

Kiribati Program Poverty Assessment

Department of Foreign Affairs and Trade

March 2014

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Acronyms

ADB	Asian Development Bank
DFAT	Department of Foreign Affairs and Trade
GoK	Government of Kiribati
HIES	Household Income and Expenditure Survey
INGO	International non-government organisation
KANI	Kiribati-Australia Nursing Initiative
KEIP	Kiribati Education Improvement Program
KIT	Kiribati Institute of Technology
KPC	Kiribati Protestant Church
MELAD	Ministry of Environment, Land and Agricultural Development
NGO	Non-government organisation
SOE	State owned enterprises
SSS	Senior secondary schools
TVET	Technical and Vocational Education and Training Sector

1. Introduction

The purpose of this assessment is to assist DFAT's aid program to better understand the nature and causes of poverty in Kiribati with a view to strengthening the poverty focus of our aid investments. Additionally, we hope the analysis provides insights to the Kiribati government and other development partners.

The country program poverty assessment was conducted in 2013, based on reviews of existing data (including the 2006 Household Income and Expenditure Survey and 2010 Census), key informant interviews and focus group discussions with 150 I-Kiribati men and women in South and North Tarawa, (August 2013 - the methodology for the focus group discussions is outlined in attachment A), and a workshop with DFAT Tarawa staff (November 2013).

The team included Nuntaake Tokamauea, Erimeta Barako and Tiroam Neeri (Tarawa Post), Grant Follett and Tom Tanhchareun (Poverty and Social Transfers Section) and Sophie Mackinnon (Pacific Economist). The team is grateful to the information provided by government and non-government stakeholders that we met with, and for the cooperation extended by the Betio, South Tarawa and North Tarawa councils in arranging the meetings with local residents.

2. Poverty in Kiribati

2.1 Summary overview of poverty in Kiribati

About this section

This section provides a short summary of the main interlinked poverty trends identified by the assessment. More detail about the points discussed in this section (and the data sources) are found in the detailed discussion in the remainder of section 2.

There is no direct translation for the word "poverty" in the Kiribati. The Kiribati Participatory Poverty Assessment (ADB 2007) found that i-Kiribati communities considered that there were very few people who 'had nothing' (*te kain nano ni kannano*), a concept roughly equivalent to 'destitution' in English. Having access to only traditional food was seen as hardship (*te maiu ni kanganga*, as the notion of difficulties in providing for family needs). This aligns with the common view that 'hardship' is a more appropriate concept than 'poverty' for the Pacific.

The most recent Household Income and Expenditure Survey (2006) found that 22 per cent of I-Kiribati people were living in basic needs poverty.

Poverty in Kiribati can be characterised by a number of interlinked trends, identified by the focus group participants, all of which are linked to the sense that life is getting worse. **First, there is an increasing need for cash** (as opposed to living a subsistence lifestyle). The cost of living has increased over the past decade as more people lead urban lifestyles. Among other things, cash is used to purchase imported food (which is often preferred over locally grown food for taste and convenience), pay school fees (and other education-related expenses) and for church contributions. School fees are prioritised by families as they see education as the path to the limited number of well-paying jobs. Churches are an important part of the social fabric of Kiribati. The extent of church contributions varies, and data is scarce, but for the majority of families they appear to be significant. Obtaining a loan from a bank is difficult in the absence of a regular wage job, and while smaller lenders exist they have high interest rates (10 – 20%).

Second, employment and other ways to earn cash are limited. There is very high unemployment with only four in ten adults employed (either in paid or unpaid work). Outside the public service (by far the highest employer in Kiribati), formal employment is rare. Growth in formal sector employment is not keeping up with population growth and if current trends continue, this situation will worsen (refer Graph 1). Consequently per capita income is falling.

Many people, particularly on the outer islands, are engaged in unpaid subsistence work. Life on South Tarawa is perceived as 'easier' than life on the outer islands, and continues to attract internal migration. There is a similar draw to Kiritimati Island from the other two populated Line Islands. Some of this movement is temporary with people moving to South Tarawa to study and work, with the intention to return to the outer islands at a later point. However, many people, even those unable to find work, are reluctant to return to the outer islands because of the difficult subsistence lifestyle, the lack of access to services and the cost of return home. As a result, South Tarawa, and Betio in particular, is becoming increasingly crowded. Issues such as fresh water availability, sanitation and access to land are becoming more pressing.

Third, the traditional way of living is under threat. Some people consider the traditional skills are being lost – today fewer young people are taught skills like cutting toddy. People of productive age are leaving the outer islands for opportunities in South Tarawa, leaving the young, and the elderly. Separately, natural resource degradation is making subsistence livelihoods (and cash-earning opportunities) harder. Some crops are becoming more difficult to grow and the availability of fish is declining.

Fourth, the exclusion of certain groups remains an issue. Gender inequality remains high. Gender based violence is prevalent (almost 70% of women have experienced abuse by a partner), and to some extent, normalised (although this seems to be changing). People with disability face multiple barriers, including stigma that may prevent families involving household members with disability in community life. Youth unemployment is high. Some fear this will lead to a breakdown of social cohesion.

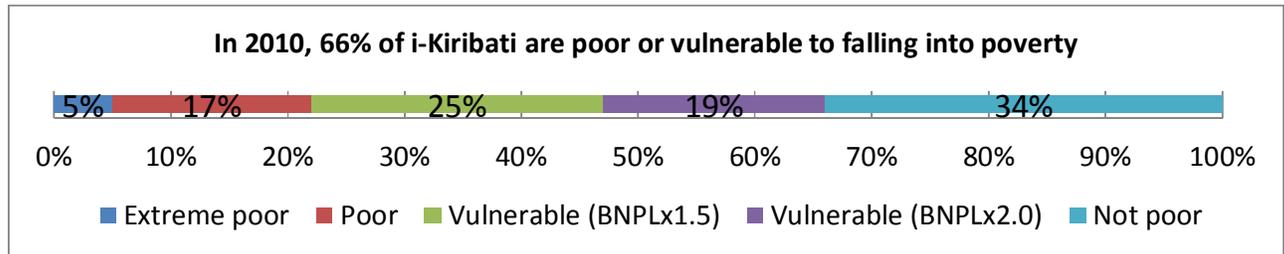
2.2 Poverty levels and geographic distribution

Kiribati is ranked at 121 out of 187 on the Human Development Index (Medium Human Development), alongside Indonesia (also 121). It is ahead of Vanuatu, Solomon Islands, PNG and most Southeast Asian countries, but behind Fiji, Samoa and Tonga. The required purchasing power parity calculations have not been done to set a US\$1.25/day poverty rate.

The 2006 Household Income and Expenditure Survey (HIES) is the only national-scale assessment of income and expenditure in Kiribati (other than limited data on this in the 2005 and 2010 census).

The HIES established a basic needs poverty rate in 2006 of almost 22%. If the basic needs poverty line was doubled, 66% of the population would be considered as poor (see Figure 1 below). This indicates that (i) the poverty rate is sensitive to small changes in the poverty line (ii) there is widespread vulnerability to falling into poverty (iii) in any multi-year period it is likely that those marginally above the poverty line at the time of measurement will slip into poverty at some point.

Figure 1: Poverty rate from 2006 HIES



The basic needs poverty line was set in 2006 at \$16 per person¹ per week nationally, \$24 in South Tarawa, \$13 elsewhere in the Gilbert Islands and \$20 in the Line and Phoenix Islands (in 2006 dollars).

Box 1 illustrates the difficulties in making ends meet for a family that is living close to the basic needs poverty line.

The Government plans to conduct a new Household Income and Expenditure Survey in 2014, subject to funding from donors. This survey would provide information on current cost of living pressures, income and expenditure patterns, and thus the relevance of existing poverty measures.

Figure 2 below shows the poverty rates in different parts of Kiribati. The highest rates are in Southern Gilbert islands (29% of households) although many stakeholders were surprised that this was higher than in South Tarawa. South Tarawa had the second highest poverty incidence (17% of households). Since South Tarawa is the largest population centre, by far the largest number of poor people live in South Tarawa.

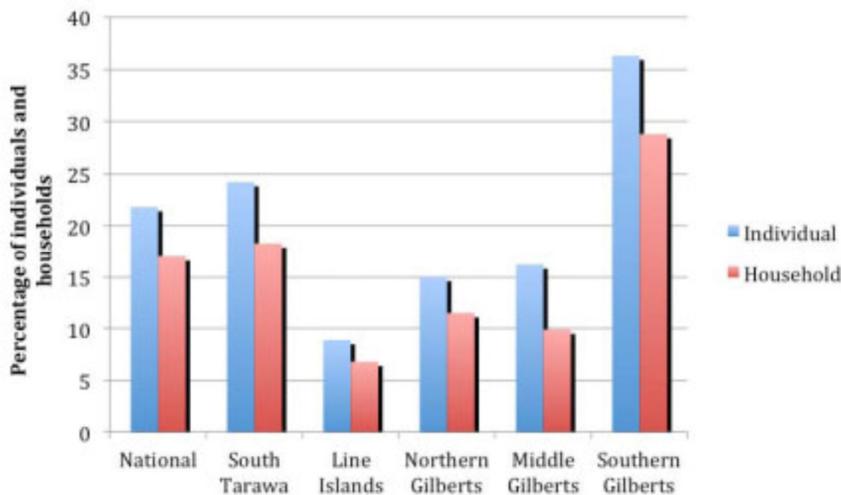
Box 1: What would it mean to be living just above the basic needs poverty line in South Tarawa?

If we take a household with 7 family members (4 adults, 3 children), their combined weekly income would need to be above \$132 to not be living in basic needs poverty on 2006 numbers. If we factor in average inflation of 3% between 2006 and 2013 this would be \$165 per week.

