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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX IV

of the Commission Implementing Decision on the financing of the annual action plan
in favour of the Pacific Region for 2021

**Action Document for Technical assistance for detailed engineering design for Kiritimati (Christmas)
Island multi-purpose port**

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Technical assistance for detailed engineering design for Kiritimati (Christmas) Island multi-purpose port CRIS number: NDICI ASIA/2021/043-253 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes. This action will contribute to the TEI “Green-Blue Alliance for the Pacific”.
3. Zone benefiting from the action	The action shall be carried out in the Pacific, Kiribati, Kiritimati (Christmas Island) – Line Islands.
4. Programming document	Pacific Multi-Country Multi-Annual Indicative Programme 2021-2027
5. Link with relevant MIP(s) objectives/expected results	Priority area 2 – Inclusive and Sustainable Economic Development, Sector 2.1. – Green & Blue Growth ¹
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	DAC 250 – Business & Other Services
7. Sustainable Development Goals (SDGs)	<u>Main SDG:</u> SDG 8: Decent Work and Economic Growth <u>Other significant SDG:</u> SDG1: No Poverty SDG 5: Gender equality SDG 9: Industry, innovation and infrastructure

¹ With the Communication COM(2021) 240 final adopted in May 2021, the European Commission has moved from a ‘blue growth’ concept to a ‘sustainable blue economy’ approach.

	SDG 14: Life below water.			
8 a) DAC code(s)	Main DAC code: 21040 – Water transport (60%). Other DAC codes: 31391 – Fishery services (20%); 25010 – Business services (20%)			
8 b) Main Delivery Channel	European Investment Bank – 42004 Regional Development Bank – 46000 World Bank Group – 44000			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services		<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Connectivity		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Tags: transport people2people energy digital connectivity		<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration (methodology for tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2021-14.020132-C1-INTPA Total estimated cost: EUR 2 500 000 Total amount of EU budget contribution EUR 2 500 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.2.			

1.2. Summary of the Action

The Government of Kiribati has identified Kiritimati (Christmas Islands), the biggest island of the country, as a growth centre with plans to develop its economy and resettle people from the over-crowded capital of South Tarawa. To achieve the goals set in Kiribati's 20-year Vision for 2016-2036 and the 'Line and Phoenix Island Integrated Development Strategy 2016-2036', it is necessary to attract private investment by improving infrastructures and creating an enabling environment. The main barrier identified is the absence of a multi-purpose port and a wave breaker or breakwater to accommodate requirements for transshipment by fishing vessels, container vessels for commercial trade, and cruise liners for tourism.

By implementing this action, preferably in indirect management with an International Financial Institution (e.g. the European Investment Bank (EIB) or the Asian Development Bank (ADB)), the European Union will complete the studies and design of a port in Kiritimati so that construction can be effective once financial support is secured. The following outputs will be achieved:

1. Completion of technical, financial, economic, environmental and social feasibility studies for a multi-purpose port. They will include gender equality and human rights components, and inform the detailed activities and policies.
2. A detailed engineering design for Kiritimati Multi-Purpose Port including a structural engineering design of breakwater or wave breaker that meets international standards.
3. Structural engineering and estimated costing for the port, including operation and maintenance.
4. Set-up of the institutional arrangements for the operation of the port.
5. Production of the technical elements for an international tender for construction.

The construction of the port is the government's stated priority for cooperation with the EU. Discussions have also been held with the private sector and ADB which have reflected an interest in progressing with the development of this initiative. Considering the relevance of type of initiative, the proposed study for the construction of the Kiritimati multi-purpose Port will contribute to accelerate the preparation and implementation of a priority infrastructure project for the Pacific region and to help unlocking the private sector's potential.

Being a capital-intensive investment, in the coming years, this infrastructure project could significantly exploit the financial resources of the European Fund for Sustainable Development-plus (EFSD+) and the unified and open system of budgetary guarantee – External Action Guarantees (EAG).

