

Kiribati

Outer Islands Food and Water Project Supervision Report

Main report and appendices

Mission Dates: 12-26 March 2018
Document Date: 26/07/2018
Project No. 1100001708
Report No. 4786-KI

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AA	Agriculture Assistants
ACIAR	Australian Centre for International Agricultural Research
AWPB	Annual Work Plan and Budget
CAWDPs	Community Agriculture and Water Development Plans
CDC	Community Development Committee
CFO	Community Field Officer
DFAT	Department of Foreign Affairs and Trade
FSPK	Foundation for Peoples of the South Pacific Kiribati
GoK	Government of Kiribati
IF	Island Facilitator
KAP	Kiribati Adaptation Project
KIRIWATSAN	Kiribati Island Water and Sanitation Project
KM	Knowledge Management
KSFU	Kiribati Fiduciary Services Unit
LCDF	Least Developed Country Fund
MELAD	Ministry of Environment, Land and Agriculture Development
MISA	Ministry of Internal and Social Affairs
MOH.	Ministry of Health
MPWU	Ministry of Public Works and Utilities
PCD	Project Completion date
PCU	Project Coordination Unit
PHD	Public Health Division
PIM	Project Implementation Manual
PPSC	Project Partnership Steering Committee
RIMS	Result Impact Management System
SPC	Secretariat of the Pacific Community
TTM	Taiwan Technical Mission
WUG	Water User Group

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Kiribati	Environmental and Social Category:	C
Project Name:	Outer Islands Food and Water Project	Climate Risk Classification:	not available yet
Project Id:	1100001708	Executing Institution:	Ministry of Finance and Economic Development
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Ronald Thomas Hartman		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date	03/08/2014	Last audit receipt	06/07/2017
Signing Date	03/09/2014	Date of Last SIS Mission	26/03/2018
Entry into Force Date	03/09/2014	Number of SIS Missions	12
Available for Disbursement Date	13/03/2015	Number of extensions	0
First Disbursement Date	18/03/2015	Effectiveness lag	1 month
MTR Date	22/05/2017		
Original Completion Date	30/09/2018		
Current Completion Date	30/09/2018		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	Debt Sustainability Framework	\$4,500,000
	Debt Sustainability Framework	\$2,999,832
Domestic Financing breakdown	National Government	\$1,071,029
Co-financing breakdown,	Australian Centre for International Agricultural Research	\$148,394
	Taiwan	\$3,007,842
Project total financing		\$11,727,097

Current Mission

Mission Dates:	12-26 March 2018
Days in the field:	3
Mission composition:	Sakiusa Tubuna, Sub-regional coordinator for the Pacific Islands; Fabrizio Vivarini, Financial Management Specialist
Field sites visited:	Abemama Islands

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	Ø	Rating	Project Management	Ø	Rating
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		3
Gender equality & women's participation		5	Value for Money		4
Agricultural Productivity		4	Coherence between AWPB and Implementation		4
Nutrition		4	Performance of M&E System		3
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		4

Sustainability and Scaling-up	Ø	Rating	Financial Management and Execution	Ø	Rating
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		4
Partnership-building		3	Quality of Financial Management		4
Human and Social Capital and Empowerment		4	Quality and Timeliness of Audit		4
Quality of Beneficiary Participation		4	Counterparts Funds		5
Responsiveness of Service Providers		4	Compliance with Loan Covenants		5
Environment and Natural Resource Management		4	Procurement		3
Exit Strategy		4			
Potential for Scaling-up		4			

Relevance		4
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The objective of this supervision mission were to: (i) assess the implementation progress and achievement of outputs and outcomes as per the logical framework that has been agreed by the partners; (ii) work with the implementing agencies to help remove any bottlenecks and resolve implementation problems; and (iii) discuss and agree on a set of actions to be implemented in the short-term.

The supervision team spent 15 days in Kiribati (March 12 – March 26), including 3 days in one of the project island, Abemama. The team met with key stakeholders including the Project Coordination Unit and Component managers, Kiribati Fiduciary Services Unit staff, Project Partnership Steering Committee (PPSC), and the Director of the Foundation for Peoples of the South Pacific (FSPK). The wrap-up was held on 26 March, chaired by Mrs Taare Aukitino, Secretary of the Ministry of Environment, Land and Agriculture Development (MELAD) and Chair of the PPSC.

The goal of the Project is that “people living in outer islands communities have healthy sustainable livelihoods” and the project development objective is that “Outer Islands communities are able to successfully plan and implement investments that result in better nutrition and access to clean water.” It comprises four Components: (i) Community Planning; (ii) Household Food and Nutrition; (iii) Household Drinking Water; and (iv) Project Management and Coordination.

KOIFWP was approved by IFAD in August 2014 with a total projected financing package of US\$ 11 million. However, US\$ 3.1 million in financing envisaged from the Australian Centre for International Agricultural Research (ACIAR) and Taiwan Technical Mission (TTM) have not been made available, and therefore are not being reported.

Key Mission Agreements and Conclusions

The Mission has identified four main issues that need particular attention in the forthcoming months, in order to lay the platform for the sustainability of project results.

- **Installation of water systems.** The project shall ensure that the installation of water systems in Tab North, Nonouti and Abemama is completed within the set timeline and systems are handed over to communities. To this end, the role of Ministry of Public Works and Utilities (MPW) is key to ensure that: the construction of water systems fulfil all technical requirements; and work progress certificates shall be timely issued to support payments to the constructors. The delays in the implementation of C3 may have an effect on engaging WUGs in their home gardening program.
- **Partnership building.** Partnerships with other organizations and development projects operating in the four outer islands need to be strengthened in the remaining time before project closing date (i.e. March 2019). In this regard, the mission recommends that MELAD and KOIFWP management establish stable collaborating mechanisms with other similar projects targeting the same communities (e.g. UNDP-LCDF) to ensure synergies and complementarities are leveraged, and raise awareness of development partners on effective community management approaches introduced by KOIFWP as well as replicable success stories.
- **Agricultural technologies.** The field visit to the outer islands showed that there is an increasing number of people interested in new agricultural technologies, particularly the combined use of liquid fertilizer and composting. The Mission sees that there is a need to intensify the use of these technologies as they are key to unlocking the agricultural potential in the islands in the medium to long term.
- **Nurseries programme.** The nurseries programme is lagging behind targets. The Mission recommends the project to intensify the delivery of the programme considering its importance in terms of sourcing of planting material as well as promotion of good agricultural practices. The project would benefit from the strengthening of the island nursery systems in order to provide adequate outputs during the remaining project life.

D. Overview and Project Progress

The overall assessment of project implementation is rated as *moderately satisfactory (4)* and the likelihood of achieving development objectives is considered *moderately satisfactory (4)*.

The results of this supervision confirm the achievement of progress milestones sought at the time of the MTR. Despite the slow start to implementation and low performance during PY1 and PY2, the management has been able to drastically accelerate project implementation and attain, in a short time, most of the output targets originally set for C1 and C2.

In summary, after little real achievement for two years, KOIFWP has made significant implementation progress in the last 12 months. The project has satisfactorily implemented most of the activities included in the ambitious 2017 AWPB. However, the delay in the implementation of C3 places at risk the capacity to fully accomplish the targeted outcome of securing “access to a basic minimum quantity of clean drinking water” within the six months remaining before completion date.

Nonetheless, the project is well placed to achieve the project development objective “Outer Islands communities are able to successfully plan and implement investments that result in better nutrition and access to clean water”. The Mission considers this to be an outstanding achievement given that KOIFWP is the first project in the outer islands to focus on community development as a means to achieve food security. Key achievements under C1 are the increased social cohesiveness by rural communities, skills developed to identify community issues and priorities interventions, greater participation of women and youth in community decision-making processes, increased organizational capacity by target communities through grassroots institutions (Community Committees and Water User Groups).

