



## STRATEGY FOR THE NEW ZEALAND DEVELOPMENT COOPERATION PROGRAMME WITH KIRIBATI 2002-2007

### FOREWORD

*Nga Hoe Tuputupu-mai-tawhiti* – the paddles of growth from afar – is the Maori name given to the New Zealand Agency for International Development (NZAID). This evocative name reflects New Zealand's Pacific heritage and the partnership principles around which the agency's operations are based. In the context of New Zealand's development cooperation programme with Kiribati, the metaphor of *Nga Hoe Tuputupu* conveys the sense that NZAID is merely a 'paddle/*bwenarina*' by which the Government and people of Kiribati can achieve their own development; the power and steerage of the 'canoe/*te wa*' can come only from I-Kiribati themselves.

### COUNTRY OVERVIEW

The Republic of Kiribati has a population of approximately 84,500 living on 22 of its 33 scattered islands, most of which are low-lying coral atolls. Atolls typically have little land or fresh water and are vulnerable to coastal erosion, tidal variations and rises in sea level. Apart from copra, there are no major externally marketable land-based resources. Kiribati does however have a large exclusive economic zone (3.5 million square kilometres) and is rich in marine resources.

Opportunities for economic growth in Kiribati are limited and there is little private sector activity. The economy is dependent on fluctuating prices for copra and fish, interest from overseas investments, remittances from I-Kiribati working abroad, licence fees for foreign-owned fishing vessels and foreign development assistance. Kiribati also has a \$630 million Revenue Equalisation Reserve Fund which is used to fund budget deficits.

Democratic principles are robust, society is relatively stable and the culture is strong and resilient. I-Kiribati take pride in their highly egalitarian society, although women and youth are excluded from contributing fully to decision-making. Churches play an important and influential social and cultural role, however NGOs are few and underdeveloped.

### POVERTY ANALYSIS

Kiribati ranks 11<sup>th</sup> of the 14 Pacific Island countries or 129<sup>th</sup> overall on the UNDP's Human Development Index. Basic development indicators for health, education and life expectancy are amongst the poorest in the Pacific region. Infant mortality and child morbidity rates are particularly high and access to water and sanitation facilities is a persistent problem.

Kiribati's per capita GDP is low by Pacific standards. There is, however, little extreme or absolute poverty in Kiribati as most households are supported by gardening, fishing, carpentry and handicraft making. Together with the traditional kin-based redistribution of wealth, this provides a materially poor but adequate basic lifestyle for most people.

Income and other resources are, however, not evenly distributed and some households are becoming disadvantaged. Poverty of opportunity and relative poverty are increasingly of concern on South Tarawa where those who are cash poor are becoming cut-off from the support of the traditional economy which provided an effective safety net. Relative poverty is also becoming a concern for outer islands' populations where there is very limited access to services, amenities and paid employment. The participation of women and youth in decision-making, although improving, remains relatively low.

Kiribati has a high degree of vulnerability to external events. The coastal environment is fragile and deteriorating (particularly in rapidly growing South Tarawa) and Kiribati has been rated as one of the countries most vulnerable to climate change, climate variability and sea level rise. The limited resource base, remote location and limited opportunities for economic growth combine to make Kiribati economically vulnerable also.

## **KIRIBATI GOVERNMENT POLICIES AND PRIORITIES**

The Kiribati's Government's medium term goals are set out in the *National Development Strategies: 2000-2003*. The principal objective is to improve the living standards of the people of Kiribati.

The Government's vision for Kiribati is:

By 2005 Kiribati will have achieved a significant increase in real per capita incomes, along with steady growth in employment. Within the region, Kiribati will be among the leading countries in gaining improvements in education, health, environmental protection and social indicators. Public sector reforms will have raised productivity of the civil service, together with customer service standards and managerial accountability. Through structural reform, Kiribati will have established an effective enabling environment to sustain the significant growth which it aims to achieve in private sector output and employment.

