



2024 KIRIBATI GOVERNMENT ANNUAL PUBLIC PROCUREMENT REPORT

Central Procurement Unit,
Ministry of Finance & Economic Development.

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1. Foreword

The Ministry of Finance through the Central Procurement Unit is dedicated to governing public procurement to foster and ensuring public sector efficiency, establishing citizens trust and contributing to government aspirations in the Motinano, KDP and KV20 which seeks to promote national economic growth and efficient public financial management.

The Central Procurement Unit was first established in June 2018, which was the result of the economic reform initiative, Kiribati Public Procurement Reform Program (KPPRP). The primary goal of CPU is to oversee and assist with managing public procurement activities, providing support to 41 procuring entities, including 15 Ministries, 8 Statutory Corporations, and 18 active State-Owned Enterprises.

As we present this annual procurement report 2024, we reflect on a year marked with achievements and challenges. Ultimately, it is evident that the Central Procurement Unit serves as a crucial division under the Ministry of Finance and Economic Development's portfolio, ensuring that development initiatives are effectively supported by streamlining the procurement process and helps ensure the achievement of best value for money following the procurement principles.

2024 has been a year of learning and adaptation, and as we look to the future, we remain committed to improving our procurement processes, fostering collaboration with our stakeholders, and aligning with the broader organizational goals for each Government organizations or procuring entities. We are flexible to embrace emerging trends, including technology-driven solutions and sustainability that will enhance procurement practices

This report serves as a testament to the hard work and dedication of our procurement team, whose efforts have been integral in delivering value and securing a competitive edge for the Government of Kiribati.

Together, we look forward to an even more successful and innovative year ahead.



Mrs Koin. Uriam. Kiritione
Chief Procurement Officer
Secretary for Ministry of Finance and Economic Development

2. Executive summary

This publication constitutes the fourth annual Public Procurement Report prepared by the Central Procurement Unit (CPU) and formally endorsed by the Secretary of the Ministry of Finance and Economic Development, in her capacity as the Chief Procurement Officer. The report covers the period from January to December 2024.

It provides a comprehensive analysis of procurement activities funded under the Government of Kiribati's Recurrent Budget, as well as those supported by international development partners through the Development Budget. Procurement processes administered independently by the World Bank and the Asian Development Bank are excluded, as these fall under the procurement policy framework of the banks and coordinated by the Kiribati Fiduciary Services Unit (KFSU), a distinct division within the Finance Ministry's portfolio.

The report evaluates the performance of the national procurement legal and institutional framework, with a particular focus on its effectiveness in achieving value for money. It also reviews the implementation of training and capacity-building initiatives aimed at strengthening procurement capabilities across Procuring Entities and government institutions. Key procurement statistics for the 2024 fiscal year are presented, along with an assessment of the principal challenges encountered during the reporting period. This report also outlines proposed remedial measures and sets forth strategic priorities and policy actions to guide future improvements in public procurement. It serves as an important accountability and policy tool to support transparency, efficiency, and continuous reform in the national procurement system.

3. Public Procurement Legal Framework (PPLF) in Kiribati

Table 1: Implementation dates of the PPLF

Legal framework	Enforcement dates
1. Public Procurement Act 2019	5/4/2019
2. Public Procurement Regulations 2020	12/5/2020
3. Public Procurement Manual	9/3/2021
4. Public procurement amendment bill	19/05/2021

3.1. Enforcement of the public procurement legal framework

The Government of Kiribati approved the Principal Public Procurement Act in April 2019. In 2020, Cabinet endorsed the public procurement regulation which was then formally signed by the Honorable Vice President and Minister for Finance and Economic Development on the 12th of May. In March 2021, the public procurement manual was finalized and ready for implementation. Shortly after the enforcement of the complete public procurement legal framework, in May 2021 the Government approved An Act to amend the Procurement Act 2019. The complete set of the public procurement legal frameworks are publicly made available on the procurement website (www.procurement.gov.ki) for easy access.

The rationality for a new amendment to the 2019 principal procurement Act which became the 2021 procurement amendment bill was summarized in the explanatory memorandum of The Procurement (Amendment) Bill 2021 as quoted here in this report.

