

ASIAN DEVELOPMENT BANK

COUNTRY STRATEGY AND PROGRAM UPDATE (2005–2006)

KIRIBATI

September 2004

CURRENCY EQUIVALENTS

(as of 30 June 2004)

Currency Unit	–	Australian dollar (A\$)
A\$1.00	=	US\$0.687850
US\$1.00	=	A\$1.453805

ABBREVIATIONS

ADB	–	Asian Development Bank
ADTA	–	Advisory Technical Assistance
AusAID	–	Australian Agency for International Development
EU	–	European Union
GDP	–	gross domestic product
HDI	–	human development index
MDG	–	Millennium Development Goal
MFEP	–	Ministry of Finance and Economic Planning
NDS	–	National Development Strategy
NPRS	–	national poverty reduction strategy
NZAID	–	New Zealand Agency for International Development
OIDP	–	Outer Islands Development Program
PDMC	–	Pacific developing member country
PSD	–	private sector development
PUB	–	Public Utilities Board
RERF	–	Revenue Equalization Reserve Fund
SAPHE	–	Sanitation, Public Health, and Environment Improvement Project
TA	–	technical assistance
UNDP	–	United Nations Development Programme

NOTE

The fiscal year (FY) of the Government of Kiribati and its agencies ends on 31 December.

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I. COUNTRY STRATEGY

1. The Asian Development Bank (ADB) strategy for Kiribati supports, and is consistent with, the objective of the new Government, as stated in the National Development Strategy (NDS) 2004–2007, to enhance and ensure the equitable distribution of development benefits to the people of Kiribati according to principles of good governance.¹ ADB's strategy is anchored in its Pacific Strategy for the New Millennium.²

2. This recognizes the following unique advantages of Kiribati: (i) large foreign reserves in the Revenue Equalization Reserve Fund (RERF), (ii) a history of sound fiscal management, and (iii) a strong traditional culture that promotes social stability and family welfare. However, the country faces some major development constraints: (i) limited natural resources, especially land and fresh water for development; (ii) a small domestic market with little potential for economies of scale; (iii) widely scattered and sparsely populated islands (where the economy of the outer islands exists basically at subsistence level, with limited cash employment opportunities outside government and council employment); (iv) difficult and expensive access to major international markets; (v) an increasingly competitive international environment for tourism and investment; (vi) a population that has limited understanding of, and experience with, business concepts and practices; (vii) a labor force lacking in education and job skills; (viii) social and cultural constraints to the development of land; and (ix) low absorptive capacity for major investments.

3. The Government has given priority to growth centers in which key government services and infrastructure will likely be concentrated. The NDS is currently being operationalized by preparation of annual ministry operational plans and public enterprise business plans (PEBPs), which led to a multiyear budget framework and a Development Partners Meeting coordination meeting of aid agencies in Tarawa in August 2004. The Government agrees with the appropriateness of ADB's intention to assist Kiribati in its key development objectives through ADB's strategy for fighting poverty region-wide, including: (i) creating the conditions for pro-poor economic growth by promoting sustainable resource management and employment opportunities, (ii) enhancing social development, and (iii) promoting good governance.³ ADB's assistance strategy for Kiribati is summarized in Appendix 1.

II. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Recent Political, Social, and Environmental Developments

1. Political Development

4. The presidential election took place in early July 2003 and H.E. Anote Tong was elected President. The new Government's key policy areas are: (i) economic growth through prudent investment; (ii) equitable distribution of opportunities and wealth; (iii) more efficient public sector performance; (iv) equipping people to manage changes, especially in education, health, and cultural changes; (v) sustainable use of physical resources; and (vi) protecting and using financial reserves wisely.

¹ Kiribati. 2003. *National Development Strategy, 2004–2007*. Tarawa.

² ADB. 2000. *A Pacific Strategy for the New Millennium*. Manila.

³ ADB. 2000. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy*. Manila.

2. Social Development

5. Kiribati's population, predominantly Micronesian with some Polynesian, is estimated at 87,400 (2002) with an annual growth rate of 1.7%. The 2000 population census indicated that around 43% of the population now live on South Tarawa, due to continued urban drift (it was 37% in 1995) and where the population density on the most crowded islet of Tarawa (Betio) is now over 8,300 people per square kilometer. The rest of the population is spread over 22 other islands with total populations ranging from 61 to 5,794.

6. Over 40% of the population is under 15 years of age and demographic dynamics will increase the number of people entering the work force in the next decade by approximately 50%, from around 45,000 in 2002 to around 68,000 in 2012. The provision of education and health services for the members of this group is a large item on the family as well as national budget. These future employment needs are perhaps the most important issue facing the country. Public sector employment today accounts for around 77% of all wage employment, but offers limited scope for expansion.

7. There are great differences in cash incomes between South Tarawa and the outer islands of Kiribati, where many people follow a subsistence-based lifestyle. The 1996 household income and expenditures survey (HIES) by the Ministry of Finance on South Tarawa and two outer islands indicated that people on outer islands in the top quintile of cash expenditure were on a par with South Tarawa, while those in the lowest quintile had far less money to spend than on South Tarawa. The survey showed average expenditure per head on outer islands for the lowest quintile of A\$95 per annum compared with A\$309 on South Tarawa. Also, the disparity of incomes between those best off (H20) and those worst off (L20) appeared to be much wider on outer islands, with a H20/L20 ratio of 20.5 compared with 5.7 for South Tarawa.

8. There is concern over the social, economic, and health costs of South Tarawa's overcrowding. The search for cash employment, schooling, and what is seen to be better hospital care and facilities on South Tarawa are the main factors for the urban drift. The Government plans to improve social and economic infrastructure on the outer islands through provision of funding for dedicated outer island infrastructure to stem the flow of migrants to South Tarawa.

9. The Government also aims to reduce income inequality and urban drift by strengthening infrastructure, services, and governance on the outer islands, along with support for commercial production of goods and services. A countrywide program of constructing new junior secondary schools funded under the Kiribati Education Sector Program by the Australian Agency for International Development (AusAID) is now completed. AusAID is providing further assistance on curriculum development, better ways of managing school maintenance funds, and teacher training, and the New Zealand Agency for International Development (NZAID) is providing assistance on basic and tertiary education. The Government now plans to improve the quality of education in government and church schools, strengthen systems for school maintenance and delivery of teaching materials, and extend the outreach and scope of vocational training by building up to 12 rural skills training centers on the outer islands funded by the European Union to provide formal trade training for school leavers from the junior secondary schools as well as a venue for other nonformal and community education programs.

10. Among the Pacific developing member countries (PDMCs), Kiribati has the fourth lowest human development index (HDI), of 0.515. Average life expectancy at birth of 63.6 years shows

an improvement, but remains low due mainly to high infant and child mortality from respiratory diseases and diarrhea (the second highest in the PDMCs after Papua New Guinea). Sexually transmitted diseases are another significant problem, and are a risk factor in the prevalence of cervical cancer. Another issue is the rise in HIV/AIDS cases. The latest cumulative incidence reported in 2003 was 43. Tuberculosis is also on the rise at a very alarming rate and is now the highest in the Pacific region with a rate of 100 per 100,000 sputum smear positive cases at the end of 2003. Coinfections of tuberculosis-HIV/AIDS represent a major threat. A comprehensive tuberculosis and HIV program in Kiribati implemented by the Secretariat of the Pacific Community was recently endorsed by Parliament as a political priority.

11. Generally, the standard of health care delivery has risen over the last 3 years, with most health indicators slowly but steadily improving. Access to basic primary care has improved on many outer islands through the construction of 10 new clinics throughout the Gilbert Islands, coupled with an improvement in the nurse-to-population ratio from 1:450 to 1:375. Outer island facilities, however, are generally poorly supplied, maintained, and staffed. Many women on outer islands are isolated from maternal and infant health services. While the Government is preparing a new population policy and is maintaining good progress reviving public awareness of the value of responsible parenthood, there is much more to be done, especially to improve the delivery of public health and basic curative services and to roll back the incidence of HIV/AIDS and lifestyle diseases.

