



Kiribati Aid Program Performance Report 2014–15

Summary

Australia’s aid program to Kiribati is focused on supporting the Government of Kiribati to implement its Economic Reform Plan to maximise the benefits of its resources, and improving Kiribati’s economic prospects by building a better educated and healthier population. During 2014–15 the program continued to make good progress towards achieving the agreed outcomes in the Australia-Kiribati Partnership for Development. In 2014–15, Australia provided \$26.9 million ODA to Kiribati. This represented approximately 12 per cent of Kiribati’s Gross Domestic Product.¹ Other major donors in 2014 were Taiwan (\$22 million); New Zealand (\$12.9 million); and Japan (\$8.5 million).

Performance Against Strategic Objectives

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

Note:

- Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Australia worked with the Government of Kiribati to improve standards in **basic education**, in terms of both access and quality. In September 2014, an independent evaluation found that the Kiribati Education Improvement Program had made good progress in some areas, particularly in curriculum and teacher development. Leadership and management capacity at both the Ministry of Education and school levels had improved. Key achievements in 2014–15 include:

- all Year 3 and 4 students had access to a new curriculum
- 571 teachers were trained in the new curriculum
- 477 children benefited from rehabilitated primary schools, built in line with Accessibility Design Guide standards
- more children with a disability (from 137 in 2014 to 179 in 2015 – 95 boys and 84 girls) were able to access quality education services at the Kiribati School for Children with Special Needs.

Australia supported the Government of Kiribati to provide opportunities for i-Kiribati women and men to develop **workforce skills** in areas of domestic and international industry demand. In 2014-15, the TVET Sector Strengthening Program’s resources were focused on

¹ In 2014 Kiribati’s Gross Domestic Product was USD166.8 million: <http://data.worldbank.org/country/kiribati>.
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improving the quality of training at the Kiribati Institute of Technology (KIT) and pathways for KIT graduates to the Australia Pacific Technical College (APTC). Activities to strengthen the Ministry's capacity to manage the TVET sector were formally suspended in mid-2014 due to a modest reduction in the program's budget and slow progress towards objectives. Key achievements include:

- 138 i-Kiribati women (65) and men (73) graduated with an internationally recognised qualification from KIT in 2014
- stage one of the redevelopment of the KIT campus progressed satisfactorily and is on-track for completion by December 2015
- 97 per cent of the i-Kiribati Australia Award scholarship awardees successfully completed their first semester courses in 2014–15. This is a significant improvement from previous years.

In 2014–15 Australia provided strategic technical assistance to the Kiribati Ministry of Finance and Economic Planning to undertake key reforms to **strengthen governance**, improve budget planning and better coordinate development partner efforts. We also provided technical assistance to the Kiribati Taxation Office to support the implementation of the Value Added Tax (VAT) and automated tax system. This, together with supplementary staff capacity development, improved service delivery and efficiency. Australia continued to engage closely with the Economic Taskforce (the Asian Development Bank, World Bank and New Zealand) on progressing agreed reform priorities, including strengthening reconciliation and procurement processes. Key performance indicators showed that the program is on track to achieving its objectives.

- At the end of 2014, the Government of Kiribati's budget surplus was \$33 million, an increase of \$12 million from 2013.
- Australia's support for the Government of Kiribati's economic reforms contributed to an estimated nine per cent increase in revenue collection from 2013 to 2014 – VAT collection exceeded budget estimates by 15 per cent.
- The 2014 surplus allowed Kiribati to increase its contribution to its development fund from \$8.5 million to \$15.5 million to fund seawall constructions, student transport and classroom developments.

Since 2011, Australia has invested over \$40 million on improving **infrastructure services** in Kiribati. Our investments focus on the transport, sanitation, telecommunication and energy sectors and when completed, will help to improve economic growth and provided a safer, cleaner environment. Australia's support is provided in partnership with the multilateral development banks and is coordinated through the Pacific Region Infrastructure Facility. Fair progress was made against all investments in 2014–15. However, some investments exceeded their budget and all were behind schedule. This is partly due to un-seasonally heavy rainfall delaying physical works. DFAT assessed the budget and time estimates in the investment designs also optimistic for the microstate context. Key achievements in 2014–15 include:

- the improvement of 8.9km of existing paved road, the pavement of an additional 5.6km of road, and the constructing of 15.5km of footpaths and 39 speed humps. These improvements reduced travel time and provided a safer road network
- satisfactory progress on the South Tarawa Sanitation Project, with the survey and inspection of civil works for the rehabilitation of the sewerage network completed, as well as the design for the upgrade of the sewerage ocean outfalls
- Telecommunications Services Kiribati Limited was privatised, which will improve access to telecommunication services.

