



Australian Government

Department of Foreign Affairs and Trade



# Aid Program Performance Report 2013-14

Kiribati

September 2014

## Key Messages

During 2013/14 Australia's aid program to Kiribati continued good progress towards achieving its agreed objectives as set out in the Australia-Kiribati Partnership for Development. It provided strategic support to Kiribati's development and economic reform programs.

Key achievements for the reporting year include:

- Established a fresh approach to development partner engagement and coordination in support of the Education Sector Strategic Plan;
- Successfully implemented the new Year 1-2 curriculum, developed a new Year 3 curriculum; and continued the Teacher Professional Development Program and the School Leaders Professional Development Program.
- Improved the quality of training and assessment at the Kiribati Institute of Technology and strengthened pathways for graduates to progress to the Australia Pacific Technical College.
- Implemented an improved process for selecting candidates for the Australia Awards harmonised with that used for the New Zealand scholarship program.
- Awarded 27 new university scholarships to I-Kiribati women and men during 2013 with 12 award holders graduating in a range of disciplines. Australia also provided scholarships for 81 students to enrol in vocational training at the APTC with 84 I-Kiribati women and men graduating from APTC in 2013.
- Strengthened public financial management and supported the GoK's economic reform actions (including the introduction of a Value Added Tax in 2014).
- Assisted the GoK to undertake key reforms to strengthen governance, improve budget planning and better coordinate development partner efforts.
- Completed the construction of the Betio Maternity Ward, easing congestion at the main hospital and to providing services for up to 2,500 women in adjacent communities.
- With the Secretariat for the Pacific Community and the Ministry of Health and Medical Services, provided more equitable and accessible tuberculosis services, especially for the poor and those in the more isolated areas.
- Helped more children with a disability access quality education services at the Kiribati School and Centre for Children with Special Needs (increasing enrolment from 80 in 2008 to 137 in 2014).
- Continued to finance the World Bank-led program to rehabilitate the road on South Tarawa.

## Context

Kiribati has experienced three years of economic growth spurred by aid projects and increased private sector investment. In 2013 a boost in Government revenues, based upon unusually high fishing revenue, enabled government to clear its commercial debt and to inject a small capital sum to the sovereign wealth fund (RERF). Despite substantial progress with its economic reform program, Kiribati continues to face many challenges. The IMF Article IV of 2014 states:

### IMF Article IV

Key economic challenges are to reduce large structural fiscal imbalances and increase growth and employment opportunities, while facing obstacles posed by remoteness, lack of scale, vulnerabilities to external shocks and climate change. The small private sector share in the economy due to remoteness and weaknesses in business climate constrains growth and puts strain on public finances. Continuing the fiscal and structural reform program is essential. Climate change brings additional risks and fiscal costs.

Kiribati has limited options to generate domestic revenue, with fishing licences and joint venture revenue, remittances and aid comprising the main sources of income. The revenue flow from the fisheries sector remains particularly volatile. The introduction of the Value Added Tax (VAT) in April 2014 seeks to establish a more stable and predictable revenue source for the Government. Government's reform program continues to address fiscal and structural challenges with the support of the donor community. Significant progress has been made in state owned enterprise (SOE) reform and work is underway to implement the national fisheries policy, and to improve cash and debt management. Recent and planned improvements to infrastructure should continue to strengthen the growth momentum into the medium term.

As of December 2013, there were 656 Kiribati seafarers on board container vessels, compared to 1,452 in 2006<sup>1</sup>. Over the same period, seafarer remittances fell from 10 percent to 6 percent of GDP. The fall in the number of seafarers in employment is due to lower demand as well as high transaction costs of sourcing seafarers from Kiribati. Access agreements currently dictate I-Kiribati crewing requirements and I-Kiribati crew have built a strong regional reputation, particularly among Japanese fleets. It is estimated that approximately 325 I-Kiribati crew are working on Japanese fishing vessels and between 100 and 200 on Korean, Taiwanese and Chinese fleets<sup>2</sup>.

Lack of current data limits accurate measurement of poverty and hardship in Kiribati. DFAT's Kiribati Poverty Assessment 2013, which is based upon the Household Income and Expenditure Survey from 2006 and focus group discussions, found that while communities support each other to provide basic needs (food and accommodation) there is an increasing need for cash and ways to earn money are limited, with very high rates of unemployment. The 2010 census reported 31% of the workforce unemployed. Of those in work, 38% were in unpaid labour (subsistence activity, home duties and voluntary work). The public sector is by far the largest employer in Kiribati representing 42 percent of formal employment<sup>3</sup>.

Kiribati is not currently on track to meet any of the Millennium Development Goals<sup>4</sup>. In particular, they are off track for MDG 1 (Poverty), MDG 2 (Universal Primary Education), MDG 6 (Combat HIV/AIDS, Malaria and TB) and MDG 7 (Environmental Sustainability). MDG 3 (Gender Equality) is

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<sup>1</sup> IMF Article IV, 2014

<sup>2</sup> KJIP, GoK, 2014

<sup>3</sup> IMF Article IV, 2014, DFAT Poverty Assessment.

<sup>4</sup> PIFS 2014, 2014 Pacific Regional MDG Tracking Report

achieving results, with gender parity in education met, and gender representation in parliament improved. However, there are still low rates of female participation in the workforce. MDG 4 (Child mortality) and MDG 5 (Maternal Mortality) have mixed results.

## Development partners

Australia has historically been a major development partner in Kiribati, providing \$32.2 million in total ODA in 2013–14. Australia’s relationship with the Government of Kiribati (GoK) remains strong even though other donors have increased their assistance. In 2013, Japan became the largest donor, primarily due to a significant investment (approx. \$40 million) in the port redevelopment in Tarawa.

DFAT administers approximately 98 per cent of Australia’s official development assistance to Kiribati. During 2013/14 several other Australian Government Departments supported activities in Kiribati. **The Australian Public Service Commission** partnered with the GoK to implement a whole of government public sector performance improvement plan to improve essential services delivery by implementing performance frameworks for new delivery standards. The **Department of Defence** supported defence co-operation activities, including the Pacific Patrol Boat Program and police force capacity building. The Australian Federal Police and the Attorney general’s Department also provide capacity building support.

