



## Kiribati: Strengthening Fiscal Stability Program

Project Name	Strengthening Fiscal Stability Program											
Project Number	47314-001											
Country	Kiribati											
Project Status	Closed											
Project Type / Modality of Assistance	Grant											
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2"><b>Grant 0416-KIR: Strengthening Fiscal Stability Program</b></td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 3.00 million</td> </tr> <tr> <td colspan="2"><b>Grant: Strengthening Fiscal Stability Program</b></td> </tr> <tr> <td>World Bank</td> <td>US\$ 8.20 million</td> </tr> <tr> <td>Government of New Zealand</td> <td>US\$ 900,000.00</td> </tr> </table>		<b>Grant 0416-KIR: Strengthening Fiscal Stability Program</b>		concessional ordinary capital resources lending / Asian Development Fund	US\$ 3.00 million	<b>Grant: Strengthening Fiscal Stability Program</b>		World Bank	US\$ 8.20 million	Government of New Zealand	US\$ 900,000.00
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Strategic Agendas	Inclusive economic growth											
Drivers of Change	Governance and capacity development Partnerships Private sector development											
Sector / Subsector	<b>Public sector management</b> - Public expenditure and fiscal management - Reforms of state owned enterprises											
Gender Equity and Mainstreaming	No gender elements											
Description	<p>The objective of the program is to achieve macroeconomic stability in the long run through stabilization of Revenue Equalization Revolving Fund's real value, a gradual current fiscal deficit reduction and private sector led growth. This will help the government to stabilize public spending and maintain fiscal buffers while promoting broad-based, private sector led economic growth. The poor and vulnerable will benefit from the improved fiscal stance through expanded basic services, improvements in service efficiency and quality through predictable public spending, including in the education and health sectors, and increased SOE performance. Improving targeting of livelihood subsidies will benefit the poor directly. Further, private sector development will promote job creation and lower costs of goods and services in newly competitive sectors, which will benefit the poor.</p>											
Project Rationale and Linkage to Country/Regional Strategy	<p>Kiribati as a small island economy faces challenges of geographic isolation, limited human and financial resources, a narrow economic base, and underdeveloped markets. Its open economy is extremely vulnerable to external shocks due to a high exposure to climate change, strong import dependency and a heavy reliance on income from external sources. As a result, economic growth is highly volatile ranging between -4.5% to 7.5% p.a. in 2004_2013. The country's private sector is small, restricted by high transport costs and a limited production base. The large public sector with government spending in excess of 100% of gross domestic product (GDP) dominates a broad range of typically competitive sectors through state-owned enterprises (SOE), crowding out entrepreneurial activity. Copra and fish constitute the bulk of local production and exports. Further developing the country's marine resources, especially fisheries, complemented by liberalizing selected government-dominated sectors would potentially increase broad-based private sector growth significantly. Development indicators remain low, with none of the Millennium Development Goals on-track to be achieved. Aggravated by frequent, external shocks, individual hardship and vulnerability is widespread.</p>											
Impact	Improved fiscal sustainability											

### Project Outcome

Description of Outcome	Improved capacity for fiscal stabilization
Progress Toward Outcome	

### Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Improved quality of expenditure</li> <li>2. Improved revenue administration</li> <li>3. Improved management of public assets and liabilities</li> <li>4. Improved structural reform implementation</li> </ol>
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

## Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

## Summary of Environmental and Social Aspects

Environmental Aspects	The proposed program will have minimal or no adverse environmental impacts. It is a budget support grant with no investment component, and thus the SPSP is not expected to have any environmental impacts. An EIA or IEE is not required.
Involuntary Resettlement	This is a budget support grant with no investment component, and thus the Strengthening Macroeconomic Stability Program is not expected to have involuntary resettlement impact.
Indigenous Peoples	This is a budget support grant program with no investment components, and thus no IP issues are expected.

## Stakeholder Communication, Participation, and Consultation

During Project Design	Particular attention during processing and implementation will be paid to (i) maintaining ongoing political support for the program; and (ii) coordination with other development partners that will provide budget support and TA to Kiribati in 2014-2016.
During Project Implementation	The Ministry of Finance and Economic Development (MFED) will be the executing agency (EA) and will oversee and coordinate the implementation of agreed policy, legal, and regulatory actions. The implementing agencies will be the MFED; Ministry of Commerce, Industries and Cooperatives; and Ministry of Communication, Transportation and Tourism. Resources from ongoing TA will support the government's implementation of the KERP. The EA will be responsible for program administration, disbursements, and maintaining all records. ADB and other development partners will monitor progress, oversee the implementation of the program, and guide the activities of the MFED through the joint Economic Working Group.

## Responsible Staff

Responsible ADB Officer	Lototele, Malie
Responsible ADB Department	Pacific Department
Responsible ADB Division	Pacific Subregional Office in Suva, Fiji
Executing Agencies	<i>Ministry of Finance and Economic Development NEPO-POLICY@YAHOO.COM P.O. Box 67 Bairiki, Tarawa Kiribati</i>

## Timetable

Concept Clearance	13 Aug 2014
Fact Finding	23 Jun 2014 to 03 Jul 2014
MRM	22 Aug 2014
Approval	28 Nov 2014
Last Review Mission	-
Last PDS Update	24 Oct 2014

## Grant 0416-KIR

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Nov 2014	04 Dec 2014	11 Dec 2014	31 Dec 2014	-	31 Dec 2014

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	11.20	Cumulative Contract Awards			
ADB	3.00	28 Nov 2014	3.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	8.20	28 Nov 2014	3.00	0.00	100%

Project Page <https://www.adb.org/projects/47314-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=47314-001>

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