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PROGRAMME PLANNING

Country and intercountry programmes and projects

SECOND COUNTRY PROGRAMME FOR KIRIBATI\*

<u>Programme period</u>	<u>Actual resources programmed</u>	\$
1987-1991	IPF for 1987-1991	1 778 000
	Other resources programmed	Nil
	Total	1 778 000

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\*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) distribution of new country programme by sector; and (e) planned activities of operational funds and programmes under the authority of the Administrator.

## I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

### A. Current economic trends

1. Kiribati is an atoll country, comprising 33 islands in three main groups in the central Pacific Ocean: the Gilbert Islands, the Line Islands and the Phoenix Islands. These islands are scattered over 3.6 million sq km but the total land mass is only 750 sq km. The main geographical feature is the enormous distance between islands. For example, Kiritimati Island in the east is 3,600 km away from Banaba in the west and Teraina Island in the north is more than 1,840 km from Flint in the south.

2. The resident population was estimated at 63,000 persons in 1982. The average annual rate of population growth is estimated at 2.2 per cent. The rapid rate of population growth has been accompanied by internal migration to urban Tarawa, where about one third of the total population now lives, with a density of 1,269 persons per sq km. The Government hopes to reduce the growth rate to about 1.6 per cent within the next two years.

3. Kiribati is predominantly rural. The majority of the population depends upon subsistence agriculture and fishing, which continue to provide most of the limited employment opportunities. Kiribati's atoll environment, however, severely limits agricultural production possibilities, and a high proportion of local food consumption comes from imports.

4. There are very few manufacturing enterprises in Kiribati, mostly producing minor import substitutes or handicrafts or dealing with repair and maintenance. The potential for further industrial development is limited owing to the lack of local raw materials and of skilled managerial human resources, the small size of the domestic market and expensive and inadequate shipping and communications facilities.

5. The cash sector is becoming more significant, particularly in urban Tarawa but also to a more limited extent on the outer islands. Government activities dominate this sector, with central Government operations and statutory corporations accounting for 70 per cent of the gross domestic product (GDP). Copra and commercial fisheries account for 30 per cent of activities in this sector.

6. Until 1979, the country relied heavily on phosphate mining which accounted for 45 per cent of GDP in 1978. However, this resource has been exhausted and efforts are under way to develop other viable sources of foreign exchange earning, for example, a commercial tuna fisheries industry and a commercial solar salt industry.

7. During the period of phosphate availability, per capita income was estimated at about \$A 455. However, GDP fell radically, by some 38 per cent between 1979 and 1980, as a result of the cessation of phosphate mining, and per capita GDP in real terms has since declined markedly. The distribution of income throughout the

country is extremely uneven with per capita income in the outer islands estimated at approximately one seventh of the national average.

8. Kiribati's narrow resource and production base is reflected in its patterns of external trade. Phosphate exports provided almost 83 per cent of total export earnings in 1978. With the depletion of phosphate reserves, copra and fisheries products now constitute the most important commodity exports, although receipts are subject to wide variation for reasons beyond the Government's control. By and large, local fishery resources are substantial and, if properly developed, could provide a solid basis for increased export earnings. Other sources of foreign exchange include philatelic sales and fishing licences. There is also potential for tourism, particularly on Kiritimati Island; however, the contribution of tourism to Kiribati's foreign exchange earning capacity is negligible at present.

#### B. National development strategies

9. The Government's long-term objective is to achieve economic independence. This will require the active involvement of the Government in selected activities with commercial potential. For example, tourism, solar salt and fisheries are now Government priorities. However, at the same time, because of the importance of the rural sector, Government policy is also designed to support rural development and sustain the outer islands while these investments mature.

10. Kiribati's third five-year plan, covering the period 1982-1986, identified specific objectives and strategies for achieving economic self-sufficiency. It is envisaged that these objectives are likely to remain substantially unchanged under the fourth plan, 1987-1991, currently under preparation. The fundamental strategy of the Kiribati Government in its national development plan is to strengthen the economic base and to sustain the survival, health, education and employment of the people.