Several other bilateral and multilateral donors support Kiribati and Australia cooperates closely with them. Key Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) partners are listed in Table 1.

Table1: OECD DAC partner funding to Kiribati in 2012

<b>Donor</b>	<b>2012</b> <b>(US million)</b>	<b>Donor</b>	<b>2012</b> <b>(US million)</b>
Australia	\$30.4m	World Bank (International Bank for Reconstruction and Development, International Development Association and International Finance Architecture)	\$0.9
Japan	\$17.4	World Health Organization	\$0.6
New Zealand	\$12.6	Korea	\$0.5
European Union	\$2.5		

Source: [OECD Stats](#).

Taiwan, a non-OECD member, is also a major donor to Kiribati, with direct cash grants and technical assistance of approximately \$11m annually.

The large number of relatively small donor-supported development activities results in high transaction costs for GoK. In recognition of this, Australia coordinates and consolidates activities and aligns investments behind GoK priorities. Australia is strengthening the GoK’s aid coordination function through capacity building in the National Economic and Planning Office. GoK conducted a successful donor forum in early 2014.

## Expenditure

Table 2: Expenditure in FY 2013-14

Objective	A\$ million	% of program
Outcome 1: Improved standards in basic education	7.5	27.0
Outcome 2: Increased opportunities to develop internationally recognised workforce skills	6.3	23.0
Outcome 3: Improved growth and economic management	0.9	3.2
Outcome 4: Improved infrastructure services	6.9	25.0
Other*	6	21.8

Source: AidWorks

\* Other includes expenditure on health, disability, gender, volunteers and programs administered by other Australian Government agencies.

## Progress towards objectives

Table 3: Rating of the program's progress towards partnership outcomes

Partnerships outcomes	Current rating	Previous rating
Outcome 1: Improved standards in basic education	Green	Green
Outcome 2: Increased opportunities to develop internationally recognised workforce skills	Amber	Amber
Outcome 3: Improved growth and economic management	Green	Green
Outcome 4: Improved infrastructure services	Green	Amber

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Reporting period:

### Outcome 1: Improved standards in basic education

**Commitment** Support efforts to achieve improved standards in basic education, in terms of both access and quality.

**Targets** Improved functional literacy and numeracy of primary school children.

Increased net enrolment rate for children at all levels of the education system.

Kiribati Education Management Information System data reported annually to key stakeholders.

**Rating** Green: Kiribati is not expected to meet the education MDGs by 2015. However, Kiribati and Australia are on track to achieve the partnership targets.

To help address the poor quality of education in Kiribati, Australia has partnered with the GoK, UNICEF and UNESCO to deliver the Kiribati Education Improvement Program (KEIP).

## Progress against targets

The ambition of KEIP Phase II is that by 2015, all children (girls and boys) in Years 1-4 in Kiribati participate in primary education and make progress toward functional literacy and numeracy after six years. The primary school net enrolment rate has been static at 82% for several years, and is on a slightly declining trend, while the retention rate of 91.2% is trending positively.

The program remains focused on early grade learning: most activities have been implemented as planned; and the program is on track to meet its objectives.

Key achievements for 2013/14 include:

- 5,626 children (all Year 1 - 2) with access to the new curriculum;
- 323 teachers trained in the delivery and assessment of this new curriculum;
- 615 students and their teachers benefit from school reconstruction;
- 63 (46%) of school leaders trained in school management; and
- Preparation of the draft Inclusive Education Policy (and implementing strategy) ready for approval.

In 2013/14, after delays in school reconstruction while building materials were agreed, preparatory work on rehabilitating seven schools in the Line and Phoenix Islands commenced.

## Steps to improve management, accountability and effectiveness

For the remainder of phase II of KEIP, implementing partners will: (a) consolidate curriculum reform and teacher professional development in support of the National Curriculum and Assessment Framework; (b) accelerate school rehabilitation; (c) strengthen the collection and analysis of student achievement information; (d) institutionalise *Education Partners in Kiribati* as the mechanism for coordinating development partner activity; and (e) strengthen monitoring, evaluation and reporting. The findings of an independent evaluation of the Kiribati Education Improvement Program, due to be finalised in 2014/15, will inform forward work programs.

## Outcome 2: Workforce Skills Development

**Commitment** Provide opportunities for people to develop workforce skills in areas of domestic and international industry demand.

**Targets** Increase annually the number of people aged 16 to 24 years enrolling in and completing TVET courses which have internationally recognised qualifications.

Increase the number of I-Kiribati women and men graduating with qualifications from post-secondary education institutions

Increase the number of I-Kiribati workers accessing employment opportunities overseas

**Rating** Amber: Results for the workforce skills development outcome remained mixed for 2013–14. Australia’s support to strengthen the TVET sector is achieving patchy results and will be refocussed over 2014-15. The Kiribati-Australia Nursing Initiative will close once the final students graduate in 2014. We are confident improvements to the Australian Awards selection and preparation processes will improve Scholarship completion rates going forward.

Australia is providing opportunities for I-Kiribati women and men to develop workforce skills in demand in domestic and international labour markets through bilateral and regional programs. The

Kiribati TVET Sector Strengthening Program (TVETSSP) is working with the Kiribati Institute of Technology (KIT) to expand and improve training and assessment, and underwrites KIT's ability to issue qualifications recognised under the Australian Qualifications framework.

Other programs that support access to training and employment opportunities in the region include scholarships (Australia Awards Scholarships and Kiribati-Australia Nursing Initiative Scholarships), the Australia-Pacific Technical College (APTC) and the Pacific Seasonal Worker Program.

## Progress against targets

### Kiribati TVET Sector Strengthening Program (TVETSSP)

TVETSSP progress was mixed in 2013-14. There has been good progress in improving the quality, quantity, scope and equity of the training delivered at the KIT. The competence and effectiveness of KIT trainers has increased. Most training staff have the requisite technical and teaching qualifications with the balance (mainly new trainers) in the process of gaining them. Trainers' English language proficiency has also improved.

While KIT equipment and training and assessment resources have been upgraded and meet appropriate standards, progress towards the planned facilities upgrade has been slow. Since early 2014, the rate of progress on this activity has increased.