Under Component 2, the management has promptly followed up the recommendations raised at MTR, by strengthening the ties between C2 management, field officers (CFOs and IFs) and AAs. The field visits to Abemama confirmed an overall improvement in the quality of home gardens and agricultural practices across the villages. Notably, the GoK contribution received in October 2017 has filled the financial gap under C2. Other critical issues identified at MTR are being effectively addressed, especially with regard to the provision of technical support to beneficiaries and gardening tools. The access to quality seeds and planting materials has also improved although this remains one of the major issues to be pursued during the remaining project life, through the development of a detailed delivery and nursery out-grower plan with ACIAR

The project is satisfactorily implementing the nutrition campaign programme with assistance from nutritionists from the Public Health Division of the Ministry of Health. The visit to Abemama confirms the increasing awareness on the part of the target communities of the importance of eating more nutritious foods, slow and gradual emerging shifts towards consumption of more fruits and vegetables and use of recipe books provided by the project.

The implementation of C3 remains the major hurdle to accomplish “secure access to a basic minimum quantity of clean drinking water”. Within the six months remaining before completion date, only 54 out of 278 water systems have been installed and are functioning. This low performance is due to a range of procurement and contracting issues and poor coordination between C3 manager and the Government’s unified project procurement unit at KFSU.

The water systems in Beru have been completed at the time of the supervision, but the systems have not been officially handed over to WUGs. Furthermore, there is a need for handover plans to be timely prepared and discussed with the communities; and for water systems to be transferred to the WUGs upon the receipt of completion certificates by the MPWU.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Monitoring of home gardens performance Improve the monitoring and reporting system for the home gardens programme by reporting on quality of home gardens (rating system).	KMEO	06/2018
Completing water systems and certification/payment Prepare and execute the updated delivery plan of water systems in all OIs and ensure that work is timely performed by the contractors. PCU to work closely with KFSU on the preparation of payment schedules for contractors; ensuring early release of work progress certificates, through consultancy assignment by the PCU, and timely payments by KFSU.	PCU/ KFSU	07/2018
Development of a detailed delivery and nursery out-grower plan with ACIAR	Project Manager	08/2018

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 3

Justification of rating

The accomplishment of target outputs has accelerated rapidly. Component 1 has already completed the community development plans for food and water for all 43 villages across in the 4 target islands. There are now 2119 active home gardens (target 889) with a significant number – in excess of 250 – waiting for planting materials and seeds. The implementation of C3 remains the major hurdle towards the timely achievement of project targets. Within the six months remaining before completion, only 54 out of 278 water systems have been installed and are functioning.

Log-Frame Analysis & Main Issues of Effectiveness

Outcome 1: Communities know how to plan and prioritise its activities in a participatory and inclusive way The project has successfully formulated a total of 43 CAWDPs for the four outer islands (Abemama, Beru, Tab North and Nonouti).

From the field trip in Abemama it emerged that the CAWDPs have been developed in a participatory manner following the guidance of the previous supervision and in line with the PIM. Issues and priorities incorporated in the CAWDP for Abemama are consistent with those raised by the communities during the MTR. Most participants could recall the main steps of the CAWDP process. While the mission notes sometimes low participation, it believes that introducing a broadly consultative process with participation of traditionally voiceless people, including women and youth, is already an important result, particularly so under the challenging environment and development context. Building self-confidence, social cohesiveness, and ownership in disadvantaged communities is time-consuming but has been progressing well. Most of the participating people (especially women) expressed appreciation for the opportunity to voice out their concerns. They developed skills to identify their issues and find solutions. Other people, including Council authorities and CFOs, see the plan as tool to raising additional resources for relevant and demand-driven development interventions in the Outer Islands.

Outcome 2: Households in the Outer Islands are growing and eating more nutritious foods: despite the funding gap caused by the absence of the proposed Taiwan funding, significant outputs have been achieved in home garden development with 200% (2119 of the target 889) of the cumulative target for both indicators: “Number of households engaging in home gardening and crop replanting”, and “Number of people trained in home gardening and tree replanting” met. While outputs like home garden establishment including tree crop replanting, women earning cash incomes, and families spending less on imported foods are all being achieved, there could be better results if both the Component management and expected Agricultural Assistant support had been more active. The project is satisfactorily implementing the nutrition campaign programme with the assistance from nutritionists from the Public Health Division of the Ministry of Health. The visit to Abemama confirms the increasing awareness of target communities of the importance of eating more nutritious foods, slow and gradually emerging shifts towards consumption of more fruits and vegetables and use of recipe books provided by the project. There is an increased awareness on the use of herbs and shrubs that are locally grown and rich in nutrients. All the household gardens visited in Abemama were growing these local herbs and shrubs.

Outcome 3: Households in the outer island have secure access to a basic minimum quantity of clean drinking water In terms of construction of purpose-built rainwater harvesting and storage structures, Component 3 implementation has been slow due to a range of procurement and contracting issues. Construction of 54 water catchments in Beru has been completed and contracts for construction of water catchments in Nonouti (65) and Tab North (86) are ready to be let, with construction to be completed by late 2017; and with construction of the remaining 73 structures in Abemama expected to be completed in Q1 of 2018. The construction contracts for Nonouti and Tab North have been adjusted to ensure the correct roof design (25.9 sqm.) is built and the 54 newly constructed water catchments in Beru will have been repaired to increase roof area to 25.9 sqm by expanding the length of the existing roof to 8.6m (i.e. an additional 1.8m on each end).

Development Focus		
Targeting and Outreach	Rating: 4	Previous rating: 5

Justification of rating

The Project is perhaps the first visibly effective community development programme demonstrated in the southern Outer Islands, relying on participatory community prioritization and decision making and addressing key priorities related to water. Further, it pursues an inclusive targeting approach whereby households as a whole are targeted for participation. While the mission regards this as a relevant approach, nevertheless women and youth should continue to be prioritized for support, for example ensuring that women and youth are represented in project-supported institutions, and that some activities are directly channeled to women and youth (i.e. cooking classes, working with schools).

Main issues

The Project has a strong poverty focus as people living in the Outer Islands experience hardship, suffer from a lack of opportunities and isolation from markets and services, and are highly vulnerable to climatic hazards. Lack of drinking water and poor diets due to high dependence on imported processed foods and limited awareness on the importance of a balanced and nutritious diet greatly contribute to reducing the quality and health of their lives.

Gender equality & women's participation

Rating: 5

Previous rating: 5

Justification of rating

The Project has a strong gender focus and an action plan to help identify opportunities to mainstream gender and youth.

Main issues

The mission notes the good participation of women in community plan formulation, and home gardening, but less participation in the important nutrition education activities (e.g. cooking classes, nutrition training). Women are involved as members and often leaders of project-supported institutions (CCs and WUGs). The majority of the CFOs are also young women. Nutrition education is of key interest to the women and should be targeted to them. The Mission believes that nutrition education in general should be more proactively implemented, with greater involvement of the CFOs. Some women mentioned to the Mission that they were only trained on one-two recipes, they would like to practise what they learned during the cooking classes, or that they were unable to find the ingredients used during the classes to cook the foods. They were also not aware that the Project printed and distributed to the local church some user-friendly pictorial recipe books to be made available to the communities. Component 2 staff, with CFO support, need to focus on mobilizing communities, delivering materials on nutritional aspects, informing communities about nutrition-related radio programmes and forthcoming trainings, and following up on cooking classes.

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

Significant outputs have been achieved in home garden development with 200% (2119 of the target 889) of the cumulative target for both indicators: "Number of households engaging in home gardening and crop replanting", and "Number of people trained in home gardening and tree replanting" met. There has been increasing awareness on new technologies particularly composting and use of liquid fertiliser.

Main issues

Access to the improved high yielding varieties of sweet potato identified by ACIAR trials has not been pro-actively managed. If a multiplication programme had been planned and coordinated to ensure top performing varieties were planted out in specific locations according to anticipated demand, many more home gardeners would be enjoying higher yields – in fact there are an estimated 250 home gardens not fully planted due to lack of access to planting materials. The ACIAR reports that variety trial results, soil composting, and potato growing techniques to ensure drought resilience results were published and provided to the Manager of Component 2, however the mission did not see any evidence of this in the field. This appears to be a Component management failure.

