



GOVERNMENT OF KIRIBATI

DEVELOPING OUTER ISLAND ECONOMIES

DEVELOPMENT PARTNERS' FORUM

Tarawa, Kiribati

31st May -1st June 2016

Purpose

1. The paper presents Government's undertakings on developing outer island economies, highlighting achievements in collaboration with development partners, constraints areas with Government entities, Aid funds and NGO's, challenges and the way forward.

In the last development partner's forum conducted in 2014, government focused largely on empowering councils with the objective of ensuring that public goods and services reach communities in the rural area in a manner of equitable distribution of development benefits.

This time, government is targeting outer island economy development by increasing level of support to social obligations, doubling copra price subsidy, improved support to fisheries activities, including maximising of new job opportunities both internally and overseas, and promoting existing opportunities for economic growth. Government also increase support to business reforms and improvement of financial literacy and business management to provide an enabling environment for local communities on outer island to improve engagement in commercial activities. Development and financial support towards infrastructure, health and education are still being addressed to entice people to return to their home islands and ultimately easing population pressure on South Tarawa.

The focus of the paper is on developing outer island economies with a particular focus on constraints to economic and social infrastructure development, the importance of Island Councils empowerment, and engagement of communities in developing outer island economy.

Background and Context



Kiribati has 33 islands of which 24 are inhabited. These are scattered over an area of 5 million square kilometres. The distance between the east and west part of the country is 4,000 km comparable with the distance between the east and west coast of Australia and the United States. 21 out of the inhabited islands are in the rural area or called outer islands. All outer islands have an Island Council, local government, except for Kanton in the Phoenix Group which is populated by civil servants.

Island Councils

2. Island Councils are established under the *Local Government Act 1984*. This has been amended a number of times since then with the last amendment made in 2008. Island Councils are elected every four years by registered electors for any ward of an electoral district constituted by the provisions of the *Elections Ordinance 1977* which lies within the area of authority of the Council. Each ward is represented by a Councillor elected by that ward. The Mayor is elected from among the Councillors by the Whole Island or electoral district.

Population

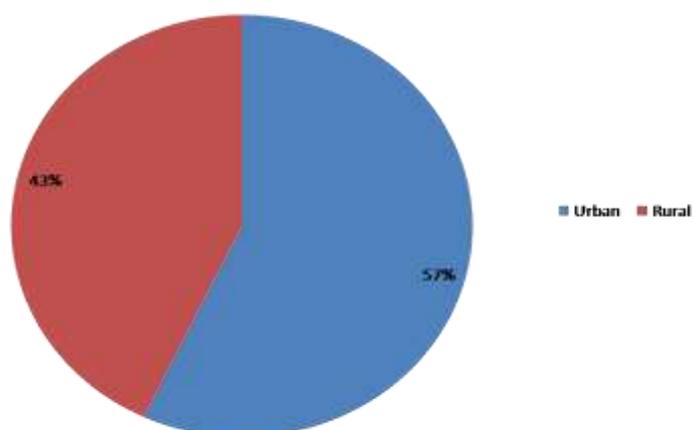
3. The 2015 population census showed that out of 110,110 people in the whole country, 47,339 live in the outer islands. This corresponds to 43% of the total population representing a huge proportion of our population who do not enjoy the same level of access and standard of infrastructure, service and opportunities as their urban counterparts.

The following chart shows the distribution of population between urban and rural areas as well as distribution by island.

