



**KIRIBATI**  
**NATIONAL**  
**INVESTMENT**  
**POLICY**  
**FRAMEWORK**  
**2018-2028**

## Table of Contents

Acronyms.....	2
Foreword.....	5
1. Background.....	6
1.1 Introduction.....	6
1.2 Overview of Macroeconomic Framework.....	7
2. Vision, Mission, Rationale, Objectives and Guiding Principles.....	8
2.1 Vision.....	8
2.2 Mission.....	8
2.3 Rationale.....	8
2.4 Objectives.....	9
2.5 Guiding Principles.....	9
3. Investment Policy Regime and Regulatory Framework.....	10
4. Investment Facilitation and Institutional Framework.....	11
5. Building a Transformational Economy.....	12
5.1 Fisheries, investment and agro industry development.....	12
5.2 Investment and Tourism industry development.....	14
5.3 Agriculture, Investment and agro industry development.....	16
6. Investment and E-commerce.....	17
7. Investment Regime and SMEs Competitiveness.....	18
8. Investment, Regional Trade Agreement and Market Access.....	19
8.1 PACER-Plus Trade Agreement.....	19
8.2 The Pacific Island Countries Trade Agreement (PICTA).....	20
9. Investment and Cross Cutting Issues.....	20
9.1 Investment, Climate Change, Green Economy and Sustainable Development.....	20
9.2 Investment Development and Infrastructure Connectivity.....	21
9.3 Human Capital and Investment Development.....	22
9.4 Intellectual Property Regime and Investment.....	24
9.5 Land Use Planning and Investment Development.....	24
10. Implementation of the Policy Framework.....	25
Annex 1: Proposed Structure: Investment Promotion Division.....	27
Annex 2: IPF Implementation Matrix.....	28
Annex 3: Foreign Investment Guideline.....	39

<b>ACP</b>	Africa, Caribbean and Pacific Group of States
<b>APTC</b>	Australian-Pacific Technical College
<b>ALD</b>	Agriculture and Livestock Division
<b>CLPB</b>	Central Land Planning Board
<b>DDoS</b>	Distributed Denial of Services
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>EFT</b>	Electronic Funds Transfer
<b>EIF</b>	Enhanced Integrated Framework
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization
<b>FDI</b>	Foreign Direct Investment
<b>FIC</b>	Foreign Investment Commission
<b>FICs</b>	Forum Island Countries
<b>FTA</b>	Free Trade Agreement
<b>GATS</b>	General Agreement on Trade in Services
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GDP</b>	Gross Domestic Product
<b>GLUP</b>	General Land Use Plan
<b>HRDP</b>	Human Resource Development Plan
<b>ICT</b>	Information Communication Technology
<b>IFAD</b>	International Fund for Agricultural Development
<b>IP</b>	Intellectual Property
<b>IPA</b>	Investment Promotion Agency
<b>IPO</b>	Investment Promotion Officer
<b>IPF</b>	Investment Policy Framework
<b>IPD</b>	Investment Promotion Division
<b>IPR</b>	Intellectual Property Rights
<b>ITU</b>	International Telecommunication Union
<b>KAP</b>	Kiribati Adaptation Program
<b>KCCI</b>	Kiribati Chamber of Commerce and Industry
<b>KDP</b>	Kiribati Development Plan
<b>KIEP</b>	Kiribati Integrated Environmental Policy
<b>KIT</b>	Kiribati Institute of Technology

<b>KJIP</b>	Kiribati Joint Implementation Plan on Climate Change and Disaster Management
<b>KNTDS</b>	Kiribati National Tourism Development Strategy
<b>KNTO</b>	Kiribati National Tourism Office
<b>KPA</b>	Key Policy Area
<b>KTC</b>	Kiribati Teachers College
<b>KV20</b>	Kiribati 20 Year Vision
<b>MCIC</b>	Ministry of Commerce, Industry and Cooperatives
<b>MELAD</b>	Ministry of Environment, Lands and Agricultural Division
<b>MFAT</b>	Ministry of Foreign Affairs and Trade
<b>MFMRD</b>	Ministry of Fisheries and Marine Resource Development
<b>MFN</b>	Most Favoured Nation
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>MTC</b>	Marine Training Centre
<b>MTS</b>	Multilateral Trading System
<b>NAPA</b>	National Adaptation Programme of Action
<b>NCDs</b>	Non-Communicable Diseases
<b>NIPS</b>	National Intellectual Property Strategy
<b>NMTP</b>	National Maritime Transport Policy
<b>NT</b>	National Treatment
<b>PACER</b>	Pacific Agreement on Closer Economic Relations
<b>PICTA</b>	Pacific Island Countries Trade Agreement
<b>PIFS</b>	Pacific Islands Forum Secretariat
<b>PIPA</b>	Phoenix Islands Protected Area
<b>PIPSO</b>	Pacific Islands Private Sector Organization
<b>PSDI</b>	Private Sector Development Initiative
<b>PT&amp;I</b>	Pacific Trade and Invest
<b>RERF</b>	Revenue Equalization Reserve Fund
<b>SAMOA</b>	SIDS Accelerated Modalities Of Action
<b>SDGs</b>	Sustainable Development Goals
<b>SIPO</b>	Senior Investment Promotion Officer
<b>SMEs</b>	Small and Medium Enterprises
<b>SPC</b>	Secretariat of the Pacific Community
<b>SPS</b>	Sanitary and Phytosanitary
<b>SPTO</b>	South Pacific Tourism Organization



<b>KTIG</b>	Trade in Goods
<b>TIS</b>	Trade in Services
<b>TPF</b>	Trade Policy Framework
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>USP</b>	University of the South Pacific
<b>VAT</b>	Value Added Tax
<b>WIPO</b>	World Intellectual Property Organization
<b>WTO</b>	World Trade Organization

### List of Figures

Figure 1: Kiribati Real Growth Rate and GDP per Capita, 2006-2016.....	7
Figure 2: Visitors arrival by Air and purposes: Tarawa and Kiritimati.....	14

## Foreword

Aligned to the Government's Manifesto 'Te Motinnano', the Investment Policy Framework (IPF) is developed to promote economic growth, inclusive sustainable development and poverty reduction through the development of the private sector.

The Kiribati Investment Policy Framework (IPF) is a key strategic document of great importance and relevance to the people of Kiribati. The formulation of the IPF has been undertaken in recognition of the need to ensure that the domestic legislative framework for investment supports broader objectives of the Kiribati 20 Year Vision Development Plan (KV20); creates investor confidence; is consistent with international best practices and investment related provisions in various regional trade agreements like PACER Plus that Kiribati is a party to. IPF defines short, medium and long-term plans and actions that should be implemented in order to foster a good investment regime in Kiribati and better position Kiribati towards a path of sustainable growth and development as envisioned in the KV20.

The IPF takes into consideration the macroeconomic context of Kiribati and its human development needs that support the development of its robust investment regime. The policy recognises the importance of sector inter-linkages in supporting priorities identified in Fisheries, tourism and agriculture sectors. The policy also notes areas for which Kiribati possesses a comparative advantage and can further exploit niche areas for domestic investment and enhanced trade due to export and growth potential. The consistency with other key complementary policy documents, such as the National Trade Policy Framework (TPF) 2017-2017; National Fisheries Policy 2013-2025, National Intellectual Property Strategy (NIPS) is a principal feature of the IPF.

The policy highlights the importance of inter-agency coordination involving the public sector, industry players in the private sector, Kiribati Chamber of Commerce and Industry (KCCI) and regional organizations, including the South Pacific Tourism Organization (SPTO), Pacific Island Forum Secretariat (PIFS), the University of the South Pacific and the Pacific Islands Private Sector organization (PIPSO). In addition to these, other international development partners like, UNCTAD, Commonwealth Secretariat, the Governments of New Zealand, Australia, Fiji, the World Intellectual property organization (WIPO) among others, are noted to be essential to the implementation of this policy framework.

The successful implementation of this policy will create a predictable and enabling business environment that will foster investor confidence. The policy implementation will also contribute to the development of new industries, new products and increased domestic and international trade, thus supporting the development priorities and agenda as envisioned in the KV20. This will contribute to increased employment creation and enhanced income generation for the people of Kiribati, especially those living on the Outer Islands.

The Investment Policy contextualizes the challenges confronting Kiribati in respect of various areas which impact and interplay with investment. Furthermore, it considers developments in relation to social and environmental factors, such as climate change and social issues affecting the development of investment in Kiribati. The IPF aligns the proposed investment policy actions with the broader national development objectives as articulated in the KV20 and the Kiribati Development Plan 2016 –19.

I would like to end by thanking all the development partners, Government Ministries, the private sector and civil society who have assisted to bring this document to completion. I wish to sincerely thank the Enhanced Integrated Framework (EIF) for financial support and the United Nations Development Programme (UNDP) for administrative and technical support towards the formulation of this IPF.

A special gratitude goes to Ms. Tira Greene, the International Consultant, for her expertise and tremendous contribution in developing the policy framework from the outset; and Mr. Samson Odhiambo, National Trade Advisor under the Hub and Spokes programme Commonwealth Secretariat for his guidance and insights throughout the process of developing this policy framework. Equally, I also acknowledge the support provided by the Secretary of the Ministry of Commerce, Industry and Cooperatives, in particular the Business Promotion Centre and the officers within the Investment Promotion Division (IPD).

Without your support, this document could not have been finalised as a finished product. I have no doubt that all stakeholders, especially foreign investors and our local businesses and entrepreneurs will find this investment framework useful.

*Te Mauri (Health) Te Raoi (Peace) ao Te Tabomoa (Prosperity).*

---

Honourable Bootii Nauan  
Minister of Commerce, Industry and Cooperatives

## **1. Background**

### **1. 1 Introduction**

The Government has formulated a 20 Year vision development plan (KV20). The KV20 is a long-term developmental blueprint, covering the period of 2016 - 2036. The KV20 focuses on leveraging key transformational sectors in an effort to promote growth and sustainable development. The vision of the KV20 is for Kiribati to become a wealthy, healthy and peaceful nation. It seeks to achieve this development aspiration by maximising the development benefits from fisheries and tourism as key productive sectors. The contribution of the fisheries and tourism sectors to the development aspirations of Kiribati will directly contribute towards realising the vision of KV20.

In specific context, the KV20 seeks to develop an inclusive private sector. It recognises the importance of increasing the level of investment in order to support the development of the private sector, particularly on the outer Islands. The KV20 also seeks to ensure effective implementation of an Investment policy Framework (IPF) and complementary policies in order to create an enabling environment to support the development of the fisheries, tourism and related sectors through trade and investment.

While the KV20 is a long-term developmental plan, the Kiribati Development Plan (KDP) 2016-19 provides short-term development aspirations. The KDP also recognises the importance of promoting domestic and foreign investment and leveraging these as growth and development tools. The plan also seeks to explore alternative micro financing for SMEs and the development of key productive sectors such as fisheries, tourism and agriculture. Collectively, the execution and administration of strategic and operational plans under these various sectors should contribute to the achievement of the overarching goal of fostering economic growth and reducing poverty.

The KDP 2016-19 therefore sets the foundation for the design and implementation of various sectors policies and further guides the implementation of the strategic plans of the Government line Ministries. One such sector policy, guided by the KDP 2016-19, is the need to formulate and effectively implement the country's IPF.

The KDP 2016-19 has been developed in acknowledgement of the principles, objectives and targets of the United National Sustainable Development Agenda 2030 and associated Sustainable Development Goals (SDGs). In addition, the KDP 2016-19 is built on the principles of the Istanbul Plan of Action, the Small Island Developing States (SIDS) Accelerated Modalities of Action (SAMOA) Pathway and the Framework for Pacific Regionalism.<sup>1</sup>

The KDP 2016-19 prioritizes human resource development, economic growth and poverty reduction, health; environment, governance and infrastructure. The development plan lays the foundation for the national Trade Policy Framework (TPF), which outlines the vision of the Government of Kiribati in leveraging trade as a growth and development tool.

The scope and vision of the TPF interplays with various dimensions of investment. The TPF has been, to a certain extent, a catalyst for the development of this IPF for the people of Kiribati. In this context, one of the TPF main objectives is to "encourage investment in the economy and facilitate the growth of Kiribati's Small and Medium Enterprises (SMEs)". The policy interdependence has been carefully considered within the scope of this IPF and complementarity between these two policy frameworks is pursued, while also incorporating relevant inputs from other economic policy regimes and regulatory frameworks for emerging issues such as e-commerce, ICT and Intellectual Property (IP).