Key achievements in 2013-14:

- One new course (plumbing) was added in 2014
- 256 fulltime students (146 women) enrolled in 2014
- 108 students (54 women) graduated in 2013 with globally recognised qualifications
- More people participated in a wider range of customised and public short-courses
- Plans for constructing new facilities at KIT were approved

In 2013, sectoral reform included the development of a yet to be endorsed policy and strategic framework. Industry advisory mechanisms were established and work towards modernising the apprenticeship and trade-testing system continued. Initiatives focussing on strategic planning and institutional performance monitoring lagged.

### Kiribati Australia Nursing Initiative

The Kiribati Australia Nursing Initiative (KANI) was designed (in 2006) to contribute to the Government of Kiribati's efforts to address rapid population growth, urbanisation and youth unemployment through the emigration of skilled labour.

In December 2013, twenty (20) KANI scholars graduated and in April 2014 completed their transition to work program. One student remains and is expected to graduate in July 2014. By then, 67 I-Kiribati women and men will have graduated with internationally recognised Bachelors qualifications, 63 with a Bachelor of Nursing (and 3 in Social Work and 1 in Human Services). Another five (5) will have gained Diploma level qualifications (4 in Nursing, 1 in Community Work) and 6 will have gained a Certificate III in Aged Care Work. At the time of writing, 29 graduates are working full-time and 23 part-time in the health and aged care sectors in Australia, predominately as nurses.

### Australia Awards (Scholarships)

The Australia Awards program is a highly relevant and effective program for developing capacity and leadership skills in Kiribati. DFAT uses the GoK human resource development priority list to align the program to GoK needs. In 2013 a tracer study found 96% of alumni were employed full-time, with 78% of these working in areas highly relevant to their studies. 46 Australia Award alumni are

currently in senior and high profile positions, including Government Ministers, MPs, Secretaries and in high level positions in State Owned Enterprises.

In 2013, 30 awardees (an increase of 2 awards) were selected and, in 2014, they mobilised to universities in Australia and the region. There are currently 95 students' on-award, 27 in Australia and 68 at Pacific regional institutions.

In 2014 a new selection process was adopted in harmony with the New Zealand Aid Programme. It included official GoK participation at key stages. This change was driven by historically low completion rates and a new DFAT standard in selection policy. 32 candidates have been shortlisted (a further increase of 2 awards) for the 2015 intake.

#### Seasonal Worker Program

For 2013-14 some 2,500 places were made available for seasonal workers under the Seasonal Worker Program (SWP). While Kiribati values this program, participation rates have not matched domestic interest. Only 14 visas were granted to I-Kiribati workers in 2013-14 (compared to 34 for the previous year). Since inception of the pilot program in 2010, participation of women on the program to date has been lower than anticipated (at 17 per cent).

### Steps to improve management, accountability and effectiveness

A renewed and sharper focus on outcomes will be the driver for adjustments within this priority outcome. For the TVETSSP, effort will be concentrated on improving the quality and relevance of training at the KIT and strengthening strategic partnerships with TAFE South Australia and the APTC. Work here will: (a) consolidate trainers' technical and training and assessment skills; (b) improve aspects of student assessment; (c) enhance student administration practices; (d) see the planned upgrade of facilities commence; and (e) strengthen monitoring, evaluation and reporting. A program evaluation is planned for late 2014.

Upgrades to the Australia Awards selection process underpin efforts to improve scholarship completion rates. These efforts sit alongside a revitalised preparatory and pre-departure program and ongoing pastoral care and academic support.

While a 2013 independent evaluation found the program relevant and innovative, Australia considers more comprehensive and cost effective mechanisms exist for boosting youth employment and supporting increased labour mobility. Therefore KANI will conclude in July 2014 once the final scholar graduates.

Other options for further boosting youth employment and supporting increased labour mobility will be explored. Additional assistance will also be directed to improving I-Kiribati workers' participation in the SWP focussing on: (a) marketing of I-Kiribati workers to employers; and (b) identifying a larger work-ready pool of workers that can be mobilised quickly.

### Outcome 3: Improved growth and economic management

<b>Commitment</b>	Strengthen economic management to support mutually agreed Kiribati-led economic reforms.
<b>Targets</b>	Strengthened expenditure control to reflect better planning and financial discipline (on track).  Increased revenue through an expanded revenue base and improved compliance, including through fishing revenues (on track).  Improved state-owned enterprise oversight, management, service delivery and reduced costs (on track).  Improved aid effectiveness and alignment (on track).
<b>Rating</b>	Green: Australia's support for improved growth and economic management has improved from an uncertain beginning in 2011 and is on track.

There is a pressing need to improve growth and economic management in Kiribati. With gross domestic product per capita at A\$1,620<sup>5</sup> per annum and declining, Kiribati is one of the poorest countries in the region. In recognition of this, Australia continues to provide strategic technical assistance to the Ministry of Finance and Economic Planning to undertake key reforms to strengthen governance, improve budget planning and better coordinate development partner efforts. To support the implementation of the VAT, further technical assistance is being provided to the Kiribati Taxation Office. On the fiscal front, GoK recorded a surplus of over AUD 18 million in 2013 –the first surplus since 1998 is attributed to high fishing revenue and prudent expenditure control. Revenue flows from fisheries will however likely remain volatile. GoK further confirmed their commitment to responsible fiscal management by returning part of this surplus to the RERF.

In 2013 Australia supported the development and launch of Kiribati's first National Fisheries Policy. This policy, which provides a framework for maximising and sustaining ocean resources through to 2025, has become an important tool for framing donor support to the fisheries sector.

Priority Outcome 3 remains on track. The GoK continues to pursue key economic reforms with strong support from other donor partners (New Zealand World Bank, ADB, IMF, and EU). In 2013 the growth rate was 2.9 percent, compared to 0.8 percent in 2011. This increase is attributed to increased donor support (particularly to infrastructure upgrades) and strengthened private sector activity, domestic retail, wholesale and service-related activities. The improvement in cash and debt management is also noted with controls on new borrowing, clearing of commercial debt and introduction of guidelines on SOE subsidies.

