



# Mapping of Kiribati's Private Sector Resilience Building Initiatives and Enhancing Public Private Sector Engagement in Climate Finance

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December 2023

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Original text: English

### **PIFS Cataloguing-in-Publication data**

Mapping of Kiribati's Private Sector Resilience Building Initiatives and Enhancing Public Private Sector Engagement in Climate Finance / [Commissioned by the Pacific Islands Forum Secretariat and Kiribati Chamber of Commerce and Industry]. Suva, Fiji : Pacific Islands Forum, 2023.

58 pages : col. illustrations ; 30 cm.

**ISBN: 978-982-202-092-2**

1.Climate changes – Environmental aspects–Kiribati 2. Climate change – Government policy – Kiribati 3. Climate change mitigation I. Pacific Islands Forum Secretariat II. Kiribati Chamber of Commerce and Industry

363.738'74'099681 dc23

AACR2



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun Svizra

Federal Department of Foreign Affairs FDFA



PACIFIC ISLANDS FORUM

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# Acknowledgments

This report has been produced in collaboration with the Kiribati Chamber of Commerce and Industry (KCCI), the Climate Change Unit under the Office of the Beretitenti (Office of the President) and the Climate Finance Division within the Ministry of Finance and Economic Development (MFED).

We extend our appreciation to all the private sector representatives who took time out to complete the questionnaire, participate in the bilateral interviews and contribute meaningfully during the national workshop.

The consultancy team would like to thank the Pacific Islands Forum Secretariat (PIFS) through the Pacific Adaptation to Climate Change and Resilience Building (PACRES) Project Team for their guidance and facilitation of this project.

The mapping of private sector resilience building initiatives in Kiribati was made possible through the funding support of the European Union via the PACRES Project.



# Abbreviations

ADB	Asia Development Bank
CCDRM	Climate Change & Disaster Risk Management
CFD	Climate Finance Division
DFAT	Department of Foreign Affairs & Trade
DFID	Department for International Development
EU	European Union
FFA	Pacific Islands Forum Fisheries Agency
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFC	International Finance Corporation
JICA	Japan International Cooperation Agency
KCCI	Kiribati Chamber of Commerce & Industry
KNEG	Kiribati National Expert Group
MELAD	Ministry of Environment, Lands & Agricultural Development
MFAT	Ministry of Foreign Affairs & Trade
MFED	Ministry of Finance & Economic Development
PACRES	Pacific Adaptation to Climate Change and Resilience
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
SIDS	Small Islands Developing State
SPREP	Secretariat of the Pacific Regional Environment Programme
SPC	The Pacific Community
TUC	Teinainano Urban Council
UNDP	United Nations Development Program

# 1. Introduction

## 1.1 Purpose of the Study

This study report was commissioned by the Pacific Islands Forum Secretariat at the request of the Kiribati Chamber of Commerce & Industry (KCCI). This country report tries to combine key information and data sources from the private sector to inform more effective policy and decision-making relating to private sector engagement including recommendations to strengthen private sector engagement in all national climate change and disaster related initiatives.

To facilitate and enhance private sector engagement in this study, KCCI assisted in disseminating invitations for interviews to its 200+ members in the database. There was a total of fourteen (14) Kiribati businesses that responded and were interviewed. In addition, there were online meetings facilitated by the in-country consultant with the relevant stakeholders. There was a total of six (6) stakeholders that were interviewed which included Ministry of Environment, Land and Agricultural Development (MELAD), Ministry of Finance and Economic Development (MFED), Climate Finance Division (CFD), Global Green Growth Institute (GGGI), Live & Learn and Teinainano Urban Council (TUC).

## 1.2 General Findings From Business Interviews

Businesses in Kiribati have been highly impacted by the increasing effect of climate change in the past, now and potentially in the future. With these challenges, the businesses have to some extent pivoted to realizing these as business opportunities in making money and doing good.

From the interviews conducted with the Kiribati businesses, it was noted that business operations fully or partly focus on buying and selling of products/ services that reduce the impact of climate change to the lives of Kiribati people. Almost all the businesses interviewed sell solar powered equipment and have their own back up electricity through solar powered batteries and water tanks.

However, the businesses still face a lot of barriers for further business growth which includes limited skills, knowledge and understanding of the various pathways to access climate finance. In addition, the businesses are not aware of climate funding opportunities that exist which are channeled through the various Kiribati government ministries.

From the business views, they are under-represented in forums and working committees that discuss and decide key strategic plans and investment decisions in the country's fight against the impacts of climate change.

## 1.3 General Findings From Stakeholder Interviews

The stakeholders agree that Kiribati private sector plays a vital role in the fight against the impacts of climate change. There is a need to enhance and strengthen the participation of private sector and public sectors and the relevant international climate funding institutions. For this to happen, it is important that there is:

- a well-coordinated approach between the private and the public sectors; and
- the need to support the recognition of a local organisation to become a direct access entity.

The KCCI plays an important role in creating awareness of the opportunities to access international climate funds and being an advocacy for the Kiribati businesses.



# 2. Consultation Method

The process and techniques used to engage stakeholders and businesses to gather their input and feedback in this mapping exercise included the following.

## 2.1 Consultation with the KCCI members which included:

- a. Face to face interview with businesses conducted through Zoom due to COVID-19 travel restrictions. The interview included the business owner and the interviewers (Kiribati in-country consultant and Lead Consultant based in Fiji).
- b. Consultation workshop with eleven (11) businesses which was conducted over a half-day session. This was also done virtually with the Kiribati in-country consultant organising the logistics and administration whilst the lead consultant and the other support consultants dialed in via Zoom.
- c. The industry sectors represented by interviewed and consulted business included:
  - i. Retailers – supermarket & hardware stores;
  - ii. Importers & Wholesalers – household items, groceries, construction materials & machinery;
  - iii. Tourism – travel agency, accommodation;
  - iv. Freight & logistics – air, sea, land;
  - v. Construction and building; and
  - vi. Agriculture – climate smart farm technology.

*(Refer to Annexure 1 & 2 – questionnaires and the summary of the consultations conducted)*

## 2.2 Consultation with the Government, Non-Government Organisations (NGOs) and Climate Funding Agencies

- a. Face to face interviews were also conducted with relevant stakeholders to get their views and opinions on how to strengthen and enhance private sector relationships with the public sector and with the international climate funding institutions. The stakeholders interviewed included the:
  - i. National Climate Change Coordinator and Senior Policy Adviser - Office of the Beretitenti (Office of the President);
  - ii. Director Climate Finance Division – MFED;
  - iii. Director – National Economic Planning Office;
  - iv. Director – MELAD;
  - v. GGGI – CFAN Advisor;
  - vi. CEO – Live & Learn Kiribati; and
  - vii. Mayor – TUC.

## 2.3 Desktop Study Research

This step involves reviewing existing relevant documents, historical reports and studies recording current climate finance related projects and funding sources involving the private sector and relevant GCF and AF Accredited Entities. These included:

- Government published reports through their various agencies including the Kiribati CCDR Finance Assessment Report, KJIP 2019 – 2028, Kiribati Development Plan and the Kiribati Provident Fund.
- Online published reports from development agencies and regional bodies which include PIFS, World Bank, GCF, GEF, Adaptation Fund, IFC, ADB, GGGI, UNDP, ADB, DFAT, MFAT, DFID, JICA, GIZ, SPREP, SPC and FFA.

# 3. Key Outcomes and Practical Recommendations

From the sampled businesses of Kiribati private sector, the team found some common underlying issues that validated Kiribati's challenges on the lack of private sector participation in climate change and disaster risk management related initiatives and limited technical capacity of the private sector to access climate financing opportunities. These are as follows:

## 3.1 Key Outcome # 1 – Lack of information and Awareness

The Government of Kiribati has national strategic documents in place which provide the overall strategic direction for Kiribati in achieving the vision as outlined in the Kiribati 20 Year Vision.<sup>1</sup> The nation's strategies to realize the 20-year vision is defined in the 4-year Kiribati Development Plan<sup>2</sup>, with the latest being the 2020- 2023. The Nationally Determined Contributions (NDC) Investment Plan outlines the plans for Kiribati to achieve its NDC commitment.<sup>3</sup> These documents articulate the country's aspirations and will help guide the nation's activities including climate related projects and funding.

During the consultations with the private sector, it became evident that there is a general lack of information and limited understanding by the businesses on the national strategic priorities and plans of the Government, specifically on the plans for CCDRM related projects and activities. This gap has led to a misunderstanding on the role of the private sector in supporting the nation's commitment towards mitigating the impacts of climate change. Secondly, the private sector has limited understanding on the available funding sources and how to access them for climate change projects. From the fourteen (14) businesses consulted, only three (3) were aware of the available funding sources, but they did not know how to access them.

### Recommendation:

It is recommended that an awareness and consultation workshop is to be conducted between the private sector, the government ministries and relevant donor funding agencies. An opportunity exists during the workshop whereby the government can present on the national strategic priorities, plans, pipeline projects where private sector can potentially play a role in supporting the implementation. This will bridge the gap of misinformation and misunderstanding and can allow the private sector to ask for clarity in these national initiatives. There is also a need for relevant donor agencies to present on the scope of the strategic areas for their funding facility.

1 Ministry of Finance & Economic Development, <https://www.mfed.gov.ki/sites/default/files/KIRIBATI%2020-YEAR%20VISION%202016-2036%20.pdf>

2 Ministry of Finance & Economic Development; <https://www.mfed.gov.ki/sites/default/files/KDP%202020%20-%202023.pdf>

3 2022, GGGI, <https://gggi.org/site/assets/uploads/2022/04/Kiribati-NDC-Investment-Plan-2021-3.pdf>

This can include funding support that that is available and the pathway to accessing these climate funding sources.

*(Refer to Appendix 5 – Private Sector Concept Note)*

## 3.2 Key Outcome # 2 – Limited Expertise & Skills Capacity

For a Kiribati business to access climate funding, it will require fulfilling the standard requirements regardless of its size, capacity, or the need. From the responses received, only one business has tried to apply for climate funding directly with a climate finance facility. This business viewed the requirements and criteria extremely burdensome and decided not to send a proposal. Other businesses may not be aware of any climate financing facility or find the the requirements too cumbersome.

### **Recommendation:**

It is recommended that a national Accredited Entity (AE) be identified that can understand the local context faced by the Kiribati businesses and can align well with the requirements of the financing facility such as the GCF. The local agency can be able to translate any concept into a bankable project that aligns with national development priorities, achieves business sustainability, and meets the goals of the project. At this stage, there no direct access entity for Kiribati. There is suggestion to build the capacity of KCCI to become an AE by building its capacity through knowledge and skills training, organisational reforms to meet the standards as required by the climate funding agencies. An option derived from the consultations with KCCI is to register a subsidiary of KCCI as a Credit Union Facility, a member-owned financial cooperative, created and run by members and shares profits. This will enable KCCI to move towards becoming an AE.

*(Refer to Appendix 5 – Private Sector Concept Note)*



KCCI Bargain week. Picture supplied.