11. In approaching the task of identifying and bringing into play a more diversified basis for economic development, the Government has been cautious and selective in the use of resources available and modest in its ambitions. Due consideration has been given to the Government's ability to finance its recurrent budget, the wide differences in economic development between constituent islands and the limited sources either available internally or which can be absorbed from external sources.

12. To match external assistance more closely with national objectives and local needs, an integrated approach to national economic development planning is required. To this end, ongoing efforts to improve planning procedures and systems will be completed and consolidated and the Planning Office strengthened.

13. In this connection, the capacity of the Planning Office in the Ministry of Finance, which is the aid co-ordinating unit, has been strengthened in order better to determine overall national priorities and to co-ordinate requests from line ministries. All discussions on assistance are now centralized in the Planning Office which has improved co-ordination with both multilateral and bilateral donors.

14. Collaboration and improved linkage of external assistance and the Government's priorities between and within sectors were significantly advanced by a donor round-table organized by the Government of Kiribati in May 1985.

15. In pursuing its national development objectives the Government recognizes that external assistance will continue to be needed for some time.

### C. Technical co-operation priorities

16. The major external technical co-operation partners in Kiribati are the United Kingdom, Australia, New Zealand, the Commonwealth Fund for Technical Co-operation (CFTC), Save the Children Fund (SCF), Foundation for the Peoples of the South Pacific (FSP), UNDP and, to a lesser extent, Japan. Capital aid is provided by the Commission of the European Economic Community (EEC), Japan, the United Kingdom, Australia, the World Bank and the Asian Development Bank (AsDB).

17. No comprehensive study to identify technical assistance requirements has yet been undertaken in Kiribati. Some steps, however, have been taken in the direction of manpower needs assessment. The Government is currently reviewing its manpower requirements, commencing with a UNDP-financed review of the civil service and statutory corporations to streamline the size, operational structure and efficiency of the public sector. In addition, AsDB has scheduled an April 1986 review of Kiribati's vocational training needs. Based on this review and the Government's public sector review, donors will be requested to review their training and manpower assistance accordingly. At the same time, it is clear that, given the acute shortage of trained national personnel, the upgrading of domestic absorptive capacity through training is a high priority need. Requirements for assistance range through the entire gamut of economic and social activity of the country, in both the governmental and the revenue-producing sectors. It is, therefore, clear that technical assistance will continue to be needed for the foreseeable future, to provide advisory services and upgrade the technical and administrative capabilities of the people. In this connection increased emphasis will be given to on-site training, rather than extended fellowships abroad, which have often resulted in disruption to domestic operations, affecting the continuity of national programmes and contributing to the "brain drain". In-country training is also preferred so as to enable more national staff to benefit and to help to ensure greater relevance to meet the evolving manpower needs of Kiribati.

## II. THE COUNTRY PROGRAMME

### A. Assessment of current country programme

18. The first country programme for Kiribati, covering the period 1983-1986, was approved by the Governing Council in June 1983 and was designed to assist the Government to: (a) strengthen the income-earning capacity of the country through the creation of a new and diversified production base capable of sustaining economic self-reliance to replace the major loss of revenue resulting from phosphate resources being exhausted in 1979; and (b) upgrade national manpower resources. The actual funds available for UNDP assistance under that 1983-1986

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country programme were \$860,000 as compared to a 1982-1986 indicative planning figure (IPF) of \$1,040,000.

19. UNDP's assistance has been provided to the fisheries and natural resources development sectors (pilot projects designed to set the stage for self-sustaining income generation have been undertaken in the areas of artisanal boatbuilding and solar salt, and management assistance has been provided to the Government-owned tuna-fishing company); to support training in vocationally appropriate technology and provide extension services for outer islands; to upgrade the Government's development and energy planning activities; and to assist the development of the national airline and marine sectors.

