



## GOVERNMENT OF KIRIBATI

GoK: (12)DPF 5.1

### DEVELOPMENT PARTNERS FORUM

*Tarawa, Kiribati*  
25 – 27 June 2012

#### **AGENDA ITEM 5.1: Practical Approaches to Improving Aid Effectiveness**

##### **Purpose**

1. This paper intends to:
  - discuss measures and process that have been put in place to improve aid effectiveness and coordination; and
  - report progress on the implementation of the PEER review study recommendations.

##### **Background**

2. The Government of Kiribati (GOK) has committed to further strengthen the alignment and effective use of aid to support the implementation of national priorities. This is extremely important as Kiribati relies heavily on foreign aid in supporting its development programmes.

Key players in aid coordination and management are the National Economic Planning Office (NEPO) and the Treasury and Accounting department of the Ministry of Finance and Economic Development. The NEPO plays a central role in managing and coordinating all development assistances. The Treasury and Accounting department is responsible for maintaining records and disbursement of project funds to implementing agencies.

The Ministry of Foreign Affairs and Immigration takes a lead role in managing relations and formal communications with donors. The Development Coordinating Committee (DCC) reviews proposals, evaluate progress on the implementation of national priorities and provide policy advices to Cabinet. Cabinet approves all proposals and set policy direction.

## Issues on Improving Aid Effectiveness

3. Studies that were undertaken by Wrighton<sup>1</sup> (2008) and Rouatu<sup>2</sup> (2010) present numerous findings to improve aid effectiveness in Kiribati. The major ones are outlined below as follows:
- Constraints in the effective adoption of the Principles of the Paris Declaration due to limited capacity and lack of understanding,
  - Poor and weak Financial Information Management System
  - Incomplete and often inaccurate data on aid flows
  - Lack of absorptive capacity
  - Lack of consultation in the initial design and planning stage of the project often resulting in conflicting outcomes between line ministries or GOK and overseas institutions
  - Strict timeline and avoidance use of local systems by donors strict on their timeline and some do not use local system
  - Need to harmonise donor processes and programming of their missions
  - Donor driven programmes
  - Poor linkage of the recurrent and development budgets with KDP, sector plans and ministries strategic plans
  - Poor monitoring, evaluation and reporting of development projects

## Approaches to improving aid effectiveness

4. Six key recommendations came out from the PEER review study that was carried out by the Pacific Islands Forum Secretariat in 2010 to assist in improving effective budget allocation and implementation of national development priorities, guide support from development partners and promote international best practices in key sectors. These recommendations are outlined below with milestone achievements on their implementation.

***Recommendation 1:*** *That the Government encourages chief executives of agencies receiving significant amounts of external resources to organise regular meetings of all development partners contributing to the sector; and that development partners provide consistent representation at an appropriate level.*

---

<sup>1</sup>Wrighton, N, 2008: Aid Management and Coordination

<sup>2</sup>Rouatu, I, March, 2010: Review and Evaluation of Aid Effectiveness in Kiribati

*Milestone achievements:*

- *The Water, Sanitation and Waste Management Sector aims to meet on a six monthly basis with its inception meeting in March 2011 and second in November 2011. PIAC is currently providing support to this meeting.*
- *The Public Finance Management Plan had its inception meeting in June 2011 with the next one planned sometime this year.*
- *Plans are to roll-over this sector meetings to other sectors.*
- *Development Partners Forum now becoming a biannual rather than an ad hoc event*
- *Annual Bilateral Meetings with AusAID and UN agencies*

***Recommendation 2:****That the Development Coordination Committee makes space on its agenda for regular six monthly or annual reports from Ministries on progress on KDP strategies.*

*Milestone achievements:*

- *Six working groups representing the six key policy areas of the current KDP has been established to constantly monitor and report progress on the implementation of these sectors to the DCC.*
- *Current KDP has improved performance indicators and M& E reporting systems to enable the achievement of regular progress report to DCC and Cabinet.*
- *The National Infrastructure Steering Committee (NISC) was established in late 2010 to oversee and provide policy direction on the implementation of all infrastructure*
- *The formation of a joint high level Task Force between Kiribati and its Partners to oversee the Economic Reform Agenda is currently under consideration and will be discussed separately on Wednesday under agenda item 6.*

***Recommendation 3:*** *That NEPO prioritise a greater degree of informal contact with agencies with significant expenditure programs and that they are included in the informal contacts with development partners recommended above.*

*Milestone achievements:*

- *Informal contact is maintained by NEPO with all development partners throughout the year.*

- *NEPO either provides secretariat role or actively participate in all the meetings noted previously.*

***Recommendation 4:*** *That the ADB and AusAID mobilise the proposed support for public financial management reform as soon as possible; and that the Secretary Finance convene a working group for all major development partners to track the progress of reform and discuss greater use of national systems.*

*Milestone achievements:*

- *ADB, AusAID, EU and PFTAC has already mobilised required support to progress the implementation of the Public Financial Management Reform. Progress report will be taken up under agenda item 3..*
- *Public Finance Management Plan meeting convened in June 2011 and work has already commenced with the support of the World Bank and AusAID for the formation of a Joint Kiribati and Partners Task Force.*

***Recommendation 5:*** *That the Government and development partners agree a target for the proportion of aid funds going through the development budget by 2013 and a methodology for tracking it.*

- *No progress yet made on this front but this can be discussed during this meeting.*

***Recommendation 6:*** *That NEPO set out an annual timetable for the provision of information for the following year's development budget, including the split between funds that will and will not pass through the Development Fund; and that development partners commit to providing the information requested by the due date.*

*Milestone achievements:*

- *A reporting template has been developed to capture required information from donors*
- *Good feedback obtained only from country mission offices but there is still a lot to be done with partners who do not have country posts..*

## **Conclusion**

The meeting is invited to note measures and processes put in place to improve effectiveness of aid Kiribati and welcome suggestions from partners on how best they can support these efforts and make progressive improvements particularly in areas identified in the paper that have not progressed much.