- Around \$80-\$100 would be spent on food. This would cover two bags of rice, one bag of sugar, flour, chicken/ fish every other day. Family members may be malnourished particularly if they do not have any food gardens
- The family is likely to make a church contribution of at least 10% of their income and a lot of food is contributed to church functions.
- The family may need to pay for public transport. Assuming that 3 out of 7 family members catch the bus to school/work on weekdays this would amount to \$27.00/week
- This then leaves \$32 for the family (or \$5 per person) to spend on education, healthcare, recreation, electricity, fuel and water bills, social obligations, and any loan repayments.

¹ When calculating the poverty incidence, the 2006 HIES used an equivalence scale so that children under 15 were counted as half an adult for consumption purposes.

Figure 2: Poverty rates across Kiribati



Source: AusAID 2012:19

The nature of hardship and poverty in South Tarawa is very different to the outer islands. Based on the 2010 Census and 2006 HIES, a typical household in South Tarawa will:

- be larger than a typical household on the outer islands (seven people as compared to five);
- have one to two members earning a salary (71% of household income coming from wages) but in the context of a general shortage of job opportunities, especially for youth;
- receive more remittances from seafaring than those on outer islands;
- supplement this with activities like fishing and so on (26% of household income);
- more likely to have health issues from poor water, sanitation and overcrowding; and
- have limited access to land.

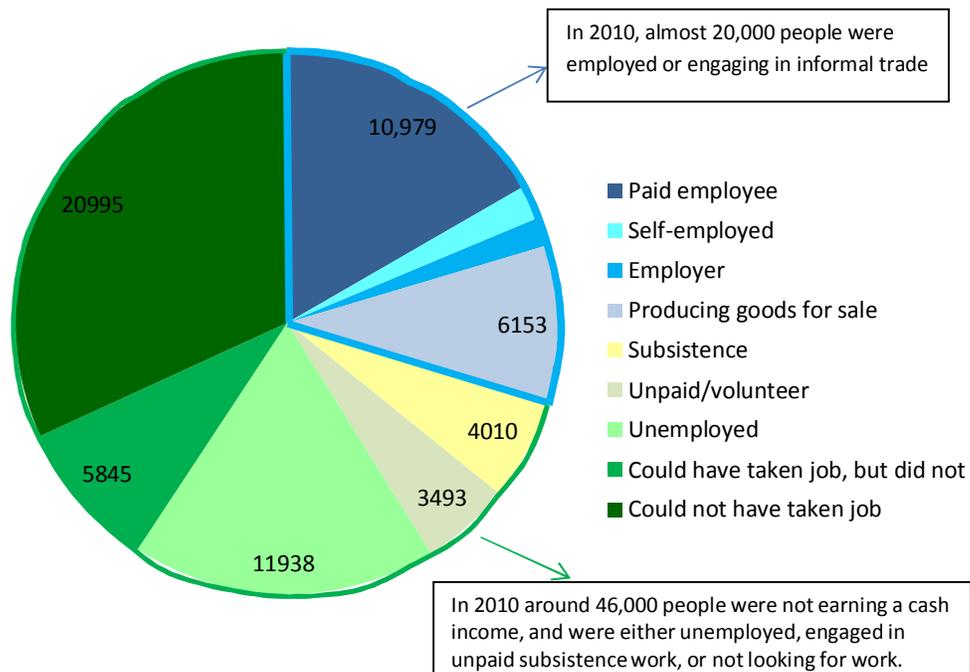
On the outer islands (noting that this is a simplification, as the outer islands vary considerably from one another – particularly in terms of rainfall and remoteness), a typical household will:

- have a higher proportion of young and old household members;
- be more likely to be producing goods for sale or to be in unpaid family and subsistence work (49% of income comes from sale of fish and crops; only 35% coming from wages);
- have poorer access to services (education, health and communications); and
- have reasonable food security, but with their natural resources, including drinking water, increasingly under strain.

2.3 Livelihoods

Wage employment and other income generation activities are the nexus between economic growth and poverty reduction. According to the 2010 Census, 70% of adult i-Kiribati is supported by the income-generation efforts of the other 30%. Once children are added, this implies an extremely high dependency ratio whereby the income generation efforts of approximately 20,000 people are supporting 103,000 people. Figure 3 shows the breakdown of the population aged 15 and over (total 65,879) and their participation in the workforce.

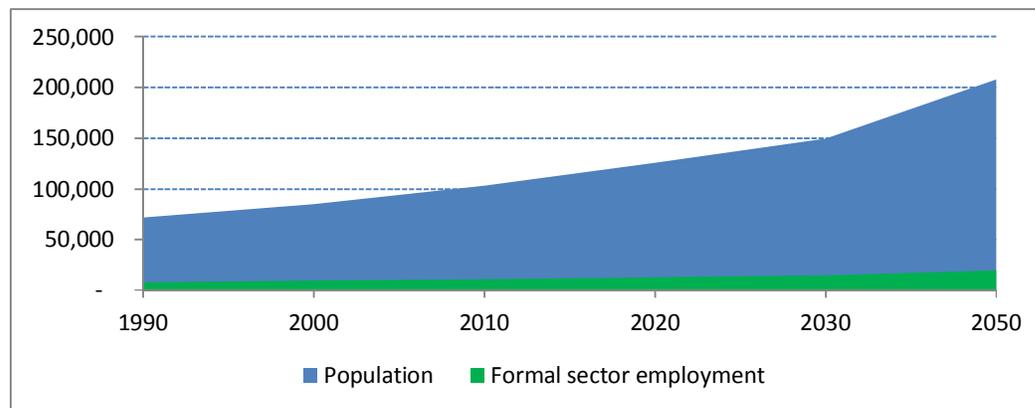
Figure 3: Labour market data, 2010



Source: Kiribati 2010 Census (table 19)

Figure 4 shows the forecast growth in population compared with the forecast growth in formal sector employment (assuming past trends continue), with the gap between the two increasing rapidly. By 2050, Kiribati's population is forecast to exceed 200,000 people.

Figure 4: Forecast growth in population and formal sector employment



Source and notes: Population data historic until 2010 is from various census; forecast population data is from the SPC. Employment data historic is from various censuses; forecast employment data is based on continuation of past trends.

As shown in Figure 4, if current employment trends continue, the dependency ratio will increase from 1 person supporting 5 people (1:5) to 1:10. This will result in a poorer population.

Formal employment

Opportunities for formal employment are extremely limited, and this was a recurring issue raised in the community consultations. This is supported by secondary data: in 2010, only 16% of the labour force (just over 10,000 people) was employed (10% of the total population). The bulk of employment (60%) is in Government. Excluding those who are employers, own their own business, and or produce goods for sale (12% of labour force), only 1 in 10 in the labour force is employed in the private sector (2010 Census: 60).

The gender gap is narrowest in government employment (53% male, 47% female) whereas in the private sector it is 60% male, 40% female) (2010 Census: 61). This deserves further study as it indicates that further growth in employment in the private sector will disproportionately benefit men. It may be due to the large number of males employed as seafarers.

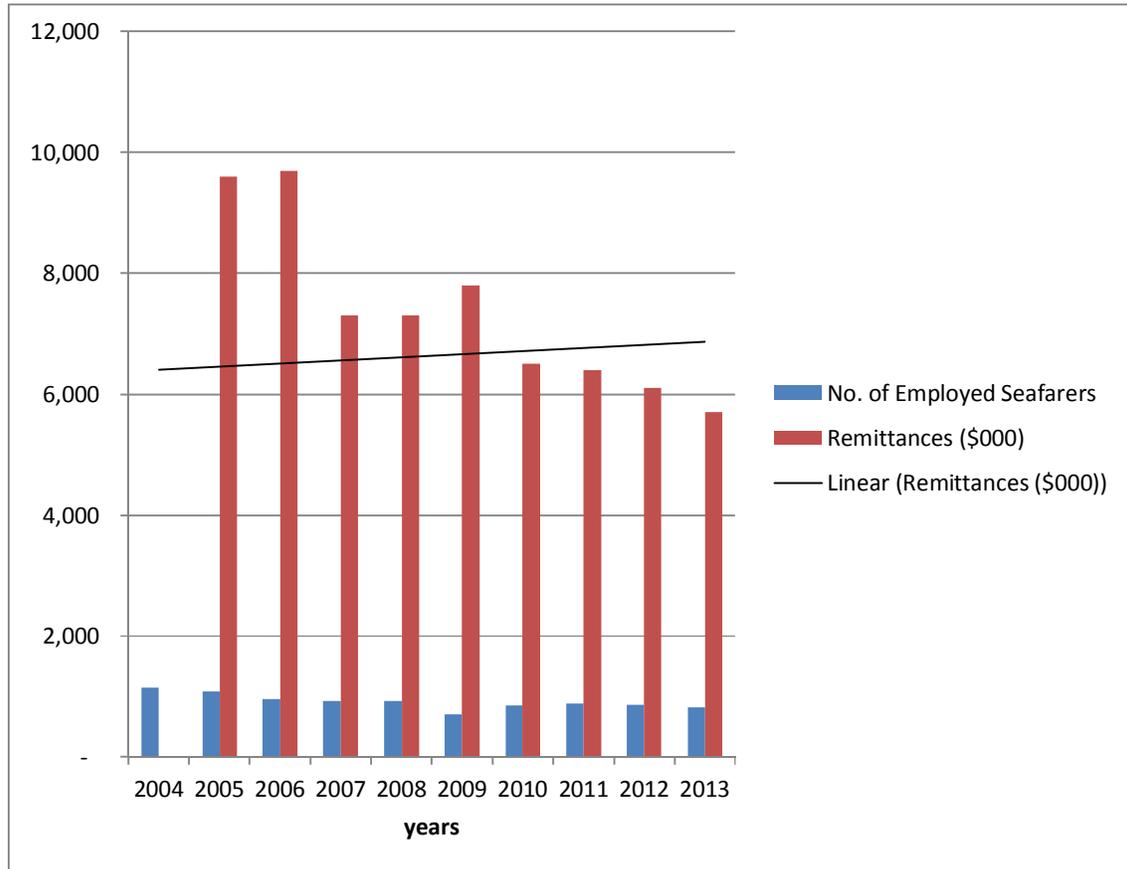
In South Tarawa, the main leading occupation category (as per the 2010 Census categories) was 'service workers and shop and market sales workers'. In outer islands it was 'skilled agriculture and fisheries workers' (including seafarers). (2010 Census: 65), making natural resource degradation a serious threat to livelihoods.