20. UNDP's assistance to Kiribati has been extensively complemented by services provided under UNDP-funded regional projects in the areas of fisheries (RAS/84/004), energy (RAS/81/092), offshore mineral exploration (RAS/81/102), training for women's organizations (RAS/81/W06), trade training and testing (RAS/83/006), rural vocational training (RAS/75/008), public administration training (RAS/79/018), telecommunications training and development (RAS/81/025 and RAS/81/026), livestock development (RAS/79/027), plant protection and root crops development (RAS/83/001), training of hotel personnel (RAS/81/083), secondary curriculum development (RAS/81/012), health (RAS/81/027) and water and supply sanitation (RAS/84/203). Kiribati is also a major beneficiary of the Integrated Atoll Development project (RAS/81/080) and of the Short-term Advisory Services (RAS/83/015) in the fields of development planning and public administration.

21. Overall, the programme has proceeded satisfactorily, although minor modifications in project delivery have been necessary to meet changing circumstances. Difficulties encountered in implementation have been occasioned by the physical remoteness of project sites and infrequent and uncertain shipping connections, both between the islands of Kiribati and from the sources of supply.

22. On the Government side, the acute shortage of qualified manpower and the consequent problem of nominating suitable counterparts remains. Lack of finance for operating costs has also limited the support available from some Government Ministries.

23. Because of the requirement for expertise of intermediate level and the limited IPF resources available, the use of United Nations Volunteers (UNVs) has developed and proved particularly relevant and satisfactory. Government execution has also increased, particularly for cases where suitable individuals can be readily identified and technical backstopping is available from an appropriate regional project. As a result of the positive impact of these innovative implementation modalities, it is expected that they will be used extensively in the next country programme.

#### B. New programme proposal

24. Fisheries and marine resources development. The fisheries sector is most important in Kiribati, through the potential contribution to the national economy

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of artisanal fisheries in outer islands and commercial fishing operations based at Tarawa. The commercial fisheries subsector is managed by a public company, Te Mautari Limited. Its development has been well supported with finance, equipment and training from a number of donors, i.e. Japan, EEC and the United Kingdom. The fish ponds at Bonriki, which were designed and constructed with the assistance of EEC and British aid, are likely to require further exploitation, and technical assistance will be required from UNDP to develop and train national personnel in their management and commercial exploitation of other marine resources.

25. Artisanal fisheries is the basis of the rural people's livelihood. Its development has been supported by a number of projects aimed at improving the supply and design of fishing boats, equipment and storage and marketing facilities. UNDP will continue to support the expansion and commercialization of the boat-building programme, which has already produced improved designs of traditional wooden canoes to meet the needs of Kiribati conditions more effectively.

26. UNDP technical assistance is needed to help the Government to manage fisheries development and processing on Kiritimati Island and, more generally, to provide training for the maintenance of refrigeration equipment and to develop fisheries on outer islands. Expertise is also required for developing mariculture and other programmes.

27. UNDP assistance from national IPF will be complemented by the UNDP/the Food and Agriculture Organization of the United Nations (FAO) regional project, Pacific Regional Fisheries Development Programme (RAS/85/004), which will provide backstopping assistance for this sector. Other support is available under the South Pacific Commission (SPC) fisheries programme and the Forum Fisheries Agency.

28. Tourism. The current development plan identifies tourism as a priority sector for development. The Government's policy is to provide gradual and controlled growth over the medium and longer terms, while preserving social and cultural values. A master plan for tourism in Kiribati will be prepared by the United States Agency for International Development (USAID) during 1986. The Kiribati Government, with assistance from New Zealand, is also creating a visitors' bureau to provide a focal point for tourists to obtain information on facilities available in the country. The Bureau will be operated by the Kiribati Tourist Authority, which the Government plans to establish to exercise overall responsibility for tourist development throughout Kiribati. UNDP assistance will be required to assist the Bureau to identify, organize and promote existing tourist facilities and attractions.

29. Additional technical assistance will be provided under the UNDP/the World Tourism Organization (WTO) intercountry project RAS/83/002, Tourism Development Planning and Training and the EEC-financed Pacific Regional Tourism Development Programme.