Six strategic outcomes have been identified:

- A sound macroeconomic framework
- Stronger linkages between public and private sectors
- Private sector development and employment creation
- More competitive and diversified export base
- Enhanced capacity for human resource development
- Stronger international linkages

The key structural policy issues to be addressed are:

- Public sector reform
- Creating an enabling environment for private sector development
- Human resources development

## **NZAID POLICIES AND PRIORITIES**

NZAID's core geographical focus is the Pacific region. Its strategies and policies reflect the agency's long-term commitment to working with partners to achieve the Millennium Development Goals. NZAID's policy framework can be summarised as follows:

**Vision.** A safe and just world free of poverty

**Mission.** Eliminating poverty through development partnerships

**Strategic outcomes.** NZAID seeks through its development partnerships

- Fulfilment of basic needs
- Sustainable livelihoods
- Sustainable and equitable development
- Safe, just and inclusive societies

**Poverty elimination** is NZAID's central focus. This includes:

- Extreme poverty – an inability to meet basic needs
- Poverty of opportunity – where opportunities to participate in economic, social, civil and political life are seriously limited
- Vulnerability to poverty – where individuals, communities and countries are particularly vulnerable to circumstances likely to damage their livelihoods, their ability to meet basic needs or their ability to participate actively in economic, social, civil and political life.

## **EXISTING PROGRAMME ACTIVITIES**

The programme will build on, and further develop as appropriate, successful initiatives already undertaken. These include:

- the Teacher Education Quality Improvement Project aimed at strengthening the capacity of Kiribati Teachers College.
- the provision of scholarships for I-Kiribati students to undertake short and long-term training in New Zealand or at other institutions throughout the Pacific
- assistance to the Marine Training Centre to improve the effectiveness of maritime training, maintain the competitiveness of I-Kiribati seamen in the labour market and to train local staff to take over management and teaching responsibilities
- the gender and development project aimed at advancing the status of women through enhancing their participation in Kiribati's development
- support for the development of the seaweed industry in the Line Islands
- building the capacity of the Development Bank of Kiribati
- the provision of the Solicitor-General in the Attorney-General's office

## GUIDING PRINCIPLES

The following principles will apply at all times to the New Zealand-Kiribati development cooperation programme.

**(a) Partnership.** A relationship based on mutual trust, openness, respect and mutual accountability.

**(b) Protecting and Promoting Human Rights.** A commitment to protecting and promoting fundamental human rights - civil, political, economic, social and cultural - as set out in the Universal Declaration of Human Rights, the Convention on the Elimination of Discrimination Against Women (CEDAW) and the other core international human rights treaties.

**(c) Sustainability.** A commitment to ensuring and assessing the sustainability of development benefits over time.

**(d) Equity.** A commitment to achieving equitable development benefits for women and men, girls and boys.

**(e) Participation.** Recognising the right of women, men, girls and boys to participate in decision-making and other decisions which affect their lives, including a commitment to ensuring the participation of all people, especially marginalised and disadvantaged groups, in self-identification of the causes and consequences of poverty, and in the identification, planning, implementation, assessment and evaluation of development activities.

**(f) Coordination.** Ensuring coordination between the Kiribati Government, donors, regional organisations and other players in ways which allow Kiribati to own, control and achieve its development goals.

## PROGRAMME GOAL

The goal of the New Zealand development cooperation programme with Kiribati 2002-2007 is:

‘to contribute to the efforts of the Kiribati Government and people to alleviate poverty of opportunity and vulnerability to poverty through equitable and sustainable development’

This goal is supported by three primary programme objectives and six operational strategies. These objectives and strategies serve to focus the programme on areas of shared priority for the Kiribati Government and NZAID.

## CROSS CUTTING THEMES

The following themes will be reflected, as appropriate, in each of the objectives and activities listed below:

- Application of international human rights standards and obligations, including gender equity and the rights of young people, in the Kiribati context
- Sustainability, including environmental
- Enhancement of local capacity

## **PROGRAMME OBJECTIVES**

### **Objective 1: 'to provide increased access to higher quality basic education'**

**Activities.** NZAID will fund one medium-sized project which will be directed towards providing access to higher quality basic education. Project components will be confirmed following a design mission in 2003. Possible components include:

- Strengthening of the Kiribati Teachers' College (facilities, equipment, resources and lecturer upgrading)
- Curriculum development
- In-service teacher training and refresher courses aimed at creating an environment which promotes sustainable improvements in teacher quality
- Vocational and technical training (including support for the Marine Training Centre)

### **Objective 2: 'to improve access to tertiary education'**

**Activities.** NZAID will continue to offer short and long term awards for study in New Zealand, Kiribati and the Pacific region. Priority will be given to those awards which are aligned to the goal and objectives of the New Zealand – Kiribati programme. It is important to note that the extent of NZAID's continued support for tertiary awards is subject to the findings of the Education Review currently in train. In principle, New Zealand based awards will be reserved for cases where reputable courses are not available elsewhere in the Pacific region.