#### Steps to improve management, accountability and effectiveness

Despite clear evidence of GoK having met agreed reform benchmarks in the multi-donor budget support program, due to budget constraints Australia has not yet been in a position to contribute financially to the program, as was the initial intent. To maintain Australia's engagement and momentum for meaningful action on reform targets, the Kiribati program will endeavour to increase its financial involvement in 2014-15, should program funding permit. Regardless of its ability to provide direct budget support, Australia's strategic contribution to the program through technical assistance will continue. Maintaining close and strategic dialogue with multilateral partners (led by the World Bank) will be critical to encouraging success in phase two of the economic reform program. A continued commitment on the part of all donors to align processes, reform benchmarks

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<sup>5</sup> Kiribati National Statistics Office

and supervise missions will both foster increased likelihood of success, as well as reduce the administrative burden on GoK. Australia will further consider how support to this priority area aligns with and complements its Economic Diplomacy Strategy.

#### Outcome 4: Improved infrastructure services

**Commitment** Improved infrastructure services through increasing access to telecommunications and sanitation services and improving the main road network.

**Targets** Increased access to telecommunication services.

Improved health of South Tarawa's population through enhancing access to sanitation services.

Improved main road network on South Tarawa and strengthened road finance and maintenance capacity

Reduced dependence on diesel for power generation.

Coordinated infrastructure investments.

**Rating** Green: positive progress has been achieved with Australia's infrastructure investments after experienced initial planning delays. Unseasonal heavy rainfall has extended the completion time for the road project by two months.

Australia shares development objectives for these programs with the multilateral banks (World Bank and Asian Development Bank). Australia's support for infrastructure includes programs in the telecommunications, sanitation, transport and energy sectors. This support is provided in partnership with the multilateral development banks

In 2013-14 there was better progress on some of these projects, including physical works commencing on the road and tendering of the sanitation project. While cost over-runs on both projects remain a concern, Australia continues to work with implementing partners to assist GoK to contain these. GoK's own investment in infrastructure has markedly grown over the reporting period. Decisions to increase scope on existing infrastructure projects, including strengthened coastal protection measures and resurfacing of additional feeder roads, are being made at GoK Cabinet level. We have seen the promise of good results in the telecommunication reform program, including the approval of new a telecommunications bill in Parliament (2013) to encourage competition, and the listing of the state-owned telecommunications company for sale in June 2014. In terms of increased access to telecommunications, it is too early to see results as the regulatory and policy frameworks remain in the development phase.

Despite physical works on the sanitation project being delayed, the project has seen real success in community engagement and enhancing public awareness of safe hygiene and sanitation practices. This project will continue to be a key resilience building activity.

During 2013/14 Australia continued its financial support for the World Bank lead Kiribati Road Rehabilitation Project (KRRP). Development goals for the KRRP are shared with the WB, ADB and GoK. The road contractor mobilised in July 2013 and has projected an actual completion date of physical works for mid-July 2015. DFAT remains actively engaged in supervision missions by supporting GoK to promote donor coordination through the Kiribati Fiduciary Services Unit (KFSU) and the National Infrastructure Development Steering Committee (NIDSC). The KRRP includes provisions for a strengthened finish to the road surface to protect it against damage from ocean

overtopping. The project further includes the construction of coastal protection measures in vulnerable locations as a safeguard for the new road.

The approval of the four sites for installation of solar panels under the Solar Energy Project was granted in mid-2013. With other donors active in this sector, the World Bank has been proactive in looking for complementary activities that support installation of common equipment.

## Steps to improve management, accountability and effectiveness

In recognition of the importance of improved management, accountability and effectiveness in the infrastructure portfolio, DFAT will continue the engagement of specialist technical representation on all supervision missions. This provides an added layer of quality assurance, as well as supporting GoK with high quality advice.

Engagement with the NIDSC will be prioritised in 2014-15 in recognition of the strategic oversight that this forum is providing to all donor-funded infrastructure projects.

## Other Sectors

### Resilience building and climate adaptation

In acknowledgement of Kiribati's vulnerability to the impacts of climate change, Australia provides adaptation support through both bilateral and regional initiatives. With a renewed focus on mainstreaming our support to climate change, an increased investment is being made to manage potential future climate change impacts by safeguarding infrastructure investments.

Australia's regional climate change support is valued in Kiribati. It has also been a major partner and contributor to the WB-led Kiribati Adaptation Program (KAP). The third phase of this program, KAP III, targets two key climate-related risks facing Kiribati through better coastal protection and better management of freshwater supplies. Activities focus on: improving water use through reducing leakage in the existing systems; improving management and planning in water and coastal engineering; increasing yield in rainwater harvesting systems; and strengthening coastal resilience through building seawalls and mangrove planting. While some of the lessons learnt from previous phases of KAP have been taken on board to garner community support, concerns around slow implementation and low budget disbursement have raised questions about the effectiveness of KAP management. The mid-term review of KAP III, occurring in September 2014, will provide Australia with a credible assessment of performance and recommend adjustment if required.

Australia also supports the Climate and Oceans Support Program, which is a capacity development program to the Kiribati Meteorology Service. Under the project new software tools are to be developed to help predict fish migration patterns and improved weather forecast predictions in Kiribati.

The Australian-funded Bonriki Inundation Vulnerability Assessment has completed its 3-D mapping of the fragile water lens. The data will be used for scenario planning and to build resilience and disaster preparedness to protect this vital asset against weather-related shocks and changing climate patterns.

### Health, Gender and Disability

While support to health, gender and disability is not prioritised in the Partnership for Development, Australia remains a core partner in these sectors. Kiribati is not on track to meet its health-related MDG targets. Improvement in infant and under-five mortality has stalled; maternal outcomes are variable; and the incidence of tuberculosis is amongst the highest in the Pacific. Donor partner efforts towards improving health outcomes have been fragmented.

Neither the number of people with disabilities nor the different kinds of impairments in Kiribati have been carefully quantified. The impact of non-communicable diseases, particularly diabetes, is a major driver of the high incidence of amputations. People with disabilities in Kiribati are frequently excluded from mainstream society and disabled children are unlikely to attend school.

While there is strong political will from GoK leaders to mainstream gender into national policies, efforts are often hindered by limited technical capacity, resources and gender awareness. Women in Kiribati are over-represented among the income and asset poor, while sexual and physical violence has been experienced by women and girls aged between 15-49 years at a rate of 68% - the highest in the Pacific<sup>[5]</sup>.