30. Natural resources and energy. The provision of safe and reliable drinking water in the outer islands is an important component of the Government's plans for

the development of the more remote atolls. Water management activities are currently undertaken by a number of Government and non-government agencies. Co-ordination of activities in providing safe drinking water to selected outer islands is the responsibility of the Ministry of Works and Energy. UNDP will provide a water systems engineer to strengthen the overall water resources plan, organize its implementation and train local personnel. Additional assistance in this sector is also being provided under the regular programmes of the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) as well as by Australia.

31. It is intended to extend the existing project under which UNDP provides the services of an energy planner to the Energy Planning Unit. The UNDP/Economic and Social Commission for Asia and the Pacific (ESCAP) regional project Pacific Energy Development Programme (RAS/81/092), will continue to provide backstopping in this field as required.

32. On the basis of the recommendations of a feasibility study funded by UNDP and New Zealand, the Government has decided to expand the production operations of the 500-ton pilot solar salt project on Kiritimati Island to a scale of 15,000 tons a year by 1987, primarily for export. This operation, which will also benefit from New Zealand assistance, is foreseen as Kiribati's major processing venture and will be managed by a specially created Government corporation. UNDP/United Nations Industrial Development Organization (UNIDO) assistance will continue to be required to bring this project to fruition.

33. In the search for offshore mineral deposits within the extensive exclusive economic zone of Kiribati, the country will continue to rely on assistance from the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas through the project Investigation of Mineral Potentials (RAS/81/102).

34. General development issues, policy and planning. Effective long-term planning is recognized by the Government as a pre-requisite to sound national economic and social development. UNDP is, under the present country programme, providing a regional planner, and this assistance will be continued in the next country programme. Specialist assistance from the United Kingdom, Australia, New Zealand and CFTC will also be provided in this area.

35. A review of the public sector is under way with a view to streamlining the size, operational structure and efficiency of the civil service and statutory corporations, commensurate with limited operational budgetary resources available to this sector. The review exercise will extend into the next cycle, with continued UNDP assistance.

36. Effective training of local government administrators is one of the crucial pre-requisites to sound administrative backstopping for outer-island development programmes. Assistance will be provided to the island councils with a view to upgrading their capacity to handle the increased responsibilities that will be devolved to them during the next plan period. Direct backstopping of these

programmes is available under the Interregional Advisory Services Programme of the United Nations Department of Technical Co-operation for Development (UNDTCD). In addition, short-term advisory services available through regional programmes RAS/83/015 and the ESCAP Pacific Operations Centre will be used. Kiribati is also a major beneficiary of the UNDP regional Integrated Atoll Development project (RAS/81/080).

37. In a small country like Kiribati, the Ministry of Home Affairs is responsible for a number of non-law-enforcement activities such as fire services (airports inclusive), road safety and vehicle inspection. To promote safety awareness and the protection of the community, assistance is being sought to upgrade and strengthen the efficient and timely delivery of these services.

38. Employment. The Government continues to give high priority to upgrading human resources. The Tarawa Technical Institute, which includes the Rural Development Training Centre, trains nationals in many fields, particularly those appropriate to enhancing subsistence on the outer islands. It is proposed to extend UNDP assistance to the Institute for a further two years to provide two instructors in community development matters. The UNDP/International Labour Organisation (ILO) regional project on Trade Training and Testing (RAS/83/006) will continue to support these activities.

39. Transport and communications. The development of reliable and economic transportation services covering both domestic and international sea and air routes is recognized as fundamental for the viability of this scattered island nation. Sound management of both the national airline (Air Tungaru) and shipping line is crucial for their viable commercial operation. Assistance through training for both the general and deputy general manager of Air Tungaru is planned under the next country programme. Further technical assistance through an airline accountant is envisaged to institute an appropriate accounting system and train the accounts staff in its use. Other training in this sector is available through fellowships offered at the Asian Regional Civil Aviation Training Centres supported by UNDP and the International Civil Aviation Organization (ICAO) (RAS/77/039 and RAS/77/042).

