



GOVERNMENT OF KIRIBATI

GoK(12)DPF 5.2

DEVELOPMENT PARTNERS FORUM

Tarawa, Kiribati
25 – 27 June 2012

AGENDA ITEM 5.2 Role of NEPO and DCC in Aid Coordination & KDP Implementation

Purpose

1. The purpose of this paper is to inform the meeting about the role of the National Economic Planning Office and Development Coordinating Committee in coordinating aid and supporting the implementation of the Kiribati Development Plan

Background

2. The National Economic Planning Office (NEPO) is one of the eight divisions in the Ministry of Finance and Economic Planning. Basically, NEPO's role is reflected in the 2 key functions it performs. One of its key functions is to provide technical advice to inform national policies for all national or government investments - which include the RERF, national development projects and SOEs – national development plans (e.g. KDP) and budgets for the implementation of these national plans. The other key function is to provide technical advice, leadership and oversight services to line ministries in the implementation of national policies in the mentioned areas. It is in the area of national development projects, in terms of formulation and implementation, where NEPO works hand in hand with the DCC (whose members are the key sectoral policy development advisers to government and implementers of approved sectoral development projects) to ensure:
 - adherence, coherence and integration of the sectoral or ministries' development project proposals with the national policy development priorities and strategies stipulated in the KDP approved by government from time to time; and
 - the smooth and successful implementation of approved national development projects.

Accordingly, this paper will put greater emphasis on what NEPO and DCC actually do in so far as the KDP implementation and aid coordination are concerned.

The following shows what NEPO actually does or undertakes to do in connection with KDP implementation and aid coordination:

Policy Unit

- assist all the Ministries to develop, refine, and maintain “Sector Development Strategies and Policies” in line with the National Economic Development Plan;
- undertake annual review of the KDP with line Ministries;
- liaise with the Republic Statisticians and other institutions for macro data compilation and to review and refine the monitoring system for macroeconomic indicators and national accounts on a quarterly basis;
- assist in the preparation of the budget submission framework for ministries, particularly in the context of macroeconomic issues and matters associated with the KDP;

Budget Unit

- produce Annual Budget Documentation (on both Recurrent and Development Budgets); provide regular monitoring reports of the budget;
- undertake the analysis and coordination of the policy considerations of all donor aid programmes;

Investment Unit

- analyse and monitor the performance of all government investments (foreign and domestic);
- monitor the implementation of Government policy with respect to development projects that are contained in the PSIP;
- review and appraise all projects submitted to SFEP, in liaison with other NEPO project staff for consistency and viability, where applicable and undertaking more detailed financial and economic analysis, and make recommendations on the proposed projects;
- carry out economic appraisal (discount rate, shadow wage rate, and other key conversion factors) and financial appraisal of projects and their cost implications for the recurrent budget;
- advise and assist other Ministries in project preparation and evaluation;
- ensure the project data base are well maintained, responsible for entering project numbering, recording of Development Coordinating

Committee/Project Review Committee decisions, Cabinet and HMFEP and servicing of donor report requirements and mission activities;

- produce quarterly progress reports on all funded projects to Cabinet;
- act as Secretary to DCC;

Aid Coordination Unit

- establish, strengthen and manage the process of donor programming of domestic and external aid resources to ensure its consistency with or alignment to the implementation of Kiribati development strategies, macroeconomic policies and annual budget targets;
- compile donor programmes, schemes and types of development assistance to ensure accessibility on aid information and increased mobilization of development resources by sector and by strategic result areas;
- prepare forward programming on a three-year basis of aid resources by donor, sector and types of development assistance.
- submit progress report on the management of aid flows with due consideration of monitoring and evaluation results by donor missions and government consultations on the programming and utilization of aid;
- organize and coordinate aid mission programmes in Kiribati.
- initiate and coordinate preparation of Development Cooperation Needs Assessment Report for donor programming on the use of domestic and external aid resources;
- monitor and consult with ministries, the progress of aid funded development programmes and projects to keep track of the overall performance in the delivery of outputs and utilization of aid funds disbursed according to Development Fund rules and regulations or pertinent financial laws in Kiribati;
- develop guidelines, procedures and documentation requirement for improved aid administration and development coordination.
- analyze the effectiveness of donor programmes in relation to government priorities, stipulated policy statements, national development strategies and sectoral development targets;
- prepare Cabinet papers on aid management and coordination, particularly aid delivery and performance reporting, as requested by the Director, NEPO;
- submit updated reports on actual development expenditures based on

accounting and reconciliation records and forecasting of aid flows by donor and result areas for integration in the Kiribati Annual Budget;

- participate in the development and review of Kiribati Annual Budget to ensure the linkage and integration of recurrent and development expenditure programmes;
- provide advice on evaluating supplementary applications, approval of new development projects and monitoring of ongoing aid funded activities to ensure mobilization of aid resources.

As so called, DCC is only a committee which is supposed to play a coordinating role in so far as national development plans and thus national development projects are concerned. In undertaking this crucial role, DCC is guided by technical advices provided by NEPO. However, national development decisions made by DCC are not final as they are all subject to Cabinet's approval. The following shows DCC's terms of reference in that connection:

- considers and endorses national development policy priorities and strategies to be recommended to Cabinet, based on technical advices provided by NEPO;
- scrutinizes development project proposals and determining which ones to recommend/not recommend to Cabinet for approval, again based on NEPO's technical advices;
- monitors and evaluates the implementation of development projects with the assistance of NEPO.

Both NEPO and DCC roles are crucial for the achievements of key development objectives under each key policy areas as stipulated in the KDP. However some of these roles have never been implemented, or have only been partly implemented, due to major issues briefly discussed below.

Issues

4. The major issues are:

- Despite the procedures and other rulings for development proposals, there has been no policy on aid developed hence fragmentation and poor coordination of development initiatives is still experienced by NEPO.
- Limited information sharing on aid related matters, and between programs, donors and ministries that could have a substantial impact on NEPO and DCC roles.
- A project approach is too cumbersome and expensive and causes fragmentation hence NEPO will try to assist line ministries to adopt the program approach instead so as to develop a sector proposal and not individual proposals from individual ministries
- Despite the importance of missions by partners to Kiribati, these do have an impact on our achievements and on the accomplishment of our day-to-day roles, especially when they are not well co-ordinated

- Limited capacity in terms of resources, institutions, systems and so on
- Poor monitoring and evaluation on aid funded projects

Recommendations

5. DPF delegates are invited to:
 - note and consider the key roles currently played by NEPO and DCC in so far as KDP implementation and aid coordination are concerned;
 - note the issues involved and, based on experience, advise the meeting on how to overcome or address the said issues for the benefit of Kiribati.

Government of Kiribati
3 -4 April 2012