



Kiribati Partnership Report 2009

August 2010



Contents

Context	2
Social vulnerabilities	2
Environmental vulnerabilities	2
Economic vulnerabilities	3
Public sector constraints	3
Education constraints	3
Progress on the Millennium Development Goals	3
Development environment	4
Results of the Kiribati program	4
Overall progress	4
Key results and successes against priority outcomes	5
Priority outcome 1: Basic education	6
Priority outcome 2: Workforce skills development	7
Priority outcome 3: Growth and economic management	8
Priority: Reduced vulnerability	9
Health	9
At-risk populations	10
Climate change	10
Quality of aid activities	10
The bilateral relationship	10
Towards real development outcomes: clarity over strategy	10
Technical assistance	11
Use of government systems	12
Donor harmonisation and coordination	12
Challenges and management consequences	12



This is the first report on the Kiribati – Australia Partnership for Development. Signed in January 2009, the Partnership is designed to help Kiribati build a well-functioning government and public service capable of delivering core government services. Through the Partnership, the Australian Government—primarily through the Australian Agency for International Development (AusAID)—will also help the Government of Kiribati (GOK) develop long-term solutions for the social, environmental and economic challenges it faces.

Context

The Partnership for Development is the foundation upon which Australia and Kiribati work together to tackle the challenges Kiribati faces. It covers a range of programs, some underway and some yet to start. Many of these programs are long term (spanning 10 years).

The GOK's ability to progress development outcomes is constrained, with public servants struggling with workloads and donor requirements.

Kiribati faces growing environmental threats—such as sea level rise and degradation of fresh water sources—which are redirecting the nation's already-limited human, financial and political resources away from providing basic services. In addition, poor and declining education standards are impeding efforts to improve workforce productivity and strengthen I-Kiribati's competitiveness in international labour markets.

Under the Partnership, the aid program saw some success in 2009, and AusAID learned a great deal about the scale of the challenges involved and the institutional, organisational and financial requirements needed to respond. A main lesson was the need to seek new ways to position the aid program and its implementation, such that it helps GOK to address the underlying constraints to development it faces more coherently.

Social vulnerabilities

More and more, Kiribati's basic infrastructure cannot support the number of people living in South Tarawa. About 43% of the population lives there and the density (2500 persons per km²) is about 20 times the national level. Indeed, the population living on Betio islet is as dense as in some major Asian cities.

In South Tarawa's urban areas, basic sanitation and water infrastructure is poor. Overcrowding in these undeveloped conditions accelerates the spread of disease, including tuberculosis (TB), diarrhoea, pneumonia and respiratory illnesses. The urban population continues to grow from high birth rates and internal migration. Formal law and justice institutions struggle to respond to a range of issues, including the effects of unemployment and alcoholism, particularly as traditional family structures break down.

Environmental vulnerabilities

Kiribati is very vulnerable to impacts on its environment and the limited environmental resources available to sustain its population. High population growth, the dependency on marine resources and accelerating coastal erosion are exacerbating that vulnerability. The main environmental issues are increasing sea levels and more frequent king tide events. Rising sea levels, coupled with population pressures, is putting water supplies at risk of permanent contamination and depletion. In the outer islands, rising salinity from over usage of the water lens and sea water inundations from high tides, is destroying crops. In parts of



Kiribati, local fish supplies are being diminished by reef destruction. Heavy rainfall, combined with poor infrastructure, is reducing the reliability of air and land transport.

Economic vulnerabilities

Real per capita gross domestic product (GDP) is US\$482, the lowest in the region. Government expenditure drives the economy, with the public sector accounting for 50% of GDP and providing around two-thirds of formal paid employment. However, this presents significant fiscal risks. Public-run enterprises dominate the service sector, and poor-quality public-run infrastructure and services make it difficult for private-run enterprises to operate. The value of the Revenue Equalisation Reserve Fund and Kiribati Provident Fund declined significantly in 2008, but this rate slowed in 2009. Remittances from seafarers remained at 2008 levels, but international employment opportunities decreased (from 100% in 2007 to 0 in 2009).