“The main purpose of this Amendment Act is to change the title and role of the Chief Procurement Officer to allow more efficiency in the procurement process. The title of the Chief Procurement Officer is now changed to the Senior Procurement Officer while the title Chief Procurement Officer is transferred to the SRO or the Secretary for Finance. The role of the Senior Procurement Officer is also limited to only being the Secretariat for both the Board (section 17) and the Committees (section 18). The procuring entity officer shall be tasked with the Chairperson of the Procuring Committees for the concerned entity. There is also a new insertion-39A which binds all Government owned companies and statutory corporations to this act”.

Section 11 of the procurement Act empowers the Minister responsible for the Ministry of Finance and Economic Development to promulgate Regulations to support the implementation and objectives of the Act. In this context, the proposed amendments to the public procurement legal

framework are deemed to be in the public interest, aimed at better addressing the needs of the people of Kiribati. These reforms are intended to promote a more transparent and accountable procurement system that ensures optimal value for the nation, contributing to a more sustainable and prosperous future for all Kiribati citizens.

Pursuant to Section 14 of the Procurement Act, the Minister of Finance and Economic Development is vested with the authority to define the organizational structure of the Central Procurement Unit (CPU) to ensure its efficiency and effectiveness in fulfilling its mandate. The CPU is designated as a center of excellence for public procurement in Kiribati and plays a critical role in supporting Procuring Entities by providing operational guidance and assistance in the implementation of public procurement activities, in alignment with the core principles of transparency, anti-corruption, and value for money.

3.2 Gaps in the procurement legal framework

To align the 2021 procurement amendment bill with the complete set of the public procurement legal framework, there is a need to revise all the legal framework of public procurement which includes the Principal Act 2019 to develop a new public procurement amendment Act 2021 merging all the changes proposed in the amendment bill. Procurement regulations and manuals need to be revised to reflect the changes in the amendment bill. During implementation, the Central Procurement Unit noted several needed improvements to the existing public procurement legal framework including but not limited to (i) sustainable public procurement, (ii) electronic government public procurement, (iii) detailed coverage of legal interpretations for clauses needing clarities such as for single sourcing conditions, and other needed improvements to be further considered in the future.

3.3. Principles of the public procurement in Kiribati

3.3.1. Value for money

Value for money is a crucial principle of public procurement that ensures taxpayers' money or public money is being spent wisely and efficiently. In the context of public procurement, value for money means obtaining the best possible goods and services at the lowest possible cost without compromising on quality or performance and where possible, to address the social needs of Kiribati people. By prioritizing value for money in procurement processes, public sector organizations can achieve cost savings, improve service delivery, and maximize the benefits for the public.

It is worth noting that value for money could not be achieved without knowing what the main purpose of the procurement activity is. Therefore, it is important to engage technical staff during tender planning and preparations i.e. drafting specifications or evaluation criteria. This is critical as they would guide the evaluation process and enable the awarding authority to consider the recommendations of the evaluation committee and be able to provide award recommendations for tenderers offering the best value for money. The tenderer who has the total highest score in technical and financial components would be recommended for a contract award.

3.3.2. Anti-corruption

One of the main reasons for the establishment of the Central Procurement Unit is to help decrease or eliminate the possible risks of corruption. Every procurement officer and public officer who are involved with the procurement should do their job in accordance with the procurement law and not their own interest. Corruption in public procurement can take various forms, such as bid rigging, bribery, and favoritism towards certain tenderers. These malpractices not only result in poor-quality goods and services but also could erode public and donor's trust in the government public procurement system.

The public are always encouraged to report to the Chief Procurement Officer (i.e, the Secretary for the Ministry of Finance and Economic Development) or the Office of the Attorney General (OAG) if they suspect any forms of corruptive activities in the procurement process.

3.3.3. Integrity

Integrity in public procurement involves honesty, transparency, and adherence to ethical standards throughout the procurement process. It requires that all parties involved in the procurement activity act with fairness, impartiality, and without bias or favoritism. By upholding integrity, every individual who will be involved with the decision- making throughout the procurement process particularly at the evaluation and awarding stage, must sign the declaration for impartiality form. He/she must declare that he/she has no personal interest in tenderers and would be held accountable if the information provided is untrue. Noting Kiribati is a small country nation, most of the people may know each other but it is crucial that this declaration form is signed to declare any conflict of interest encountered and that possible impacts from the decision-making process are handled properly.

