



# KIRIBATI CITIZENS BUDGET 2022

**“Adapting to the New Normal”**

National Economic Planning Office

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# Introduction

## ***Kam na bane ni Mauri!***

In line with the Government of Kiribati's KV20 vision to *'promote a wealthy, healthy and peaceful nation through the sustainable development of its natural and human resources'*; the Kiribati National Planning Office has the great pleasure of presenting its first-ever Citizens Budget for the people of Kiribati.

As the name implies, the Citizens Budget is meant for all citizens of Kiribati – including those living in the outer islands and other isolated regions. The content of the Citizen's Budget is drawn largely from the 2022 National Budget that was passed by Parliament in November 2021, in particular the Recurrent and Development Budget documents for 2022.

The Government has taken the initiative to prepare this Citizens Budget, so that the 2022 national budget messages and key spending priorities are communicated in a manner that can be easily understood by the general public. The Citizens Budget is also part of government's reforms to improve fiscal transparency and accountability, and ensure everyone is informed of key policies and priorities in the National Budget; including information on how government plans to raise revenues and where it plans to prioritize expenditures to improve people's lives and raise living standards.

The presentation of the Citizens Budget is also timely in the sense that it provides an awareness of key budget policies to address critical issues facing our people today. Particularly policies to mitigate the impacts the COVID 19 Pandemic and other eminent socio-economic challenges. In this regard, the Budget offers vital welfare initiatives to support families currently facing hardships, including the unemployment benefit scheme, the copra price subsidy and support programmes for the elderly. Widespread knowledge of these policies will enable our people to tackle the challenges ahead and protect themselves from external economic pressures.

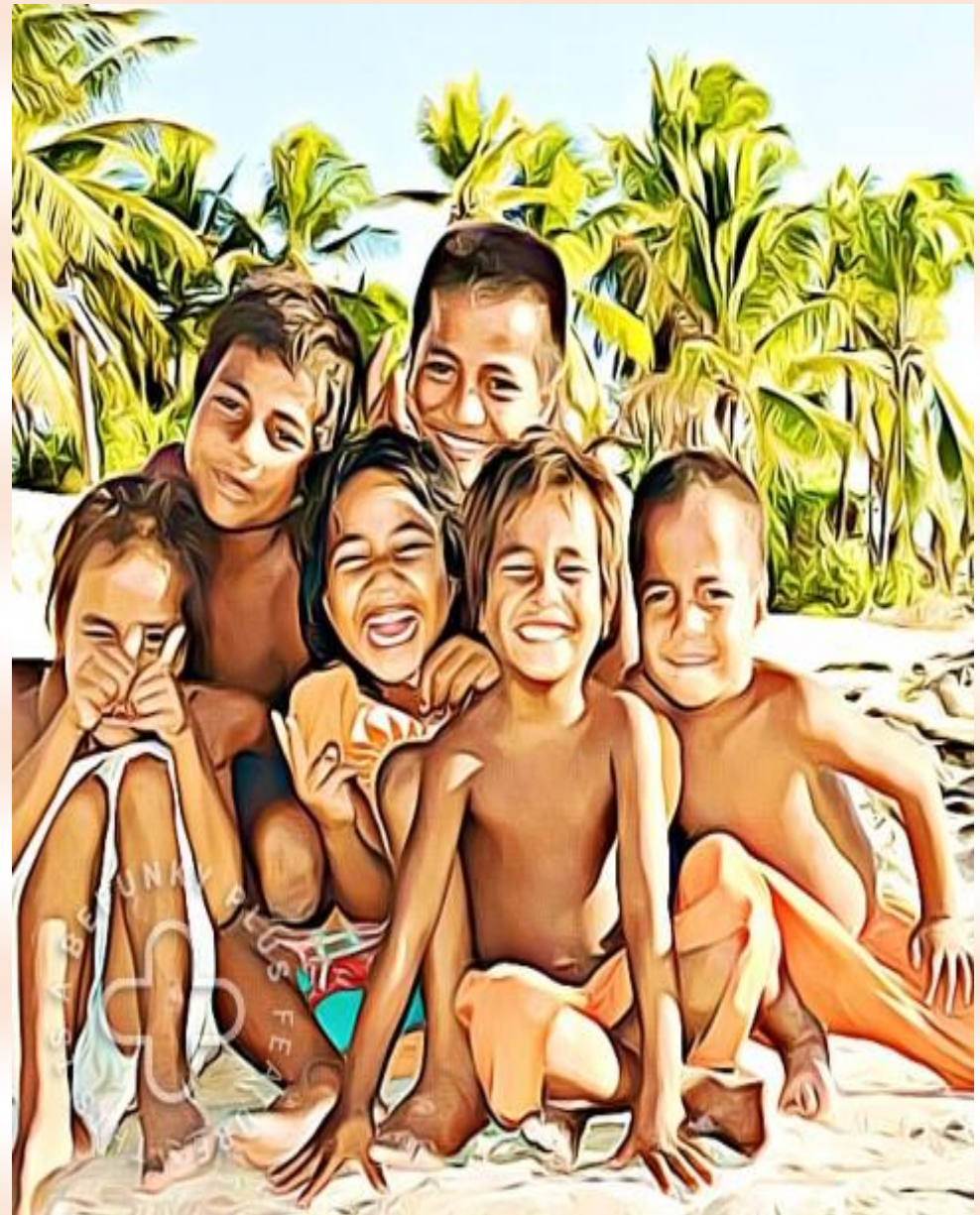
Government hopes that through this initiative, everyone in Kiribati – men, women and children – will be able to access the Citizens Budget and better understand key budget policies that impact their lives and the general welfare of their communities. Therefore, regardless of whether you are a student, a casual worker in Tarawa, or a fisherman in the Line islands – this Citizens Budget is meant for you. It gives you the opportunity to know the core priorities of the Government Budget and also provides you with information to keep government accountable on the use of public resources. Empowered with this knowledge, our people should be able to participate meaningfully in government's budget processes, and thereby influence public policies to support their dreams and aspirations for the future.

This Citizens Budget initiative is envisaged to become an important tool for nation building and establishing an enduring trust between government and the people in the future; which is absolutely essential if we are to achieve our mutual goals and aspirations; in line with the KDP and KV20 Vision.

## 2022 Budget Theme “Adapting to the New Normal”

The theme for the 2022 budget is *‘Adapting to the new normal’*. This theme builds on the 2021 Budget theme of ‘embracing the new normal’ which was adopted after the first year of the Pandemic. We do not know how long COVID-19 will persist in our lives, or how severe its impacts will be in the future; however, the recent spread of new transmissible variants across the world suggests the virus will be in our lives for some years to come.

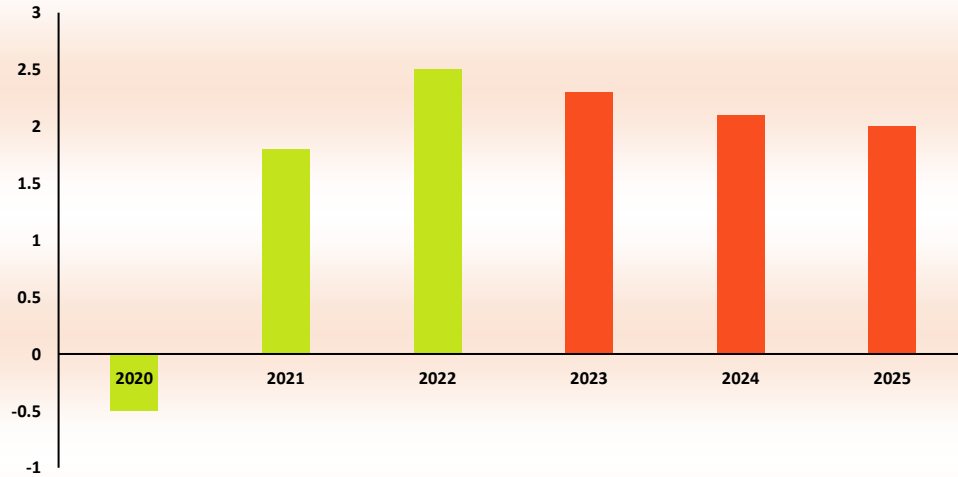
The whole world is learning to live with the Pandemic. Kiribati must learn to do the same as it re-opens its borders and re-engages with the international community. This year’s Budget is designed to prepare everyone to embrace this new change and adjust to a new way of life (the new normal) in the midst of the Pandemic.



# Economic Outlook

## Growth

Real GDP Growth (percentage change)

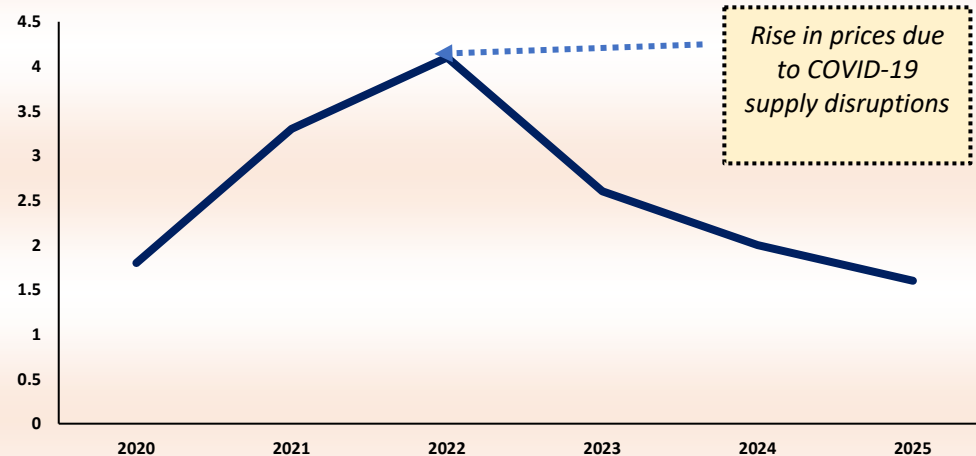


According to the International Monetary Fund, **the Kiribati economy is expected to grow by 2.5 percent in 2022** following a modest growth of 1.8 percent in 2021 and a slight contraction of 0.5 percent in 2020.

The growth forecast assumes that COVID 19 vaccination rates will increase in 2022, enabling the lifting of containment measures and the re-opening of international borders. This should increase labour mobility, revamp international trade and drive investments and overall economic activity over the course of the year.

## Inflation

Inflation (percentage change)



**Inflation in Kiribati is expected to increase to 4.1 percent in 2022** from 3.3 percent in 2021, reflecting the impact of global supply chain disruptions as well as demand and supply gaps in international markets.

To protect vulnerable households from global price pressures; government has increased funding across all social protection schemes, including unemployment support, elderly benefits, disability allowances and social stability support.