### 3.3 Key Outcome # 3 – Gaps in the Business Enabling Environment

The private sector prefers investing in stable economic conditions with lower risks including low transaction costs. This allows Kiribati businesses to innovate, improve efficiency and provide green investments for the economy through subsidies, tax incentives and exemptions. It was evident that businesses are reluctant or face delays generally when doing business with the Government. A common response received is the bureaucracies and the different interpretation of the policy guidelines and requirements by respective government departments and ministries. These uncertainties stifle the private sector’s innovative thinking and investment in CCDRM projects and activities.

#### Recommendation:

It is recommended that coordination and communication is strengthened between the Kiribati businesses and the Government. This can be initiated through the formation of a working group or committee comprising government and private sector representatives. The working committee will be a platform to share information, insights and government plans and strategies to explore opportunities for climate change and disaster related support. Such a platform is important for the private sector to advocate and raise key issues that will require Government’s intervention to unlock business and economic growth, i.e., jointly identifying issues and possible solutions to these issues.

*(Refer to Appendix 6 – Partnership Framework)*



# 4. Limitations of the Mapping Exercise Conducted

Whilst conducting the mapping exercise, there were a few limitations encountered as stated below which can be addressed in future studies.

## 4.1 Issue with Research Sample and Selection

There has been bias in the sampling and the selection of the businesses that were interviewed. The initial approved workplan noted the need to have a balanced selection of the businesses to be interviewed. The businesses were to also include women led and youth led businesses. In addition, it was also planned to include the micro and the small businesses as part of the sample.

From the 200+ KCCI members that were invited via email to participate in the mapping exercise, 14 responded and only one was women led and two (2) were youth led. This led to selection bias and with the COVID-19 restrictions in place, this made it a bit harder to conduct interviews. Furthermore, it was observed that internet access in Kiribati is extremely limited and prohibitively expensive. As a result, conducting virtual interviews using platforms like Zoom would impose exorbitant costs on micro and small businesses. My recommendation is that to conduct interviews with a Kiribati business is to be conducted face to face and they are more willing to participate and be more relational.

## 4.2 Insufficient Sample Size for Statistical Measurement

When conducting this mapping exercise, the sample size of 14 businesses out of the total 200 businesses who are KCCI members, was too small and thus made it difficult to identify key significant relationships in the data. This limited sample size led to insufficient data received on climate change activities and initiatives implemented by the Kiribati private sector. This also led to much more of generalizing the recommended strategy and approach to strengthening and enhancing private sector engagement in climate change initiative and climate finance access.

To address this issue, significant desktop study research was conducted to validate the strategy and the recommendations moving forward for the private sector. In addition to the desktop study research, there were also interviews held with the relevant stakeholders that provided validation on the way forward.

## 4.3 Lack of Up-to-date Research Studies on the Topic

As approximately 50% percent of the data sourced were from the desktop study research due to COVID-19 travel restrictions and the insufficient sample size, it was also noted that almost 90% of the research studies were conducted prior to COVID-19 impact in the Pacific, specifically for Kiribati. Therefore, these provided issue with the relevance of findings from the report. To address this issue, the findings from the desktop study were validated with the interviews conducted with the businesses as well as the stakeholders.

## 4.4 Methods/Instruments Used to Collect Data

With the impact of COVID-19, it has really impacted the data collection method/instruments for this mapping exercise. All the face-to-face interviews and the consultation workshops were conducted virtually via zoom.

With my recent visit to Kiribati for a separate project and interviewing startups and micro businesses, I got to realize that they are more relational and willing to participate in face-to-face interviews rather that virtually. Keeping in mind that Kiribati is a SIDS, the cost of internet is exorbitant, and the bandwidth is extremely slow. This affected most of the time when virtually interviewing the businesses, it would mostly be in audio rather than video as well. This limits the observation of the interviewee's body language whilst responding to the interview questions.



KCCI AGM. Picture supplied.

## 5. Next Steps

The recommended strategy provides a blueprint for the KCCI, in conjunction with relevant government ministries, to develop a Partnership Agreement. This agreement, once documented and approved, would be used to underpin the first crucial stage – support for the establishment of the Working Committee on Climate Change & Resilience Finance.

The required sequence is as follows:

- i. Development of more detailed terms of reference and work plan on the operations of the Working committee. The agreement will be valid for 3 years and reviewed on an annual basis. (*Refer to Annexure 6 – Partnership Framework, endorsed by The Office of the President*)
- ii. KCCI to apply becoming an Accredited Entity and approach bilateral and multilateral support agencies for assistance with the restructure of the KCCI system and processes and the upskilling of existing staff and recruitment of experts to provide technical advice. This process will take 24 to 36 months.
- iii. More awareness and workshops to be undertaken with Kiribati businesses and government with the relevant development agencies share and provide insights, information and strategy for Kiribati and their criteria for accessing funding.

From this stage onwards, the working committee on Climate Change and Resilience Finance will be a platform for the Kiribati private sector to advocate and lobby for policy changes and to receive key insights and information on government's plans and the roles the private sector will play in achieving a healthier, wealthier, and peaceful Kiribati.

# Annexes



# Annexure 1: Questionnaire

1. Background Information
  - 1.1. Respondent's name & Email address:
  - 1.2. Gender of respondent (M /F):
  - 1.3. Name of the Business:
  - 1.4. Type of Business Sector:
  - 1.5. Position held in the organisation:
2. Impact of Climate Change on Your Business
  - 2.1. Have your operations or supply chain been affected by climate change/extreme weather impacts in the past five years? If yes, how has it affected your business?
  - 2.2. If yes, what were the impacts related to?
  - 2.3. Do you understand what climate adaptation and mitigation strategies are?
  - 2.4. Do you feel responsible to assist national efforts to combat climate change by implementing conservation measures or using renewable energy sources?
3. How would you describe the level of climate change risk faced by your organisation over the next thirty years?
4. Which climate-related impacts do you regard as posing the greatest threat to your business operations over the next 30 years?
5. Are you currently satisfied with your business level of climate resilience?  
 Yes  
 No
6. If no, please comment on how you think it can be improved.
7. What do you regard as the main barriers to enhancing your business climate resilience?

#### Climate Change Mitigation Activities (Tackling the causes of climate change)

8. What types of **climate change mitigation** activities do you have in place, or have completed in the last three years?
9. How did you fund the implementation of the climate change mitigation activity?
10. What are some of the challenges you faced and learnings from implementing these climate change mitigation activities?

#### Climate Change Adaptation Activities (Reducing the impacts of climate change)

11. What types of **climate change adaptation** activities do you have in place, or have completed in the last three years?
12. How did you fund the implementation of the climate change adaptation activity?
13. What are some of the challenges you faced and learnings from implementing these climate change adaptation activities?

#### Climate Financing

14. Have you applied or looked at applying for climate financing?
15. If yes, which source did you apply to or looked at applying to and what was your experience? (Include challenges if there was any)
16. If no, why haven't you applied for climate financing?
17. What do you think can be done to improve access to climate finance by the private sector of Kiribati?

## Partnership and Collaboration

18. From the climate change adaptation and mitigation activities your business has implemented, did you or have you worked in partnership with other stakeholders (government/CSOs/NGOs or other businesses, communities)? If yes, which stakeholder and provide details of partnership undertaken.
19. From your experience, what are the barriers/ challenges faced by the private sector when working in collaboration with other stakeholders, in the fight against climate change and/ or accessing climate finance?
20. What are some of the ways in which the partnership/ collaboration with government can be strengthened, in the fight against impact of climate change and accessing climate finance?
21. Which other organisations could you coordinate and link with for your private sector opportunities on climate change adaptation and risk mitigation?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

THANK YOU.



# Annexure 2: Consultations Summary

## Background

As part of the mapping exercise, there was consultation conducted with the Kiribati private sector to ascertain primarily on climate change mitigation and adaptation activities or projects that they have been involved in. Also, it was to find out their experience in accessing climate finance and working with the government in the climate change context. In addition to this, it was also trying to find out challenges encountered, their learnings and their plans moving forward in implementing climate change mitigation and adaptation activities.

There was collaboration with the Kiribati Chamber of Commerce & Industry (KCCI) in undertaking this task whereby a sample of KCCI members were consulted in the process. Initial plans were for consultations to be done via one-to-one interviews on zoom with the Kiribati in country consultant and the lead consultant based in Fiji. From the invitation sent out to the KCCI members, only 3 had responded and were interviewed via zoom. Due to the low response from KCCI members, a consultation workshop was planned and conducted on 23rd June 2022 from 10am to 2pm at the Marine Training Center.

The target number of participants for the consultation was 15 to 20 businesses. KCCI had reached out to 22 businesses who were KCCI members and more than 15 confirmed to attend. An invitation was also sent to the Office of the President, Director of Climate Finance- Mr. Geoffrey Lamb and GGGI CFAN Investment Advisor – Ms. Christine Serreyn. On the day of the workshop, a total of 15 participants attended which included 12 businesses, a representative from the Office of the President, Mr. Lamb, and Ms. Serreyn. The PIFS team had logged in virtually with the Lead and Support Consultants from Fiji.

Of the 12 businesses that were represented at the workshop, it included a business that had been interviewed during the one-to-one consultation. Therefore, the total number of responses received from the private sector is 14 which included 11 from the workshop consultation and 3 from the one-to-one consultation.