3. Environmental Development

12. The World Bank has rated Kiribati⁴ as one of the countries most vulnerable to the effects of climate change, climate variability, and sea-level rise. The atoll islands of Kiribati are characteristically low-lying with no hinterlands. This makes Kiribati highly vulnerable to changes in rainfall patterns and sea level, both from the point of freshwater availability and of land loss through erosion and inundation. In its current climatic conditions, Kiribati has high vulnerability to extreme events, particularly those leading to either drought or coastal flooding. The impacts of such events have adverse effects on socioeconomic development, as resources are diverted to support emergency response and disaster rehabilitation. The potential threat of accelerated sea-level rise due to global warming puts all shorefront development at high risk from wave erosion, and from impacts from cyclones, storms, and coastal inundation. These threaten the viability and performance of engineered facilities, as well as the economic growth and development of Kiribati, particularly in climate-sensitive sectors, such as water and sanitation, infrastructure, and inshore marine resources. The new Government is undertaking a long-term program of adaptation to climate-related risks with the support of the World Bank and bilateral funding agencies. The results from the current ADB-supported Sanitation, Public Health, and Environment Improvement (SAPHE) Project⁵ and National Water Resource Assessment and Management Project⁶ will be incorporated into the frameworks of the climate-change adaptation strategy.

B. Economic Assessment and Outlook

13. Real gross domestic product (GDP) is estimated to have grown by 2.5% in 2003, improving from the previous 2 years. This is attributed to higher consumer spending, which in turn resulted from increased government expenditures in the run-up to the national elections in

⁴ World Bank. 2000. *Cities, Seas and Storms* (regional economic report on the Pacific Islands). Washington, DC.

⁵ ADB. 1998. *Sanitation, Public Health, and Environment Improvement Project*. Manila.

⁶ ADB. 2002. *Technical Assistance to Kiribati for National Resource Assessment and Management*. Manila.

late-2002 and in mid-2003, and from the employment provided by construction work on large, continuing development projects, mainly on South Tarawa. GDP growth in 2002–2003 has been held back in part by problems in the agriculture sector, especially declines in copra and seaweed production. However, small-scale production of phosphate has revived on Banaba (Ocean Island).

14. Consumer spending emanating from development projects and from the national elections also stimulated the private business sector. There has been a proliferation of microenterprises on South Tarawa (mainly small, unregulated business activities, including shops, food stalls, and transport services). These microenterprises are often financed by loans using a family member's public sector salary as collateral.

15. The private sector could probably play a more significant role in the economy by improving the efficiency and effectiveness of many services presently supplied by 33 public sector enterprises. The Government is in the process of setting commercial standards for several public enterprises to improve their chances of commercialization and privatization. The Bank of Kiribati is now 75% owned by ANZ Banking Corporation. The enterprises targeted include Atoll Motor Marine Services, Tarawa Biscuits, and the Otintaai and Captain Cook hotels.⁷ The Government plans to encourage public sector performance through the use of awards and revision of the national conditions of service. Service agreements are to be introduced for all public enterprises on the understanding that some enterprises may be unsustainable. Public tenders are to be introduced for subsidized services. Technical assistance will be sought to test efficiency improvements for public enterprises. Sound regulation will also be needed to ensure that public monopolies do not simply become private sector monopolies, with no improvement in services.

16. Because of the narrow production base, the financial situation of Kiribati is vulnerable to external shocks but is, at the same time, buffered by its external earnings. Fishing license revenues, investment income, and seafarers' remittances make gross national product around 70% higher than GDP. Gross national product is estimated to have decreased from A\$168 million in 2002 to A\$160 million in 2003, a decline of almost 5%. This was mainly due to a 22% drop in fishing license revenues from 2002 to 2003, and a decline in sales of passports to foreigners, a practice which is being phased out. While remittances from overseas employment kept pace with inflation at 2%, the income from the overseas investments of the RERF began to rebuild some of the value that had been lost in weak global financial markets in 2001–2003.

17. Central government revenues, including RERF, are estimated to have decreased from A\$101.9 million in 2002 to A\$82.3 million in 2003, primarily as a result of the decline in revenues from distant water fishing licenses, a phasing out of the sales of passports to foreigners, and a fall in tax and other nontax revenues. Central government current expenditure is estimated to have decreased from A\$71 million in 2002 to A\$65 million in 2003, and is projected to remain at the 2002 level in 2004–2006.

18. Under the key NDS policy area of economic growth, increased confidence in fiscal sustainability is to be achieved by forcefully implemented credible budgets, maximizing the sustainable collection of revenue from existing sources and preparing for the introduction of a value-added tax on consumption in 2005.

⁷ The government-owned Otintaai Hotel on South Tarawa now has to compete with new small hotels and guesthouses.

19. To maximize benefits from national revenue and expenditure, the Government is adopting new measures for performance reporting on the NDS, not only for statutory reporting requirements, but also to ensure that the efforts in planning are not wasted through a lack of effective monitoring and review. The Ministry of Finance and Economic Planning (MFEP) will have overall responsibility. Penalties for failing to comply with reporting requirements include reservation of part of the funds allocated to ministries and the withholding of subsidies to public enterprises.

20. Short-term prospects for economic activity and employment are dominated by existing externally funded public sector projects and the speed with which other projects in the pipeline can be mobilized. The improved performance of the RERF does not match the sharp drop in fisheries revenue, and the 2004–2005 budgets will need to draw A\$14 million from the RERF to balance recurrent revenues and expenditures.

21. In April 2004, official reserves remain substantial at the equivalent of over 4 years of imports of goods and services, and public external debt is relatively low at about 10% of GDP, with no domestic debt. The momentum of past decisions to increase expenditures appears to have made substantial budget deficits in 2004–2005 unavoidable, reaching A\$22 million in 2004, almost double that projected for 2005 but declining thereafter. By 2005, departmental and public enterprise activities are expected to be showing the benefits of improved coordination and performance monitoring, and the budget should be within sight of stability.

C. Implications for Country Strategy and Program

22. The new Government has also made progress in responding to national development needs, but recognizes that there is much more to be done. The Government and ADB agree that key issues to be addressed include (i) population growth outstripping capacity to provide employment, and excessive population concentration on South Tarawa; (ii) provision of sustainable water supply, sanitation, and public utilities management; and (iii) access to improved health, education, and social services, as well as wage employment, on the outer islands.

23. First, building on experience with the SAPHE Project, ADB will continue its efforts in assisting the Government to improve access to safe water supplies and sanitation through a water resource development project in the Gilbert Islands. ADB will also continue to assist in institutional capacity building for water use optimization.

24. Second, to support the Government's strategic emphasis on growth centers, ADB, in conjunction with the United Nations Development Programme (UNDP), will provide a phased project preparatory technical assistance (PPTA) to conduct the feasibility study on growth centers called for in the NDS. This PPTA will explore the possibilities of sustainable economic growth and identify the necessary infrastructure and services development in support of private sector growth, sustainable use of natural resources, and employment generation and livelihood. Kiritimati is by far the biggest atoll in Kiribati and has the most promising potential to absorb the increasing population as well as generating the necessary jobs. Its proximity to Hawaii, abundant deep water tuna resources, adequate freshwater resources, and tourism potential, justify an innovative approach to development. However, much of this potential depends on retaining an attractive and interesting environment and ADB will attempt to raise grant funding from the Global Environment Facility for integrated ecosystem management.

25. Third, an advisory technical assistance (ADTA) will be provided to support vocational training in the tourism sector for the Line and Phoenix Islands, while another ADTA will target corporate governance training at those public enterprises slated for reform.

26. Finally, physically connecting the scattered archipelago, both internally and externally, will require upgrading airports and landing strips throughout the country. Consistent with Kiribati's commitment to the newly established Pacific Aviation Safety Office, a contribution to ADB's regional loan to that office is expected in 2005. To implement new safety standards and to improve services, especially with an improved east-west route, a PPTA is planned for upgrading selected priority airports.

III. IMPLEMENTATION OF THE STRATEGY AND PROGRAM

A. Progress in Poverty Reduction

27. The Government and ADB signed a poverty partnership agreement in June 2003. Progress in some of the key target areas and indicators has been made, as follows.

28. Education indicators have improved, as available data suggest that universal primary education has almost been achieved. The target of eliminating gender disparities in education has nearly been attained at the primary level, and has been achieved at the secondary level. The outer islands are, however, still disadvantaged in terms of access to health services, general government services, and communications. These disparities lead to increased migration to South Tarawa, whose population density is leading to additional pressure on water resources and sanitation services. Health indicators need further improvement to meet the Millennium Development Goal (MDG) targets by 2015. Child mortality has decreased slightly, but is still comparatively high. Maternal mortality ratios have been reduced considerably, but are still among the highest of the PDMCs. Less than half of the population has access to safe drinking water and sanitation, with significant differences between urban and outer islands. (Progress toward the Millennium Development Goals and Targets is shown in Appendix 2.)