2. RATIONALE

2.1. Context

• Context Description

The Republic of Kiribati is situated in the Central Pacific Ocean and made up of 32 atolls and one raised coral island, dispersed over 3.5 million km² in three non-contiguous groups: the Gilberts, Phoenix and Line islands. The population is approximately 114,000 people, of which more than 60% lives on 10 km² of habitable land in the capital South Tarawa (Gilbert group); the remaining population live across 22 outer islands in rural settings. Kiribati is one of the poorest countries in the Pacific, ranking 134 in the Human Development Report of 2020 out of 189 countries. About a fifth of the population lives below the basic needs poverty line. Of the total population of Kiribati 51% are women, 47% of the adult women are unemployed and 23% households are headed by women². These statistics mean that women and girls are less likely to have the financial means and technical skills to access basic services and manage related facilities. The participation of women in public and political life remains low in Kiribati, largely due to traditional perceptions of women's role in society. Women also face an additional challenge in advancing their interest at the political level with only 7% of seats in parliament held by women and at the island level with marginal representation among mayors and clerks. Although girls currently outnumbered boys in secondary and tertiary education, girls and women are still underrepresented at all levels of decision-making. Specific gender analysis will be conducted through the feasibility studies foreseen in this action.

With its distribution and remoteness, in Kiribati the cost of infrastructure and public service delivery is high. The economy is highly vulnerable to external shocks and dependent on external sources of revenue (foreign aid³) and imported food and fuel. The public sector dominates the economy, providing two-thirds of all formal sector employment. Economic development is constrained by a shortage of skilled workers, weak infrastructure, and remoteness from international markets. Weakness in business climate and financial intermediation also limit economic and job opportunities. With one of the lowest per capita gross domestic product (GDP) in the region, about a fifth of the population lives below the basic needs poverty line. According to the World Bank and the International Monetary Fund (IMF), Kiribati is a fragile state (see [IMF, Building Fiscal Capacity in Fragile States](#) and [World Bank, Harmonized List of Fragile Situations and List FY2018](#)). While Kiribati has no peacekeeping mission or political & peacebuilding missions, it is a country with weak institutional capacity as measured by the World Bank's *Country Policy and Institutional Assessment*, also called CPIA-score.

The country's long-run prospects are further clouded by climate change – the low elevation of the atolls (1.8 meters above sea level on average) makes the population extremely vulnerable. As such, it is at the forefront of climate change impacts. According to a World Bank report, Kiribati's capital of Tarawa—where nearly half the population lives—will be 25-54% inundated in the south and 55-80% in the north by mid-century. This is a major concern since there is massive internal migration towards Tarawa, offering services that isolated islands cannot provide, such as schooling and healthcare.

To address the issue, the Government of Kiribati has identified Kiritimati (Christmas Islands), the biggest island of the country, as a growth centre with plans to develop its economy and resettle people from the over-crowded capital South Tarawa. This strategy relies on the fact that it possesses the greatest habitable land with sufficient elevation to face the risks associated with rising sea levels, and on Kiritimati's great potential for fisheries and tourism development. Kiribati's 20-year Vision for 2016-2036 (KV20) proposes potential opportunities for growth and capacity to support a larger population.

To realise the ambition to facilitate the relocation of some Tarawa residents in Kiritimati, a resettlement programme has been launched by the Government in 2016. According to Ministry of Line, Phoenix Islands Development (MLPID) figures, 2,370 new leases were opened up by the Government in 2017. 534 leases have already been awarded and by mid-2019 around 1,836 leases will be awarded. 540 families are expected to arrive in Kiritimati in the next few years (around 3,200 new residents in the Island) and will request access to the main services such as water and sanitation. To support the effort, the MLPID's budget allocation and expenditures have increased between 2017 and 2018, with a specific development budget allocated for 2018.

The 'Line and Phoenix Island Integrated Development Strategy 2016-2036' (LPIDS) – financed by the EU and a precondition for the 11th EDF Programming – provides a framework for addressing those challenges and achieving the Sustainable Development Goals (SDGs). This endeavour has to be carried out taking into account available

² [2017 Kiribati Gender Statistics Abstract](#).