Name of Business	Climate Change Mitigation Activity	Climate Change Adaptation Activity	Future Engagement
<p>1. <b><u>Kiribati Green Energy Solutions</u></b>  Respondent Name: Etau Neeru  Position: Engineering Manager  Industry: SOE – non renewables.  Contact: em@kges.com.ki</p>	<p><b><u>Renewable Energy Approach</u></b></p> <ul style="list-style-type: none"> <li>Promote and supply renewable energy products such as solar power systems, solar streetlights, etc.</li> </ul> <p><b><u>Energy Efficiency Initiatives</u></b></p> <ul style="list-style-type: none"> <li>Using LED lights rather than fluorescent ones in the office</li> <li>Promoting energy efficient air con units to the market.</li> <li>Desalination Plants</li> </ul>	N/A	N/A
<p>2. <b><u>Lyke IT Trading</u></b>  Respondent Name: Bakoaueta Timwemwe  Position: Managing Director  Industry: Importer/ Wholesaler  Contact: lykeittrading@gmail.com</p>	<p>Due to frequent power cuts from the main grid, the business was forced to install solar system to help reduce emissions from the diesel generators.</p>	<p>Building sea wall to prevent soil erosion to one of the business warehouses. This helped stop soil erosion.</p>	<p>Support KCCL in the collaboration efforts with Kiribati government and other donors to access climate finance.</p>
<p>3. <b><u>New Gate Enterprises</u></b>  Respondent Name: Nokite Abiteti  Position: OC (Officer in Charge)  Industry: Retailer  Contact: nokiteabiteti@gmail.com</p>	No response	No response	No response
<p>4. <b><u>Slim Price Trading</u></b>  Respondent Name: Eneri Itaaka  Position: General Manager  Industry: Wholesale/ Retail  Contact: eitaaka@gmail.com</p>	<ul style="list-style-type: none"> <li>Installing renewable energy, resulting in less money spent on power.</li> <li>Banning the use of plastic bags from our stores contributing to a cleaner environment</li> </ul>	<p>Installation of water tanks to capture fresh rainwater.</p>	<ul style="list-style-type: none"> <li>Set aside funds on climate change or look for funding from sponsors.</li> <li>Continue with the banning of plastic from our stores.</li> </ul>
<p>5. <b><u>Superaoi Retail &amp; Wholesale</u></b>  Respondent Name: Bweman Tong  Position: Managing Director  Industry: Food Retailer &amp; Wholesaler  Contact: tongbweman@gmail.com</p>	<p>Banning the use of plastics in the shops</p>	<p>Building of seawall to increase our land space to be able to house a storage container.</p>	<p>The need to fix the basics first, that is power &amp; water.</p>
<p>6. <b><u>Wishing Star Trading</u></b>  Respondent Name: Isfandiyer Taonga  Position: Finance Manager  Industry: Retailer  Contact: isfandiyertaongasmith@gmail.com</p>	N/A	<p>Focus is on electricity needs and currently there is no thought of climate change adaptation.</p>	<p>The business is planning to decrease its electricity annual consumption via the application of solar energy plus other relevant renewable resources.</p>
<p>7. <b><u>Betty Trading</u></b>  Respondent Name: Kaete Bikoka  Position: Solar Technician  Industry: Wholesale &amp; Retail Construction  Contact: kaetebinoka@gmail.com</p>	N/A	<p>Installation of a 55kw mini grid solar system in South Tarawa and included 3 communities at outer island and one business.</p>	N/A

Name of Business	Climate Change Mitigation Activity	Climate Change Adaptation Activity	Future Engagement
<p><b>8. Big D Enterprises</b> Respondent Name: Utinia Dennis Position: Human Resource Industry: Water Delivery, Car Dealer, Construction Contact: utinia@gmail.com</p>	N/A	N/A	Installation of a Solar Powered Water Desalinisation Plant. Have been liaising with a supplier of machines/ plant in the Netherlands and costs more the \$100k. Business model is to install the solar powered desalinization plant and sell it to the public at a cheaper cost.
<p><b>9. Equapac Trading Ltd</b> Respondent Name: Nick Jong Position: General Manager Industry: Wholesale, Retail, Aviation, Shipping Contact: nick.jong@equapac.com</p>	<ul style="list-style-type: none"> <li>Solarization of areas of our business.</li> <li>Building of sea walls on areas that are prone to flooding/ sea waves encroachment.</li> </ul>	<ul style="list-style-type: none"> <li>Providing educational awareness on water shortages and how best to use it.</li> <li>Having a Drought &amp; Flooding Adaptation Plan in place for the business.</li> </ul>	A proper diversified business to meet any changes to climate, water, and energy use.
<p><b>10. King Holdings Ltd</b> Respondent Name: Roger Kumkee Position: Operational Manager Industry: Construction, Import &amp; Export Contact: rogerkumkee@outlook.com</p>	<ul style="list-style-type: none"> <li>Planting of trees program</li> <li>Applying more renewable energy to our main power supplies</li> <li>Essential transport that doesn't use fossil fuels.</li> </ul>	<ul style="list-style-type: none"> <li>Building Strong Seawalls on the island</li> <li>Applying filtration system to the water well.</li> </ul>	Know more about Climate Financing and how to access funding.
<p><b>11. Moel Trading</b> Respondent Name: Rosarie Johnny Position: Purchasing Manager Industry: Retail &amp; Wholesale Contact: rosajohnny91@gmail.com</p>	<ul style="list-style-type: none"> <li>Reduce the use of plastic bags. Imported biodegradable bags/ woven bags to replace the non-biodegradable plastic bags.</li> <li>Use of energy efficient lightbulbs.</li> <li>Provide sponsorship to community groups that do replanting – financial and non-financial (use of green bags &amp; hats/ water).</li> </ul>	Installation of water tanks for its main head office and some branches.	Install water tanks for the rest of the branches.
<p><b>12. Betio Hardware</b> Respondent Name: Roger King Position: Managing Director Industry: Construction imports and exports of goods/ Hardware/ Shipping Industries. Contact: -</p>	Not yet started	<ul style="list-style-type: none"> <li>Awarded the contract for a water project under KIREP Funding which included the drilling and digging of wells and installation of pumps.</li> <li>Awarded a contract under the KIRIWATSON project phase 1 to install water tanks and collect rainwater.</li> </ul>	Plans are in place to import and sell solar powered equipment and machinery including lights, bulbs, refrigerator, fans, air conditioning units and water pump.
<p><b>13. Tobaraoi Travel</b></p>	Not applicable	<ul style="list-style-type: none"> <li>Green Living Team that implementing Water Programs – water tanks and condensation programs. Supplying Kiribati with simple but effective clean safe water making solutions</li> </ul>	<ul style="list-style-type: none"> <li>Community-based water projects focusing on schools and hospitals.</li> <li>Supporting KCCI in becoming an Accredited Entity to access climate finance.</li> <li>Setting up desalination plants.</li> </ul>
<p><b>14. Te Maeu Projects</b></p>	Setting up and construction of composting toilets.	Setting up and construction of hydroponics farms as alternative ways to growing vegetables in Kiribati. Solves the scarcity of land resources.	<ul style="list-style-type: none"> <li>Producing natural fertilizer from natural resources that are available locally.</li> <li>Developing and building seawalls from natural resources that are available locally.</li> </ul>

# Annexure 3: Summary of Public and Private Partnership Projects in Kiribati

## Part 1: Records of Climate Finance Projects

The outcome of the desk review conducted showed that there has been only one project being implemented by GCF to date, which is the South Tarawa Water Supply Project. In addition, all climate finance related projects in Kiribati have not involved the private sector to partner in the planning and funding of the projects. For all the projects highlighted below, the local executing agency is the public sector - Office of the President or the relevant government ministries.

However, it has been noted from the preliminary discussions with KCCI, that the private sector is involved in these projects through contracts awarded for provision of goods, services, and raw materials. The 5 major projects highlighted below are directly related to climate change adaptation and mitigation activities. These have been extracted from the World Bank website, Global Environment Facility website and the Green Climate Fund website. (Attached in Annexure 1 are the projects being funded by the respective agencies in Kiribati until to date.)

## 1. Project Title: South Tarawa Water Supply Project<sup>4</sup>

**Project Objective:** The overall objective of the project is to provide South Tarawa's population with reliable access to a safe, resilient, and low carbon water supply system under a changing climate.

**Funding Institution:**

Asian Development Bank	- \$15m (grant)
World Bank	- \$12.96m (grant)
Government of Kiribati.	- \$ 1.49m (in kind)
Green Climate Fund.	- \$28.63m (grant)
Global Environment Facility	- \$. 4.58m (grant)
<u>Total Funding (grant)</u>	<u>- \$62.66m (USD)</u>

**Accredited Entity or Implementing Agency:** Asian Development Bank

**Executing Entity:** Ministry of Finance & Economic Development  
Ministry of Infrastructure and Sustainable Energy

**Project Components:**

Components of this project are cross cutting for both climate change mitigation and adaptation activities. This includes the:

1. Construction of a desalination plant to provide a reliable and climate resilient source of fresh water for South Tarawa.
2. Renovating and upgrading the current water supply network to ensure there is constant supply of safe water to households on South Tarawa.
3. Outreach and awareness raising on implementing water conservation and WASH programs.
4. Construction of a solar PV power plant and system to offset the GHG emissions associated with running the desalination plant and the increases in water treatment and distribution.

**Implementation Timeline:** Start Date – 01/01/2019    End Date – 31/12/2024

**Status:** Currently under implementation

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<sup>4</sup> <https://www.greenclimate.fund/document/south-tarawa-water-supply-project>  
<https://www.greenclimate.fund/project/fp091>  
<https://www.thegef.org/projects-operations/projects/10593>

## Kiribati Adaptation Program – KAP

KAP is considered Kiribati's adaptation strategy. The project under the Office of Te Beretitenti was aimed at implementing one of the six key areas namely the integration of climate change into national planning capacity, external finance and technical assistance, governance and services and survivability and self-reliance. The KAP started in 2003 and was implemented in 3 phases – KAP I, KAP II and KAP III. KAP I was the preparation of KAP which was implemented from 2003 to 2005. KAP II was implemented from 2006 to 2011 and was the pilot implementation phase. KAP III was the expansion phase from 2012 to 2018. Outline below are the details of KAP II & III.

### 2. Project Title: Kiribati Adaptation Program – Pilot Implementation Phase (KAP II)<sup>5</sup>

**Project Objective:** to develop and demonstrate the systematic diagnosis of climate-related problems and the design of cost-effective adaptation measures, while continuing the integration of climate risk awareness and responsiveness into economic and operational planning.

**Funding Institution:**

Global Environment Facility	- \$1.8m
Government of Kiribati	- \$ 1.42m
AusAID	- \$ 3.43m
NZAID	- \$ 1.05m
Total Funding (grant)	- \$ 7.70m (USD)

**Accredited Entity OR Implementation Agency:** World Bank

**Executing Entity:** Office of the President (Office of te Beretitenti)

**Project Components:**

Activities are primarily climate change adaptation which includes:

1. Policy, planning, and information - This component supports three core elements of all adaptation efforts in Kiribati including awareness raising and consultation; policy coordination and planning and generating scientific climate risk information.
2. Contribute to reducing the vulnerability of the coastline and to protect and restore coastal ecosystems and biodiversity.
3. Support the development and management of freshwater resources to reduce their vulnerability to climate variability and climate change.
4. Building capacity at island and community levels.
5. Program management

**Timeline:** Approval Date – 31/10/2005      Closing Date – 19/12/2011

**Status:** Completed.

<sup>5</sup> <https://www.thegef.org/projects-operations/projects/2543>

### 3. Project Title: Kiribati Adaptation Program – Expansion Phase Project (KAP III)<sup>6</sup>

**Project Objective:** To improve the resilience of Kiribati to the impacts of climate change on freshwater supply and coastal infrastructure.

**Funding Institution:**

Global Environment Facility	- \$3.00m
AusAID	- \$4.85m
Global Facility for Disaster Reduction & Recovery (GFDRR)	- \$0.9m
Japan PHRD	- \$1.8m
Government of Kiribati	- \$0.25m
<u>Total Funding (grant)</u>	<u>- \$10.8m (USD)</u>

**Accredited Entity or Implementing Agency:** World Bank

**Executing Agency:** Office of the President (Office of te Berentitenti)

**Project Components:**

Activities are primarily climate change adaptation which includes:

1. Improving water resource use and management
2. Increasing coastal resilience
3. Strengthening capacity to manage the effects of climate change and natural hazards
4. Project management

**Timeline:** Approval Date – 15/09/2011      Closing Date – 31/12/2018

**Status:** Completed.

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<sup>6</sup> <https://documents1.worldbank.org/curated/en/100741561139747493/pdf/Kiribati-Third-Phase-of-Kiribati-Adaptation-Program-Project.pdf>  
<https://projects.worldbank.org/en/projects-operations/project-detail/P112615>

#### 4. Project Title: Kiribati Outer Islands Resilience & Adaptation Program<sup>7</sup>

*(This project is the latest to be approved by the World Bank)*

**Project Objective:** The objective is to: (i) strengthen the capabilities of island councils for risk-informed land development planning and basic infrastructure and service delivery; and (ii) strengthen the climate resilience of vulnerable communities.

