95-100 %
Undocumented %

Trend

Number of leaving migrants in 90/95:
Number of leaving migrants in 95/2000: about 250 Seafarers / year

Education: Skilled labour Merchant seafarers, few students, phosphate mining workers in Nauru

Main countries of destination most seafarers are employed in German Ships

Rate of return 100 %

Finance

Amount of incoming migrant remittances 6.3 US \$ million (2003 ADB)
Remittances as % of GDP: about 10 GDP %

Annex 2 - Donor Co-ordination

There is a Donor Co-ordination Committee located within the Planning Office of the Ministry of Finance and Economic Development. This is an internal committee and donors are not represented.

In the absence of a government lead donor coordination process, donors themselves coordinate where there is mutual interest. Donors with a permanent presence in Kiribati are the European Commission, AusAID, UNICEF and WHO. The New Zealand High Commission acts as a contact point for NZ Aid. Regular missions are made by the ADB, World Bank and UNDP.

Australia and New Zealand carried out a joint end of term review of their programmes in early 2005 which has been followed by the joint planning of a sector wide approach for the long term support of the education sector. The EC participates in all joint NZ and Aus Aid missions. Australia and New Zealand have also supported the World Bank lead initiative to strengthen Kiribati's capacity to adapt to climate change through the Kiribati Adaptation Programme II (KAP II). EC support of the KAP II may be considered in the 10th EDF programming cycle. Participation in this initiative will signify considerable progress in donor coordinated modalities and activities.

Donors involved in the health sector meet monthly to coordinate and share information. These meetings include Aus Aid, UNICEF, WHO and the EC. A similar initiative would assist streamline the various small grants schemes which fund community based activities which include Canada Fund, Aus Aid, NZ Aid, EC , various Embassies and the British High Commission.

Regional programmes of all donors are poorly coordinated.

All information for the Matrix has been taken from the Kiribati National Budget 2006. Figures in Australian Dollars (AUD)

COUNTRY DONOR	Economic Development	Social Development	Productivity Sector	Thematic/ Crosscutting Issues Treaties and Agreements.
GOK	Cabinet room extension \$150,000	Community Development Center Nikunau \$105,829.00	SAPHE \$5,096,000 (water and sanitation)	
	Aoraereke Causeway Onotoa \$195,078.00	New Council office Abatang \$113,580	PUB water and sewerage subsidy \$120,000	
	Tangiteaira Bridge Makin \$163,756.00	Outer Island Fencing Maneaba \$1,840,000	Maintaining food security \$1,000,000	
	Outer Island of maintenance of Government Building \$618,920.00	Hospital for southern Kiribati Group \$9,909,120.00	South Tarawa oil soap project \$3,000,000	
	Banaba Compensation \$300,000	Primary schools water Tanks \$100,000		
	Seaweed Price Subsidy \$205,000.00	Renovation of Primary Schools P/Classroom Ph- 1 \$1,000,000		
	Teabike College Classroom \$376,180.00	Assist to upgrade church .Schools \$992,932.00		
	JSS Capital cost \$1,500,000.00	Banaba airstrip preparatory work \$7,800,000.00		
	Satellite Primary Schools \$3,140,800.00	OI Telecommunication Development \$7,500,000.00		
	KGV/EBS Dimming Hall \$700,000	Global System Mobile (GSM) \$6,500,000		
	KGV/EBS multi purpose court \$100,000	OI Church SEC, Schools Generator (remaining) \$163,500.00		

	KGV/EBS hall \$500,00	Outer Island water system ph-\$300,000	
	Upgrading of Bonriki airport \$107,600.00	Outer Island road & airstrip Tar sealing \$2,100,000	
	Safety Carrier – Tabuaeran \$882,263.00	Christmas solar salt project \$100,000	
	Betio and South Tarawa road upgrading \$1,729,000	Kiribati housing Project \$260,000.00	
Taiwan	Road safety Infrastructure \$382,450.00	Institutional Strengthening of the Kiribati Police Station (KPS)-ph 1 \$880,000.00	Fruit processing project \$205,830.00
	Biennial Slipping of RKS Teanoai \$280,394.00	Small Community Project fund \$200,000	New Terminal for KOIL –Phase 1 \$3,120,000
	National Disaster and Coastal Erosion \$500,000.00	Island Council Priority Projects \$4,000,000.00	
	Nuotaea Ferry Boat \$145,073,00	Hospital Equipment and Supply \$1,716,622.00	
	BTC, TUC Feeder & Buota Road \$100,000.00	Radio Broadcasting services for Northern Lines Is.\$860,640.00	
	Outer Island Road \$1,200,000	Public toilets \$11,000.00	
	New Council Office Maiana \$106,200.00	Outer Island Maneaba on South Tarawa \$800,000.00	
	National Reef passage project \$882,263.00	Agricultural Technical mission \$3,500,000.00	
	Unallocated ROC (Taiwan) Aid \$10,000,000	Free rice \$500,000.00	
	Heavy Plant and Equipment for Civil Engineering \$952,000	Special medical fund Health Sector \$799,609.00	
	Ministry of Line and Phoenix Groups (MLPG) new office \$1,400,000	Sports Complex \$3,410,000.00	