3.3.4 Conflict of interest

Conflict interest is significant in public procurement to prevent any potential abuse of power or corruption. When individuals involved in the procurement process have personal relationships or financial interests in the tenderers participating in the Government tenders, there is a risk that decisions may be influenced by factors other than what is in the best interest of the public entity.

Furthermore, upholding a robust conflict of interest policy in public procurement helps to enhance public trust and confidence in the integrity of the procurement process. Public officers must declare any potential conflicts of interest with any tenderers when participating in decision making. With

that, the procuring officer could be replaced or retained in the decision-making process. On the other hand, from the side of a tenderer, tenderers are required to sign a certificate of compliance form as part of their tender proposal, confirming that they do not have any conflict of interest with the public officers involved in the procurement. This compliance form is one of the qualification criteria that is to be verified by the central procurement unit team, along with the tender opening committees during the tender opening session.

3.3.5. Transparency

At the heart of transparency in public procurement is the need for accountability. When procurement processes are open and accessible for scrutiny, it becomes significantly harder for corrupt practices to flourish. To promote transparency, CPU utilizes two platforms for tender publication. The first is the national procurement official website (www.procurement.gov.ki) which is also used for disseminating information regarding the central procurement unit such as the public procurement law, training materials, etc. Another e-tendering portal which is currently managed by illion tenderlink in New Zealand is also designed for tender publications. Refer to the link here for easy access, [Welcome To Kiribati Ministry of Finance and Economic Dev E-Tendering](#). From record, there were 109 tenders that had been published in 2024 on the official national procurement website while only 9 were advertised on the illion tenderlink. The difference in figure was rooted in the challenges of the local tenderers in accessing this new platform. To address that, CPU team included in the training program a particular component for the awareness to local suppliers on how to register using the Tenderlink portal. Moving forward, we plan to enhance the use of the e-tendering portal to improve transparency in the coming years.

3.3.6 Confidentiality

Confidentiality is essential for preserving the integrity of the procurement process. Applying to a tender requires tenderers to submit sensitive information including pricing strategies, financial position, etc. Public officers are required to uphold the principle of confidentiality by safeguarding information that must remain private.

Confidentiality has equal importance with transparency in public procurement. While transparency is encouraged, confidentiality must also be upheld where it is necessary.

3.3.7 Fair competition

The default procedure in our national procurement framework is the open competitive procedure. This is to ensure that there is no restriction on the competition and that local/foreign vendors can apply. Other measures to support fair competition, evaluation criteria and methodology templates are typically reviewed before they are published. This review aims to verify that the scores awarded are proportionate to the weighting of each evaluation criterion.

4. Training programs on public procurement conducted by the Central Procurement Unit

In response to the recurring challenge of deliberate non-compliance by Procuring Entities (PEs) with the national procurement framework, the Central Procurement Unit (CPU) took proactive

measures by organizing targeted training programs for key stakeholders, including Ministries, Statutory Bodies, and State-Owned Enterprises (SOEs).

The primary objectives of these training sessions were to enhance compliance with the Public Procurement Legal Framework, and to build the technical capacity of participants. The sessions focused on equipping procurement personnel with the essential knowledge and practical skills required to conduct procurement functions in a transparent, accountable, and efficient manner, in full alignment with established procurement procedures.

The training was conducted over two days at the Marine Training Centre from 7th to 8th August 2024. The first day catered to representatives from Ministries and Statutory Corporations, while the second day was dedicated exclusively to participants from State-Owned Enterprises.

Table 2: CPU Training schedule for stakeholders

Procuring Entities (PEs)	Training dates and time	No. of participants
Ministries and Statutory Corporations	07/08/2024 starts at 9:30am	35
SOEs	08/08/2024 start from 9:30am	26

5. Training programs on public procurement attended by the Central Procurement Unit

Proper training for procurement staff is essential to enhance their knowledge and skills in advancing procurement practices. Although budget constraints limit our capacity development efforts, we are fortunate to participate in fully sponsored training sessions hosted by the Asian Development Bank (ADB) and the Department of Foreign Affairs and Trade (DFAT). These programs provide invaluable insights that can significantly improve our procurement strategies, ensuring we remain competitive and efficient. By leveraging these opportunities, we can bridge the knowledge gap and foster a culture of continuous improvement, ultimately benefiting our organization and our country.

In 2024, 5 CPU staff enrolled in a buildproc course on procurement that was offered by ADB. The main aim of this course was to educate procurement experts from the Pacific islands on the ADB procurement system so they could be aware and apply them into practice when working on ADB donor funded projects or adopt and incorporating them into their own procurement system.