Public sector constraints

Appointing competent, energetic leaders to key positions in the past few years reflects GOK's priority to revitalise the public service. Despite this, the public service remained constrained from making sustained improvements to basic service delivery and driving reforms. It is over-staffed, and grapples with high staff turnover and skill gaps in strategic areas. Accountability and communication between and within government agencies needs to be improved. While progress continued to be made in 2009 to strengthen operational planning and performance reporting, this has been mostly in response to donor demand for greater scrutiny of budget processes, not in response to the need to make government more efficient.

Education constraints

Kiribati's basic education standards remain poor. Enrolment rates for students declined in 2009. Results from the 2009 Standard Tests of Achievement indicate that much less than half of primary school students have satisfactory literacy and numeracy skills. In English, students are well below the Pacific regional average, with only 12% to 14% passing the University of South Pacific English language test between 2005 and 2007. In mathematics, Kiribati students used to perform at or above regional levels, but scores are now declining.

Progress on the Millennium Development Goals

Where information exists on progress against the Millennium Development Goals (MDGs), Kiribati—on the whole—is not performing as well as other Pacific small islands states. In 2007, GOK reported it would not likely achieve the MDGs for poverty and hunger, gender equality, HIV/AIDS, and environmental sustainability.

Some progress has been made, however, with GOK reporting it should reach child mortality and maternal health MDGs. GOK has also reported it will likely achieve universal primary education, although in 2009 primary school enrolments decreased to 87% from 93% in 2008. Few other data are available on MDG progress since 2007.



Development environment

Around 20 donors work in Kiribati. In 2010, bilateral donor resources made up about 36% (A\$49 million) of total GOK expenditure. Australia is the largest aid donor, with total official development assistance estimated at A\$23.9 million (2010–11), an increase of 9% over the 2009–10 budget. Estimated bilateral development assistance to Kiribati in 2009–10 is in Table 1.

Table 1: Estimated bilateral development assistance to Kiribati in 2009–10

Sector	\$ million	% of bilateral program
Basic education	2.9	22
Workforce skills development	5.6	42
Growth and economic management	2.0	15
Reduced vulnerabilities	0.6	5
Other	2.1	16
Total	13.2	100

Results of the Kiribati program

Overall progress

Progress against the program's mutually-agreed priority outcomes in 2009 are in Table 2. The ratings are based on early indications that these outcomes will likely be met. They take into account the views and assessments of Australia, Kiribati and the other donor partner. At the 2010 Kiribati – Australia Partnership Talks, AusAID agreed to continue to focus on these priority outcome areas for the next 12 months at least. AusAID will also continue to investigate new areas of need and support these through regional and multilateral organisations.

All priority outcomes are rated 'partly achieved' in 2009. While considerable design work has been undertaken to ensure effectiveness of programs, progress was affected by the constraints faced by Kiribati, which could get worse, not better, in the short to medium term.

Table 2: Ratings of the program's progress against priority outcomes in 2009

Priority outcomes	Rating in 2009
1. Improved standards in basic education, both access and quality.	■
2. Provide opportunities for people to develop their workforce skills in areas of industry demand, domestically and abroad.	■
3. Strengthen economic management in support of mutually agreed GOK-led economic reforms.	■
4. Strengthen partnerships with regional and multilateral agencies to reduce vulnerability in health, environmental and social services.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Priority outcome 1: Basic education

Commitment: Support efforts to achieve improved standards in basic education, both access and quality (MDG 2)

Targets: Improve the literacy and numeracy of school-age children

Increased net enrolment rate for boys and girls at all levels of the education system

Verification and analysis of Kiribati Education Management Information System data, reported annually to key stakeholders

Efforts to improve the standard of basic education over the past few years have been impeded by GOK's capacity constraints and poorly coordinated donor programs which have competed for scarce GOK resources. Australian support for education over this time has been delivered through stand-alone activities, which—while delivering on specified outputs—made no overall contribution to improving education standards. Recognising this, Australia led a design process in 2009 involving major donors and the Ministry of Education to develop a single education aid program. This has been slow and time consuming, but commitment to implementation is strong and progress continues to be made.