		New council office – Tab North \$106,126	Transport for students \$300,000.00			
		Upgrading of Cassidy airport Kiritimati \$880,919	Education Equipment and infrastructure \$150,000.00			
		Upgrading of Nan Teibo causeway Butaritari \$198,609	Rehabilitation & maintenance of Solar pump \$200,000			
		Kienna Bridge Abemama \$192,100				
		Upgrading of Kariraia causeway \$177,500				
Australia		Patrol Boat –operation cost \$450,000	In Australia study awards \$2,720,000	Strengthening Prog. For Planning /Accounting \$1,925,000	Kiribati Adaptation Project- Phase 2 AUD \$2,000,000	
			Aust. ^{3rd} Award Training \$2,810,000	Institutional strengthening of Customs and Excise \$2,759,296		
			Australia in Country \$700,000	Strengthening of PUB \$675,000		
			Observer Project Fund \$1,335,065			
			South Pacific Healthy Island Promotion \$109,636.00			
			Primary Education Teacher upgrading \$1,980,000			
			Population Census (Aus Aid contribution Training) \$177,610			
			Aus AID Programme \$1,900,000			
			Small Grants Scheme Ausaid \$100,000			

		Programme Support service (PSU) 161,000				
NZ	Gender & Development Projects \$300,000	In NZ study awards \$425,000	Pearl Oyster Project \$249,964.00	Research	Kiribati Adaptation Project- Phase 2 AUD \$1,000,000	
	World weather watch \$277,606	Medical Treatment Scheme \$150,000	Ins. Strength. Public Sector & SOEs \$450,000.00			
	Marine Training Center (MTC) institutional Strengthening Project \$352,500	NZ Third awards \$2,550,000	Development Bank of Kiribati \$235,000			
		NZ in country awards \$360,000				
		Mid career short term training Awards \$230,061.00				
		New activities in basic Education \$500,000				
		(New Zealand Programme) \$3,000,000				
		Small project Fund (NZ) \$250,000				
EU*	Kiribati Training Program 11 \$10,500,000	Solar Energy for Gilbert Group \$6,500,000	Seaweed Development Program Phase 11 \$2,400,000			
	Replacement of OI Health and Dispensaries \$12,000,000					
JAPAN	Betio Port Maintenance \$125,612	Kiribati Port Authority (KPA)- new Parge \$150,000	Outer island Onotoa Island Ice Machine \$115,198.00		Kiribati Adaptation Project -Phase 1 \$979,584.00	
	South Tarawa Road improvement \$15,000,000	Japanese Grant Aid \$6,774,388	Fisheries Center in Kiritimati \$1,500,000.00			

	Maintenance of Xmas Jetty- Japan \$1,100,000	Upgrading of Elec Power supply on S/Tarawa -2 \$19,999,400	New inter island vessel for KSSL \$15,000,000	
			Fisheries Training Center (FTC) Practical Seamanship & Fishing Gears storage Block \$122,102	
UNDP		Strengthening Decentralized Governance Prg. \$1,081,000	Improv. Eco. & Environmental Vulnerability \$368,080.00	National Biodiversity Action Plan \$239,179.00
		National Adaptation Plan of Action \$234,852.00		
SPREP	South Pacific Biodiversity Conser. Program \$107,909.00			
	International Water Program \$500,000.00			
WB				Kiribati Adaptation Project -Phase I \$2,000,000 (GEF)
ADB		Outer Island Development Program Loan \$800,000		
		Upgrading of Bonriki airport \$12,000,000		
UNEP			Persistent and Organic Pollutant (POP) \$298,061	
FFA	Fisheries Development Assistant \$200,000			
	Working Capital for small fish processing plant \$172,312.00			
WHO	WHO cooperation Program \$570,000 total			

FRANCE		Water Resources for Banaba \$112,558.00	Feasibility study for remaining Phosphate deposit \$109,994.00	
UNFPA	Strengthening Availability Reproductive Health information \$124,118.00	Airport Development Programme \$2,200,000		
UK	VSO's in Kiribati \$150,000			
USA	Peace corps Volunt. Primary/school teachers \$2,500,000			
CHINA	Sports Complex \$10,000,000			

Only projects above \$100,000 are included. * EU regional projects are not recognized by the National Budget.

Annex 5 – Involvement of NSAs

Programming dialogue

Does the government involve Parliament, non-state actors and local authorities in the programming dialogue?	Non States Actors were involved in the discussions about the programming exercise and governance. Parliament was informed about the progress of the procedure (Minister reports).
Was the programming exercise effectively a joint and open process? Did the Government actively promote co-ordination and harmonisation with other donors?	Government did not implement any specific coordination between donors. Informal discussions on complementarities of aid were held with Australian.

Non State Actors

Participatory approaches to development: does the government involve non-state actors and local authorities in the PRS process (preparation, follow-up)?	In the PRS process, Government involved all the actors of development, NSAs, communities, churches, local government, etc. Meetings, workshops and debriefing are organised before the finalisation and the publication of the National Development Strategy every 4 years.
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Annex 6 – Harmonisation road map

Does not exist

Annex 7 – International conventions

Not available.

Annex 8 – Debt sustainability

Not applicable

ANNEX 3B – LIST OF GOVERNMENT’S COMMITMENTS

	Governance area	Prospective commitments
1.	Political democratic governance	
	- Human rights	
	- Fundamental freedoms	
	- Electoral process	
	- Principles of constitutional democracy	
2.	Political governance - rule of law	
	- Judicial and law enforcement system	
3.	Control of corruption	
4.	Government effectiveness	
	- Institutional capacity	
	- Public finance management	Improvement of public finance management as attested by the ADB reports.
5.	Economic governance	
	- Private sector/market friendly policies	
	- Management of natural resources	National Energy policy formulated and commenced, and implemented by mid 2010. Reform and update of fisheries laws and regulations to take accord of best practice by 2010.
6.	Internal and external security	
	- Internal stability / conflict	
	- External threats and global security	
7.	Social governance	
8.	International and regional context	
	- Regional integration	
	- Involvement in regional peer review mechanisms (e.g. APRM)	
	- Migration	
9	Quality of partnership	
	-Political dialogue	
	-Programming dialogue	
	-Non state actors	