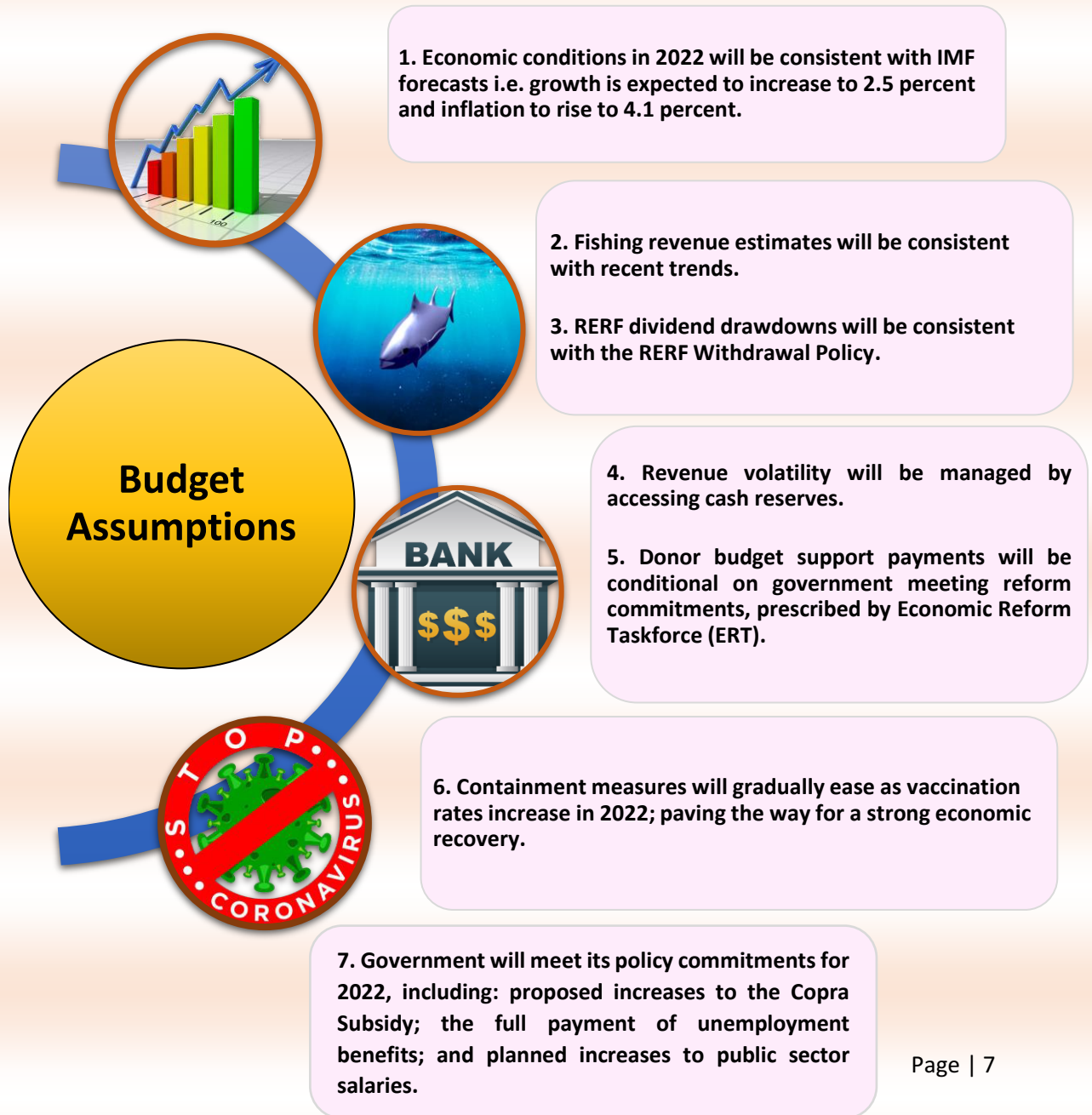


# Budget Assumptions

## What are Budget Assumptions?

When developing the national budget, government must make some reasonable 'assessments' about what to expect in the year ahead and estimate its impacts on the national budget. These are known as 'budget assumptions'; and they cover expectations about future economic conditions, revenue growth, expenditure prospects and other socio-economic factors.

**Putting in place the right assumptions for the Budget will enable the preparation of a Budget that is realistic, affordable and better placed to respond to people's needs**

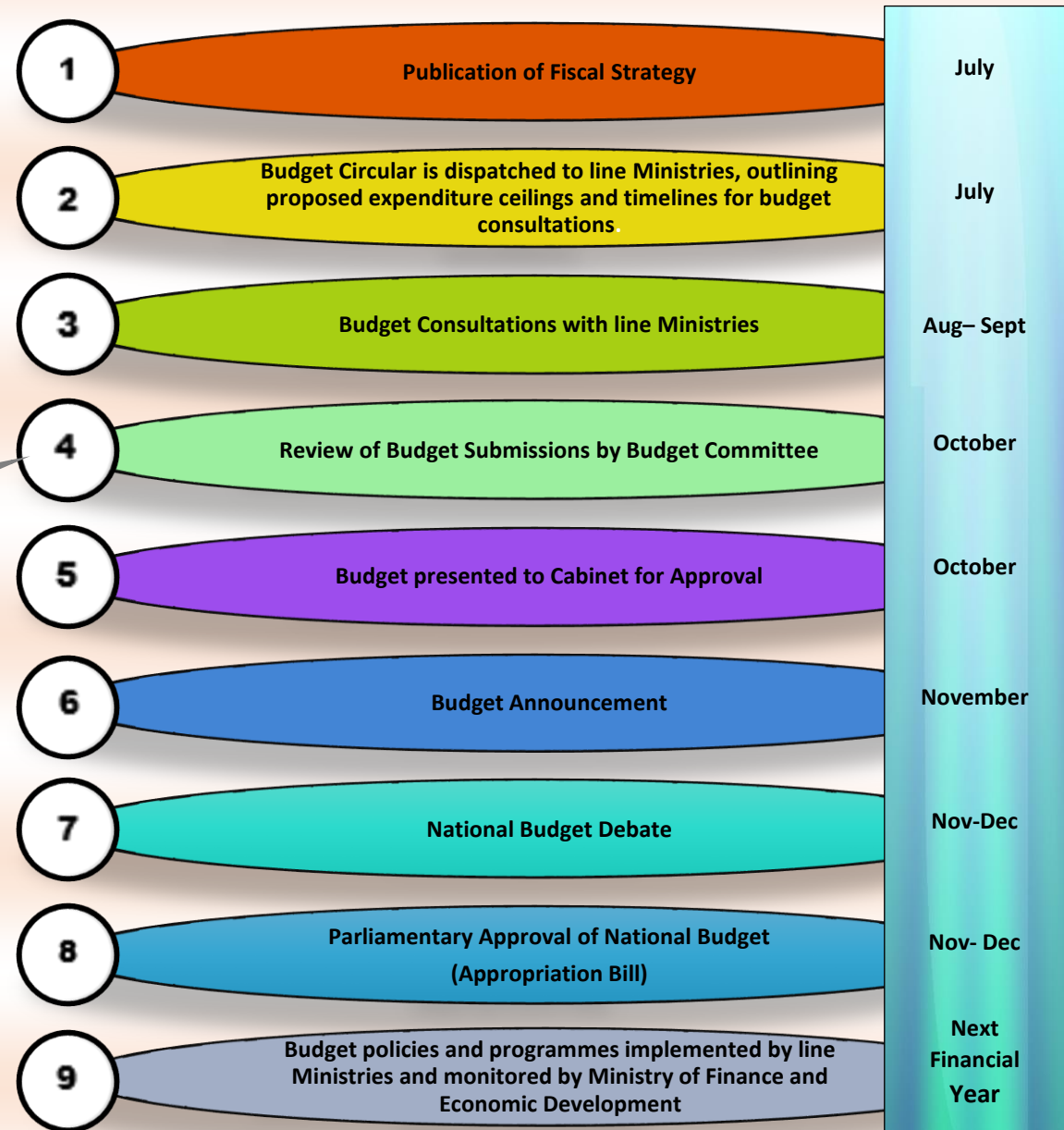


# Budget Cycle

**Government adopts an open and transparent process for preparing the national budget;** which spans across the whole calendar year, and involves extensive consultations with a diverse range of stakeholders including representatives from the private sector, state-owned entities, development partners, non-government organizations, Island councils, and the local communities.

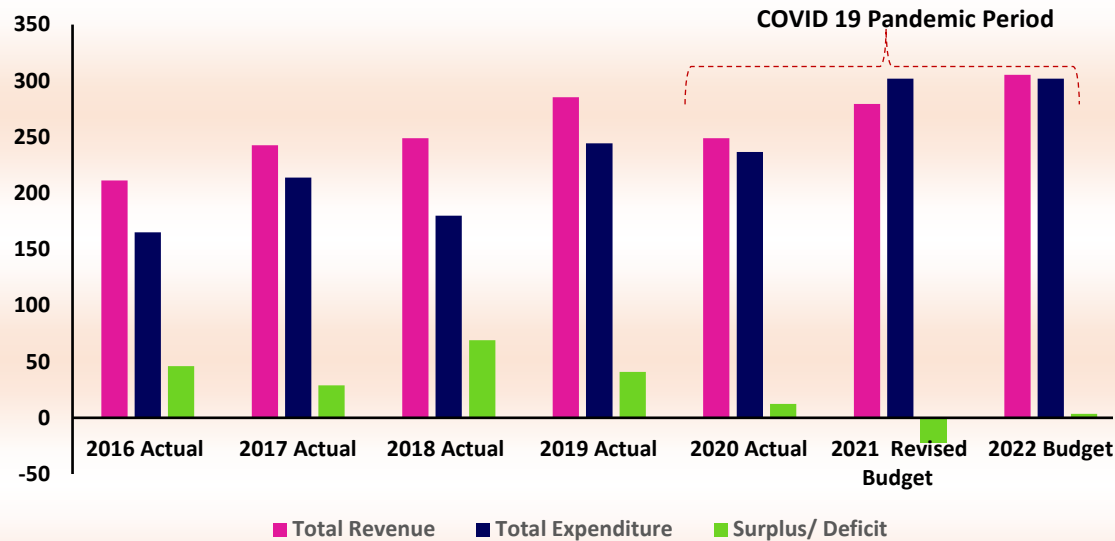
The formal budget cycle starts in July with the publication of the **Fiscal Strategy**, and continues up to November – until the final **Appropriation Bill** for the Budget is passed by Parliament.

**Budget Committee:** Chaired by Minister for Finance with representatives from the government, private sector, civil society, and non-government organizations



# Fiscal Performance

## Fiscal Performance (2016-2022)



**Government’s fiscal performance has remained stable even in the midst of the Pandemic.**

*Revenues performed reasonably well in the last two years; providing much needed support to stimulate the economy and cushion the impacts of the pandemic on Kiribati.*

**Government achieved successive budget surpluses over the period 2016 to 2020.**





**A budget deficit of \$25.4 million is anticipated in 2021** arising mainly from additional expenditures deployed to address the impacts of the Pandemic. This included funding for unemployment benefits and other social protection programmes designed to support vulnerable households.

**For the financial year 2022, government aims to achieve a budget surplus of \$0.05 million.** The favorable projection stems from an anticipated rebound in fishing revenues which is expected to reach \$200 million in 2022; and edge closer to pre-pandemic levels over the next few years.