³ [Net Official Development Assistance received 2017: 20.05 % of GNI: <http://data.un.org/CountryProfile.aspx?crName=kiribati>](#)

resources and how these could be strategically mobilised for a vibrant economy and a strong community and family life.

- **Policy Framework (Global, EU)**

The action is relevant for the 2030 Agenda and it is aligned with the New European Consensus on Development as it focuses on poverty eradication while integrating the economic, social, and environmental dimensions of sustainable development. It is centred on People (Human Development and Dignity) and Prosperity (Inclusive and sustainable growth and jobs). It contributes mainly to SDG 1 “No poverty”, SDG 5 “Gender equality”, SDG 8 “Decent work and economic growth” and SDG 9 “Industry, innovation and infrastructure”.

The proposed action will contribute to the Team Europe Initiative “Green-Blue Alliance for the Pacific” and is closely linked to pillar 2 therein, ‘Ridge to reef, Ocean to people’. The action is also fully aligned to Priority Area 2 of the Pacific Multi-Country Multi-Annual Indicative Programme 2021-2027, ‘Inclusive and Sustainable Economic Development’ by creating opportunities for income, jobs and growth by supporting private investments while incorporating gender equality, environmental protections and participation of civil society as cross-cutting elements. More broadly, the proposed action is in line with the policy priorities set out in the EU strategy for cooperation in the Indo-Pacific. In line with the Indo-Pacific Strategy and the European commission’s priorities, the action will support the green transition and a better ocean governance.

The LPIDS identifies 3 strategic goals (SG) that the action aims to contribute to: 1) Sustainable development of the LPI's Economy with a focus on the creation of an enabling environment for business development; 2) Sustainable inclusive Social Development, with in-country effective governance and pro-active engagement of communities in resources allocation; 3) Sustainable Environment Conservation and Management, centred on effective management of the biodiversity and urban settlement integrating mitigation and adaptation measures to tackle climate change.

In December 2018, the General Assembly concluded the UN's triennial assessment of the list of Least Developed Countries (LDCs). It agreed to postpone its decision on the date of graduation of Kiribati to 2021. Upon graduation from LDC status, Kiribati will lose the EU’s Everything-But-Arms (EBA) preferences three years thereafter, and will fall into the ordinary Generalised System of Preference (GSP), which is a less favourable regime unless it accedes to the existing Economic Partnership Agreement (EPA) with Papua New Guinea, Fiji and Samoa. The GSP would affect Kiribati’s exports of primary commodities, which account for over 90% share of merchandise exports. The fishery sector, which accounts for over 50% of Kiribati’s exports and holds the most potential for increasing further Kiribati's exports to the EU and generating income for women and youth, will be the most affected. This action prepares Kiribati to adapt to the new status maximising the potential for integrating added value chains in the fishing sector.

Being perfectly in line with the objectives of the EFSD+ and EAG to support investment and increase access to finance towards the achievement of the SDGs, this technical assistance could, potentially, contribute to crowding-in, leveraging and catalysing additional financing from the Private Sector and generate positive externalities in terms of more sustainable and inclusive economic growth within the region. The action will contribute to the EU Gender Action Plan (GAP) III, particularly to the thematic areas of engagement – “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation (climate change and environment)” and promoting economic and social rights and empowering girls and women.

- **Public Policy Analysis of the partner country/region**

Kiribati’s overarching long-term development framework is the [Kiribati Vision 2020 \(KV20\)](#) covering the period 2016-2036. The vision is to become a wealthy, healthy and peaceful nation with the people at the centre of it. Kiribati wants to fast track and accelerate growth through the maximisation of returns from Kiribati’s natural, human and cultural capital. This framework makes explicit reference to the potential to expand into greater provision of services both for fishing vessels and leisure craft in Kiritimati and the Government shows its commitment to achieving inclusive trade and private sector growth especially on the outer islands, trying to maximise returns through sustainable fisheries and marine development. It makes explicit reference to the need to take action to resupply, service and repair vessels in the sub-region including purse seiners and long liner boats, small fishing vessels, ferries and inter-island transportation and pleasure vessels such as cruise ships and yachts.