This course has 3 modules where most of the learning was delivered remotely. Modules 1 and 2 were offered remotely for 16 weeks and the last module consists of 5 weeks where the last 1 week was delivered via face to face in Nadi, Fiji.

Another training course which was funded also by ADB is relevant to the e-procurement training. It is the primary goal of ADB to encourage and support the Pacific regions in transitioning to an

e-procurement system by offering ADB’ approaches to e-GP and identifying potential areas of e-GP cooperation at the bilateral and regional levels. It was a 3-day training session, and our representative shared the lesson learnt about the importance of e-GP and how to put into practice when we finally utilized the next modules which involves doing a tender opening, evaluation, and award decision on a system.

The last training was called the ‘Contract management and award for excellence conference’ and it was organized and sponsored by the Government of Australia. This conference serves as vital platform for procurement professionals around Australia and including procurement experts from the Pacific islands to exchange their knowledge on contract management and sustainable procurement, which is very beneficial, especially to us who come from a small and developing country.

6. Threshold values

Table 3: Different procurement thresholds values

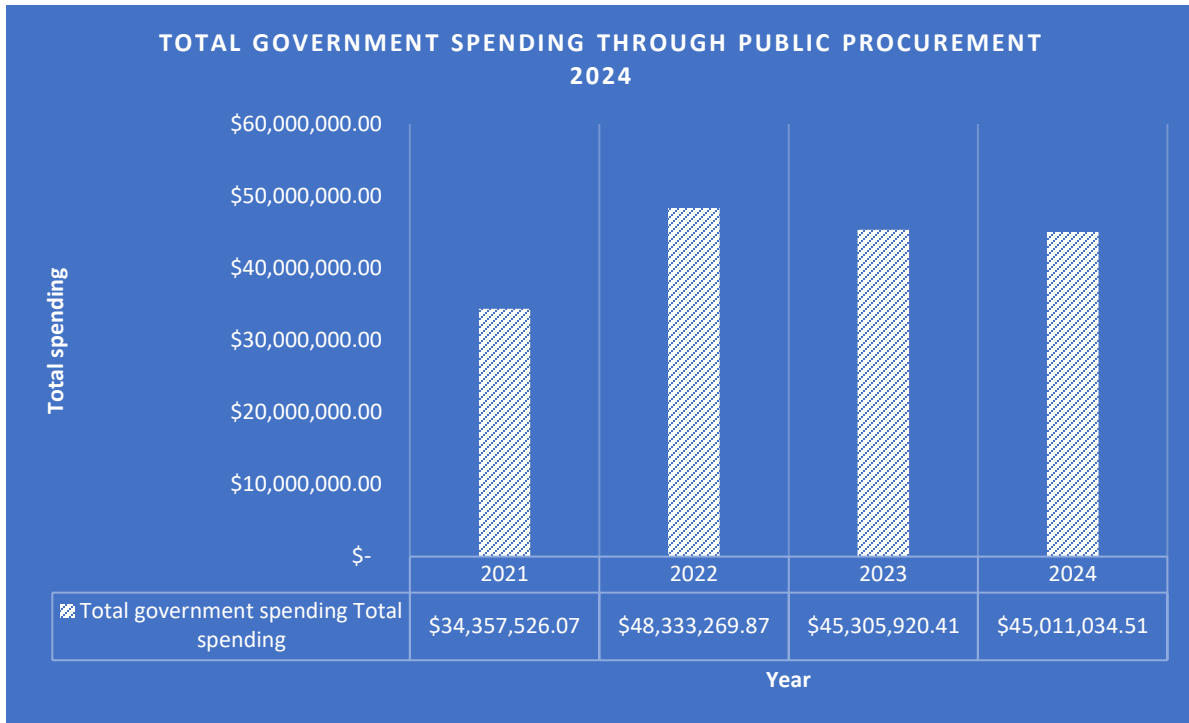
Threshold	Values
VLVP (very low value procurement)	<\$1,000.
LVP (low value procurement)	\$1,000-\$9999.00
MVP (medium value procurement)	\$10,000-\$49,999.00
HVP (high value procurement)	>\$50,000

As per the Delegation of Authority, there are 4 threshold values as depicted in the table above. The first two threshold values, which are the VLVP, and LVP, are the ones that are managed within the Ministry or organization themselves with more simplified procurement processes. For MVP and HVP, these shall follow the procurement procedure with the support from the central procurement unit.