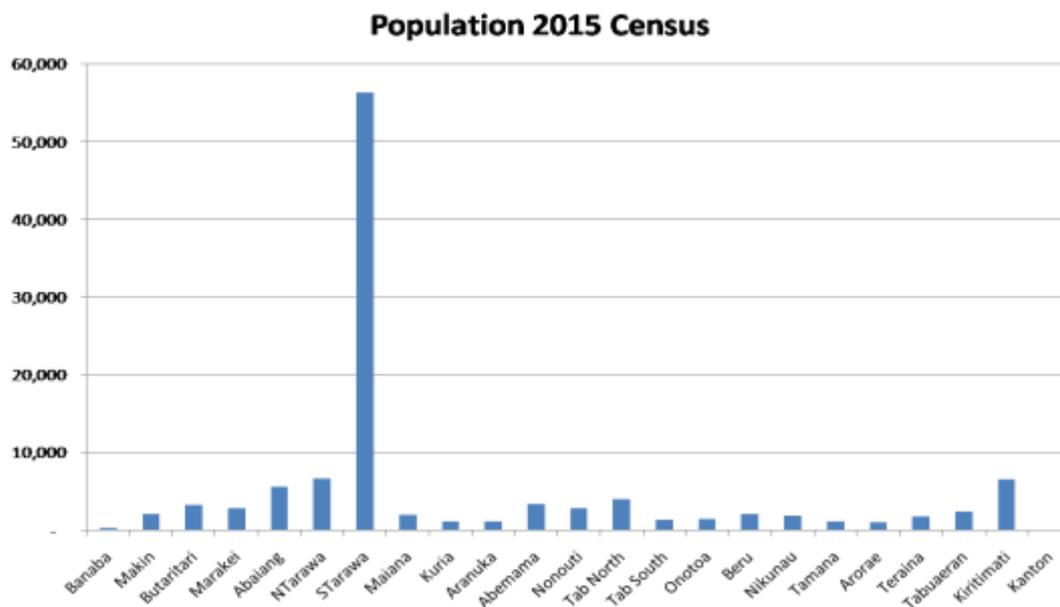
It is clear that the most densely populated islands are South Tarawa (comprise of Teinainano Urban Council and Betio Town Council), the highest in population on the bar graph, and Kiritimati (the other urban area and second highest).

Chart 1: Rural vs urban population distribution

Population 2015 Census



Graph 1: Distribution of population by island



Education

4. In the area of education, for example, all outer islands have a number of primary schools but not all villages have a primary school. A number of villages share one primary school posing a challenge of access to students. With the support of the Government of the Republic of China/Taiwan, Government has provided each island with a truck or more for students' transport however there are affordability issues with some families. All outer islands have one junior secondary school each. Again, the issue of access and affordability of transport cost for students is a concern. Not all outer islands have senior secondary schools. Only 7 outer islands host senior secondary schools run by Government or Churches. Most of the senior secondary schools are on South Tarawa.

However, government continue to provide free education for Basic Education (Primary and JSS level) and subsidies to education for F4, 5 & 6 13 Island Education Officer (IEC's) who will work collaboratively with Island Councils to support the quality of Education (SIP) on outer islands.

Health

5. In terms of health services, each outer island has a Health Centre headed by a Medical Assistant (MA) and one or more small clinics headed by qualified nurses strategically located around the island. In addition to the MA and nurses in the clinics the Councils also employ village nurses to assist in delivering basic health care to the community. There are no doctors stationed on the outer islands and Health Centres experience constant shortage of medicine supply.

However, there is one main hospital established in the Southern Kiribati Group and its purpose is to serve the Southern islands which are very far from the other main hospitals in Tarawa.

Infrastructure

6. The economic and social infrastructure on the outer islands is quite basic. Runways, wharves and roads require constant maintenance. Wharves, in particular, do not support an efficient loading and unloading of cargo and passengers resulting in a long turn around period for vessels thus contributing to the high cost of transport to the islands as well as cargo and fuel shortages.

All islands have ice plants established with the support of the Government of Japan but these rely on fuel to operate. Cost and shortage of fuel on the outer islands affects their efficient operation. At this stage most of them may need revival with more emphasis on commercial purposes.

Schools also need upgrading. The Government of Australia is supporting Government's effort to rehabilitate primary school buildings on the outer islands and the Ministry of Education in collaboration with Island Councils continue to provide maintenance with ROC aid.

The European Union has assisted Government with the construction of clinics on the outer islands allowing more people access to medical service through these clinics but there is need to construct more clinics to improve access to this service.

Local materials are widely available on the outer islands for maintenance of local housing/establishment. The island council facilitate supply of these local materials from local people including labour service during construction or maintenance work, providing some form of cash income for the islanders. However, this form of income earning is not permanent and can only provide income within a month's time only or widely depends on maintenance activity.

Maintenance on economic infrastructure is a hardship on outer islands, firstly because material and operational machineries that may be required are not readily available on outer islands. This is a challenge which Island Councils continue to face and continue to fail when it comes to maintenance of such infrastructure.

