KIRIBATI: COUNTRY ASSISTANCE STRATEGY

CHAIR’S SUMMING UP

Meeting of Executive Directors

March 1, 2011

The Executive Directors discussed the first joint IDA/IFC Country Assistance Strategy (CAS) for Kiribati for FY11-14.

Directors welcomed the CAS as an affirmation of the Bank’s commitment to increasing its engagement in the Pacific region by developing individual CASs for the smaller Pacific Island Countries. They noted that in the case of Kiribati, given its relative geographic remoteness, it is important to address core infrastructure bottlenecks to better connect the small and scattered population with each other and the global economy. Directors highlighted the threat of climate change confronting Kiribati and all of the low-lying island countries and noted the centrality of climate-change adaptation issues in the CAS. Given these common challenges, Directors emphasized the importance of country strategies such as Kiribati’s being placed within a broader regional approach. They also stressed the need for enhanced regional economic integration, and for common action by the Pacific island countries and partners to better manage and gain greater returns from scarce resources. The importance of fiscal consolidation and accelerating the structural reform agenda, particularly reforming state-owned enterprises, were highlighted.

Directors noted that the CAS provides the framework for the first IDA investment in Kiribati. However, given the country’s high vulnerability to economic shocks, they agreed that IDA financing is being provided on grant terms. They also expressed support for the commitment to strengthen donor coordination in light of the “Cairns Compact” among Pacific leaders, and the importance of this agenda in heavily aid-dependent countries like Kiribati. Directors agreed that the Bank Group must be selective and work in close cooperation with other partners including with civil society groups such as churches, which are key providers of social services in this small island state.

Directors noted that telecoms market opening, which has occurred through much of the region, provided opportunities to bring in the private sector to improve services and generate momentum for further reform. To this end, they welcomed greater IFC involvement.

Finally, Directors asked to be kept apprised of any significant new developments which could affect the implementation of the CAS.