Offshore employment

Offshore employment is critical for Kiribati given the small domestic private sector, and as an adaptation strategy to manage the longer-term impacts of climate change. Kiribati does not have preferential migration channels to larger countries, like some other small Pacific island states enjoy with New Zealand, the United States and France. Despite this, Kiribati has carved out an established niche in the seafaring industry, is seeking to expand its participation in the New Zealand and Australian seasonal workers program, and continues to focus on skilled migration channels.

Kiribati's long-standing partnership with the South Pacific Marine Services provides the bulk of offshore employment opportunities for I-Kiribati (refer Figure 5). The impact this has on Kiribati cannot be underestimated. In 2012, there were 865 seafarers employed on merchant shipping vessels. The average annual income for these workers was \$15,000, of which an estimated \$10,000 is saved or remitted home. By way of comparison, the highest salary earned by a teacher is \$12,818. This equates to an estimated \$8 million in supplementary income which broadly matches the copra subsidy. Distribution of seafaring opportunities is managed by the Marine Training Centre, which has a quota system in place so that each island is guaranteed a minimum allocation. The recruitment process is done alternatively between the outer islands and Tarawa (eg.2011 Northern Gilbert Group with Central; 2012 Betio Town Council, Eutan Tarawa Council and Tarawa Urban Council; 2013 Eastern (LINNIX) and Southern Gilbert Groups); 2014 Northern Gilbert Group).

Figure 5: Employed MTC Seafarers vs Remittances from 2004 - 2013



Source: SPMS End of Year Reports produced annually with details on number of employed MTC Seafarers including the total remittance (note incomplete entry for 2004 due to missing data)

Kiribati’s participation in New Zealand’s Regional Seasonal Employment scheme has been relatively high compared to other source countries. Since its establishment in 2008, there have been 651 placements from Kiribati. Kiribati joined the Australian scheme recently and numbers have been low: of the 3,106 placements, only 86 (or 3%) were from Kiribati. Participation in the scheme remains dominated by Tonga, but as it evolves, participation from Kiribati and other countries is expected to grow. Over the four years of the new Labour Market Initiative (2012-2016) an estimated 12,000 job placements will be available to participating nation states in the horticultural, aquaculture and tourism sectors.

The Seasonal Worker Program recognises the need to support the smaller countries in marketing their workers to Australian employers, prepare participants with the basic skills and competencies to be productive workers, and manage efficiently the dispatch of workers. With time and increased support, participation of Kiribati will increase but there are still barriers that are difficult to overcome: namely that it is a market-based program where countries compete with each other. Currently Kiribati has a market share of 3% of the seasonal workforce. Even if that share doubles to 6% over the next four years, numbers would still remain modest at 720 workers in total (or 180 per year). While there is no

doubt this will be beneficial to the workers, their families and communities, its aggregate impact is small considering an estimated 2,000 young people enter the Kiribati labour market every year.

Temporary skilled migration of Pacific islanders to Australia (through accessing the 457 visa) remains limited, and Kiribati is no exception. According to Australian Department of Immigration and Citizenship data, as at December 2011 there were 128,602 temporary 457 visa holders in Australia of which only 1,333 were from the Pacific and of these, only 193 came from countries other than Fiji or Papua New Guinea. Data for Kiribati is not available due to the small numbers. The reasons for the low take-up rate are: (i) high cost in recruiting/mobilising workers from Kiribati compared to neighbouring Pacific Islands, (ii) Kiribati workers have a lower level of language proficiency and are less skilled compared to workers from other Pacific Islands and (iii) the Australian employers are not aware of the Kiribati workers. GoK will establish similar arrangements to NZ's Regional Seasonal Employment scheme where a Liaison Officer based in Australia promotes Kiribati through marketing. The Kiribati and Australian Governments' efforts to enable the Kiribati Institute of Technology to deliver Australian-recognised qualifications is helping to address some of these skills-related issues, but further work is needed in areas of student data management and labour mobility figures nationally and internationally.

Offshore employment will help change the development trajectory shown in Figure 4.

Informal income generation

Among the participants consulted in both North and South Tarawa, the need for cash means higher value is placed on education and formal employment. However, at present many people are involved in informal income generation activities (fishing; cutting toddy; handicrafts). Copra is a major source of income in the outer islands, mostly due to the Government's copra subsidy which is set well above current world market prices.

In 2010, 9% of the labour force was engaged in producing goods for sale (2010 Census: 58). However, this varies enormously over islands. Participants also felt that the monetization of the economy has led to high levels of household debt, even though credit can be expensive. Some focus group participants reported that they often run up large debts to local stores and money lenders.

There are practical challenges to expanding income-generating activities in the outer islands through increased trade of fruit, vegetables, fish and handicrafts to the South Tarawa market and beyond. These include irregular shipping, limited storage infrastructure and short shelf-life of produce. The Ministry of Environment, Land and Agricultural Development (MELAD) stated that unreliable transport has discouraged production of food for market. Island councils have boats, but refrigeration is a problem, especially in southern islands. It is cheaper for residents in South Tarawa to buy rice than purchase local food.

Focus group participants reported a sense that traditional livelihoods skills are disappearing, particularly among those who live or have moved to South Tarawa. The older men in particular identified this as a key issue, connected with the desire to earn an income through an 'easier' life on South Tarawa. This was supported in discussions with the Government. MELAD considers that people of productive working age were leaving outer islands for South Tarawa.

Focus group participants in both North and South Tarawa reported that the natural resource base is being degraded which is making livelihoods increasingly vulnerable. Some pests are becoming more prevalent; freshwater is increasingly contaminated and scarce; and coastal fish stocks are declining,

with some species vanishing altogether. As fish are increasingly only available further out to sea, it is those with motorised boats and fuel who will have access to this resource. The Government expressed concern about saltwater intrusion threatening the viability of some crops, and the recently endorsed National Fisheries Policy places strong emphasis on supporting coastal fisheries. Climate change also presents a long-term risk to the health of coastal fisheries through the acidification of the ocean and the effects this may have on reef and coral ecosystems (CSIRO 2012).

2.4 Redistribution and social protection

Redistribution within and among households: informal social protection

Focus group participants talked about the complementary roles that different members of households and broader family networks play in livelihoods. In an extended household network, there might be one or two people in formal employment, with other individuals undertaking supplementary activities like informal income generation, contributing to unpaid household chores, or fishing and gathering food for the household's consumption. According to the 2010 Census, 71.7% of households get their income from wages. In Outer Islands, it is only 34.8%. Outer island households rely much more on sale of fish or crops (49.2%) (2010 Census: 77) as well as support from family members living in South Tarawa (with almost 30% of income coming from remittances – 9% from seafarers and almost 20% from other remittances). As noted in the previous section, there is a high level of dependency upon those who earn income.

In the ADB's 2007 Participatory Poverty Assessment, participants rated family, relatives and the church as the most important sources of support in a crisis. Other evidence suggests that traditional social protection is uneven (those in better-off families are more supported) and inequitable: the poorest are the least able to contribute to social networks, and for this reason are increasingly unable to access support through those networks in times of need (AusAID 2012: 31). Care traditions for older people and people with disability appear to be under stress (AusAID 2012: 5).

Bubuti, the practice of asking for help such as resources and favours, featured strongly in focus group discussions. Under the *bubuti* system, reasonable requests cannot be refused. Even unreasonable requests may be entertained for fear of losing face. Limited focus group discussions and interviews cannot lead to firm conclusions about a complicated, nuanced and well-entrenched social system like *bubuti*. However, it does appear that the *bubuti* system, with its origins in a subsistence lifestyle in small communities, is not always a comfortable fit with the cash economy. There was a perception among focus group participants that relatives could, and did, *bubuti* regularly on pay days. Some researchers have noted that obligations to one's extended family can be such a drain on resources that businesses fail (AusAID 2012: 33). O-based staff also noted that some saw *bubuti* as a disincentive to earning more money. Certainly, there was a perception that *bubuti* could be misused. Older women in South Tarawa said that they request goods from relatives on outer islands when needed, yet when their sows have piglets, neighbours often *bubuti* the entire litter between them. Some people noted that they were starting to refuse larger *bubuti* requests – although this was difficult. Nevertheless, *bubuti* was seen as an important safety net.

Formal social protection schemes

The main social protection schemes are the elderly fund, the provident fund and the copra scheme. Kiribati is one of few countries in the region to have an old age pension. In addition, basic health care

and education are fee-free, and the government subsidises the provision of water and electricity, intra-island shipping and domestic air travel.

The GoK provides a monthly pension to all people aged over 67 (\$40 per month) and over 70 (\$50 per month). MISA considers that the Elderly Fund has led to a reduction in the neglect of elderly family members. Households with older people were overrepresented among the poor (AusAID 2012: 20), but the Elderly Fund appears to have mitigated this somewhat. Kidd calculates that, among the poorest quintile, the Elderly Fund was equivalent to more than 80 per cent of average adult expenditure. Kidd also estimates that, in 2010, it reduced the poverty gap in such households by an estimated 19 per cent, the poverty rate by 14 per cent and the national poverty gap by 5 per cent (AusAID 2012: 38). Focus group discussions confirmed that the Elderly Fund has enabled recipients to contribute to their households and improve their standing. However, others noted that some elderly people find it difficult to refuse requests for money from younger family members.