Under the KV20, there are the medium-term Kiribati Development Plans (NDP) with four-year cycles, the Ministerial Strategic Plans and the Ministerial Operational Plans. The latter two are at the Ministerial level only. The Ministry of Finance and Economic Development (MFED) will monitor and evaluate development strategies in consultation with key stakeholders. A five-year review of the KV20 will be undertaken to align outcomes, strategies, indicators and targets to reflect current realities. The [2015-2019 Kiribati Development Plan](#) (KPD) is the follow-up of the

Comprehensive Development Plan 2012-2015. These Plans cover also Kiritimati. MFED reviewed the 2015-2019 KDP in 2018 (find it [here](#)).

Specifically, for Line and Phoenix Islands, there is the [Line and Phoenix Islands Integrated Development Strategy 2016-2036 \(LPIDS\)](#). It provides a framework for achieving SDGs, with a view to enhance the available resources in Kiritimati and the way these could be strategically mobilised for a vibrant economy and a strong community and family life.

Plan of the LPIDS includes as an envisaged action the ‘*Functioning multi user Wharf, Port facility and associated navigational/Operational facilities*’ to be developed in phases.

The action will contribute to consequent fulfilment of economic and social rights, and gender equality, in line with Kiribati’s international human rights commitments.

2.2. Problem Analysis

Kiribati’s overarching long-term development framework is the [Kiribati Vision 2020 \(KV20\)](#) covering the period 2016-2036. The vision is to become a wealthy, healthy and peaceful nation with the people at the centre of it. Kiribati wants to fast track and accelerate growth through the maximisation of returns from Kiribati’s natural, human and cultural capital. This framework makes explicit reference to the potential to expand into greater provision of services both for fishing vessels and leisure craft in Kiritimati and the Government shows its commitment to achieving inclusive trade and private sector growth especially on the outer islands, trying to maximise returns through sustainable fisheries and marine development. It makes explicit reference to the need to take action to resupply, service and repair vessels in the sub-region including purse seiners and long liner boats, small fishing vessels, ferries and inter-island transportation and pleasure vessels such as cruise ships and yachts.

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Plan of the LPIDS includes as an envisaged action the ‘*Functioning multi user Wharf, Port facility and associated navigational/Operational facilities*’ to be developed in phases.

The holders of this action are all people on Kiritimati Island as new infrastructures are built attracting private investment, creating employment opportunities and economic development. The general population in Kiribati will also benefit through more revenues for the government but also providing opportunities to those willing to migrate from overpopulated Tarawa subject to migration policies established by the Government.

The main Ministries involved in this action will be the MFED as it hosts the EU-National Authorising Officer, based in Tarawa, and the MLPID that has the mandate to lead and coordinate in all sustainable developments that are initiated and enhanced for the people and the environment of the Line and Phoenix Groups of Islands. Other ministries involved will be the Ministry of Infrastructure and Sustainable Energy (MISE), the Ministry of Women, Youth, Sports and Social Affairs (MWYSSA) and the Ministry of Fisheries & Marine Resources Development (MFMRD).

Apart from the four Ministries, the following institutions will play a role:

- The Kiribati Ports Authority (KPA), a state-owned enterprise established under the Kiribati Ports Authority Act 1990, in charge of: i) providing and maintaining adequate and efficient port services and facilities in ports or the approaches to ports; ii) regulating and controlling navigation within ports; iii) promoting the use, improvement and development of ports; and iv) coordinating all activities of or within ports. KPA operates the current port-of-entry located at Ronton on Kiritimati.
- The Kiritimati Urban Council (KUC) is part of the system of Local Government/Island Councils in Kiribati. It reports to government through the Ministry of Internal Affairs and is a member of the Kiribati Local Government Association (KiLGA). KUC represents the island’s community by: helping develop the island; looking into social

and economic problems; raising awareness of programmes; rubbish collection; and issuing business, contractor and liquor licences. KUC has 9 council members including the Mayor and representatives for women, police and old men, plus a warden in each village.