### **Objective 3: 'to build an effective and efficient public sector which is responsive to the needs of the people of Kiribati'**

**Activities.** NZAID and the Kiribati Government will work together to design and develop a mechanism whereby a number of smaller initiatives can be grouped together to form a programme directed towards building an effective, efficient and responsive public sector. This programme will be administered by a single Management Services Contractor.

Priority will be given to improving the management of government owned companies and other public sector organisations, particularly those working in the areas of health and the environment. Current and past NZAID-funded initiatives such as seaweed cultivation and the provision of a Solicitor-General will also be considered for inclusion in this programme. Possible components include:

- Improved policy development
- Improved planning and management
- Development of improved systems for medical waste management
- Development of policy and systems for the establishment of conservation areas and reserves
- Development of a strategy for the agricultural sector

Where small initiatives funded under this objective are particularly successful and there is clear scope for further assistance, consideration will be given to establishing them as larger projects in their own right.

## OTHER ACTIVITIES

**(a) Gender and Development.** The existing Gender and Development Project will be continued into a second phase of five years. Phase II will be designed by an independent team in late 2002 for approval by the Kiribati Government and NZAID.

**(b) Medical Treatment Scheme.** The existing Medical Treatment Scheme will be continued, subject to the findings of the pending review of NZAID's support for tertiary medical treatment.

**(c) Small Projects Fund.** The Small Projects Fund will be continued. NZAID and the Kiribati Government will work to jointly develop appropriate criteria and procedures for managing this fund. Close monitoring of anticipated and past use of the fund will be necessary to set appropriate annual allocation levels. The Miscellaneous Technical and Capital Assistance allocation will be discontinued.

## OPERATIONAL STRATEGIES

In support of the programme objectives and activities above, the following six operational strategies will be pursued in order to enhance policy development, improve effectiveness and foster sustainability.

**(a) Long-term Engagement.** Development improvements take time. Short-term interventions risk being unsustainable, having little long-term impact and distorting government development priorities and programmes. New Zealand will therefore plan to remain engaged in the agreed sectors for periods of 10-15 years. Within that timeframe, individual project/programme interventions of 3-5 years will be designed to allow for manageable contracting and ensure that the programme remains focused on priority issues within the sector.

**(b) Programme focus.** It is not possible for the New Zealand-Kiribati programme to address all of Kiribati's development needs. In order to be most effective and to have the greatest impact, the programme will be clearly focussed on the agreed goal and objectives.

**(c) Complementarity.** Various programme elements will be integrated to ensure that each complements, and is supportive of, other elements.

**(d) Development Partners.** Appropriate partner organisations will be identified on the basis of their capacity to contribute to the goal and objectives of the programme. Rather than seeking to assist a large number of organisations, more intensive interventions with several small to medium sized organisations will be pursued.

**(e) Outer Island Development.** The New Zealand-Kiribati programme will seek to strike a balance between outer island development and relieving the stresses on South Tarawa. The programme will not be focussed geographically.

**(f) Longer-term in-country contractors.** It takes time to develop trust, openness and acceptance. Relationship building is critically important in the understanding and adoption of new approaches. Changes can best be embedded if there is long-term in-country technical support that stakeholders can readily access. Short-term technical inputs will be used to effectively support longer-term in-country interventions.

## **MANAGEMENT OF THE PROGRAMME**

### **Kiribati Government**

The Kiribati Government, and in particular the Ministry of Finance and Economic Planning, will be responsible for assisting in the identification of partner agencies and ensuring that all aid-related government processes are effective and efficient. This includes the timely presentation of project proposals for consideration under the Small Projects Fund, accurate acquittal of funds and effective participation in project co-ordinating committees.

Relevant line ministries will be responsible for approving project designs and contractors and, where appropriate, participating in the design and recruitment processes.

### **NZAID**

NZAID management of the programme will be the responsibility of both the New Zealand High Commission in Tarawa and the Wellington-based Kiribati Programme Manager. NZAID staff in both locations will endeavour to actively engage with the Kiribati Government on policy issues affecting national development.