Progress towards Performance Benchmarks in 2014-15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
Priority Outcome 1: Basic Education All children participate in basic education and achieve functional numeracy and literacy	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.	Achieved	Achieved – the design of next phase, based on the findings of the independent review, commenced in February 2015.
	Year 4 curriculum support materials are prepared in 2014 & implemented in 2015.		Achieved – 100 per cent of primary schools (94) received Year 4 Term 1 & 2 materials and Term 3 materials were prepared for distribution in July 2015.
	The Year 3–4 Teacher Professional Development Program and the School Leaders Professional Development Program is delivered.		Achieved – target of 95 per cent of year 3-4 teachers trained in new curriculum reached.
	Ten schools are rehabilitated to meet National Infrastructure Standards.		Partly achieved – the rehabilitation of two schools has been completed, and a further eight schools are on track for completion by December 2015.
	Sectoral planning, monitoring and evaluation enhanced – with the ESSP Monitoring and Evaluation Framework finalised by mid-2015		Predominately achieved – the ESSP 2016-19 including its Monitoring and Evaluation Framework has been drafted and awaits final Government of Kiribati approval.
Priority Outcome 2: Workforce Skills Development 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.	All trainers at KIT have the necessary technical and training / assessment qualifications and skills.	Achieved	Achieved – all 28 KIT Trainers have now either upgraded (26) or are in the process of upgrading (2) their vocational qualification to the required standard.
	Delivery and administration of training and assessment services complies with Australian VET Quality Framework requirements.		Achieved – Most KIT courses now comply with Australian VET Quality Framework standards.
	More students enrol and/complete courses at KIT leading to an internationally recognised qualification.		Achieved – KIT student intake has been maintained at around 300 students per year (including continuing students) in line with KIT's current capacity. The number of graduates has risen from 108 in 2013 to 138 in 2014.
	Work commences (and progresses satisfactorily) on the upgrade of facilities at KIT.		Achieved – Work commenced in December 2014 and is on track for completion by December 2015.
	Reformed the Australia Award selection and preparation processes.		Achieved – an improved process, harmonised with the New Zealand scholarship program, was implemented in 2014-15.
Priority Outcome 3: Economic Growth Strengthen economic	Increased revenue through an expanded revenue base and improved compliance		Achieved – Revenue collection increased from \$127 million in 2013 to an estimated \$163 million in 2014.

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
management in support of mutually agreed Government of Kiribati-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.	<p>Improve state-owned enterprise oversight, management and service delivery, including by increasing privatisation and reducing costs on the Government of Kiribati</p> <p>Improve aid effectiveness, alignment and donor coordination</p>	Achieved	<p>Achieved – state-owned enterprise reform continued in 2014-15 with the sale of the underperforming Telecommunications Services Kiribati Limited was announced in May 2015.</p> <p>Achieved – Australia continued to support the position of the Director of the National Economic Planning Office to improve the coordination and effectiveness of donor funded activities in Kiribati.</p>
<p>Priority Outcome 4: Infrastructure</p> <p>Improve infrastructure services through increasing access to telecommunications and sanitation services and improving the main road. <i>Note: Very heavy rainfall associated with an El Nino year (2015) has contributed to the delay in some infrastructure projects.</i></p>	<p>Improve telecommunications service on South Tarawa</p> <p>Improve the main road network on South Tarawa and strengthen road finance and maintenance capacity</p> <p>Enhance access to sanitation services by rehabilitating the existing sewage network</p> <p>Donor funded infrastructure investments will be coordinated and complementary</p>		Partly achieved

Progress against performance benchmarks identified in the 2014-15 Aid Program Performance Report were largely achieved, with only infrastructure investments remaining behind schedule.