- The Kiribati Local Government Association (KiLGA) is a subsidiary body of the Kiribati Government with membership of 23 Mayors representing their Council in Kiribati. KiLGA is officially registered and is recognized by the Government as the non-governmental organization (NGO) responsible for providing support to Councils and assisting with good governance in Kiribati. In Kiritimati, KiLGA is the conduit for strategic relationships with faith-based organisations or the churches which can ensure those national and sub-national policies, as well as the gains of this action, reach the most vulnerable groups. KiLGA can also effectively contribute to strengthened coordination between ministries and civil society organisations (CSOs) in Kiritimati and South Tarawa.

The action adopts a human rights based approach. During the inception and implementation phase, the capacity of both duty bearers to protect and fulfil human rights of the population (of rights holders), including those living in the most vulnerable situations and those who are mostly affected by climate change in their daily lives such as women, persons with disabilities. Rights-holders' capacity to know, claim and enjoy human rights will be also assessed. CSOs are representing different groups of rights-holders and they will also meaningfully participate in policy dialogue and monitoring of the action. The diversification of the productive sector and the potential arrival of companies linked to the creation of added value in fishing activities will enable favourable conditions for the incorporation of women and young people into the labour market.

The multi-purpose port, which will be built taking into account the effects of climate change, in particular sea level rise, will contribute to the resilience of Kiritimati: increased connectivity to other territories and increased economic resources contribute to strengthening the resilience of communities to potential climate impacts. For example, as is the case in the country's capital, private enterprise provides its own resources for the installation of sustainable energy sources, water purification and waste treatment, which generate positive externalities for the whole community.

The studies conducted will take into consideration the MARPOL convention in relation to the provision of reception facilities in order to avoid illegal discharges from ships. Proper reception facilities for wastes generated during the normal operation of ships, fishnets in particular, will be considered in the project design.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The overall objective of this action is to contribute towards the inclusive and sustainable socio-economic development of Kiribati in line with the KV20 and LPIDS Development Strategy.

The specific objective of this action is the economic and social development of Kiritimati Island through the construction and operation of a multi-purpose port and a wave breaker or breakwater to accommodate requirements for transshipment by fishing vessels, container vessels for commercial trade, and cruise liners for tourism.

The expected outputs of this intervention are the following:

1. Technical, financial, economic, environmental and social feasibility studies are completed, including gender equality and human rights components, informing the detailed activities and policies.
2. A detailed engineering design for Kiritimati Multi-Purpose Port is completed, including a structural engineering design of breakwater or wave breaker that meets international standards.
3. All the details of the structural engineering and estimated costing for the port are provided, including operation and maintenance.
4. Institutional arrangements for the operation of the port are prepared and agreed with the government of Kiribati.
5. The technical elements for the preparation of an international tender for construction are delivered, including the necessary details and information for the implementation of a large investment plan funded by the EFSD+ resources and other contributions from IFIs and/or other donors.

3.2. Indicative Activities

The necessary activities for the achievement of these outputs are the following:

- a) If implementation takes place through an IFI: implementation of a Contribution Agreement.
- b) If implementation takes place on the basis of procurement: implementation of service contract(s).

In both cases this would include:

- Review and analysis of existing studies;
- Delivery of feasibility studies and detailed engineering design, costing and preparation of tender for construction.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3. Mainstreaming

Environmental Protection & Climate Change

Infrastructure projects have a direct impact on the environment although this study will not have any direct impact and therefore SEA (Strategic Environmental Assessment), EIA (Environmental Impact Assessment) and CRA (Climate Risk Assessment) are not being conducted. The future investment project will include **environmental protection** criteria and it will adhere to local environmental regulations. Particular attention will be given to water components as this is a scarce and vulnerable resource in the island. The EU already maintains policy dialogue with the Government of Kiribati on **climate change** adaptation through the ongoing Budget Support programme. For this action, the Contribution Agreement (or, alternatively, the Terms of Reference for the service contract) will include measures for climate change adaptation and resilience.