**Funding Institution:**

World Bank - \$20m (grant)  
Total Funding - \$20m (USD)

**Accredited Entity:** Not applicable

**Executing Entity:** Ministry of Internal Affairs

**Project Components:**

Activities are primarily climate change adaptation which includes:

1. Expansion of basic infrastructure and services on outer islands
2. Strengthening risk-informed spatial planning and asset management
3. Project management and monitoring

**Timeline:** Approval Date – 05/05/2022 Closing Date – 31/08/2028

**Status:** Approved in May 2022. Currently in the procurement stage.

This link directs to the procurement plan that has been published. This document is key to the private sector when drafting and submitting tenders for provision of goods and services towards the project.

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<sup>7</sup> <https://projects.worldbank.org/en/projects-operations/project-detail/P176702>  
<https://documents1.worldbank.org/curated/en/099445003242222690/pdf/P1767020de56880e085310af232b20cf98.pdf>  
<https://documents1.worldbank.org/curated/en/099450006162218754/pdf/P1767020f42e2f0ca09b450a1cbf3a8bb7e.pdf>  
<https://www.worldbank.org/en/news/press-release/2022/05/15/-20m-climate-adaption-support-for-kiribati-s-outer-islands>

## 5. Project Title: Grid Connected Solar PV Project<sup>8</sup>

**Project Objective:** To contribute to reducing Kiribati's dependence on imported petroleum for power generation to improve energy security and to reduce the GHG emissions from diesel fuel use for grid electricity supply in Kiribati.

**Funding Institution:**

Global Environment Facility	- \$1,000,000 (grant)
AusAID through PRIF	- \$3,120,000 (grant)
Total Funding	- \$4,120,000 (USD)

**Accredited Entity or Implementing Agency:** World Bank

**Executing Entity:** Public Utilities Board

**Project Components:**

Activities are primarily climate change mitigation which includes:

1. Investment in 516kw peak capacity of grid connected solar photovoltaic equipment
2. Maintenance program and capacity building
3. Project management

**Timeline:** Approval Date – 29/11/2012      Closing Date – 31/12/2016

**Status:** Completed

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<sup>8</sup> <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/923621558413730905/kiribati-grid-connected-solar-photovoltaic-project>

# Part 2 – Potential Sources and Relevant AEs for Future Projects including Financing Options for the Private Sector and Identification of Areas of Support by the Private Sector

Accredited Entities<sup>9</sup> develop funding proposals to be considered by the Green Climate Fund and oversee, supervise, manage, and monitor their respective GCF-approved projects and programs. These entities or organisations are seen to have specialized capacities in driving climate action, and they can be private, public, non-governmental, sub-national, national, regional, or international bodies. They should have clear, detailed, and actionable climate change projects or programmes to present to GCF progressing mitigation and adaptation. They must also meet GCF standards based on financial standards, environmental and social safeguards, and gender.

There are two types of GCF Accredited entities based on access modalities:

## Direct Access Entities<sup>10</sup>

These are subnational, national, regional organisations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points. Organisations nominated to become Direct Access Entities may be eligible to receive GCF readiness support. This funding is designed to help organisations in developing countries prepare to become Accredited Entities, as well as helping those which have already been accredited to strengthen their organisational capacities.

The current AE's, categorized as Direct Access Entities and have a history of implementing projects (not necessarily GCF funded) in Kiribati are as follows:

### 1. Pacific Community (SPC)

SPC currently has only one active project being approved and funded by GCF. This is for the Federated States of Micronesia, looking at Climate Change adaptation solutions for local authorities in FSM. It is a grant funding valued at \$19.7m.

SPC currently does not have any GCF projects in the pipeline for Kiribati.

### 2. Secretariat of the Pacific Regional Environment Programme (SPREP)

SPREP currently has only one active project being approved and co-funded by GCF. This is for the nation of Vanuatu, titled as Climate information services for Resilient Development Planning in Vanuatu (Van-CIS-RDP). It is grant funding with a total project value of \$26.6m.

SPREP currently does not have any GCF projects in the pipeline for Kiribati.

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9 Green Climate Fund; Overview of Accreditation; <https://www.greenclimate.fund/accreditation>

10 Green Climate Fund; Accreditation Types; <https://www.greenclimate.fund/accreditation>

## International Access Entities

These entities can include United Nations agencies, multilateral development banks, international financial institutions, and regional institutions. GCF considers these organisations to have the wide reach and expertise to handle a variety of climate change issues, including ones that cross borders and thematic areas. International Access Entities do not need to be nominated by developing country NDAs / focal points.

The current AE's, categorized as International Access Entities and have a history of implementing projects (not necessarily GCF funded) in Kiribati are as follows:

### 1. Asian Development Bank (ADB)

ADB is the AE for the only GCF funded project currently being implemented in Kiribati. This is the South Tarawa Water Supply project and has been highlighted in Part A above.

### 2. Conservation International Foundation (CI)

CI has recently been approved (Feb 2022) a Project Preparation Funding Facility (PPF) for the project titled Adapting tuna- dependent Pacific Island communities and economies to climate change. This grant funding total \$2.7m, which is to enable CI to develop and submit a high-quality full funding proposal for the project going regional which includes 14 Pacific Island Nation, including Kiribati.

Since this project is still in its planning phase, it is one which the private sector of Kiribati could explore more and potentially as a financing option.

### 3. Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH

GIZ has funded and implemented climate change related projects in the past, titled "Coping with Climate Change in the Pacific Island region", including Kiribati. The project was implemented from 2009 to 2020 and looked at enhancing skills and capabilities of the local population, national governmental authorities, and regional organisation in to cope with the effects of climate change and combat it's causes.

As for GCF related projects, there are currently no projects in the pipeline for Kiribati.

### 4. World Bank (WB)

The WB currently has two GCF co-funded projects in the Pacific. These are:

- i. **Marshall Islands – Pacific Resilience Project Phase III for RMI.**<sup>11</sup>
- ii. **Solomon Islands – Tina River Hydropower Development Project**<sup>12</sup>

As for GCF related projects, there are currently no projects in the pipeline for Kiribati.

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11 Green Climate Fund; Projects & Programmes; Pacific Resilience Project Phase II for RMI; <https://www.greenclimate.fund/project/fp066>

12 Green Climate Fund; Projects & Programmes; Tina River Hydropower Development Project; <https://www.greenclimate.fund/project/fp044>

## **5. United Nations Development Programme (UNDP)**

UNDP currently has three GCF co-funded projects in the Pacific. These are:

**iii. Marshall Islands - Addressing Climate Vulnerability in the Water Sector**

**iv. Samoa - Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment.**

**v. Tuvalu – Tuvalu Coastal Adaptation Project**

As for GCF related projects, there are currently no projects in the pipeline for Kiribati.

# Financing Options Available for the Private Sector

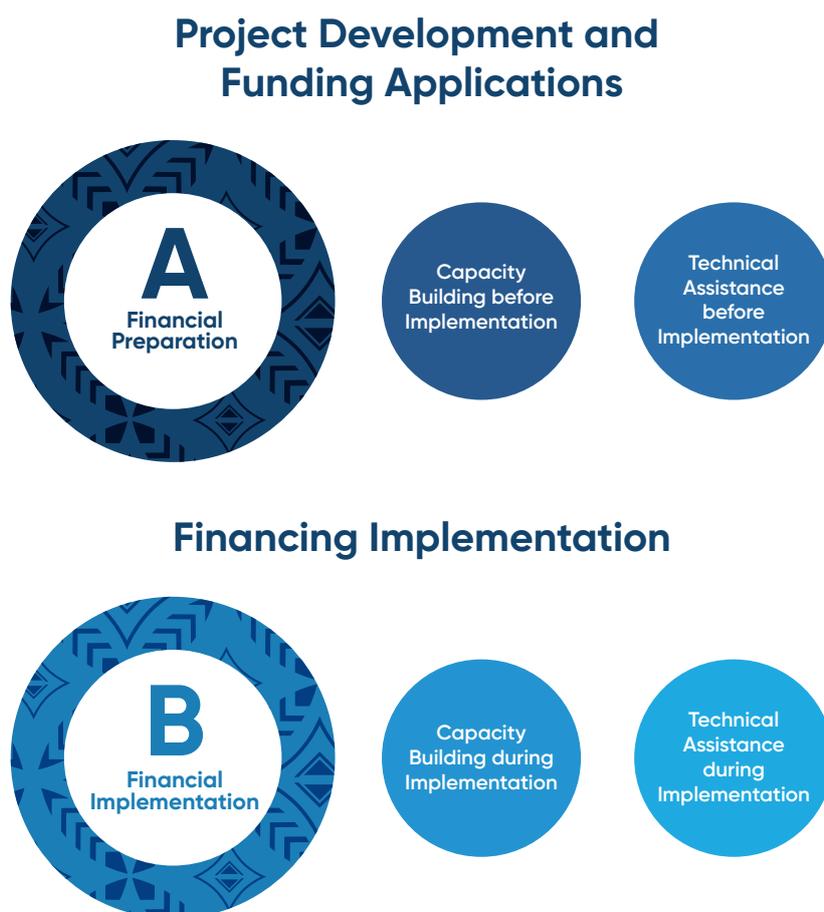
The Kiribati NDC Investment Plan<sup>13</sup> was recently published in July 2022. The Plan also included Project Pipeline for GHG mitigation in the transport and energy efficiency sectors and the potential means for financing these opportunities. The report highlighted that stakeholders in Kiribati have limited experience with the implementation of significant portion of the financial instruments and complexity this (blended finance). There is a need for additional capacity building and technical assistance to prepare individual financial instruments for each mitigation opportunity and scale them to the level.

The report also states the financing pathway for accessing climate funding which is divided into 2 Parts.

Part A – Financing the preparation of mitigation opportunities (or a part thereof) for implementation, and

Part B – Financing the implementation and operation of mitigation opportunities (or a part thereof)

Figure 1: Climate Financing Pathway



(Source: Kiribati NDC Investment Plan)

13 2022, GGGI, Kiribati NDC Investment Plan including Project Pipeline 2021, <https://gggi.org/report/kiribati-ndc-investment-plan-including-project-pipeline-2021/>

Part A has three (3) components

1. Prepare one or more Project Development and Funding Application(s) which may directly fund project implementation, OR
2. Fund capacity building activities for strengthening of institutions before implementation; OR
3. Fund technical assistance activities for feasibility studies and/ or structuring financial instruments.