2013 QAI reports show that several programs are not adequately addressing issues of gender equality. The Economic Growth and Economic Management program will therefore seek additional support to better analyse and improve responses to gender equality.

Over the reporting period, some significant achievements have been made through Australian support, including:

- The construction of the Betio Maternity Ward in 2014 will serve up to 2,500 women in Betio and adjacent communities and help to relieve congestion at the main hospital;
- The TB case detection rate has increased and the treatment success rate of sputum smear positive TB patients has improved with ongoing provision of equitable and accessible tuberculosis services to the community, especially the isolated and the poor.
- for the first time, in 2013 up to 18 new medical graduates (15 trained in Cuba and 3 in the Fiji School of Medicine) are currently undertaking 18-month internship training in Kiribati;
- through Australia's regional health programs, specialised secondary and tertiary health care services and training in Kiribati have been delivered. The variety of specialised clinical visits received to date is impacting directly in the prevention, reduction or removal of long-term disability for many patients in Kiribati.
- ongoing funding to support the Kiribati School and Centre for Children with Special Needs has enabled: children with disability access to quality education with increased enrolment rate from 80 (2008) to 137 (2014); the School's formal registration as an NGO in May 2014; the development of the School's child protection policy; and the recruitment of a dedicated child protection officer.
- targeted support to the Women's Development Division, Kiribati Family Health Association (KFHA), the Kiribati Police Services (KPS), Ministry of Health and Medical Services (MHMS) and the Judiciary to build capacity and community awareness on the new Family Peace Act and related family violence issues; and improve facilities for victims of violence within Police and MHMS.

## Regional Support

Australia has a portfolio of regional initiatives implemented in the Pacific with partners including 14 countries, four regional organisations and a number of multilateral institutions impacting positively upon Kiribati. In 2013-14, there were 32 regional initiatives active in Kiribati, valued at approximately \$4.4 million - all strategically complement Australia's bilateral priorities. In 2013, the APTC provided 82 i-Kiribati graduates with internationally recognised qualifications. There are several regional fisheries initiatives including support to Forum Fisheries Agency (FFA) and a

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[5] Kiribati Gender Stocktake report, 201

community based fisheries and aquaculture program that continue to support Kiribati to maximise its ocean resources through better data collection, strategic planning advice and tangible community-based activities. In the health sector, Australia's Biomedical Equipment Maintenance Initiative has filled an important gap in the maintenance and upkeep of critical hospital equipment through the provision of a roaming biomedical engineer. Further detail of these and other global and regional initiatives impacting Kiribati are available in Annex E.

## Mutual Obligations

The Australia Kiribati Partnership for Development is based on mutual obligation and shared goals. Australia and Kiribati continue to work to meet these goals.

- › To reduce future GoK debt and improve the economic outlook, GoK has cleared all non-concessional debts and passed legislation to better control the initiation of any new non-concessional loans
- › To bring Kiribati into line with most Pacific countries, in 2014 GoK commenced the collection of a VAT aimed at increasing internal revenue and simplifying collection processes.
- › To support improved coordination across all infrastructure projects, GoK has established a NIDSC, chaired by the Secretary to Cabinet. The NIDSC meets frequently to provide guidance and leadership to the projects.
- › Continued Australian funding for KRRP remains contingent on the GoK meeting key performance milestones. These include maintaining a full staff complement at the KFSU to support its operational functionality.
- › To assist with safeguarding investments in the KRRP, GoK has agreed to increase its contribution to strengthening coastal protection measures by \$2.4 million.

## Program Quality and Management

Under the Australia-Kiribati Partnership for Development DFAT assesses each program against objectives set out during the design phase. The Quality at Implementation reports found that monitoring has improved from the last reporting year.

While no formal evaluations were undertaken during the reporting period, an independent evaluation of KEIP will be finalised for 2014/15 and a review of TVETSSP will be undertaken. The KANI independent review, undertaken in 2012/13, was published in 2013/14.

## Analysis of Quality at Implementation Reports

Quality at Implementation ratings for all active Kiribati initiatives are in Annex B. Trends in 2013 ratings were similar to 2012, however each outcome/initiative has improved in 2013 with the exception of Workforce Development (which had only minor decreases). Relevance, effectiveness and sustainability continued to be the highest scores. The continuing low ratings for KANI has been monitored and addressed through the 2013 evaluation of the program and a decision has been made to not extend it beyond its current phase.

## Performance of key delivery partners

- › DFAT engages three key managing contractors to deliver major elements of its development assistance program in Kiribati - Scope Global (formerly Austraining International) manages the TVETSSP and co-manages the Australian Volunteers for International Development program; Coffey International Development manages the KEIP; and Australian Volunteers International manages PACTAM advisers and co-manages the Australian Volunteers for International Development program. All have developed effective working relationships with partner government and DFAT, provided sound strategic advice and delivered effective programs.
- › DFAT partners with the World Bank and Asian Development Bank in economic growth and infrastructure programs in Kiribati. Overall, DFAT is well satisfied with the performance of the multilateral banks. Regular supervision missions (minimum of quarterly) have proved essential for progress at a project level. The shift to delegate large scale projects to junior staff was an initial concern but can be well managed if sufficient oversight is provided by more experienced officers.
- › The Banks' analytical work and technical advice to GoK is invaluable and their engagement in Kiribati should continue to be supported. Equally, DFAT should continue to engage with the multilateral banks to encourage simplified and aligned reporting and procurement processes that are more in line with microstate capacity.
- › DFAT also partners with UNESCO and UNICEF - through the KEIP - to support the implementation of the GoK's Education Sector Strategic Plan. UNESCO and UNICEF have proven to be engaged members of the Education Partners in Kiribati forum and has worked collaboratively and effectively with the Ministry of Education.

## Management Consequences

### Managing the program allocation

- › The Kiribati program for 2014/2015 is fully programmed due to our commitment to help finance the KRRP. Counsellor Development will progressively monitor program expenditure drawdowns over the course of the financial year to keep actual expenditure in line within the allocations to Kiribati. Post will actively seek out other sources of funding that may be available for application in Kiribati (eg through regional, global, incentive and innovation funds).