Access to credit / financial inclusion

Access to credit to purchase equipment, tools and other productive assets appears limited. Focus group participants reported being able to make purchase on credit at local stores, but this appears to be mainly for purchases of food and other small items. There are no real banking services on the outer islands. Remittances are conveyed through the post office and island councils (in the absence of a formal banking system). Further research into the role, if any, of informal money lenders would be worthwhile.

2.5 Health

Health and poverty are closely interrelated in Kiribati. While health care is free, there are large economic costs on the family due to income losses. A recent ADB study of the economic costs of inadequate water and sanitation in South Tarawa conservatively estimated the annual cost of poor water and sanitation in South Tarawa between A\$600 and A\$1,300 per household (ADB 2014).

The limited availability and affordability of nutritious foods have a major bearing on both adult and childhood malnutrition. A survey of risk factors for diabetes and other non-communicable diseases (NCDs) showed that average consumption of fruit and vegetables among almost the entire population was well below internationally recommended levels (MHMS & WHO 2009). Recent research by SPC and the Kiribati national tuberculosis program has indicated a strong association between diabetes and tuberculosis, and both are linked to urban poverty, over-crowding, and poor sanitation and hygiene (Viney 2013).

A large proportion of the adult population has other personal risk factors for non-communicable diseases. Almost one in 5 adults over 25 years of age has an elevated blood sugar level (or is already on treatment for diabetes); 80% are overweight (with 46% obese); around one-third have elevated blood pressure and/or serum cholesterol levels; 71% of adult males and 43% of adult females smoke and 50% don't get enough exercise. Lower limb amputation due to the combined effects of diabetes and smoking is the most rapidly growing reason for surgical admission at the Tungaru Central Hospital (Condon 2013).

Child and maternal health is an issue. Child mortality rates are higher than in any other Pacific Island country, due largely to deaths during the first 28 days of life (28% of all under-5 deaths), severe malnutrition (15%), and common, life-threatening infections associated with poor quality urban

sanitation, water supply and hygiene (pneumonia, 15%; childhood diarrhoea, 15%). The number of women reported to have died in childbirth went up dramatically in 2012 (from 1 in 2011 to 6 in 2012); the increase may be a reflection of more accurate data, but maternal deaths may also represent poor access to antenatal care and gaps in the referral system (Condon 2013).

Domestic overcrowding and poor urban ventilation and sanitation are reflected in high rates of tuberculosis and leprosy. The prevalence of tuberculosis is the highest or second-highest in the Pacific in most years, with most cases reported from South Tarawa and outer islands with family links to the South Tarawa 'hot spots' of transmission (SPC 2010b).

About one-quarter of urban residents and almost half of outer island residents access water from unimproved sources, while 40% of urban residents and three-quarters of those living on outer islands lack access to improved sanitation (WHO & MHMS 2012). Sanitation was also singled out as a specific concern by focus group participants in South Tarawa. A number of groups agreed there were too few toilets. One older woman in South Tarawa reported her toilet is used by three other households averaging six people in size. Younger men in South Tarawa spoke of how even the toilet blocks available in their community were not connected to the water system, resulting in a flow of sewage through the village. They noted that often people simply use the beach.

Due to poor sanitation and water, diarrhoea is an issue. A study of 97 households in 2012 found that one in four children younger than five years had experienced diarrhoea in the past month and 7% in the past week; 34% of respondents and 57% of their children practised open defecation; and safe water storage and hand washing practices were uncommon (Psutka 2013). Anecdotally, education campaigns on the importance of hydration during diarrhoea have had real impact in lessening the numbers of children needing hospitalisation. However, it is unclear how widespread these campaigns are. Women in the focus group in South Tarawa were uncomfortable speaking about diarrhoea in children because hygiene is seen as a mother's responsibility, so that diarrhoea in children reflects badly upon women.

The prevalence of HIV infection is stable and low, but high rates of sexually transmissible infections (up to 15% among antenatal mothers) and potential vulnerability (particularly among women who engage in sex for payment on foreign fishing vessels) is cause for concern (Condon 2013).

Although overall vaccine coverage is reported to be well above 90% nationally, estimates of coverage fluctuate widely by island. Some islands have zero coverage; others have 300% (suggesting data quality issues and possibly wide variations in access and utilisation).

2.6 Education

The poorest households in Kiribati have proportionately higher expenditure on education (Kidd 2013: 10), reflecting the value placed on it. Many focus group participants said they would forgo other household expenditure or take on debt in order to send their children to school. Participants emphasised that the minimum qualification for jobs is ever-increasing, and that Form 7 is no longer the guarantee of a job it once was.

There is a relationship between poverty and low education levels. The 2006 HIES found that over a third (36%) of rural households, and almost half of urban households (48%) headed by a person who did not complete primary education were in the poorest three deciles as opposed to 20% where the

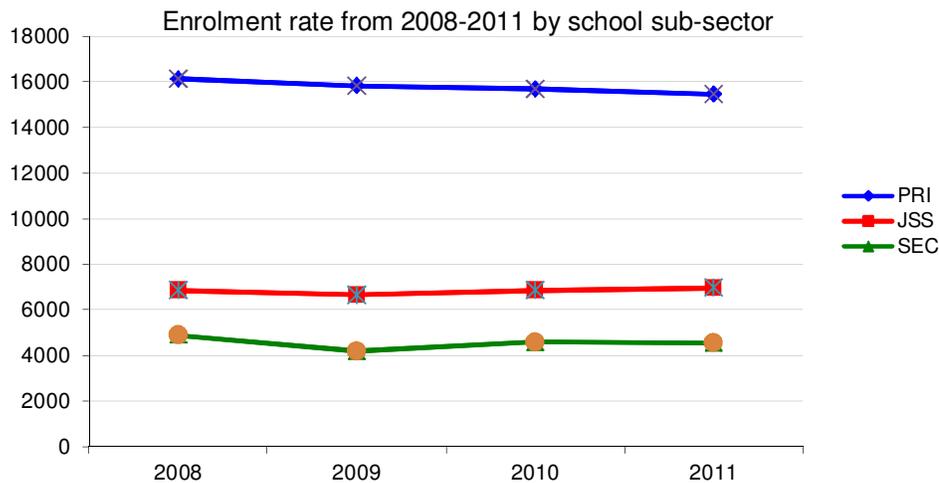
head had completed some secondary education (PIFS 2010: 27). This supports the premium the focus group participants put on education.

Primary and junior secondary education is publicly provided; there are no private primary or junior secondary schools in Kiribati. While these services are notionally free, there are ‘voluntary’ contributions to be made to the school, and in some cases families feel obliged to make these contributions for fear that their children may be penalised. There are also costs such as transport, text books and uniforms.

There are 19 senior secondary schools (SSS) in Kiribati. Seven in South Tarawa, one in North Tarawa, two in Abaiang, three in Abemama, one each in Nonouti, Tabiteuea North, Beru and Tabuaeran (in the Phoenix Group) and two in Kiritimati island (in the Line Group). Of the 19 senior secondary schools, three are run by the government and 16 are run privately by different churches.

Figure 7 below illustrates the enrolment rate from 2008-2011 by school sub-sector.

Figure 6: Enrolment rate 2008-2011



The public SSS charge lower school fees than the church-run SSS. Teabike College (approximately 300 students) charges \$50 per term, the lowest rate, for forms four and five and \$150 for form six. The church schools vary (see attachment C), but are all higher:

- The Protestant Church’s Hiram Bingham High and George Eastman High are \$100 per term.
- The Catholic Church schools range in fees, from St Joseph College at \$240 for term 1, then \$85 for terms 2 and 3 up to Chevalier College (Abemama) at \$310 per term.
- The Mormon’s Moroni High is \$68.30 per term for members (making it the cheapest non-state school), \$131.70 for non-members.

In an effort to reduce the fees at the church-run SSS, the government provides a subsidy to these schools which goes towards paying teacher salaries. Nevertheless, it was generally felt by focus group participants that the churches’ senior secondary school fees are unaffordable for many. While scholarships were available, they were restricted to the best students.

There is a very high demand by young I-Kiribati for post-secondary education. However, the demand for places exceeds supply. While, formally, entry to Kiribati Institute of Technology requires completion of form five, in practice the requirement is much higher due to the level of competition for places. Demand for places far exceeds supply (around 800 applications annually for 120 positions). The Marine Training Centre holds an intake exam (as well as fitness and health tests). Boys with at least a form three certificate are eligible to attend the tests.

2.7 Population growth, migration and opportunity

Migration to South Tarawa needs to be understood in the broader context of life opportunities in Kiribati. The surest way to a secure cash income is formal employment, which in most cases requires post-secondary education. South Tarawa is the locus of both tertiary and vocational education and formal employment. At the same time, the supply of opportunities like these is far outstripped by demand. This lack of opportunity has a particular impact on young people. Population growth, internal migration and the subsequent overcrowding of South Tarawa is a major concern of the Government of Kiribati.

Population

Kiribati's population growth increased from 72,000 in 1990 to 103,000 in 2010 and the SPC's Demographic and Population program forecasts that it will reach over 200,000 by 2050. The average fertility rate is 3.8 births per women (aged 15-49). It is higher amongst those less educated (4.1 births), poor (5) and living rurally (4.1) (UNFPA 2013: 89).