Out of 41 Procuring Entities, there were 27 that have initiated their public procurement following the existing procurement legal framework. This shows that there was an improvement in the number of compliances compared to 2023, where only 21 PEs involved with Central Procurement team for initiating their procurement.

7. Total spending by each Procuring Entities (PEs)

Figure 1: Total Government Spending through public procurement



Between 2021 and 2024, the government’s total public procurement spending exhibited a generally upward trend, rising from approximately \$34.3m in 2021 to around \$45m in 2024. The most significant increase occurred between 2021 and 2022, with spending jumping by roughly \$14m, suggesting a period of intensified government investment, that are linked to post-pandemic economic recovery initiatives followed with implementation of large-scale infrastructure projects. However, a slight dip in 2023 saw spending fall to approximately \$45.3m, which reflects temporary budgetary constraints, project completions, and delays in procurement execution. In 2024, the figure remains the same as of 2023 reporting period in the amount of around \$45m. Overall, the data reflects the government’s growing reliance on procurement as a fiscal tool, underscoring the need for strategic planning, efficient implementation, and robust monitoring mechanisms to ensure budget predictability and long-term value for money.

It has become evident that a rise in government spending reflects the government’s strong commitment to fulfilling the promises outlined in its national development manifesto, known as the “Motinnano.” Increased expenditure, particularly through public procurement, demonstrates the government’s proactive approach to delivering essential services, infrastructure, and programs that directly benefit the people of Kiribati. Procurement is not merely about processes and financial transaction—it is a strategic tool that drives sustainable development by enabling the efficient delivery of projects that support economic growth, social inclusion, and environmental sustainability. As such, all government-led initiatives and programs or projects must be carefully designed to integrate procurement planning and compliance, ensuring that resources are used

transparently and effectively. In this context, the year 2024 represents a significant milestone in advancing good corporate governance. It reflects the government's success in strengthening institutional frameworks and ensuring greater compliance with public procurement laws and regulations. These efforts not only promote accountability and value for money but also foster public trust and confidence in government operations.

8. Record of procurement complaints

Addressing complaints in procurement is essential to uphold fairness and transparency within Kiribati's public procurement system. Doing so not only fosters trust and confidence among tenderers by providing them with a platform to be heard but also aligns with the legal framework governing public procurement practices.

Procurement complaints are classified into two stages:

- **Process-related complaints:** These arise during the tender period, before the tender closes. Suppliers are permitted to lodge such complaints by following the established complaint procedures.
- **Award-related complaints:** These occur after the contract has been awarded, typically when tenderers are dissatisfied with the award decision.

In 2024, no formal complaints were lodged in either category. This suggests an improvement in communication and complaint resolution mechanisms. However, there were a few inquiries that could have been classified as complaints. These matters were effectively addressed through dialogue and did not escalate to formal complaint procedures involving service providers, contractors, or suppliers.

9. Key challenges

Several challenges were encountered during this reporting period that continue to affect the effective implementation of public procurement strategies and processes. The most pressing issue remains the non-compliance of Procuring Entities (PEs) with the established public procurement legal framework. Although the Central Procurement Unit (CPU) has been operational since 2018, many PEs are still not fully familiar with or adequately adhering to the framework.

Our assessment reveals that a major contributing factor is the absence of dedicated procurement personnel within many PEs. In many cases, there is no designated officer responsible for managing procurement activities. Furthermore, the current training programs have proven to be ineffective, resulting in limited progress and recurring compliance issues.

To address this, the CPU strongly recommends that Ministries and organizations consider recruiting dedicated procurement officers to work directly on their procurement activities with the team at the central procurement unit. This would significantly enhance compliance and capacity at the procuring entity level.

Additionally, some PEs have deliberately chosen not to comply with the procurement legal framework. A notable example is the submission of Annual Procurement Plans (APPs)—only 12 PEs submitted their APPs in 2024 despite repeated reminders and communication from our team. This level of non-compliance is concerning and highlights the urgent need for stricter enforcement measures. The CPU recommends that penalties for non-compliance or misconduct is introduced and applied to ensure better adherence to procurement requirements.