29. Kiribati faces a complex development task, requiring sustained long-term coordinated effort at all levels of society. ADB's approach to assist Kiribati in achieving the MDGs is both comprehensive and multidimensional. To ensure safe access to water, ADB will continue to assist in addressing issues of institutional capacity in the water sector and in providing essential infrastructure for the restoration of water and sanitation management services through the proposed PPTA and loan for water resource development.

B. Progress in the Country Strategy and Program Focus Areas

30. For the first strategic area of pro-poor economic growth, the lack of employment and high rates of urban population growth, driven by limited employment opportunities on the outer islands, were the reasons for ADB's priority over the last 2 years on outer island development. The aim was to achieve development through a proposed trust fund mechanism invested offshore to generate a stream of revenue to improve living standards on the outer islands. However, the Government has indicated that it prefers to focus on generating economic growth prospects in regional growth centers serving a cluster of islands, as called for in the NDS. ADB and UNDP will assist with a PPTA in this area. In the event that this study, scheduled for late 2004, will confirm the need for priority investments in the Gilbert Islands and in the Northern Line Islands, ADB will follow up with a proposed multisector loan for US\$8 million in 2006. This intervention will also seek Global Environment Facility funding for integrated ecosystem

management for Kiritimati island. A supporting tourism training TA in 2005 for US\$400,000 in the Phoenix and Line Island groups will further assist in facilitating job opportunities, including on cruise ships. Further ADTA for US\$400,000 on creating a conducive investment environment and a regulatory framework for private sector growth is scheduled for 2006.

31. The second strategic area of inclusive social development⁸ focuses on improving the quality of life both on South Tarawa and on the outer islands. Through a regional TA,⁹ the Government will be able to benefit from information and communications technology for remote rural communities via the Internet (including for education, governance, health, and disaster mitigation control). To achieve equal development opportunities throughout Kiribati, an ADTA on local governance strengthening is included for 2006.

32. Progress in achieving the MDGs requires sustained public investment in the education, health, and water and sanitation sectors. The ongoing SAPHE Project and the associated water, health, and environmental-related TA will significantly contribute to improvements in the quality of life for people by providing safe drinking water, improving public health, and safeguarding the environment. However, the increasing pressure on the water and sanitation services on South Tarawa has stretched the capacity of the system to the limit. Currently, the average per capita supply of potable water is less than 30 liters per day. This is well below the supply of 100 liters per day that is generally considered adequate. To continue ADB's support on water, public health, and environmental management, a proposed US\$400,000 PPTA for Water Resource Development in 2005, and a proposed US\$6 million loan for Water Resource Development, coupled with an associated TA for US\$400,000 in 2007, are planned. These projects seek to improve public health through improved water supplies and sanitation in the key growth centers in the Gilbert Islands.

33. In relation to the third strategic area of improved governance, the technical assistance (TA) for Strengthening Institutional Capacity for Financial and Economic Management¹⁰ has significantly strengthened the economic planning, policy analysis, and financial management capacity of both MFEP and the Government as a whole. It also helped the Government improve its resource allocation processes and procedures, particularly in developing new procurement procedures for government purchases. AusAID is assisting MFEP in improving finance and budget management through a strengthened financial management information system. In 2002, ADB commenced two TAs, one to produce the 2002 economic and social report and identify poverty reduction strategies, and the other to conduct poverty consultation workshops. These TAs supported preparation for the planned Development Partners Meeting of aid agencies in August 2004 and the implementation of the Government's undertakings under the poverty partnership.¹¹

⁸ This strategic objective encompasses the NDS strategies of equitable distribution of opportunities and wealth as well as equipping people to manage change.

⁹ ADB. 2003. *Preparing a Pro-Poor Subregional e-Government Project for Providing Basic Service Delivery to Remote Communities in the Pacific*. Manila.

¹⁰ ADB. 1996. *Technical Assistance to Kiribati for Strengthening Institutional Capacity for Financial and Economic Management*. Manila; ADB. 1999. *Technical Assistance to Kiribati for Strengthening Institutional Capacity for Financial and Economic Management, Phase II*. Manila.

¹¹ The first consultative group meeting of external funding agencies for Kiribati was held in Tokyo in January 1998 with the participation of all the major agencies.

C. Highlights in Coordination of External Funding and Partnership Arrangements

34. Kiribati receives generous external aid to finance its development spending. In 2004 Kiribati will receive about A\$128 million in assistance from the international community. Major sources of funds are the governments of Japan, Australia, United States, and New Zealand. The main multilateral funding agencies are ADB, the European Union (seaweed, solar energy, and health clinics on outer islands), and UNDP (improved access to basic services, capacity building, governance and improved communication to outer islands).

35. ADB maintains close communication with key development partners, including AusAID, UNDP, and World Bank. The Government, ADB, and World Bank, with a view to moving toward harmonizing, are streamlining the implementation process. There has been increased coordination with the World Bank on their Climate Adaptation Project and ADB's TA on poverty reduction strategies and assisting the Government in developing frameworks and linkage diagrams for the NDS, and ministry operational plans. Future cooperation is foreseen in governance (UNDP), financial management (AusAID), public sector management (NZAID), and water development/adaptation strategies (AusAID, World Bank, and South Pacific Applied Geoscience Commission). The role of other agencies in assisting Kiribati in these key development challenges is in Appendix 2.

IV. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

36. Six ADB loans totaling US\$14.0 million and 33 TAs totaling US\$10.61 million have been provided to Kiribati since it joined ADB in 1974. One loan for US\$10.2 million and five TAs of US\$2.8 million were active at the end of 2003. In 2003, the only active loan, the SAPHE Project, approved in December 1998, had made significant progress in implementation and is fully satisfactory in achievement of development objectives. Implementation of all active TAs is also satisfactory.

37. Overall, Kiribati performance in 2003 was better than the ADB-wide average. The contract awards totaled US\$0.6 million, bringing the cumulative figure to US\$7.2 million. In 2003, the contract award/commitment ratio reached 18.9%, against ADB's average of 17.3%. Actual contract awards totaled US\$0.6 million or 144.3% of the projection in 2003 compared with 60.4% of the projection for 2002. Disbursements during the year totaled US\$2.4 million, bringing cumulative disbursements to US\$5.7 million. The disbursement ratio was 37.9%, against the ADB-wide average of 20.2%. Actual disbursement was US\$2.4 million or 186.5% of the projection in 2003, compared with 54.1% of the projection for 2002.

B. Performance Monitoring and Evaluation

38. The main issue for the institutional development assistance is the limited absorptive capacity of the country and the consequent lack of counterpart staff. Economic and technical skills are not the dominant specializations. Capacity building has therefore to start, and to be sustained, at a basic level. ADB review missions and the ADB-financed institutional development assistance on poverty reduction strategies are assisting the Government in monitoring portfolio performance as well as the achievement of objectives specified in the country strategy and program update, the NDS, and the budget.

V. COUNTRY PERFORMANCE AND LENDING LEVELS

A. Proposed Lending Level

39. The allocation of the Asian Development Fund will depend upon the revised performance-based allocation policy, expected to be finalized later in 2004. For planning purposes, the 3-year allocation has been set at US\$10 million, but this will be subject to change based on the revised performance-based allocation policy. There is no lending program for 2005.

B. Nonlending Program

40. An indicative nonlending assistance of US\$2.4 million, or an annual average of US\$800,000, is programmed for 2005–2006. The current nonlending assistance pipeline continues to focus on promoting good governance, enhancing social development, and creating the conditions for pro-poor economic growth, especially in potential growth centers. This program may be modified based on performance as the operational cycle unfolds. The assistance pipeline for nonlending products and services is given in Table A2.12 of Appendix 2. The TA concept papers are in Appendix 3.

C. Summary of Changes to Lending and Nonlending Program

41. There is to be a significant shift in government strategies, toward a more decentralized or deconcentrated model of development that would see priority given to growth centers in which key government services and infrastructure would be concentrated. In part, this shift in strategic thinking underpins a Cabinet decision in late 2003 not to proceed with the proposed Outer Islands Development Program and its associated trust fund mechanism, which reflected the perceived lack of economic opportunities on most outer islands. The clear need to reverse the urban drift to South Tarawa (where almost half of the population is now concentrated) underpins this shift in strategies.