Communication

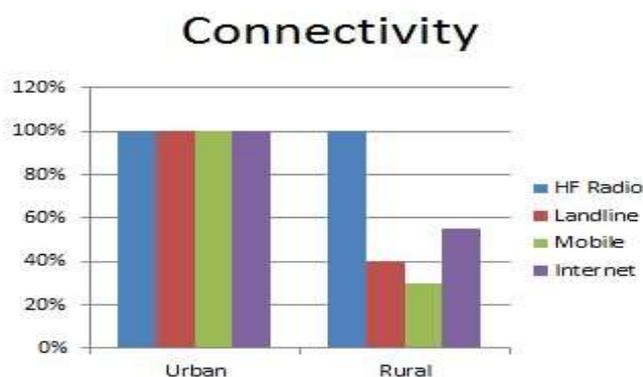
7. Connectivity within the islands and with South Tarawa needs major improvement. In terms of communication, all Island Councils as well as Health Centres have HF radio which is the main form of communication. Only eight of the islands have public phones located mainly in Council centres making it difficult for those living far to access them. Mobile

telephone connections are only available on six islands. Internet connection is available on at least 10 islands but affordability is also an issue for the people. Table 1 provides details of connectivity provided by ATHKL.

Table 1: Outer Island Connectivity (ATHKL)

Island	HF Radio (Council)	Landline/Public phone	Mobile	Internet
Makin	✓			
Butaritari	✓	✓		
Marakei	✓	✓	✓	
Abaiang	✓	✓	✓	✓
N.Tarawa	✓	✓	✓	✓
Maiana	✓		✓	
Abemama	✓	✓		✓
Kuria	✓	✓		
Aranuka	✓	✓		✓
Nonouti	✓			✓
TabNorth	✓	✓	✓	✓
TabSouth	✓			
Onotoa	✓		✓	
Beru	✓			
Nikunau	✓			
Tamana	✓			✓
Arorae	✓			✓
Tabuaeran	✓			✓
Teraina	✓			✓
Banaba	✓			

Graph 1: Urban vs Rural Connectivity (ATHKL)



Transport

- In addition to the improvement of transport infrastructure on the outer islands, air and sea transport connection must also be considered. Air transport connection is provided by Air Kiribati Limited (AKL), a State-owned Enterprise. With only four aircrafts, three for the Kiribati group and one

serves the Line group. However, AKL is unable to meet the travel demand of the people and cannot provide regular connection between South Tarawa and the outer islands. Flight and sea transport connectivity in the Line Islands is even more limited and so air and sea transport is a major challenge and hindrance to island development.

Some outer islands only have one flight a week and this can be easily disrupted by an emergency medical evacuation, maintenance or lack of pilot due to strict regulations on the hours of pilots. AKL is determined to explore expansion of its fleet through a loan and is in need of sustaining air service to the outer islands.

Sea transportation in Kiribati and to the outer islands is provided by the Kiribati Shipping Service Limited (KSSL), Council, community and private vessels. Most of the Council, community and private vessels are small double-hull catamarans with limited capacity. The islands closer to South Tarawa have regular, some of them daily, transport connection to South Tarawa. The further the islands the more irregular the sea transportation. Those in the southern islands in the Gilberts Group and all islands in the Line and Phoenix Groups face huge problems in this area. The Government of the Republic of China/Taiwan provide support to sea transportation through Island Councils' priority projects related to this sector. KSSL and a few private shipping companies have more capacity to transport huge freight such as heavy plants and vehicles to the outer islands. This is insufficient to meet the demand from the outer island communities and to facilitate timely implementation and completion of infrastructure programmes on the outer islands. Construction of ramps and rehabilitation of wharves will greatly assist in facilitating rural economic growth.

Rural Electrification

9. Solar electrification is the major current source of electricity in the outer islands. The European Union has invested a lot of resources in rural electrification programmes. This includes home connections, Council office connections, business connections and community connections (schools, maneaba, (community meeting hall clinics). The Government of the Republic of China/Taiwan is also involved in this sector through the provision of solar light sets for household and maneaba. The challenge in maintaining the system relates to the harsh environmental conditions affecting the lives of wet batteries and the affordability of the system. A new battery system is now being installed to replace the old wet batteries. Under the EU programme, users pay rent to the Kiribati Solar Energy Company (KSEC) who services and maintains the systems.