---

<sup>1</sup> Kiribati Development Plan 2016-2019

## 1.2 Overview of Macroeconomic Framework

The economy of Kiribati has recorded several years of consecutive economic growth. Between the period 2011 and 2015, an average economic growth rate of 2.9% was registered, following a two-year economic trough experienced in 2009 and 2010 resulting from the financial crisis. While economic growth has fluctuated widely in the previous years, the real GDP growth rates increased to 7.5% in 2015 (Figure 1). The GDP growth rate in 2015 was attributed to increase in construction, wholesale & retail trade industries, transport, storage, and financial intermediation activities. The Real GDP per capita has improved since 2012, due to higher economic growth rates. The trends in economic growth, however stabilized in the period of 2011 to 2013 due to the introduction of fiscal reform in 2014, including the reduction of import duties to zero and the implementation of the Value Added Tax (VAT).

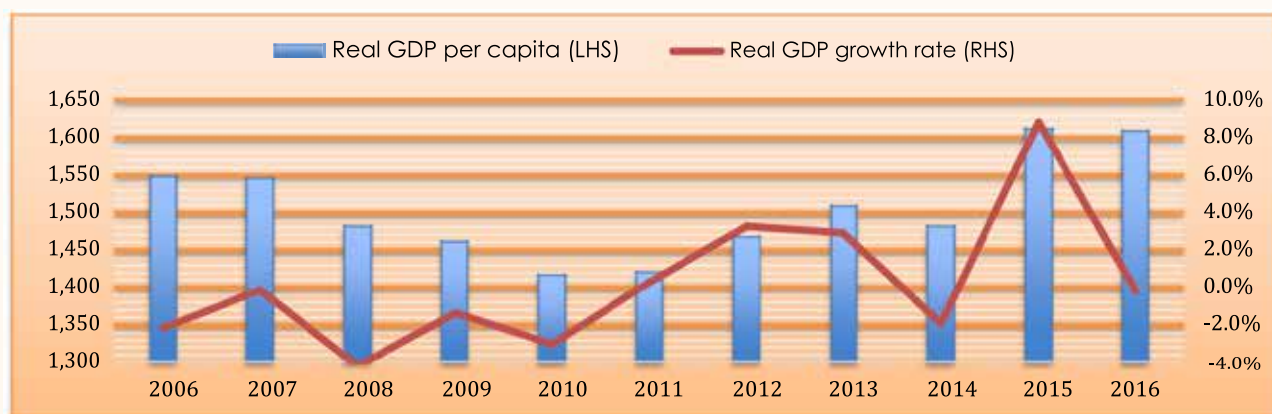


Figure 1: Kiribati Real Growth Rate and GDP Per Capita, 2006-2016

Source: MFED Data

The fiscal policy reforms contributed to reduction in consumer prices, exemplified by annual average Retail price index of 2.1% in 2014 and 0.6% in 2015. The relatively steady growth trajectory is attributed to increased investment in infrastructure, solid waste management and sanitation, supported by key development partners. The private sector in Kiribati is small in relation to the size of government. 34% of employed paid workers were in the private sector while 66% were employed in the public sector in 2015. The contribution of the private sector to GDP was 48% in 2015, while overall unemployment rate was registered at a rate of 41% in the same year.

The youth unemployment is a severe problem in Kiribati, having reached 43%. The implementation of policy measures that create opportunities for marginalized and vulnerable groups such as the youth, women, people with disabilities and the informal sector will be key strategies towards developing an inclusive private sector and combating the many challenges, which confront socio-economic development in Kiribati. Delivering employment opportunities through IPF, is a good foundational framework towards achieving the KV20 vision which seeks to increase the level of domestic employment.

Government recognises the pivotal role of macro-economic stability in realising the UN SDGs. This requires the implementation of policy measures in order to accelerate economic growth for long-term sustainable development. Such measures will contribute to an increase in Foreign Direct Investment (FDI) and overall private sector development as envisaged in the KV20. Implementing measures to foster domestic and foreign investment represents significant opportunities through which economic activities can be generated in order to stimulate greater employment and income for the people, especially those living in the outer Islands.

## 2. Vision, Mission, Rationale, Objectives and Guiding Principles

### 2.1 Vision

The long-term vision of the Kiribati Investment Policy Framework is:

A conducive investment climate that attracts domestic and foreign investment in order to maximise returns from our natural, human and cultural capital, thus creating employment opportunities and income generation for economic growth and sustainable development in Kiribati

### 2.2 Mission

To realise the vision, the mission is:

Strengthening the legal and institution frameworks of the investment regime in Kiribati through investment facilitation; creation of sectoral and institutional synergies, leveraging of lessons learnt and infusion of international best practices

### 2.3 Rationale

The Investment Policy Framework was developed to meet the need to:

Establish a policy that sets out regulatory, legal and institutional parameters to promote, govern and effectively supervise the domestic and foreign investment regimes of Kiribati;

Align the Investment Policy regime with the development priorities of the KV20 and the key policy areas of the National Development Plan (KDP 2016-2019);

Strengthen legal and regulatory frameworks of the investment regime in Kiribati through the creation of sectoral and institutional synergies, leveraging of lessons learnt and infusion of international best practices;

Ensure certainty, predictability and credibility in the business environment

Identify constraints affecting domestic and foreign investments and recommend policies that assist in developing investment;

Identify constraints affecting domestic and foreign investments and recommend policies that assist in developing investment;

Develop policies that respond to the emerging global issues related to Investment and E-Commerce; and

Develop specific policies that contribute to the development of SMEs and private sector competitiveness.

## 2.4 Objectives

The vision of the IPF will be achieved through the following policy objectives:

- ❖ Reposition and promote Kiribati as a conducive investment destination;
- ❖ Improve coordination of institutions responsible for promoting and facilitating investment;
- ❖ Create a good investment climate ;
- ❖ Facilitate compliance with investment related provisions contained in regional trade agreements;
- ❖ Strengthen the operational efficiency of investment and related institutional arrangements;
- ❖ Guide the simplification of investment related regulatory processes and increase awareness of associated requirements; and
- ❖ Foster synergies and deepen policy coherence across the sectors;

## 2.5 Guiding Principles

In an effort to achieve the above objectives, the IPF is based on the following key guiding principles:

- ❖ **Inclusive Private Sector Development** - The policy recognises the need to implement policies that support SMEs, informal economy and create economic opportunities for women, youth and marginalized groups.
- ❖ **Institutional and Policy Coherence** – The policy recognises and promotes multi-stakeholder coordination of key investment and related institutions arrangements in order to foster policy coherence.
- ❖ **Responsiveness** - The Policy is responsive to the needs of a wide cross section of stakeholders; public sector, private sector, foreign investors, domestic investors, business support organizations and the general population of Kiribati and residents of the jurisdiction.
- ❖ **Accessibility** – To ensure that the policy has breadth and scope and can further have the intended impact on the people and economy of Kiribati, the Investment Policy must be accessible to all. The Policy allows for wide publication and dissemination, thereby increasing its reach.
- ❖ **Environmental sustainability** - The Policy recognises the need to promote sustainable business development and investment that upholds environmental protection, management and efficient resource utilization;
- ❖ **Education and human resource development** - The Policy recognises that private sector development is only achievable through a strong and well-trained workforce from all levels of training.
- ❖ **Transparency** – The policy is based on the principle of transparency. The principle of accessibility complements the principle of transparency in that while the former speaks to the ability to access the Policy, the latter addresses the cogency and clarity of the Policy document.

The Policy must therefore be presented in a manner that allows its content to be understandable to the general readership, which will include laypersons.

- ❖ **Good governance** – The Investment Policy is built on the principle of good governance for effective processes and performance. It recognizes the importance of employing sound governance practices in investment and related institutional frameworks.
- ❖ **Accountability** – The policy recommends foreign investment legislation which clearly identifies relevant institutional arrangements, institutional responsibilities and reporting structure, thus delineating the channels of responsibility and accountability.
- ❖ **Infusion of International Best Practices** – The IPF has adopted international best practices in respect of strengthening the intellectual property regime of Kiribati and the leveraging of information, communication and technology (ICT) to build a robust enabling e-commerce regime.

### 3. Investment Policy Regime and Regulatory Framework

A cornerstone of an enabling environment for investment, alongside investment facilitation, is the regulatory framework for investment. An investment policy and the vision of a Government is reflected in its laws, regulations and policies relating to the admission of investors, the rules once established and the protection of their property.

An IPF relates not only to the rules regulating domestic and foreign investment, but also, increasingly, to the measures introduced to enhance the contribution of investment to economic growth and sustainable development. Prospective investors take into consideration the transparency and predictability of policies, as well as guarantees of legal security. Both domestic and foreign investors need to know that their rights and property would be respected. By enhancing investor confidence, sound investment protection is thus likely to increase not only the levels, but also the quality of investment, its durability and its contribution to economic development.

The business environment in Kiribati is defined by specific regulatory and institutional framework. The foreign investment until November 2018 was regulated under the Foreign Investment Act 1985 (and subsequent amendments). The Act established a Foreign Investment Commission (FIC), comprising ten senior government officials to assess foreign investment applications and related activities such as post-establishment monitoring of foreign companies. FIC was mandated by the Act to consider and approve investments up to AUD 250,000. Applications for Investments above AUD 250,000 cap are submitted to Cabinet for consideration and approval.

On average, 5 to 6 applications are received annually from prospective foreign investors who were desirous of capitalizing on investment opportunities in Kiribati. The total number of foreign investments

Applications received between 2012 and 2016 was 29. Kiribati generally grants national treatment to foreign investors. Foreign investments are first screened and subjected to various levels of approvals, administered based on the value of the proposed investment or capital outlay. At present, distribution sector, Bus transport services, Handicraft production, Tour guide services etc. are only reserved for domestic investment and business activity.

The low level of investment applications registered in Kiribati can be attributed to several factors, notably, an absence of transparency in regulations and administrative practices especially in respect of investment applications, the approval process and the overall administration of other investment related laws, which result into policy uncertainty and unpredictability. In addition, the regulatory framework established to oversee the investment approval process operates in an ad hoc manner with no clear guidelines given no response times and procedural arrangements. As such, there is need to streamline the investment administration, application and approval processes to better facilitate and promote investment development.

In terms of ownership, there are seven (7) foreign companies operating under a joint venture arrangement (either with government or private I-Kiribati partner) while 14 companies are 100% foreign owned.



Strengthening insolvency regimes can encourage and facilitate access to credit. Kiribati has provisions on Insolvency in the Companies Ordinance 1979. The Companies Ordinance provides that a company may be wound up on action of a company itself, or by a court. The provision however does not reflect modern practices with more flexible options to ‘rescue’ companies. The Companies ordinance is currently undergoing a comprehensive review. It is recommended that insolvency procedures be made simpler with flexible procedures in the new Companies Act to be enacted.

The Government, through the KV20, has affirmed its commitment to attracting better quality, investment opportunities in Kiribati. A new foreign investment Act 2018 was passed in the last November 2018 to improve and harmonise foreign investment administration, application and approval processes and align the national investment policy regime with international best practices. The new legislation seeks to simplify the foreign investment application and approval processes and build overall investor confidence. Government will review foreign investment related regulations, institutional frameworks and procedures to foster a conducive investment regime.

## Policy Measures

Effectively implement Foreign Investment Act 2018 to improve and harmonise the foreign investment administration, application and approval processes and align the national investment policy regime with international best practices.
Review and develop foreign Investment Regulation to facilitate the implementation of the new Foreign Investment Act 2018.
Establish a framework to facilitate online application of foreign investment in order to enhance record keeping, reduce cost, along with the timelines associated with the processing and approval of applications for foreign investment.
Develop an investment guide to enhance transparency on foreign investment related legislations, regulations and institutions.
Review and develop new Foreign Investment Application Form in order to simplify the foreign investment application and approval processes.
Promote transparency of investment related laws and policies through MCIC and government related websites including development of online investment Guide.
Ensure the insolvency procedures be made simpler and flexible in the new Companies Act.

## 4. Investment Facilitation and Institutional Framework

The performance and effectiveness of a national investment institutional framework is a prerequisite for improving a country’s overall investment climate. A sound institutional framework embedded in the foreign investment legislation ensures good governance in the administration of an investment law and complementary regulations. A well-designed institutional framework is also expected to foster institutional coordination and policy coherence in the scope of investment promotion and development.

Investment promotion and facilitation measures can be a powerful means to attract investment and maximise its contribution to development. Effective investment promotion and facilitation is not only about promoting a country as an investment destination and making it easy for investors to establish or expand their existing investments, but it is also about ensuring that these investments create linkages with domestic companies and contribute to skills and knowledge transfer.