42. For reference, the 2004 assistance program for nonlending products and services is provided in Table A4.1. There is no assistance program for lending products for 2004.

SUMMARY STATEMENT OF STRATEGY

Objectives	Pro-Poor Economic Growth	Enhancing Social Development	Good Governance
Strategic Focus	<p>Promoting use of resources in a sustainable manner</p> <p>Creating an enabling environment for private sector development</p> <p>Increasing decentralization to give more empowerment to the people on the outer islands</p> <p>Promoting local community ownership in government funded projects by improving community consultations and participation</p>	<p>Ensuring access to safe water and proper sanitation on South Tarawa</p> <p>Improving living conditions and access to basic health and social services especially on the outer islands</p>	<p>Enhancing efficiency and effectiveness in the public sector</p> <p>Strengthening the Government's strategic planning capacity for sustainable poverty reduction</p>
Ongoing and Proposed Loans	Outer Islands Growth Centers (2006)	<p>Sanitation, Public Health, and Environment Improvement Project (1998)</p> <p>Water Resource Development (2007)</p>	
Ongoing and Proposed Technical Assistance	<p>Supporting Land Use Management on Kiritimati Island (2003)</p> <p>Feasibility Study on Outer Island Growth Centers (2004)</p> <p>Tourism Training—Line and Phoenix islands (2005)</p> <p>Outer Island Airport Upgrade (2007)</p>	<p>Capacity Building to Support the Outer Island Development (2002)</p> <p>RETA on Climate Change Adaptation Program for Pacific (2003)</p> <p>Water Resource Development (2005)</p>	<p>Strengthening Development Strategies & Supporting Poverty Reduction (2001)</p> <p>Community Development and Sustainable Participation (2002)</p> <p>RETA on Pacific Aviation Safety Office Preparation (2003)</p> <p>RETA on Preparing a Pro-poor Subregional E-Government Project (2003)</p> <p>RETA on Alternative Negotiating Arrangements for Increasing Fisheries Revenues (2004)</p> <p>Local Governance Strengthening on Kiritimati (2006)</p> <p>Capacity Building for Water Use Optimization (2007)</p>
Target Outcomes	<p>Increased job opportunities</p> <p>Strategic plan for natural resource development and other private sector activities,</p>	<p>Increased access to safe water and sanitation</p> <p>Approval and implementation of the water and sewerage</p>	<p>Formulation of nationally - owned strategies on sustainable growth and more equitable distribution of income and opportunity incorporated</p>

Objectives	Pro-Poor Economic Growth	Enhancing Social Development	Good Governance
	<p>particularly on the outer islands</p> <p>Strengthened land use planning for private sector development</p>	<p>connection policy</p> <p>Protection of declared water reserves</p>	<p>into the Ministry Operation Plans</p> <p>Creation of in-country capability to undertake economic policy and planning</p>

RETA = regional technical assistance.

COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

Table A2.1: Progress toward the Millennium Development Goals and Targets

Goals and Targets	1990	1995	Latest Year
Goal 1. Eradicate Extreme Poverty and Hunger			
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015			
1. Proportion of population below US\$1 per day (PPP-values) (%)	—	—	38.0 (1996)
2. Poverty gap ratio	—	—	—
3. Share of poorest quintile in national consumption (%)	—	—	6.0 (1996)
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015			
4. Prevalence of child malnutrition (% of children under 5)	—	—	13.0 ^a (1997)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	< 5.0 (1996)
Goal 2. Achieve Universal Primary Education			
Target 3: Attain 100% primary school enrolment by 2015			
6. Net enrollment ratio in primary education (%)			
Total	—	—	103.0 (2001)
South Tarawa	—	—	110.0 (2001)
Outer Islands	—	—	99.0 (2001)
7. Proportion of pupils starting Grade 1 who reach Grade 5	103.8 ^b	88.9 ^c	90.0 (2000 est.)
8. Literacy rate of 15–24 year olds (%)	—	—	95.0 ^d (2000)
Male	—	—	93.0 ^d (2000)
Female	—	—	95.0 ^d (2000)
Goal 3. Promote Gender Equality and Empower Women			
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015			
9. Ratio of girls to boys in: (%)			
Primary education	98.0 ^c	97.0 ^c	97.0 (2001)
Secondary education	95.0 ^c	119.0 ^c	125.0 (2001)
10. Ratio of young literate females to males (% of age group 15–24)	—	—	102.0 ^d (2000)
11. Share of women in wage employment in the nonagricultural sector	—	—	37.0 (2000)
12. Proportion of seats held by women in national parliament	0.0 ^b	0.0 ^b (1997)	5.0 ^b (2003)
Goal 4. Reduce Child Mortality			
Target 5: Reduce infant and child mortality by two thirds from 1990 to 2015			
13. Under-5 mortality rate (per '000 live births)	88.0 ^b	77.0 ^b	69.0 ^b (2002)
14. Infant mortality rate (per '000 live births)	65.0 ^b	57.0 ^b	51.0 ^b (2002)
15. Proportion of 1 year old children immunized against measles	75.0 ^e (1989–90)	62.0 ^e (2000)	88.0 ^b (2002)

Goals and Targets	1990	1995	Latest Year
Goal 5. Improve Maternal Health			
Target 6: Reduce maternal mortality ratio by three quarters between 1990 and 2015			
16. Maternal mortality ratio (per 100,000 live births)	—	225.0	56.0 (2000)
17. Births attended by skilled health staff (% of live births)	—	72.0 ^a (1995–1997)	85.0 ^f (1998)
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases			
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS			
18. HIV prevalence rate among 15–24 year old pregnant women	—	—	—
19. Contraceptive prevalence rate (% of women aged 15–49)	19.0 ^g	20.9 ^f (1998)	28.0 (2000)
20. Number of children orphaned by HIV/AIDS	—	—	—
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases			
21. Malaria:			
Prevalence rate (per 100,000 people)	—	—	—
Death rate (per 100,000 people)	—	—	17.0 ^b (2000)
22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	—	—	—
23. Tuberculosis (TB):			
Prevalence rate (per 100,000 people)	—	—	39.0 ^b (2000)
Death rate (per 100,000 people)	—	—	6.0 ^b (2000)
24. TB cases, DOTS:			
Detection rate (%)	—	157.0 ^b	201.0 ^b (2001)
Treatment success rate (%)	—	83.0 ^b (1998)	91.0 ^b (2000)
Goal 7. Ensure Environmental Sustainability			
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources			
25. Forest area (% of total land area)	38.4 ^b	—	38.4 ^{b,h} (2000)
26. Nationally protected areas (% of total land area)	—	37.0 ^b (1997)	36.6 ^h (2002)
27. GDP per unit of energy use (PPP\$ per kg oil equivalent)	—	—	—
28. Carbon dioxide emissions (per capita metric tons)	0.306 ^b	0.283 ^b	0.310 ^b (1999)
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water			
29. Access to an improved water source (% of population) ¹			
Total	47.9 ^d	76.0 ^a (1995–1997)	60.0 ^d (2000)
Urban	76.0 ^d	—	77.2 ^d (2000)
Rural	32.7 ^d	—	49.5 ^d (2000)

Goals and Targets	1990	1995	Latest Year
Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers			
30. Access to improved sanitation (% of population) ⁱ			
Total	24.4 ^d	46.0 ^a (1995–1997)	31.1 ^d (2000)
Urban	32.9 ^d	—	54.4 ^d (2000)
Rural	21.5 ^d	—	22.2 ^d (2000)
31. Access to secure tenure (% of population) ⁱ			
	—	—	92.2 ^d (2000)

— = not available, DOTS = directly observed treatment, short course; GDP = gross domestic product; kg = kilogram; PPP\$ = purchasing power parity in United States dollar

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

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

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

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

^e United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), *Economic and Social Survey of Asia and the Pacific 2002*

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

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

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

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

Sources: Unless otherwise specified, data are from the Asian Development Bank (ADB), Discussion Paper on Assessment of Hardship and Poverty (Nov 2002), undertaken under regional technical assistance (RETA) 6002: *Consultation Workshops for Poverty Reduction Strategies in Selected Pacific Developing Member Countries (PDMCs)*. Figures from the Discussion Paper primarily based on the 1996 Household Income and Expenditure Survey (HIES) and the 2000 Census.