Capacity on the island to service and maintain these systems must be built to ensure the sustainability of the programmes. A few Councils have people in their employ who can service the systems but the level of skills is inadequate to provide the appropriate level of technical support required for the maintenance of the systems. Those islands without such technical backup rely on the few technicians of the KSEC to provide that service.

Water and Sanitation

10. Water supply on the outer islands is limited to groundwater with a few buildings having rainwater catchment systems. Even though there is no pressure on the water supply from the population there are a number of islands experiencing critical water supply issues. Tabiteuea North in the southern group, for example, is facing such in one of its villages having no potable water fit for human consumption available in its area. Another village is also getting to this critical stage.

For those islands with sufficient water supply, the issue is access. On a number of the islands, people get their drinking water from a faraway source, in some cases kilometres away. Solar water pumps were installed in some of these worst affected villages drawing water from faraway locations to the villages under the United Nations Development Programme (UNDP) project years ago. At the end of the project, Councils were responsible for the maintenance of the systems. Some of these pumps, including solar pumps, do not work anymore due to rust and maintenance problems, including availability and affordability of spare parts and technicians. This is one of the reasons why empowerment of Island Councils and communities is a priority.

In the area of sanitation, the European Union-funded KIRIWATSAN (Kiribati water and sanitation) project implemented by UNICEF in partnership with Government is promoting the use of a type of a simple composting toilet in the outer islands through its Open Defecation-Free programme. Some outer islands have adopted this system with some Island Councils regulating this in their bye-laws. There is a need to improve water and sanitation though in the outer islands which Island Councils are willing to initiate if additional funding is available.

Government is improving infrastructure on the outer islands through the Infrastructure Priority. An outer island project to upgrade runways, roads, wharves and construct ramps for landing crafts is underway with the first phase covering four islands. This is possible through the support of the Government of the Republic of China/Taiwan. A roll out plan for the 3G mobile and internet service is a major part of this outer island infrastructure improvement programme. The World Bank is supporting this initiative but more funding is required to fill in the financing gap.

Employment Opportunities

11. Employment opportunity on the outer islands is very limited. A number of Councils' staff – Clerks, Treasurers, Assistant Treasurers, Island Project Officers, Women Interest Workers and Social Welfare Officers are seconded from Government, with some local staff employed directly by the Councils.

There are also a number of Government officials stationed on the outer islands. A Medical Assistant and nurse(s) from the Ministry of Health and Medical Services, Principals and teachers from the Ministry of Education, a Fisheries Assistant from the Ministry of Fisheries and Marine Resources Development (MFMRD), an Agricultural Assistant from the Ministry of

Environment, Lands and Agricultural Development, and an Inspector, Sergeant and Constables from the Kiribati Police Service are stationed on the outer islands. Businesses are limited to small stores. A few of the islands have branches of wholesale businesses. Copra cooperatives and other forms of cooperatives also provide some level of employment depending on the size and financial health of the cooperatives.

However, government through various ministries, for example the Ministry of Women, Youth and Social Affairs is willing to explore women and youth employment in collaboration with the Island Councils by providing sewing and agricultural activities as to promote self-employment which may contribute to outer island economic development.

Recruitment for public service does not include outer island communities. One has to be on South Tarawa or Kiritimati to compete for jobs. Recruitment for intake to Marine and Fisheries Training Centres is extended to the outer islands. Recruitment for seasonal work programme in Australia and New Zealand includes a work ready pool coordinated by Island Councils. Expansion of training opportunities offered by KIT and other courses such as Basic Sea Safety courses have also been expanded to the outer islands.

Economy

12. Change rate for paradigm in the outer islands is quite slow and life itself is predominantly subsistence in nature. However, government sees the need to facilitate people's need to adopt a cash-based lifestyle and the main income generating activity on the outer islands is copra and because the majority of islands have copra, an increase in the copra rate has increased from a dollar to \$2/kilo early this year. Government wishes to inject cash to the people living on the outer islands and providing incentive for the unemployed staying on South Tarawa to migrate back to the outer islands. As for sea-weed farming, only a few islands, particularly those in the Line Group, participate in the seaweed industry.