The Pacific Islands Forum Secretariat notes Kiribati has a "low contraceptive prevalence rate, with relatively high unmet need for family planning." (PIFS 2012: 68) Certainly, among focus group participants, some women saw family planning as a priority. Family planning is complicated by the views of the Catholic Church, who object to contraception other than avoiding intercourse during fertile times.² One person with whom we spoke reported women had to conceal the use of contraception from their husbands.

Internal migration

The percentage of the population living in South Tarawa increased from 37% in 1995, to 44% in 2000 (remaining steady through 2005 at 44%). The 2010 Census separates out Betio (the most densely populated part of South Tarawa), but Betio and South Tarawa together represent 49% of the population (2010 Census). The rate of growth in South Tarawa from 2005-2010 was 24.5%, compared to the national rate of 11.4%.

The health aspects of the increasing population density in South Tarawa – particularly sanitation issues – are discussed above. Although this could not be verified from secondary data, focus group participants also felt that overcrowding on South Tarawa reduced the space available for agriculture, pushed up the cost of living and increasingly lead to conflict over land and "chaos" in the household.

The reasons for the influx to South Tarawa include limited opportunities on the outer islands (especially for formal employment), and a common view that life was 'easier' in South Tarawa because it does not involve the same level of hard work as subsistence living in the outer islands.

² See Bishop Paul's comments reported in the Kiribati Independent No. 30 (9 - 22 August 2013) No. 30.

The presence of Kiribati Institute of Technology (KIT) is also a significant drawcard. KIT data for the 2012 intake of full-time students shows that while only 25% of the full time students identified South Tarawa as their home island, 98% of students identified South Tarawa as the island where they had 'mostly lived for the last 12 months' before applying to KIT (TVET Annual Performance Assessment 2011).

Nevertheless, a number of young men and older women in the focus groups reported that they would be open to returning to the outer islands, and still more reported that they would do so if they had the skills to maintain a traditional livelihood or the cash to afford the fare home. Some participants spoke of the monetisation of livelihoods in terms of dependence, and contrasted this with the autonomy associated with subsistence livelihoods (this is, in a sense, the flip side of the idea that life is easier in South Tarawa).

External Migration

There appears to be limited international migration (I-Kiribati moving overseas, or foreigners moving to Kiribati). The 2010 Census notes the lack of data on this, and uses proxies to estimate that there was net outward migration of 134 people per year between 2005 and 2010.

Youth

There are increasing rates of substance abuse among youth, which likely reflects their increasing disenfranchisement. For example, the young men interviewed on North Tarawa reported high levels of alcohol, kava³ and kouben⁴ use among both young men and young women. While the 2010 Census found 18% of men aged 25-34 regularly drank kava, the rate among women was 2%. Reported reasons for use included pleasure and novelty. Other groups attributed the high levels of substance use to diminished levels of parental supervision whereby parents are spending more time playing bingo and drinking kava. Several groups agreed that the inclusion of young men in kava drinking results in lower rates of domestic violence due to its sedative effects. Women in particular viewed kava more favourably than alcohol for this reason.

Focus group participants (particular older men) identified young men as being too "lazy" to go about the daily activities necessary to maintain a livelihood. During the North Tarawa consultations, it emerged that "lazy" individuals had been excluded from participation in the focus groups because the community did not consider them deserving of the opportunity to receive the sitting allowance received for participating.

Alongside "laziness", participants, particularly older people, talked about growing levels of social unrest among youth. Youth unemployment is an issue. Youth unemployment is 54% (2010 Census). Older women in South Tarawa had experienced situations where young men had entered their homes and stolen food while they were present. Older men in North Tarawa complained that youth were degrading traditional values, forming gangs and absorbing attitudes from the media. Some focus group participants had an overall sense of growing unrest.

³ Imported powdered dried roots of the Ginger family plant from Fiji – drinking causes sedation and feelings of light headedness.

⁴ Locally made using shredded Irish tobacco, limestone powder from grounded corals and milo granules or raspberry powder to give a sweet flavour – chewing/absorbing the stimulant makes people feel giddy and hyper.

2.8 I-Kiribati women and people living with a disability

Women

Women experience traditionally low status in Kiribati society and a lack of decision-making power at the community, island and national levels (UNICEF 2005: 20; AusAID 2012: 21). According to focus group participants, it is primarily older men who are household heads. (Older men reported that they make decisions jointly with the senior women in their households, although literature suggests this should be treated with a degree of caution). Women also have a growing double burden: alongside their traditional responsibilities in the household, more and more women play a role as breadwinners for their family, although men still dominate waged labour.

According to the 2006 HIES, around one in five households are headed by females, yet one in four female-headed households are in the poorest quintile in South Tarawa and the rural Gilbert Islands (AusAID 2012: 21). Further, extended family support for abandoned wives is decreasing (ADB 2009: 89), while increasing numbers of men are leaving their wives. The Ministry of Internal and Social Affairs (MISA) supports some abandoned wives by obliging husbands to pay child maintenance. In 2009 the ministry supported 47 child maintenance cases, likely only a minute proportion of the real number.

The outcomes of the Kiribati Family Health Support Study performed in 2008 guided GoK to adopt robust measures to end violence against women and children including the drafting of the Family Peace Bill in 2012 (*Te Rau nte Mwenga Biira*). The bill passed its first reading in the December 2013 Kiribati parliament sitting and is due for its second reading and enactment (if passed) in the first 2014 parliament session scheduled for April. The bill reflects very grave concerns about the levels of domestic violence in Kiribati: 68% of women aged 15–49 with, or who had at some time had, partners experienced physical or sexual violence, or both, by a partner (SPC 2010a: 2). Women are more at risk from violence from their partners than from other family members or strangers: 80% of women physically or sexually abused had been abused by their partner (SPC 2010a: 5). Once enacted, the law will provide for criminalisation of domestic violence including improved protection and police safety orders. It also provides for awareness, prevention and response measures and services to address the issue. A Council will also be established to monitor the implementation of the law and make provisions for funding support to victims such as shelters, training, prevention and public awareness programmes.

The reasons behind the high rates of domestic violence are rooted in social norms and limited services. The majority of women believe a man is justified in beating his wife in some circumstances and 90% of women had experienced at least one act of controlling behaviour by a partner (SPC 2010a: 4). Men reported getting angry when women did not prepare food on time, did not complete the housework, or when they feel jealous because a woman speaks with other men, or when goes out of the house (SPC 2010a: 4). Men saw the solution as more obedience from their wives (SPC 2010a: 15). For the women experiencing violence, 78% did not seek help from formal services mainly because they considered violence normal, as well as the lack of available services (SPC 2010a: 12). Intoxication is accepted as an excuse for violence. Reported higher levels of partner violence in South Tarawa relative to the outer islands, may relate to the greater availability of alcohol and the existence of more social problems such as unemployment, overcrowding and a high cost of living, than in the outer islands (SPC 2010a: 4).

Women in the focus groups South and North Tarawa reported that domestic violence, while still high, is diminishing in severity and frequency. This was attributed to the criminalization of domestic violence and associated dissemination activities. However, the police were not seen to be helpful, as they can stall cases and fail to prosecute most perpetrators.

People with disability

In 2004 the Kiribati National Disability Survey identified 3,840 persons with disability (55% men and 45% women). The Draft Kiribati National Disability Policy has estimated that there is most likely to be between 9,700 (10%) and 19,400 (20%) people with disabilities in Kiribati, with about half of these people residing on South Tarawa.

Stigma surrounding disability is a considerable issue in Kiribati. Some parents won't let their children be involved in community activities, or disabled people's organisation activities, as they fear their children will be stared at or laughed at. For other families, people with disability are seen as a source of shame (UNFPA 2013: 80). Older men in the focus groups in North Tarawa preferred that household members with disability stay at home because of the difficulties involved with transport and supervision. However, they also associated disability with laziness in some cases, and believed that people with disability had been so lazy that their "legs had stopped working". A UNFPA study found community attitudes to marriage included the view that people with disability should marry other people with disability and the view that they should not get married at all – although this had not prevent a majority of the women interviewed being married (UNFPA 2013: 84).

Immediate family plays a critical role in caring for people with disability (UNFPA 2013: 80), but this also means that people with disability are vulnerable to abuse. For instance, women with disability are particularly vulnerable to violence within the home. There is also evidence that men may target particular women for sexual violence because of their disability. Social norms put pressure on women experiencing violence, regardless of disability, to remain with their husbands. (UNFPA 2013: 93). Care from other relatives is limited once parents have passed away (AusAID 2012: 29).

In addition to the key barriers mentioned, the Kiribati geographical setting limits GoK from delivering quality services for people with disabilities in the outer-islands. With half of the disability population residing in the outer-islands, this means they are often excluded from education and health care. For those in South Tarawa, GoK support to improving the lives of people with disabilities has also been limited due to financial constraints.

Other marginalised groups

There are reports that show that women are boarding foreign fishing vessels docked in Betio harbour to have sex for money, food and other goods, putting them at greater risk of sexually transmitted infections, as well as rape, abuse and marginalisation (McMillan and Worth 2010: 11). There are also women who exchange sex for money, food or goods on land, who are likely to be subject to the same risks (although there is little data on them, and the different nature of the arrangements⁵ may mean different risks). (McMillan and Worth 2010: 13).

⁵ For example, women on foreign fishing vessels are usually with one partner for weeks or months (rather than concurrent partners) (McMillan and Worth 2010: 13).

There is little data on homosexuality in Kiribati. Male homosexuality is illegal⁶ and a relatively taboo subject (McMillan and Worth 2010: 13).

3. Power and Decision Making: A Stakeholder Analysis

This section provides a limited analysis of roles of various stakeholders in addressing poverty and hardship. The analysis is based on a review of relevant literature, consultations and a workshop with Tarawa post.

3.1 Government of Kiribati

The GoK has a strong commitment to the poor and helping to maintain an egalitarian society where poorer households have access to basic services.