An investment promotion Agency plays a pivotal role in the coordination of investment in Kiribati, the Foreign Investment Commission (FIC) and the Investment Promotion Division (IPD) within the Ministry of Commerce, Industry and Cooperatives (MCIC) serve as the primary institutional structures instituted to promote, facilitate and regulate investment in Kiribati. The institutional framework established through the Foreign Investment Act 1985 and other government related policies and regulations featured duplication of efforts and loopholes, which create administrative burdens in the investment application and approval processes.



The IPD remained a disincentive to foreign investment given its limited capacity to respond to the emerging investment policy related challenges. To date, there are only two (2) technical positions, the Senior Investment Promotion Officer (SIPO) and the Investment Promotion Officer (IPO)) within the division. The current scope of the Investment Promotion Office is limited. The functions and responsibilities that should ideally be performed by the Investment Promotion Division are bestowed on the FIC as defined by the Foreign Investment Act 1985.

The investment officers within the Investment Promotion Division are not mandated to perform the core functions of an Investment Promotion Agency. The institutional gap raised a question of performance and accountability in the administration of the Foreign Investment Act and overall promotion of investment activities in Kiribati. Another key challenge in the approval and establishment of foreign investment is inadequate aftercare services to retain the established companies and encourage reinvestments by proactively responding to investors' needs and challenges after their establishment.

While the IPD consults with other government investment related institutions from time to time, poor institutional coordination with other investment related agencies, including with MLPID, has been noted to contribute to the lengthy approval process of foreign investment due to lack of specific delivery timelines in responding to the required services to facilitate the investment application. The Government will implement policy measures to improve the performance and effectiveness of the national investment related institutions to improve efficiency in order to foster investment promotion and facilitation.

## Policy Measures

❖ Establish the core functions of the Investment Promotion Division within the Foreign Investment Act 2018
❖ Train the Investment Promotion officers and other investment related agencies on the implementation of the new Foreign Investment Act 2018, regulations and broader aspirations of the Investment Policy.
❖ Adopt the proposed structure of the Investment Promotion Division (Annex 1) with the associated positions in order to foster institutional effectiveness and performance, facilitate and retain investment.
❖ Strengthen the inter-agency coordination including the Ministry of Line and Phoenix Islands Development and the Kiribati Chamber of Commerce and Industry to facilitate investment.

## 5. Building a Transformational Economy

The policy recognises the role of investment in transforming the economy through key priority sectors in the KV20. The maximisation of returns from natural capital as envisaged in the KV20 significantly depends on the ability to generate income and revenue from the sectors through investment led policies and strategies targeting the key priority sectors.

The IPF and investment related regulations should speak to the stimulation of the development of sectors in order to achieve the vision of KV20. While the KV20 will focus on fisheries and tourism sectors, other related sectors like agriculture are expected to contribute to the vision through forward and backward linkages.

### 5.1. Fisheries, Investment and Industry Development

The fisheries sector has been the main source of revenue in addition to other revenue sources. The revenue from fisheries is attributed to improved revenue base. For instance, the revenue collected from fishing licenses increased from AUD \$29.5 million in 2009 to 197.8 million in 2015 depicting an increase of 57.1% percent between 2009 and 2015. The Kiribati Fish Ltd (KFL) and Central Pacific Producers Ltd (CPPL) are the key companies engaged in the export of fish, chilled and frozen fish and other marine related products. The key export markets for KFL products are Australia, Japan, European Union (EU) and the United States (US). The KFL supports the small-scale anglers through domestic value chain linkages and contributes to income and employment generation for the community engaged in the value chain process.

While the solar powered ice plants exists on the Outer Islands to support commercialization of fishing activities, such facilities continue to face management and maintenance challenges. The National Fisheries Policy 2013-2025, governs the development of the fisheries sector.

The fisheries policy seeks to:

- ❖ Support economic growth and employment opportunities through sustainable fisheries, aquaculture and marine resources development.
- ❖ Protect and secure food security and sustainable livelihoods for I-Kiribati.
- ❖ Ensure long-term conservation of fisheries and marine ecosystems.
- ❖ Strengthen good governance with a particular focus on building the capacity of MFMRD
- ❖ Implement and support fisheries management, development, and monitoring, control and surveillance.
- ❖ Build climate change resilience for fisheries and marines resources

The Fisheries sector is one of the important sectors for social and recreational activities and subsistence living. The sector has direct linkages with the community livelihoods and food security. There is need to ensure that adequate investments are made in the fisheries industry, while at the same time ensuring sustainability of the fisheries resource. Such strategy will promote sustainable management of fisheries resource for the benefit of both present and future generations.

Investment in the fisheries sector is generally open to foreign investment as guided by the TPF. Investment in the Fisheries sector is one of the commitments made by Kiribati in the PACER Plus trade agreement in the investment chapter. The investment in some specific sub sectors is however restricted and prohibited, with sector limitations guided by the Foreign Investment regulation. The Government is encouraging FDI in aquaculture and higher value added products including processing and manufacturing in the fisheries sector in order to maximise returns from the sector in line with the development aspirations of the KV20.

The Fisheries Policy (2013 – 2025) also recognizes the importance of investment as highlighted within Strategic Action 27 of the Policy. Strategic Action 27 speaks of the execution of a review of the fisheries business environment in pursuit of enhanced development and trade in addressing obstacles to investment. The investment policy presents an opportunity to complement the implementation of the Fisheries Policy.

While KV20 seeks to increase FDI in the fisheries sector, poor business environment, absence of specific non-discriminative streamlined incentives; poor economic and social infrastructure remain to be key challenges to harnessing investment opportunities in the sector.

The Government recognises the need to increase investment in the fisheries sector in order to support national, regional and global value chain. The government through the IPF seeks to implement policy measures to enhance investment in aquaculture and higher value added products including processing and manufacturing while at the same time ensuring sustainability of fisheries and marine resources.

## Policy Measures

❖ Implement the National Fisheries Policy (2016-2025) with emphasis on ensuring food security and safety and sustainable livelihoods, long term conservation and strengthening governance in the sector.
❖ Develop and implement a transparent and non-discriminatory fiscal incentives regime aimed at attracting investment in the fisheries sector.
❖ Coordinate with the Pacific Trade and Invest (PT&I) and Foreign missions in promoting the national fisheries investment priorities Aquaculture Development and Manufacturing of Value added fish products;
❖ Ensure fisheries policies and regulations are consistent with the principles and objectives of the national investment and trade policy framework.
❖ Promote Investment in aquaculture and higher value added products including processing and manufacturing in order to support fisheries industry development

## 5.2: Investment and Tourism Industry Development

### Introduction

Globally, the Tourism sector represents 7% of total world exports and 30% of services exports making it third in the worldwide export category, ahead of food and automotive products. Tourist arrivals (by air) in the Pacific ACP and SPTO member countries reached 2,030,529 in 2016 generating an estimated inflow of USD3 billion.

By sea arrivals, dominated by cruise vessels, saw the Pacific region receiving a total of 1,059,152 persons in 2016. Thus, total visitor arrivals (both air and sea) to the Pacific region in 2016 were at 3,089,681. Of this, Kiribati received merely 5018 tourist arrivals.

Total holiday arrivals in Kiribati was estimated at 1383 in 2013 and 1412 in 2015, with growth in holiday arrivals remaining static since 2011. A breakdown of visitors by purpose of visit shows business related travel as the dominant category of tourist visitors (Figure2) while pleasure travel is largely made up of fishing focused visitors. Pleasure travel remains to be untapped opportunity even as the government seeks to leverage on tourism sector as a mechanism of generating income and livelihood as envisaged in the KV20 development framework.

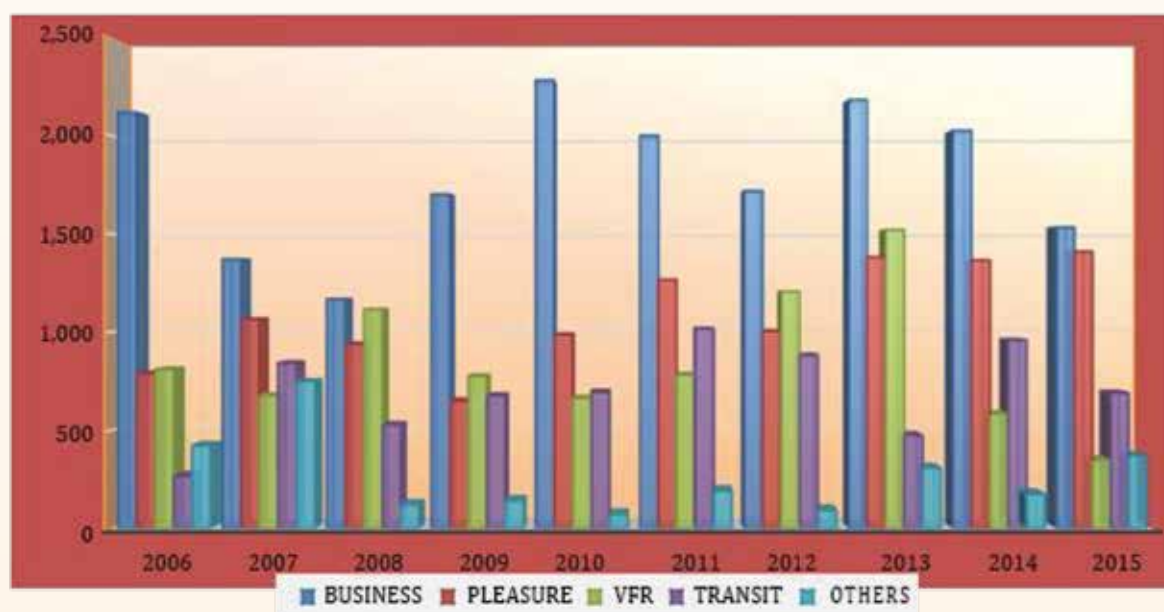


Figure 2: Visitors arrival by Air and purposes: Tarawa and Kiritimati

Sources: KNTD Data

### 5.2.1: Tourism and Cultural Capital

The government through the KV20 has prioritized tourism and cultural capital as a key priority areas to support the development of the society and economy. The KV20 is expected to contribute to the development of creative and cultural industries. The tourism sector however, does not provide a rich range of activities and experiences based on its cultural and environmental resources.

Marketing Kiribati to inform the tourists on the potential attractions and facilities is a key constraint to tourism development. Lack of dive operators also creates a major gap in the array of tourism products. The absence of a comprehensive national cultural policy to strengthen the linkages between cultural capital and tourism sector is also a key constraint to harnessing economic opportunities from culture and tourism. A Cultural Policy would support the development of the cultural industry thus creating employment opportunities for traditional craftspeople, composers, dance groups and their dancers, musicians and singers.

While the Government has identified Tourism as one of the priority sectors in the KV20, effective marketing, and sustaining a tourism industry, even a very small one, requires considerable and sustained efforts. The sector faces limited quality and capacity of the accommodation especially on the Phoenix and Line Islands, high costs and limited number of flights, as well as difficulties in inter-island transport. While the government is already working on Outer Islands Infrastructure projects, there is need to upgrade roads, airports and ports given the low quality and inadequate economic infrastructure.

Another key challenge to investment development in the tourism sector is poor Investment Climate and inadequate Investor Care services. Other key constraints to investment in tourism include, lack of investment Incentives for potential investors in the tourism and associated cultural industries; lengthy investment approval processes and limited aftercare services. A Tourism Act was recently enacted to strengthen the regulatory framework in the sector. The new tourism act will strengthen institutional framework for effective coordination and development tourism.

Kiribati has the opportunity to develop a fledging tourism industry through ecotourism, cruise ship arrivals/cruise tourism, Game fishing, and Bird Watching among others. A potential to exploit opportunities in the cultural industry through cultural capital and tourism linkages exist. Another potential area include attracting a brand name franchise resort or hotel in the Line Islands and Phoenix Islands. A brand name resort would complement the efforts of the government towards tourism destination marketing targeting the Line and Phoenix Islands, including the PIPA areas .The Phoenix and Line Islands are earmarked as destinations for high-end tourism products.

### 5.2.2: Tourism and Regional Trade agreements

The Tourism sector is generally open for foreign investment as guided by the TPF where Kiribati has made commitments in key tourism related services in RTAs such as the PACER Plus and PICTA Trade in Services. The sector limitations are guided by the Foreign Investment regulations. The Government broadly encourages investment in tourism related products, ecotourism, cruise ship arrivals/cruise tourism, game fishing and bird watching.

Generally, the government will continue to implement measures in order to improve enabling business environment to support investment in the tourism and related industries.