To overcome the lack of planting materials, and in recognition of the reality that little if any planting material will be produced by most Agriculture and Livestock Division nurseries, there is an opportunity to establish home-based nurseries in each village. Lead home gardeners in each village could be trained and assigned seedling production, multiplication of high yielding varieties of sweet potato and cassava, propagation of fruit tree seedlings, etc. This could be undertaken under the Agricultural Assistant's supervision in agreed quantities, to ensure an adequate supply of planting materials in each village. There is merit in subsidising these nurseries in view of the poor nutrition outcomes in the OIs, but some level of partial cost-recovery or e-vouchers should be introduced to ensure the nurseries can be sustained and are not fully reliant on public sector transactions.

The mission consulted with a number of innovative women gardeners who are earning around AUD\$ 20 per week from vegetable sales. These women are generally located close to the Agricultural Assistants and nursery where it is easy to speak with the Agricultural Assistants. These women can and should be seen as ready-made demonstration farms. But the vast majority of women are unable to enjoy this level of access to good information and support and rely on the availability of technical support from Agricultural Assistants. The PCU may wish to finance two days of truck hire per month, to help overcome transport difficulties and enhance access to support from CFOs, model farmers and Agricultural Assistants.

Nutrition

Rating: 4

Justification of rating

Two main outputs from Component 2 are: (i) household diets containing more local food; and (ii) women participating in nutrition education and cooking classes. Clearly, women are the key target audience for this programme – as they are for

home gardening as well. However, in general, there broader awareness of the importance of consuming nutritious local food in daily diets. This has intensified with the production of a recipe book that contain 50 local recipes utilising local food.

Main issues

Nutritionists from the Public Health Division of the Ministry of Health are currently assisting Component 2 staff to run a nutrition campaign to raise awareness of the need for improved diets, and to teach new ways of preparing and using fruits and vegetables in the daily diet. The campaign has completed 60% of implementation in all 4 project islands and has generally been well received, making good use of media to raise awareness of nutrition. Unfortunately, a decision to run the first of two rounds of the campaign in the community *maneaba* (halls) where men often have control of proceedings, including speaking rights, may have undermined efforts to engage women. Several women spoken to by the mission reported their husbands attended the programme, including cooking lessons while they “stayed home”. Others reported they provided the ingredients for the cooking demonstration but were unable to take part. Despite this, the campaign was regarded as a success with a number of important diet messages being broadcast in public media. In addition, the nutrition awareness raising has in turn motivated women to develop home gardens.

Adaptation to Climate Change	Rating: 4	Previous rating: 5
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Justification of rating

The project is providing the means for the people in the four outer islands to adapt to climate change. Firstly climate change increased surface air and sea temperatures and increased days of extreme heat and extreme rainfall and mean sea level rise. This has an effect on water availability as households generally rely on open wells for domestic water. The project is enhancing people’s capacity to adapt to climate change by increasing their access to water supply.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 4
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Justification of rating

KOIFWP has substantially contributed to improving the livelihood of its target rural population while empowering communities to be involved in water harvesting and agriculture through an inclusive and participatory community planning process. There is increasing potential to scale this approach through institutionalising it through National Government development structure. This national community network could help the government address other important challenges, for example climate change or youth training. Greater synergies could be developed to link the community social capital and platform developed by KOIFWP to other priority development programmes.

Partnership-building	Rating: 3
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Justification of rating

The Project was intended to leverage support from a number of development partners including Taiwan and DFAT. However only DFAT through ACIAR came on board and the partnership has been very disappointing. The Project managed to mobilize funding from the Kiribati Government which is an outstanding achievement. The participation of the rural communities is critical as they also contributed through their labour and also materials. The involvement of the respective Island Councils and Mayors in mobilising the communities has provided the project with local ownership.

Main issues

Concerning partnerships and linkages, Component 1 is implemented by FSPK. Component 2 has a close linkages with ACIAR on agricultural research issues. Component 3 complements KIRIWATSAN, an EU project, and KAP 3 activities on water on the outer islands. However, the Project and particularly component 2 has not established contact and linkages with TTM’s activities implemented in the target OIs. Generally it is noted that there is lack of networking with relevant stakeholders like Ministry of Home Affairs, Ministry of Health, Ministry of Women, Youth and Social Affairs, Ministry of Education, UN Agencies and other non-government organisation during the reporting period. The mission has been advising the PCU to create a network with other stakeholders for two purposes (1) to make sure the Project does not duplicate what others are doing and (2) seek area in which complementarities could be established and project results can be maximised.

Human and Social Capital and Empowerment	Rating: 4	Previous rating: 4
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Justification of rating

Community development and action is the strongest performing Component in KOIFWP. Component 1 (delivered and managed by FSPK) has already completed the community development plans for food and water for all 43 villages across in the 4 target islands. This planning was undertaken by a team of Community Field Officers (CFOs) who have developed a generally excellent rapport with the villagers. It is these CFOs who now also lead the delivery of home gardening development – with limited support from the agriculture assistants of the Department of Agriculture and Livestock of MELAD.

Quality of Beneficiary Participation	Rating: 4	Previous rating: 4
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Justification of rating

Community development and action is the strongest performing Component in KOIFWP. Component 1 (delivered and managed by FSPK) has already completed the community development plans for food and water for all 43 villages across in the 4 target islands. This planning was undertaken by a team of Community Field Officers (CFOs) who have developed a generally excellent rapport with the villagers. It is these CFOs who now also lead the delivery of home gardening development – with limited support from the agriculture assistants of the Department of Agriculture and Livestock of MELAD.

Main issues

The process of formulating the community plan has been revisited and has now been implemented following the project requirements. Although, participation has been relatively low vis-à-vis total community population, communities overall expressed appreciation for being involved in this process and the gender-based groups helped in ensuring that each segment of the population could voice its concerns freely and with confidence. In comparing the first and second round of consultations, FSPK noted that people were participating more meaningfully and attendance increased. Women demonstrated greater interest in being involved in nutrition education activities, including nutrition trainings and cooking classes. A constraint in people’s participation that was raised to the Mission, primarily by CFOs and CCs, is the limited availability of home gardening tools and seeds to be distributed to the communities. This greatly affects the motivation and ability of the communities to remain engaged and the credibility and recognition of CFOs and CCs in the eyes of the communities.

Responsiveness of Service Providers	Rating: 4	Previous rating: 4
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Justification of rating

The project management structure of Component 1 by FSPK appears to be mostly adequate in coping with the delivery of project activities, that is in terms of people deployed at the central level and budget available for the outreach activities.

Main issues

In spite of its positive accomplishments, the mission considers that the management of Component 1 could be further improved through following actions:

- 1) With the appointment of the Project Coordinator, the management of the Component 1 has re-oriented from being more-or-less stand-alone within FSPK to being more coordinated with the management of the PCU. In this regard, given both the crucial role Component 1 in achievement of project objectives, the mission recommends that the KOIFWP Project Coordinator have greater direct oversight over the management of Component 1*.-.
- 2) At this late stage of project implementation, strengthening the community development activities and the coordination of field officers is key to ensuring the sustainability of project interventions. Considering the increasing workload of Component 1 with support to WUGs, the Mission recommends that the C1 management should be strengthened through the recruitment of an Assistant to support the coordination, oversight and training of field officers in the four outer islands.
- 3) The mission field visits revealed opportunities to improve the FSPK service to the outer islands:
 - In around 12 villages, CFOs are responsible for 85-100 HHs which is excessive, resulting in reduced support to target households and overload of the CFOs;
 - there is a marked difference in the performance of CFOs and IFs operating in the same outer island, resulting in variable quality of service provided;
 - the number of meetings, team work activities, sharing of experience among field officers is limited due to lack of adequate coordination by IFs, logistic and inter-island communication problems.
- 4) The management of youth programs is not well integrated into Component 2 activities - the engagement of youth in home gardening and nutrition campaigns is not yet satisfactory.

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
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Justification of rating

The project has no negative environmental impacts. But by reducing the demand on the fragile underground water, the water catchment and storage structures are having an important positive environmental impact.

Exit Strategy	Rating: 4	Previous rating: 4
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Justification of rating

The exit strategy is assessed as Moderately Satisfactory. Overall, the results of the review confirm that the assumptions made at project design stage were mostly correct.