Some islands are engaged in fisheries related activities with the support of the MFMRD. The waa-n-oo (fishing canoe) project is being rolled out to the outer islands equipping the communities with appropriate fishing tools for fisheries-related income generating activities. Fisheries value-adding training and support is provided to the outer islands. In fact, two of the outer islands, Arorae and Onotoa, are producing smoked fish and tuna jerky to the Tarawa market. Abaiang is constantly providing fresh seafood to South Tarawa.

Farming is also a growing economic activity on the outer islands, especially in the northern islands of Makin and Butaritari. In Butaritari, for example, Government has established a farm and support programme to farmers on Butaritari to supply South Tarawa with locally grown food crops like banana, pumpkin, taro, cassava and kumara. This will promote food security and ease reliance on imported food.

Micro credit schemes are available on the islands. A Village Bank, a Government initiative, is available on some of the islands. Village Banks on the other islands have collapsed due to poor management. There is going to be a review exercise on the village bank scheme soon to find out ways for improvement.

Island Councils recognize traditional values/handicrafts and local produce and can promote them through its existing marketing strategy in place. This can provide income to the outer island communities but quality standards must be put in place to meet domestic and overseas quality standards. Marketing of all the above is also an issue that must be addressed. These are all part of Government's poverty alleviation and food security priority.

Issues

13. Most of the issues have been highlighted above, in particular those related to poor infrastructure and lack of capacity on the islands to improve service delivery. A constant message in the above section relates to supply, access, affordability, dependency syndrome or freeriding, management, coordination and sustainability. Role of Island Councils in Infrastructure Maintenance and Service Delivery

Infrastructure on the outer islands is funded by Government through its own resources and support from development partners. The idea is for Government to assist in establishing infrastructure and for Councils and communities to meet the cost of usage, maintenance and replacement. Indeed, it is the responsibility of Councils to maintain infrastructure on their islands. Councils receive grants from Government for the maintenance of infrastructure on the islands, among other things, but these are not enough to fund the level of maintenance works required. As can be deduced from the above, Councils have not been able to effectively meet these obligations. There is a need for training in financial management to enable Councils to manage their funds properly and to mobilise their communities to contribute.

A number of factors affect the ability of Councils to do their part. First of all, there is no technical capacity on the island, let alone with the Councils, to maintain and sustain the systems and infrastructure. Councils rely on Government's limited technical capacity to assist. After the completion of projects, Government's or other technical experts assist in maintaining the systems and infrastructure but this ends as soon as project funds run out. In these circumstances, Councils are expected to meet the cost of service provided by Government's or other experts, in particular expenses related to travel and subsistence allowance for the duration of the work on the island. This is quite prohibitive for Island Councils.

In addition, the availability and cost of spare parts for infrastructure or systems can be quite prohibitive. Most of the systems procured overseas do not have spare parts available in the country and the cost of purchasing these from abroad is very high for Island Councils and communities. This is one of the problems faced by communities on the outer islands who have

different types of systems installed on the islands depending on who is funding that project. There is a great need for proper coordination and standardisation of programmes and systems to ensure Councils can afford to maintain and sustain them.

Councils do not have the capacity and capability to effectively execute most of their functions. First of all, elected officials of Councils need constant training and capacity building in their legal powers, rights and responsibilities and in areas required for the execution of their functions.

Furthermore, the support provided to Councils by seconded staff from Government is not adequate. There is a need to attract the right calibre of people with the right skills set for these positions. To do this, Government has upgraded the seconded positions of Clerks to Island Councils from a lower management level to a top middle management level (L9-7 on Government's salary scale). This is a good start but there is also need for appropriate capacity building programmes in areas such as financial management, human resource management, strategic planning, monitoring and evaluation, report writing, and public relations for seconded staff and for Mayors and Councillors. The Commonwealth Local Government Forum (CLGF) is assisting the Ministry of Internal Affairs in developing a local government training programme at the Kiribati Institute of Technology (KIT) on the above as part of a KIT's training curriculum. This will become a prerequisite for professional positions at the Ministry of Internal Affairs and for Council's seconded positions. The process has been initiated but there is need for additional funding to complete the work.