## Medium Term Fiscal Strategy

**Government's fiscal strategy aims to achieve a stable and vibrant economy over the next 3 to 5 years, benefiting all citizens of Kiribati. This will be accomplished through the following strategies:**

-  **Strengthen government's financial position over the medium term by prudently managing the RERF, cash balances and reducing debt.**
-  **Achieving 'budget balance' over the medium term consistent with economic conditions and inclusive economic growth.**
-  **Investing in critical social and economic infrastructure to enhance productivity, boost climate resilience and support future sources of growth.**
-  **Pursue planned structural reforms to diversify the economy and build resilience, with the aim to facilitate a vibrant private sector and create meaningful jobs.**



## 2022 Budget Overview

Summary Government Budget (\$Millions)	
<b>Total Revenue</b>	<b>\$305.2</b>
<i>Fishing revenues</i>	<i>\$200.0 million</i>
<i>Tax revenues</i>	<i>\$54.3 million</i>
<i>Dividends</i>	<i>\$3.5 million</i>
<i>Interest Income</i>	<i>\$1.5 million</i>
<i>RERF Dividends</i>	<i>\$23.0 million</i>
<i>Other Ministries' Revenue</i>	<i>\$5.5 million</i>
<i>Budget Support</i>	<i>\$17.4 million</i>
<b>Total Expenditure</b>	<b>\$305.1</b>
<i>Appropriated Expenditure</i>	<i>\$290.7 million</i>
<i>Statutory Expenditure</i>	<i>\$14.4 million</i>
<b>Budget Surplus (Savings)</b>	<b>\$0.05</b>
<i>Surplus as percentage of GDP</i>	<i>0.01%</i>

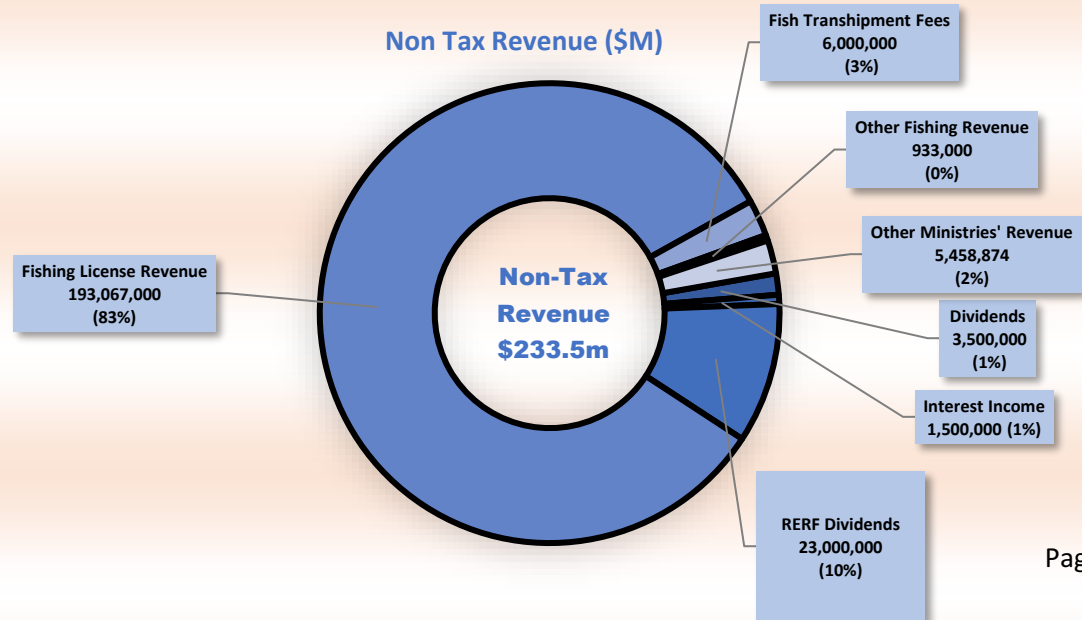
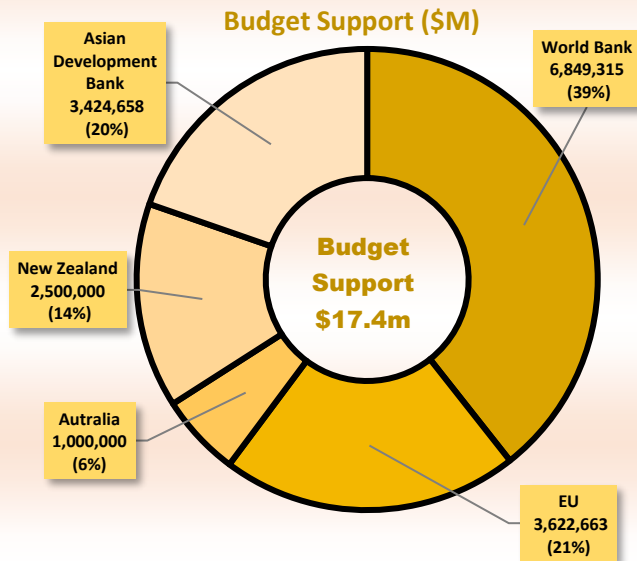
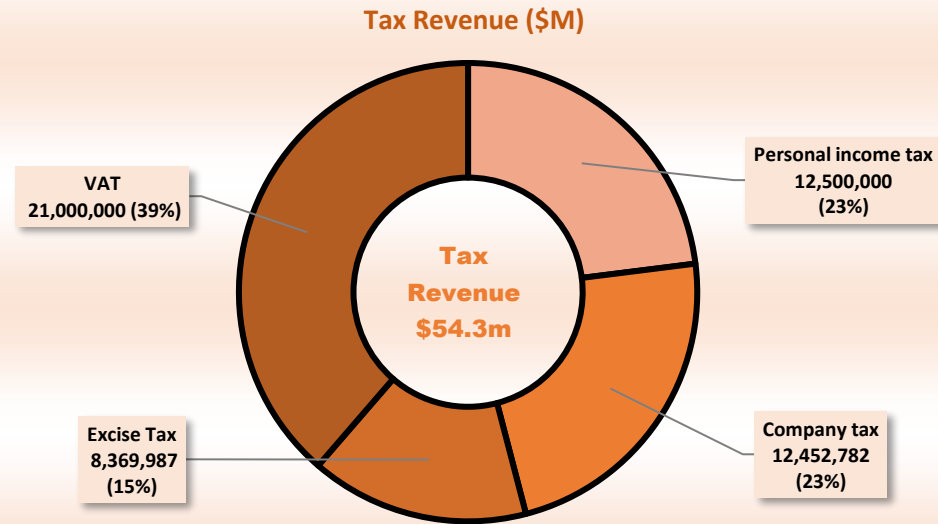
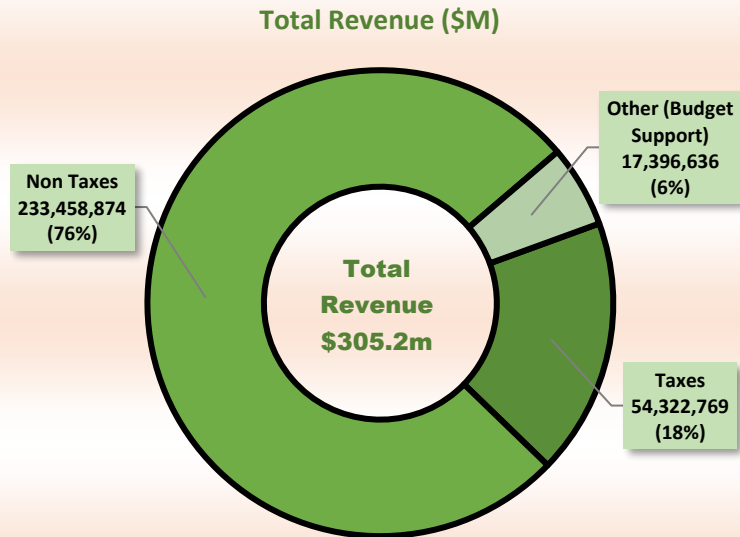
The 2022 Budget estimates total Government revenues of \$305.2 million, expenditures of \$305.1 million and a small surplus of \$46,700 equivalent to about 0.01 per cent of GDP.

Total appropriation expenditure is \$290.7 million, 95 percent of the total budget, and statutory expenditure is \$14.4 million, or 5 percent.



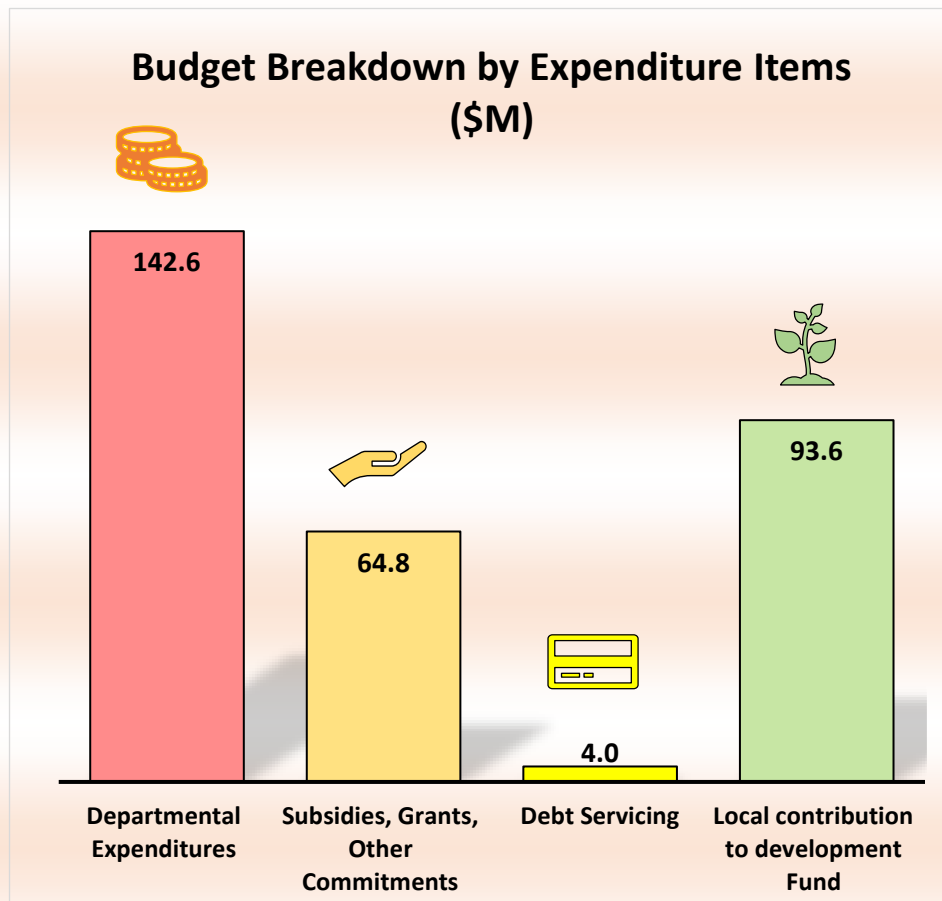
# 2022 Budget Revenue

Total revenue in 2022 is estimated at \$305.2 million, 9 percent higher than 2021, mainly reflecting higher expected fishing and tax revenues.



## 2022 Recurrent Budget Expenditure

**Government's total planned expenditure for 2022 is \$305.1 million, 0.01 percent higher than the revised budget for 2021.**