Main issues

Sustainability of Infrastructures. The visit to Abemama Island suggests that the communities are keen on operating and maintaining the water system infrastructures as they put in place a sound organizational structure through the formation of WUGs. However, it is not yet possible to assess the sustainability of infrastructure investments, including the arrangements for financing operations and maintenance, considering that most of the systems are under construction and, most likely, will be handed over to communities during the last months of project implementation. In turn, this affects the possibility of fully capturing the potential for sustainability of home gardens - considering the central role played by the WUGs in their implementation.

Potential for Scaling-up	Rating: 4	Previous rating: 4
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Justification of rating

Once the structural management flaw of the KOIFWP design was addressed by moving Project Coordination from the Office of the Secretary of MELAD to a dedicated PCU with an able and motivated Project Coordinator, the momentum of the project has rapidly increased. The major gain has been management applied to the whole project rather than the previous situation which was essentially 3 separate "projects" each with its own Component manager. The mission found implementation performance to be broadly the same across 3 islands. There is a significant potential to scale up the successful approaches to other outer islands.

c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 4
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Justification of rating

As highlighted at MTR, the quality of project management has substantially improved following the recruitment of the new Project Coordinator in late 2016. Overall, the project has moved towards a more integrated approach in project management, although gaps remain in the coordination of water systems installation with the procurement process.

Main issues

issues highlighted at MTR remain unsolved, thus affecting the overall performance of the project.

The coordination between Component 3 Manager and the Procurement Unit at KFSU remains weak and no major improvements have been noted since the MTR;

- At the same time, the Procurement Unit has not received or sought support from the senior procurement officers at KFSU. Finance Officer at the KFSU also supports the management of other donor funded projects – with up to 50% of his time - despite 100% of his time being paid by the Project. The delay in the procurement of water systems and the need to re-advertise should be considered as a priority,
- The performance-based salary increase system for CFOs and IFs has not been consistently applied as only few field staff received the reward during the year 2017 and 2018.
- *The impact of KM on project has not been fully exploited.*

The late release by KFSU of funds to FSPK for quarter 4 2017 has hampered the possibility to implement C1 activities as originally planned. Funds were received in December 2017 and they have been mostly unspent.

Agreed Action	Responsibility	Agreed Date
Project Management		
Knowledge Management In view of the upcoming PCD, the project is recommended to take stock of the lessons learnt during the project life with special emphasis on elements with scaling up potential. The project shall prepare an ad hoc report.	KM Officer	09/2018
Cases studies for Project Completion The project is recommended to prepare the cases studies on Community Development, Home Gardens and Water systems discussed during MTR.	PMU and FSPK	09/2018

Knowledge Management

Rating: 3

Previous rating: 4

Justification of rating

The contribution of KM remains weak; as highlighted in previous supervisions, the project's information management systems does not provide a platform for the systematic collection, analysis and dissemination of lessons learnt and good practices emerging from the implementation of the project activities. The system does not enable easy access to data, reports and other documentation.

Agreed Action	Responsibility	Agreed Date
Project Management		
Lessons learnt Lessons learnt	KM Officer	09/2018

Value for Money

Rating: 4

Justification of rating

The Value for Money (VfM) is rated as Moderately satisfactory. During the first years of implementation, the project performance was affected by a low implementation pace and most of the expenditures were incurred under "project management" and "salaries and allowances" (42% as of 31st October 2016).

Main issues

Value for Money Review

This VfM review is mainly based on the analysis of the project's financial performance *vis a vis* the progress towards the achievement of development objectives, under each Component.

Component 1. The performance of C1 is satisfactory, as the project delivered all the expected outputs and is well placed to achieve the project development objective: "*OIs communities are able to successfully plan and implement investments that result in better nutrition and access to clean water*".

The financial analysis shows that expenditures have been quite low at AUD 571K or 68% of the budget envisaged at design stage. This provides an indication that funds have been used with due regard to economy and efficiency. The review also noted that operating costs incurred by FSPK have been generally low (i.e. AUD 21K in 2017).

Component 2. The implementation of C2 has been partly affected by the TTM financing gap which has been recently covered by GoK. The review noted a marked improvement in the delivery of project services under C2, thus increasing the likelihood of achieving the development objective. Most of the C2 output targets have been fully achieved although there is still concern about the average quality of some outputs (i.e. home gardens).

The total expenditure running up to 31 Dec 2017 was equal to 33% of the total budget and it is foreseen to reach 70% by completion. Overall, the comparison between the relatively low costs and the relatively good physical performance would suggest that funds have been used in an efficient manner. However, the concentration of activities and therefore expenditures from January to September 2018 does not bode well for the sustainability of the project's results once KOIWFPP is completed.

Component 3. A slight increase (+14%) in the cost of the installation of water systems from the AUD 1.3M estimated at

project design, to the actual AUD 1.5 M spent was mostly due to having underestimated shipment costs at design stage; as well as the marginal increase in cost of the inputs given the late implementation of this activity. The delivery of C3 services experienced a significant delay due to procurement and contracting issues, and poor coordination between the C3 manager and the procurement unit at KFSU. Currently only 54 out of 278 water systems have been installed and are functioning and this suggests that the development objective “secure access to a basic minimum quantity of clean drinking water” is most likely to be achieved after the project completion date.

As a result, VfM under C3 is still rated as being unsatisfactory. With regard to C3 recurrent costs, the employment of a full-time component manager and a secretary, as well as the high costs incurred for travels and DSAs during the 3.5 years of implementation have not represented good VfM.

Programme Management. The expenditures incurred under C4 are currently at AUD 580K and expected to reach AUD 945K by the end of the project (140% of the initial budget). In this case, the rapid increase of expenditures (from AUD 345K as of 31st Oct 2016) is partially justified by the increase in salaries; however, there is the risk that funds have not been used with due consideration to economy and efficiency.

The recurrent costs absorb 42% of the total disbursements; however, this data is affected by the wrong computation of operating costs as explained in the FM section. As a result, it is not possible to make an accurate analysis of recurrent costs; however, the expenditure reports show an increase in travels and DSAs which in some cases, could have been kept under better control.

Coherence between AWPB and Implementation

Rating: 4

Previous rating: 4

Justification of rating

With the exception of the installation of water systems under C3, all of the activities planned in the ambitious 2017 AWPB were implemented by 31st December 2017. The financial performance of the project during the year 2017 is generally consistent with the analysis of the project’s physical progress.

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

The PCU prepared an ambitious 2017 AWPB of AUD 2.1 million. As of 31st December 2017, the annual expenditures were AUD 1.5 million; this being over what was cumulatively spent in the previous years.

The PCU and FSPK intensified the implementation of Component 2, with a specific focus on the launch of a nutrition education campaign in four OIs and scaling-up the home gardening and tree replanting activities. This Component showed a rapid progress in activity implementation, in line with the planning strategy, and the utilization of about 100% of planned budget.

Component 1 has utilized more than 100% of its planned budget in assisting communities to develop their CAWDPs as well as encouraging gender inclusiveness in all decision making and leadership positions, as well as actively participating in nutrition campaigns together with Components 2, 3 and PCU.

Component 3 utilized only 54% of its 2017 budget. The installation of water systems has finally been completed in Beru Island, although the work has yet to be accepted by MPWU and officially handed over to the communities. The procurement of works for the remaining OIs was also completed, although the process was delayed due to the need to revise the size of the water systems as recommended at MTR. The physical works started in the year 2018.

Component	Reporting period January 2017 to December 2017	
	AWPB (AUD)	Expenditures (AUD) %
Community Planning and Action	245,936	260,403 106
Household Food and Nutrition	209,997	196,574 94
Household Drinking Water	1,301,696	706,169 54

Project Management and Coordination	386,180	331,508	86
Total	2,143,809	1,494,654	69.7

Performance of M&E System

Rating: 3

Previous rating: 3

Justification of rating

While the Mission noted some improvements in the performance of M&E, the system remains weak and not yet satisfactory for the monitoring of a multi-component project as KOIFWP. The coordination of M&E functions between PCU and FSPK is still weak; monitoring and evaluation responsibilities are not adequately fulfilled by Component Managers.