More rural area incentive is also needed to entice people to work on the outer islands, especially on more remote islands. This is not only for the Council seconded staff but for other Government staff posted to the outer islands. At the moment, there is difficulty in posting people to the outer islands because of health reasons or because their children are schooling in one of the senior secondary schools in the urban areas. The bottom line is that outer island postings are not attractive enough. Of particular challenge is posting of Government staff to Banaba and the Line and Phoenix Groups because of poor transport connections and supply of basic food items and medicine.

Furthermore, because of the high dependency of Councils on Government for funding and of communities on Councils or Government for solutions to their problems there is a challenge in the promotion and application of the user-pay principle through rating in the outer islands. This is not a very popular policy option for Councils as it attracts lots of political attention if people are unhappy about it. The communities are used to getting what they want from Government. This free-riding syndrome must be addressed and replaced with entrepreneurial spirit to allow Councils space to raise revenue through rating which will allow them to maintain their island infrastructure and systems.

Lack of coordination of programmes and development activities on the outer islands is also an issue. This relates to programmes from development

partners, Government, private sector and civil society. Island Councils must be allowed to drive development on their islands that are consistent with the needs of their communities. Through this process, Island Councils will be able to determine the type and level of programme or intervention required to fill the gap where their own efforts and those of their communities are unable to meet. In this way, communities will feel a greater sense of ownership over their own problems and solutions and will definitely ease dependency on Government.

As a fledgling nation, Kiribati is still learning from experience in the use of modern governance systems. Island Councils or local governments are new creatures in the Kiribati governance system. Traditional governance system includes Unimwane or elders or community councils who are the ultimate traditional authorities on the islands. In some of the islands, traditional governance systems are stronger than the modern Island Council system of government. On occasions, conflicts between the traditional and the modern has caused difficulty in delivering service to the island as resources are diverted to diffusion of tensions. There is a need to review local governance system to ensure a harmonious and beneficial relationship between the modern and the traditional form of governance in the country. Achieving this will also allow sustainable development on the outer islands.

High cost of transaction between the outer islands and South Tarawa due to isolation and poor infrastructure is affecting the development of the economic and productive sectors on the outer islands. More efficient transport infrastructure will help reduce the cost of transaction.

Climate Change

14. Climate change is not just an economic issue nor is it just an environmental issue. It is also a security issue, threatening the livelihoods of the people of Kiribati as a whole through food security and the availability of water sources and resources and the reduction of land through erosion for living spaces. Moreover, the impacts of climate change and sea level rise on the outer island communities therefore affects the security, the livelihoods and the future prosperity of our islands. The notion of relocation is becoming a known issue for the outer islands related to the depletion of land from coastal erosion and encroachment but most importantly due to the lack of available potable water. Climate change is therefore a people issue, one which has a great toll on the people of Kiribati and a cross cutting issue which the Government is taking initiatives to address. It is a phenomena that government and outer island communities are gravely concerned with given the fact that our low lying islands are vulnerable. However, in kind assistance to alleviate climate change are on-going. In islands with brackish water problems have received rain water catchment and improvement to existing water reservoirs. Initiatives on solar generating water pumps have been explored and options in adopting measures to adverse impact of climate change are being developed with the assistance of New Zealand aid.

Achievements

15. In the past few years, there have been a number of significant achievements made in the area of rural and economic development and strengthening local governance. The paper will highlight some of these achievements.

With support from development partners, notably the Republic of China/Taiwan, Island Councils have managed to realise some of their own development priorities in the area of infrastructure (causeways, bridges, wharves, water and sanitation, Council office complex, police offices and prison cells, solar electrification, maneaba (community hall), guest houses, etc), vessels, and others.

The establishment of KiLGA through the support of CLGF and the EU is another achievement. KiLGA is incorporated under the *Incorporated Societies Act* giving it legal personality to enter into legal contracts. It is supporting the Island Councils, its members, in bulk procurement and other cost efficiency measures contributing to Councils' reduced overhead expenditure. KiLGA is working in partnership with the Ministry of Internal Affairs in developing island profiles for all Island Councils, in developing a code of conduct for Island Councils and in capacity building programmes.