### Policy Measures

❖ Review the National Tourism Development Strategy (2016-2019) and formulate National Tourism Master Plan in line with the KV20
❖ Develop and implement a transparent and non-discriminatory fiscal incentives regime aimed at attracting investment in the tourism sector and other related subsectors like cultural Industry.
❖ Implement Tourism Investment Promotion programmes in collaboration with the Pacific Trade and Invest, Foreign Missions and other relevant tourism promotion agencies.
❖ Promote investment and establishment of an international brand name Hotel or resort in the Line Islands and PIPA in order to support tourism destination marketing.
❖ Promote investment in tourism sector targeting ecotourism, cruise ship arrivals/cruise tourism; game fishing, surfing, diving bird watching especially in the Line Islands and PIPA.
❖ Effectively implement tourism Act to strengthen the tourism national oversight institutional Framework.
❖ Develop and effectively implement Natural Cultural Policy considering the cultural industry development and tourism sector value chain linkages.
❖ Collaborate with the Hotel Industry players in fostering the marketing of local produce and Kiribati made products

### 5.3 Agriculture, Investment and Agro Industry Development

Agriculture can be a sector of economic activity if potentials are realized and appropriate support can be invested in this sector. Agriculture is predominately subsistence and minimal for commercial in large scale. The main crops of Kiribati include Breadfruit or te mai (*Artocarpus altilis*), pandanus or te kaina (*Pandanus tectorius*), the giant swamp taro or te bwabwai (*Cyrtosperma chamissonis*), native fig or te bero (*Ficus tinctoria*), and coconut or te ben (*Cocos nucifera*). These five have adapted very well to the harsh climate of Kiribati. Of all the five well adapted food crops, coconut serves as a source of income for producers who primarily engage in the production of crops. In addition, the agriculture sector also contributes to food security, nutrition, well-being and healthy lifestyles.

Agriculture complements the development of the Tourism Sector through value chain linkages. The sector has the potential to supply the hotels on the Outer Islands and in Tarawa. Agriculture sector is also able to meet the people's demand for local food. Other products from the sector support the development of the creative industry, which complements the efforts of the Government towards the development of the cultural capital as envisaged in the KV20.

Large scale agriculture is not undertaken due to inadequate land mass, lack of surface water sources, widely dispersed geographical distribution of islands ; poor connectivity among the islands, frequent droughts, susceptibility to natural disasters and overall infertile soil. Other challenges confronting the sector include absence of an enabling environment to facilitate access to finance for SMEs, fiscal incentives, access to land, limited agricultural inputs due to unclear policy guidelines in respect of seedlings, animal feed and other related inputs. The domestic agricultural produce contributes mainly towards subsistence living with little exports of coconut related products.

The effort to stimulate investment and maximise opportunities from the sector is however constrained by a lack of comprehensive Agricultural industry-wide Policy to support the development of the Agricultural Sector in Kiribati. Lack of integrated policy has contributed to poor lines of communication, cooperation and coordination among entities that are involved in the development of the agricultural sector. Inadequate policy framework has contributed to lack of a strategic approach towards prioritising specific sectors for developing and sustaining traditional crops.

The Agriculture and Livestock Division (ALD) in its programs undertakes activities and provides some incentives aimed at promoting agricultural production. Lack of conducive policies and appropriate investment that would promote a vibrant agricultural sector, however, denies the efforts.

The agriculture sector is generally open for foreign investment as guided by the Trade Policy Framework. In the context of trade agreements like the PACER Plus, Kiribati has positioned itself to attract investment in sustainable and environmental friendly livestock and organic farming for commercial purposes.

In order to support the participation of the local private sector in the development of agriculture sector and agro industry related activities across the value chain (coconut, breadfruit, etc.), the Government is committed to implement key policy measures.

#### Policy Measures

- ❖ Develop and implement comprehensive agriculture strategy that takes into consideration crop and livestock strategies especially on the outer Islands.
- ❖ Implement policy measures aimed at improving supply of agricultural inputs including animal feeds to support investment in poultry and piggyery farming.
- ❖ Improve incentive policy measures including freight subsidy with the view of fostering investment opportunities in the agricultural sector and agro industry.
- ❖ Improve access to finance targeting SMEs in the Agricultural related sector.
- ❖ Promote investment in agriculture and value chain development on the outer Islands.
- ❖ Promote investment in agro-industries targeting key crops like coconut, banana, breadfruit
- ❖ Implement environmental measures to manage any potential negative impact of livestock farming.

## 6. Investment and E-Commerce

Information, Communication and Technology (ICT) has been proven as important in promoting economic growth and development. Cross border, supply of services is one of the areas that has been positively impacted through ICT. The use of electronic or digital commerce (E-Commerce) has grown in parallel to the increasing use of the internet, allowing buyers and sellers to transact in a more efficient way by eliminating barriers between market places.

E-Commerce leverages advanced technologies to influence cross border trade. It can enable SMEs especially in small Island states like Kiribati, to access worldwide, business resources and reach new markets. The ability to electronically track and log transactions can also serve to minimize corruption, which can result from interaction between and among import - export stakeholders. E-Commerce is therefore critical to the business environment, as it leads to the integration of SMEs into the global economy.

The development of E-Commerce however requires an enabling business environment that guarantees access to networks and platforms that are relevant for the different stages of E-commerce process chain. Establishing an E-commerce business requires access to affordable Internet and E-commerce platforms. Undertaking international e-payments requires businesses to access third-party e-payment service providers, linked to domestic banks. In this context, there is need to establish e-signature and e-contract laws to support the development of e-commerce. Developing an effective E-commerce regime also requires an effective intellectual property system to ensure that the digital economy does not undermine the basic tenets of copyright and related rights.

Despite the significance of E-Commerce in eliminating barriers between market places, Kiribati does not have a legislative framework, which facilitates the effective utilisation of E-Commerce. There are no laws to validate the acceptability and legality of electronic documents and transactions and similarly, no laws have been enacted in Kiribati governing electronic contracting in an effort to support electronic payments and electronic funds transfer.

The policy environment lacks legislative framework establishing and/or governing encryption standards and applications. The core principles of data privacy and integrity are not statutorily provided for within the domestic legislative system and there is absence of a framework that establishes electronic crimes as an offence. Other challenges in respect of the E-Commerce regime include low percentage of internet penetration especially on the outer Islands and the lack of a comprehensive framework for consumer protection on electronic transactions.

In response to these many challenges, Kiribati has been implementing certain key measures to enhance the E-commerce development regime. Kiribati is currently in the process of improving its business registration system and harmonising customs procedures with policy to facilitate online application and e-transactions. This will greatly contribute to the reduction of costs and time associated with the clearance of goods at the Border. Further developments in respect of e-transactions and overall E-commerce will require improved internet/ICT connectivity and the enhancement of complementary regulatory frameworks to facilitate E-Commerce, while protecting the interest of various stakeholders in the process.

The Government has recognized the importance of ICT in promoting the development of E-Commerce. It seeks to improve internet and mobile connectivity on the outer Islands in order to realise key development outcomes, which would also be achieved through Trade and E-Commerce. Ensuring inclusive private sector development through E-Commerce also requires improved internet connectivity in the outer Islands. The TPF has further recognised the role of ICT in supporting trade development and further recommends the need to promote the use of E-Commerce by the business community taking into consideration their low level of awareness, access and usage of ICT.

### Policy Measures

- |  |
|--|
| ❖ Enact a cyber-crime legislation to equip law enforcement agencies with the necessary legal and forensic tools to tackle cybercrime and computer related crime  |
| ❖ Review the Evidence Act to create provisions specifying the actions, which amount to search, and which amount to seizure of electronic data, to ensure consistency with the larger body of the law of evidence and international best practices. |
| ❖ Develop and implement a Data Protection and Privacy Policy and law in accordance with international best practice.   |
| ❖ Promote the use of E-Commerce by the business community taking into consideration their low level of awareness, low level of access and usage of ICT.  |



❖ Educate consumers on electronic commerce in order to enhance the decision-making process on e-commerce and promote awareness on consumer protection framework that applies to online activities.
❖ Build the capacity of the policy makers across the line ministries on Policy linkages between E-Commerce, Trade and Investment.

## 7. Investment Regime and SMEs Competitiveness

SMEs represent a core component of the private sector for small economies such as Kiribati. SMEs are a source of employment, competition, economic dynamism, and innovation. SMEs stimulate an entrepreneurial spirit and the diffusion of skills. SMEs can contribute to better employment and income generation given that the majority of the businesses in Kiribati are SMEs.

Developing SMEs can contribute to the reduction of unemployment rate, especially where women and the youth are directly participating in the productive sectors like fisheries, tourism and by extension agriculture. SMEs however continue to operate informally and are excluded from the formal decision making process, owing to the fact that they are not registered.

The integration of the youth and women into investment-oriented initiatives is confronted by key policy constraints. Such policy constraints include limited access to finance among SMEs, which does not favour financial inclusion among the low income population. Other factors affecting SMEs include inadequate access to market information, inability to access skilled workforce, poor business development and management skills; limited inter-island transport connectivity and a complex regulatory framework, especially in the area of business registration and licensing.

Inadequate access to finance is also attributed to lack of personal property security legislation to allow people and entities to pledge movable personal property to secure finance and for the lenders to secure their interest in the personal property. Such legislations will ensure better access to credit by Micro, Small and Medium Enterprises (MSMEs).

Government recognises the need to implement strategies to foster financial inclusion in order to connect the people and businesses from the Informal to formal Sector. The government further recognises the need to strengthen the micro financing arrangements for SMEs and implement other strategies, which will provide greater access to SMEs.

### Policy Measures

❖ Develop and implement financial sector inclusion strategy to foster financial inclusion programme in Kiribati.
❖ Implement a “Grow Local” Incentives Programme through grants for SMEs and loan schemes targeting new start-up businesses especially women and the youth in the sectors supporting the development priorities of KV20.
❖ Enact and implement a personal Property Security Legislation to facilitate access to finance for SMEs with movable assets.
❖ Review and revise the Company Ordinance and Business Names Act in order to simplify business registration system especially for SMEs
❖ Implement capacity building programmes on proposal writing, business plan development, project management, bookkeeping and accounting
❖ Improve access to market and business information to SMEs
❖ Implement specialized and value chain development training targeting specific clusters or producer groups.

## **8. Investment, Regional Trade Agreements and Market Access**

Kiribati is a party to regional trade agreements which feature in its listing of trade and economic integration arrangements as part of its participation in the global economy. Kiribati is currently a party to the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER) Plus Trade Agreement. Kiribati also considering accession to Interim Economic partnership Agreement.

### **8.1 PACER-Plus Agreement**

Given that trade is regarded as an economic growth driver and development tool, particularly for small open economies, the negotiation and conclusion of the PACER-Plus Trade Agreement presents a unique opportunity for Kiribati to develop strategic policies aimed at achieving the KV20. The PACER Plus Agreement represents one of the pathways through which the government can achieve its KV20 objectives related to trade and investment. The agreement seeks to lessen and eliminate barriers to trade in pursuit of improved market access, higher living standards, economic growth and poverty reduction.

The PACER-Plus Trade Agreement is consistent with World Trade organization (WTO) Article XXIV of GATT 1994 and Article V of General Agreement on Trade in Services (GATS). The Agreement represents a far-reaching trade cooperation arrangement between Australia and New Zealand and the Forum Island Countries (FICs), which pursues the liberalization of trade in goods and services and further features dimensions of development and economic cooperation and investment. Other elements of this new trade and development agreement include provisions governing sanitary and Phytosanitary (SPS) measures, technical regulations, standards and conformity assessment procedures.

The PACER Plus signatories include Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga and Tuvalu. These countries signed the PACER Plus Trade agreement after negotiation was concluded on 14th June 2017.

The PACER Plus Trade Agreement encapsulates investment provisions governing Movement of Persons which is contained in Article 8. Kiribati made commitments under several categories of persons which includes business visitors; intra corporate transferees, contractual service suppliers independent service supplier, installers; skilled and semiskilled. The commitments under the Movement of persons will however, be subject to certain limitations. Kiribati, as a party to the PACER Plus Trade Agreement, is expected to comply with Article 6 of the Investment chapter on National Treatment. Kiribati is also expected to comply with the Most Favoured Nation (MFN) Principle in relation to Article 7 of the Investment Chapter. Article 9 of the investment chapter further covers key obligations in relation to fair and equitable treatment .The recently enacted Foreign Investment Act 2018 has taken into consideration the specific obligations in relation to Article 6, 7 and 9 of the investment chapter.

While Kiribati is a party to the PACER Plus Trade Agreement, the Protected Industries Act 1985 conferred powers to the Cabinet and the Foreign Investment Commission (FIC) to declare any foreign investment to be a protected industry under the Foreign Investment Act 1985 and a foreign enterprise that has been approved by FIC or Cabinet. Such declarations creates unpredictable business environment. The Protected Industries Act has therefore been repealed through the recently enacted Foreign Investment Act 2018 to ensure certainty in the overall business environment.