Part B also has three components, the first of which is the:

1. Implementation and Operationalizing of Financial instruments which finance the physical activities.
2. Fund Capacity Building activities for the institutions long term operation of the mitigation opportunity.
3. Fund Technical Assistance activities for continuous training of persons skilled in maintaining the mitigation/ adaptation opportunity.

From the Kiribati Private Sector Consultation workshop conducted on 23rd June 2022, the Director for the Climate Finance Division and the GGGI CFAN Advisor – Kiribati, presented on the role which their respective organisation plays in facilitating climate finance into Kiribati. Their primary focus for now is on Part A of the financing pathway highlighted above. This was the first time for them to be part of a consultation workshop with the members of KCCI due to the COVID-19 pandemic and them recently moving into Kiribati in April and May 2022 respectively. There were fruitful discussions as the stakeholders got to hear first-hand from the private sector on their plans and proposal for KCCI to be developed as an Accredited Entity with the need for capacity building and organisation restructuring. With the relationship established from this workshop, the parties agreed to explore this proposal with further discussions and get more feedback from the private sector on other CCA and CCM activities that can be funded from climate finance.

In addition to this, a key project that GGGI, with the Climate Finance Division were exploring was the construction of a large scale solar powered desalination plant. This was also aligned to the investment plans of a few private sector players. With the connection established, it is a potential source for a proposed PPP project in Kiribati and co-funded via climate funding.

Apart from the potential source of funding highlighted above, there are other types of financial instruments and potential sources of finance. This is particularly for Kiribati businesses that are looking at introducing or switching to supplying energy efficient technology and equipment. This is attached in Appendix 3 – Extracted from the Kiribati NDC Investment Plan.

# Conclusion & Way Forward

With the information gathered and highlighted in the respective sections above, the following are possible areas for the private sector of Kiribati could tap into to access potential climate funding:

1. Project Title: Kiribati Outer Islands Resilience & Adaptation Program

As stated in # 4 of Part 1 above, this project is in procurement stage now and possibility for the private sector to submit their tender for provision of goods and services.

2. Conservation International Foundation

Project titled Adapting Tuna-dependent Pacific Island Communities and Economies to Climate Change. As stated in Part 2, this project is in preparation and planning phase and there is a possibility for the private sector to involve and explore areas of collaboration with Conservation International moving forward and accessing funding in the implementation phase.

3. KCCI to pursue further discussions with the Climate Finance Division and GGGI on the proposal to make KCCI as a GCF Accredited Entity, the first Kiribati national AE.

4. The interested business (es) to explore further discussions and express their plans and interest in setting up a desalination plant in Kiribati. There is potential for a PPP.

# Annexure 4: Case Studies of Successful Existing and Past Public Private Partnerships Relevant to Kiribati's Climate Change Context

The Republic of Kiribati has long depended on the public sector and foreign aid. With government's commitment to improving public financial management, creating an environment for public private partnerships and more investment by the private sector in the economy, it had passed and enacted the State-Owned Enterprises Act 2013.

Since then, the Government of Kiribati had been on a journey of reforming State-Owned Enterprises with public private partnership (PPP) as being a part of it. A presentation by the Government of Kiribati at the 2016 ADB Pacific Update Conference<sup>14</sup>, highlighted that from the 23 SOE's, two (2) were in the process of engaging the private sector for a PPP concession arrangement. These were the Otintaai Hotel Limited and the Betio Shipyard Limited.

These two (2) major PPP projects in Kiribati are not directly relevant to the climate change context. However, from the one-to-one private sector interviews conducted, it was evident that the local businesses do play a role in the implementation of climate change mitigation and adaptation projects with the provision of support services under a service contract. This is the basic form of a public private partnership.

The major climate change related projects implemented are WASH projects and Coastal Infrastructure projects.

Below are key findings on certain climate change projects that a few of the businesses interviewed were contracted to offer support services for the supply of raw materials and installation.

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14 ADB, 2016, ADB Pacific Update Conference, Enhancing Economic Competitiveness through State Owned Enterprise Reform. [https://devpolicy.org/Events/2016/Pacific%20Update/1%20a%20SOE%20Reform/1a\\_Kietau%20Tabwebweiti\\_Kiribati%20MFED\\_2016%20Pacific%20Update%20Conf.pdf](https://devpolicy.org/Events/2016/Pacific%20Update/1%20a%20SOE%20Reform/1a_Kietau%20Tabwebweiti_Kiribati%20MFED_2016%20Pacific%20Update%20Conf.pdf)

## **Business Name: Betio Hardware**

Type of Business: Constructions and Hardware Supply  
Climate Change Adaptation Project:

### **1. Kiribati Adaptation Project Phase III (KAP III) Project**

KAP is Kiribati's adaptation strategy which is implemented by the Office of the President. There are 3 phases to the project with the third phase being the expansion phase from 2012 to 2018. (Refer to Deliverable 3 for detailed information on KAP). The project objective for KAP III is to improve the resilience of Kiribati to the impacts of climate change on freshwater supply and coastal infrastructure.

Betio's Hardware services were contracted to conduct digging and drilling of water wells at North Tarawa to sustainably abstract water from the water lens. The business was then contracted to install water pumps (solar powered) to pump water from the infiltration gallery to an overhead tank and distributed throughout the villages.

### **2. KIRIWATSAN Phase I**

The overall objective of the KIRIWATSAN Project is to improve social and economic development and reduce poverty in the outer islands of Kiribati. The purpose of the project is to increase access to safe and sustainable water and sanitation and reduce water, sanitation, and hygiene (WASH)-related diseases in at least 70 of 139 villages in 16 islands of the Gilbert group.<sup>15</sup>

Betio's Hardware was contracted to supply and install water tanks for the outer islands. This would increase the volume of safe, stored and used rainwater in the 70 villages of the Gilbert group of islands.

## **Key Challenges & Learnings**

The key challenge faced by Betio's Hardware in the execution of the service contract is the high cost of shipping materials to the outer islands. There are frequent delays in shipping schedules as initially planned. This is costly for Betio's Hardware as it causes delay in the installation of water tanks and thus cause cash flow constraints for the business.

As to mitigate this challenge, Betio's Hardware is in the process of investing into purchasing a shipping fleet that would ensure efficient and effective delivery of services to the outer islands and counter the increasing freight shipping costs.

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<sup>15</sup> EU & Government of Kiribati, Water and Sanitation in the Outer Islands of the Republic of Kiribati (Phase 1) – Kiriwatsan 1. <http://washpacific.weebly.com/kiriwatsan-phase-i.html>

## **Business Name: Te Maeu Projects**

Type of Business: Climate Smart Agriculture  
Climate Change Mitigation Project:

Te Maeu is a social enterprise in Kiribati that promotes hydroponics (growing plants without soil) as a way of improving food security and nutrition for households. The enterprise has been able to access UN funding and Rotary Club US to scale his projects and include more communities in the awareness and use of hydroponics farming in Kiribati.

### **Key Challenges & Learning**

The key challenge faced by Te Maeu projects is the availability of materials locally to supply the local market. Most of the materials and technology used are imported and very costly including the shipping costs.

To curb this challenge, Te Maeu has been exploring materials available locally that could substitute the imported materials and are much cheaper than exporting.

Another key challenge is the quality of the raw materials imported being able to endure Kiribati climatic conditions. This would ensure the sustainability of the hydroponic farms. Te Maeu projects are researching raw materials that are available locally and are resilient to the impact of climate change.

## **Business Name: Tobaraoi travel**

Type of Business: Travel Agency, Freight & Logistics, Supplier of clean safe water technology  
Climate Change Mitigation Project:

The primary business activity of Tobaraoi travel is providing travel agencies, freight, and logistics services. The business has also diversified into supplying Kiribati with simple but effective clean safe water making solutions. Tobaraoi travel has in the past pursued accessing Green Climate Funds for large-scale water projects in Kiribati.

### **Key Challenges**

First key challenge is the capacity problem of applying for the GCF projects and entering PPP arrangements. There is a lack of communication and information about how to apply for the GCF funding opportunities. Thus, local businesses are reluctant in applying for such GCF or entering PPP arrangements.

Secondly, there is lack of the enabling environment that attracts local businesses to apply directly for climate funding and enter partnerships or collaboration with government and donor agencies. This includes the need to revise policies or acts that are in place that makes the local businesses hesitant to diversify and scale their green business models.

With the above national challenges, the Kiribati Chamber of Commerce & Industry (KCCI) plays a key role in unlocking these barriers for the private sector. Building capacity of KCCI will be a first step towards solving the challenges faced by the individual businesses that are trying to enter and scale their green business model.

# PPP Projects as Part of the Kiribati Government SOE Reforms

## 1. PPP Project Title: Otintaii Hotel PPP<sup>16</sup>

The Otintaii Hotel transaction was to be the first PPP in the Kiribati tourism sector. This PPP arrangement was between the Government and Royal Crown Enterprise with technical support and guidance from IFC. It was a concessional PPP agreement, whereby Royal Crown enterprise was responsible for the full delivery of services, including operation, maintenance, collection, management; construction and capital investment of Otintaii Hotel. The government would provide the enabling environment for the transaction to take place and receive a share of the revenue or what is known as tariff, from the income generated.

### Relevant Entities:

#### 1. Government of Kiribati (Government of Kiribati)

The Otintaii Hotel is state-owned, and this transaction was the first PPP in the Kiribati's tourism sector. It was to serve as a model for the government's reform efforts for state-owned enterprises. This state-owned hotel was running at a loss and had been a drain on the state budget.

#### 2. International Finance Corporation (IFC)

Government of Kiribati turned to IFC to find a private sector partner to rehabilitate and operate the state-owned Otintaii Hotel. Thus, IFC conducted due diligence by studying the technical, legal, and market conditions facing the tourism sector in Kiribati and assessing the facilities and services of the hotel. IFC analysed the pros and cons of different transaction structures considering Kiribati's unique economic environment. Based on the analysis and market feedback, IFC recommended the concession model which the government endorsed. IFC aided the government to implement the transaction. IFC drafted legal documents, managed consultations with investors, and provided advice on executing the tender and evaluating bids. Five potential investors expressed interest in the project. Of these, a local firm, Royal Crown Enterprises Limited, won the tender.

#### 3. Royal Crown Enterprises Limited

Royal Crown Enterprises Limited, a local firm, won the tender. Under the current deal, a 25-year concession was granted whereby Royal Crown Enterprise Ltd will renovate and manage the 40-room hotel, providing accommodation and meeting venue, equivalent of a three-star rating by Australia's official accommodation accreditation system. The concession was granted in September 2013.

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<sup>16</sup> IFC, 2013, Public Private Partnership Stories Kiribati: Otintaii Hotel. <https://documents1.worldbank.org/curated/en/954741468001777099/pdf/96907-BRI-PUBLIC-PPPStories-Kiribati-OtintaiiHotel.pdf>

## Sector & Relevant Climate Change Field

Tourism sector. No specific mention of relevance to climate change field.