The introduction of Strategic Planning, including Monitoring and Evaluation training, for Island Councils is considered as an achievement even though it is still being implemented. With the support of CLGF and in partnership with KiLGA, the Ministry of Internal Affairs has assisted councils to develop strategic Plans for 2012 - 2015. Only three has been completed by 2015. There is, however a need for continued funding to review and update councils MSP for 2016 – 2019. A regional support on 'whole-island approach' to address climate change and disaster risk issues on Abaiang is assisting with the development of the Abaiang Island Council Strategic Plan. This model is a good coordination mechanism for development on the island and in turn will provide a basis towards a whole-of island approach, tending to other outer-islands and addressing their issues related to climate change and disaster. Abaiang is the first pilot island selected along with Tabiteuea North. GIZ, USAID, Australia, EU, SPC, SPREP and USP are partners in this project. The lessons learnt from Abaiang will be taken from the project to inform the development of an appropriate model of coordination for Island Councils and communities.

Councils' budgets are more aligned to the law than they were before. Councils have become aware of the legal process they have to undertake in the area of rating before they can include this as a revenue line in their budgets. This also demonstrates an improved awareness and understanding of the *Local Government Act* by Island Councils.

Initiation of the development of a local government training package with KIT is another achievement that must be followed through to ensure a sustainable capacity building programme for local government staff. With the right skills set, the right systems and structure, seconded staff will be able to assist the Island Councils in the proper management of projects and

funds. The ultimate aim is for the programme and KIT to produce world-class local government experts in Kiribati who will assist Island Councils in the full execution of their functions and in mobilising community support in maintaining and sustaining services.

A number of Island Councils have been successful in mobilising their community to contribute to their island development programmes. Tamana Island Council, for example, is facilitating and coordinating community inputs to the waa-noo project expanding the scope of the project to cover all households on the island. Under this project, a certain number of canoes will be constructed for the island. Tamana Island Council aligned this programme to the needs of its community and supplements the resources available under this project from Government with its own community resources. The other programme that the Council has initiated with the traditional leaders, Unimwane, is the coconut replanting which the community engages in every Wednesday. The advantage that Tamana has is the cohesiveness of its small island community. This is an ideal model that all Island Councils could adopt and adapt to their own island context.

Outer Island banking system is now in place and capacity building in running the system has completed in 2015. The initiative has been provided with the support of ANZ and the Ministry of Internal Affairs and awaits efficiency of internet. The purpose of the initiative is to allow outer island ANZ customers to carry out financial transactions from outer islands through island councils, without needing to travel to Tarawa.

However, other new economic achievements injected to the Island council and rural area communities are council incentive allowances and increase of copra price from a dollar to \$2.00 respectively. Financial support for outer island and community resourcing such as discussed earlier in the paper including the establishment of women centres to cater for community self-employment schemes, both for women and youth and protecting preserving and promotion of our cultural values and skills will continue.

Opportunities

16. There is a lot of potential in the outer islands namely natural capital, human capital and cultural capital.

Natural Capital

17. First of all, there is more land space available for development on the outer islands compared to South Tarawa. There are abundant marine resources that are yet to be tapped for the benefit of the island communities. One of the outer islands, Nonouti, has established bone-fish ecotourism on the island with the support of the Ministry of Communications, Transport and Tourism Development and the Ministry of Commerce, Industry and Cooperatives. This venture is run by the Nonouti Island Council. Some of the islands, particularly those in the Line and Phoenix Group have plenty of senile coconut trees that can be used for coconut timber and other coconut

products. Coconut milling is therefore a viable economic activity in that part of the country. The International Fund for Agricultural Development (IFAD) is supporting a milling project on Abaiang and Abemama to be implemented this year. There is also great potential for coconut related products on the outer islands. Virgin Coconut Oil, toddy sugar, coconut sweets, biofuel and coconut-based handicrafts are a few examples. SPC is supporting Government's efforts in the processing of VCO and toddy sugar in the Central and Southern Gilberts islands.

Human Capital

18. Human resource development is a priority of Government. Improving the productivity of our communities on the outer islands is part of this. There is potential for development of small and medium enterprises (SMEs) with the appropriate form of training, including in financial and project management, and support to the communities, including more micro-credit schemes. Developing the capacity of young people in economic activities utilising available resources on the islands (fishing, agriculture, cottage industry, and handicraft) will help improve the islands' economic and social development.

