

# ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



## Kiribati: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	-	24.10	24.10

- = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

## Kiribati: Cumulative Lending, Grant, and Technical Assistance Commitments<sup>a, b, c</sup>

Sector	No.	Total Amount (\$ million) <sup>d</sup>	% <sup>d</sup>
Agriculture, Natural Resources, and Rural Development	8	2.09	1.79
Education	1	0.15	0.13
Energy	3	1.70	1.46
Finance	4	1.43	1.22
Health	1	0.58	0.49
Information and Communication Technology	1	21.60	18.46
Multisector	1	0.22	0.19
Public Sector Management	18	21.44	18.32
Transport	10	26.73	22.85
Water and Other Urban Infrastructure and Services	12	41.05	35.09
<b>Total</b>	<b>59</b>	<b>116.99</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include ADB-administered cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Using primary sector in reporting of commitments.

<sup>d</sup> Numbers may not sum precisely because of rounding.

ADB supports Kiribati in maintaining fiscal sustainability, improving the business climate, upgrading water and sanitation services, rehabilitating roads, and addressing the effects of climate change.

## KIRIBATI

Driven by construction associated with large, donor-financed investments and by strong revenues from fishing licenses, Kiribati has enjoyed sustained economic growth in recent years. The country's economy is, however, highly vulnerable to external shocks and income volatility. It is highly exposed to extreme weather events and the impacts of climate change, and is dependent on imports and nontax revenues. Sources of external revenue include foreign aid and investment income from Kiribati's sovereign wealth fund, the Revenue Equalization Reserve Fund. Private sector development is constrained by the size and scale of the economy, the high costs of doing business, and the country's widely dispersed population.

The Asian Development Bank (ADB) has been working with Kiribati since 1974, having committed loans and grants totaling \$96.97 million as well as technical assistance projects worth \$20.02 million.

Cumulative loan and grant disbursements to Kiribati amount to \$55.8 million. These were financed by concessional

ordinary capital resources, and the Asian Development Fund.

### ADB-SUPPORTED PROJECTS AND PROGRAMS

The ADB program in Kiribati aims to reduce poverty and promote economic opportunity by maintaining fiscal sustainability, improving the business climate, upgrading water and sanitation services, rehabilitating roads, and addressing the effects of climate change.

Across 2017 and 2018, ADB approved grants totaling \$7.5 million to help improve Kiribati's economic management by sustaining political and bureaucratic momentum for complex and politically sensitive reforms. An ADB grant of \$3 million for the



Strengthening Fiscal Stability Program, backed by technical assistance, has also helped strengthen fiscal discipline and sustainability in the country. This assistance has helped the Government of Kiribati enhance revenue measures, maintain expenditure restraint, and implement structural reforms.

To improve sanitation services and hygiene practices in Kiribati's capital, ADB has provided financing for the South Tarawa Sanitation Improvement Sector Project. The project's goal is to increase access to sanitation in the city from 64% of the population in 2014 to 80% by 2019. To provide greater access to water, ADB committed \$2 million as a project design advance to help prepare the South Tarawa Water Supply Project for 2019. The project, which will be cofinanced by the Green Climate Fund and the World Bank, aims to develop water supplies from ground resources and rainwater harvesting, and use solar-powered seawater desalination by reverse osmosis.

The Kiribati Road Rehabilitation Project reconstructed 32 kilometers of main roads and 8 kilometers of feeder roads across the country. Cofinanced by the World Bank and the governments of Australia and Kiribati, this vital transport project has improved access to social

services and employment opportunities for Kiribati's people. ADB has provided additional financing of \$9 million to also reconstruct sections of the road from Betio to Bairiki, which were not part of the initial project.

Many of the infrastructure services in Kiribati are provided by state-owned enterprises. ADB supports the improvement of these infrastructure enterprises through the Kiribati Economic Reform Plan. The bank provides assistance to improve policy, tighten legal and institutional settings, implement the government's privatization pipeline, and sharpen the commercial focus of state-owned enterprises.

## NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance,

microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

## COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program and Supply Chain Finance Program.

ADB began cofinancing operations in Kiribati in 1995. Since then, cumulative direct value-added official cofinancing commitments for Kiribati have amounted to \$72.03 million for five investment projects, and \$4.64 million for seven technical assistance projects.

In 2018, Kiribati received \$7.36 million in grant cofinancing from the governments

### Kiribati: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2008	-	1
2017	100.0	1
<b>Total</b>	<b>50.0</b>	<b>2</b>

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

### Kiribati: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans <sup>a</sup> (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
Contract Awards <sup>b,c</sup>	-	-	-	-
Disbursements <sup>b</sup>	2.21	1.39	2.21	1.39
No. of Ongoing Grants <sup>a</sup> (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
Contract Awards <sup>b,c</sup>	11.47	1.75	11.47	1.75
Disbursements <sup>b,d</sup>	16.45	2.99	16.45	2.99
Actual Problem Projects (%) (as of 31 Dec 2018)				

- = nil.

<sup>a</sup> Based on commitments.

<sup>b</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>c</sup> Excludes policy-based lending/grants.

<sup>d</sup> Includes only Asian Development Fund and other ADB special funds.

### Kiribati: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	5	37.47
Grants	5	37.47
Technical Assistance Grants	1	0.15

<sup>a</sup> A project with more than one source of cofinancing is counted once.