The GoK's priorities for development are articulated in the Kiribati Development Plan 2012-2015 (KDP) (refer Annex B). Improving economic opportunities for I-Kiribati is the central focus, with the Government viewing human resource development, infrastructure and good governance as critical enablers. Employment abroad is still seen as important.

In terms of the Government's alignment of budget behind development priorities, World Bank and GoK Ministry of Finance and Economic Development public expenditure analysis (2012) showed that Government and donor spending is fairly well-aligned with development priorities and overall expenditure on key social services and infrastructure is high, indicating that emphasis should be placed on the quality of the spending rather than increasing the amount of spending. The one area for concern was health, which received a significantly smaller amount of donor resources.

While public expenditure is well-directed towards development priorities (although there is scope for improvement), Kiribati faces more fundamental issues relating to its overall fiscal sustainability. The World Bank and GoK Ministry of Finance and Economic Development public expenditure analysis shows that domestic revenues have been declining in real terms since 2006, and when combined with high population growth means that per capita public expenditure levels are declining. The GoK, with donor support, is implementing a variety of measures, including: taxation and customs reform, strengthening the management of the Revenue Equalisation Reserve Fund, improving debt management, and reforms to State-Owned Enterprises.

The Government's more specific programs aimed at alleviating poverty and promoting equity of access to basic services include:

- **Free health care**, including transport to hospitals, food and accommodation expenses, and medicines.
- Free **primary and junior secondary education**, and large subsidisation of public secondary schools and some financial support to church-run secondary schools.
- The **Elderly fund** which provides monthly payments to people aged over 67 years old (\$40 to people aged 67-69 and \$50 to people aged 70 and over).

⁶ Section 153 of Kiribati Penal Code.

- **Copra scheme** involves the GoK purchasing copra from farmers at a fixed price (currently set at \$800 tonne). The copra is then transported to South Tarawa for milling or export. A World Bank 2012 review concluded that the scheme is not well-targeted towards reducing poverty or achieving equity across regions given that not all islands produce copra.
- The **Import Levy Fund** subsidises the cost of transporting goods within the Gilbert island groups to equalise prices there with South Tarawa. The fund does not operate in the Line and Phoenix Islands. It was established so that prices of goods on the outer islands are the same as prices of goods in South Tarawa.
- The **Price Control Ordinance** which caps prices on certain commodities (corned beef, rice, flour, sugar, soap, tobacco and kerosene).
- Provision of **subsidised water and electricity** to households in South Tarawa (and, for electricity for parts of North Tarawa).
- Subsidies for **Air Kiribati** to allow for cheaper domestic air travel and **inter-island shipping**.

3.2 Island councils

The GoK is represented on the outer islands by the Island Councils, which operate under, and are managed by the Ministry of Internal and Social Affairs. Island councils have the ability to set their own bylaws on a number of matters, and to set their own rates for various fees and services, including the establishment of businesses. Island Councils also run certain businesses – such as guesthouses. One stakeholder reported that some Island Councils use their power to set fees to drive out businesses that compete with Island Council businesses.

Reportedly, there is often little relationship between traditional authority networks (*unimwane*-discussed below) and the government Island Councils (UNICEF 2005: 7), with each having different decision points. Regulations and bylaws initiated by the *unimwane* sometimes require negotiation with the Island Council but the reverse is also true – for the Island Council to enforce its bylaws, the *unimwane* must agree. In some instances, *unimwane* have overruled Island Council policies, requiring intervention from senior GoK officials.

3.3 Unimwane

The *unimwane* – the traditional elders under the *mwaneaba* system – retain a significant level of authority, particularly on outer islands. One stakeholder remarked that to get things done, the *unimwane* must agree. This applied even to matters that were within the remit of the Island Councils. *Unimwane* have to support a bylaw for it to be obeyed – the decision is generated by the *mwaneaba* and then formalised through the bylaws.

In the focus groups, several groups of men viewed the *unimwane*, and the *mwaneaba* system more broadly, as continuing to play an important role in community life. For instance, older men in North Tarawa saw the *unimwane* as best placed to address collective action problems associated with overfishing. Other participants felt that, on the outer islands, *unimwane* support is essential for any type of intervention or for new rules and laws to be obeyed. Another group of older men in North Tarawa reported that *mwaneaba* rules had been used to address problems of youth drinking and vagrancy, including severe sanctions such as exile, destroying the culprit's house or (as a final resort) killing the culprit outright.

The UN appears to have had success working through the mwaneabas on violence against women, with focus group participants perceiving a drop in domestic violence.

3.4 Churches

Religion plays a very important role in Kiribati life. There are churches on all populated islands (although some denominations have monopolies over certain islands, in some places supported by *unimwane* rules forbidding other religions). The high proportion of household income that goes towards church contributions (discussed below) is an indicator of the centrality of the church to the community.

On 2010 figures, the largest denomination in Kiribati is the Catholic Church (56%), followed by the Kiribati Protestant Church (34%). The others are much smaller: Mormon (5%), Bahai (2%) and Seventh Day Adventists (2%), plus a number of smaller ones (2010 Census). There was a sense from our consultations that the Mormon Church is rapidly growing. Certainly some of the most impressive-looking buildings on South Tarawa are owned by the Mormon Church.

Although neither the churches nor community members regard the churches' role as being to provide material welfare or services (focus group participants generally saw the role of the church as being one of spiritual guidance, rather than material social welfare), churches do have an impact on household well-being through the contributions that community members are required to make.

Some focus group participants felt church contributions undermined their ability to meet their family's daily needs. These contributions are increasing the economic vulnerability of households by restricting the resources available for livelihood diversification and adaptation to changing conditions (Kuruppu 2009: 807). One woman stated that if she earns \$100, she will give \$50 to the church and then \$50 to the local store where she has a large debt. In the 2006 Household Income and Expenditure Survey, church contributions were classified under "miscellaneous goods and services", which accounted for 5% of household expenditure (2006 HIES: 17). This figure is lower than the amounts identified anecdotally. Another study found that church contributions accounted for 18% of household expenditure in Betio and 28% on the outer islands (after food at 30%) (Kuruppu 2009: 804). This is more consistent with information in the key informant interviews and focus groups.

Churches also run bingo, and kava bars to raise funds. They also run senior secondary schools, although the fees are high and scholarships are not provided on the basis of financial need. We also heard reports of secondary school fees going to pay for general church expenses (ie not limited to the expenses running the school).

Some churches also run vocational training. The Kiribati Protestant Church sees increasing livelihoods as part of its work, in order to help members meet their contributions to the church and other household expenditure. It is preparing a five year strategic plan to support livelihoods.

The churches have substantial political power. High attendance at church services meant that church leaders had a large captive audience for political messaging. The endorsement of a political candidate by a church leader may carry considerable weight.

The Catholic Church's opposition to family planning was also seen as a real impediment to progress in this area. The Kiribati Population Policy Implementation Strategy 2014-2020 recognises that outreach to the community is only possible through partnership with 'faith-based' organisations and NGOs.

The Ministry of Environment, Land and Agricultural Development is working with the Catholic Church and Kiribati Protestant Church to mobilise communities for rural development activities.

3.5 Non-government organisations (NGOs)

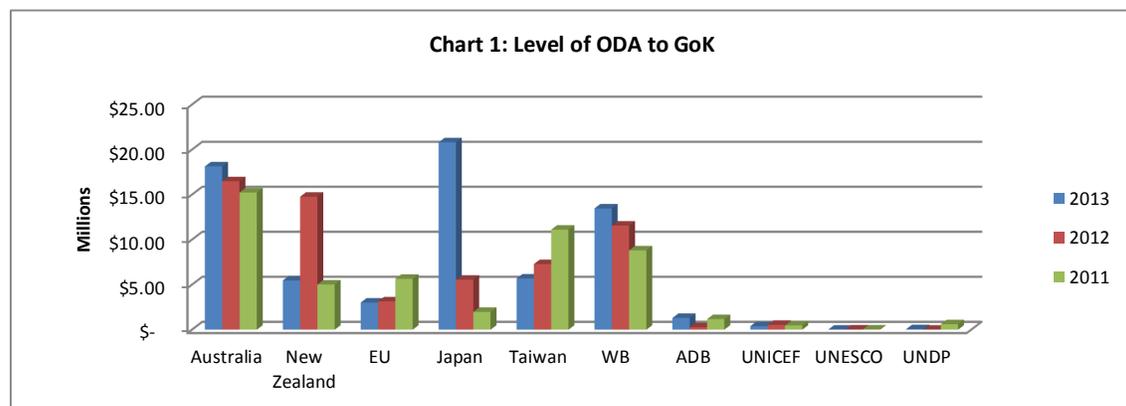
There are a number of local NGOs, including Te Toa Matoa and the School for Children with Special Needs – both engaged in the disability sector, and the Kiribati Family Health Association, supported by the International Planned Parenthood and Family Association and the Secretariat of the Pacific Community.

The only international NGOs based in Kiribati are Live and Learn, Caritas, Red Cross and Rotary.

3.6 Donors

Kiribati is highly dependent on overseas development assistance (ODA). Figure 7 depicts the level of ODA provided to the GoK for the past three years. Australia was the major donor to Kiribati in 2011 and 2012, with Japan leading in 2013. Other donors active in Kiribati include NZ Aid, World Bank, Taiwan, European Union and Asian Development Bank.

Figure 7: ODA to Kiribati (2011-2013)



Donors' areas of assistances are align with the six key policy areas (KPA) specified in the KDP 2012 – 2015 which include Human Resource Development (HRD) as KPA 1, Economic Growth and Poverty Reduction (EGPR) – KPA 2; Health – KPA 3; Environment – KPA 4; Governance – KPA 5 and Infrastructure – KPA 6. The below log-frame summarises KPA interest by donor.

