



**The Permanent Mission of the Republic of Kiribati to the United Nations**

**Statement to the Committee for Development Policy regarding Kiribati's  
graduation from LDC status**

**March 2, 2018**

Hon. Chair and Distinguished Members of the Committee on Development Policy,

I bid you greetings and convey the well wishes of my Government and the people of Kiribati. Over the decades, the in-depth policy analysis work administered by DESA, including those undertaken by the Committee for Development Policy (CDP), has helped resolve and manage many of the world's most pressing socio-economic issues, and for that we are indeed grateful. In fact, my government believes that one of the most significant successes of the CDP that has helped Kiribati in the past, and could assist Kiribati promulgate its current development policies, is the establishment of the least developed country category. A category which allows countries like Kiribati access to special support measures from the international development community.

My government shares the view of the Assistant Secretary General of DESA, who said in remarks at the 19<sup>th</sup> Session of the Committee for Development Policy, "that a new development landscape is emerging, marked by interconnectivity and challenges that know no borders. Challenges for LDCs that are further compounded by vulnerabilities that expose them to risks beyond their control – which includes climate change, sea level rise, and economic instability to name but a few."<sup>1</sup>

We are heartened to note the adoption of the landmark 2030 Agenda for Sustainable Development, which calls for universal and integrated action to address these challenges and issues. We also share the view that greater efforts are required to mobilize domestic and international resources to help finance much-needed investment, especially in the LDCs, where additional concessional international public financing is needed to ensure the investment necessary to achieve the ambitious targets set by the SDGs, as highlighted in the report of the CDP at its 19<sup>th</sup> Session in March 2017<sup>2</sup>.

To that end, my Government is committed to a bold 20-year vision referred to as Kiribati Vision 20 (KV 20), a policy that is framed to transform Kiribati into a prosperous and secure fishing and tourism nation, and one that is premised on investing in critical infrastructure. The KV 20 is a core element of the new political leadership in Kiribati, which began in March 2016; a leadership that is fundamentally opposed to the former administration's strong advocacy of "sinking islands – migration with dignity" ("SI-MWD") narrative. A leadership that is opting to explore innovative solutions to address climate change and build national resilience to enable Kiribati meet its obligations to the SDGs and the 2030 agenda, and withstand the projected impacts of climate change. This Vision will face significantly greater challenges, if Kiribati's status as an LDC is removed, at this time.

As part of this 20-year vision, the Government will invest much of its bilateral and multilateral ODA, plus a certain amount of its sovereign fund (RERF), toward the rebuilding of vital infrastructure, capacity building, and the fostering of a substantive fishing and tourism industry. The implementation of the policy will obviously require significant financial assistance and capital

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<sup>1</sup> Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs, Statement at the 19th Session of the Committee for Development Policy, 20 March 2017, New York.

<sup>2</sup>Ibid



investment, but this is an approach that is well aligned with many of Kiribati's bilateral and multilateral partners, and the Government is working steadfastly with these partners on both 'grants' and 'concessional loans' to promulgate its national development policies. For instance, the Government of Kiribati has collaborated with development partners such as the Government of Australia, the World Bank and the Asian Development Bank, in rehabilitating the road in its capital South Tarawa. This is a major project with a total value of approximately 100 Million (AUD), that includes both 'grant' and 'concessional loan' modalities; the latter of which is offered on concessional terms attributed to Kiribati as an LDC. The Government is also collaborating in a multi-million dollar project with the World Bank and the Asian Development Bank to upgrade its Aviation Sector. These projects combine both 'grant' and 'concessional loan' modalities that are more or less, offered to Kiribati as an LDC. While both these projects have core objectives to support the national economy and build economic integrity, they are currently construed pursuant to Kiribati being an LDC. There are various other projects that are currently underway, and focused on adaptation activities critical for low-lying atoll countries such as the building of coastal protection, water resources management, and sanitation infrastructures. Such projects are critical for low-lying atolls and LDCs, especially one that is being confronted with dire climate scenarios such as rising sea levels, more frequent storms, and king tides. We will face many uncertainties if we were to lose our LDC status, at this time.