### 2022 Recurrent Budget amounts by budget categories:

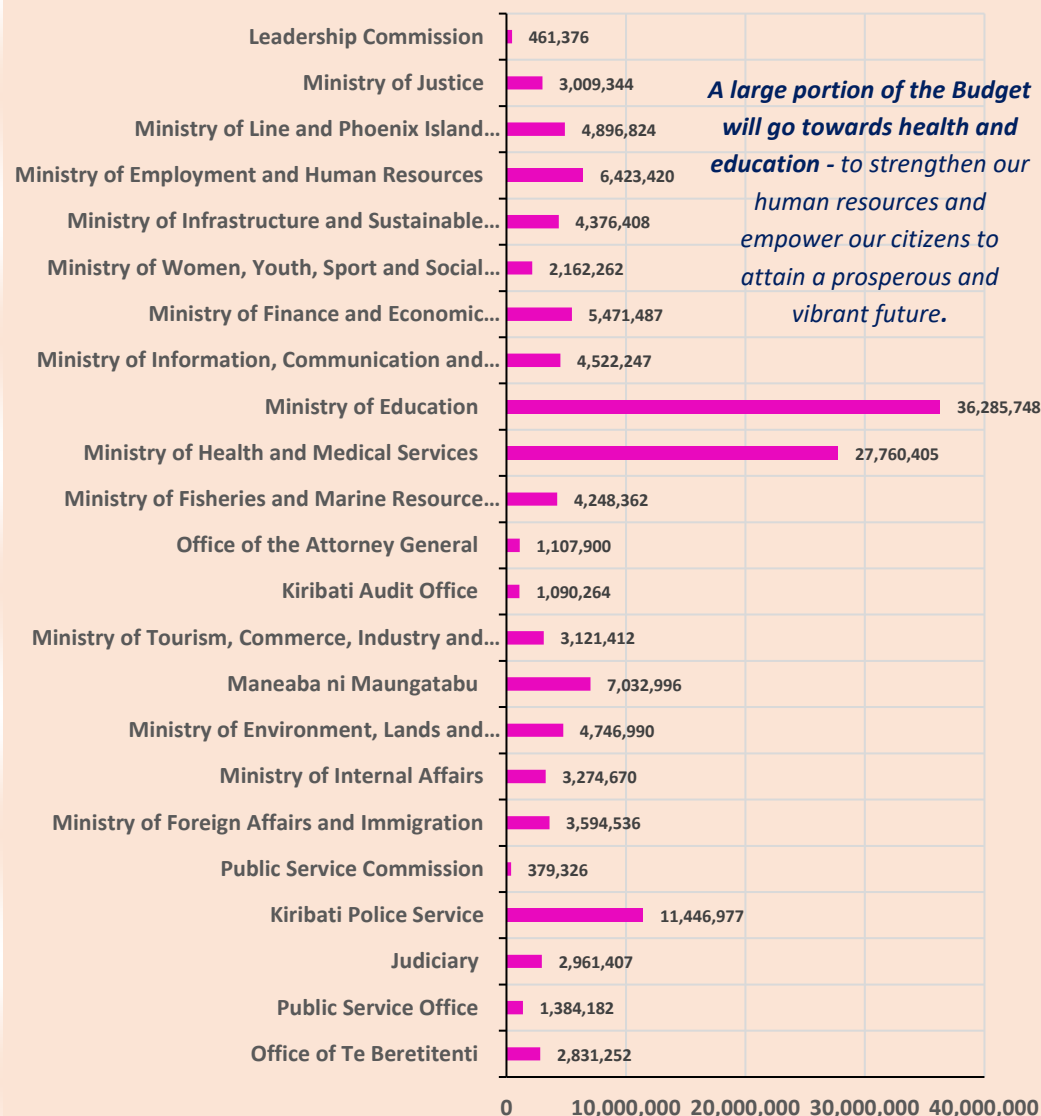
1. **Departmental expenditures: \$142.6 million;** Government salaries and operating costs.
2. **Other expenditures: \$64.8 million;** Subsidies, Grants and Other commitments. Includes social security payments, land rent, grants to island and urban councils and payments to State Owned Enterprises.
3. **Debt servicing costs: \$4.0 million;** Interest and principal payments and other charges on public debt.
4. **Local Contribution to the Development Fund: \$93.6 million;** Includes Projects and Grants; the Copra Subsidy Scheme; and Unemployment Benefits.

## 2022 Recurrent Budget Allocations – By Ministry

Consistent with the KV20 Vision - Government's expenditures for the 2022 Budget have been prioritized across four key sectors: **Education, Health, National Security and Human Resources.**

Ministry	2022 Budget
Office of Te Beretitenti	2,831,252
Public Service Office	1,384,182
Judiciary	2,961,407
Kiribati Police Service	11,446,977
Public Service Commission	379,326
Ministry of Foreign Affairs and Immigration	3,594,536
Ministry of Internal Affairs	3,274,670
Ministry of Environment, Lands and Agricultural Development	4,746,990
Maneaba ni Maungatabu	7,032,996
Ministry of Tourism, Commerce, Industry and Cooperatives	3,121,412
Kiribati Audit Office	1,090,264
Office of the Attorney General	1,107,900
Ministry of Fisheries and Marine Resource Development	4,248,362
Ministry of Health and Medical Services	27,760,405
Ministry of Education	36,285,748
Ministry of Information, Communication and Transport	4,522,247
Ministry of Finance and Economic Development	5,471,487
Ministry of Women, Youth, Sport and Social Affairs	2,162,262
Ministry of Infrastructure and Sustainable Energy	4,376,408
Ministry of Employment and Human Resources	6,423,420
Ministry of Line and Phoenix Island Development	4,896,824
Ministry of Justice	3,009,344
Leadership Commission	461,376
Debt Servicing	4,090,104
Subsidies, grants and other commitments.	64,817,420
Contributions to the Development Fund	93,634,287
<b>Total Expenditure</b>	<b>305,131,607</b>

### Ministry Budget Allocations 2022



\*Budget figures are inclusive of both Appropriated and Statutory Expenditures.

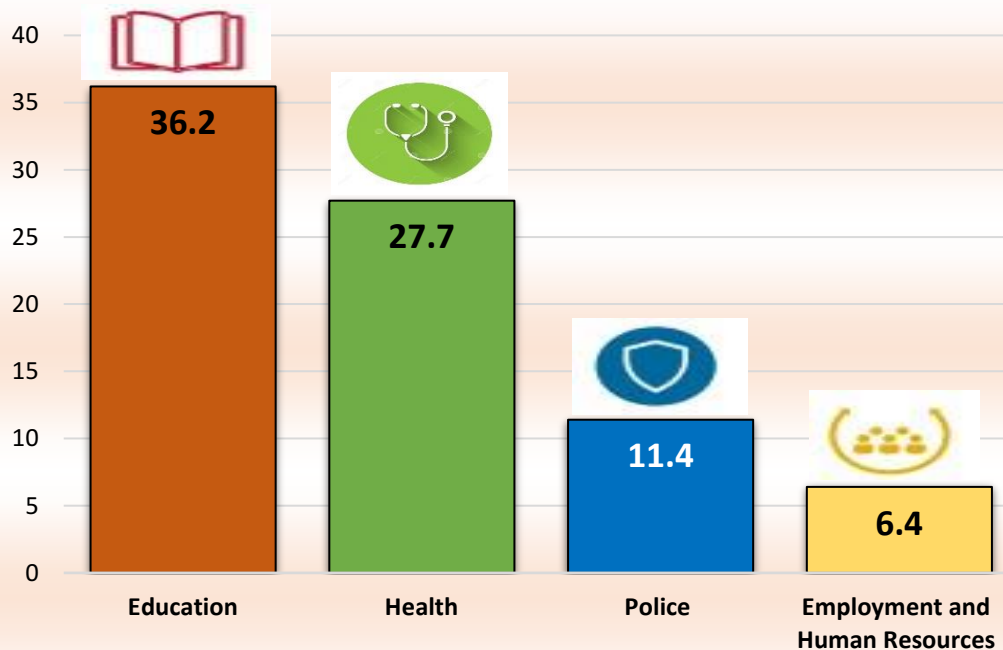
## 2022 Recurrent Budget Allocations – By Priority Ministries

### Ministries with the highest budget allocations:

- **Education:** \$36.2 million;
- **Health:** \$27.7 million;
- **Police:** \$11.4 million; and
- **Employment and Human Resources:** \$6.4 million.

**Budget funding for 2022 has been prioritized to 4 Ministries**, namely: Ministry of Education; Ministry of Health; Ministry of Employment & Human Resources; and the Kiribati Police Services. Together these four Ministries consume just over a quarter (26.8 percent) of the government budget or around \$81.7million.

**Four Largest Consumers of the Total Recurrent Budget (\$M)**



**Educating our Children for a bright and prosperous future**

# Detailed Budget Allocation by Priority Ministries

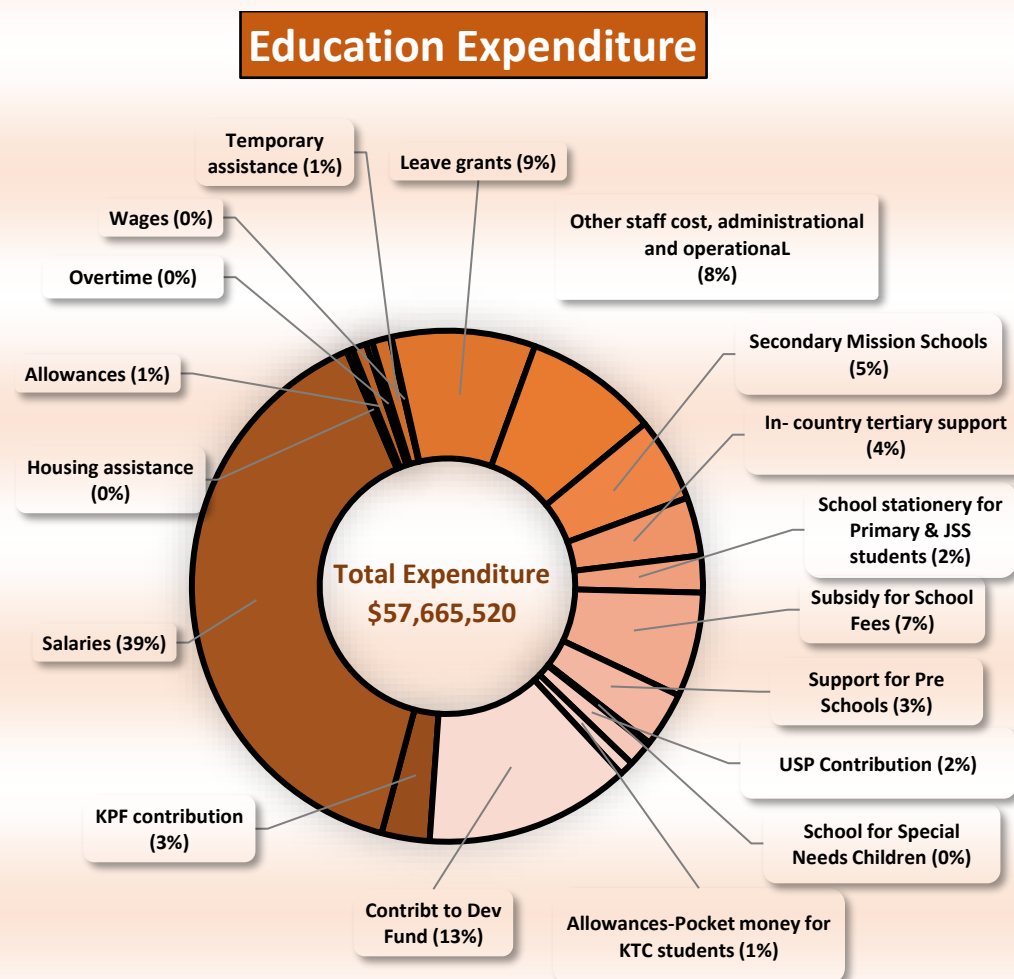


## MINISTRY OF EDUCATION

The Ministry of Education is allocated a sum of \$36.3 million for Recurrent Expenditures in the 2022 Budget. This funding will go towards improving the quality and standards of education in Kiribati; and ensuring there is effective delivery of education services. These goals will be realized through the provision of additional resources for primary and seconding schools; continuing with the free education scheme for students up to Year 12; and enhancing support for students and teachers at all levels.