The project will take into consideration the MARPOL convention in relation to the provision of reception facilities in order to avoid illegal discharges from ships; ToR will include this component.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender is a significant objective of this concrete study. **Gender** is a key priority of the EU and the wider international community in its policy dialogue and engagement with the Kiribati Government. The project will take into account the potential impacts of infrastructure and economic development projects on women, ensuring equal participation of women in the activities, decision-making and design of the project, and will also equally benefit from the project (e.g. from the decent jobs and entrepreneurship opportunities that it creates).

Human Rights

Human rights-based approach and its key principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data) will be integrated throughout the action. Particular focus will be given to inclusive policies targeting women and persons living in vulnerable situations, migrants, persons with disabilities and other mostly affected by climate change in their daily lives.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. As mentioned in the section on human rights, the study does not have a direct impact on people living with disabilities. However, this is an aspect that will be given special consideration in the terms of reference for the future investment, in particular in terms of accessibility and the promotion of employment for vulnerable groups. Regional organisations of people living with disabilities insist in their reports on the difficulties in accessibility of infrastructures in all Pacific countries.

Democracy

There is no potential impact on elements related to democracy or rule of law.

Conflict sensitivity, peace and resilience

There is no potential influence on conflict sensitivity, peace and resilience by this specific action. Nevertheless, the EU will engage with the national authorities in order to mitigate potential impacts associated to internal migrations that could be encouraged by the construction of the port, facilitating proper planning of the conditions for the reallocation of people.

Disaster Risk Reduction

Considerations on disaster risk reduction are key in the action. Although Kiritimati Island is not in a cyclone zone due to its proximity to the equator, the rising sea level due to climate change and its vulnerability to tsunamis due to its low altitude mean that disaster risk reduction elements need to be taken into account in all components of the study.

Other considerations if relevant

3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Reduced interest of IFI While this is an EU-led initiative, the participation of IFIs in later stages for the construction of the port is necessary, as the investment will be substantial.	Medium	High	IFIs will be informed and consulted during the implementation of the action so it can align with their cycles and priorities.
External environment	Participation of private sector The main use of the port is related to the onshore fish processing for exports and interest of private investors should remain high. Risk of human rights violations committed by private sector.	Low	Medium	Private sector will be engaged in the design of the port and Government will be involved in order to facilitate investment. An explicit commitment for all private sector actors to abide by the UN Guiding Principles on Business and Human Rights. All key stakeholders will be meaningfully consulted and heard prior activities and will participate in monitoring of the action. The action adopts a do no harm approach, and due diligence mechanism will be created.
Planning, processes and systems	High construction cost Although some rough figures have been proposed in previous studies, final technical studies could increase final cost above cost benefit analysis.	Medium	High	Review of technical, financial, social and environmental feasibility will take priority.

People and the organisation	<p>Insufficient management Maintenance of the port facilities leading to disrepair and non-functionality.</p> <p>Asset</p> <p>Planning is conducted without involvement of strategic key stakeholders and gender equality and human rights based approach dissolves.</p>	Low	High	<p>Capacity building of WSD staff and Government allocating sufficient budget for maintenance and staffing combined with strengthened WSD and/or the involvement of the PUB at MLPID. Policy dialogue to ensure that the asset management plan is implemented.</p> <p>Include national gender machineries (the Ministry of Women, Youth, Sports and Social Affairs) and civil society organisation in technical meetings, particularly CSOs active in climate change, but also women's organisations and organisations representing rights of different rights-holder groups such as persons with disabilities.</p>
External environment	<p>Staff availability Limited human resources in the island could lead to delays or increased costs.</p>	Medium	Medium	ToR will incorporate this risk into the planning.
External environment	<p>Remoteness Delays associated with non-availability of equipment and no-reliability of shipping options.</p>	Low	Medium	Develop a procurement plan and ensure equipment is available.
External environment	<p>Resumption of travel Start of activities will not take place until this condition is guaranteed and therefore the tender process will be adjusted accordingly.</p>	Medium	High	Accelerate the vaccination campaign

Lessons Learnt:

The Asian Development Bank (ADB) and the World Bank provide mainly grants since Kiribati is a Least Developed Country (although graduating as Middle Income Country in 2021) with a high risk of debt distress. ADB provided loans in the past that are still ongoing. Most development partners active in Kiribati have concentrated their assistance on South Tarawa. A main lesson learnt from the ongoing projects is that the Government is open to donor dialogues and that there is a high need for PFM reforms to bring Kiribati up to the standards of the region.