Provisions governing prohibition for performance requirements, compensation for losses, expropriation and compensation, free transfer of funds, special formalities and disclosure of information, subrogation and denial of benefits are also included in the Investment Chapter and therefore relevant to Kiribati as a Party to the Agreement. Investment and Environment, Health and Other Regulatory Objectives have also been included in the Chapter to ensure that environmental resources and health, labour rights and safety standards are not jeopardized in pursuit of investment or the furtherance of the implementation of the PACER-Plus Agreement. The recently enacted Foreign Investment Act 2018 covers specific provisions related to these obligations.

Kiribati as a signatory to PACER Plus agreement signaled its commitment to honour the provisions, vision and spirit of this trade arrangement. The government has adopted the 2018, PACER Plus Domestic Legal Review Report which identified key policy measures to be implemented to facilitate compliance with the PACER Plus obligations. Government is committed to ensuring that the domestic legislative framework and procedures is in line with the PACER Plus obligations for effective implementation of the PACER Plus Trade agreement



## Policy Measures

❖ Implement the measures in the Action Plan for PACER Plus Domestic legislative review report;
❖ Implement online Publications of relevant laws, regulations and other measures through relevant websites.
❖ Review Immigration Ordinance and MFAs Standard operating procedures to facilitate compliance with obligations of the PACER Trade agreement.
❖ Develop internal guidance for both substantive and procedural SPS obligations.
❖ Amend Section 65 of the Customs Act 2006 to allow for the use of PACER Plus Rules of Origin
❖ Develop and implement Customs Regulations to facilitate and improve compliance with the PACER Trade agreement obligations.

## 8.2 The Pacific Island Countries Trade Agreement (PICTA)

The Pacific Island Countries Trade Agreement (PICTA) represents a Free Trade Agreement (FTA) entered into by 14 FICs to eliminate all trade barriers, inclusive of import tariffs and quotas, amongst the parties.

The initial PICTA addressed only Trade in Goods (TIG) and therefore contained provisions to this end. PICTA was signed in 2001 and entered into force in 2003.

In 2007, the Trade Ministers of the Forum Islands Countries agreed to broaden the scope of PICTA TIG to include trade in services (TIS) and endorsed the negotiation on PICTA TIS. The PICTA TIS negotiations commenced in 2008 on the commitments including the Protocol to PICTA TIS and concluded in 2011. It opened for signature in 2012. The provisions of PICTA TIS component are aligned to the WTO Agreement GATS and covers (11) eleven services sectors.

While Kiribati ratified PICTA Trade in Goods in 2003, it only announced its readiness to trade under PICTA in September 2017. Kiribati had also signed the PICTA TIS Protocol in 2012 but is yet to ratify the protocol. The government is in the process of implementing the necessary measures aimed at strengthening the capacity of the private sector to take full advantage of market access opportunities offered by PICTA.

## Policy Measures

❖ Undertake domestic legislative review to Identify policy measures to be implemented to facilitate compliance with the PICTA and PICTA TIS.
❖ Implement measures to facilitate compliance with Kiribati's obligations in the PICTA TIS and PICTA.

## 9. Investment and Cross Cutting Issues

### 9.1: Investment, Climate Change, and Green Economy

Kiribati is one of the most vulnerable countries in the world and is often affected by the effects of climate change. The country's ability to respond to climate risks is however hampered by its highly vulnerable socio-economic and geographical situation. Low-lying atolls, isolated location, small land area separated by vast oceans, high population concentration, and the costs of providing basic services make Kiribati, like all Small Island Developing States (SIDS), especially susceptible to external shocks including the adverse impacts of climate change.

Sea-level rise and natural disasters such as drought and weather fluctuations pose significant and direct threats to sectors and resources central to human and national development and the provision of basic human needs.

The country's vulnerability is exacerbated by a high dependence on natural marine resources for fisheries development; food security and tourism. These resources are already being affected by the rise in temperature and ocean acidification.

At the sector level, Kiribati's economy depends heavily on environmental conservation. For instance, the country's fisheries resource depends entirely on the preservation of species stock both at the coastal and regional level. The agriculture sector requires careful conservation of scarce land and water resources, while tourism depends heavily on the preservation of Kiribati's unique natural assets and overall environmental waste management.

The government has put in place the Kiribati Integrated Environment Policy (KIEP) that was launched in August 2013 and focuses on building capacity to respond and adapt to climate change, island biodiversity conservation and management, waste management and pollution control, resource management and environmental governance.

The range of legislative instruments, strategies and policies currently under implementation include the Kiribati Joint Implementation Plan on Climate Change and Disaster Risk Management (KJIP) that was released in August 2014 and is currently under review.

Government launched the Climate Change Policy in 2018 and is currently implementing environmental act, which direct implication on investment and investment conservation. In addition, there are ongoing programmes in the area of renewable energy to reduce the overall impact of climate change. The Key challenge is to ensure that the national Investment Policy Framework contributes to sustainable development and overall objective of Climate Change Policy.

## **Policy Measures**

- ❖ Ensure the Environmental Impact Assessments for investment-related or development projects and are aligned with international best practices and investment approval process where relevant
- ❖ Implement supporting environmental policies and regulations including but not limited to:
  - Supporting private sector investment in green growth infrastructure projects
  - Mainstreaming aspects of climate change and green economy in all investment related projects
  - Mobilizing private sector investment in the green sectors
  - Strengthening the institutional capacity to design, implement and monitor policies to foster green growth objectives
  - Implementing incentives in order to support the private investment in green growth.
- ❖ Implement climate change mitigation and adaptation measures in order to reduce Kiribati's vulnerability to climate change.
- ❖ Promote renewable energy development programmes and regulation in accordance with international best practices
- ❖ Develop incentives to facilitate trade and investment in Renewable energy and green products;

## **9.2. Investment Development and Infrastructure Connectivity**

Infrastructure connectivity is crucial for Kiribati's economic development. Kiribati is however confronted with relatively high cost of accessing international gateways, which constrains the development, and expansion of exports base in agro and fisheries processing. These challenges also adversely affect the integration of local SMEs into the global value chain.

Infrastructural development is also vital in linking the Outer Islands to market and strengthening the development of tourism sectors in Kiribati. Improving access to the Outer Islands is essential to bringing development opportunities to the Outer Islands and thereby reducing inequalities. This will also directly contribute to the development of the tourism product in Kiribati.

Despite the importance of infrastructure, limited infrastructure connectivity and use in Kiribati contributes to the overall high cost of doing business. Connectivity and accessibility to the Outer Islands from the capital (South Tarawa) is challenging due to inadequate infrastructure (wharves, ramps, piers & ports), boat channels and passages. In the context of ICT, the current internet connectivity uses satellite technology due to a lack of submarine cables to improve connectivity in the country, though there are plans to establish the Cable by 2020. As such, the current rate of internet penetration is at 47%.

Kiribati also faces inadequate supply of social infrastructure related to water and energy, which constrains the development of value added products in the Fisheries, tourism and Agriculture sector. Developing infrastructure remains to be an important ingredient towards attracting investment in Kiribati.

While the Government has developed the National Maritime Transport Policy (NMTP) 2016-2020, which sets out key objectives to specifically address some of the infrastructural challenges, there is lack of Regulatory framework to manage the shipping schedules.

The Government through the KV20 has recognised the need to improve both economic and social infrastructure to attract investment in order to maximise economic returns and revenue from fisheries and tourism sectors. The Kiribati Development Plan 2016-2019 also underscores the importance of developing and maintaining basic infrastructure to support transport, coastal protection, sanitation and water, and communications are fundamental to economic growth and health of the population is highlighted.

In order to achieve the development aspirations of KV20, good economic and social infrastructure will remain vital in creating a broader enabling environment to support the development of the fisheries and Tourism related sectors. The Government will therefore strengthen the capacity and coordination mechanisms across the line ministries for planning and assessing infrastructural priorities in order to ensure that appropriate strategies are aligned to the industrial development needs linked to fisheries , tourism and related sectors.

## Policy Measures

❖ Mainstream industry development priorities (fisheries, Tourism, E-Commerce) in the national infrastructure development strategy
❖ Improve ICT connectivity especially on the Outer Islands to support Investment, Trade and E-Commerce.
❖ Improve Air and maritime infrastructure connectivity to support investment in Fisheries, Tourism and other service related sectors.
❖ Improve the capacity to supply adequate energy and water services for commercial investment to support the development of value added products in the fisheries, Tourism, coconut sector.
❖ Develop and strengthen the regulation to guide the operation of the shipping schedules

## 9.3 Human Capital and Investment Development

Human capital development is a pivotal component of any economic or social development strategy or policy. A skilled labor force tailored to private sector needs is important for any economy that intends to use FDI as a catalyst for economic development. Human resource development policies should therefore be designed in light of broader national development objectives and investment Policies.

The government of Kiribati is aware of the importance of human capital and the need to improve its education system to better prepare its workforce to address the demand for skills and services nationally and regionally. This is illustrated by numerous strategies and plans that have focused on education and skills development in the recent past. The KDP 2016-2019 priorities human resource development as key policy area (KPA) 1. It also puts education and skills development as one of the strategic areas of development. The KDP 2016-2019 seeks to improve the quality of education training to provide students will skills and capabilities to progress into a productive future.

In order to achieve the human capital strategic objective in the KDP, the Government has been implementing various measures in order to enhance the development of human capital. The Government through the Kiribati Teachers College (KTC) aims at training qualified diploma teachers for both Primary and Junior Secondary Schools (JSS), while teachers for the Senior Secondary Schools (SSS) are serviced by graduate teachers from the University of the South Pacific (USP) and other tertiary institutions in the region.

Kiribati has four (4) tertiary level educational institutions. These include Kiribati institute of Technology (KIT), Marine Training Centre (MTC), KTC and the USP. Through the Australian Government, the Australia-Pacific Technical College (APTC) was established for the Pacific region, offering scholarships to upgrade skills and gain internationally recognized qualifications. Around 30 I-Kiribati students each year graduate from APTC with qualifications in areas including children's services, youth work, aged care, disability, hospitality, tourism, hairdressing, automotive, electrical, carpentry, painting and tiling. Generally, the training programmes have been instrumental towards creating opportunities for overseas employment.

While Government is implementing various policy measures to foster human capacity development, the tertiary institutions only have an intake of approximately 25% of school leavers per year, which is comparatively lower in relation to the number of school leavers per year and the Government's aim to promote inclusive formal education. As such majority of the population remain in the category of unskilled workers, contributing to the inadequacy of skilled professionals; this represents one of the principal challenges constraining investment development in Kiribati.

While the development of human capital has put much emphasis on expanding education infrastructure to increase access to education, the vocational training programmes tends to significantly target overseas employment. This is attributed to the market demand and recognition of qualification.

As Government seeks to increase the level of FDI through the KV20, there is need to ensure that the curricula for vocational Training is also aligned to the broader national development Agenda as defined by the KV20. Such strategy will ensure that the Technical Vocational Educational technical (TVET) training programmes generates skills to support the development of fisheries, tourism ,Agriculture , Tourism, Services sectors among other sectors. Investment in Human Capital targeting the core pillars of KV20 will ensure that investment opportunities aligns with the existing labour force needs, thus increasing opportunities for domestic employment as envisaged in the KV20.

The national development of human capital as envisaged in the KV20 requires the need to involve the private sector including the currently operating foreign Investors in the design and implementation of the national Human Resource Development Plan (HRDP) for tertiary education and TVET. This will ensure relevance of existing curricula to the needs of the domestic labour market defined by the sectorial priorities of the government.

The development of a skilled workforce that meets wider demands of the industry is however constrained by lack of a national TVET Policy. The national tertiary training requires a national TVET Policy to guide the development of the skilled labour force that responds to the emerging labour demands in light of the new Government policy on investment and overall national development aspiration in the KV20, which seeks to increase the level of domestic employment and FDI.

Lack of effective measures through a TVET Policy to tackle the emerging challenges on skills development, could pose a threat to Kiribati achieving the development priorities in the KV20 .The development of TVET policy should be informed by the outcome of a study on national labour supply and demand and broader development strategies and sector plans.

In addition, while the formal education system equips individuals with skills needed to learn, new recruits tend to lack specific knowledge that businesses require to unlock employees' full productive potential. There is a need for national programmes to encourage on-the-job learning in order to allow young people and persons to develop "hard" skills in a workplace, and "soft" skills, such as teamwork, communication and negotiation, through real-world experience.