### Use of the Kiribati Government Development Fund

- › Use of GoK systems for the delivery of DFAT investments is restricted to the current limited use of the Kiribati Government Development Fund. Effectiveness of activities supported through this fund by way of Accountable Cash Grant agreements will be closely monitored and post will continue to require timely financial acquittals.
- › Australia will continue to work with other development partners to assist GoK refine and implement its comprehensive public financial management (PFM) and procurement reform program.

### Preparing the Aid Investment Plan

- › As the existing Australia-Kiribati Partnership for Development is scheduled to expire in 2015, The Kiribati program (post and desk) will work with GoK to prepare an Aid Investment Plan (AIP) early in financial year 2014/2015. The AIP will bring the aid program to Kiribati into sharper alignment with Australia's new aid paradigm. In preparation for this re-

alignment Australia will undertake analysis in the health sector to determine the need for additional donor assistance.

- › To inform the development of the AIP, the Kiribati program will update the 2012 Assessment of National Systems (ANS) to look at fiduciary risks associated with investing funds through government systems eg by budget support. The ANS update will review budget planning and controls along with procurement practice with a view to identifying and managing risk.
- › The Kiribati program will develop a gender plan and take action to address gender issues effectively in the implementation of each program. Mainstreaming child protection measures will continue.

## Risks associated with the program and management actions

<b>Most significant risks</b>	<b>Management response—What? Who? How? When?</b>
The high level of donor activity in some sectors will stretch GOK capacity to coordinate investments.	Noting the high level of donor activity in some sectors, particularly infrastructure and economic growth, the High Commission team will work with donor partners and GoK to strengthen communication and coordination between relevant stakeholders. Coordinating bodies, such as the Kiribati Fiduciary Services Unit and the National Economic Planning Office, will remain key to achieving efficiency gains.
Administrative and reporting requirements of development partners, particularly the multilateral development banks, will strain available resources and reduce national focus on project implementation.	Director Microstates, High Commissioner and Counsellor in Tarawa continue to advocate for simplified multilateral bank processes across the Pacific, and particularly in the microstates. Australia will continue to coordinate with the multilateral banks at a program level around reporting timeframes and templates to reduce the burden of multiple donor requirements.
Limited growth in the bilateral allocation to Kiribati may result in Australia being less able to provide flexible assistance and be the donor of choice Kiribati.	High Commissioner and Counsellor in Tarawa will continue strong and clear communication with GoK so as to contain expectations of an expanding scope of Australian finance aid investments.
Re-emergence of fiscal pressures (e.g. due to an external shock) requiring unsustainable drawdowns from the RERF	High Commissioner and Counsellor to continue dialogue with key GoK counterparts on the fundamental importance of both prudent fiscal policy and RERF management. Maintain a supportive approach to GoK's technical assistance requirements in relation to fiscal management. Liaise with the IMF and MDBs as they closely monitor Kiribati's fiscal outlook.

## Annex A

### Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
Australia to increase our body of analytical work across multiple sectors	Achieved	Analytical work completed includes the Kiribati Poverty Assessment, health sector concept note prepared and shared with Government, Situation and Needs Assessment of Disaster Risk Management and Climate Change, technical support to assist with the development of the National Fisheries Policy, KANI review completed, and preparatory work for the KEIP independent review.
Australia to continue policy discussions with GoK at the Partnership Talks, particularly around strengthening the National Infrastructure Development Steering Committee	Achieved	Partnership Talks were held in February 2014. The effectiveness of the National Infrastructure Development Steering Committee was discussed. Agreement between GoK and Australia with that the NIDSC would meet at least quarterly.
Reform to the selection of Australia scholarship recipients, including harmonisation with New Zealand	Achieved	Australia and New Zealand conducted the first merit based and fully harmonisation scholarship selection process in 2014.
Australia to use the findings of the independent review of the Kiribati-Australia Nursing Initiative (KANI) to inform a decision about how to reshape support to this sector	Achieved	The final KANI students graduated from their studies in 2014 and the KANI initiative is being closed down. Support to the sector will be further examined in 2014-15, with likely future support redirected to the Kiribati School of Nursing.
Australia to continue working with multilateral banks to assess their management structures in small island states	Partly achieved	DFAT has continued engagement with the World Bank and ADB encouraging them to adapt their processes to microstate operations. The in-country liaison position remains vacant; DFAT is largely satisfied with the frequency and structure of most supervision missions. DFAT will continue stressing the importance of regular missions and strategic dialogue between multilateral partners and GoK.
Australia to examine options for improving monitoring and evaluation across the Kiribati program	Achieved	In-line with this commitment, DFAT has conducted or is planning independent reviews of the basic education program and KANI to improve performance and develop performance benchmarks. Future evaluation is also planned for the climate change (KAP) program in 2014/15.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## Annex B

### Quality at implementation ratings

Initiative name	Approved budget and duration	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Outcome 1: Basic education	\$43 220 855 1 July 2009–31 December 2015	2013	6	4	5	5	5	5
		2012	6	4	4	4	4	5
Outcome 2: Workforce skills development	\$26 755 460 15 February 2010–30 June 2016	2013	4	3	4	3	4	3
		2012	5	4	4	3	4	4
Outcome 2: Kiribati- Australia Nursing Initiative	\$20 651 293 21 March 2006–30 June 2016	2013	4	3	3	3	4	4
		2012	5	3	2	3	3	4
Outcome 2: Australia Awards	\$2 875 576 1 March 2010–30 June 2017	2013	5	4	3	4	4	5
		2012	5	3	2	3	4	4
Outcome 3: Growth and economic management	\$13 188 647 28 May 2010–30 June 2020	2013	6	5	5	4	5	3
		2012	6	4	4	3	4	3
Outcome 4: Infrastructure	\$34 375 000 1 June 2011–30 June 2016	2013	5	4	4	5	4	4
		2012	5	5	2	3	4	4

#### Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very high quality

5 = 5 = Good quality

4 = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate quality; needs significant work

2 = 2 = Poor quality; needs major work to improve

1 = 1 = Very poor quality; needs major overhaul

## Annex C

### Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

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<b>Name of Investment</b>	<b>Aidworks number</b>	<b>Name of evaluation</b>	<b>Date finalised</b>	<b>Date Evaluation report Uploaded into Aidworks</b>	<b>Date Management response uploaded into Aidworks</b>	<b>Published on website</b>
None undertaken						

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List of evaluations planned in the next 12 months

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<b>Name of Investment</b>	<b>Aidworks number</b>	<b>Type of evaluation</b>	<b>Purpose of evaluation</b>	<b>Expected completion date</b>
Basic Education	INK501	Independent Review		October 2014
KAP III	INJ569	Independent Review <i>(partner with the World Bank)</i>	Assess mid-term progress	November 2014

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## Annex D

### Performance Benchmarks 2014 -15

Identify a small set of performance benchmarks to be used to assess the performance of the country or regional program in 2014-15. Performance benchmarks can reflect intended results (e.g. 250 scholarships provided), milestones (e.g. construction started/completed on an infrastructure project) or measures of increased effectiveness and efficiency (e.g. better investment quality ratings).