#### **(a) High Commission, Tarawa**

The High Commission will be responsible for on-the-ground coordination; everyday liaison with Kiribati Government and other representatives of Kiribati society; monitoring the implementation of activities within the framework of the development cooperation programme; and assisting with arrangements for reviews, design and implementation visits and discussions of ODA matters between the New Zealand and Kiribati Governments. High Commission staff will make an effort to visit a selection of outer islands at least twice in each calendar year.

#### **(b) Wellington-based Kiribati Programme Manager**

The Programme Manager will maintain an overview of the development of the programme; monitor progress and address issues as they emerge; negotiate implementation arrangements; commission reviews; liaise with other donors; and represent NZAID in high-level relations with the Kiribati Government. The Programme Manager will attempt to visit Kiribati at least twice in each calendar year and where possible these visits will include outer island travel.

Further clarity and detail about the respective roles of NZAID staff will follow the completion of the 2002/03 NZAID review of off-shore capability requirements.

## **RISK ASSESSMENT AND MANAGEMENT**

Potential risks in the implementation of this programme include:

### **Economic and financial**

- Loss of overseas revenue from fluctuating investment returns to the Revenue Equalisation Reserve Fund
- Loss of revenue from fishing licences
- Core budget deficits

### **Environmental issues**

- Potential of future rising sea levels as a possible result of global warming
- Natural resource depletion, including the depletion of safe drinking water

### **Institutional capacity**

- Limited I-Kiribati personnel capacity
- Assumption of an inappropriate role in administration and management by the national Executive
- Loss of institutional memory and skills due to personnel movement
- The tendency of personnel trained under a project to safeguard, rather than share, acquired knowledge
- The lack of availability of key personnel (especially in Government) due to overseas or training commitments

### **Project management**

- Provision of counterpart project contributions
- Loss of NZAID institutional memory and policy consistency due to regular personnel changes
- A tendency to focus on inputs rather than outcomes
- Lack of development skills and experience, including at the Post
- Poor project preparation and design
- Inappropriate skills and methodologies by contractors
- Disruption to regular domestic and international transport and communications

### **Social Impact**

- The continued erosion of lifestyles in Tarawa due to outer island migration

### **Sustainability**

- Insufficient provision of recurrent maintenance costs
- Equipment and technology failure

The key strategy for managing risk will be to ensure that such factors are identified at the beginning of all project implementation cycles, and are closely and jointly monitored by both NZAID and Kiribati counterparts.

## **MONITORING, REVIEW AND EVALUATION**

Monitoring, review and evaluation will be an integral element of the New Zealand-Kiribati programme. This requires that provision is made for monitoring, review and evaluation at the beginning of all project implementation cycles, with local partners involved at all stages, including in the initial setting of performance indicators. It is recognised that specific support may be necessary to strengthen local capacity to effectively engage in these processes.

There will be a mid-term 'stock-take' of progress in implementing this Strategy. A full strategic review of the programme will be conducted after five years. As well as assessing the implementation of the current programme and identifying lessons for future reference, this review will propose strategic directions for the following five-year period for agreement between the Kiribati and New Zealand Governments.

Assessing progress in implementing the programme, and making adjustments as necessary, will be a standard item on the agenda of High Level Talks between the New Zealand and Kiribati Governments.

## **DONOR COORDINATION**

NZAID will support initiatives taken by the Kiribati Government to establish processes to encourage more effective and regular coordination between donors, within the framework of Kiribati's own development strategies and priorities. NZAID will also pro-actively develop its own relationships with other donors to ensure complementarity, mutual reinforcement and the sharing of lessons and experience. The implementation of this programme offers further opportunities to contribute to NZAID's harmonisation initiatives with AusAID, particularly in the education sector.

## **LINKS TO REGIONAL ORGANISATIONS AND PROGRAMMES**

In implementing the priorities set out in this programme, due account will be taken at all times of programmes carried out by regional agencies in order to ensure complementarity and mutual reinforcement wherever possible. Relations with regional agencies will be an important aspect of NZAID's own efforts to ensure a high degree of donor coordination.

It is recognised that there may be occasions when particular aspects of this programme would be best addressed through regional processes rather than within the framework of the bilateral relationship. The Kiribati Government and NZAID will pro-actively liaise over such possibilities.

It is recognised that this programme exists within a broader framework of foreign relations, trade, immigration and other policies. Every effort will be made to ensure coherence and complementarity between these various policy and programme areas.