Table A2.2 Country Economic Indicators

Item	1999	2000	2001	2002	2003
A. Income And Growth					
1. GDP per Capita (US\$, current)	646	572	550	611	760
2. GDP Growth (% , in constant prices)	9.5	1.6	1.8	1.0	2.5
a. Agriculture	21.2	(7.5)	0.0	(4.1)	—
b. Industry	8.0	1.9	25.5	(10.1)	—
c. Services	4.3	5.4	(0.7)	3.0	—
B. Saving and Investment (current market prices)					
	(% of GDP)				
1. Gross Domestic Investment	—	—	—	—	—
2. Gross Domestic Saving	—	—	—	—	—
C. Money and Inflation					
	(annual % change)				
1. Retail Price Index (Tarawa) ^a	1.8	0.4	6.0	3.2	2.0
2. Total Liquidity (M2)	4.0	20.0	(3.9)	29.0	—
D. Government Finance					
	(% of GDP)				
1. Total Revenue and Grants	130.2	129.0	147.1	157.4	136.5
2. Total Expenditure and Onlending	111.4	102.6	139.5	136.0	149.9
3. Overall Fiscal Surplus/(Deficit)	18.9	26.4	7.6	21.4	(13.4)
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(58.4)	(74.3)	(84.3)	(88.5)	(87.2)
2. Current Account Balance (% of GDP)	12.4	13.2	3.2	7.9	(18.7)
3. Merchandise Export (US\$) growth (CIF, annual % change)	54.2	(60.4)	25.0	15.6	11.5
4. Merchandise Import (US\$) growth (CIF, annual % change)	24.2	(2.7)	12.1	18.3	23.1
F. External Payments Indicators					
1. Official External Assets (\$ million, end of period)	405.9	399.8	340.7	344.7	351.1
- in years of imports	6.0	6.8	5.6	4.7	4.0
2. External Debt Service (% of exports of goods & services)	1.5	6.6	3.9	2.0	1.9
3. External Debt (% of GDP)	15.6	15.7	20.3	17.8	23.3
G. Memorandum Items					
1. GDP (current prices, million local currency)	83.5	83.1	91.2	98.0	103.2
2. Exchange Rate (A\$ per US dollar, annual average)	1.5	1.7	1.9	1.8	1.5
3. Population (million)	0.083	0.084	0.086	0.087	0.089

— = not available, CIF = cost, insurance, freight, GDP = gross domestic product.

^a Period average.

Source: Government of Kiribati, Ministry of Finance and Economic Planning; International Monetary Fund, *Selected Issues and Statistical Appendix*, May 2003 and Staff Report for the 2003 Article IV Consultations, July 2003; Asian Development Bank. 2002. *Kiribati: Monetization in an Atoll Society—Managing Economic and Social Change*, December; and staff estimates.

Table A2.3: Country Social Indicators

Item	1990	1995	Latest Year
1. Demographic Indicators			
Total Population ('000)	72.3	77.7	88.6 2003 ¹
Annual Population Growth Rate (% change)	2.7	1.5	1.6
Dependency Ratio (% of dependents to working age)	69.0 ^a (1991)	80.5	68.0 ^a (2002)
Total Fertility Rate (births per woman)	3.8 ^b	4.5 ^b	4.1 ^a (2002)
Average Household Size	6.6	6.5	6.7 (2000)
2. Health			
Life Expectancy at Birth (years)	—	60.2 ^c	62.8 (2000)
Male	57.7 ^b	58.5 ^c	58.2 (2000)
Female	62.8 ^b	64.7 ^c	67.3 (2000)
Population with Access to Health Services (%)	—	95.0 ^c	100.0 (1999)
Population per Doctor	—	7,681 ^{d,e}	3,700 (2000)
Government Expenditure on Health			
As % of Total Government Spending	14.7 (1991)	14.9	13.7 (2001)
As % of GDP	8.6 (1991)	11.2	12.7 (2001)
3. Education			
Adult Literacy Rate (%)	—	92.0	100.0 ^d (2001)
Male	—	94.0	—
Female	—	91.0	—
Combined Gross School Enrollment Ratio (% of aged 5–19 years) ^f	69.8 (1985)	74.5	121.3 (2000)
Male	69.6 (1985)	72.5	115.9 (2000)
Female	70.2 (1985)	76.5	127.1 (2000)
Gross Primary Enrollment (% of aged 5–14 years) ^f	92.5 (1985)	84.4	124.2 (2000)
Male	91.7 (1985)	83.5	121.1 (2000)
Female	93.3 (1985)	85.4	127.4 (2000)
Gross Secondary Enrollment (% of aged 15–19 years) ^f	26.6 (1985)	47.5	114.0 (2000)
Male	26.2 (1985)	42.7	101.7 (2000)
Female	27.1 (1985)	52.5	126.2 (2000)
Student-Teacher Ratio (no. of students per teacher)			
Primary	28.0 ^g	27.0 ^g	22.0 ^b (2002)
Secondary	16.0 ^g	14.0 ^g	18.0 ^b (2002)
Government Expenditure on Education			
As % of Total Government Spending	17.4 (1991)	19.4	20.0 (2001)
As % of GDP	10.1 (1991)	14.7	20.5 (2001)

¹ Asian Development Bank estimate.

— not available, GDP = gross domestic product.

Sources: Unless otherwise specified, data are from the: (i) Asian Development Bank (ADB), Discussion Paper on Assessment of Hardship and Poverty (Nov 2002), undertaken under regional technical assistance (RETA) 6002: *Consultation Workshops for Poverty Reduction Strategies in Selected Pacific Developing Member Countries (PDMCs)*; and (ii) ADB. 2002. *Kiribati: Monetization in an Atoll Society—Managing Economic and Social Change* (Dec), a Pacific Studies Series. Population figures and growth estimates were taken from the Asian Development Outlook (ADO) 2004 Pacific population database. Enrollment ratios were calculated using various census data (1985, 1995, and 2000) on the number of school-age children and data from the Ministry of Education, Training and Technology (METT) on school enrollments.

^a World Health Organization (WHO), *The World Health Report* (2002, 2003).

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

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

^d United Nations Development Programme (UNDP), *Pacific Human Development Report 1999*; UNDP, *Human Development Report 2003*.

^e Refers to available data nearest the year indicated in the column heading.

^f Enrollment ratios for 2000 are not comparable with those for earlier years due to difference in scope of primary and secondary education, with the introduction of the junior secondary school program in 1998.

^g Calculated using data from METT, Digest of Education Statistics (1982–1998).

Table A2.4: Country Poverty Indicators

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

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

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

^b Figures refer to expenditure distribution.

Sources: Asian Development Bank, Discussion Paper on Assessment of Hardship and Poverty (Nov 2002), under regional technical assistance (RETA) 6002: *Consultation Workshops for Poverty Reduction Strategies in Selected Pacific Developing Member Countries (PDMCs)*; United Nations Development Programme, *Pacific Human Development Report* (1994, 1999).

Table A2.5: Country Environment Indicators

Item	1990	Latest Year
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	—	—
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)	—	—
Chemical Oxygen Demand (COD)	—	—
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total ('000 metric tons)	22.0	25.7 (1999)
Per unit of GDP (kg/PPP\$ GDP)	—	—
Sulfur Dioxide (SO ₂) Emissions		
Total ('000 metric tons)	—	0.0 (1995)
4. Land Use and Deforestation		
Total Land Area (km ²)	811.0	811.0 (2003)
Average Annual Deforestation		
Area (remaining km ²)	—	280.0 (2000)
% change	—	0.0 (1990–2000)
Arable Land (% of total land)	0.0	
	(1993)	
Cropland, Permanent (% of total land)	51.0	51.0 (2000)
	(1993)	
Pastures, Permanent (% of total land)	0.0	
	(1993)	
Population Density, Rural (people per km ²)	66.0	67.0 (2000)
5. Biodiversity and Protected Areas		
Nationally Protected Area(s)		
Area (km ²)	—	267.0 (1997)
Number	—	—
Mammals (number of threatened species)	—	0 (2002)
Birds (number of threatened species)	1	4 (2002)
	(1992)	
Higher Plants (number of threatened species)	—	—
Reptiles (number of threatened species)	—	1 (2002)
Amphibians (number of threatened species)	—	—
6. Urban Areas		
Urban Population		
Total ('000)	25.4	36.7 (2000)
% of total population	35.1	43.5 (2000)
Per Capita Water Use (liters/day)	—	—
Wastewater Treated (%)	—	—
Solid Waste Generated per Capita (kg/day)	—	—

— = not available, GDP = gross domestic product, kg = kilogram, km² = square kilometer, PPP\$ = purchasing power parity in US dollars.