M&E System Review

M&E system Review

The Mission noted some improvements in the performance of the M&E system, especially with regard to the quality of annual Progress Report prepared and the finalization of the case study on home gardens in the OIs. It is also noted that the project has improved the procedures for the monitoring of the quality of home gardens. Data on project performance is collected periodically by the CFOs, as part of their monthly duty and a condition for the release of their salaries; however, the accuracy of data collected is not always satisfactory and data is not systematically used for project planning and reporting purposes. The linkage between M&E and KM remains weak; the M&E system does not systematically identify project elements with scaling up potential or lessons learnt that could be further elaborated through KM activities.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Project Management		
Monitoring of home gardens performance Improve the monitoring and reporting system for the home gardens programme by reporting on the quality of home gardens (rating system).	KMEO	06/2018
Cases studies for Project Completion The project is recommended to prepare the cases studies on Community Development, Home Gardens and Water systems discussed during MTR.	PMU and FSPK	09/2018

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Justification of rating

Many islands experience long and damaging droughts for up to 12 months. This project has a major impact in making water available to poor households in the islands through the construction of water catchments that can store water for longer periods. The project widely promotes the use of soil conservation techniques such as composting which improves the soils organic matter and enhances the availability of nutrients such as Nitrogen and Potassium. This has significantly resulted in the increase in productivity of most household gardens. Nutrition outcomes for the outer islands have significantly improved as a result of the increase in household garden production.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	National Government	\$1,071,029		
Co-financing breakdown,				

	Australian Centre for International Agricultural Research	\$148,394		
	Taiwan	\$3,007,842		

Acceptable Disbursement Rate	Rating: 4	Previous rating: 3
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Justification of rating

The disbursement performance is considered to be moderately satisfactory. As of 12th March 2018, the cumulative disbursement from IFAD financing was SDR 1.6 million (including the initial advances of SDR 0.6 million) which represents 84% of the total grant amount. The grant outstanding balance is SDR 0.3 million. Taking into consideration that most of the funds committed under “works” cost category (AUD 0.7 million) will be paid under IFAD financing, the project is expected to achieve 100% of disbursement by PCD.

Main issues

The project is in its 4th year of implementation (PCD is 30th September 2018) The total disbursements to date, amount to 84% of the overall grant size. In accordance to the Project Disbursement Profile, the disbursement rate of this financing instrument is considered to be moderately satisfactory.

In comparison to the figures reported in last year’s MTR, a marked increase in the disbursement of IFAD funds has been noted, (these went from 39% to 84%). This is mostly explained by the fact that Management has been able to drastically speed up the project implementation and attain most of the outputs under C1 and C2 in a short time. Expenditures under C3 have also increased due to the completion of the procurement process for the installation of water systems and the payments of the 1st and 2nd contract instalments.

The AWPB 2018 is estimated at AUD 1.7 million including the GoK contribution of AUD 0.6 million. At the current implementation rate, the project is considered to have the adequate capacity to absorb the remaining funds by the PCD, although a “no cost” extension may be required in order to ensure that the installation of water systems in all OIs is properly overseen.

Fiduciary Aspects

Quality of Financial Management	Rating: 4	Previous rating: 3
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Justification of rating

The quality of FM is rated as moderately satisfactory. Overall, the programme has been able to cope with most of the fiduciary requirements; some of the persisting shortcomings in FM have been addressed during a subsequent mission held in June 2018. The use of the accounting software at KFSU and FSPK ensured the timely preparation of financial reports. Notably, the Government’s contribution received in October 2017 has covered the TTM financing gap under C2. The project internal control and procurement system are considered to be the areas with major difficulties and therefore in need of improvement.

Main issues

Organizational staff. It is of paramount importance that project management closely monitors the installation of water systems in all OIs. To this end, the C3 manager should work closely with the KFS unit on the preparation of payment schedules for contractors and ensure that payment instalments are provided only upon the release of work progress certificates by the MPWU. It is also advised that the project should seek close support from the KFSU Senior Procurement Officer for all procurement related activities.

Accounting. The CoA adopted by the project presented a major weakness as it did not capture the project’s cost

categories and financier. Furthermore, cost categories were not disclosed in the Procurement Request Forms issued by PCU, nor in the expenditure reports submitted by FSPK. The mission held in June 2018 supported the fixing of these shortcomings and this problem is now solved.

Those weaknesses affected the quality of past WAs; as a result, the Cost Category VI overdraw its initial allocation of SDR 80,000 thus requiring a reallocation of funds in January 2018.

Flow of Funds. The full C1 2018 allocation should be disbursed to FSPK as soon as possible in order to ensure an adequate cash flow until the project completion date. FSPK needs to submit quarterly expenditure reports until the project is completed.

Internal control. The FM Assessment and SoE review revealed that the internal control system established under KOIFWP is not always effective. The internal control framework, including the payment authorization process, segregation of duties, procurement roles and responsibilities need to be critically reviewed and improved in future projects.

As highlighted at MTR, the Project Coordinator is not a signatory of the Payment Voucher (PV) nor a signatory of the DA; hence payments can be executed by KFSU without PCU being aware.

The PCU and FSPK have not established retainer contracts with IT service providers.

Internal auditing. The Mission is satisfied with the quality of internal audit reports prepared in the year 2016 and 2017; however, the frequency of internal auditing is not adequate to ensure a continuous monitoring and control process of the project's FM.

Asset management. The asset register kept by KFSU is not compliant with requirements as it does not present an up to date list of assets, their detailed description, nor the custodian. Asset verification is not performed under the project. FSPK does not hold an asset register.

Recovery of Initial Advance. The Project has to start the recovery of the initial advance with the next WA as there are six months remaining until PCD.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Acquittal of advances from FSPK In view of the upcoming Project Completion Date, FSPK is recommended to submit quarterly acquittals of advances received from KFSU	FSPK	03/2018
Asset management KFSU to prepare a comprehensive asset register to record assets held at PCU, KFSU, Outer Islands (CFOs, IFs, AAs) and beneficiary groups. The Finance Officer at KFSU to ensure that a verification count of all equipment recorded in the fixed asset register is performed before project completion date. FSPK to prepare an asset register which includes all assets purchased under KOIFWP. PCU and FSPK to discuss with MELAD on procedures for handing over of project assets at PCD.	KFSU FO / Procurement Assistant	06/2018
Internal audit Ensure that the next internal auditing exercise is carried out before Project Completion Date and report submitted to IFAD	Internal auditors	09/2018
Recovery initial advance The Project has to start the recovery of the initial advance with the next WA.	KFSU	
Engagement of Component 3 Manager C3 manager to prepare the updated delivery plan of water systems in all OIs and ensure that work is timely performed by the contractors. C3 manager to work closely with KFS unit on the preparation of payment schedules for contractors; to ensure that payment instalments are provided only upon the release of work progress certificates by the MPWU.	C3 Manager / Project Coordinator	

Quality and Timeliness of Audit
Rating: 4
Previous rating: 3
Justification of rating

No management letter has been provided; TORs have not been shared

Main issues

Overall the set of financial statements is quite informative; substantial improvements to introduce include increased disclosure in the notes and submission of a management letter issued by auditors.

Next year to ensure AUDIT TORs/engagement letter are shared with IFAD for info and comments; if any.

The notes do not provide any info on the following:

- 1 - no mention to GoK contribution,
- 2 - no mention to tax receivables (AUD 4 710)
- 3 - no mention to imprest for FSPK (AUD 47 715)

Counterparts Funds
Rating: 5
Previous rating: 4
Justification of rating

The counterpart funds have been regarded as highly satisfactory. So far, GoK has contributed with a total amount of AUD 1.4 million which exceeds the initial estimation at project design of AUD 1.3 million (USD 1 million approximatively).

Main issues

GoK cash contribution. The GoK released the amount of AUD 756,966 in October 2017. This amount covers taxes and duties exempted, the cost for adjustment of the water systems and most of the C2 budget (as agreed during the MTR) thus covering the financial gap caused by TTM. However, the project has not yet adopted a systematic procedure for the calculation of taxes related to the installation of water system. In this case, the withholding tax is the main tax component paid by the contractor; however, the withholding tax is not disclosed in the invoice, neither is it separately calculated by the Revenue and Tax Office. So far, the project has recorded a total tax contribution of AUD 7,945 which largely underestimates the amount of tax paid under KOIFWP.