Results from the Standard Tests of Achievement for Kiribati for 2009 indicate literacy and numeracy levels remained poor among primary school children (Table 3).

Table 3: Primary school students with satisfactory (or above) literacy and numeracy skills

Subject	Year 4			Year 6		
	2004	2007	2009	2004	2007	2009
English	26%	29%	31%	14%	14%	33%
Kiribati	75%	49%	62%	62%	50%	56%
Numeracy	40%	27%	35%	25%	18%	17%

In 2009, work began to improve the ability of teachers to speak and teach English. Eighty per cent (1275) of teachers and education personnel have now been tested for proficiency. Encouraging results also came from a pilot testing an intensive language training program for teachers. After only 13 weeks, nearly two-thirds had improved their English with about one-quarter at a significant level. Pilot results will be used to reshape English language training.

Net enrolments in primary schools decreased from 93% in 2008 to 87% in 2009. Attendance is dropping for several reasons including the high cost of transport and school materials, and poor and unsafe facilities. With Australia's support, the Ministry of Education in 2009 assessed the condition of primary education facilities. The results informed the development of a GOK Facilities Management Plan, which will guide the rehabilitation and construction of all primary schools. Australia and the United Nations Children's Fund have committed to fund this initiative over the next 10 years.



Training senior Ministry of Education officials to analyse Kiribati Education Management Information System data—reported to stakeholders annually—is improving decision making, although further improvement is needed. In 2010, the system will be assessed.

At the 2010 Partnership Talks, AusAID agreed to work with GOK to conduct analysis to better understand the basis for recent improvements in English literacy rates, as well as the continuing decline in numeracy skills in primary school students and declining net enrolment rates. GOK agreed to prioritise filling a number of vacancies in the Ministry of Education.

Priority outcome 2: Workforce skills development

Commitment: Provide opportunities for people to develop their workforce skills in areas of industry demand, domestically and abroad (MDG 1)

Targets: Increasing each year the proportion of 16 to 24 year olds completing technical and vocational education and training courses which are themselves, or articulate to, internationally recognised qualifications

Increasing completion rates for I-Kiribati studying at (other) tertiary institutions

Increasing the proportion of 16 to 24 year olds who complete a post-school English as a second language course each year

Increasing the number of I-Kiribati workers accessing employment opportunities abroad

Workforce skills development, particularly technical vocational, is a new focus for GOK. Traditionally, Australian support addressed critical human resource gaps in the public sector. More recently, including in 2009, support has concentrated on improving the standards of technical skills domestically and skilling-up I-Kiribati to be competitive internationally. This includes through technical vocational scholarships. In the past, Australian support for technical and vocational education and training (TVET) was delivered through stand-alone activities. These delivered on specified outputs, however their contribution to the overall development of workforce skills cannot be quantified.

A new TVET program, working through the Ministry of Labour and the Kiribati Institute of Technology (KIT), will strengthen the TVET sector and improve training quality.

In 2009, Australia continued providing scholarships to I-Kiribati students, particularly in technical vocational studies. However, regional scholarship students continued to drop out in high numbers, due to low English language literacy, low academic preparation and social adjustment issues. Efforts to increase completion rates continued, but are unlikely to radically improve without better English language standards and academic preparation. Increasing the proportion of 16 to 24 year olds who complete post-school English as a second language courses will be addressed under the new TVET program.

To avoid these high failure rates under the Kiribati Australia Nursing Initiative, students have undertaken rigorous preparatory programs, both to improve their English language and their academic preparation. This has resulted in high pass rates, with 90% of the first cohort achieving their Diploma of Nursing in 2009.