3.5. The Intervention Logic

This action is a necessary intermediate step for the construction of a port in Kiritimati but its importance and amount require a specific formulation. Some studies linked to the possible construction of the port have been carried out in the past but with limited scope: in some cases only the tourism potential was considered, in others only its relation to the planned fish processing plant was analysed. Under the 11th EDF, the EU Delegation, with the agreement of the Government of Kiribati, launched and awarded a FWC to progress on a technical study, but budgetary constraints have limited the scope of the work to be conducted and only a conceptual design and some other technical studies (also with constraints) will be possible⁴.

This initiative will complete the necessary elements to assess the project's feasibility from a technical, environmental, social, economic and financial point of view, in addition to having a complete technical design with the aim of moving on to the construction phase of the port, also with support from the EU.

The Government of Kiribati and the EU will engage with an International Financial Institution (IFI, e.g. EIB or ADB) through a Contribution Agreement to carry out the mentioned studies. The IFI will manage the project in coordination with the EU and the Government of Kiribati.

In case agreement with an IFI cannot be reached, the project will be implemented through procurement in two steps: first, a service contract based on a Framework Contract for technical assistance to prepare an international tender; second, a service contract resulting from the international tender to carry out the abovementioned studies. For the technical evaluation of the bids, additional support will be required through the first service contract.

The construction of the port is the government's stated priority for cooperation with the EU. Discussions have also been held with the private sector and ADB which have reflected an interest in progressing with the development of this initiative.

Gender equality, human rights and human rights-based approach expertise will be ensured during the implementation of the Action as possible. They will also be integrated in relevant technical assistance and capacity building activities and documents (i.e. ToRs, etc.) as minimum requirements of expertise.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

⁴ The FWC has been awarded but implementation is on hold due to travel restrictions associated to COVID-19.

3.6. Logical Framework Matrix

Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute to the inclusive and sustainable socio-economic development of Kiribati in line with the KV20 and LPIDS Development Strategy.	<p>1.a) Fish processing factory installed by 2026.</p> <p>1.b) At least two cruise-liner boats and 20 other tourism vessels stop in Kiritimati yearly after 2026.</p> <p>1.c) Increased access for women, in all their diversity, to decent work, including women's transition to the formal economy and coverage by non-discriminatory and inclusive social protection systems</p>	<p>1.a) None</p> <p>1.b) None</p> <p>1.c) TBD</p>	<p>1.a) 1 by 2026</p> <p>1.b) 2 by 2026</p> <p>1.c) TBD</p>	<p>1.a) Operating licence granted to the company.</p> <p>1.b) Reports from Ports Authority</p> <p>1.c) Reports from MWYSSA</p>	<i>Not applicable</i>
Outcome 1	1.1. Contributed to the economic and social development of Kiritimati Islands through the construction and operation of a multi-purpose port and a wave breaker or breakwater to accommodate requirements for transshipment by fishing vessels, container vessels for commercial trade, and cruise liners for tourism.	<p>1.1.a) Agreement between the EU and other donors/funders for the construction of the port is signed.</p> <p>1.1.b) Financing Decision of the EU allocating funds for the construction of the port.</p>	N.A.	Agreement and Decision by 2024	For both indicators: EU Delegation reports and documents	Interest of IFIs to co-finance the action continues.
Output 1 related to Outcome 1	1.1.1. Technical, financial, economic, environmental and social feasibility studies are completed including gender equality and human rights components, and informing the detailed activities and policies..	<p>1.1.1.a) Feasibility studies and detailed engineering report with costs</p> <p>1.1.1.b) Number of women, men, girls and boys, in all their diversity, participating equally in public planning and consultation meetings on local and national levels, disaggregated at least by sex, age, disability.</p>	N.A. No baseline for these indicators	All finalised by the end of 2023	For all Outputs: Contribution Agreement intermediate and final reports (or, alternatively, service contract reports and FWC reports).	International travel resumes on time for the timely finalisation of studies.
Output 2 related to Outcome 1	1.1.2. A detailed engineering design for Kiritimati Multi-Purpose Port is completed, including a structural engineering design of breakwater or	1.1.2.a) Feasibility studies and detailed engineering report with costs				