## Policy Measures

❖ Review and develop TVET curricula policy that contributes to skills development in the fisheries, tourism, Agriculture and other related service sectors in order to match wider national industry needs and increase domestic employment in line the KV20 vision.
❖ Undertake periodic Labour market studies involving all relevant stakeholders including foreign investors in order to understand national labour demand and supply.
❖ Develop and Implement an On-the-Job Training programme in collaboration with the Private Sector and government agencies to foster real world experience.
❖ Ensure the training priorities in the National Human Resource Development Plan is informed by the capacity needs identified by the private sector including the foreign investors.
❖ Develop and effectively implement national TVET Policies to support diversification of TVET related trainings to match wider national industry needs and increase domestic employment in order to achieve the KV20 vision

## 9.4 Intellectual Property Regime and Investment

Intellectual Property (IP) is an increasingly important area of trade policy. At the global level, there is growing recognition that a significant share of the economic value created within particular supply chains comes not just from manufacturing goods and producing services, but from their initial design as well as from branding and marketing initiatives. Rights over the ownership of IP which include works of art including music, cinema, and traditional knowledge is increasingly subject to international rules to ensure that the owners of those rights are protected and rewarded for their work.

E-commerce involves selling products and services for which IP is the main value component of the transaction. This is particularly true of trade in the digital products as music, video, pictures, photos, software, designs, training modules and systems. Safeguarding Intellectual Property Rights (IPRs) is crucial to every e-commerce business, as it protects things of value that are traded over the Internet and helps businesses obtain remuneration for their work. IP is also vital to the very functioning of e-commerce businesses, encompassing such systems as software, networks, designs, chips, routers and switches, user interfaces.

Rules governing IP not only allow businesses or individuals to have exclusive rights over their unique ideas, but also help establish the business identity, thus encouraging the establishment of e-commerce business. IP registration is an integral step for any e-commerce business to take as it enforces the owner's rights; without such registration, it would be difficult to prove infringement of the property.

The Government recognizes the need to establish and strengthen the IP regime that creates economic value by protecting and rewarding owners of IP rights in Kiribati. Strengthening the national IP regime is expected to support the development of the KV20, which seeks to attract investment and supports cross border trade in cultural capital related products. To strengthen the IP regime, the Government adopted the National Intellectual Property Strategy (NIPS) in February 2017. The vision of the strategy is to achieve a modern well-balanced intellectual property system which enhances sustainable and inclusive social and economic development and supports the country's traditions and culture.

Specifically, the NIPS seeks to ensure that the existing legacy IP legislation is replaced and new legislations reflects the national policy objectives of Kiribati. Furthermore, there is need for an assessment into whether new areas of IP policy and legislation should be implemented to ensure that the entire IP approach in Kiribati reflects and supports its economic, social and cultural context. The Government seeks to address the capacity and capability issues related to implementing a national IP system in Kiribati to ensure that the potential economic, social and cultural value of the national IP policy is supported and realized.

### Policy Measures

❖ Develop legislation governing Trademarks, Patents, and Industrial Designs in accordance with the National Intellectual Property Strategy.
❖ Enact legislation governing Geographical Indications(GI)in line with the NIPS
❖ Enact legislation covering new forms of intellectual property including traditional knowledge, traditional cultural expressions (folklore) and genetic resource.
❖ Implement awareness programmes in order to build a strong IP Culture in line with the NIPS
❖ Mainstream ICT and E-Commerce in the broader development of the national Intellectual Property system.

## 9.5: Land Use Planning and Investment Development

Land is a vital factor of production in the economy. The total land area is 811 km<sup>2</sup>, of which 37% is under customary land ownership and the remaining is state land including all islands in the Line and Phoenix Group. The country's population is heavily concentrated in the urban areas of South Tarawa, where 51% of the population lives. The performance of key growth sectors of the economy and the attachment of the communities to land, all affect access and utilisation of land in Kiribati.

Large proportion of land in South Tarawa are leased by Government for a period of 99 years under the Native Lands Ordinance. The Central Land Planning Board (CLPB) established under the Land Planning Ordinance determines General land Use Plan (GLUP) for designated areas. Land tenure in state lands including Kiritimati, Tabuaeran and Teraina is governed by the State Lands Act, which combines land tenure with planning requirements for the sustainable use of land resources. While land use planning is important, there are no laws specifically on zoning.

Securing access to land can contribute to social and economic development and guarantees tenure which builds more confidence to the investors, be they small or large. While improving land use is critical towards sustainable development, land scarcity, contesting of land ownership titles, policy requirements in subleasing Government leased lands in regards to 100% landowner's (consent which usually comes at an expensive price) are major obstacles to private sector development in urban areas and to a less extent, to expansion of public services. Weak monitoring and enforcement and political governance challenges related to land ownership contributes to non-compliance to general land use plan. This is evident in disorderly development in most areas of South Tarawa and limited land to support commercial activities. Land scarcity, especially for commercial purposes in South Tarawa, implies that there is need for substantive investment towards land reclamation. Lack of National Land policy, Land Zoning Policy and weak administration of the relevant legislative framework has significantly contributed to poor land use especially for commercial purposes, thus affecting the establishment of investment.

Government recognizes the need to strengthen land use Planning and administration to create transparent procedures for obtaining land for private sector development by strengthening the national land policy and legislative framework.

### Policy Measures

❖ Undertake additional investment towards increasing land area for commercial purpose through land reclamation
❖ Streamline procedure to standardize land owners consent for obtaining land for public use and private sector development
❖ Review general land use plan for government owned land
❖ Develop and implement zoning regulations to restrict the use of property with the designated Zoning area with the view of facilitating investment.
❖ Develop and effectively implement national TVET Policies to support diversification of TVET related trainings to match wider national industry needs and increase domestic employment in order to achieve the KV20 vision

## 10. Implementation of the investment Policy Framework

In an effort to ensure that the new IPF is implemented in an effective and efficient manner, inclusive, participatory approach, which incorporates input of all relevant stakeholders, will be adopted.

Members of the public and private sector will equally participate in the implementation of the IPF in the same manner in which they informed its development. An Investment Facilitation subcommittee will be formed to facilitate the implementation of the policy. The MCIC will play an integral role in coordinating, facilitating and implementing the necessary mechanisms that will support such an approach. This will also necessitate close collaboration with other key Ministries including MICTTD, MELAD and MFMRD among others.

The private sector Organizations and other umbrella organizations such as the KCCI will also play a vital role in successfully implementing this policy. Equally important are partnerships with regional and international organizations such as the United Nations Development Programme (UNDP), the World Bank, the Pacific Islands Private Sector organization (PIPSO), Private Sector Development Initiative (PSDI), Pacific Trade and Invest, DFAT, MFAT, the World Intellectual Property organization, the Secretariat of the Pacific Community (SPC) and the International Telecommunication Union (ITU). In addition the government of Kiribati will partner with allied regional governments such as the government of Australia, particularly in field of technical and vocational education and training.

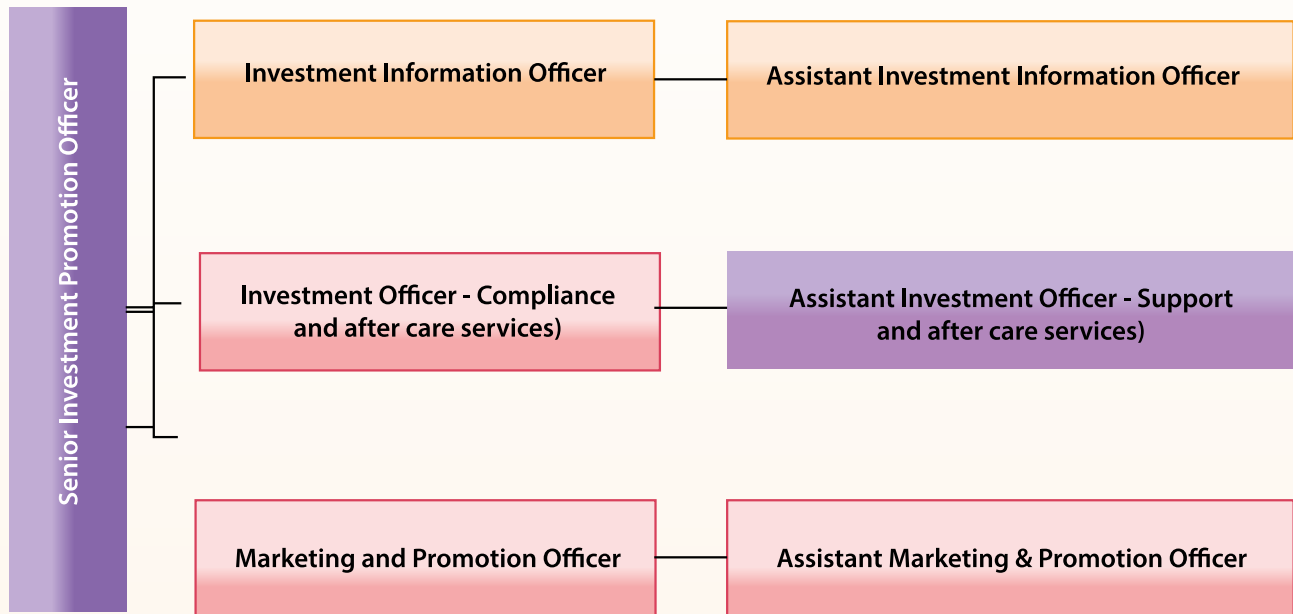
The approach to be undertaken will be progressive in nature, with some measures being implemented before others. The progressive approach will be undertaken to ensure that certain precursory activities are needed to inform and facilitate others.

### Policy Measures

Policy	Establish investment Facilitation Sub Committee to provide national consultative dialogue mechanism on investment related issues to facilitate the implementation of the policy framework
--------	---

❖ Undertake additional investment towards increasing land area for commercial purpose through land reclamation
❖ Streamline procedure to standardize land owners consent for obtaining land for public use and private sector development
❖ Review general land use plan for government owned land
❖ Develop and implement zoning regulations to restrict the use of property with the designated Zoning area with the view of facilitating investment.
❖ Develop and effectively implement national TVET Policies to support diversification of TVET related trainings to match wider national industry needs and increase domestic employment in order to achieve the KV20 vision

**“Annex 1: Proposed Structure: Investment Promotion Division”**





## ANNEX 2: IPF Implementation Matrix

Policy Area	Measures	Time Frame	Performance Indicators	Means of Verification	Lead Agency	Potential Source of Funding
Investment Policy Regime and Regulatory Framework	Effectively implement Foreign Investment Act 2018 to improve and harmonies the foreign investment administration, application and approval processes and align the national policy regime with international best practices.	Short term	New Foreign Investment Act	Gazette;  PACLI  MCIC Website	OAG MCIC	GOK EIF
	Review and develop new foreign Investment Regulation to facilitate the implementation of the new Foreign Investment Act 2018.	Short term	New Regulations developed and enacted	Gazette Notice	OAG MCIC	GOK
	Establish a framework to facilitate online application of foreign investment in order to enhance record keeping, reduce cost, along with the timelines associated with the processing and approval of applications for foreign investment.	Medium	% of completed applications submitted online for processing and approval	MCIC Website	MCIC	GOK  IFC, World Bank
	Develop an investment guide to enhance transparency on foreign investment related legislation, regulations and institutions	Short term	Investment Guide Developed	MCIC Website	MCIC	GOK IFC, World Bank UNCTAD
	Review and develop a new foreign Investment Application form in order to simplify the foreign investment application and approval processes	Short Term	New Foreign Investment Form developed and implemented	MCIC Website	MCIC	GOK IFC, World Bank UNCTAD
	Promote transparency of investment related laws and policies through MCIC and government related website including development of online investment guide	Short Term	Investment Portal Developed	MCIC Website	MCIC	GOK IFC, World Bank UNCTAD
	Ensure the insolvency procedures made simpler and flexible in the new Companies Act	Short Term	Amended Insolvency Provision in the new Company Law	Company Law	MCIC	GOK PSDI, ADB
Investment	Establish the core functions of the	Short	Investment Promotion	Foreign Investment Act	MCIC	GOK