### Duration

The partnership was going to be a 25-year concession, with Royal Crown Enterprises Ltd bearing all the market & operational risks.

### Volume (USD)

It was estimated that \$2.25 million in private sector investment will be mobilized in the first two years. Under the new partnership, when the hotel is fully operational, the government would realize fiscal benefits in the form of taxes and concession fees that could total up to \$100,000 per annum.

### Key Achievements

The private contractor (Royal Crown Enterprise Ltd) was unable to perform, and the contract had to be rescinded. The hotel has now been converted into a COVID-19 isolation hospital.<sup>17</sup>

## PPP Project Title: Betio Shipyard Limited (BSL)<sup>18</sup>

The Betio Shipyard Limited is a government owned company which had been in financial difficulty in early 2011. In mid-2012, ADB offered technical assistance to provide a shipyard management specialist to work with BSL on improving the management of the company. The specialist suggested for BSL to enter a PPP arrangement whereby the operations are sold to a private company, but the ownership remains with Government. A Malaysian businessman (Chacal Maritime) was identified and interest to enter a PPP concession arrangement with Government.

### Relevant Entities:

#### 1. Government of Kiribati (Government of Kiribati)

The Betio Shipyard is a State-Owned Enterprise which was in financial difficulties in early 2011. The Government had been required to take over a \$1m bank overdraft and still owed creditors another \$654,000.

#### 2. Asian Development Bank (ADB)

Government of Kiribati turned to ADB to provide technical assistance and provide a Business Improvement Plan for the SOE – Betio Shipyard Limited. As a strategic way forward, it was suggested to sell the operations of the company but to retain ownership of the land with the requirement that the new owner maintain an operational slipway.

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17 ADB, 2021, Kiribati: Strengthening Economic Management Reform Program (Subprograms 1 and 2), Appendix 2(Page 19) , <https://www.adb.org/sites/default/files/project-documents/47322/47322-001-47322-002-pcr-en.pdf>

18 2013, ADB, Republic of Kiribati: Economic Management and Public Sector Reform, Page 14. <https://www.adb.org/sites/default/files/project-document/150341/42035-012-tacr-01.pdf>

### **3. Malaysian Business – Chacal Maritime**

From the suggested strategic way forward highlighted above, a Malaysian business proposed to lease the shipyard and improve the slipway to service the international shipping fleet. The PPP arrangement is a lease contract.

However, the ADB Technical Assistant provided advice that there is inadequacy of the proposed lease contract and suggested for a formal PPP concession arrangement to protect the Government of Kiribati. This advice was accepted and formed the basis of negotiations.

### **Sector & Relevant Climate Change Field**

Shipping & Port Infrastructure. No specific mention of relevance to climate change field.

### **Duration**

The partnership was going to be a 25-year concession, with a Malaysian Businessman bearing all the market & operational risk.

### **Volume (USD)**

The final deal, involves a \$10,000 "exclusive rights fee", requires initial payments for equipment and inventory (perhaps \$100,000 in total), a bond of \$200,000 for 5 years, annual rental for the land of \$30,000 with regular rent reviews, and an annual concession fee of 1.5% of Gross Revenue.

This deal represents a significant gain to the Government of Kiribati revenue over the next 20 years as well as realization of economic growth, e.g., higher employment, expansion of supporting services such as accommodation and restaurants for crew of vessels being serviced. The bond, while lower than the TA recommended, is an essential protection as the Malaysian company is a shell without adequate capital.

### **Key Achievements**

As per research undertaken, the Betio Shipyard Ltd PPP concession was awarded in June 2015 and till to date is awaiting the foreign partner to fulfill the insurance terms of the agreement. However, Kiribati's Ministry of Finance has put out an EOI seeking a suitable qualified person to perform the functions of a liquidator for Betio Shipyard limited. This was published on May 4, 2022, via the Ministry FB Page.<sup>19</sup>

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<sup>19</sup> June 2022, Ministry of Finance & Economic Development, Advertisement, <https://www.mfed.gov.ki/content/bsl>

## PPP Project Title: Kiribati Fish Ltd (KFL) PPP

There is little information available on the details of this joint venture. With what is available online is being summarized below:

Kiribati Fish Limited is a joint venture between the Government of Kiribati, Shanghai Deep Fishery and Golden Ocean Fish Ltd. The Kiribati Government has a 40% share in KFL. Golden Ocean Fish owns 40% and Shanghai Deep Fishery owns 20%. Golden Ocean Fiji is also owned by Shanghai Deep Fishery, meaning the Chinese firm controls 60% of KFL.<sup>20</sup>

KFL employs a total of 200 workers and operates around 15 vessels. The company was established in 2010 and successfully constructed its fish processing facility in 2012 costing more than \$8m (USD). The company operates mainly in long-line fishery targeting the overseas market in fresh and loin products. In recent years, the government imposed on licensed vessels a requirement to offload a certain portion of high-grade tuna species to KFL. This is an additional catch besides catch landed by KFL vessels to ensure sufficient raw materials needed for processing is maintained.<sup>21</sup>

Shanghai Deep Fishery Ltd. conducts deep sea fishing activities. The Company fishes and processes a range of fish species including tuna, mackerel, squid, octopus, pollock, and other fishes. Shanghai Deepsea Fisheries sells its products to customers both domestically and internationally. Its headquarters is in Shanghai, China.<sup>22</sup>

Golden Ocean Fish Limited is a registered company in Fiji which has been in operation since 1999. Their core business is Tuna Long-line fishing, processing, and exporting of Yellow Fin, Big Eye and Albacore Tuna and other deep-sea fish such as Marlin, Swordfish, Mahimahi, Wahoo, Opah, Escolar, Sailfish and Spearfish. In the initial years of operation, staff of KFL were trained and provided capacity building at the Golden Ocean Fish Ltd facility in Fiji.

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20 February 2017, Island Business, Movers and Shakers, <https://islandsbusiness.com/archives/2017/2017-february/movers-shakers/>

21 2021, WCPFC, Annual Report to the Commission, Part 1: Information on Fisheries; Research and Statistics; [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwi04qaOkJr5AhVyR2wGHax\\_A684ChAWegQIBhAB&url=https%3A%2F%2Fmeetings.wcpfc.int%2Ffile%2F8851%2Fdownload&usq=AOvVaw0oozvXDAsmmG4yVJ2rVV8T](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwi04qaOkJr5AhVyR2wGHax_A684ChAWegQIBhAB&url=https%3A%2F%2Fmeetings.wcpfc.int%2Ffile%2F8851%2Fdownload&usq=AOvVaw0oozvXDAsmmG4yVJ2rVV8T)

22 2022, Bloomberg, Asia Edition, <https://www.bloomberg.com/profile/company/SDFCLZ:CH>

## Research on Other Related Sources of Funding

- a. Adaptation Fund – there has been no funding approved to date for Kiribati. Refer to this link on the projects by country. However, this will be included as a potential funding source for KCCI as they provide readiness grants for entities that would like to be an Implementing Entity for the Fund.
- b. UNDP – UNDP projects in Kiribati is mostly funded by GEF. Refer to the listing for Appendix 1 of Deliverable 3 and this has been cross checked on the UNDP website. None of these projects look at working with the private sector as a partner (apart from just supplying raw materials). These UNDP projects have worked directly with government ministries or the CSOs.
- c. Climate Investment Funds (CIF) – CIF has co-funded the South Tarawa Renewable Energy Project with ADB (main financier) and MFAT. This is 100% grant funding with no private investment. With the magnitude of this project, the procurement is open to international bidders, thus highly likely local firms would be outbid.
- d. Pacific Climate Change Portal (SPREP) – this portal records a total of 51 Kiribati climate change related projects. Browsing through more than 75% of these projects, there is none that has involved private sector investment or funding directed to the private sector of Kiribati in trying to combat the impact of climate change.

# Annexure 5: Concept Note that Captures the Financing Needs of Kiribati Private Sector

## 1. Name of the organisation

Kiribati Chamber of Commerce & Industry

## 2. Background

A private sector mapping exercise was commissioned by the Pacific Islands Forum Secretariat (PIFS) at the request of the Kiribati Chamber of Commerce & Industry. The purpose of the mapping exercise was to provide a foundation for better coordination and strengthening private sector engagement with the public sector, to provide guidance for its members about financing opportunities for climate change related adaptation and mitigation activities.

The objectives were, through meetings and consultations conducted virtually with a sample of KCCI members and relevant stakeholders, to determine their needs that relate to climate financing; to map any private sector work that is relevant to climate change adaptation and mitigation; and to develop concept notes for private sector project proposals, including possible public-private partnership (PPP) arrangements.

Accordingly, an outcome of the mapping exercise is to develop a concept note that outlines what the private sector of Kiribati has to offer and the opportunities available to access climate finance with recommendations on concepts that can be considered and progressed further.

## 3. Title of the proposed project

Strengthening of Kiribati National Private Sector Organisation.

## 4. Potential donor(s) (from the list of funding sources provided)

### 4.1 Green Climate Fund (GCF) – “Readiness & Preparatory Support Programme”

GCF is an operating entity of the Financial Mechanism of the United National Framework Convention on Climate Change (UNFCCC)<sup>23</sup> which had been mandated by the Conference of Parties (COP) to the UNFCCC to provide financial support to enable parties to meet the objectives of the UNFCCC. The business model of the Fund is one based on partnerships with organisations in developed and developing countries to implement the projects and programmes approved by the Board.

A component of the GCF funding is the “Readiness & Preparatory Support Programme” which supports country-driven initiatives by developing countries to strengthen their institutional capacities, governance mechanisms, and planning and programming frameworks towards a transformational long-term climate action agenda.

The Readiness Programme provides grants and technical assistance to National Designated Authorities (NDAs) and/or focal points (FPs). Readiness funding can also be deployed to strengthen Direct Access Entities. The objective is to enhance the capacity of national institutions to efficiently engage with GCF. Dedicated readiness funding may also assist countries in undertaking adaptation planning and developing strategic frameworks to build their programming with GCF.

All developing country Parties to the UNFCCC can access the Readiness Programme. GCF aims at least 50 per cent of the readiness support goes to particularly vulnerable countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African States.

Under the Readiness Programme, up to USD 1 million per country per year is allocated for support related to institutional capacity building, coordination, policy and planning and programming for investment.<sup>24</sup>

### 4.2 Global Environment Facility (GEF) – “Special Climate Change Fund”

The Global Environment Facility is the world’s largest funder of biodiversity protection, nature restoration, pollution reduction, and climate change response in developing countries. It finances international environmental conventions and country-driven initiatives that generate global benefits. The GEF partnership connects 184 member governments with civil society, indigenous people, and the private sector, and works closely with other environmental financiers for efficiency and impact. Over the past three decades, the GEF has provided more than \$22 billion in grants and blended finance and mobilized another \$120 billion in co-financing for more than 5,000 national and regional projects, plus 27,000 community-led initiatives through its Small Grants Programme.