Support to the Kiribati health sector helped the Government of Kiribati make good progress in controlling the burden of Tuberculosis (TB) cases through early diagnosis and effective patient-centred treatment, with the treatment outcome rate (90-95%) exceeding the WHO recommended target (80%). Strategic policy dialogue with Government and other partners on sector-wide challenges in health was productive. Outcomes have included support in preparation for the first ever health-financing analysis in Kiribati in July 2015 and stronger donor coordination across the sector.

Mutual Obligations

The Australia Kiribati Partnership for Development is based on mutual obligation and shared goals. In 2014-15, the Government of Kiribati made the following achievements towards mutually agreed outcomes:

- The Government of Kiribati made good progress in implementing its Economic Reform Plan, including the introduction of a Value Added Tax in July 2014, increased fishing licensing fees and reforms to state-owned enterprises.
- The Government of Kiribati met its commitment to maintain expenditure in education and health as a proportion of its total budget.
- The Government of Kiribati met key performance milestones related to Australia's funding for the Kiribati Road Rehabilitation Project – including maintaining a fully resourced and functioning Kiribati Fiduciary Services Unit in the Ministry of Finance.
- The Government of Kiribati made good progress in mainstreaming gender and improving support services (related to end violence against women) within its main departments (health, education, police and judiciary).

DFAT cooperated closely with the Kiribati Government to deliver its development assistance in line with the Kiribati Development Plan (2012-15). It supported the Government to implement its Economic Reform Plan to maximise the benefits of its resources. As the leading aid donor in Kiribati, DFAT also worked to support improved coordination among donors, greater coordination of development policies and programs with the Government, and promotion of gender and disability inclusive development. DFAT supported the Government of Kiribati's climate resilience efforts through a range of investments.

Program Quality and Partner Performance

Aid Quality Checks rating trends across all Kiribati initiatives were similar to last year. Performance under the Workforce Skills Development program improved and progress on key economic reform priorities helped to realise substantial budget and capacity-related outcomes. Progress on infrastructure investments was less than expected and consequently these investments were given an overall rating of 'amber'.

An independent evaluation of the Kiribati Education Improvement Program was finalised in 2014-15. In 2015, the design of the third phase of the TVET Sector Strengthening Program will include a review of the current phase.

In 2014-15, Australia further strengthened our already good relationship with New Zealand by harmonising our university scholarship selection processes and entering into two delegated cooperation agreements (one for the provision of Pacific Technical Assistance Mechanism managed advisory services in Kiribati and the second to facilitate New Zealand funding for the Australian-led Kiribati Education Improvement Program). Our successful collaboration enabled us to respond flexibly to emerging priorities. Australia's engagement with the World Bank and Asian Development Bank remained very constructive in 2014-15. Australia continued to advocate to the banks to fill the ongoing vacancy in their joint liaison office based in Tarawa to improve their capacity to respond effectively to requests from the Government of Kiribati.

Management Responses

- In 2015-16 the Kiribati program will continue to drive key infrastructure investments towards completion, notwithstanding ongoing implementation challenges. Post will maintain engagement with international technical auditors based in-country and relevant Government stakeholders to harmonise reporting and improve the efficiency of implementation procedures (particularly around safeguards and procurement).
- In 2015-16 the Kiribati program will focus on increasing uptake and benefits from labour mobility opportunities under the expanded Seasonal Workers Programme and

Pacific Microstates – Northern Australia Worker Pilot Programme. Support for labour mobility will be driven under the next phase of the TVET Sector Support Program, the DFAT Labour Mobility Assistance Program (regional) and through greater coordination with the New Zealand Aid Programme in mobilising seasonal and longer-term workers.

- In 2015-16, the Kiribati program will transition new phases of its key strategic investments in Basic Education and the TVET sector focussed on increased and more equitable access and participation, and pathways to higher education and employment, both domestically and internationally. This will include responding to the current phase review findings for both sectors and incorporation of lessons learnt into future governance and implementation arrangements.
- Following the finalisation of the Assessment of National Systems 2014 Update Report, the Kiribati Program will monitor the reconciliation and acquittal of development spending through the Kiribati Government's Account #4; review and update procurement processes relating to DFAT funds; and support the implementation of financial and compliance audits by the Kiribati National Audit Office and other independent parties. Engagement with Economic Taskforce partners will also continue to support the implementation of broader economic and public financial management reforms.