Cultural Capital

19. Cultural capital is something that has not received much attention but it has great potential to boost island economic and social development. Training young people in making local handicrafts and products from available resources on the outer islands will not only provide a source of income to our young people but will also promote and preserve our cultural and traditional skills. Traditional knowledge, skills and systems in the sustainable utilisation and management of resources must also be revived to compliment modern approaches to resource management.

Role of Island Councils

20. The role of Island Councils is very critical in this process. Whatever the legal and constitutional arrangements for the provision of a service or function on the outer islands, if it has impacts on the local community, then the Island councils should have a role in representing the community interest and influencing that service to meet the needs of the community. This requires not just the pooling of resources and activities but also a leadership and influencing role to ensure that the efforts of all agencies, i.e. Government, development partners, private sector and civil society, are focused on the outcomes of greatest importance to the local community. Island Councils are well placed to play this role.

They must take on responsibility and accountability to drive island development. As elected representatives of their local communities, Island Councils must be held accountable for what happens on their islands. They must be held accountable for the level and quality of service delivered on their islands. It is important that they have space to mobilise the local community for island projects and to raise revenue, through the application

of a user-pay principle, necessary for the delivery, maintenance and sustainability of service to the local community.

Way Forward

21. Infrastructure development, improvement and sustainability are critical prerequisites to rural development. Improvement of social services on the outer islands is also critical to improving skills, knowledge, health and productivity of the local communities.

Poverty alleviation and food security programmes must focus on the comparative advantage of each outer island. Island profiling is required to determine the comparative advantage of the outer islands and the standard of infrastructure and systems available on the islands to facilitate the successful implementation of these programmes. CLGF is supporting the development of some island profiles through KiLGA. There is need for more financing and technical assistance to cover the rest of the islands. Strengthening of local and overseas trade network can allow easier access to enter regional and international markets. Special trainings to capacitate island communities to produce products to market standards should also be part of the whole plan.

Capacity building for Government officials providing advice and support to Island Councils on local government and rural development matters must be sustained. Ongoing capacity building for elected representatives, including through the Local Elected Leadership (LEL) training programme under CLGF with funding from New Zealand, and staff of Island Councils must continue. The Government, through the Ministry of Internal Affairs, is developing a local government training programme with the Kiribati Institute of Technology (KIT) with the support of the Good Practices Scheme (GPS) of the CLGF with funding from Australia. This particular initiative is part of the twinning programme with the Hunter Group of Councils of New South Wales in Australia. There are insufficient funds under this programme to complete the training package.

The extension of technical and vocational training programmes to the outer islands will allow the building of capacity on the islands in technical areas which will contribute to the sustainability of infrastructure and systems on the outer islands. Scholarship programmes for KIT must be extended to cover outer island potential students. The KIT is working on the extension of its programmes and scholarships to the outer islands.

Institutional strengthening of the Ministry of Internal Affairs and of Island Councils is required to ensure that local governance systems, structures and capacities are appropriate and best placed to effectively and efficiently deliver and sustain services to the people on the outer islands.

Local governance review will be a major component of the institutional strengthening programme with the objective of determining a sustainable local governance system that combines elements of the modern and the traditional governance systems.

If Island Councils and communities are empowered, including through allocation of more responsibility and accountability to chart their own destiny with their own resources or with limited support, there is more chance for rural development programmes to succeed in the long-term.

Recommendations

22. The following are recommended for consideration:

- a) Note the situation on the outer islands, in particular the challenges and opportunities;
- b) Note the achievements in rural and economic development and local governance in the past few years;
- c) Acknowledge with gratitude support of development partners to Government's and Councils' rural development programmes and initiatives;
- d) Note ongoing local governance capacity building programmes with acknowledgement of the support from CLGF;
- e) Support outer island infrastructure development and improvement;
- f) Support poverty alleviation programmes on the outer islands, including the promotion of small and medium enterprises, cultural and cottage industries;
- g) Support the extension of technical and vocational training programmes and scholarships to the outer islands; and
- h) Support local governance institutional strengthening and review programme.