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23 <https://unfccc.int>

24 Page 2; [https://www.greenclimate.fund/sites/default/files/document/readiness-guidebook\\_2.pdf](https://www.greenclimate.fund/sites/default/files/document/readiness-guidebook_2.pdf)

A funding component of the GEF is the “Special Climate Change Fund”<sup>25</sup> which focuses on serving the adaptation needs of Small Island Developing States (SIDS) and Enhancing Technology Transfer, Private Sector Engagement & Innovation for All. There are two (2) funding windows which concentrate on supporting adaptation needs of SIDS (Window A) and strengthen technology transfer, innovation, and private sector engagement (Window B).

Window A serves the adaptation needs of all SIDS and provide support for priorities such as food security and fisheries; integrated water resources management; climate- resilient infrastructure; nature-based solutions; early warning systems and disaster risk reduction; and climate-resilient tourism. The strategy includes per country allocations for 2022- 2026 ranging from \$3 million to \$6.5 million.

Window B supports innovative technologies and finance, and actions to engage the private sector in adaptation. Entry points include supporting technology transfer, innovation, and deployment; enabling the conditions for private sector action; catalyzing private sector investment through risk sharing; incubating and accelerating micro, small, and medium enterprises (MSMEs); and catalyzing inclusive microfinance for smallholder farmers and micro enterprises to invest in practical solutions for localized adaptation action at scale. The financial scenarios for SCCF window B range from \$104.5 million to \$198.5 million for 2022- 2026.

### 4.3 Context

The private sector of any country is referred to as “the engine of growth” with specific skills and expertise that can support the public sector through public private partnerships to deliver more efficient services in the areas of safe water supply, sanitation, energy, education, and health care. Although the private sector of Kiribati faces the full brunt of the impact of climate change and health pandemics, however, it does not ignore its social responsibility in supporting humanitarian and health responses in times of need by providing financial and in-kind assistance.

In Kiribati, the private sector companies are already working as contractors with governments on several adaptation and mitigation projects such as renewable energy, WASH, coastal protection, sea transport, etc. From the consultations undertaken with the 14 members of KCCI, more than 50% have been engaged as contractors in the supply of raw materials and/or construction of climate change related projects. However, for direct access to financing opportunities, the private sector of Kiribati is usually not included in the initial project design and planning stages which is a missed opportunity in terms of using their technical expertise and experience. There is an opportunity for businesses and government to evaluate how the private sector can contribute to improving resilience in Kiribati, which has been acknowledged in international and regional frameworks such as the Paris Agreement, Sendai Framework for Disaster Risk Reduction, and the Framework for Resilient Development in the Pacific.

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25 [https://www.thegef.org/sites/default/files/documents/2022-11/GEF\\_SCCF\\_Adaptation\\_2022\\_11.pdf](https://www.thegef.org/sites/default/files/documents/2022-11/GEF_SCCF_Adaptation_2022_11.pdf)

#### **4.4 Rationale for the proposed project**

From the discussions held with the members of KCCI and the literature reviews undertaken, the challenges and barriers which affect Kiribati private sector engagement in the discussions and accessing climate finance are summarized as follows:

- i. Lack of appropriate incentives and an enabling environment to boost private sector proofing investments;**
- ii. Lack of information on national initiatives and interaction by government with the private sector such as country programmes, pipeline projects, planning and implementation;**
- iii. Limited understanding by the private sector of their role and how to maximise this role to access climate change resources;**
- iv. Burdensome requirements and fiduciary standards applied by funding agencies regardless of size, capacity or need;**
- v. Limited understanding by the private sector on the available funding sources and how to access them for climate change projects; and**
- vi. Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations.**

The rationale above is based on the set of interviews conducted for a sample of 14 businesses who are members of KCCI. The sample is quite limited and does not necessarily represent the full views of the Kiribati private sector.

## 4.5 Project goals and objectives

The goal is to increase private sector participation and engagement in resilience building and access to climate finance. The private sector in this context refers to the individual businesses and the Kiribati Chamber of Commerce and Industry.

For this concept, below are the two key objectives and activities to be undertaken at enterprise level (individual business) as well as at national level through the KCCI, to achieve the intended goal.

### i. Objective # 1 – Increase Private Sector Level of Awareness & Understanding

One of the key findings from the consultation undertaken with the individual businesses is their lack of knowledge on the strategic direction and plans of the Kiribati government. This lack of knowledge creates a misunderstanding on the roles of businesses and how to maximize this role to access climate change resources. Thus, the private sector is left out in the dark on the available funding sources and how to access them for climate funding projects. To bridge this gap, these are two proposed activities:

- a. Activity 1 - Government conducts awareness sessions with the businesses, either by industry/ sector or by size of business or by geographical location of business. This is to provide information on the country programs, projects in the pipeline with planning and implementation. It is also during this session, whereby the private sector is clarified on the crucial role that they play for Kiribati to meet its NDC commitments and plans.
- b. Activity 2 – Climate finance agencies such as GCF, Adaptation Fund; GGGI conduct awareness sessions to the businesses of Kiribati regarding available funding sources and the pathway to access them.

## ii. Objective # 2 – KCCI to become an Accredited Entity (AE)

KCCI is Kiribati National Private Sector Organisation which advocates and is the voice of the Kiribati private sector nationally, regionally, and internationally. With the need to enhance private sector engagement in resilience building and access to climate finance, KCCI also needs to strategically align itself to be relevant in undertaking its duties for its members. The 3 proposed key activities for this objective are:

### a. Activity 3 - Organisational Restructure of KCCI to be an AE.

To become an AE, there is an accreditation process<sup>26</sup> and requirements that are to be fulfilled by KCCI. The entity seeking accreditation to access GCF resources will be assessed against the GCF's policies and standards. There is a self-assessment tool<sup>27</sup> that can assess whether KCCI meets the basic requirements to become AE. Once KCCI is confident that it has credentials to become an AE, it can start the three- stage application<sup>28</sup>. The entities applying for accreditation should have been operating for at least 3 years. To fund this process, GCF has set up the Private Sector Facility (PSF)<sup>29</sup> which provides grants and concessional loans to support climate change adaptation and mitigation projects. In this case, KCCI is possible to access grants-based capacity building programme or apply for funding via Global Green Growth Institute (GGGI). For this activity, this would entail engaging a consultant to undertake a feasibility of how the restructure will look like and the steps to be carried out in becoming the first Kiribati national entity acquiring the AE status.

### b. Activity 4 – Capacity Building of KCCI staff and management

In the process of the KCCI trying to become an AE, there will also be a need to build capacity in KCCI on the new structure and the processes and procedures to follow when becoming and AE entity. Therefore, there will be a hiring of a technical specialist to assist in the running of the new KCCI structure as well as specifically, able to put together GCF funding proposals on behalf of Kiribati private sector. This technical specialist will also lead KCCI initiatives in scoping for potential PPP climate finance related projects.

## 4.6 Expected Results

### a. Objective # 1 – Increasing Private Sector Level of Awareness & Understanding

The expected results of Objective #1 are that Kiribati businesses can strategically align their business models and operations towards meeting key strategic climate change commitments and are also able to identify key climate change projects to partners with government and access potential climate finance. This is closely related to the expected result of Objective # 2.

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26 Green Climate Fund, Entity Accreditation, <https://www.greenclimate.fund/accreditation>

27 Green Climate Fund, Entity Accreditation, <https://www.greenclimate.fund/accreditation/self-assessment>

28 Green Climate Fund, Entity Accreditation, <https://www.greenclimate.fund/accreditation/resources>

29 Green Climate Fund, Private Sector Financing, <https://www.greenclimate.fund/sectors/private>

b. Objective # 2 - KCCI to become an Accredited Entity (AE)

The expected result of Objective # 2 is that KCCI successfully becomes a recognized Direct Access Accredited Entity and pursues funding of identified potential climate change projects and are potentially PPP in nature. The identification of the potential climate change projects is in alignment what Kiribati businesses have identified collectively and is then pursued by KCCI, being the Accredited Entity.

The expected results from these objectives would lead to increasing private sector partnership and engagement in climate change adaptation and mitigation activities and resilience building. The implementation of the planned and approved climate change projects would contribute towards achieving Kiribati NDC Investment Plan 2021 and other relevant global climate change commitments.

#### **4.7 Innovation:**

The innovation in this project is that KCCI will be the first local national institution in Micronesia, to apply becoming an Accredited Entity under the GCF and GEF facilities. With the expected reform to take place in the process, it is also the first time for KCCI to undertake such a restructure of the organisation processes and staff capacity upskilling, that will lead to KCCI better serving and advocating the needs of the Kiribati businesses. Lastly, through this project, it will also lead to a successful PPP project between the local Kiribati businesses and the Government of Kiribati.

#### **4.8 Expertise and experience required**

To roll out this project, there are certain expertise required especially for the process of restructuring of the KCCI operations and processes to become an Accredited Entity. First and foremost, is the need to engage a technical advisor (TA) to take the lead in the Accreditation Entity process. The TA would implement the restructuring process of KCCI and include putting in place key controls and systems to ensure it adheres to the requirements of becoming an entity. In addition to this, the TA would also need to provide capacity building for KCCI internal staff or recruit and train additional staff. This training and upskilling would include KCCI staff undergoing an induction in the new systems and processes of KCCI being an Accredited Entity.

## 4.9 Timelines and Budget estimates

#	Activity	Deliverable	Amount (AUD)
1	Government conducting Awareness Session by sector or geographical locations. There will be three main awareness sessions to be conducted with one being in South Tarawa, the second is in Kiritimati and the third Phoenix islands. The estimated budget is AUD 10,000 per awareness session.	Awareness sessions conducted for businesses.  Timeline – 1st 6 months	30,000
2	Climate Fund Donors conduct awareness sessions by sector or geographical locations. This is a likely activity and the estimated budget is AUD7,000 per awareness session.	Awareness sessions conducted for businesses.  Timeline – 1st 6 months	21,000
3	Hiring of technical specialist to undertake restructure of KCCI to become an AE.	KCCI restructure successfully completed. KCCI successfully become an AE. Timeline – 24 months	75,000
4	Hiring of a technical specialist to build KCCI capacity and put together climate funding submission to GCF or other related donors.	KCCI staff capacity are developed. Number of funding proposals submitted. Timeline – 24 months	75,000

Contact information and contact person.

Mr. Karea Baireti – KCCI Secretary

Email – [secretariat@kcci.org.ki](mailto:secretariat@kcci.org.ki)

# Annexure 6: Partnership Framework

## Strengthening and Enhancing Private Sector Engagement In Climate Change Initiative and Climate Finance Access

### 1. Introduction

The Kiribati 20-Year Vision, also known as the KV20, “Kiribati’s long-term development blueprint for the period 2016–2036” aims to lead Kiribati to a “healthier, wealthier, peaceful country”. The Vision is anchored on four pillars: Wealth; Peace and Security; Infrastructure; and Governance. Under these four pillars, climate change is a cross cutting theme which is an important issue/ factor that is common and needs to be addressed.