Log-frame: Donors areas of Interest

DONORS	KPA1: HRD	KPA 2: EGPR	KPA 3: Health	KPA 4: Environment	KPA 5: Governance	KPA 6: Infrastructure
Australia	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓				✓
Japan						✓
Taiwan	✓	✓	✓	✓	✓	✓
World Bank				✓		✓
European Union		✓		✓		✓
Asian Development Bank		✓				✓

Kiribati is likely to continue to rely upon international assistance for development programs over the long-term. Aid volatility and fragmentation pose acute challenges for the micro-state of Kiribati. There is currently more than 400 projects listed in the development budget (WB 2013). The thin capacity and small size of the public sector in Kiribati poses risks to supported policy reforms and programs. Dedicated technical resources in key areas and sectors may be required for some time to come. Strong donor coordination and close alignment with agreed poverty reduction goals outlined in the Governments Development Program (KDP) will be necessary to achieve goals and build capacity.

4. The impact of Australian aid on poverty in Kiribati

The priorities of the Australia-Kiribati Partnership for Development are:

- improved basic education;
- workforce skills development;
- improved growth and economic management; and
- infrastructure

However, Australian aid is involved in a number of other areas. Australia is a major donor to Kiribati. DFAT has quite a broad aid program in Kiribati with programs in climate change, health, gender, and disability, reflecting the range of development challenges faced by the country. There is recognition that the program may need to narrow down its priority areas.

While the priorities are clear, it is useful to categorise three main ways in which Australian aid impacts on poverty:

- The aid program aims to **increase the opportunities available for I-Kiribati** through equipping young people with a basic education and access to technical and vocational training, and providing assistance to address select health issues (TB, maternal and child health, water-borne illnesses) which hinder people's economic and social participation;
- The aid program has increased its focus on **improving infrastructure** (road, water and sanitation, energy, and ICT) to **improve market access and lower the costs of services**;
- The aid program is addressing **exclusion** through a focus on reducing **violence against women** and **improving women's economic empowerment**, and through supporting the School for Children with Special Needs.

A key question for Australia's aid program is the relative impact it has on South Tarawa compared to the outer islands. This question, as well as more detail on the poverty impact of various sectoral areas, is examined below.

4.1 Education

The Kiribati Education Improvement Program (KEIP) directly addresses a key feature of multi-dimensional poverty – access to quality education. KEIP is a national program that aims to give all children in Kiribati access to quality primary education by 2020. Improving school infrastructure, particularly water and sanitation facilities, will also contribute to health outcomes. The focus of the infrastructure improvements is currently South Tarawa, but the program is extending to the outer islands.

KEIP is working on research to understand the reasons some children do not go to school, including students with disabilities. This will help influence the GoK's Inclusive Education Implementation Strategy. Additionally, the aid program supports the School and Centre for Children with Special Needs.

4.2 Workforce skills development

Various programs aim to improve the employability of I-Kiribati so they can compete in the labour market both in Kiribati and abroad.

The Kiribati Technical and Vocational Education and Training Sector (TVET) Strengthening Program supports the Kiribati Institution of Technology (KIT) to expand and improve the quality of courses it offers. It works to increase GoK's capacity to oversee and manage other TVET institutions (Marine Training College and Fisheries Training College).

Other programs (Australia Awards Scholarships, Australia-Pacific Technical College Scholarships, the Kiribati-Australia Nursing Initiative (KANI)) support selected I-Kiribati to increase their qualifications, and therefore their employability domestically, regionally and internationally.

Various programs are designed to provide employment opportunities outside Kiribati. The Seasonal Workers Program provides employment in Australia, but as noted previously, I-Kiribati participation is small. A forthcoming DFAT-led Labour Market Initiative (to commence mid 2014) will work with all Pacific island countries to help them take advantage of the Seasonal Worker Program. It intends to focus on the smaller countries, including Kiribati. The intention of KANI is to lead to employment in

Australia; however, as the current program is nearing completion, post will seek out improved modes of delivery for nurse and aged care training – including possibly through the next phase of the Kiribati TVET Program or DFAT –led Labour Market Initiative. Currently, both of these programs involve a relatively small number of people.

The lack of job opportunities in Kiribati is a constraint for these programs. The aid program is working to identify areas of demand for skilled labour, so that KIT courses can be targeted at these areas. The focus on employment opportunities outside Kiribati recognises the limited opportunities domestically, and the importance of remittances.

4.3 Improving economic growth and management

Lack of sound economic management within the GoK is identified as one of the causes for limited growth in the economy over the last decade. Since the mid-2000s, Kiribati’s fiscal position has worsened, as revenue has stagnated and expenditure has not been adjusted to reflect the slowing economy. Tax revenues declined because of poor compliance and non-performing of State Owned Enterprises (SOEs). Kiribati is not consistently realising the full potential of its tuna resources. While access fee returns from tuna fisheries are subject to high levels of volatility, they have not kept pace with the increased value of the fisheries. The World Bank lead Kiribati Economic Reform Operation, supported by multiply donors including Australia, will support actions in key policy areas including improving revenue performance (WB 2013).

The Australian aid program aims to strengthen economic management in Kiribati by supporting the GoK in raising revenue and improving resource allocation and execution to meet the nation’s development challenges. Through this approach, Australia has funded the Asian Development Bank (ADB) to manage the Public Finance Management and State Owned Enterprises reform while engaging in policy dialogue. Australia also funds and manages the Tax Improvement Program and provides a small amount of support to fisheries sector. The setup of the Kiribati Economic Task Force which comprises of GoK and its development partners acts as a forum to monitor and coordinate the progress of important reforms, including emerging needs which are not currently considered under existing programs. Australia is supporting improved aid effectiveness and alignment by providing an in-line Director for the National Economic Planning. Future program growth is may include further assistance to the fisheries sector and a package of budget support if program allocations permit.

4.4 Economic Infrastructure

Australian aid, together with the World Bank and the Asian Development Bank, is supporting the Government’s ambitious economic infrastructure investment program. Australia is co-financing the South Tarawa main road, improving water and sanitation infrastructure in South Tarawa, and also supporting the installation of solar panels to reduce reliance on diesel (which can be problematic with erratic shipping). These projects are all occurring on South Tarawa.

A World Bank –led project that will have nation-wide benefits is the reforms to the ICT-sector which should result in improved mobile phone and internet connectivity across the country.

4.5 Other areas

Health

DFAT has a number of programs aimed directly at improving health outcomes in Kiribati. There are programs aimed at child and maternal health (building the Betio Maternity Ward), tuberculosis, and non-communicable diseases. The geographical focus of most investments is South Tarawa.

Gender

Programs under the Pacific Women Shaping Pacific Development Kiribati Country Plan will help address gender-based violence through assistance to GoK, and the support of a Kiribati Family Health Association crisis centre.

A study into potential options for economic empowerment (in urban and rural areas) will be conducted. Australian aid is also supporting UN Women for design of a five year implementation plan for the National Action Plan of the Ending Sexual and Gender Based Violence policy. Work in this area has huge potential, given the nature of poverty in Kiribati outlined above.

People with Disabilities

Since 2008, Australia has been providing core funding support to the School and Centre for Children with Special Needs. This support is allowing for children with special needs in South Tarawa to continue access special quality education.

5. Findings and Recommendations

The key findings from this assessment can be summarised as follows:

1. Based on the focus group discussions in South and North Tarawa, there is a sense that life is becoming more difficult. This is attributed to the difficulty in finding a job and that the cost of living is getting higher.
2. The Kiribati Government faces difficulties in generating sufficient domestic revenues to provide all I-Kiribati with access to basic services, and there is some inefficient expenditure that could be addressed.
3. The Government is focused on employment creation – in Kiribati and abroad. However, population growth still exceeds employment growth. Migration to South Tarawa is straining social cohesion and putting pressure on the local environment.
4. Increasing economic opportunities on the outer islands is a difficult issue to address. Intended improvements to the copra scheme, with the support of the World Bank will begin to address this, as will reforms to inter-island shipping (KSSL).
5. Part of Australia's aid program is focussed on improving the employability of young I-Kiribati in domestic and international labour markets. To date only a few 'graduates' have found employment abroad. Seafaring, fishing and the seasonal worker programs in Australia and New Zealand provide the bulk of offshore employment.

6. Religion is a very important part of I-Kiribati culture. However, the regular financial donations to the Church are often prioritised over other family priorities, placing financial strain on families.
7. Health standards are very poor causing social and economic costs. Ministry of Finance and Economic Development and World Bank expenditure analysis (2012) showed that government and donor funding to the health sector was lower than to other priority sectors.
8. The lack of INGOs in Kiribati inhibits the outreach of development activities to the community level, including on the outer islands.
9. There is a need for more up to date on social and economic well-being at the household level; donors need to work better with GoK to identify a predictable source of funding for regular censuses and surveys.

The below recommendations have been prepared by the authors for the purpose of further discussion with the GoK and other partners.

1. Adjust the focus of Australia's TVET program to employment

The TVET program is considering a move from a focus on employability to one of employment. This would address the risk of the current approach that without demand for qualified i-Kiribati, more and more graduates will be on the market and unable to find employment in the professions for which they are qualified.

One opportunity is the employment of I-Kiribati fishermen on distant fishing water nation (DFWN) vessels within the Parties to Nauru Agreement (PNA) waters. The PNA has agreed that any vessel in its waters should be mandated to employ at least 20% of its crew from PNA countries, subject to labour availability. In Kiribati alone, there are up to 200 fishing vessels and many more in the entire PNA fleet. . With the size of the crew ranging from 10 – 20 people, this would provide an increase in local jobs for i-Kiribati seamen and fishermen. Given comparative advantage of I-Kiribati in the fishing industry and the forthcoming merge of MTC and Fisheries Training Centre, Kiribati is well-placed to assume a large market share.