In 2009, Australia and the New Zealand Agency for International Development helped upgrade equipment at the Marine Training Centre so the 150 students continue to be trained to international standards. Graduate seafarers' remittances contributed significantly to national economic development (\$10 million annually or 15% of GDP).

Through the Australia – Pacific Technical College, 20 teachers graduated with Australian-standard certificates in training and assessment, increasing the proportion of qualified technical and vocational educators at KIT.

Australia offered some I-Kiribati work under the Pacific Seasonal Workers Scheme, even though the impact of the global economic crisis had reduced demand for pickers.

The crisis also affected international employment opportunities for seafarers (100% employment in 2007 to 0 in 2009) graduating from the Marine Training Centre. Australia continues to seek ways to increase employment rates. In 2009, this included producing a promotional video for distribution to international shipping companies in Europe.

At the 2010 Partnership Talks, GOK agreed to make recruiting senior personnel at KIT a priority. AusAID agreed to liaise with Australia's Immigration Department to ensure scholarship students under the Kiribati Australia Nursing Initiative are on correct visas. AusAID also agreed to strengthen links between KIT and the Australia – Pacific Technical College to ensure Kiribati, as a non-campus country, has equitable access to technical and vocation education and training opportunities. As well, AusAID agreed to ensure that work on improving the English proficiency of teachers builds on similar work in primary and secondary education under the Australian basic education program.

Priority outcome 3: Growth and economic management

Commitment: Strengthen economic management in support of mutually agreed Government of Kiribati-led economic reforms (MDGs 1 and 8)

Targets: Decreased gap between Government of Kiribati current expenditure and (non-external grant) revenue

Decline in general public expenditure as a percentage of GDP

Increased and sustainable revenue flows to Kiribati from fisheries

Work to improve growth and strengthen economic management has in the past focused on addressing skill gaps and strengthening government processes. This had some success in improving the performance of individual ministries, but it did not translate into broader public sector reforms. Progress has often been slow and hard won, as not all ministries are involved and/or there is limited capacity to absorb reforms. Australia aims to address these issues in future programs by working directly with higher levels of government to support change.

In 2009, AusAID worked closely with the Asian Development Bank (ADB)—the lead donor on public financial management and public enterprise reform—to support its work in this sector. This is helping the ADB to expand its work to reduce government expenditure. In 2009 the ADB helped GOK prepare its budget and conduct a Public Expenditure and Financial Accountability (PEFA) assessment. Based on PEFA findings, GOK is prioritising reform actions and will implement them with donor support.



Australian advisory support during the year helped make the domestic air service, Air Kiribati, more efficient, reliable and safe which, in turn, improved its financial position. Since 2008, Air Kiribati has not had to receive subsidies from GOK. By 2010 it had made a small profit.

Support to strengthen taxation and customs compliance enabled GOK to increase revenue from company tax (by about A\$1 million) and import duties (by about A\$700 000) despite a difficult economic climate. Work has also begun, in coordination with the International Monetary Fund, to review the Revenue Equalisation Reserve Fund. Australian support to the Auditor General's office has also enabled them to clear a backlog of audits including long overdue audits of public enterprises.

Work with the Ministry of Fisheries aims to increase and promote more sustainable revenue flows from Kiribati marine resources. Fishing licence fees, declining since 2001 (when they were around A\$46 million), improved. Australia's work with Fisheries in 2009 led to new guidelines for licensing and joint ventures, and strengthened penalties and fisheries surveillance. Support for regional institutions is promoting the fishing sector by formalising Kiribati's exclusive economic zone and strengthening small island shipping.

At the Partnership Talks, AusAID agreed to promote: the need to link Australia's Security Partnership (Department of Foreign Affairs and Trade) with the Development Partnership (AusAID) in the areas of fisheries and climate change; use of partner government systems among regional organisations; and better sharing of data with donors to reduce GOK's administrative burden. GOK and AusAID also committed to maintaining a strong relationship with other donors (ADB, European Union and International Monetary Fund) to support public financial management and public sector reforms, and continue to review the pace of reforms.