Facilitation and Institutional Framework	Investment Promotion Division within the Foreign Investment Act 2018	Term	Division is part of the provision in the Foreign Investment Act			EIF
	Train the Investment Promotion officers and other investment related agencies on the implementation of the new Foreign Investment Act 2018, regulations and broader aspirations of the Investment Policy	Short Term	No of Investment Promotion Officers trained	Training Report	MCIC PSO	GOK PSDI IFC, World Bank
	Adopt the proposed structure of the Investment Promotion Division (Annex 1) with the associated positions to foster institutional effectiveness and performance, facilitate and retain investment.	Short Term	New Investment Positions reflected in the 2019 ER	MCIC ER	MCIC PSO	GOK
	Strengthen the inter-agency coordination including the Ministry of Line and Phoenix Islands Development and the Kiribati Chamber of Commerce and Industry to facilitate investment.	Short Term	No of joint initiatives undertaken by the Investment Promotion Division and other related investment institutions	Divisions; and reports of the Investment Promotion Division	MCIC	GOK
Fisheries, Investment and Industry Development	Implement the National Fisheries Policy (2013-2025) with emphasis on ensuring food security and safety and sustainable livelihoods, long term conservation and strengthening governance in the sector	Medium	No of Policy Measures implemented	Policy Implementation Review Report;	MFMRD	GOK
	Develop and implement a transparent and non-discriminatory fiscal incentives regime aimed at attracting investment in the fisheries sector	Short Term	Number and type of transparent and Non Discriminatory fiscal Incentives Regime implemented.	Gazette; and reports of the Ministry of Finance & Economic Development	MFED MCIC MFMRD	GOK
	Coordinate with the Pacific Trade and Invest (PT&I) and Foreign Missions in promoting the national fisheries investment priorities, Aquaculture development and Manufacturing of Value added fish products;	Short to Medium term	No of activities and actions implemented with pacific Trade and Invest in promoting national fisheries investment priorities	Activities report of engagements with Pacific Trade and Invest	MCIC MFMRD	GOK PT&I
	Ensure fisheries policies and regulations are consistent with the principles and objectives of the	Short to Medium term	No of policies and regulations consistently	Fisheries Policy Implementation Review Report	MFMRD	GOK MFAT

	national investment and trade policy framework		implemented with the investment and trade policy regime			
	Promote Investment in aquaculture and higher value added products including processing and manufacturing in order to support fisheries industry development	Medium	Number and type of new investment initiatives	Annual Investment Report	MCIC MFMRD	GOK PT&I
Investment and Tourism Industry Development	Review the National Tourism Development Strategy (2016-2019) and formulate National Tourism Master Plan in line with the KV20	Medium	No of strategic actions/activities implemented under the National Tourism Development Strategy	Reports of the Kiribati National Tourism Office	MICTTD	GOK IFC, World Bank
	Develop and implement a transparent and non-discriminatory fiscal incentives regime at attracting investment in the tourism sector and other related subsectors like cultural industry	Medium	Number and type of transparent and Non Discriminatory fiscal incentives regime implemented to support investment in the tourism sector	Gazette; and Reports of the Kiribati National Tourism Office	MCITTD	GOK
	Implement Tourism Investment Promotion programmes in collaboration with the Pacific Trade and Invest, Foreign Missions and other relevant Tourism promotion Agencies	Medium	No of programmes implemented	Reports of the Kiribati National Tourism Office	MICTTD	GOK
	Promote investment and establishment of an international brand name hotel or resort in the Line Islands and PIPA in order to support tourism destination marketing.	Medium	No of Approved and established investments	Annual Investment Report	MICTTD MCIC	GOK
	Promote Investment in tourism sector targeting Ecotourism, cruise ship arrivals/cruise tourism; game fishing, surfing, diving and bird watching especially in line Islands and PIPA	Short to medium	Number and type of new Investments established in the tourism sector	Reports of the Kiribati National Tourism Office Annual Investment Report	MICTTD MCIC	GOK
		Medium to Long Term	No of product development support programmes implemented	National Tourism Office Report	MICTTD	GOK
	Effectively implement tourism Act to strengthen the tourism national oversight institutional framework	Short Term	Tourism Act enacted	PACLI	MICTTD OAG	GOK

	Develop and effectively implement natural cultural policy considering the cultural industry development and tourism sector value chain leakages	Short Term	Cultural Policy developed	MIA Annual report	MIA	GOK EIF
	Collaborate with the Hotel industry players in fostering the marketing of local produce and Kiribati made products	Short to Medium term	Number and type of market linkages established in the Hotel industry	Annual report	MICTTD MCIC	GOK
Agriculture, Investment and Agro Industry Development	Develop and implement a comprehensive agriculture strategy that takes into consideration the crop and livestock strategies especially on the outer islands	Short to Medium term	Comprehensive agriculture strategy implemented	MELAD Website	MELAD	GOK IFAD
	Implement Policy measures aimed at improving supply of Agricultural inputs including animal feeds to support investment in poultry and piggery farming	Medium	No of crop and livestock strategies implemented	Reports of the MELAD	MELAD	GOK
	Improve incentive policy measures including freight subsidy with the view of fostering investment opportunities in the agricultural sector and agro industry	Medium	Fiscal Incentives regime implemented	MELAD reports	MFED GOK	
	Improve access to finance targeting SMEs in the agricultural related sector	Medium	Increased access of SMEs to financing in the agriculture sector	Reports of the Investment Promotion Division	MCIC	GOK EU PIPSO
	Promote investment in agriculture and value chain development on the Outer Islands	Medium	No of collaborative engagements with the outer islands	MELAD reports	MELAD	GOK
	Promote investment in agro-industries targeting key crops like coconut, banana and breadfruits	Short Medium and Long Term	Increased level of investor interest expressed in Key agro industries	Meeting reports with potential investors of Kew agro industries	MCIC	GOK
	Implement environmental measures to manage any potential negative impact of livestock farming	Short	Type and measures			
Investment and E-Commerce	Develop and implement and E-Commerce Policy to guide the national agenda on E-Commerce development	Medium Term	E-Commerce Policy developed	E-Commerce Policy Document	MICTTD MCIC	GOK EU World Bank UNDP ITU
	Develop and enact electronic transactions legislation to facilitate e-transactions and broader	Medium to Long term	E-Commerce Act enacted	Gazette; and PACLII	OAG MICTTD	GOK EU World Bank

	<p>objectives of E-Commerce to;</p> <ul style="list-style-type: none"> <li>a) Facilitate electronic communications by means of reliable electronic records;</li> <li>b) Facilitate electronic commerce by addressing e-signature requirements and promoting the development of the legal and business infrastructure necessary to implement a secure national electronic commerce regime;</li> <li>c) Facilitate the electronic filing of documents with public Authorities and enhance service delivery of public Agencies by means of providing reliable electronic records;</li> <li>d) Minimize the incidence of forged electronic records, international and unintentional alteration of records, and fraud in electronic commerce and other electronic transactions;</li> <li>e) Assist in the establishment of uniformed rules, regulations and standards regarding the authentication and integrity of electronic records; and</li> <li>f) Promote public confidence in the integrity and reliability of electronic records and electronic commerce, and to foster the development of electronic commerce</li> </ul>					<p>UNDP ITU UNCTAD COMSEC</p>
--	--	--	--	--	--	---

	through the use of electronic signature to lend authenticity and integrity to correspondence In any electronic medium”					
	Enact a cyber – crime legislation to equip law enforcement agencies with the necessary legal forensic tools to tackle cybercrime and computer related crime.	Medium to Long Term	Relevant Law enacted	Gazette; PACLII	OAG MICTTD	GOK EU World Bank UNDP ITU
	Review the evidence Act to create provisions specifying the actions, which amount to search, and which amount to seizure of electronic data, to ensure consistency with the larger body of the law of evidence and international best practices	Medium to Long term	Evidence Act reviewed and revised if necessary	Gazette; PACLII	OAG MICTTD	GOK EU World Bank UNDP ITU
	Develop and implement a Data protection and privacy and law in accordance with best international practice	Medium to Long Term	Data protection and Privacy Policy and Law developed and enacted respectively	Policy document; Gazette and PACLII	MICTTD	GOK EU World Bank UNDP ITU
	Promote the use of E-Commerce by the business community taking into consideration their low level of awareness, low level of access and usage of ICT	Short, Medium and Long Term	Increased awareness of usefulness of E-Commerce of members of the business community	Awareness Campaign Materials and awareness enhancement assessment surveys	MICTTD	GOK EU World Bank UNDP ITU
	Educate consumers on electronic commerce in order to enhance the decision-making processes on E-Commerce and promote awareness on consumer protection framework that applies to online activities	Short, Medium and Long Term	Increased awareness of E-Commerce of consumers	Awareness campaign materials and awareness Enhancement Assessment Surveys	MICTTD	GOK EU World Bank UNDP ITU
	Build the capacity of the Policy makers across the line Ministries on Policy linkages between E-Commerce, Trade and Investment	Medium Term	Number training programmes implemented	Training reports	MCIC	GOK EU World Bank ITU
Investment Regime and SME Competitiveness	Develop and implement financial sector inclusion strategy to foster financial inclusion programme in Kiribati.	Short Term	Financial Inclusion Strategy Developed	Reports of the Ministry of Commerce, Industry and Cooperatives	MCIC	GOK EU MFAT
	Implement a “Grow Local” Incentives Programme through the establishment of grants for SMEs	Short term	Grow Local Incentives Programme instituted	Grow Local Incentives Programme Strategy Document	MCIC	GOK EU ADB

	and loan schemes targeting new start-up businesses, women and the youths in the sectors supporting the development priorities of KV20 in order to address market failure associated with access to finance					UNDP
	Enact a personal Property Security Legislation to facilitate access to finance for MSMEs with movable assets.	Short Term	Personal Property Security Legislation enacted	MFED Website	MFED	GOK PSDI
	Review and revise the Company Ordinance and Business Names Act in order to standardize and simplify the licensing process for the development of the SMEs.	Medium to Long Term	Amended Company Ordinance and Business Names Act	Gazette; and Pacific Islands Legal Information Institute	MCIC	GOK PSDI
	Implement capacity-building programmes on project proposal writing, business plan development, project management, book keeping and accounting.	Medium to Long Term	No. of capacity building programmes implemented	Outcome/Workshop Reports of Capacity Building Programmes implemented	MCIC	GOK
	Improve access to market and business information to SMEs through awareness programmes	Medium to Long Term	No. of capacity building programmes implemented	Awareness Programme Campaign Strategic Plan	MCIC	GOK
	Implement specialized and value chain training targeting specific clusters or producer groups.					
Investment and Regional Trade Agreements and Market Access	Implement Policy measures to facilitate compliance with the obligations in the PACER Plus trade agreement	Short Term	PACER Trade Agreement Plus Ratified.	MCIC Annual Report	MCIC	GOK MFAT
	Consider repealing the protected Industries Act to create a predictable and stable business environment under the PACER Plus agreement	Short term	Protected Industries Act Repealed	OAG Reports		
	Implement online publications of relevant laws, regulations and other investment related measures through relevant websites	Short Term	Investment Portal Established	MCIC Annual Report	MCIC	GOK MFAT
	Review Immigration Ordinance and MFAs Standard Operating Procedures to facilitate compliance with obligations of the PACER Plus Trade Agreement	Short term	New Immigration Act considering the PACER Plus Trade Agreement obligations enacted	MCIC Annual Report	OAG MFAI	MFAT DFAT
	Develop internal guidance for both	Short	SPS Standard	MELAD Report	MELAD	GOK

	substantive and procedural SPS Obligations in line with domestic legislative review report	Term	Operation Procedures developed			MFAT DFAT
	Amend Section 65 of the customs Act 2006 to allow for the use of PACER Plus Rules of Origin	Short term	Customs Act Amended	MOJ Report	OAG MOJ	GOK MFAT DFAT
	Develop and Implement Customs Regulations to facilitate and improve compliance with the PACER Plus Trade Agreement Obligations	Short Term	New Customs Regulations Developed	MOJ Report	OAG MOJ	GOK MFAT DFAT
	Implement measures to facilitate compliance with Kiribati's obligations in the PICTA Tis and PICTA TIG	Medium	Number and type of policy measures implemented	MCIC Report	MCIC	GOK PIFS
Investment, Climate Change, Green Economy and Sustainable Development	Ensure the Environmental Impact Assessments for investment-related or development projects are aligned with international best practices and investment approval processes where relevant	Medium to Long Term	No. of laws amended to include provisions mandating the carrying out of Environmental Impact Assessments for investment related projects	Gazette; and Pacific Islands Legal Information Institute	MELAD	GOK
	Implement supporting environmental policies and measures including: <ul style="list-style-type: none"> <li>Supporting private sector investment in green growth infrastructure projects;</li> <li>Mainstreaming aspects of climate change and green economy in all investment related projects;</li> <li>Mobilizing private investment in the green sectors;</li> <li>Strengthening the institutional capacity to design, implement and monitor policies to foster green growth objectives;</li> <li>Implementing incentives in order to support the private investment in green growth</li> </ul>	Medium to Long Term	No. of supporting environmental policies implemented	Policy Documents	MELAD	Government of Kiribati UNEP