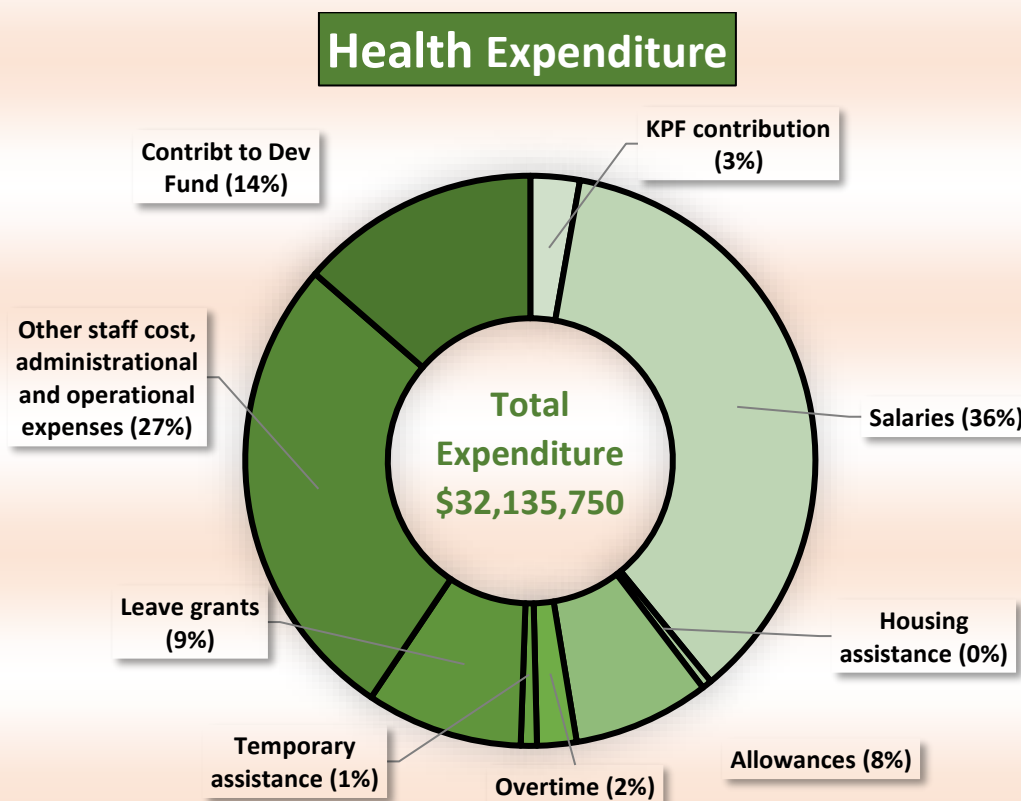
	Description	2022 Budget (\$)
<b>EDUCATION EXPENDITURE</b>	KPF Contribution	1,752,784
	Salaries	22,714,502
	Housing Assistance	230,736
	Allowances	516,260
	Overtime	235,724
	Temporary Assistance	655,946
	Wages	55,000
	Leave Grants	5,238,000
	<b>SUB TOTAL</b>	<b>31,398,952</b>
	Other Staff Cost, Administrational and Operational Expenses	4,886,796
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>36,285,748</b>
	Secondary Mission Schools	3,081,403
	In-Country Tertiary Support	2,131,200
	School Stationery for Primary & JSS Students	1,342,961
	Subsidy for School Fees	3,818,812
	Support for Pre Schools	2,000,000
	School for Special Needs Children	102,376
	USP Contribution	875,980
	Allowances-Pocket Money for KTC Students	527,040
	Contribution to Dev Fund	7,500,000
	<b>TOTAL EXPENDITURE</b>	<b>21,379,772</b>
<b>GRAND TOTAL</b>	<b>57,665,520</b>	





The Ministry of Health and Medical Services is allocated a sum of \$27.7 million for Recurrent Expenditures in the 2022 Budget. This will be utilized to support the Ministry in achieving its vision of “creating a healthy population that is well supported by quality health services”. Funding for 2022 has been distributed across the six strategic areas of the Ministry’s Strategic Plan i.e.: (1) population growth; (2) maternal morbidity and mortality; (3) Communicable Diseases; (4) Non-Communicable Diseases; (5) Health Service Delivery; and (6) Gender and Youth Health. **Ongoing engagement with donors and development partners will be strengthened in 2022 to improve the mobilization of COVID related expenditures and resources.**

	Description	2022 Budget (\$)
<b>HEALTH EXPENDITURE</b>	KPF Contribution	896,785
	Salaries	11,663,626
	Housing Assistance	179,760
	Allowances	2,489,527
	Overtime	718,702
	Temporary Assistance	293,502
	Leave Grants	2,855,000
	<b>SUB TOTAL</b>	<b>19,096,901</b>
	Other Staff Cost, Administrative and Operational Expenses	8,663,504
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>27,760,405</b>
	Directly Observable Treatment Support	138,570
	Health Specialists	200,000
	Local Referrals	1,294,793
	Overseas Referrals	2,000,000
	Kiribati Internship Program (for Doctors)	300,000
	Essential Medical Equipment	441,982
	<b>TOTAL EXPENDITURE</b>	<b>4,375,345</b>
	<b>GRAND TOTAL</b>	<b>32,135,750</b>

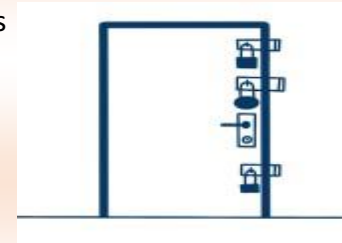




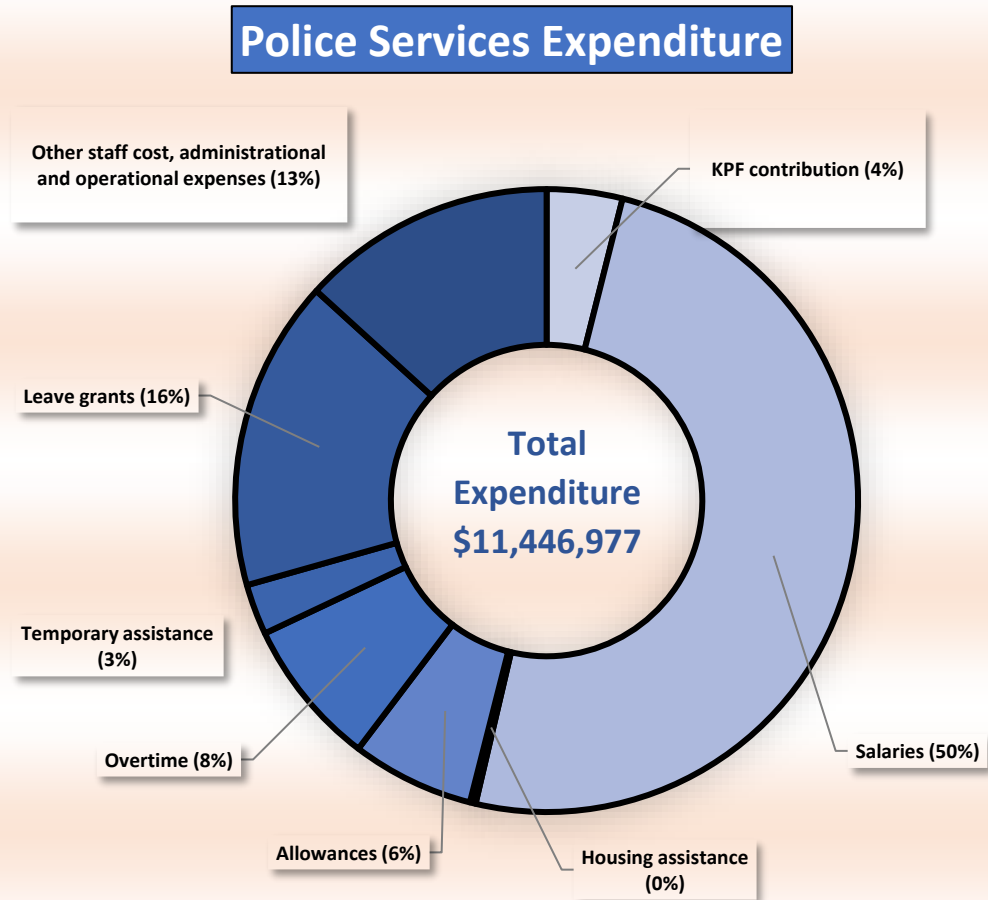
## KIRIBATI POLICE SERVICES

The Kiribati Police Services is allocated a sum of \$11.4 million for Recurrent Expenditures in the 2022 Budget. This funding will go towards delivering the following strategic functions:

- Maintenance of Law and Order;
- Domestic Fire Services;
- EEZ Surveillance, Search and Rescue, and Transport;
- Investigation, Prosecution and Intelligence; and
- Administration and Policy Development.



	Description	2022 Budget (\$)
<b>POLICE SERVICE EXPENDITURE</b>	KPF Contribution	449,606
	Salaries	5,693,472
	Housing Assistance	34,044
	Allowances	728,581
	Overtime	876,921
	Temporary Assistance	301,276
	Leave Grants	1,847,000
	<b>SUB TOTAL</b>	<b>9,930,900</b>
	Other Staff Costs, Administrative and Operational Expenses	1,516,077
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>11,446,977</b>
<b>GRAND TOTAL</b>	<b>11,446,977</b>	





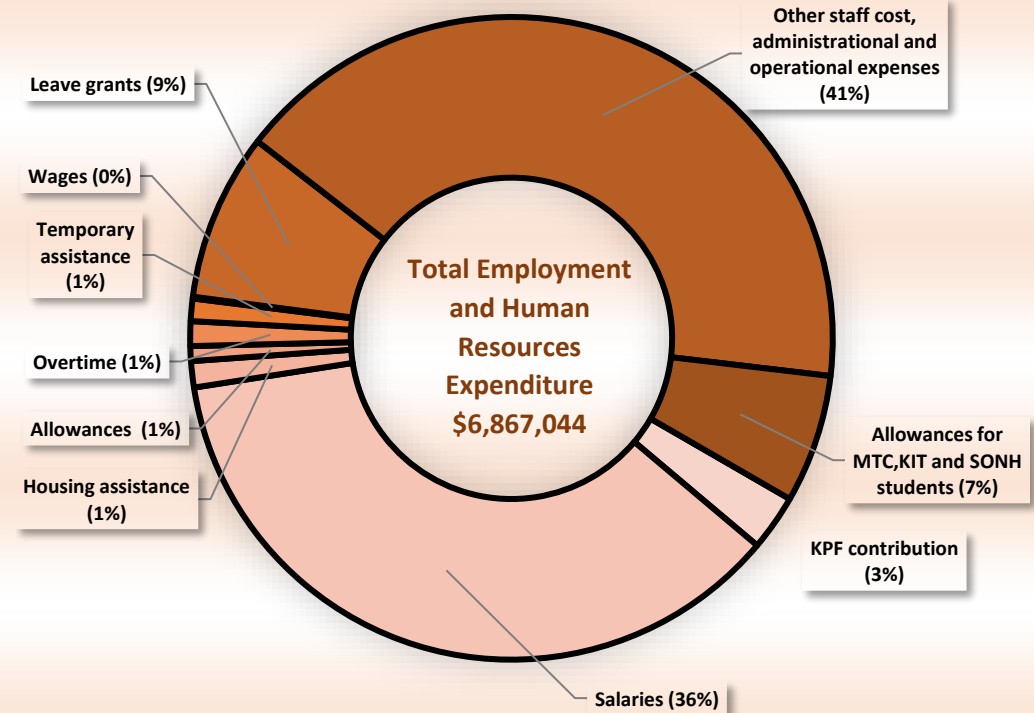
## MINISTRY OF EMPLOYMENT AND HUMAN RESOURCES

The Ministry of Employment and Human Resources is allocated a sum of \$6.4 million for Recurrent Expenditures in the 2022 National Budget. The main function of the Ministry is to secure employment opportunities for all I-Kiribati citizens in local and foreign markets and support training programmes delivered by the Kiribati Institute of Technology and the Marine Training Centre.