Sources: Central Intelligence Agency (CIA), *The World Factbook* (2001–2003), available: <http://cia.gov>; Secretariat of the Pacific Community (SPC), *Oceania Population 2000 & 2003*; SPC, Pacific Regional Information System (PRISM), available: <http://www.spc.int/PRISM>; South Pacific Regional Environment Programme (SPREP), *Kiribati State of the Environment Report 1994*; United Nations Statistics Division (UNSD), Millennium Indicator Database (2003), available: <http://millenniumindicators.un.org>; World Resources Institute (WRI), *Earth Trends 2003*, available: <http://earthtrends.wri.org>; World Bank, *The Little Green Data Book 2003*.

Table A2.6: Development Coordination Matrix

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
A. Sustainable Economic Growth	<p>Ongoing</p> <ul style="list-style-type: none"> • TA 3108 on Management and Financial Advisory Services for Restructuring the Public Utilities Board (1998) • TA 3786 on Strengthening Development Strategies and Supporting Poverty Reduction (2001) • TA 3838 on Community Development and Sustainable Participation (2002) • RETA on Preparing a Pacific Governance Strategy (2002) <p>Programmed</p> <ul style="list-style-type: none"> • TA on Local Governance (2007) 	<ul style="list-style-type: none"> • Assistant to Departments of Customs (Institutional Strengthening) and Finance (Strengthening the Statistical Base) (AusAID) • Public Sector Review and Good Governance (NZAID) • Strengthening of Management Information System with NGOs (Canada) • Support to Public Sector (South Korea) • ILO Conference (NGOs) • Legal Right Training Officer (UNDP) • Salary of a Solicitor General (NZAID) • Work Scheme in NZ (NZAID)
B. Private Sector Development	<p>Ongoing</p> <ul style="list-style-type: none"> • Supporting Land Planning and Planning for Private Sector Development in Kiritimati Island (2003) <p>Programmed</p> <ul style="list-style-type: none"> • TA on Training and Tourism (2005) • TA on Regulatory Framework for Private Sector Development (2006) 	<ul style="list-style-type: none"> • Tree Crop Development (UK) • Agricultural Tools and Data Collecting (NGOs) • Awareness Programme on IYB and SYB (AusAID) • Assistance to Development Bank of Kiribati (NZAID) • Promotion of Consumer's Right (Canada) • Feasibility Study for Remaining Phosphate Deposit on Banana Island (France) • Provision for New Weighbridge (EU) • Pearl Oyster Project (AusAID) • Improving National Observer Coordination (SPC) • Fisheries Development assistance (FFA) • Seaweed Development Programme Phase II (EU) • Control of Fishing in Kiribati EEZ (NGOs) • Operation Costs of a Patrol Boat (AusAID) • Strategic Action Program on International Water for Pacific Small Island Developing States, Oceanic Component for Tuna and Fisheries (IWP)

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
C. Education	<p>Ongoing</p> <ul style="list-style-type: none"> • RETA on Expanding the Reach of Distance Learning in the Pacific (2003) 	<ul style="list-style-type: none"> • Scholarships, JSS development and Implementation of Kiribati Education Sector Programme (AusAID) • Scholarships, Teachers Development and Basic Education (NZAID) • Education Developments and Provisions of Pearce Crops (US) • Assistant to William Goward Memorial School (Japan) • Primary Schools Building Consolidation (France) • Kiribati Training Programme Phase II (EU) • Provision for VSOs (UK) • Staff Computers Training on Microsoft (WHO) • Education and Training Programs (AusAID) • Infrastructure for Marine Training Center (Germany)
D. Health, Nutrition, and Social Protection		<ul style="list-style-type: none"> • Replacement of Outer Island Health Dispensaries (EU) • Construction of Specialist Clinics and Out Patient Ward (Japan) • Health Promotion and Provision of New Dental Equipment (AusAID) • Medical Treatment and Initiatives (NZAID) • TB Control (SPC) • Chinese Doctors and Equipments (PRC) • Provision for New Dental Equipment (France) • Health Sector Development, Promotion of Health Environments, Communicable Diseases Control and Reproductive Health, Cooperation Programme Involving Prevention of HIV/AIDS (WHO) • Integrated Child Health and Development (UNICEF) • Reproductive Health (UNFPA)
E. Gender and Development		<ul style="list-style-type: none"> • Empowerment of Women (Canada) • Assistant to Women Center (Japan) • Construction of a Sports Complex on Betio (PRC) • Construction of a multipurpose court for Sacred Heart School (Canada) • Workshop on Convention of the Rights of the Child (UNICEF)

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
F. Transportation and Communication 1. Telecommunication and Communication 2. Energy 3. Water Supply, Sanitation and Waste Management	<p>Programmed</p> <p>Ongoing</p> <ul style="list-style-type: none"> • Loan on Sanitation, Public Health, and Environment Improvement Project (1998) • TA on Water Resource Assessment and Management (2002) <p>Programmed</p> <ul style="list-style-type: none"> • RETA on Promotion of Effective Water Management Policies and Practices (Phase 3) (2003) • TA on Water Resources Development (2005) • Loan on Water Resource Development (2007) 	<ul style="list-style-type: none"> • Air Transportation and Communications (NZAID) • Radio Communications and Road Upgrading on South Tarawa and Betio (Japan) • Airport Development (EU) • Supporting of Solar Power Development (Canada) • Standby Generator for Licensing Unit (Forum Secretariat) • National Rural Electrification (Solar) (EU) • Rainwater Catchments • Water Resources for Banaba Island (SPREP) • Improvement of Water System on Marakei Island (Japan)
G. Agriculture and Natural Resources	<p>Ongoing</p> <ul style="list-style-type: none"> • RETA on Climate Change Adaptation Program for Pacific (2003) 	<ul style="list-style-type: none"> • Weather Watch and Environment Protection (NZAID) • Biodiversity Conservation Programme (SPREP) • Environmental Conservation Programme (Japan) • National Adaptation Plan of Action and Persistent Organic Pollutant (UNDP) • Adaptation Project (World Bank) • Strategic Action Program on International Water for Pacific Small Island Developing States, Coastal Component for Waste/Water (IWP)

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
H. Inclusive Social Development	<p>Ongoing</p> <ul style="list-style-type: none"> • RETA on Consultation Workshops for Poverty Reduction Strategies (2001) <p>Programmed</p> <ul style="list-style-type: none"> • RETA for Providing Basic Service Delivery in Remote Communities in the Pacific: Preparing a Subregional E-Government (2004) • TA for Outer Island Growth Centers (2004) • Loan for Outer Island Growth Centers (2006) 	<ul style="list-style-type: none"> • Community Development (PRC) • Access to basic services and Livelihood Opportunity (UNDP) • Adolescent Development (UNICEF) • Social Protection, Decent Employment, Tripartism and Social Dialogue (ILO)

AusAID = Australian Agency for International Development, EEZ = Exclusive Economic Zone, EU = European Union, FFA = Foundation of Fisheries Association's Fund, JSS = junior secondary school, ILO = International Labour Organization, IWP = International Waters Programme, IYB = Improve Your Business, NGO = nongovernment organization, NZAID = New Zealand Agency for International Development, PRC = People's Republic of China, SPC = Secretariat of the Pacific Community, SPREP = South Pacific Regional Environment Programme, SYB = Start Your Business, UNDP = United Nations Development Programme, TA = technical assistance, UNESCO = United Nations Educational, Scientific, and Cultural Organization, UNFPA = United Nations Population Fund Activities, UNICEF = United Nations Children's Fund, US = United States, VSOs = Voluntary Services Overseas, WHO = World Health Organization.

Source: Asian Development Bank Staff

Table A2.7: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2003)

Sector	Net Loan Amount		Total		Rating ^a								Potential Problem ^b		At Risk ^c	
	(\$ million)	(%)	(No.)	(%)	Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		(No.)	(%)	(No.)	(%)
					(no.)	(%)	(no.)	(%)	(No.)	(%)	(No.)	(%)				
Agriculture and Natural Resources	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transportation and Communication	10.2	100.0	1	100.0	—	—	1	100.0	—	—	—	—	—	—	—	—
Total	10.2	100.0	1	100.0	—	—	1	100.0	—	—	—	—	—	—	—	—

— = not available.