	Implement climate change mitigation and adaption measures in order to reduce Kiribati's vulnerability to climate change	Medium to Long Term	No. of climate change mitigation and adaptation measures implemented	Reports of the Ministry of Environment, Lands and Agricultural Development	MELAD	GOK UNEP UNDP
	Promote renewable energy development programmes and regulation in accordance with international best practices.	Medium	Number and type of programmes implemented	MISE Reports	MISE	GOK
Investment Development and Infrastructure Connectivity	Mainstream industry development priorities(fisheries, Tourism, E-Commerce) in the overall Infrastructure development strategies	Medium to Long Term	No. of key priorities identified for implementation	Meeting Reports and Strategic Documents	MICTTD	GOK
	Improve ICT connectivity especially on the Outer Islands to support Investment, Trade and E-Commerce	Medium to Long Term	No. of measures implemented to contribute to the improvement of ICT connectivity	Reports from the MICTTD	MICTTD	GOK
	Improve Air and maritime infrastructure connectivity to support investment in Fisheries, Tourism and other service related sectors.	Medium to Long Term	New and/or remodeled maritime infrastructure	Reports of the MFMRD	MFMRD	GOK
	Improve the capacity to supply adequate energy and water services for commercial investment to support the development of value added products in the fisheries, tourism and Agriculture	Medium to Long Term	No. of measures implemented to improve accessibility and quality of energy and water services	Reports of the MICTTD	MICTTD	GOK
Human Capital and Investment Development	Review and Develop new TVET curricula policy that contribute to skills development in the fisheries, tourism, Agriculture and other related services sectors in order to support investment development in the priorities sectors of KV20	Medium to Long Term	New TVET curricula implemented in the technical and vocational framework	Progress Review Reports of the Kiribati TVET Program	MEHR	GOK DFAT MFAT
	Develop and effectively implement national TVET Policies to support diversification of TVET related trainings to match wider national industry needs and increase domestic employment in order to achieve the KV20 vision	Medium to Long Term	No. of national TVET Policies developed to support diversification	Progress Review Reports of the Kiribati TVET Program	MEHR	GOK DFAT MFAT
	Undertake periodic Labour market studies involving all relevant	Short Term	No. of relevant Labour Market studies	Labour Market Study Reports	MEHR	GOK DFAT

	stakeholders including foreign investors in order to understand national labour demand and supply		undertaken			MFAT
	Develop and Implement an On-the – Job Training programme in collaboration with the Private Sector and Government Agencies to foster real world experience	Medium Term	On-the-Job Training Programme developed and implemented	On-the-Job Training programme	MEHR	GOK
	Ensure the training priorities in the National Human Resource Development Plan is also informed by the capacity needs identifies by the private sector including the foreign investors	Medium	Private sector Training priorities in the National Human Resource Development plan	HRD Plan	PSO KCCI MCIC	GOK
Investment Intellectual Property Regime and Investment	Develop legislation governing Trademarks, Patents, Copyright and Industrial Designs in accordance with the National Intellectual Property Strategy	Medium to Long Term	No. of new laws enacted in areas of IP, including trademarks, patents, copyright and industrial designs	Gazette; and Pacific Islands Legal Information Institute	OAG MCIC	GOK WIPO
	Enact legislation governing Geographical Indications in line with the National Intellectual Property Strategy	Medium to Long Term	Geographical Indications Act enacted	Gazette; and Pacific Islands Legal Information Institute	OAG MCIC	GOK WIPO
	Enact legislation covering new forms of intellectual property including traditional knowledge, traditional cultural expressions(folklore) and genetic resource	Medium to Long Term	No. of new laws enacted governing new areas of IP such as traditional knowledge, folklore and genetics resources	Gazette; and Pacific Islands Legal Information Institute	OAG MCIC	GOK WIPO
	Implement an awareness programmes in order to build a strong IP Culture in line with National Intellectual Property Strategy	Medium Term	Awareness Programme developed	Gazette; and Pacific Islands Legal Information Institute	MCIC	GOK WIPO
	Mainstream ICT and E-Commerce in the broader development of the National Intellectual Property Strategy	Medium to Long Term	No. of priority areas included in the National Intellectual Property Strategy	National Intellectual Property Strategy	MCIC	GOK WIPO
Land Use Planning and Investment Development	Undertake additional investment towards increasing land area for commercial purpose through land reclamation	Medium Term	Land Reclamation Implemented	Land Allocated for Commercial Investment	MELAD	GOK
	Streamline procedure to standardize land owners consent for obtaining	Short Term	Standard Operation Procedures Developed	Number of new land Leases	MELAD	GOK

	land for public use and private sector development					
	Review general land use plan for government owned land	Short Term	General Land Use Plan Developed	General land Use plan for government owned land	MELAD	GOK
	Develop and implement zoning regulations to restrict the use of property with the designated Zoning area with the view of facilitating investment.	Short term	Zoning Regulations implemented	Land allocated for Private Investment	MELAD	GOK
Implementation of the Investment Policy Framework	Establish investment Facilitation Sub-Committee to provide national consultative dialogue mechanism on investment related issues to facilitate the implementation of the Policy framework.	Short term	Sub Committee in place	Number of Sub Committee meetings implemented	MCIC	GOK

## Annex 3: Foreign Investment Guideline

### PROCESS AND TIMELINE

#### INVESTMENT VALUE BELOW \$250,000

Application	Assessment	Result
Completed application form submitted with all required documents	IPD consults relevant stakeholders Analysis on the proposal	Approval or rejection conveyed by registrar Signed certificate by Secretary if approved

#### INVESTMENT VALUE OVER

Application	Assessment	Recommendation	Result
Completed application form submitted with all required documents	IPD consults relevant stakeholders Analysis on the proposal	MCIC forwards findings and recommendations to Cabinet	Final discretion by Cabinet Certificate signed by Secretary MCIC

### PROCESS DURATION

Not more than **30 working days** to process the application provided all relevant documents as per the checklist are submitted at the time of the application and the application forms are correctly and completely filled.

### DURATION OF CERTIFICATE

- Certificate is valid from the date of its issue until the termination of the business activity is was issued
- Certificate cease to be valid if the business activity does not commence within one year of the date of the issue

### RIGHT OF APPEAL

An investor who is dissatisfied with the Registrar Decision must write to the Investment Appeal Panel at the Ministry Of Commerce, Industry & Cooperative and specify the reasons for making the application and be made within three months from the date of the decision.

### CHECKLIST FOR FOREIGN INVESTMENT

**Additional Important Information and Requirements for Applicants (to be provided with this Application).**

1. Investors are encouraged to reserve their business name with the Registrar of Companies prior to being registered with the Investment Promotion Division.
2. If a company is being listed as a Shareholder, then the name (s) of those associated with that Shareholding Company must be provided to the Investment Promotion Division.
3. A Certified Copy of the Passport Bio-data Page, together with a recent coloured passport size photo, of all those associated with the business must be provided.
4. Business Plan
5. The Police Clearance Report from the country where you have been residing in the last 12 months or more is to be provided.
6. Proof of company registration from abroad (if applicable) is to be provided.
7. Non refundable fee

### FURTHER ENQUIRIES

For enquiries and more information on Foreign Investment application, please contact:

Ministry of Commerce, Industry and Cooperatives  
**Email:** [investment@commerce.gov.ki](mailto:investment@commerce.gov.ki)  
**Website:** <https://mcic.gov.ki/investment-promotion-office/> or <https://kiribati.tradeportal.org/>  
**Phone #:** +686 75126157 OR +686 75126158

MINISTRY OF COMMERCE,  
INDUSTRY AND COOPERATIVES

Foreign Investment Guideline In Kiribati

### INVESTMENT PROMOTION DIVISION

Investment Promotion Division (IPD) is your point of contact on all investment related needs. It collaborates with key government agencies to provide up to date investor information to promote and facilitate foreign investment including provision of after care services.

All foreign investments are required to obtain a Foreign Investment Certificate from Investment Promotion Division prior to establishing a business in Kiribati.

## WHY TO INVEST IN KIRIBATI

- The Government fully supports the establishment of local and foreign investment with its overall objectives of growing the various sectors of Kiribati's economy,
- Establishment of Investment Appeal Panel to assist foreign investors dissatisfied with decision
- Fast registration of foreign investment projects in accordance with the new Foreign Investment Act 2018
- Protection regarding the compulsory acquisition of property.
- The right to remit earnings overseas and repatriate capital.
- The right of recourse to Kiribati justice system to settle investment disputes.
- Application of the principles of the International Convention on the Settlement of Investment Disputes including establishment of Investment Appeal Panel while settling any disputes involving a foreign investor.
- Non-discrimination of foreign investors on the grounds of nationality.

## HOW TO INVEST IN KIRIBATI

- a) Foreign investors are required to carefully study**
- The list of Reserved, Restricted & Prohibited Sectors

### **b) STEPS to investing in Kiribati**

Prior the commencement of business, a foreign investor will be expected to apply for and obtain approval from the following agencies

- Reservation of business name from Registrar of Companies at Ministry of Commerce, Industry and Cooperatives (MCIC) or [www.mcic.gov.ki](http://www.mcic.gov.ki)
- Foreign Investment Certificate from Investment Promotion Division at MCIC or [www.mcic.gov.ki](http://www.mcic.gov.ki)
- Work permits from Immigration at Ministry of Foreign Affairs & Immigration or [www.mfa.gov.ki/Immigration](http://www.mfa.gov.ki/Immigration)
- Registration of Tax from Taxation Division at Ministry of Finance and Economic Development Or [www.mfed.gov.ki](http://www.mfed.gov.ki)
- Local/Urban Council for business license to operate in the respective area
- Environment Conservation Division at Ministry of Environment, Lands and Agriculture for Environment License
- Investors need to comply with other existing laws and legislations

## LIST OF RESERVED SECTOR

ACTIVITY	DESCRIPTION
Bus transport services for the general public	Urban, super urban and rural regulatory scheduled passenger transportation on land. Services classified here are motor bus and similar services generally rendered on a licence. The services may provide pick up and discharge of passengers at any scheduled stop and are open to any user.
Taxi Transport Services for general public	Motorized taxi-cab services including urban, suburban and interurban. These services are rendered for a limited duration of time and to a specific destination
Rental Vehicles	Renting, hiring or leasing services concerning private motor vehicles without operator, principally designed for the transport of persons
Distribution Sector	This include Retailing and wholesaling trade services unless established before the enactment under this Act.
Tour Guide Services	Bird watching tours, Game fishing, diving and surfing Tour guide service activities.
Handicraft Production	This include designing and production of traditional handicraft.
Saw Milling	Facility where logs are cut into timber
Fishing	Artisanal /Coastal /reef fishing Commercial fishing in Kiribati's inshore waters (up to 12 nautical miles)
Traditional "Tibuta" garment designing and production	Garment designing and sewing into "Tibuta" Garment

## LIST OF RESTRICTED SECTORS

ECONOMIC SECTOR	ECONOMIC SUB SECTOR	CONDITIONS
Manufacturing	Salt	Foreign Investor must establish a joint venture with local partner
	Coconut Virgin Oil	Foreign Investor must establish a joint venture with a local partner
Services	Refuse Disposal Services for recyclable items excluding PET 14, Lead acid batteries and aluminum cans	Services must be supplied through a commercial presence except as regards to consulting

## CONT'D LIST OF RESTRICTED SECTOR

Maritime Services	Conditional on the granting of a license, the issuance of which is based on such criteria as the frequency, type, and price of the services proposed, as well as the impact on the services provided by other transporters
A) Liner Shipping	Licenses granted preferably to carriers owned by Kiribati citizens, and that conduct training for Kiribati citizens. Vessels owned and operated by the Kiribati government do not require a license to be granted on the basis of the criteria mentioned above  Local agent in Kiribati required
B) Bulk, tramp, and other international shipping, including passenger transportation	Local Agent in Kiribati required
Maritime Agency Services	Suppliers of maritime transport services are required to go through a local agent established in Kiribati
Aluminum	

## PROHIBITED SECTORS

ACTIVITY	DESCRIPTION
General	Development, production, distribution of nuclear, bacteriological and chemical weapons Construction of polygons for testing nuclear, bacteriological and chemical weapons Import of nuclear and hazardous waste from foreign countries for recovery and disposal Research works related to human cloning Production of narcotic drugs Exploitation of wildlife conserved bird species Activities prohibited by international agreements of Kiribati
Fishing	Fishing in Conserved areas Wild Coral Exportation Turtle hunting Wild Giant clam harvesting Fishing for endangered and marine protected species Shark
Agriculture	Millionaire salad exportation Coconut crab harvesting Logging Coconut bearing trees