	wave breaker that meets international standards.					
Output 3 related to Outcome 1	1.1.3. All the details of the structural engineering and estimated costing for the port are provided, including operation and maintenance.	1.1.3.a) Feasibility studies and detailed engineering report with costs				
Output 4 related to Outcome 1	1.1.4. The institutional arrangements for the operation of the port are prepared and agreed with the government of Kiribati.	1.1.4.a) MoA among government institutions and donors				
Output 5 related to Outcome 1	1.1.5. The technical elements for the preparation of an international tender for construction are delivered, including the necessary details and information for the implementation of a large investment plan funded by the EFSD+ resources and other contributions from IFIs and/or other donors..	1.1.5.a) Construction tender dossier drafted.				

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 30 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁵.

4.3.1. Direct Management (Procurement): NA

4.3.2. Indirect Management with an international organisation

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: the entity will have more than 20 years' experience in financing and implementing infrastructure projects, providing loans, technical assistance and grants to low and middle income countries, with specific experience in the Pacific region including co-financed operations with the EU.

The implementation by this entity would entail the achievement of all foreseen Outputs: the completion of feasibility studies, the detailed and structural engineering design and its costing, the set-up of institutional arrangements and the preparation of an international tender for construction.

4.3.3. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances:

If an agreement with an entity complying with the requirements mentioned in 4.3.2. cannot be reached, the alternative implementation modality will be Direct Management (Procurement) with two steps: a service contract for the detailed engineering design for the Kiritimati Multi-Purpose Port, including completion of feasibility studies, would be contracted by the European Union; additionally, other technical assistance would be contracted for the preparation of ToR for the previously mentioned service contract and for the evaluation of proposals. For the technical evaluation of the bids, additional support will be required through the first service contract.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

⁵ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.5. Indicative Budget

Objective/Results and Funding Modality	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Detailed engineering design for Kiritimati Multi-Purpose Port including completion of feasibility studies.		
Indirect management with an international organisation – Section 4.3.2 ⁶	2 500 000	N.A.
Totals	2 500 000	N.A.

4.6. Organisational Set-up and Responsibilities

A **Project Steering and Coordination Committee** composed by the EU, MLPID, MFED and the implementing partner(s) will meet twice a year to coordinate, monitor and provide advice on the implementation of this Financing Agreement.

A **monitoring committee** will be established by the EU together with the MFED and MLPID in order to provide guidance to the implementing entity. This committee will facilitate the communication of the experts with the various stakeholders and in particular with the governmental entities with responsibilities in the implementation or management of the port. The monitoring committee will meet every two months on a regular basis and exceptionally if necessary at the request of any of its members. The monitoring committee may include international financial institutions that would like to join forces in the construction of the port.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). Monitoring and evaluation will assess gender equality results and the implementation of the rights based approach working principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data). Monitoring and evaluation will be based on indicators that are disaggregated by sex, age and disability when applicable.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2. Evaluation

Having regard to the nature of the action, evaluation(s) will not be carried out for this action or its components.

⁶ This amount would correspond to the global budgetary envelope for procurement in case of change from indirect to direct management pursuant to section 4.3.3 above.

In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination⁷. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

Audit would be financed from a separate decision.

6. STRATEGIC COMMUNICATION AND PUBLIC COMMUNICATION

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

⁷ See best [practice of evaluation dissemination](#)