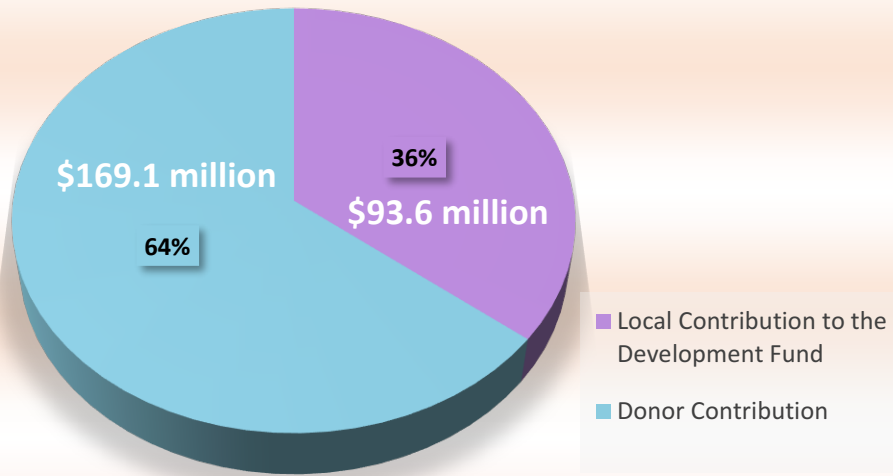
	DESCRIPTION	2022 BUDGET (\$)
<b>EMPLOYMENT AND HUMAN RESOURCES EXPENDITURE</b>	KPF Contribution	193,290
	Salaries	2,499,736
	Housing Assistance	90,446
	Allowances	51,389
	Overtime	85,120
	Temporary Assistance	77,463
	Wages	6,050
	Leave Grants	579,000
	<b>SUB TOTAL</b>	<b>3,582,494</b>
	Other Staff Cost, Administrative and Operational Expenses	2,840,926
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>6,423,420</b>
	Allowances for MTC, KIT and SONH Students	443,624
	<b>TOTAL EXPENDITURE</b>	<b>443,624</b>
	<b>GRAND TOTAL</b>	<b>6,867,044</b>

### Employment & Human Resources Expenditure



# Development Budget

## Donor & Government Contribution (LCDF)

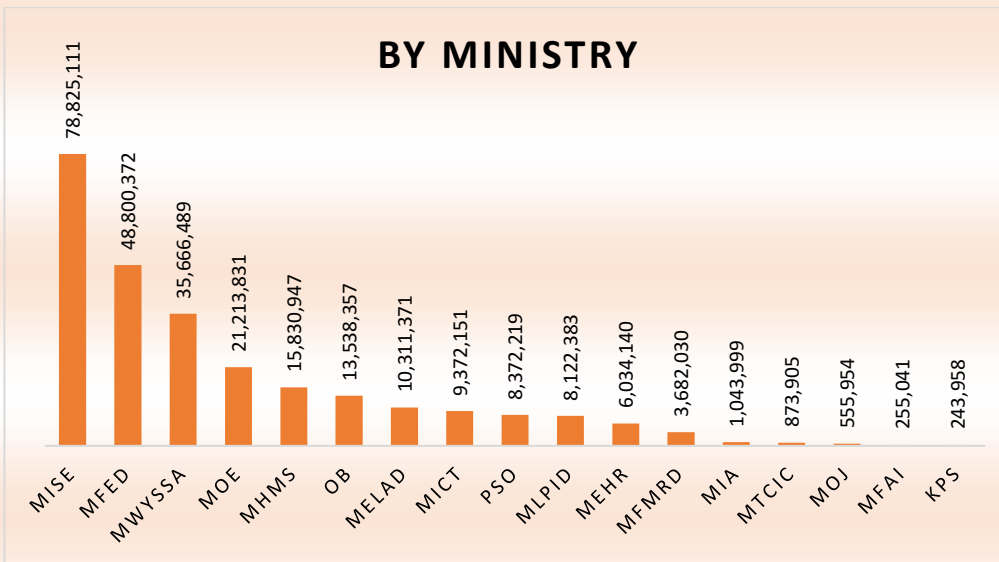


The **Development Budget** highlights investments in public infrastructure such as roads, bridges, jetties and schools; as well as spending on targeted development programmes (e.g., copra price scheme).

For 2022, the Development Budget includes new funding pledges for projects totaling **\$262.7 million, or 81 percent of GDP**. This includes a contribution of:

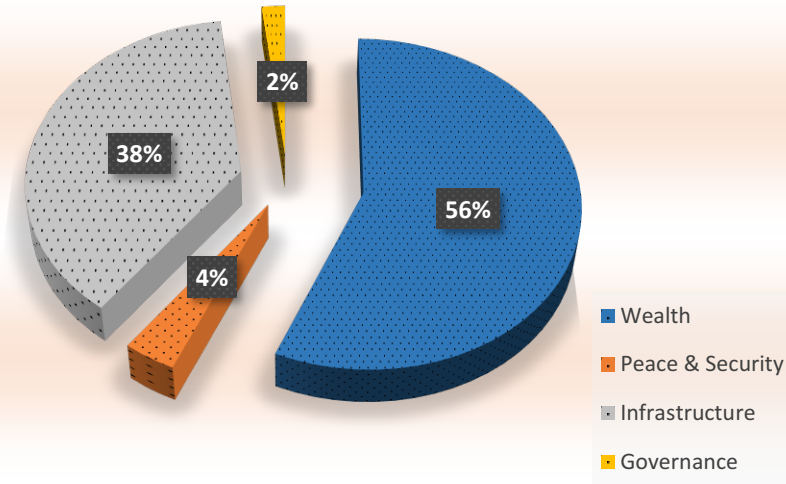
- **\$93.6 million from Government via the LCDF - 36 percent of the total Development Budget; and**
- **\$169.1 million from development partners - 64 percent of the total Development Budget.**

## BY MINISTRY

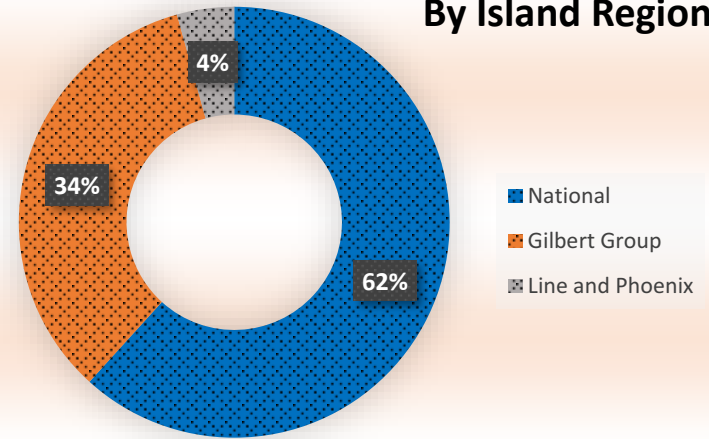


# Development Budget Allocations

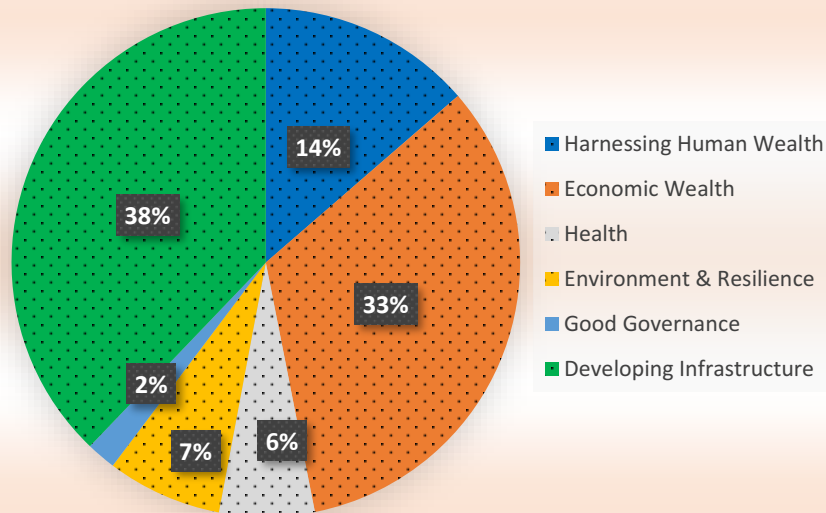
By Key Pillars - Kiribati 20 Year Vision (2016-2036)



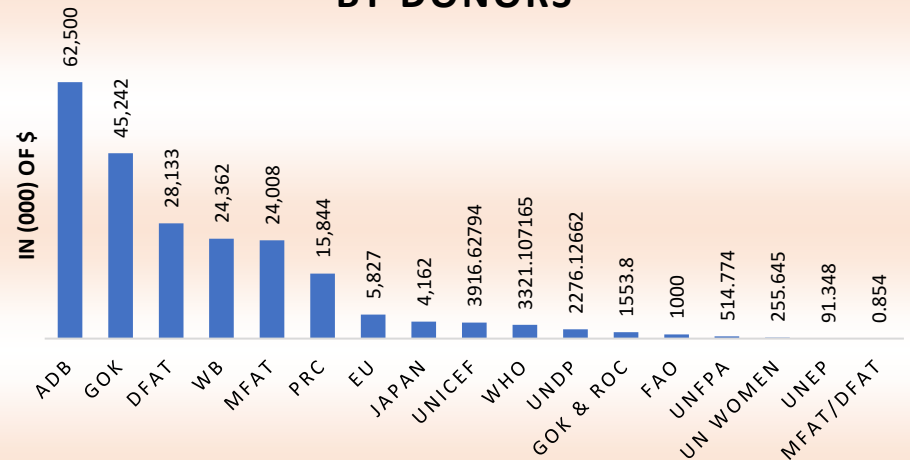
By Island Region



By Priority Sectors - Kiribati Development Plan



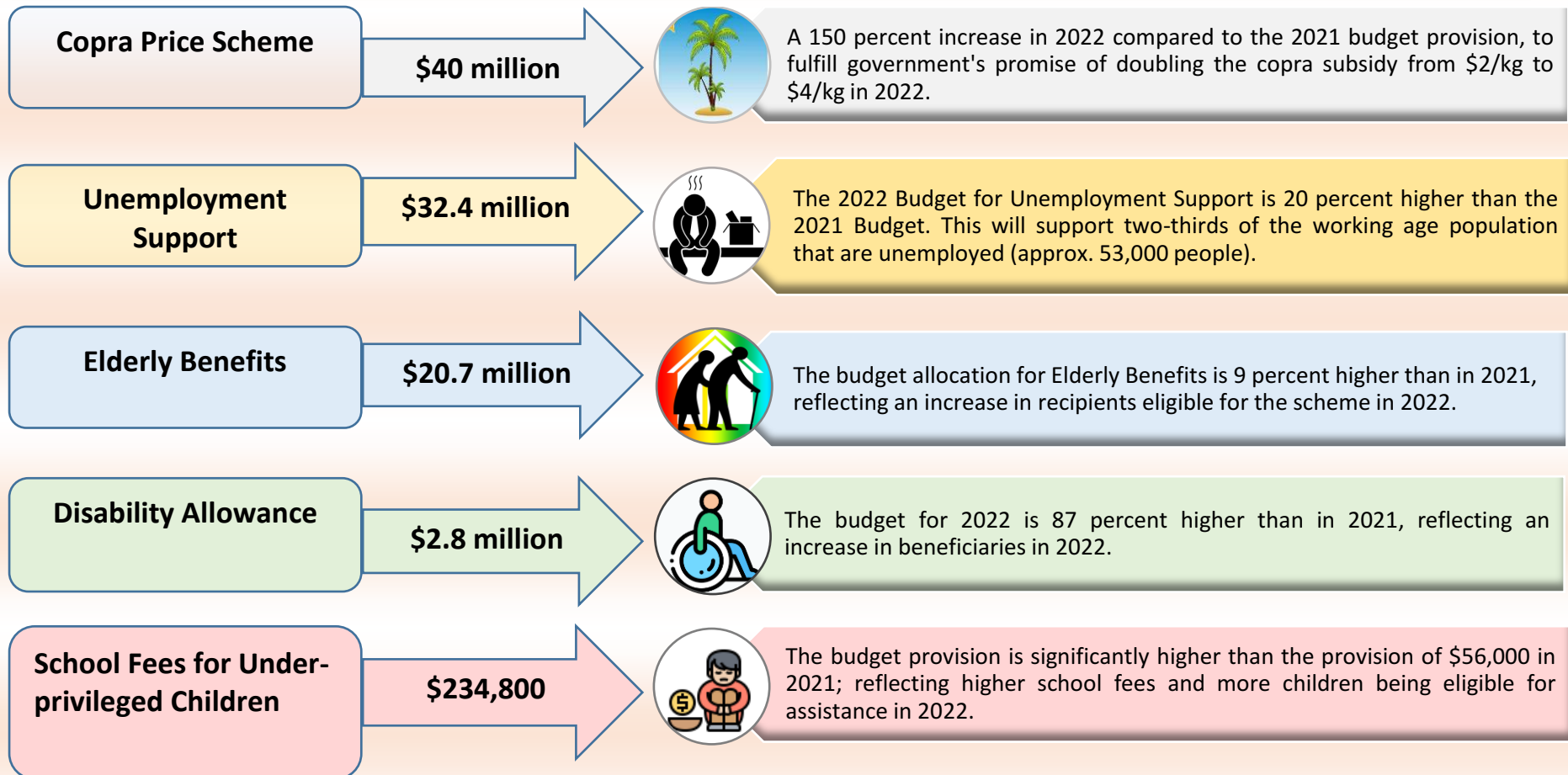
BY DONORS



## 2022 Budget Priorities – Focus on Social Protection

With the theme of ‘**adapting to the new normal**’ the 2022 Budget prioritizes support for several social protection programmes to help families and vulnerable communities cope with the challenges of COVID 19.