^a One rating for implementation progress and development objectives, based on the lower rating of either.

^b Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank staff estimates.

Table A2.8: Portfolio Indicators—Disbursements and Net Transfers of Resources
(public sector loans, as of 31 December 2003)

Disbursements and Transfers	OCR	ADF	Total
Disbursements ^a			
Total Funds Available for Withdrawal (\$ million)	—	10.2	10.2
Disbursed Amount (\$ million, cumulative)	—	5.7	5.7
Percentage Disbursed (disbursed amount/total available)	—	56.0	56.0
Disbursements (\$ million, latest year)	—	2.4	2.4
Disbursement Ratio (%) ^b	—	37.9	37.9
Net Transfer of Resources (\$ million)			
1999	—	(0.1)	(0.1)
2000	—	1.0	1.0
2001	—	1.3	1.3
2002	—	0.7	0.7
2003	—	2.3	2.3

— = not available, ADF = Asian Development Fund, OCR = ordinary capital resources

^a Includes ongoing loans and loans with disbursements in 2003.

^b Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank staff estimates.

Table A2.9: Portfolio Indicators—Evaluation Rating by Sector
(as of 31 January 2004)

Item	GS/HS/S		PS		US		Total	
	No.	%	No.	%	No.	%	No.	%
Agriculture & Natural Resources	0	—	0	—	0	—	0	—
Energy	1	100.0	0	0.0	0	0.0	1	100.0
Industry & Trade	0	—	0	—	0	—	0	—
Transportation & Communications	0	0.0	0	0.0	1	100.0	1	100.0
Finance	0	—	0	—	0	—	0	—
Multisector	0	—	0	—	0	—	0	—
Total	1	50.0	0	0.0	1	50.0	2	100.0

— = not available, GS = generally successful, HS = highly successful, No. = number, PS = partly successful, S = successful, US = unsuccessful.

Source: Operations Evaluation Department.

Table A2.10: Portfolio Implementation Status
(public sector loans, as of 31 December 2003)

No.	Sector	Loan No.	Title	Net Loan Amount		Approval Date	Effective-ness Date	Closing Date		Progress (%) completed)	Cumulative Contracts/ Commit-ments (\$ million)	Cumulative Disburse-ments (\$ million)	Rating		Potential Problem ^a	At Risk ^b
				OCR (\$ mil-lion)	ADF (\$ million)			Original	Revised				IP	DO		
1	WS	1648	Sanitation, Public Health & Environment Improvement Project	-	10.2	8 Dec 98	15Sep 99	31 Dec 03	31 Dec 04	75	7.2	5.7	S	S	No	No
Total					10.2						7.2	5.7				

ADF = Asian Development Fund, DO = development objectives, IP = implementation progress, No.= number, OCR = ordinary capital resources, S = satisfactory, Seg = segment (pertaining to loans with more than one withdrawal authority), SOC= social infrastructure.

^a "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^b A loan is considered "at risk" if it is rated as PS or U in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank staff estimates.

Table A2.11: Assistance Pipeline for Lending Products, 2005–2006

Sector Project/Program Name	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (US\$ million)				
					ADB		Gov't	Cofinancing	
					OCR	ADF			Total
2005 Firm Loan									
None									
2006 Firm Loan									
Multisector									
Outer Island Growth Centers	ISD	PAHQ	2006	8.0		8.0			
Total				8.0		8.0			

ADB = Asian Development Bank, ADF = Asian Development Fund, GD = gender and development, HD = human development, OCR = ordinary capital resources
 OTH = others, PAHQ = Pacific Operations Division, PI = poverty intervention.

Source: Project Processing Information System (PPIS).

Table A2.12: Assistance Pipeline for Nonlending Products and Services, 2005–2006

Year/Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding		Total (US\$)
			ADB	Others	
			Source	Amount (US\$)	
2005					
Water Supply, Sanitation, and Waste Management					
Water Resource Development	PAHQ	PP	TASF	400,000	400,000
Industry and Trade					
Tourism Training–Line and Phoenix Islands	PAHQ	ID	TASF	400,000	400,000
Total				800,000	800,000
2006					
Finance					
Regulatory Framework for Private Sector Investment	PAHQ	PP		400,000	JSF 400,000
Law, Economic Management, and Public Policy					
Local Governance	PAHQ	ID	TASF	400,000	400,000
Total				800,000	800,000

ADB = Asian Development Bank, ID = advisory technical assistance, JSF = Japan Special Funding, PAHQ = Pacific Operations Division, PARD = Pacific Department
 PP = project preparatory technical assistance, TASF = Technical Assistance Special Fund.
 Source: Project Processing Information System (PPIS).

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for the following nonlending products and services.

- (i) Table A3.1: Water Resource Development in Regional Growth Centers
- (ii) Table A3.2: Tourism Training—Line and Phoenix Islands

Table A3.1: Water Resource Development

Last update: July 2004

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Supply, Sanitation, and Waste Management Subsector: Water supply and sanitation</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p> <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p> <input checked="" type="checkbox"/> Sustainable economic growth</p> <p> <input checked="" type="checkbox"/> Inclusive social development</p> <p> <input type="checkbox"/> Governance</p> <p> <input type="checkbox"/> Gender and development</p> <p> <input checked="" type="checkbox"/> Environmental sustainability</p> <p> <input type="checkbox"/> Regional cooperation</p> <p> <input type="checkbox"/> Private sector development</p>
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>
<p>4. Responsible division/department: PARD/PAHQ</p>
<p>5. Responsible ADB officer(s): TBD</p>
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: One of the ADB strategies for Kiribati is to assist the Government to enhance social development by (i) ensuring access to safe water and proper sanitation, and (ii) improving living conditions and access to basic social services. ADB is at present assisting the Government in rehabilitating its existing water supply system on South Tarawa and increasing awareness of water conservation with a loan for the Sanitation, Public Health, and Environment Improvement (SAPHE) Project and its associated TAs. The SAPHE Project also aims to reduce the level of coastal and lagoon pollution through improved sewerage systems, as well as providing some protection from public encroachment onto the water reserve areas. The SAPHE Project is</p>

proceeding satisfactorily. However, when completed, the average water supply on South Tarawa will be only 30 liters per capita per day. This is well below the supply of 100 liters per day that is generally considered adequate. The 2000 Census indicates that about 44% of national population lives on South Tarawa (it was 37% in 1995) where the population densities on the most crowded islets of Tarawa are now well over 6,000 persons per square kilometer. The Government is taking new measures to discourage further urban drift from the outer islands by deconcentrating key government services (such as hospitals and secondary schools) and economic growth in selected regional growth centers (Tabiteua North, Butaritari, Beru in the Gilbert Islands, and Kiritimati in the Northern Line Islands). Further investment in new water sources for these areas will be necessary to match the growing demand of water and demand of water in the coming years. A loan for this purpose is scheduled for implementation in 2005, but this is unlikely to meet the whole national requirement.

b. Goal and purpose: The overall goal of the project is to reduce poverty by improving the quality and increasing the supply of fresh water in the selected growth centers. The TA will prepare an investment project to implement priority water supply and sanitation projects identified by the ongoing National Water Resources Assessment and Management that could not be covered by the proposed 2005 loan. The TA project will also assist in addressing issues of institutional capacity in the water and environment sectors and in providing essential infrastructure for the restoration of water and sanitation management services.

c. Components and outputs: Improved living conditions are a key anticipated outcome. In particular, the project will include an expanded and more reliable water supply system in 3–4 regional growth centers, as well as increased awareness of the importance of water savings in the users' communities. The TA will also assist in addressing issues of institutional capacity in the water and environment sectors and in providing essential infrastructure for the restoration of water and sanitation management services.

d. Expected results and deliverables: The resulting project is expected to increase the supply of water supply in the growth centers and improve public health through water supplies and sanitation.

e. Social or environmental issues or concerns: There are positive social expectations in the proposed water supply expansion/improvement. The negative social and environmental impacts are expected to be minimal. Participatory planning and community dialogue will ensure that social development needs are also addressed.

f. Plans for disseminating results/deliverables: Participation of the communities involved and the other main stakeholders in project preparation and implementation through meetings, workshops, and seminars will facilitate the wide dissemination of the project's results and outcomes.