The private sector plays a vital role in being the engine of economic growth and development for Kiribati. The Kiribati Chamber of Commerce & Industry (KCCI) performs a crucial role in supporting SMEs and the private sector to prosper. The KCCI Roadmap envisions a healthy and dynamic private sector that is vital for Kiribati to achieve its long-term economic growth. KCCI, in pursuing this vision is guided by its missions which is being manifested into the following principles and business values:

- i. Ensure strong integrity within the business community and promote a healthy competition among members, and to allow small businesses to grow through concerted support of big companies;
- ii. Promote customer-based approach, effectiveness, and efficiency in delivering business outcomes for the public at large and business partners;
- iii. Embedding accountability and transparency in the decision-making process to maintain and cement new and ongoing partnerships with the government and all other partners; and
- iv. Maintain vitality of KCCI as a political neutral entity and ensure close partnership with the government as an important commercial arm of the government for driving strategic growth of the national economy and to ensure legal, social, and economic obligations of all its members are observed.

Whilst the private sector in Kiribati is small in relation to the public sector, its contribution to GDP has increased from 49% in 2010 to 53% in 2017.<sup>30</sup> The private sector formal employment has increased at a rate of over 12% per year since 2010. As a result, the number of private sector contributors to the Kiribati Provident Fund (KPF) has subsequently increased from 2,130 in June 2010 to 3,982 in June 2016, which depicts a rise of 87%.<sup>31</sup>

30 Kiribati National Statistics Office; <https://nso.gov.ki/statistics/economy/gdp/>

31 Kiribati 20 Year Vision 2016– 2036; Page 14; <http://president.gov.ki/images/kiribati-20-year-vision-2016-2036-sept.final.pdf>

However, there are existing challenges faced by businesses which inhibits the growth of Kiribati private sector. The current baseline problem that exists within the private sector of Kiribati that is a barrier in strengthening the partnership with government and accessing climate finance are summarised as follows:

- i. Lack of appropriate incentives and an enabling environment to boost private sector proofing investments;
- ii. Lack of information on national initiatives and interaction by government with the private sector such as country programme, pipeline projects, planning and implementation;
- iii. Limited understanding by the private sector of their role and how to maximise this role to access climate change resources;
- iv. Burdensome requirements and fiduciary standards applied by funding agencies regardless of size, capacity or need;
- v. Limited understanding by the private sector on the available funding sources and how to access them for climate change projects; and
- vi. Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations.

The constraints or challenges are at various levels with regards to lack of information, awareness; understanding and skills capacity for the private sector and the need for government to improve and further develop the enabling environment and policies in place, to reduce the cost and ease of doing business in Kiribati.

There is a need for a partnership between the private sector and the respective government ministries which defines the mutual working relationship and understanding between the parties to solve the challenges highlighted above. There is an existing institutional set-up and coordination framework which this partnership could leverage of. This is the Kiribati National Experts Group on Climate Change and Disaster Risk Management (KNEG) which serves as a cross-sectoral platform to coordinate CC and DRM activities. KNEG membership comprises senior technical officers from government ministries, representatives of NGOs, CSOs, the private sector and faith-based organisations. KNEG provides advice to the Development Coordination Committee (DCC) on programs and priorities before they are presented to the Cabinet for endorsement. KCCI is already a member of KNEG, and this partnership is to strengthen the existing relationship between the private sector and government.

The information provided is based on a limited sample number of interviews and consultations held with 14 businesses who are KCCI members and had availed their time to be part of this survey.

## **2. Objectives**

The objective of this partnership framework is to enhance and strengthen the relationship between the Government of Kiribati and the private sector through the KCCI in mitigating the impacts of climate change and accessing climate finance in a well-coordinated and strategic manner.

It defines how the parties will work together; collaborate and stating each one's expectations and responsibilities. This framework will establish a mutual agreement between the parties to enhance private sector engagement in resilience building and access to climate finance. This partnership framework intends to build on the existing relationship between the Government of Kiribati and KCCI within the existing national policies and plans as well as other avenues and platforms to reinforce the mutual relationship.

## **3. Four Key Principles of a Good Partnership**

Good partnership looks a lot like healthy marriages. Outlined below are four (4) key ingredients to creating a perfect union between the Government of Kiribati and KCCI.

### **1. Transparency**

This refers to the quality of undertaking a task or sharing information which is being done in an open way without secrets, which in simple terms is being truthful and honest.

### **2. Trust**

Trust is the cornerstone of every enduring partnership and the currency in which trading or sharing information is conducted. It might be reputation and reference that helps in getting into the room, but it's the trust that creates a long-lasting relationship.

### **3. Mutual Benefit**

This third principle relates to reframing of perspectives to ensure that the parties are looking at the partnership through the lens of "If your partner isn't successful, you aren't successful". This ensures there is a win-win approach to discussions held which will pay dividends in the long run.

### **4. Shared Vision**

The true definition of partnership lies in the North Star's shared vision for economic growth, improving the standard of living for an I-Kiribati, challenges faced and the solutions to address it. In creating a shared vision for the future, it creates a solid bedrock for a partnership that will ultimately enable the private and public sectors to focus more on making Kiribati a "healthier, wealthier and peaceful country".

#### 4. Key Components of the Partnership

Based on the challenges highlighted in the introduction above and the four (4) key principles to a good partnership, it is proposed that the nature of the partnership, at this initial stage, is for information sharing and providing awareness to each relevant party on key initiatives and future on mitigating impacts of climate change and accessing climate financing. It is important to get regular updates on the government's clear plans and initiatives towards climate change and climate finance access. The meetings will be effective in that they will provide insights and updates on government progress towards their plans, the private sector role and position on these plans, and moreover KCCI could use it to build a stronger bridge between private sector and public sector, so both can aim for those targets. Not forgetting the National Plan (KDP), Kiribati Vision for 20 years (KV20), and Government Manifesto (Motinnano), which are the 3 main Government of Kiribati's documents/drivers for the Government plans and goals and are prioritized amongst all else by the government.

The key partnership activity is to include the following:

- i. Formation of a "Working Committee on Climate Change and Resilience Finance" with representatives from the private sector (KCCI) and the respective government ministries. This working committee is to be proposed as a sub-group under the KNEG institutional set up. KCCI will take the lead in advocating private sector led initiatives and reporting to the Office of te Beretitenti. These are ministries of high priority sectors which includes:
  - a. The Ministry of Tourism, Commerce, Industry and Cooperatives;
  - b. The Ministry of Finance & Economic Development;
  - c. The Ministry of Fisheries and Marine Resources;
  - d. The Ministry of Environment and Land Development;
  - e. The Ministry of Infrastructure and Sustainable Energy; and
  - f. The Ministry of Information, Communication and Technology.
- ii. Outlining the terms of reference for the working committee that is formed. The terms of reference will set out the functions of the working committee and include key basic areas as outlined herein.
  - a. Role/ Purpose  
The role of the working committee on climate change and resilience finance is to provide key information and intel that will form the basis of strengthening and enhancing the relationship between the government and the private sector, fight against the impact of climate change.
  - b. Term of the Agreement  
This outlines the effective duration of the working committee from the start date to the end date. For this case, it is advisable that the initial duration of the agreement is for 3 years, and the deliverables are reviewed on a yearly basis.

c. Membership

The working committee will comprise of representatives from the private sector (KCCI) and from the ministries as stated in (i) above. It is recommended that the representatives are either of the Permanent Secretary, Deputy Secretary or Director level.

d. Roles & Responsibilities

This is to be agreed upon by the working committee. Some of the examples may include:

- The working committee members are accountable for fostering collaboration and always maintaining the focus on the agreed scope, outcomes, and benefits.
- The working committee members will commit to attending the scheduled meetings and if necessary, nominate a proxy. (in this case, it is proposed for meetings to be held on a quarterly basis).
- Each individual member of the working committee will provide complete, accurate and meaningful information in a timely manner.
- Each individual member will contribute to open and honest discussions, without resorting to any misleading assertions.

e. Meetings

It is being proposed for meetings to be held every 2 months for the 1st year of the duration for the agreement. This is to ensure that the working committee is active and meeting once every two (2) months is sufficient for that. It can then phase out to meeting once every quarter from the 2nd year onwards.

The working committee will have to elect office bearers which includes the:

- Chair that will facilitate once every two (2) months information sharing meetings. It is recommended that the chair is from one of the government ministries, at least for the 1st year. This position is then rotated to the private sector in the 2nd year.
- Vice Chair - will provide support to the chair of the working committee. This is to be a representative from the private sector.
- Secretary – He/ She will prepare agendas, supporting papers, meeting notes and information. It is recommended that KCCI takes up this position.

f. A meeting quorum will also need to be decided for the meeting to proceed, as agreed by the members of the working committee.

g. Decisions are made by consensus (i.e., members are satisfied with the decision even though it may not be their first choice). If that is not possible, the chair makes the final decision.

- h. If required, sub-committees can be formed which is based on the different thematic areas as agreed by the members. It can include, but not limited to,
- Accessing Climate Finance
  - Energy & Infrastructure
  - Business Enabling Environment
  - Blue Economy
  - Green Economy
  - Private Sector Initiatives, etc.

## 5. Anticipated Benefits from the Partnership

As for every partnership there must be a win - win approach to carrying out the required agreement activities. Below are anticipated benefits from this partnership.

- i. The private sector can get regular updates on the government's plans and initiatives towards climate change and accessing climate finance and provide a better understanding on the private sector's role in achieving government plans.
- ii. From the insights and information shared, it will provide the Kiribati private sector with the understanding on how to align their business to the government initiatives and funding opportunities available.
- iii. This agreement also builds a stronger bridge between the private sector and the public sector with a shared vision and goal for Kiribati.
- iv. Having this partnership is also beneficial for KCCI as it pursues to become an Accredited Entity for the GCF & GEF climate facility.
- v. The government can receive key information from the private sector on how to implement climate change projects effectively and efficiently.
- vi. The government will also be able put together policies and initiatives from the information shared that are relevant to meeting the needs of the Kiribati private sector and potentially unlock economic growth.
- vii. This agreement forms a basis for exploring further opportunities for the Public Private Partnership, in high priority sectors of the economy.

## 6. Maintaining the Partnership

It is proposed that the partnership is maintained on a shared basis between the Ministry of Tourism; Commerce; industry & Cooperatives (MTCIC) and the KCCI. This is because KCCI's line ministry is the MTCIC and thus it would be easier for coordination in maintaining the partnership.

## 7. Monitoring and Evaluation

The proposed term for the agreement is three (3) years and the scope of the agreement is reviewed on an annual basis, to:

- i. Take stock of the milestones achieved so far.
- ii. Outline key actions to take for milestones that were not achieved.
- iii. Evaluate the contributions of the various parties to the agreement and whether there needs to be a review of their participation and the way forward.
- iv. Identify key success stories that were a result of this partnership working committee and publish it for awareness and information.

A basic monitoring and evaluation framework is as follows:





ISBN 978-982-202-092-2



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