### Kiribati: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	5.04	0.05	2.62	0.02	12.54	0.01
Consulting Services	0.05	0.01	0.04	0.01	0.85	0.01
<b>Total Procurement</b>	<b>5.09</b>	<b>0.05</b>	<b>2.66</b>	<b>0.02</b>	<b>13.39</b>	<b>0.01</b>

### Top 5 Contractors/Suppliers from Kiribati Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Hi Tek Construction	WUS	0.119
Big-D Enterprise	WUS	0.036
Central Pacific Services Ltd.	WUS	0.005
Others		10.52
<b>Total</b>		<b>10.68</b>

WUS = water and other urban infrastructure and services.

### Top 5 Consultants from Kiribati Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Contract Amount (\$ million)
Individual Consultants	0.50
<b>Total</b>	<b>0.50</b>

of Australia and New Zealand, as well as the World Bank, for the [Strengthening Economic Management Reform Program—Subprogram 2](#).

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at [www.adb.org/countries/kiribati/cofinancing](http://www.adb.org/countries/kiribati/cofinancing).

## PARTNERSHIPS

ADB contributes to Kiribati's Economic Task Force, formed by the government in 2011. The group set out to implement the Kiribati Economic Reform Plan to revitalize and streamline the country's public financial management. It developed a joint policy matrix focusing on three key issues: maintaining effective government expenditure and fiscal sustainability, expanding private sector opportunities, and promoting aid effectiveness.

ADB is also part of the International Monetary Fund Article IV Mission to Kiribati, and works closely with the [Pacific Financial Technical Assistance Centre](#) on macroeconomic management and fiscal issues in Kiribati.

In developing its investment pipeline for 2019–2021, ADB undertook comprehensive dialogue with Kiribati's national stakeholders, civil society organizations, and other development partners.

## PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion

dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

## Share of ADB's Procurement Contracts

### Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Kiribati, 38 contracts worth \$12.54 million have been awarded to contractors and suppliers since 1974.

### Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Kiribati, 26 contracts worth \$0.85 million have been awarded to consultants since 1974.

## OPERATIONAL CHALLENGES

While ADB provides assistance for Kiribati to optimize its fiscal sustainability and stimulate private sector activity, the country faces intractable development constraints.

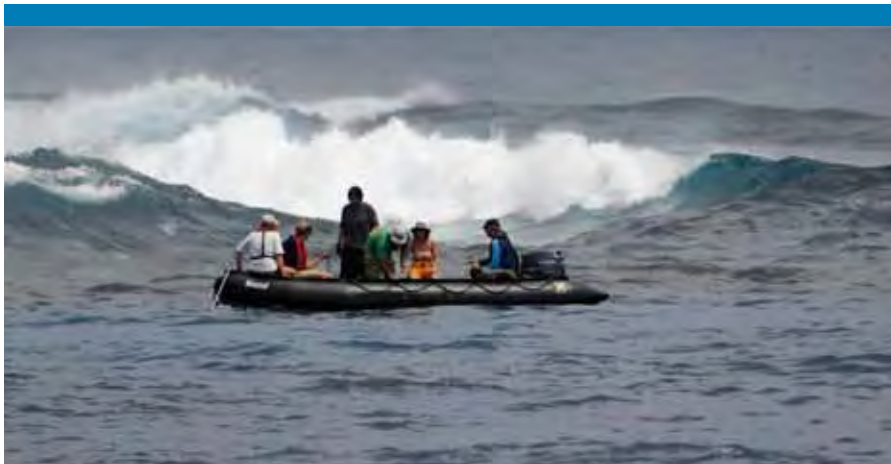
A shortage of natural resources—including critical ones such as land and fresh water—hampers development, and this is exacerbated by having a sparse population scattered across numerous islands. International markets are difficult for Kiribati to access, and there is little potential for economies of scale, with the outer islands functioning at only a subsistence level. The country's small, open economy is also heavily reliant on imports, including basics such as food and fuel, leaving it vulnerable to international price hikes on commodities.

Kiribati also faces significant challenges in delivering education and health services for children, generating employment growth, and adapting to climate change.

## FUTURE DIRECTIONS

In November 2018, the ADB Board of Directors voted to increase to \$13 million the annual base allocation for its small developing member countries, and this has boosted the scope for the bank to invest in Kiribati. ADB, in partnership with the World Bank, will consider critical infrastructure investments for Kiribati's remote islands.

The ADB country operations business plan, 2019–2021 for Kiribati focuses on generating economic growth for sustainable development, in line with the broad objectives of the Kiribati Development Plan 2016–2019, Kiribati's Vision 2016–2036, and ADB's Pacific Approach, 2016–2020, which serves as the bank's country partnership strategy for Kiribati.



## ABOUT KIRIBATI AND ADB

### ADB Membership

Joined 1974

### Shareholding and Voting Power

Number of shares held: 426 (0.004% of total shares)  
Votes: 40,123 (0.302% of total membership,  
0.464% of total regional membership)  
Overall capital subscription: \$5.92 million  
Paid-in capital subscription: \$0.29 million

**Tony McDonald** is the Director and **Scott Dawson** is the Alternate Director representing Kiribati on the ADB Board of Directors.

**Masayuki Tachiiri** is the ADB Regional Director of the Pacific Subregional Office (SPSO) in Suva, Fiji. SPSO was opened in 2004 and provides the primary operational link for activities between ADB and the governments of the subregion, the private sector, civil society stakeholders, and development partners. The subregional office engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in the Cook Islands, Fiji, Kiribati, Samoa, Tonga, and Tuvalu.

In 2018, ADB approved the establishment of a country office in Kiribati. The office strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

The Kiribati government agency handling ADB affairs is the Ministry of Finance and Economic Development.

## ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

### Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

ADB Data Library  
[data.adb.org](http://data.adb.org)