7. Proposed executing/implementing agencies: Ministry of Public Works and Utilities

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Extensive consultations have been held under National Water Resource Assessment and Management TA. Several government and nongovernment agencies will be involved in the identification, conceptualization, and preparation of the project, including the President's Office; the ministries of Public Works and Utilities, Environment Lands and Agricultural Development; and the Foundation of the South Pacific.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSPU: 2004
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 2005–2006
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds
 - TA Special Fund: US\$400,000
 - Japan Special Fund:
 - Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
- JFICT:
 - JFPR:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSPU = country strategy and program update, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operations Division, PARD = Pacific Department, SCSP = subregional cooperation strategy and program, TA = technical assistance.

Table A3.2 Tourism Training—Line and Phoenix Islands

Date: March 2004

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry and Trade Subsector: Industry</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p>4. Responsible division/department: PARD/SPRM</p>								
<p>5. Responsible ADB officer(s): Kowsar Choudhury</p>								
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Possibly the most significant engine of growth in the Line and Phoenix Islands is tourism, currently restricted to cruise liners (Fanning) and some sport fishing (Kiritimati). At present, residents of these islands benefit from providing souvenirs, acting as fishing guides, and working in the 2-star Captain Cook Hotel. Tourist numbers actually spending any time on the islands are very low (a few hundred per year). There are over 50 cruise ships docking in Kiribati waters (mainly to benefit from US regulations related to duty free sales and picking up customers from the Hawaiian islands). With the planned provision of a new port on Kiritimati, passengers aboard these vessels will be able to go ashore more easily and could spend several hours</p>								

exploring the island and buying local products. The planned sale of the Captain Cook Hotel to an international operator and upgrading Cassidy airport (with some airlines stopping en route to Honolulu) will also provide a significant boost to tourist numbers. Part of the strategic development plan will be a tourism master plan to boost tourist arrivals to several thousand per year. To service this increase in tourist numbers and to create opportunities for I-Kiribati to work on the cruise liners, the proposed TA would link up a tertiary institution (possibly in Hawaii) with educational authorities in the Line and Phoenix Islands to train local youth for employment in the tourism industry.

b. Goal and purpose: The objective of this TA is to create new employment horizons for young people in the Line and Phoenix Islands that will obviate the need to move to Tarawa in search of employment. The purpose of the TA is to put in place an ongoing training capacity based in the Line and Phoenix Islands that will service the tourism sector.

c. Components and outputs: The main components will be (i) assisting the preparation and implementation of a human resources development program for the tourism sector in the Line and Phoenix Islands, (ii) creating a linkage between an offshore tourism training institution and educational authorities in the Line and Phoenix Islands, (iii) developing the curriculum to suit I-Kiribati youth leaving junior secondary school, and (iv) establishing an ongoing relationship between tourism operators and the educational authorities that will help offset the future cost of training.

d. Expected results and deliverables: The TA will prepare ongoing training capacity in the Line and Phoenix Islands to turn out significant numbers of trained youth who will be able to find employment in both onshore and offshore tourism operations.

e. Social or environmental issues or concerns: There are no significant environmental concerns, although environmental awareness will be part of the core curriculum. The social benefits are potentially significant, especially for females who have few other employment opportunities.

f. Plans for disseminating results/deliverables: Meetings, workshops, and seminars together with project reports (inception, interim, final).

7. Proposed executing/implementing agencies: Ministry of Education, Ministry of Line and Phoenix Islands

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Ministry of Line and Phoenix Islands has been extensively consulted on the concept paper for the assistance.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSPU: 2004
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2005
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 2005–2007
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund: US\$400,000
 - Japan Special Fund:
 - Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT:
- JFPR:

If cofinancing is required indicate sources, and amount sought: Industry contribution to training costs will be sought to ensure a sustainable basis for ongoing training activities.

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSPU = country strategy and program update, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operations Division, PARD = Pacific Department, PUB = Public Utilities Board, SCSP = subregional cooperation strategy and program, SPRM = South Pacific Regional Mission, TA = technical assistance.

ASSISTANCE PROGRAM FOR 2004

Table A4.1: Assistance Program for Nonlending Products and Services, 2004

Year/Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (US\$)
			ADB		Others		
			Source	Amount (US\$)	Source	Amount (US\$)	
2004							
Multisector							
Outer Island Growth Centers	PAHQ	PP	TASF	800,000			800,000
Total				800,000			800,000

ID = advisory technical assistance, PAHQ = Pacific Operations Division, PP = project preparatory technical assistance, TASF = technical assistance special fund
 Source: Asian Development Bank staff estimates.

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES, 2004

This appendix contains the concept papers for projected nonlending products and services for 2004.

- (i) Table A5.1: Outer Island Growth Centers

Table A4.2: Outer Island Growth Centers

Last Update: March 2004

1. Type/modality of assistance <input type="checkbox"/> Lending <input type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other: <input checked="" type="checkbox"/> Nonlending <input checked="" type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <input checked="" type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other: <input type="checkbox"/> Activities financed by JFICT or JFPR		
2. Assistance Focus <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Multi Sector Subsector: Integrated rural development and integrated urban development</p> <p>b. For project preparatory and lending, classification <input type="checkbox"/> Core poverty intervention <input checked="" type="checkbox"/> Poverty intervention <input type="checkbox"/> Other</p> <p>c. Key thematic area(s) <input checked="" type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input checked="" type="checkbox"/> Private sector development</p>		
3. Coverage <input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input type="checkbox"/> Internal policy development		
4. Responsible division/department: PARD/PLCO		
5. Responsible ADB officer(s): Nancy Convard		
6. Description of assistance <p>a. Background/linkage to country/regional strategy: One of the government strategies for economic development is establishing new growth poles to support broad growth throughout the country and limit the urban drift to South Tarawa. The outer islands have potential as possible growth centers. They occupy large amount of land but are only sparsely populated in comparison with the capital city Tarawa. This TA will draw on an ongoing ADB TA on land use management in Kiritimati Island. This TA will facilitate the provision of land for business development and investment in clearly defined functional zones in the outer islands.</p>		

b. Goal and purpose: The overall objective of the TA is to identify the most economically viable investment to enable economic growth in the outer islands. Economic growth opportunities will attract the human capital needed to support growth opportunities. The purpose of the TA is to prepare a feasibility study for high priority infrastructure and to support policies needed to create an enabling environment for investment.

c. Components and outputs: The TA will include (i) assessment of legal and regulatory priorities for investment including recommendations for needed changes, (ii) identification of locations for the proposed activities, (iii) preliminary and conceptual design, (iv) assessment of the need for capacity building and monitoring, (v) preparations of proposals to establish maintenance funds and cost-recovery mechanisms, (vi) training needs assessment, (vii) estimation of cost and benefits, (viii) calculation of rates of return as a basis for selecting the most urgent infrastructure sub-projects, (ix) social and environmental analysis, and (x) contribution toward growth and development.

d. Expected results and deliverables: The project designed by the TA will include, where needed, construction of key infrastructure, recommended institutional reforms, and establishment of maintenance funds and cost-recovery.

e. Social or environmental issues or concerns: The feasibility study will include a poverty and social assessment as well as environmental impact analysis of the effects of the proposed investments. Any necessary mitigation measures will be included in the project design and construction contracts.

f. Plans for disseminating results/deliverables: Meetings, workshops, and seminars.

7. Proposed executing/implementing agencies: Ministry of Communication, Transport and Tourism Development, Ministry of Finance, Ministry of Line and Phoenix Islands.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Several government and nongovernment agencies will be involved in the identification, conceptualization, and preparation of the proposed assistance, including the President's Office; ministries of Communication, Transport and Tourism Development, Internal and Social Affairs, Finance and Economic Development; and Line and Phoenix Islands.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSPU: 2004
- b. Expected date of submission for approval
Lending:
Nonlending (project preparatory): 2004
Nonlending (other than project preparatory):
Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
Lending:
Nonlending: 2004 - 2005
Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 Ordinary capital resources:
 Asian Development Fund:
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- d. For nonlending
 No resources required, other than ADB staff

- ADB's administrative budget:
 Grant TA funds
 TA Special Fund: US\$800,000
 Japan Special Fund:
 Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

e. For projects financed by

- JFICT:
 JFPR:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSPU = country strategy and program update, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operations Division, PARD = Pacific Department, PDMC = Pacific developing member country, SCSP = subregional cooperation strategy and program, TA = technical assistance.