



2023 KIRIBATI GOVERNMENT ANNUAL PUBLIC PROCUREMENT REPORT

Central Procurement Unit,
Ministry of Finance & Economic Development.

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1. Foreword:

The Government of Kiribati, through the Ministry of Finance and Economic Development, remains firmly committed to strengthening the nation's financial position by addressing economic and fiscal challenges through strategic and innovative reforms. Central to the Ministry's Strategic Plan 2020–2023 is the enhancement of public financial management, improved coordination of development assistance, and the advancement of State-Owned Enterprise reforms. In line with these objectives, the Government initiated the Kiribati Public Procurement Reform Program (KPPRP) as a key component of its broader economic reform agenda.

A significant milestone under the KPPRP has been the establishment of the Central Procurement Unit (CPU) in June 2018, which now plays a pivotal role in overseeing national public procurement operations. The CPU provides support to 41 Procuring Entities, including 15 Ministries, 8 Statutory Corporations, and 18 active State-Owned Enterprises. Its core function is to ensure that public funds are spent efficiently, effectively, and in a manner that delivers optimal value for the nation.

This annual report outlines the CPU's responsibilities in monitoring, guiding, and reporting on procurement performance across all Procuring Entities. It highlights the Unit's collaborative efforts with both internal and external stakeholders to strengthen procurement systems, drive improvements in value for money, and align procurement practices with national development priorities.

Throughout the reporting period, the CPU has remained steadfast in its commitment to timely and accountable procurement, while delivering comprehensive support to its stakeholders. Notable progress has been made in implementing the Ministry's 2020–2023 Strategic Plan and the Division's Operational Plan. Looking ahead, the CPU remains dedicated to enhancing procurement service delivery and fostering continuous improvement across all Procuring Entities.



Koin Uriam Kiritione
Chief Procurement Officer
Secretary for Ministry of Finance and Economic Development

2. Executive Summary:

This document represents the third annual public procurement report compiled by the Central Procurement Unit (CPU) and endorsed by the Secretary of the Ministry of Finance and Economic Development in her capacity as the Chief Procurement Officer. It covers the reporting period from January to December 2023.

The report provides a comprehensive review of procurement activities financed through the Government of Kiribati's Recurrent Budget, as well as those supported by international development partners under the Development Budget. It excludes procurement managed directly by the World Bank and the Asian Development Bank, which are administered separately by the Kiribati Fiduciary Services Unit (KFSU), a separate unit under the Finance Ministry's portfolio.

The report evaluates the effectiveness of the national procurement legal framework in delivering value for money, reviews training initiatives for Procuring Entities, and assesses capacity-building efforts across government agencies. It also presents key procurement statistics for the 2023 fiscal year. Furthermore, the report identifies major challenges encountered during the reporting period, outlines proposed remedial actions and sets out strategic priorities and policy actions for future improvements in public procurement.

3. Public Procurement Legal Framework in Kiribati

The Government of Kiribati approved the Principal Public Procurement Act in April 2019. The public procurement regulation was endorsed by Cabinet in May 2020. In March 2021, the public procurement manual was finalized and ready for implementation. Shortly after the enforcement of the complete public procurement legal framework, in May 2021 the Government approved An Act to amend the Procurement Act 2019. The complete set of the public procurement legal framework are publicly made available on the procurement website (www.procurement.gov.ki) for easy access.

The rationality for a new amendment to the 2019 principal procurement Act which became the 2021 procurement amendment bill was summarized in the explanatory memorandum of The Procurement (Amendment) Act 2021 as quoted here in this report.

“The main purpose of this Amendment Act is to change the title and role of the Chief Procurement Officer to allow more efficiency in the procurement process. The title of the Chief Procurement Officer is now changed to the Senior Procurement Officer while the title Chief Procurement Officer is transferred to the SRO or the Secretary for Finance. The role of the Senior Procurement Officer is also limited to only being the Secretariat for both the Board (section 17) and the Committees (section 18). The procuring entity officer shall be tasked with the Chairperson of the Procuring Committees for the entity concerned. There is also a new insertion-39A which binds all Government owned companies and statutory corporations to this act”.