It is perhaps worth to mention that while Kiribati's geographic location is somewhat distant from the direct path of cyclones, which regularly devastate other Pacific nations, or from other natural disasters such as earthquakes, the 'ripple' effects of these natural disasters can have major consequences to Kiribati because of the low-lying nature of its islands. For instance, the causeway which links the two metropolitan areas and major business districts of the capital (i.e. Betio and Bairiki) and is critical to national trade and economic development, was damaged during the cyclone events of 2015 that devastated Vanuatu and Fiji. While the damage was not as extensive as those in other Pacific nations, the cyclones did severely damage the aforementioned causeway to the extent that its physical integrity was deemed unsuitable for public use. This hampered trade and economic activity for many days, and resulted in the Government of Japan offering ODA to rebuild the causeway. Work on the causeway is still being undertaken and is expected to complete in late 2018. Such vulnerabilities require ongoing infrastructure investments and costs, and the burden of these costs will be inflated significantly by the removal of our LDC status, at this time.

Chair, members of the committee,

We also refer to Kiribati's comments to the CDP expert group during the last triennial review for LDC graduation in 2015, and again reiterate the same concerns that our graduation at this time is still premature and undermines our efforts towards sustainable development, more so in furtherance of our new KV 20 Policy. As stated in Kiribati's comments on the 2015 ex-ante report by UNDESA, we wish to highlight two key aspects that do not seem to reflect local realities; namely (1) the downplaying of the relative importance of the LCDF and impact of Climate Change on Sustainable Development, and (2) the downplaying of the effect of graduation on UN and IFI assistance to Kiribati. We will not explore the details of these comments substantively, as we feel

they have been conveyed adequately to CDP at the last triennial review; but we are of the view that these 2 comments still apply to our case today.

As highlighted in the Kiribati Minister for Finance communication dated 30 January 2018, which I shared with the CDP at the Expert Meeting on 2 February 2018- the forefront issue is Kiribati's external shocks and the impact of climate change and sea level rise which, if occur, can instantly wipe out years of development work and take us ten years back.

These vulnerability problems are further compounded by the country's narrow base and limited resources that can be exploited for sustained economic growth, a view that resonates with the IMF's comments in its most recent Article IV consultation that although Kiribati's economic fundamentals have strengthened (with several donor financed infrastructure in the pipeline) risks to long –run economic development prospects remain high, acknowledging climate change as a significant contributor to these risks. As a result, IMF advised that “continued efforts are needed to enhance resilience to climate change and mitigate its negative impact on long run growth.

Another vulnerable factor for Kiribati is its overdependence on fisheries licensing revenue which over the past two to three years accounts for a huge percentage of total income. This is very dependent on the climatic and weather conditions, which in one year supports a high fishing revenue but in another year, causes a huge drop in the fishing revenue. Also, as highlighted by the Minister for Finance, the Revenue Equalization Reserve Fund (RERF) “is vulnerable to risks due to adverse market forces and geopolitical events, and does not have the ability to sustain our macro and fiscal positions over the long run in times of persistent declining fishing revenues.”

Hon. Chair, Distinguished Members of the Committee,

My government would therefore need more time to remain under the ambit of the LDC category to improve on its economic vulnerability as a necessary ingredient of the its KV20 plan. The Government takes no issue over the accuracy or otherwise of the figures computed for its performance in the three areas ( the Gross National Income (GNI), the Human Assets Index (HAI) and the Economic Vulnerability Index (EVI)) as contained in a report prepared by UNCTAD dated 15 December, 2017 and titled “Vulnerability Profile of Kiribati” and also in the two previous reviews of 2015 and 2018, which show very good performance in the first two criteria but very poor performance in the third.

Kiribati believes that the current formula for graduation needs to be reviewed to reflect current realities, particularly the impacts of climate change and sea level rise on low-lying atolls, and be aligned with the development policies that these countries are developing and implementing to build their resilience toward these climate insecurities. Such efforts will be significantly obscure if the ambit of LDC is removed, at this time, noting our ongoing argument that our ‘economic vulnerability’ presents a colossal risk to our overall development, and threatens the integrity of the other two criteria that the CDP has deemed Kiribati to have met.



Hon.Chair and Distinguished Members of the Committee,

Please accept the assurances of my highest consideration.

Sincerely,

Teburoro Taito



Permanent Representative  
Permanent Mission of Kiribati to the United Nations

Date: March 2, 2018