Another significant challenge has been budget constraints, particularly affecting the planned transition to an e-procurement system. Although the full migration from the local portal to the *Illion Tenderlink* system was included in this year’s divisional plan, the lack of available funding has delayed this transition. Currently, the CPU is only able to use the *Illion Tenderlink* system to upload a limited number of tenders—restricted to the signed agreement between the Government of Kiribati and Illion Tenderlink . Any additional usage would incur extra charges that are currently unaffordable. To resolve this, the CPU plans to submit a request for an increase in its divisional budget to support the full integration of the new e-procurement system.

Last but not least, the CPU continues to face high staff turnover, primarily due to uncompetitive remuneration. Every year, skilled staff members exit the division in search of better compensation and opportunities. Unlike similar positions in other departments, CPU roles lack additional benefits such as upgraded levels for new graduates , which further contributes to staff dissatisfaction. This ongoing issue places a significant burden on the division, as the cost and time required to train new staff members to become competent procurement practitioners is considerable. Addressing this concern through improved remuneration and benefits is critical to enhancing workforce stability and institutional capacity strengthening.

10. Way Forward

To address the challenges encountered in 2024 and to strengthen the integrity and efficiency of public procurement in Kiribati, the Central Procurement Unit (CPU) has outlined the following strategic priorities moving forward:

i. Enhancing Capacity Building and Compliance:

Recognizing that many Procuring Entities (PEs) remain unfamiliar with the national procurement framework, the CPU will continue to provide tailored technical support and conduct refresher training programs. These initiatives are designed to improve understanding and application of the Public Procurement Act, Regulations, and Manual. Training content will be reviewed and redesigned to ensure it is practical, targeted, and results oriented. This will help reduce recurring non-compliance and support a culture of consistent adherence to procurement procedures. In parallel, training for CPU staffs is also necessary to support the execution of this policy action to achieve the procurement objectives for Kiribati and also contribute to the targeted areas of Kiribati in its Motinano or KV 20.

ii. Institutionalizing Procurement Functions Within PEs:

A recurring issue is the absence of designated procurement officers within PEs, which hampers effective procurement planning and execution. The CPU recommends that Ministries and agencies institutionalize procurement roles within their structures by recruiting dedicated procurement staff. Establishing this internal capacity will improve responsiveness, compliance, and operational efficiency in the national public procurement system. .

iii. Improving Compliance Monitoring and Enforcement:

Despite CPU efforts, only 12 PEs submitted their Annual Procurement Plans (APPs) in 2024, indicating a significant compliance gap. As a corrective measure, the CPU will advocate for the implementation of stricter enforcement mechanisms, including potential administrative penalties for non-compliance. Additionally, a centralized compliance tracking system will be explored to monitor PE submissions, procurement timelines, and reporting obligations.

iv. Strengthening the E-Procurement System:

Transitioning to a digital procurement environment remains a strategic priority. The CPU initially planned to migrate fully from the local portal to the *Illion Tenderlink* e-procurement platform. However, progress was impeded by budget constraints that limited the number of tenders published annually to 23. Moving forward, the CPU will seek increased budgetary support to fund the full integration and expansion of the e-procurement system. A fully operational e-procurement platform will increase efficiency, enhance transparency, and reduce the risk of procedural errors or manipulation. It will also streamline procurement processes and provide real-time access to procurement data for oversight and audit purposes.

v. Advancing Sustainable Procurement Policy Integration:

In line with global best practices, the CPU has submitted a Cabinet paper seeking political approval to integrate sustainability considerations into Kiribati's procurement framework. Upon Cabinet endorsement, the CPU will request technical assistance from the Asian Development Bank (ADB) to support a comprehensive review of the Procurement Act, Regulations and Manual. The review will focus on incorporating environmental, social, and economic sustainability principles, as well as resolving any conflicting provisions within the current legal and procedural framework.

vi. Addressing Workforce Retention and Capacity Challenges:

The CPU continues to face high staff turnover due to uncompetitive remuneration and lack of additional benefits including also recognition for work performance delivery. This disrupts continuity and places ongoing pressure on training and performance. The CPU

will formally propose improved remuneration packages and career incentives to retain experienced staff and reduce the cost and inefficiency of frequent onboarding and training cycles.

Through the implementation of these strategic actions, the CPU remains committed to fostering a transparent, accountable, and modernized public procurement system that contributes to good governance, sustainable development, and economic efficiency in Kiribati.