Section 11 of the procurement Act empowers the Minister responsible for the Ministry of Finance and Economic Development to promulgate Regulations to support the implementation and objectives of the Act. In this context, the proposed amendments to the public procurement legal framework are deemed to be in the public interest, aimed at better addressing the needs of the people of Kiribati. These reforms are intended to promote a more transparent and accountable procurement system that ensures optimal value for the nation, contributing to a more sustainable and prosperous future for all citizens.

Pursuant to Section 14 of the Procurement Act, the Minister of Finance and Economic Development is vested with the authority to define the organizational structure of the Central Procurement Unit (CPU) to ensure its efficiency and effectiveness in fulfilling its mandate. The CPU is designated as a center of excellence for public procurement in Kiribati and plays a

critical role in supporting Procuring Entities by providing operational guidance and assistance in the implementation of public procurement activities, in alignment with the core principles of transparency, accountability, and value for money.

3.1. Gaps in the procurement legal framework

To align the 2021 procurement amendment bill with the complete set of the public procurement legal framework, there is a need to revise all the legal framework of public procurement which includes the Principal Act 2019 to develop a new public procurement amendment Act 2021 merging all the changes proposed in the amendment bill. Procurement regulations and manual need to be revised to reflect the changes in the amendment bill. During implementation, the Central Procurement Unit noted several needed improvements to the existing public procurement legal framework.

4. Training Programs delivered by the Central Procurement Unit

The Central Procurement Unit (CPU), under the Ministry of Finance and Economic Development, has continued to play a critical role in building procurement capacity across the Government of Kiribati. The CPU's capacity development efforts are designed to strengthen institutional performance, improve compliance with the Public Procurement Legal Framework, and promote best procurement practices across all Procuring Entities (PEs).

The CPU's capacity development program is guided by the following key objectives:

- Enhance procurement knowledge and technical skills across all PEs.
- Promote ethical, transparent, and accountable procurement practices.
- Strengthening institutional understanding of procurement planning, evaluation, and contract management.
- Increase alignment with regional and international procurement standards.

During the reporting period, the CPU delivered a range of targeted training, technical support, and knowledge-sharing initiatives to support the effective functioning of 41 Procuring Entities, including Ministries, Statutory Corporations, and State-Owned Enterprises. In 2023, the CPU was able to deliver 2 training programs.

The first training was conducted in Kiritimati Island at the Ministry of Line and Phoenix Island (MLPID) from 6th to 8th of June 2023. Participants are categorized into 3 (i.e. Officers from MLPID, Statutory Corporations combining with the State-Owned Enterprises, and Private

Sectors. Essentially, the participation of officials from those stakeholders contributed to the successful training session conducted by our team at CPU. Since this is our first training program to the Kiritimati Island sector, we designed our training focus areas on the past training sessions as follows:

- Commencement dates of public procurement legal framework
- Contents of the Procurement amendment bill 2021
- Brief overview of the contents of the public procurement legal framework
- Different procurement thresholds per delegation of authority
- Methods of procurements
- Exceptions of public procurement pursuant to Regulation 3
- Annual Procurement Plan Templates
- Invitation to tender templates for different types of procurement
- Tender summary templates

The **second training** was conducted in collaboration with the GGGI TAs to all relevant stakeholders or Procuring Entities in Tarawa at the Marine Training Center. During the intense training carried out from 28th September to 3rd October 2023 at MTC Classroom, the following is the number of participants or POs who attended the training and were also awarded the Certificate of Achievement.

- Government Ministries – 34 staff
- Statutory Organizations – 29 staff
- State Owned Enterprises – 27 staff
- Private Businesses – 21 Staff

Therefore, the total number of staff trained from the Public Sector is 90 officers with equal 50% gender and the Private Sector 21 Officers with 62% women and 28% men.

CPU officials and a local, TA Mr. Kireua Bureimoa engaged by GGGI conducted a face-to-face training program remotely joined by an international consultant Sven Erik Hargeskog from Sweden. The training was a success with more emphasis on the sustainable public procurement initiatives. Stakeholders are trained in how to do public procurement that promote selection of criteria relevant to corporate governance, social considerations, and environmental aspects. In the case of procuring cooling and lighting or electrical appliances, the TAs presented the drafted guidelines on the number of criteria applicable in this context. MISE, MELAD, and OB officials were also invited to deliver presentations on the developmental aspects aligning to procuring of cooling and lighting appliances with the overall aim to convey a key objective of sustainable public procurement in Kiribati.