Aid objective	2014-15 performance benchmarks	Rationale for selecting these performance benchmarks
<p><i>Priority Outcome 1: Basic Education</i></p> <p>All children participate in basic education and achieve functional numeracy and literacy</p>	<p>Findings of the 2014 KEIP Independent Evaluation used to strengthen performance over the balance of the current phase of KEIP and inform the design of the next.</p> <p>Year 4 curriculum support materials are prepared in 2014 &amp; implemented in 2015.</p> <p>The Year 3-4 Teacher Professional Development Program and the School Leaders Professional Development Program is delivered.</p> <p>Ten schools are rehabilitated to meet National Infrastructure Standards.</p> <p>Sectoral planning, monitoring and evaluation enhanced - with the ESSP Monitoring and Evaluation Framework finalised by mid-2015</p>	<p>The desire to prioritise effective investments in education and workforce skills development - to provide skills for productive livelihoods - is central to efforts to reduce poverty through sustainable economic growth. Investment in these domains represents 75 per cent of Australian development assistance in Kiribati.</p> <p>We aim to improve the quality of basic education in I-Kiribati primary schools so that all children participate in school and achieve functional literacy after six years of schooling.</p> <p>To achieve that end work is clustered into five sets of mutually supporting activities: (a) curriculum reform; (b) teacher and school leader professional development; (c) school rehabilitation; (d) community engagement; (e) sectoral oversight of service delivery.</p>

## Performance Benchmarks 2014 -15 (continued)

Aid objective	2014-15 performance benchmarks	Rationale for selecting these performance benchmarks
<i>Priority Outcome 2: Workforce Skills Development</i>		
<p>More young I-Kiribati women and men (16-24 years) gain recognised and valued professional and vocational qualifications and access employment and training opportunities domestically and abroad.</p>	<p>All trainers at KIT have the necessary technical and training / assessment qualifications and skills.</p> <p>Delivery and administration of training and assessment services complies with Australian VET quality Framework requirements.</p> <p>More students enrol and/complete courses at KIT leading to an internationally recognised qualification.</p> <p>Work commences (and progresses satisfactorily) on the upgrade of facilities at KIT.</p> <p>Refining the Australia Award selection and preparation processes.</p>	<p>The desire to prioritise effective investments in education and workforce skills development - to provide skills for productive livelihoods - is central to efforts to reduce poverty through sustainable economic growth. Investment in these domains represents 75 per cent of Australian development assistance in Kiribati.</p> <p>We aim to increase the employability of young I-Kiribati women and men by ensuring they graduate with valued and quality assured qualifications in areas of labour market demand.</p> <p>To achieve that end, we seek to improve the relevance, quality, quantity, scope and equity of training and assessment at the Kiribati Institute of Technology, and secure better completion rates for Australia Award scholars.</p> <p>In 2014-15 activities will focus on: (a) consolidating KIT trainers' technical and training and assessment skills; (b) improving training and assessment services; (c) enhancing student administration practices; (d) upgrading facilities at KIT; and (d) refining scholarship selection and preparation processes.</p>

## Performance Benchmarks 2014 -15 (continued)

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<b><i>Priority Outcome 3: Economic Growth</i></b>		
Strengthen economic management in support of mutually agreed GoK-led economic reforms that improve public financial management, increase revenue, reduce the cost of public enterprise and increase the size and participation of the private sector.	Increased revenue through an expanded revenue base and improved compliance	With the introduction of the VAT in April 2014 with the support of Australia, it is anticipated that GoK revenue will increase over the coming financial year. As VAT collected is embedded in the tax department's operations, the advisers focus will sensibly shift to improving collection and compliance measure.
	Improve state-owned enterprise oversight, management and service delivery, including by increasing privatisation and reducing costs on GoK	Australia's support to the reform and privatisation of the underperforming Telecommunications Services Kiribati Limited (TSKL) will progress over 2014-15. It is anticipated that the tender of this service provider will conclude in late October 2014, with privatisation proceeding in the months following. This is expected to reduce the economic burden on GoK, improve service and increase private sector participation.
	Improve aid effectiveness, alignment and donor coordination	By continuing to support the position of the Director of the National Economic Planning Office, Australia will aim to improve the coordination and effectiveness of donor funded activities in Kiribati, resulting in improved development outcomes.

## Performance Benchmarks 2014 -15 (continued)

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<b><i>Priority Outcome 4: Infrastructure</i></b>		
Improve infrastructure services through increasing access to telecommunications and sanitation services and improving the main road.	Improve telecommunications service on South Tarawa	Australia's support to the privatisation of Telecommunications Services Kiribati Limited (TSKL), it is anticipated to improve telecommunications access and service across the county as whole. In 2014-15, service on South Tarawa should continue to be strengthened as the rollout of the 3G network continues.
	Improve the main road network on South Tarawa and strengthen road finance and maintenance capacity	With a projected completed date of 31 July 2015, the Kiribati Road Rehabilitation Project (KRRP) will continue to construct a new road network across South Tarawa in 2014-15. This essential infrastructure network will better allow Kiribati to connect to international transport ports.
	Enhance access to sanitation services by rehabilitating the existing sewage network	The South Tarawa Sanitation Improvement Sector Program (STSISP) will commence rehabilitating the currently dilapidated sewage network on South Tarawa in 2014-15. Once completed (in outwards years), it is anticipated that health outcomes in Kiribati will improve as a result of reduced waterborne illnesses and improved sanitation services.
	Donor funded infrastructure investments will be coordinated and complementary	Noting the large number of infrastructure projects occurring in Kiribati, Australia will continue to support the Kiribati Fiduciary Services Unit at the Ministry of Finance and the National Infrastructure Development Steering Committee (NIDSC) to coordinate donor funded infrastructure projects in 2014-15.

