



Australian Government

Department of Foreign Affairs and Trade

Aid Investment Plan

Kiribati

2015/16 – 2018/19

Strategic priorities and rationale

This Aid Investment Plan (AIP) sets out the strategic framework for the provision of bilateral Official Development Assistance (ODA) administered by the Department of Foreign Affairs and Trade (DFAT) to Kiribati. Other Australian Government agencies will provide strategic input to policy development and oversight programs in particular sectors in consultation with DFAT.

The purpose of this AIP is to inform discussions between the Government of Kiribati and the Government of Australia to develop an Aid Partnership between Australia and Kiribati. This AIP will be updated to reflect the finalisation and signing of the Aid Partnership where appropriate.

Australia implements an integrated set of foreign, trade and development policies to advance our interests in Kiribati. It is in Australia's interest to support Kiribati's development and strengthen its economic and environmental resilience. Kiribati is one of the poorest countries in the Pacific with about 22 per cent of its population living below the 'basic needs' poverty line and two thirds of the population classified as poor or vulnerable. A narrow economic base, which relies heavily on fisheries revenue, means Kiribati will continue to rely on external assistance. Formal employment options are limited and youth unemployment is very high. Growth prospects are constrained by geographic isolation, limited resources, impediments to private sector activity and poorly performing state-owned enterprises. Rapid population growth and urban migration is increasing pressure on basic services, infrastructure, potable water and sanitation, and contributing to poor health outcomes. Education outcomes are poor and student retention rates are low. Climate change impacts will exacerbate these development challenges.

Despite its limited resources, the Kiribati Government has succeeded in maintaining political and social stability and, in recent years, has progressed important economic reforms. Australia's approach will be to build on these strengths to maximise benefits from its human resources and fisheries sector. Australia will remain a major donor, and economic and security partner. In line with Australia's aid policy Promoting prosperity, reducing poverty and enhancing stability and the Kiribati Development Plan (2012-15); Australia will work with the Kiribati Government to improve economic prospects and increase labour mobility.

Our first priority is to support the Government to implement its **Economic Reform Plan** to maximise the benefits of its resources. Key reforms include increasing fishing license fees and tax revenues, and reducing debt servicing costs and the need for subsidies for State Owned Enterprises. We will support extending the reform agenda to the major spending ministries, education and health, to improve efficiency and service delivery.

Our second priority is to help improve economic prospects and resilience by **building a better educated and healthier population**. We will work with the Kiribati Government to:

- develop the skills of girls and boys through access to a relevant and quality education
- provide opportunities for young people to develop workforce skills and pursue employment in areas of domestic and international demand (including through targeted scholarships, training and employment initiatives)
- improve primary level health care through a more capable health workforce and better health information
- reduce the incidence of diarrhoeal and other diseases through better sanitation and the management of potable water supplies.

Across all our investments we will seek to strengthen the Government of Kiribati's capacity to improve:

- gender equality (including investments to strengthen violence response services, legal systems and local policing)
- disability inclusiveness
- environmental resilience (including improvements to management of coastal marine resources).

Through programs delivered regionally and by other Australian government departments, Australia will also seek to maximise benefits from Kiribati fisheries resources, improve resilience to the impacts of disasters and climate change, and enhance community safety, including through law and justice reforms.

Implementation approaches

Australian aid will be delivered in partnership with the Kiribati Government through a range of mechanisms based on our assessment of the most effective ways to achieve our objectives and the performance of partners. We will promote reforms that enable greater use of Government systems, including the provision of additional direct budget support, through our engagements in the Kiribati Economic Reform Taskforce and support for the Joint Policy Matrix. We will undertake risk management measures including fraud control and due diligence assessments, and apply safeguards on environmental protection, resettlement and child protection.

As the leading aid donor in Kiribati, Australia will support improved coordination among donors, greater coordination of development policies and programs with the Government, and promotion of gender and disability inclusive development. We will continue to work closely with multilateral partners and regional organisations to encourage their increased presence in Kiribati. We will take a long term approach to development assistance but be bold in supporting new ideas and ways of working. We will increasingly link our funding to the achievement of results and progressively consolidate our aid investments. We will improve synergies between Australian-supported bilateral and regional investments, and between investments supported by DFAT and other Australian government departments.

Performance benchmarks

Australia proposes the following performance benchmarks be used to assess progress towards the strategic objectives of the Aid Investment Plan. Australia will report on progress against these benchmarks through annual Aid Program Performance Reports (APPRs). Future year performance benchmarks will be determined following the review and analysis of the APPRs.

Strategic objective	2015/16 benchmark
Economic reform plan	Procurement Review conducted and Development Fund Account #4 reconciled by Kiribati's Ministry of Finance and Economic Development (as agreed under the Economic Reform Plan and Joint Policy Matrix).
Better educated and healthier population	Improved enrolment and retention rates for girls and boys (including for those with a disability) from Primary through to the end of Junior Secondary School
	Increased number of female and male i-Kiribati are supported to access domestic, regional and international employment opportunities
	Government and Partners agree a core indicator set, collect baseline data and monitor annually progress across the health sector

Mutual obligations

Australia and Kiribati will agree on a set of mutual obligations for the aid program, to be confirmed through discussions on an Aid Partnership. Subject to agreement through Aid Partnership discussions, the Government of Kiribati will:

- maintain or exceed the current expenditure in education and health as a proportion of its total budget
- implement reforms agreed under the Economic Reform Plan and Joint Policy Matrix
- improve gender equality indicators as committed in the Pacific Islands Forum Leaders' Gender Equality Declaration.

Australia will deliver effective and predictable development assistance in line with the strategic objectives of this AIP.

Australia and Kiribati jointly commit to maintaining a zero-tolerance approach to fraudulent and corrupt actions against Australia's aid program to Kiribati. Both countries also commit to improving Kiribati's procurement and financial systems to ensure that aid funds are disbursed effectively, efficiently, economically and ethically providing the greatest possible value for money and improving the lives of people in Kiribati, including those in greatest need. This includes meeting obligations set out in funding arrangements.

Monitoring, review and evaluation

DFAT will set up a performance assessment framework for bilateral aid to Kiribati for the next four years. Progress towards results will be monitored against agreed performance benchmarks through independent evaluations, internal annual reviews and regular dialogue with government and donor partners. Performance information will be published on the DFAT website.