5. Training programs or conferences attended by the Central Procurement Unit

The Asian Development Bank conducted two conferences in 2023 that related to procurement. The **first conference** was ADB Training for Regional Procurement and FIDIC Book. The main objective of this training was to provide a refresher on ADB’s procurement guidelines, major FIDIC 2017 Red Book and general contract management aspects. The training took 4 days, which started on Tuesday, 2nd May 2023 and ended on Friday, 5th May 2023. The table below (i.e., Table 1) shows the session for this training:

Table 1: ADB FIDIC 2017 Red Book and General contract management aspects session

Session	Topic
Topic 1	Contract Management Overview
Topic 2	Transitioning from FIDIC PB to 2017 RB
Topic 3	The Employer and the Engineer
Topic 4	The Contractor’s obligations
Topic 5	Use of Yellow Book
Topic 6	Time Management
Topic 7	Financial Management
Topic 8	Change Management
Topic 9	Disruption of the Works
Topic 10	Termination and Disputes
Topic 11	Strategic Procurement Planning: Market Analysis
Topic 12	Strategic Procurement Planning: Overview
Topic 13	Strategic Procurement Planning: Risk Management

The **second conference** was the 9th Conference of the Asia Pacific Public Electronic Procurement Network (APPeN) that was held in Tbilisi, Georgia from 18th to 20th October 2023. Delegations from the Kiribati Central Procurement Unit (CPU) includes 1 senior procurement officer and 1 procurement officer. ADB provided a formal letter of invitation to the Ministry of Finance and Economic Development (MFED) following formal protocol through the Secretary of MFED. In this manner, the delegation was based on the Secretary's nominations, which is reasonably conducted through fair and transparent approach. The team from CPU learnt from the conference and able to share the knowledge through designed training programs delivered by the CPU to all Procuring Entities. The report on the lessons learnt and key observations from this conference relevant to the development of our national public procurement system have been shared with the Secretary of Finance for consideration.

Organized by the Asian Development Bank (ADB), the conference focused on the digital transformation of public procurement to enhance transparency, support Sustainable Development Goals (SDGs), and promote economic empowerment. It also explored emerging issues such as the use of artificial intelligence in procurement planning, tender procedures, evaluation, negotiations, and contract management. Key topics are surrounding topics such as artificial intelligence or AI in procurement, sustainable public procurement, professionalization of the procurement workforce, enhancing public trust, and role of international organizations. Several guest speakers were also invited to this conference to deliver presentations based on their respective country's case study and analysis relevant to topics discussed. The conference facilitated the development of a broader network of e-GP experts and public sector managers, fostering inter-regional cooperation and knowledge exchange. Participants from Asia and the Pacific were provided with the opportunity to have an expanded networking among themselves. The conference is both engaging and fun.

6. Procurement Statistics

The Central Procurement Unit continuously keeps records of procurements using Microsoft Office Excel. There are useful features for data reporting analysis, though access to other software such as cloud databases, etc. could be more useful in their functionalities and report publications

6.1. Total Spending by Different Thresholds

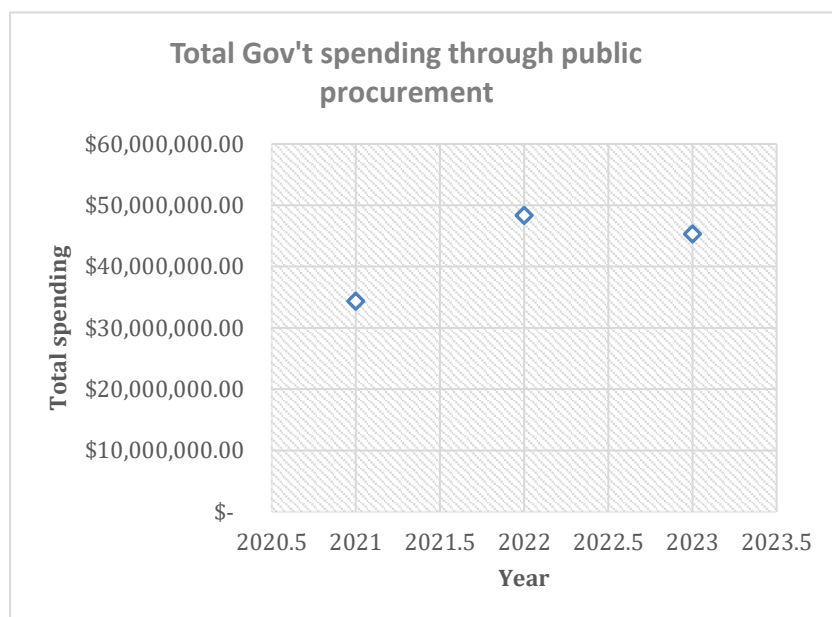
The Contract Award Committee (CAC) is the awarding authority for contracts or framework agreements for medium value procurements (i.e. \$10,000 to \$49,999).