GoK in kind contribution. GoK provided a report with the contribution in terms of salaries of MELAD, ALD and KFSU staff contributing to the project. the in-kind contribution is estimated at AUD 678,000. However, the report is based on the gross salaries and it does not disclose the estimated time spent on KOIFWP; hence, the figure seems to be over-estimated.

Beneficiaries contribution. The total beneficiary contribution was not included in the original Costabs as it is difficult to quantify given the demand-driven nature of the project. However, the project has developed a simple and effective method to capture the community contribution for the preparation of water systems which includes resources (sand, gravel); labour related to site cleaning, and provision of food and accommodation in community centres (*maneabas*) to the constructors. The total amount reported in Beru Island is AUD 91,392. The total estimated for all OIs is AUD 407,224.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Beneficiaries contributions PCU to ensure that community contribution is fully captured and reported in the Project Completion Report	Project Coordinator	

Compliance with Loan Covenants **Rating: 5** **Previous rating: 5**

Justification of rating

Legal covenants have been largely complied with. Compliance with loan covenants is rated as satisfactory.

Main issues

The loan covenants have been generally complied. The only exceptions are the following:

1. "The LPA shall submit the annual AWPB no later than sixty days before the beginning of the relevant Project year and;
2. Audit Log of Observations shall be maintained and submitted to the next supervision".

Procurement

Procurement **Rating: 3** **Previous rating: 3**

Justification of rating

The project has finally completed the procurement of water systems in all OIs during the period October to December 2017. The installation of water systems is proceeding according to the plans agreed upon with the contractors. In this regard, the Mission noted a significant improvement in the management of procurement activities as compared to the assessments made in previous supervisions; however, significant gaps remain in the coordination with MPWU during the procurement phase as well as in the supervision of water systems installation. The Mission recommends that the procurement unit at KFSU should be strengthened in future projects.

Procurement Review

Procurement Review

In view of the completion of the installation of water systems in the OIs, it is of paramount importance that the KFSU procurement unit and MPWU strengthen their coordination in order to ensure that:

1. The installation of water systems is completed as per the plan agreed upon with the contractors; in case of delay

in the delivery of water systems, KOIFWP and MELAD shall agree on the procedures for transferring projects funds related to the contractors' retention payment;

- Future payments to contractors should always be supported by a certificate issued by an engineering consultant (in coordination with MPWU for its endorsement), to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract.

During the expenditure review exercise, the Mission noted that the procurement of agricultural inputs for an amount of USD 5,000 was not supported by adequate documentation; this issue was not detected by KFSU internal controls. Specifically, the procurement of agricultural inputs was based on the comparison of three quotations from local suppliers and the contract was granted to the lowest bid (Triple Tee Enterprise). However, only the quotation received by Triple Tee Enterprise was found in the procurement file. The Procurement Assistant was not able to provide justifications for this.

In this regard, the Mission reiterates the recommendation that the KFSU Senior Procurement Officer should review and validate all procurement activities as part of the internal control system.

The main issues to take into consideration in view of the forthcoming design mission in Kiribati are the following:

- Strengthening the management of Component 3 to ensure an adequate oversight on the installation of the water systems. C3 manager to work closely with KFS unit during the whole procurement cycle.
- Establish a project procurement unit under the responsibility of the KFSU Senior Procurement Officer. The Senior Procurement Officer to validate all procurement activities as part of the internal control system.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Payments to contractors for Water Systems Payments to contractors to be executed after receipt of a certificate signed confirming that work is performed satisfactorily	Component 3 Manager / Procurement Assistant	06/2018
Support from KFSU Senior Procurement Officer Senior Procurement Officer at KFSU to closely support the procurement assistant during the last 6 months of project implementation. The Senior Procurement Officer should review and validate all procurement activities as part of the internal control system.	KFSU Director	06/2018

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Monitoring of home gardens performance Improve the monitoring and reporting system for the home gardens programme by reporting on quality of home gardens (rating system).	KMEO	06/2018
Completing water systems and certification/payment Prepare and execute the updated delivery plan of water systems in all OIs and ensure that work is timely performed by the contractors. PCU to work closely with KFSU on the preparation of payment schedules for contractors; ensuring early release of work progress certificates, through consultancy assignment by the PCU, and timely payments by KFSU.	PCU/ KFSU	07/2018
Development of a detailed delivery and nursery out-grower plan with ACIAR	Project Manager	08/2018
Project Management		

<p>Monitoring of home gardens performance</p> <p>Improve the monitoring and reporting system for the home gardens programme by reporting on the quality of home gardens (rating system).</p>	KMEO	06/2018
<p>Cases studies for Project Completion</p> <p>The project is recommended to prepare the cases studies on Community Development, Home Gardens and Water systems discussed during MTR.</p>	PMU and FSPK	09/2018
<p>Knowledge Management</p> <p>In view of the upcoming PCD, the project is recommended to take stock of the lessons learnt during the project life with special emphasis on elements with scaling up potential. The project shall prepare an ad hoc report.</p>	KM Officer	09/2018
<p>Cases studies for Project Completion</p> <p>The project is recommended to prepare the cases studies on Community Development, Home Gardens and Water systems discussed during MTR.</p>	PMU and FSPK	09/2018
<p>Lessons learnt</p> <p>Lessons learnt</p>	KM Officer	09/2018
Financial Management & Execution		
<p>Acquittal of advances from FSPK</p> <p>In view of the upcoming Project Completion Date, FSPK is recommended to submit quarterly acquittals of advances received from KFSU</p>	FSPK	03/2018
<p>Payments to contractors for Water Systems</p> <p>Payments to contractors to be executed after receipt of a certificate signed confirming that work is performed satisfactorily</p>	Component 3 Manager / Procurement Assistant	06/2018
<p>Support from KFSU Senior Procurement Officer</p> <p>Senior Procurement Officer at KFSU to closely support the procurement assistant during the last 6 months of project implementation. The Senior Procurement Officer should review and validate all procurement activities as part of the internal control system.</p>	KFSU Director	06/2018
<p>Asset management</p> <p>KFSU to prepare a comprehensive asset register to record assets held at PCU, KFSU, Outer Islands (CFOs, IFs, AAs) and beneficiary groups. The Finance Officer at KFSU to ensure that a verification count of all equipment recorded in the fixed asset register is performed before project completion date. FSPK to prepare an asset register which includes all assets purchased under KOIFWP. PCU and FSPK to discuss with MELAD on procedures for handing over of project assets at PCD.</p>	KFSU FO / Procurement Assistant	06/2018
<p>Internal audit</p> <p>Ensure that the next internal auditing exercise is carried out before Project Completion Date and report submitted to IFAD</p>	Internal auditors	09/2018

<p>Beneficiaries contributions</p> <p>PCU to ensure that community contribution is fully captured and reported in the Project Completion Report</p>	<p>Project Coordinator</p>	
<p>Recovery initial advance</p> <p>The Project has to start the recovery of the initial advance with the next WA.</p>	<p>KFSU</p>	
<p>Engagement of Component 3 Manager</p> <p>C3 manager to prepare the updated delivery plan of water systems in all OIs and ensure that work is timely performed by the contractors. C3 manager to work closely with KFS unit on the preparation of payment schedules for contractors; to ensure that payment instalments are provided only upon the release of work progress certificates by the MPWU.</p>	<p>C3 Manager / Project Coordinator</p>	

Outer Islands Food and Water Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2017)	Cumulative Result (2017)	Cumulative Result % (2017)	Source	Frequency	Responsibility	
Outreach	1.a Corresponding number of households reached							Progress Reports	Annual	Project	
	Households				2145	2145					
	Women-headed households				264	264					
	1 Persons receiving services promoted or supported by the project							Progress Reports	Annual	Project	
	Males			5850	2620	7828	133.8				
	Females			5850	3469	5701	97.5				
	Individuals engaged in NRM and climate risk management activities							Progress Reports	Annual	Project	
	Total				6089	6089					
	Poor smallholder household members supported in coping with the effects of climate change							RIMS			
Total household members			889	2145	2661	299.3					
Goal People living in outer island communities have healthy sustainable livelihoods	Households with improved food security							Impact Assessments	3 x	Project	No major decline in international food prices; Communities, farmers and home gardeners willing to participate in community led water and agriculture development; MELAD staff willing to actively participate in community led agriculture development.
	Households				47	47					
	Improved child health and nutrition status							RIMS Impact Surveys and Household Dietary Diversity Index survey at baseline & completion; Community facilitator HH food output records; Annual Project Reports	3 x	Project	
Child health and nutrition status improved											