**Social protection measures total \$96.1 million or 32 per cent of total expenditure. This is a 51 percent increase from the 2021 budget provision.**



# 2022 Budget Overview - Alignment to Government Priorities

Element	2022 Budget	Share of GDP	Share of Total Budget	Excluding Social Protection	Share of Total Budget
	\$	%	%	\$	%
Local Contribution to the Development Fund	93,634,287	29%	36%	21,234,287	11%
<i>Copra Subsidy</i>	40,000,000	12%	15%	-	-
<i>Support for the Unemployed</i>	32,400,000	10%	12%	-	-
<i>Projects and Grants</i>	21,234,287	7%	8%	21,234,287	11%
Donor Contribution	169,107,972	52%	64%	169,107,972	89%
Total Development Fund	262,742,259			190,342,259	
Total a a proportion of GDP (%)	81%			59%	
<b>By Region</b>					
National	162,187,325	50%	62%	89,787,325	47%
Gilbert Group	89,295,324	28%	34%	89,295,324	47%
Line and Phoenix	11,259,611	3%	4%	11,259,611	6%
<b>By KV20 Pillars</b>					
Wealth	148,684,633	46%	57%	76,284,633	40%
Peace & Security	9,647,661	3%	4%	9,647,661	5%
Infrastructure	99,445,083	31%	38%	99,445,083	52%
Governance	4,964,881	2%	2%	4,964,881	3%
<b>By KDP Sectors</b>					
Harnessing Human Wealth	35,820,190	11%	14%	35,820,190	19%
Economic Wealth	87,419,504	27%	33%	15,019,504	8%
Health	15,898,146	5%	6%	15,898,146	8%
Environment & Resilience	19,242,453	6%	7%	19,242,453	10%
Good Governance	4,916,883	2%	2%	4,916,883	3%
Developing Infrastructure	99,445,083	31%	38%	99,445,083	52%
<b>By Ministry</b>					
Ministry of Finance and Economic Development	48,800,372	15%	19%	8,800,372	5%
Ministry of Women, Youth, Sport and Social Affairs	35,666,489	11%	14%	3,266,489	2%
Ministry of Infrastructure and Sustainable Energy	78,825,111	24%	30%	78,825,111	41%
Ministry of Education	21,213,831	7%	8%	21,213,831	11%
Ministry of Health and Medical Services	15,830,947	5%	6%	15,830,947	8%
Other	62,405,508	19%	24%	62,405,508	33%
<b>By System</b>					
GOK System	116,789,532	36%	44%	44,389,532	31%
Donor System	145,952,727	45%	56%	145,952,727	69%
<b>Donor Composition</b>				<b>Share of Donor</b>	
Government of Kiribati	93,634,287	29%	36%	-	55%
Asian Development Bank	49,700,000	15%	19%	-	29%
Department of Foreign Affairs and Trade	28,312,249	9%	11%	-	17%
Ministry of Foreign Affairs and Trade	24,237,703	8%	9%	-	14%
World Bank	20,150,753	6%	8%	-	12%
Global Environment Facility	14,000,000	4%	5%	-	8%
Peoples Republic of China	14,000,000	4%	5%	-	8%
Other	18,707,266	6%	7%	-	11%
	<b>Total Number</b>	<b>2021 Remaining Balance</b>	<b>2022 New Pledges</b>	<b>Total</b>	<b>Share of GDP</b>
Total Projects	898	114,940,317	262,742,259	377,682,576	117%



**HARNESSING HUMAN WEALTH**



**ECONOMIC WEALTH**



**HEALTH**



**INFRASTRUCTURE**



**ENVIRONMENT AND RESILIENCE**



**GOOD GOVERNANCE**

## Cash Position

Total cash available to Government as of 30<sup>th</sup> September 2021 was \$404.7 million. \$184.7 million of this is kept aside as cash reserves to meet unexpected budget demands in the future, including new expenditure pressures that may arise from the COVID 19 Pandemic.

Having sufficient cash available at any one point in time is a sign of financial strength, because it bolsters government's capacity to respond to unforeseen events and safeguard against financial instability.

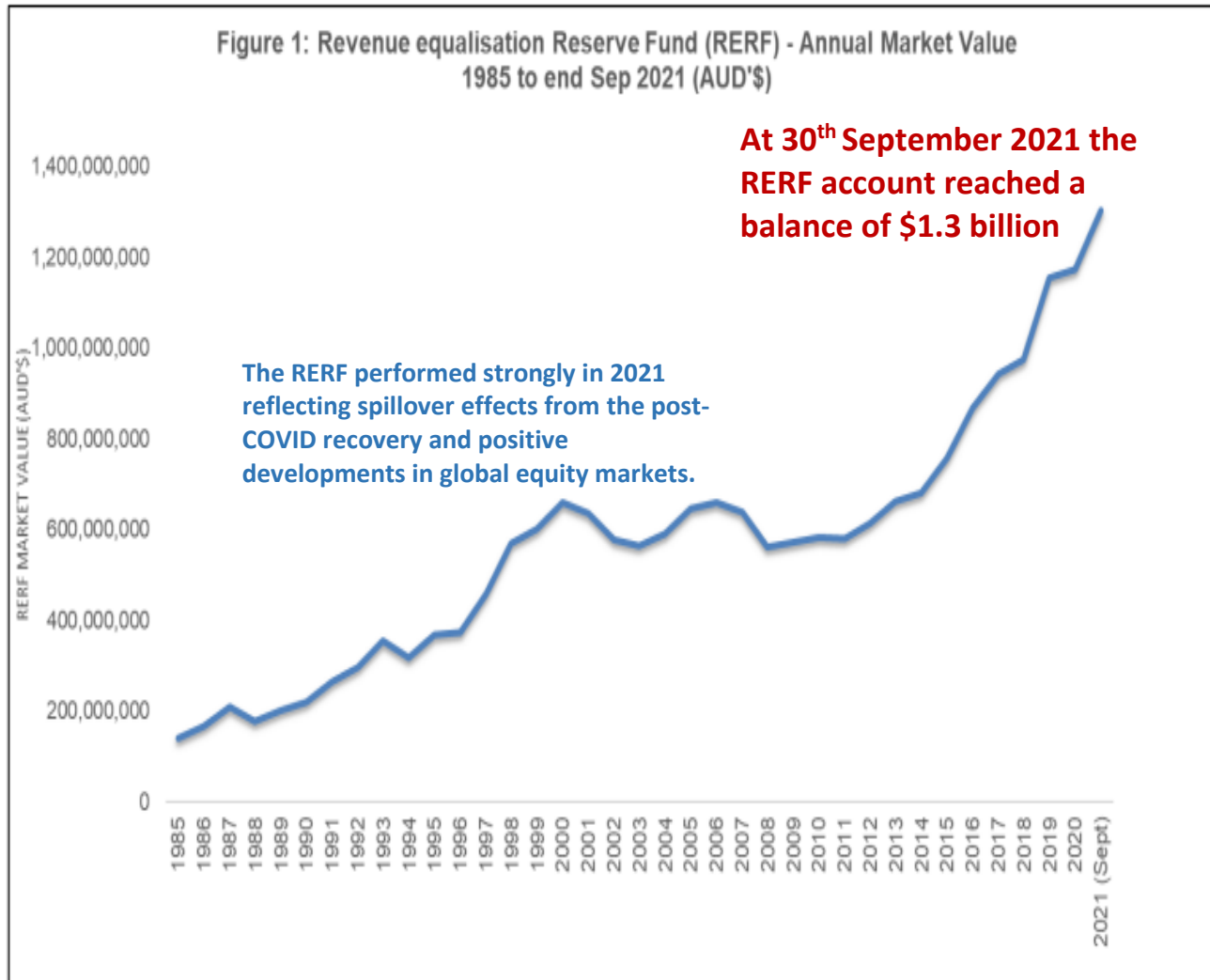
### Government cash position as at 30<sup>th</sup> September 2021

Government Bank Accounts	Description	Balance as @ 30 <sup>th</sup> Sept 2021
Account No. 1: Operating Account	Main account for funding government's operations.	\$25.2 million
Account No. 4: Development Fund	Special designated account used by Development Partners for depositing contributions for specific projects, managed by Ministry of Finance and Economic Development.	\$194.8 million
Account No. 3: Fishing License Revenue.	Primary Account for depositing proceeds from fishing licenses.	\$184.7 million (Cash Buffer)
State Street Account	Government's term deposit account with the State Street Bank, Australia.	
Interest Bearing Deposit Account	Interest Bearing Deposit Account	
<b>Total Cash Position</b>		<b>\$404.7 million</b>



# Revenue Equalisation Reserve Fund

Figure 1. Revenue Equalization Reserve Fund (RERF) – Annual Market Value 1985 to end September 2021 (AUD' \$)



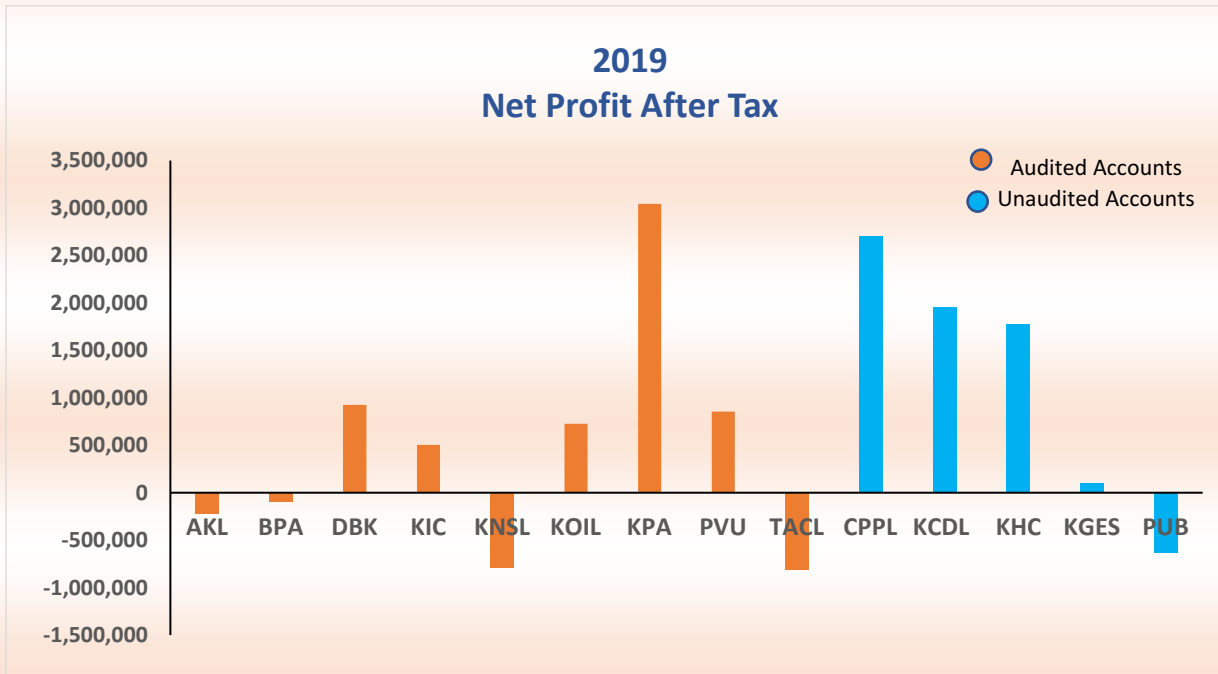
An estimate of \$23 million RERF dividend has been earmarked for 2022.