Central Contract Award Board (CCAB) is the awarding authority for contracts or framework agreements for high value procurements (i.e. \$50,000 and above).

The total amount spent by the Government of Kiribati through public procurement was \$45,305,920.41. The total cost for CAC 2023 is \$2,507,394.33 whereas the total spending for CCAB was \$42,798,526.08.

Table 2: Total Government Spending through public procurement

Total government spending thru public procurement	
Year	Total spending
2021	\$ 34,357,526.07
2022	\$ 48,333,269.87
2023	\$ 45,305,920.41



This indicates that there was a decrease from \$48.3m in 2022 to \$45.3m in 2023. Although this data decreases, it also surpasses the total spending for 2021 procurements. This shows that compliance with the Public Procurement legal framework is still improving. However, the

decrease was due to the decreased number of procurement activities. This is mainly due to other projects being funded under other entities which also make them excluded from the Public Procurement legal framework noting they were managed by the KFSU following different procurement policy frameworks under the funding institutions (i.e., WB, ADB, etc.).

6.2. Total spending by Procuring Entities (PEs)

Out of 41 Procuring Entities, only 29 initiated public procurements in 2023. Air Kiribati Limited spent the highest amount in total of \$11,215,181.63. The details of each procuring entity's record are provided in the annex.

Table 3: Total spending by PEs

COST ANALYSIS				
PE Code	PE Details	CAC	CCAB	TOTAL COSTS
9	OB	\$ 354,463.37	\$ 1,304,687.00	\$ 1,659,150.37
12	KPS		\$ 52,846.39	\$ 52,846.39
14	MFAI		\$ 724,678.29	\$ 724,678.29
15	MIA	\$ 48,965.34	\$ 262,241.81	\$ 311,207.15
16	MELAD	\$ 146,916.03	\$ 1,739,452.37	\$ 1,886,368.40
17	MnM	\$ 120,296.00	\$ 63,671.36	\$ 183,967.36
18	MTCIC	\$ 40,000.00	\$ 925,097.62	\$ 965,097.62
20	OAG	\$ 52,650.00	\$ 930,500.00	\$ 983,150.00
21	MFMRD	\$ 174,343.63	\$ 2,275,495.24	\$ 2,449,838.87
22	MHMS	\$ 576,111.35	\$ 1,025,828.47	\$ 1,601,939.82
23	MoE	\$ 202,007.67	\$ 6,611,169.57	\$ 6,813,177.24
24	MICT	\$ 209,967.79	\$ 1,071,381.78	\$ 1,281,349.57
25	MFED	\$ 15,300.00	\$ 79,963.09	\$ 95,263.09
26	MWYSSA	\$ 83,600.08	\$ 515,897.95	\$ 599,498.03
27	MISE	\$ 272,312.81	\$ 3,373,752.01	\$ 3,646,064.82
28	MEHR		\$ 335,000.00	\$ 335,000.00
29	MLPID	\$ 86,008.62	\$ 263,887.23	\$ 349,895.85
37	MoJ	\$ 69,320.00	\$ 198,000.00	\$ 267,320.00
38	LC	\$ 13,822.00		\$ 13,822.00
39	AKL		\$ 11,215,181.63	\$ 11,215,181.63
41	CPPL		\$ 1,058,828.49	\$ 1,058,828.49
42	DBK		\$ 183,600.00	\$ 183,600.00
43	KCDL		\$ 232,282.99	\$ 232,282.99
44	KHC		\$ 4,090,652.82	\$ 4,090,652.82
45	KIC		\$ 340,000.00	\$ 340,000.00
46	KOIL		\$ 1,776,557.35	\$ 1,776,557.35
47	KPA		\$ 1,842,052.28	\$ 1,842,052.28
50	PUB		\$ 305,820.34	\$ 305,820.34
54	AKA	\$ 41,309.64		\$ 41,309.64
		\$2,507,394.33	\$ 42,798,526.08	\$ 45,305,920.41