Objective Outer island communities are able to successfully plan and implement investments that result in better nutrition and access to clean water											
Outcome Communities know how to plan and prioritise activities in a participatory and inclusive way											
Output Community and household development plans prepared and implemented	Community groups formed/strengthened							Progress Reports	Annual	Project	
	Female			17	0	8	47.1				
	Number			43	0	43	100.0				
	Village/community plans formulated							Progress Report	Annual	Project	
	Plans			43	9	42	97.7				
	People trained in community management topics							Progress Reports	Annual	Project	
	Women trained in planning			5850	977	3209	54.9				
	Men trained in planning			5850	585	5793	99.0				
Outcome Households in the OIs are growing and eating more nutritious local foods	Women increasing cash income from home grown food							Outcome Assessments	2 x	Project	Household members willing to change eating habits from reliance on imports.
	Females			889	295	295	33.2				
Output Increased total output of local fruits, vegetables, root crops and poultry	Households engage in home gardening activities							Progress Reports	Annual	Project	Consistent relations with other donor funders; Farmers & home gardeners willing to engage in OIWFP activities; Farmers & home gardeners willing to move towards some level of "user pays"
	Households			889	1146	1146	128.9				
	Households engage in poultry and egg production							Progress Reports	Annual	Project	
	Households			889	0	0	0.0				
	Nurseries established and meeting output targets							Progress Reports	Annual	Project	
	Nurseries established			6	18	18	300.0				

Output Diets with a high proportion of calories and nutrients from locally produced foods	Agricultural Assistants in OIs trained and delivering useful service to producer groups						Progress Reports	Annual	Project	Women willing to change cooking habits from convenience focus to nutritional value.	
	Agricultural Assistants trained			4	4	4					100.0
	1.1.8 Households provided with targeted support to improve their nutrition										
	Households				1146	1146					
	Females				264	264					
	1.1.4 Persons trained in production practices and/or technologies										
	Men trained in crop			5850	989	1453					24.8
Women trained in crop			5850	859	1737	29.7					
Outcome Households have secure access to a basic minimum quantity of clean drinking water	90% reduction in reported cases of diarrhoea and dysentery in the targeted HHs						Operational audits of community water infrastructure; VWT and IWT records; MOW reports.	Annual	Project	Households able to cooperate to share water assets and water allocations.	
	Reduction in reported cases of diarrhoea and dysentery			90	75	75					83.3
	Improved access to clean water for 75% of households										
	Households			667	454	570					85.5
Output Written agreements amongst the users for each structure describing arrangements for its operation and maintenance (in the PDR)	Drinking water systems constructed/rehabilitated						Progress Reports	Annual	Project		
	Water system			278	54	54					19.4
	Written agreements describing user group arrangements										
Written agreements reached			278	278	278	100.0					
Output Rainwater harvesting facilities are installed and operating	Community members have access community water infrastructure						Progress Reports	Annual	Project		
	Males			4500	546	546					12.1
	Females			4500	529	529					11.8
	90% of community water infrastructure is operational and sustainable by 2018										
	Infrastructure is operational and sustainable			90	19	19					21.1

Groups managing productive infrastructure formed/strengthened							Outcome Assessment	Annual	Project
Number of group			278	278	418	150.4			
Rainwater harvesting system constructed/rehabilitated									
System constructed/rehabilitated			278	54	54	19.4			
Households supported with increased water availability or efficiency							Outcome Assessment	2 x	Project
Households				454	454				



Investing in rural people

Kiribati

Outer Islands Food and Water Project

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 12-26 March 2018

Document Date: 26/07/2018

Project No. 1100001708

Report No. 4786-KI

Asia and the Pacific Division
Programme Management Department

Appendix 1: Financial: Actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier as at 19th March 2018

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	2,733	2,306	84%
Government of Kiribati	1,071	630	59%
Total	3,804	2,936	77%

Contribution from ACIAR and TTM has not been included in the table; the beneficiary contribution was not quantified in the costabs;

Exchange rate AUD/USD adjusted to 1.29 (average exchange rate during implementation)

GoK contribution is reported as follows: Cash contribution USD 104k equivalent; staff time equivalent USD 526k

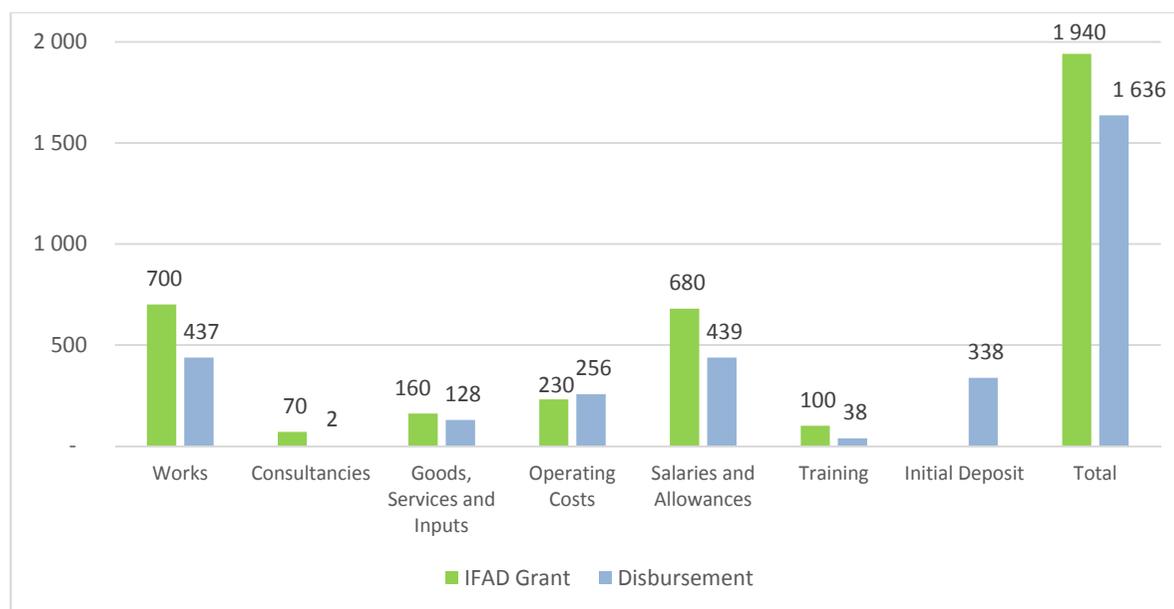
Table 1B: Financial performance by financier by component (USD '000) as at 19th March 2018

Component	IFAD grant			Government			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Community Planning and Action	660	444	67%	25	-	0.0%	685	444	65%
Improved Household Food & Nutrition Production	341	133	39%	766	491	64%	1,107	624	56%
Rain water harvesting for increased household water	1,232	808	66%	259	133	51%	1,491	941	63%
Project Management	499	448	90%	22	6	28%	521	454	87%
	2,733	1,833	67%	1,072	631	59%	3,805	2,463	65%

Exchange rate AUD/USD rate: 1.29

Table 1C: IFAD loan disbursements (SDR '000 as at 19th March 2018)

Category	Category description	IFAD Grant	Disbursement	Balance	Per cent disbursed
I	Goods, Services and Inputs	160	128	32	80%
II	Works	700	437	263	62%
III	Consultancies	70	2	68	3%
IV	Trainings	100	38	63	38%
V	Salaries and Allowances	680	439	242	64%
VI	Operating Costs	130	256	-26	111%
	Unallocated				
	Initial Deposit		338	-338	
	Total	1,940	1,636	304	84%