This funding will go towards improving the quality of Kiribati's human resources, including education programmes targeting skills for specific job markets.

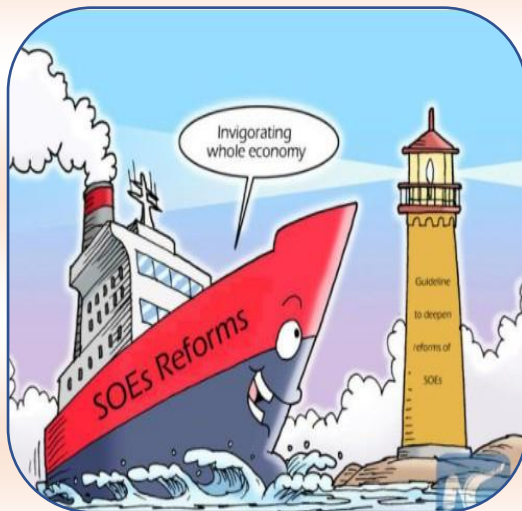
The RERF withdrawal policy aims to achieve the following objectives:

- Ensure the Capital value of the RERF is protected over time.
- Ensure the RERF is used more effectively for development purposes; and
- Ensure all generations benefit equally from the RERF (intergenerational equity).

# State Owned Enterprises (SOEs) Performance



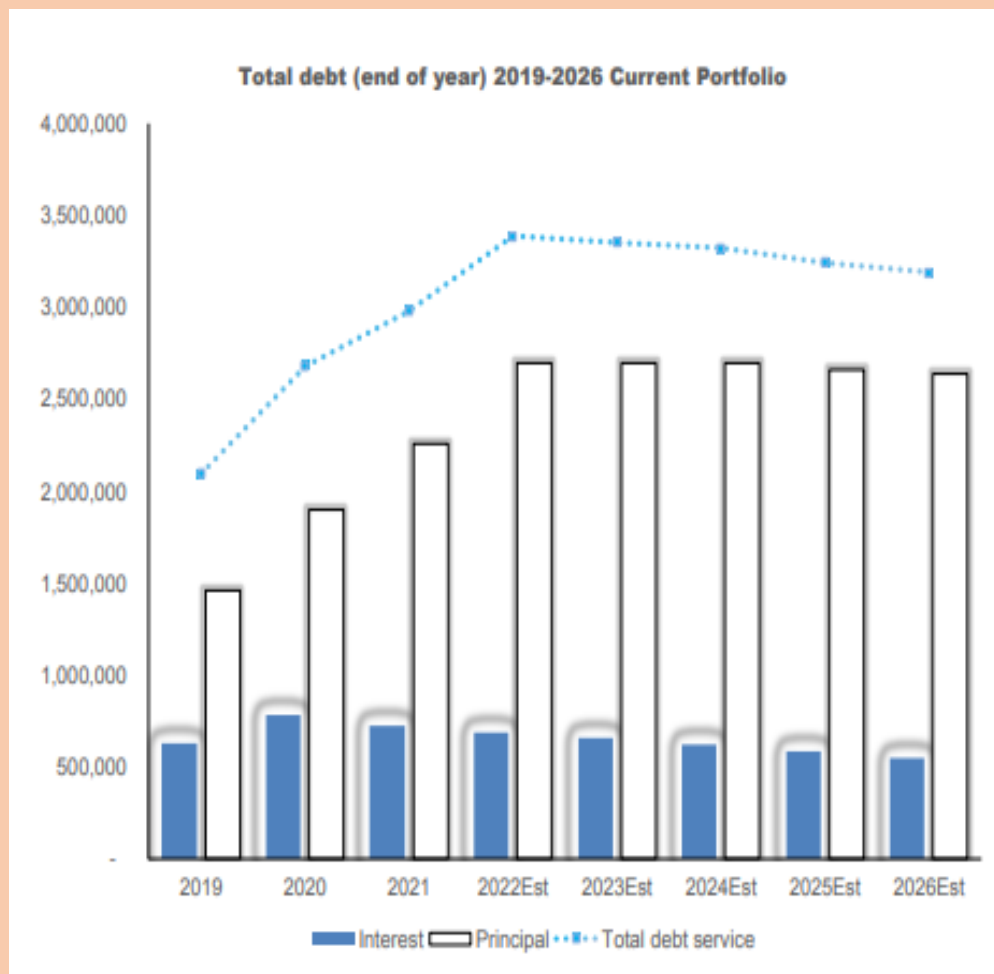
- Government support for SOEs is reflected in the Budget as Community Service Obligation (CSO) payments.
- In 2022, CSO payments is anticipated to reach \$7.4 million. These include payments to: Air Kiribati Limited (\$4.4 million); the Public Utility Board (\$1.4 million); Kiribati National Shipping Ltd (\$0.9 million); and Kiribati Housing Corporation (\$0.7 million).
- In 2019, 9 of the 14 SoEs recorded net profits.
- The average Return on Equity (RoE) for all SOEs in 2019 was around 5.3 percent which is an improvement on prior years.
- Total Shareholders’ Equity across all SOEs was valued at \$189.7 million, or 59 percent of GDP.



SOE	Abbreviation
Air Kiribati Limited	AKL
Broadcasting & Publications Authority	BPA
Development Bank of Kiribati	DBK
Kiribati Insurance Company	KIC
Kiribati National Shipping Limited	KNSL
Kiribati Oil Co. Ltd	KOIL
Kiribati Ports Authority	KPA
Plant and Vehicle Unit	PVU
Te Atinimarawa Company Ltd	TACL
Central Pacific Producer Limited	CPPL
Kiribati Coconut Development Limited	KCDL
Kiribati Housing Cooperation	KHC
Kiribati Green Energy Solution	KGES
Public Utilities Board	PUB



# Debt Management



**Notes:**

1. Note all figures are measured in Australian currency.
2. Contingency are based on estimate and it only caters for incidental and cost risk to loan repayments.

**Total debt reflects the funds government owes to external lenders for borrowings made in previous years.** To clear its debts, government must pay-off interest and principal amounts owed on these debts on an annual basis.

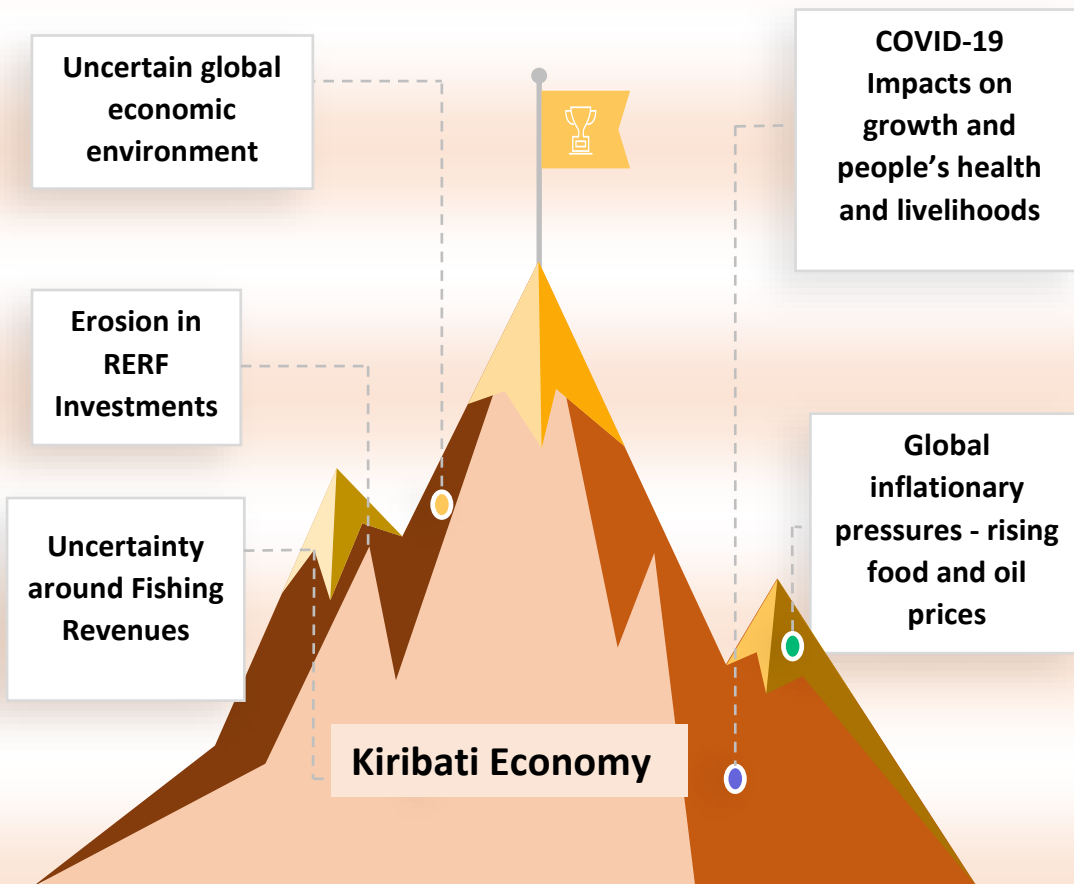
**Government’s current policy on debt is to reduce all outstanding debt balances and to accept no new debt.** If a new debt is considered, it must be on concessional terms, with at least a 35 percent grant component.

Government’s debt portfolio is made up largely of loans acquired from the Asian Development Bank for large infrastructure projects.



# Future Risks & Challenges for the 2022 Budget

**The COVID 19 Pandemic remains the most prominent risk for Kiribati and all nations across the world.**



## Strategies to Address Budget Risks

- Maintain strong cash reserves to mitigate against future financial pressures
- Adopt prudent fiscal responsibility rules to better manage and stabilize public finances
- Continue to mobilise revenues and monitor expenditures to manage fiscal risks
- Closely monitor service delivery to improve expenditure quality and derive 'value for money' investments
- Improve the administration and focus of social protection programmes
- Continue to pursue important structural reforms over the medium term

# Glossary

**BUDGET:** government's plan for a financial year presenting its anticipated revenue sources (revenues, borrowings, cash reserves etc.) and expenditure proposals for line Ministries.

**REVENUES:** the total amount of money that the Government receives from both domestic and external sources.

**TAX REVENUE:** The total amount of money that government generates from taxation of personal incomes, business profits, VAT and other taxable sources. Taxes are compulsory, non-refundable, non-exchange-related contributions collected by the Government.

**NON-TAX REVENUE:** income received by government from sources other than taxes (e.g. fishing revenues, income from financial investments, statutory fees and penalties, etc.).

**BUDGET SUPPORT:** External assistance given to Government supporting key budget initiatives.

**BUDGET DEFICIT:** a situation where government revenues are lower than government expenses.

**GDP:** the monetary value of all finished goods and services produced within a country's borders over a specific period (usually a given year, or quarter).

**INFLATION:** the rate at which general prices for goods and services increase over time.

**EXPENDITURE:** all government consumption, investment, and transfer payments.

**FISCAL STRATEGY:** governments broad financial plan for the next 3 to 5 years taking into account global and domestic economic conditions as well as plans to achieve key policy goals and priorities. The Fiscal Strategy is prepared at the beginning of the budget process and sets the broad financial targets for revenues and expenditures in the National Budget.

# Contacts



Parliament <https://www.parliament.gov.ki>

Ministry of Finance & Economic Development <http://www.mfed.gov.ki/>

Kiribati Audit Office (KAO) <https://kao.gov.ki/>

Kiribati National Statistics Office <https://nso.gov.ki/>