Other areas for further investigation are:

- increase participation in the Australian and New Zealand seasonal workers programs;
- formalise arrangements for sending seafarers to Australia and NZ; and
- complement the TVET program to include student pathways in the health and community services sector (which might include the aged care and child care sub-sector) that would allow students to move easily between KIT, KSON, the Australia Pacific Technical College, and accord entry to regional and Australian universities. This could be considered in the design of phase three of the Kiribati TVET Program.

2. Press for strong local employment outcomes on infrastructure projects

The GoK is keen to maximise local employment opportunities during the construction of infrastructure projects and in the ongoing maintenance. DFAT should continue to send this message to the World Bank and ADB, and continue to look for collaboration with KIT. DFAT is also currently

considering commissioning cost-benefit analysis of labour-intensive approaches to infrastructure in the Pacific.

3. Continue to support the GoK's endeavours to improve public financial management and move into more private sector reforms

Continue Australia's focus on working with MFED to improving GoK's fiscal position including through tax reform, SOE reform and better public financial management. In time, and when program allocations permit, shift the focus of Australia's assistance towards private sector reforms (for instance, financial sector reform, business regulatory environment). Investigate opportunities for the ADB's Private Sector Development Initiative to be more active in Kiribati.

4. Increase efforts on improving the health of I-Kiribati.

Maintain a strong focus on public health and raising public awareness about WASH as part of the ADB program. Investigate a broader health program (possibly in support with other development partners).

5. Engage in the development of the National Population Strategy Action Plan.

The Government is preparing a National Population Strategy and Action Plan. Post should engage, where appropriate, in this policy development process. To the extent possible, we should identify opportunities to assist implement the strategy and action plan through our existing programs. For instance, could more be done in KEIP to educate young people about family planning?

6. Increase engagement with the churches, both in dialogue and potential partnership, on issues such as secondary school education, family planning and domestic violence

The churches have by the far the most reach of any non-government entities in Kiribati. Issues of common concern where dialogue or partnership might be useful include: the quality and affordability of church-run senior secondary schools; financial management and community obligations; and public awareness on health issues and domestic violence. DFAT would need to consider this engagement carefully, and consideration could be given to working through the Australian faith based organisations. We understand Caritas have recently commenced engagement with the Catholic Church in Tarawa. Lessons can be drawn from the experience of other Australian aid programs in the Pacific that have engaged with churches, such as Vanuatu and PNG.

7. Support greater INGO engagement in Kiribati

Explore with the GoK opportunities to encourage more INGOs to support local NGOs in Kiribati. If desired, DFAT Canberra could instigate discussions with the NGO section and the Australian NGO Partnership.

8. Support GoK's aid management capacity

Now that the in-line Director of NEPO is in place, DFAT could investigate with MFED providing additional assistance to strengthen the Government's capacity to coordinate aid behind its development priorities and to manage for results. This might include, for instance, improving the aid database and annual report, better monitoring, more systematic dialogue or better harmonisation amongst donors in terms of joint missions and analytical work.

9. Fund the next HIES, or support the GoK in finding other donors

There is very limited data available in Kiribati. The poverty line and rate used in this report is from 2006, and because that is the only HIES conducted, there is no data about trends over time. We understand GoK will shortly submit a proposal to donors for support for the 2014 HIES. Depending on the details of the proposal, and the aid program budget, Australia should consider supporting it and encourage other donors to also contribute. Supplementing this with further qualitative research would be hugely beneficial.

10. Convene an annual poverty workshop

The workshop would be for DFAT aid staff (plus potentially other interested stakeholders) to discuss any emerging trends in the nature and causes of poverty in Kiribati, and how our programs interact with these. Recommendations 11 and 12 are linked to this.

11. Continue to consult with the community

Regular consultation with community members can be a useful way to inform the aid program and identify trends. This would be a particularly useful thing to do in the lead up to the annual poverty workshops discussed in recommendation 10.

12. Feedback to communities

The communities consulted for this assessment should, if practicable, be informed about the outcome of the present work. One simple way to do this would be to distribute a translated copy of this document (or, if more appropriate section 2.1 – the summary overview of the nature of poverty in Kiribati). This can also help inform future consultations as it is the ‘baseline’ understanding of the nature of poverty in Kiribati that can be tested each time.

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Annex A – Methodology for Focus Group Discussions

The focus groups were designed to informally capture the views of a range of i-Kiribati on poverty and vulnerability and how these are changing over time.

Sampling

In order to elicit different experiences of men and women and of people of different ages, six categories of respondent were identified (men and women aged 18-24, 25-50 and over 50) in preparation. However, some practical limitations meant we needed to alter these categories. Given that participants were being transported to the location of the discussion, we decided we needed to run the discussions concurrently (to minimise the amount of time participants would spend waiting around). As we had only three teams (one A-based officer and one O-based in each team), we had to have three groups in both South Tarawa locations. This meant we split the men and women into older (post-working age) and younger. This split was based on the demographics of the people who attended. As we could only run three groups, we had to have one mixed-gender group.

Communities in North and South Tarawa were chosen. This decision was made partly out of expediency – North Tarawa was simply more accessible than any other outer island, and yet it is clear from secondary research that not only is there considerable variance among outer islands in terms of well-being, North Tarawa is heavily influenced by its proximity to South Tarawa.

The focus groups were:

Betio (South Tarawa):

- Younger women (15 people)
- Older women (7)
- Men (20)

Bairiki-Bonriki (South Tarawa):

- Younger men (5)
- Older men (15)
- Women (20)

Abaokoro (North Tarawa), first session

- Younger men (8)
- Older men (15)
- Women (15)

Abaokoro (North Tarawa), second session

- Men (15)
- Semi structured interview with a middle-aged women
- Semi structured interview with a young man (The two semi-structured interviews were because there were not enough people in those categories to hold a focus group).

Setup

The focus groups were held in local council facilities, although it would have been preferable to conduct the focus groups in their local communities. Each Australian staff member worked primarily with one locally engaged staff member and developed their own approach to facilitation and interpretation. In some cases, locally engaged staff acted as facilitators and interpreters, with Australian staff as co-facilitators. In others, Australian staff was present and received periodic interpretation but the locally engaged staff member led the facilitation itself. Locally engaged staff was first provided with a briefing on how to conduct a focus group discussion, as they were new to the methodology.

In practice, it wasn't clear how participants had been chosen and it became evident that in at least one village the prospect of receiving a small payment had influenced who was allowed to draw straws for the opportunity to participate. Many people simply didn't turn up on the day, which influenced the gender and age balance. This may have partly been the result of holding the focus groups at a town hall.

Focus group guide

The prompts we used to guide the focus group discussion are below. Not all sub-points were covered in all focus groups.

1. Concepts of hardship
 - What does it mean to have a good life in Kiribati?
 - What does it mean to have a hard life in Kiribati?
2. Changes over time
 - how are the lives of [younger/older] men/women] like you changing over time? (e.g. fishing, gardening, weather, social networks, opportunities, other...)
 - What are the biggest changes you have experienced?
 - In what ways is life getting better?
 - In what ways is life getting worse?
 - What are the biggest troubles women/men like you face in this community?
 - What worries you about the future?
3. Coping and helping
 - Who can you ask for help?
 - Who asks you for help?
 - What coping strategies do you use [for the troubles mentioned above] ?
 - Do you receive assistance from outside your household? [Probe on the following if not mentioned: remittances?, government? Church?]
4. Migration [Causes and consequences of migration]
 - Do people ever travel away from this place?
 - Who travels away?
 - Why do they travel away?
 - What happens to their lives?
 - What happens to the lives of their family members left behind?
5. Inequality and exclusion
 - So, what kind of people live here in your community [Noting this may have been discussed already. Can probe on what 'groups' live there]
 - Does everyone here (all these groups) have the same chance for a good life? What kind of people have fewer chances, and what kind of people have more?
 - What stops some people from living a good life and causes other people to have troubles?
6. Education/health
 - Did you go to school? If not, why not?
 - Do your children/grandchildren (for older men and women), younger siblings (for young men and women) go to school? If not, why not?
 - Which children in your community don't go to school and why?
 - At what age do children in your community generally leave school? Why?
 - [Probe issues of quality of education? – teacher absenteeism]
 - What are the main health issues in your community?
 - What happens to families who have a sick family member? (probe into issues of affordability)

Annex B - KDP Key Policy Areas

Kiribati Development Plan 2012-2015 Key Policy Areas and overarching Core Issues

(note each 'core issue' has a number of constituent issues under it in the KDP)

Key Policy Area	Core issues
Human resource development	Limited opportunities for quality, inclusive, equitable and professional education development from the current education and training system
Economic growth & poverty reduction	Slowed economic growth and worsening standard of living for all I-Kiribati
	Increasing household hardship
Health	High population growth
	High maternal morbidity (including macro and micro nutrient deficiency) and mortality
	High child morbidity (including malnutrition and childhood injuries) and mortality
	High burden & incidence of communicable diseases (TB, leprosy, lymphatic filariasis, STIs and HIV/AIDS)
	High burden and incidence of other diseases (Non Communicable diseases)
Environment	Limited national capacity to adapt and respond to existing and future adverse impacts of global climate change
	Increased threats to island biodiversity from unsustainable use; impacts of invasive species; and other human induced phenomena (pollution, climate change etc)
	Food Insecurity
	Poor quality of water
	Increased threats to human health and environment due to poor chemical and waste management waste
	Limited national capacity to address the increasing impacts of urbanization
Governance	Limited transparency, accountability, gender equality and inclusiveness in the Governmental and decision making process
Infrastructure	Infrastructure to facilitate economic growth, poverty reduction, trade, industrialization, technological and social transformation