## Annex E

### Annual performance of selected global and regional program with reach to Kiribati in 2013/14

This Annex outlines the country-level results of selected investments funded from global and regional allocations. All information included in this annex is drawn from internal and external reporting produced by DFAT and our implementing partners. This information does not reflect all global and regional investments in Kiribati, but does report on the larger initiatives.

### Global and Regional Contributions to Kiribati Country Program Outcomes

Global and Regional Program ODA attributed to Kiribati in 2013/14 was **\$8,490,478**, with **\$4,041,695** anticipated for 2014/15.

- › [Pacific Regional Infrastructure Facility](#) has provided recurrent technical assistance to review of the implementation and coordination of the infrastructure program in Kiribati. This support has been fundamental in strengthening the Kiribati Fiduciary Services Unit.
- › Pacific Regional core funding to the [Australia Pacific Technical College](#) supported 238 enrolments and 174 graduates from Kiribati (with 83 graduates in August 2014)
- › Support from the global [Disability Inclusive Development](#) budget measure was used to support the School and Centre for Children with Special Needs, the Tungaru Rehabilitation Centre and inclusive education through KEIP.
- › The [Climate and Oceans Support Program in the Pacific](#) has delivered a capacity development program to the Kiribati Meteorology Service, including the development of short-term weather predictions of tide and sea levels, seasonal climate outlooks, drought and flooding risks and extreme weather events.
- › The [Pacific Financial Technical Assistance Centre](#) provided Kiribati with support to reform public debt and cash management; budgeting and planning processes; introduce VAT; and to develop alternative GDP measures.
- › The [International Finance Corporation](#) advised the GoK on preparing and implementing a tender for the selection of a suitable partner for a public-private partnership for the redevelopment of the Otintaai Hotel.
- › The [Pacific Islands Centre for Public Administration](#) provided advisory services to Kiribati on workforce planning and performance management, and delivered training in Kiribati on service delivery and human resource management.

- › The [Royal Australian College of Surgeons' Pacific Islands Program](#) supported three teams of surgeons to visit Kiribati in 2013, to provide specialist services in ophthalmology, ear nose and throat, and orthopaedic surgery.
- › The [UNICEF multi-country program for Maternal and Child Health](#) has supported legislative reform in Kiribati to strengthen implementation of the Convention on the Rights of the Child, and has delivered community road shows to raise awareness of child protection among families and communities.
- › Through the [Pacific Disability Forum](#), Disabled Persons' Organisation members in Kiribati have received capacity building on board training, good governance, leadership, financial management, and awareness of the Convention on the Rights of Persons with Disabilities.
- › The [Australian Sports Outreach Program](#) has partnered with the Kiribati Ministry of Internal and Social Affairs (Sports) to deliver the Kiribati Community Clubs Program. This program uses sport-based activities through community clubs to contribute toward positive health related behaviour and youth leadership.
- › Epidemiological training was provided under the [Pacific Public Sector Linkages Program](#) to assist Kiribati with communicable diseases surveillance.
- › Under the [Pacific Police Development Program](#), the Australian Attorney-General's Department (AGD) provides assistance to strengthen domestic crime and policing laws. Support has focused on implementing Kiribati's new policing legislation. In-country training has been delivered on governance procedures, police powers to investigate and solve crime (including sexual and gender based violence), and the development of new Rules of Court and determinations to assist Kiribati police to use their powers in line with international standards. The Kiribati Office of the Attorney-General also participated in the AGD's 2013 Pacific Legal Policy Twinning Program.
- › The [Department of Defence](#) supported defence co-operation activities, including the Pacific Patrol Boat Program (which undertook maritime surveillance and fisheries protection) and capacity building for Kiribati's police force (with the assistance of the Australian Federal Police).
- › Australian funding to the [Forum Fisheries Agency \(FFA\)](#) has provided expertise and technical assistances to its members, including Kiribati, to strengthening national and regional capacity in managing fisheries resources in a sustainable way. Further fisheries support has been provided to the Secretariat of the Pacific Community (SPC) to allow for the implementation of a pilot [Community-Based Fisheries Management Program](#). Delivered in Butaritari and North Tarawa, the project aims to develop and nurture the structures, processes and capacity to sustainably manage coastal fisheries at the community level.
- › [The Australian Public Service Commission](#) partnered with the GoK to implement a whole of government public sector performance improvement plan, to support GoK with its key priority of improving delivery of essential services to citizens. A number of key supporting outcomes have been achieved, including the development and implementation of a public service induction/education program, and results-oriented performance management framework; and the development of a public service customer service delivery standard.

- › [International Climate Change Adaptation Initiative \(ICCAI\)](#) provided core funding to SPREP to assist with the development of the Kiribati Joint Implementation Plan on Climate Adaptation and Disaster Risk Reduction. Further ICCAI funding was provided to SPC for the Bonriki Inundation Vulnerability Assessment, which has completed its 3-D mapping of the fragile water lens.

## Case study: Training for observers in Kiribati to monitor fisheries

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Australia's aid program, through SPC and the FFA is helping safeguard the long term conservation and sustainable exploitation of fisheries resources in Kiribati. Fisheries provide Kiribati with food, income and livelihoods for local communities, as well as being a major source of government revenue. Fish provides approximately 89 percent of the daily intake of animal protein in Kiribati, and up to 58 percent of coastal households in Kiribati derive their first or second income from fisheries. In 2013, with Australia's fisheries assistance, the FFA and SPC provided increased national support to their members such as Kiribati, in accordance with agreed country service level agreements. The range of national services supported by Australia's funding included: national institutional strengthening and legislative reviews; investment analysis and facilitation; technical fisheries management advice and bio-economic analyses; and fisheries training (including negotiation courses, observer training and evidence, investigation and prosecution training).

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