6.3. Record of Procurement Complaints

Addressing complaints in procurement is essential for ensuring fairness and transparency in Kiribati's public procurement system. This process helps build trust and confidence by allowing tenderers to voice their concerns, and it must adhere to the legal standards governing public procurement. Complaints typically fall into two categories:

- Complaints about the process
- Complaints about the awards

In 2023, no formal complaints were recorded in these areas. However, there were inquiries that could be considered as complaints. These issues were resolved through discussions and did not escalate to the formal complaint procedures required for service providers, contractors, or suppliers.

7. Key Challenges and Possible Remedies

Significant challenges had been encountered, particularly with Procuring Entities not adhering to procurement procedures and guidelines. Firstly, many Procuring Entities did not submit their Annual Procurement Plans for 2023. The Central Procurement Unit had urged these entities to provide their plans to ensure timely procurement processes, as mandated by the Public Procurement Regulations. However, records show that only 7 State-Owned Enterprises (SOEs) and 11 Ministries and Statutory Bodies submitted their Annual Procurement Plans (APP) for 2023. This means that just 18 Procuring Entities (PEs) out of 41 complied with the submission requirement for 2023, resulting in a compliance rate of only 43%.

In addition to the previously mentioned issue, CPU also was facing problems where Procuring Entities did not comply to the proper procedures for executing procurement, as outlined in the Public Procurement Regulation, Public Procurement Act, and Public Procurement Manual.

To address the issue of Procuring Entities not complying with procurement regulations, several steps can be taken:

- **Strengthen Communication:** Improve outreach efforts to ensure that all Procuring Entities fully understand the importance and requirements of submitting their Annual Procurement Plans. Regular reminders and clear guidance can help reinforce this obligation.
- **Enhance Training:** Offer training sessions and workshops to educate Procuring Entities on the Public Procurement Regulations and the process for submitting Annual Procurement Plans. This can help build capacity and address any knowledge gaps.
- **Implement Monitoring Mechanisms:** Establish a robust monitoring and reporting system to track the submission of Annual Procurement Plans. This system should include deadlines, follow-ups, and escalation procedures for non-compliance.

- **Introduce Penalties:** Consider implementing penalties or sanctions for Procuring Entities that fail to comply with the submission requirements. These measures should be clearly defined and communicated in advance.
- **Provide Support:** Aid Procuring Entities that may be struggling with the submission process. This could include providing templates, technical support, or dedicated points of contact to answer questions.
- **Review and Revise Regulations:** Evaluate the current Public Procurement Regulations to identify any areas that may need clarification or adjustment to facilitate better compliance. Engaging with stakeholders in this review process can ensure that the regulations are practical and effective.
- **Promote Accountability:** Foster a culture of accountability by highlighting the importance of compliance and recognizing entities that consistently meet their procurement obligations.

8. Way Forward

To advance with the team at the Central Procurement Unit, continuous training programs to all Procuring Entities to refresh their procurement knowledge in line with the Public Procurement Regulation, Act, and Manual is a necessity. This is also to ensure compliance to all Procuring Entities with the legal practices of procurement. We also recommend amending these documents to address conflicting clauses and to incorporate Sustainable Procurement into the Act, which is part of our plan for enhancing procurement practices.

Automating public procurement will also enhance public procurement efficiency. Lesson learnt from other pacific island countries and the feasibility study on the Kiribati procurement needs assessment for e-GP, or electronic government public procurement would advance the application of new technologies. Trainings that CPU Team attended in the region and outside of the region is a chance to expand the networking and to improve the procurement system in Kiribati

Review of the public procurement legal framework is also a matter of concern for future improvement. To align with initiatives on e-procurement, the Government must support the initiative so it would be a winning case scenario that positively impact the whole nation.