Compliance with legal covenants: Status of implementation

Section of the Finance Agreement / Letter to Recipient	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Paragraph 13a	The Project Coordinating Unit shall have been established and the Project Coordinator and key staff appointed		Complied	
Paragraph 13b	The Designated Account shall have been duly opened and the authorized signatories shall have been submitted to the Fund		Complied	
Paragraph 13c	A PIM shall have been prepared and is acceptable to the Fund		Complied	
Paragraph 4, Section B	A designated bank account in the name of the Recipient shall be opened in Australian Dollars (A\$)	-	Complied	
Paragraph 7, Section B	The Recipient shall provide approximately A\$1.12 million in counterpart financing in salaries of staff A\$740,000 and in tax exemption A\$380,000	-	Complied	
Paragraph 8, Section B	Procurement shall be carried out by the Kiribati Fiduciary Services Unit (KFSU) in accordance with WB procurement procedures, except the National bidding and staff recruitment will be in accordance with the national procurement procedures	-	On-going compliance	
Schedule 3 Special Covenants				
Paragraph 1	The Recipient through PCU/KFSU submits to the IFAD quarterly unaudited financial report		Mostly Complied	
Paragraph 2	MELAD shall ensure that Project funds are channelled to the KFSU for the financing of the FMO and Procurement Officer		Complied	
Paragraph 3	Various ministries collaborate to carry out the Project in conformity with the agreement		Complied	
Schedule II	Provides that eligible expenditures shall be net of taxes		Complied	Taxes have been reimbursed by the GoK
<u>General Conditions of the Financing Agreement</u>				
Article VII- Section 7.01 (b) (ii)	The LPA shall submit the annual AWPB no later than sixty days before the beginning of the relevant Project year		Not complied	AWPB 2018 submitted with delay
Article VII- Section 7.05 (a)	Procurement of goods, work and services shall be carried out in accordance with the provisions of the Recipient's procurement regulations, to the extent are consistent with IFAD procurement guidelines		On going	
Article VII – Section 7.08	The LPA shall insure goods and building used in the		Compliance	
			Complied	

Article VIII- Section 8.03 (a)	project The LPA shall furnish to the fund periodic Progress Reports The LPA and the Fund shall jointly carry out a Mid Term Review no later than the midpoint of the Project Implementation Period	Complied
Article VIII- Section 8.03 (b)	The annual Financial Statements shall be furnished to the fund within four months of the end of the Fiscal Year	Complied
Article IX – Section 9.02	The Recipient shall submit to the Fund the Audit Report along with the Management Letter within six months of the end of the fiscal year	Complied
Article IX – Section 9.03		Complied
Paragraph 26 of the Letter to the Recipient	Not later than 120 days after the beginning of each fiscal year, the Recipient shall confirm the appointment of Kiribati National Audit Office	Complied
Paragraph 27 of the Letter to the Recipient	Audit Log of Observations shall be maintained and to be submitted to the supervision and MTR mission	For compliance



Investing in rural people

Kiribati

Outer Islands Food and Water Project

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 12-26 March 2018

Document Date: 26/07/2018

Project No. 1100001708

Report No. 4786-KI

Asia and the Pacific Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

Component 1 Sub-component or Output		Indicator	Unit	Period: 3/9/2017 to 21/3/2018			Cumulative Actual	Appraisal Target	%
				AWP&B	Actual	%			
Component 1 Community Planning and Action									
1.1	Community and household development plans prepared and implemented	43 communities have made plans that address their specific needs on food and water, explicitly incorporating inputs from all community members, including women and youth	1	43	44	100%	44	43	100
Component 2 Household Food and Nutrition									
		• At least 889 HHs engage in home gardening activities	222	889	889	343%	3050	811	91%
		• At least 899 household engage in tree crop re-planting	222	889	889	365%	3245	776	87%
		• At least 889 women increasing cash income from home grown food	222	134	134	386%	517	222	166%
		No of nurseries and demonstration plots established	4	16	63	160%	101	83	132%
2.2	Diets with a high proportion of calories and nutrients from locally-produced foods	• At least 889 HHs with reduced expenditure on imported food	222	889	711	212%	1359	796	112%
		• At least 899 HHs improving nutritious intake	222	889	622	332%	2068	922	148%
		• At least 4 Ag. Assistants in OIs trained and delivering useful service to producer groups	1	4	4	100%	4	4	100%
		• Farmers, home gardeners trained as planned			889	604%	5375	1471	165%
		• Poultry / egg producers trained as planned	222	899	889	40%	360	360	40%

Component 3 Rainwater Harvesting

3.1. Written agreements amongst the users for each structure describing arrangements for its operation and maintenance	<ul style="list-style-type: none"> 278 written agreements describing user group arrangements 278 drinking water systems constructed 	Depends on population	278	278	100%	278	278	100%
		As in population wise	278	50%	140	86	31%	278
3.2. Rainwater harvesting facilities are installed and operating	<ul style="list-style-type: none"> At least 9 000 community members have access community water infrastructure, disaggregated by age and gender 90% of community water infrastructure is operational and sustainable by 2018 	9000	11,700	13%	1559	375	3%	11,700
		90%	10,530	50%	5,265	5,265	50%	5,265



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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 12-26 March 2018

Document Date: 26/07/2018

Project No. 1100001708

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Appendix 3: Compliance with legal covenants: Status of implementation

Section of the Finance Agreement / Letter to Recipient	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Paragraph 13a	The Project Coordinating Unit shall have been established and the Project Coordinator and key staff appointed		Complied	
Paragraph 13b	The Designated Account shall have been duly opened and the authorized signatories shall have been submitted to the Fund		Complied	
Paragraph 13c	A PIM shall have been prepared and is acceptable to the Fund		Complied	
Paragraph 4, Section B	A designated bank account in the name of the Recipient shall be opened in Australian Dollars (A\$)	-	Complied	
Paragraph 7, Section B	The Recipient shall provide approximately A\$1.12 million in counterpart financing in salaries of staff A\$740,000 and in tax exemption A\$380,000	-	Complied	
Paragraph 8, Section B	Procurement shall be carried out by the Kiribati Fiduciary Services Unit (KFSU) in accordance with WB procurement procedures, except the National bidding and staff recruitment will be in accordance with the national procurement procedures	-	On-going compliance	
Schedule 3 Special Covenants				
Paragraph 1	The Recipient through PCU/KFSU submits to the IFAD quarterly unaudited financial report		Mostly Complied	
Paragraph 2	MELAD shall ensure that Project funds are channelled to the KFSU for the financing of the FMO and Procurement Officer		Complied	
Paragraph 3	Various ministries collaborate to carry out the Project in conformity with the agreement		Complied	
Schedule II	Provides that eligible expenditures shall be net of taxes		Complied	Taxes have been reimbursed by the GoK
<i>General Conditions of the Financing Agreement</i>				
Article VII- Section 7.01 (b) (ii)	The LPA shall submit the annual AWPB no later than sixty days before the beginning of the relevant Project year		Not complied	AWPB 2018 submitted with delay

Article VII- Section 7.05 (a)	Procurement of goods, work and services shall be carried out in accordance with the provisions of the Recipient's procurement regulations, to the extent are consistent with IFAD procurement guidelines	On going
Article VII – Section 7.08	The LPA shall insure goods and building used in the project	Compliance Complied
Article VIII- Section 8.03 (a)	The LPA shall furnish to the fund periodic Progress Reports	Complied
Article VIII- Section 8.03 (b)	The LPA and the Fund shall jointly carry out a Mid Term Review no later than the midpoint of the Project Implementation Period	Complied
Article IX – Section 9.02	The annual Financial Statements shall be furnished to the fund within four months of the end of the Fiscal Year	Complied
Article IX – Section 9.03	The Recipient shall submit to the Fund the Audit Report along with the Management Letter within six months of the end of the fiscal year	Complied
Paragraph 26 of the Letter to the Recipient	Not later than 120 days after the beginning of each fiscal year, the Recipient shall confirm the appointment of Kiribati National Audit Office	Complied
Paragraph 27 of the Letter to the Recipient	Audit Log of Observations shall be maintained and to be submitted to the supervision and MTR mission	For compliance