40. UNDP support for the provision of a marine superintendent and a ship registrar, a project under Government execution, will continue into 1987 to permit an overlap with local counterparts who are completing training abroad.

41. The importance of effective internal and external telecommunications for such a widely dispersed and remote island country is evident. Substantial advance has been made recently with the installation of a satellite earth station in Tarawa financed by EEC, with technical advice and training of local personnel provided by UNDP/the International Telecommunication Union (ITU) regional projects RAS/81/025 (Telecommunications Training) and RAS/81/026 (Telecommunications Development) respectively. The Government will continue to rely on these two projects for assistance as it further develops telecommunications between and within islands.

42. Other sectors. Health standards throughout the population are generally good. There is an active programme in family planning, community work in

sanitation and water supply and a nutritional programme to improve diets in the outer islands. Continuous collaboration will be maintained with ongoing and planned programmes of the United Nations Fund for Population Activities (UNFPA), UNICEF and WHO. Water resource development in the outer islands will continue into the next cycle, under the co-ordination of the UNDP-financed water systems engineer. The UNDP/WHO Regional Health Network project (RAS/83/017) will also provide assistance to the Ministry of Health.

43. The Government is keen to develop the business sector from its currently narrow base as and when opportunities to do so can be identified. Assistance will be requested from the UNDP/UNIDO Small- and Medium-Scale Industrial Development regional project (RAS/83/017).

44. Providing an education system which meets the expected national needs for skilled manpower, while providing basic education for 90 per cent of children who will live in the subsistence economy is recognized as a national priority. The UNDP/United Nations Educational, Scientific and Cultural Organization (UNESCO) regional Curriculum Development project (RAS/81/012) will continue to support the Government's efforts to establish employment-oriented industrial arts courses at secondary level.

45. The key objective of the agriculture sector is to broaden the population's nutritional base, satisfy domestic demand and substitute imported foods. The intercountry projects Family Food Production and Nutrition (RAS/83/008) (UNDP/UNICEF), Regional Livestock Development (RAS/79/027) (UNDP/FAO) and Plant Protection and Root Crops Development (RAS/83/001) (UNDP/FAO) all have project personnel in Kiribati who will continue to backstop the community vegetable production, poultry, goat and other livestock programmes and research into swamp taro (the country's staple food crop) respectively.

46. The projects identified above will meet Kiribati's immediate needs for UNDP assistance over the next two years. It will, by design, not take up the full IPF for Kiribati.

47. In order to cater for projects which will arise later in the period but cannot be identified at this stage, a programmed reserve amounting to 42 per cent of the IPF has been provided. However, the Government also considers it necessary to maintain this programmed reserve in anticipation of a more favourable response to its reapplication for official least-developed-country status. In this regard Kiribati, which already is considered a least developed country by the EEC has been the subject of a 1985 special economic assistance programme review mission which identified a number of projects (see document E/1985/67). At its twenty-second session in March 1986 the Committee for Development Planning recommended that Kiribati should be granted least-developed-country status. Whilst the Government is well aware that this recommendation is subject to the approval of both the Economic and Social Council and the General Assembly, in anticipation of a favourable decision it wishes to retain a programme reserve of this size so that some of the funds could then be utilized as technical

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support for future capital development projects involving the United Nations Capital Development Fund (UNCDF).

C. Unprogrammed reserve

48. An unprogrammed reserve of an additional 10 per cent of the IPF has been provided to cater for unforeseen contingencies.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	-	
Fourth cycle IPF	1 778 000	
Subtotal IPF		1 778 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds	-	
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		-
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		 1 778 000 =====

II. USE OF RESOURCES

Ongoing projects	490 000	
New project proposals	362 600	
Programmed reserve	747 600	
Subtotal, programmed resources		1 600 200
Unprogrammed reserve		<u>177 800</u>
 TOTAL USE OF RESOURCES		 1 778 000 =====