Priority: Reduced vulnerability

Objective: Reducing vulnerability that undermines key areas of economic and social development, including health, at-risk populations (such as mothers and children) and climate change (MDGs 4, 5 and 7)


While not a partnership priority outcome, Australian support for vulnerability reduction complements work under the Partnership. Australian funding is focused on supporting Kiribati to progress key MDGs and it supports the work of multilateral and regional organisations in Kiribati.

Health

Support to other donor activities in this sector is helping Kiribati move towards health MDG goals. To date, work has largely responded to specific issues, rather than forming part of a strategic health program. As well, there has been no commitment from GOK to sustain achievements from donor activities in the health sector. Budget cuts in 2010 resulted in family planning and immunisation programs not being funded.

Kiribati has the highest prevalence of TB in the Pacific. Australia's support to the Secretariat of the Pacific Community's TB Epidemic Control Program reduced cases from 745 (2007) to 248 (2009) and saw Kiribati's first TB laboratory built, enabling early diagnosis. The program will be extended.

Through a joint Australian program with the United Nations Populations Fund, around 11 600 women and children are benefiting from access to emergency obstetric care equipment, supplies and drugs (funded by Australia) in 75 health centres and clinics on 17 islands (built



(particularly in terms of counterpart staff time) and lack of sustainability of much of the donor effort. Technical assistance (TA) was also raised, as was the separation between a donor's 'project' and the government's 'program'.

These concerns led to substantial discussion around strategy—'doing the right thing in the right place at the right time' to achieve higher-level development objectives. It was agreed that:

1. GOK needs to more clearly articulate its strategies for taking forward the Kiribati Development Plan, particularly at ministry-level, accepting that this requires making difficult policy and public expenditure choices and ensuring better aid coordination. Not all ministries have coherent sector plans or understand the challenges so GOK asked for help. It was agreed that strategies need to be based on more than the familiar 'externally-conceived lists of projects'. They need to articulate: what change is needed in policy, regulation, public investment and expenditure; what approaches are needed for service delivery; and how implementation will be funded.
2. Donors need to build a more robust understanding of government policy and strategy, to better align and support work. This requires GOK to be transparent about and communicate strategy, internally and externally. It also requires donors to invest in a level and quality of discussion and co-analysis that will allow them to follow the strategy.
3. Donors need to move more quickly to translate plans into on-the-ground action, while recognising the constraints that GOK faces in managing and following multiple-donor programs.

But moving towards real development outcomes is not, and cannot be, all about government. At the talks, GOK stressed the role that civil society, in particular, plays in shaping Kiribati society and development outcomes. It was agreed to be more strategic in working with civil society, as well as with the private sector. (Note: This may be relevant to some key Partnership areas, including education and social, human and environmental vulnerabilities.)

Technical assistance

Throughout the Partnership Talks, GOK raised the issue of TA, generally expressing reservations about high levels, as well as how TA has been provided and whether its benefits are sustainable. It was agreed that TA is still needed, but that it needs to be re-configured.

A critical concern is that high levels of TA make demands on limited counterpart capacity, but the input is 'advice' rather than 'getting a job done' or building sustained capacity. Too little attention has been paid to embedding new systems and approaches introduced by TA.

At the talks, GOK pointed to the significant pool of able and experienced I-Kiribati who could be employed more often on donor-funded programs (with the retirement age for public servants being 50). It was concluded that the choice and method of TA needs to be better targeted to the task: multiple short-term visits by a technical consultant to build knowledge in Kiribati may be more valuable than, and create less dependency on, long-term resident TA. Locally-recruited experts may be more appropriate for some tasks. Sometimes consultants are needed to 'advise', but often they are needed to 'do' (perform more of a staffing assistance role).

TA also must be accountable to the ministry involved, and GOK should be consulted on the choice and selection of TA. In the same context, AusAID highlighted how quality consultants are in demand and need to be sourced reasonably quickly.

