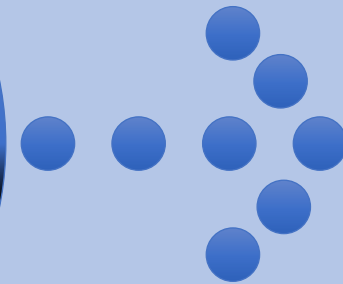




KIRIBATI CITIZEN BUDGET 2025



MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT

NATIONAL ECONOMIC PLANNING OFFICE

BAIRIKI

Introduction

This document is a simplified version of the Kiribati Government's 2025 National Budget, which presents the budget's key priorities in a clear and non-technical format with visual illustrations.

The 2025 Budget theme of "A Vision to Impact – Transforming Aspirations to Tangible Outcomes" - is a profound declaration of intent, encapsulating the government's unwavering resolve to shaping a wealthy, healthy, and peaceful nation. This theme underscores the importance of ensuring that aspirations are translated into tangible and measurable outcomes that positively impact the lives of all citizens. It reflects a crucial juncture in the nation's journey—where ideals meet action and ambitions translated into achievements and results.

Purpose

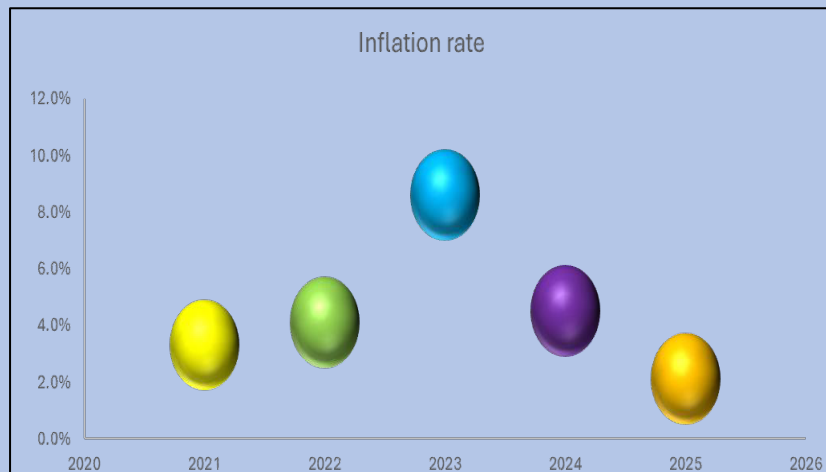
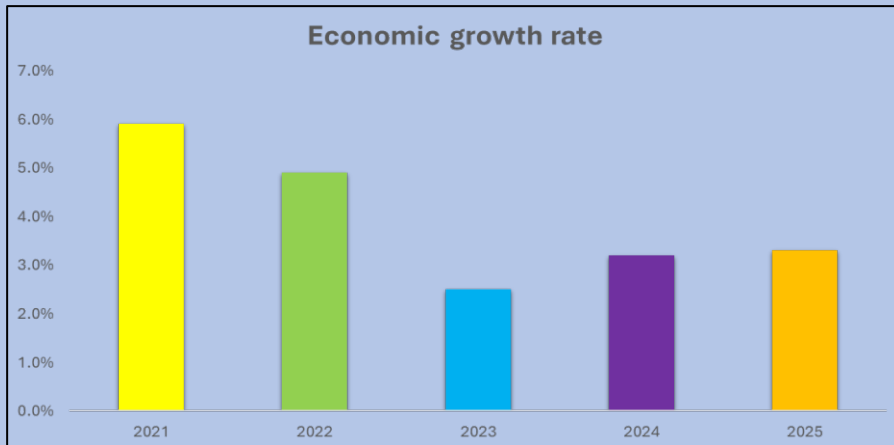
We hope that all readers of this document will gain a clearer understanding of key issues in the national budget, including how the government plans to generate revenue and allocate public funds. This encompasses initiatives aimed at improving the delivery of health and education services, strengthening social support programs, and developing essential public infrastructure like roads, water, and electricity. It is vital for our people to be informed about these budget initiatives to ensure that everyone can access and benefit from the range of government services available.

Budget Process and Methodology

BUDGET PROCESS	May	June	July	Aug	Sept	Oct	Nov	Dec
MTFS preparation and approval by Cabinet	√	√						
Budget Circular issued to Ministries and Departments for Budget ceiling and submission			√					
Assessment of Submission from Ministries and Departments				√				
Budget Consultation with Ministries and Departments				√				
Budget Committee					√			
Budget submission to Cabinet						√		
Budget debate and approval by Parliament							√	√

- Publication of the 2025 Fiscal and Budget Strategy that took account of the economic outlook, the Medium-Term Fiscal Strategy and Government commitments, providing for base case estimate ceilings to inform budget preparation.
- Ministry budget submissions reviewed by the National Economic Planning Office (NEPO)
- Budget Committee chaired by the Hon Vice President and Minister for Finance and Economic Development review the submissions to prioritize the NPPs.
- Cabinet was briefed on the outcomes of the Budget Committee which subsequently considered and approved the final budget for submission to Parliament for approval.
- Parliament deliberation on Budget

Economic Outlook



Real GDP (growth) measures how well our economy is doing. It is a metric that measures the total value of all goods and services produced in our economy in a given year.

According to the most recent IMF growth projections, our economy will grow by about 2.8 percent in 2024 and then rising to 3.0 percent in 2025. This expansion is attributed to a strong recovery in domestic economic activity since the international borders reopened this year. Growth is expected to pick up significantly next year, driven by increased investment and consumption.

Inflation is simply the general increase in price levels for goods and services. Inflation in Kiribati is expected to continue to decline from 4.5% in 2025 to 2.1% in 2025 and return to normal rates of around 2% in the outyears, which will reduce inflationary pressures on the cost of living in Kiribati as well as Ministry outlays and project costs.

2025 Budget Overview

Summary Government Budget (\$Millions)	
Total Revenue	\$402.6 million
<i>Fishing Revenues</i>	<i>\$200 million</i>
<i>Tax Revenues</i>	<i>\$80 million</i>
<i>RERF Dividends</i>	<i>\$80.0 million</i>
<i>Others</i>	<i>\$9.5 million</i>
<i>Budget Support</i>	<i>\$33.1 million</i>
Total Expenditure	\$402.5 million
<i>Appropriated Expenditure</i>	<i>\$384.9 million</i>
<i>Statutory Expenditure</i>	<i>\$17.5 million</i>
Budget Surplus (Savings)	\$0.142 million
<i>Surplus as percentage of GDP</i>	<i>0.03%</i>

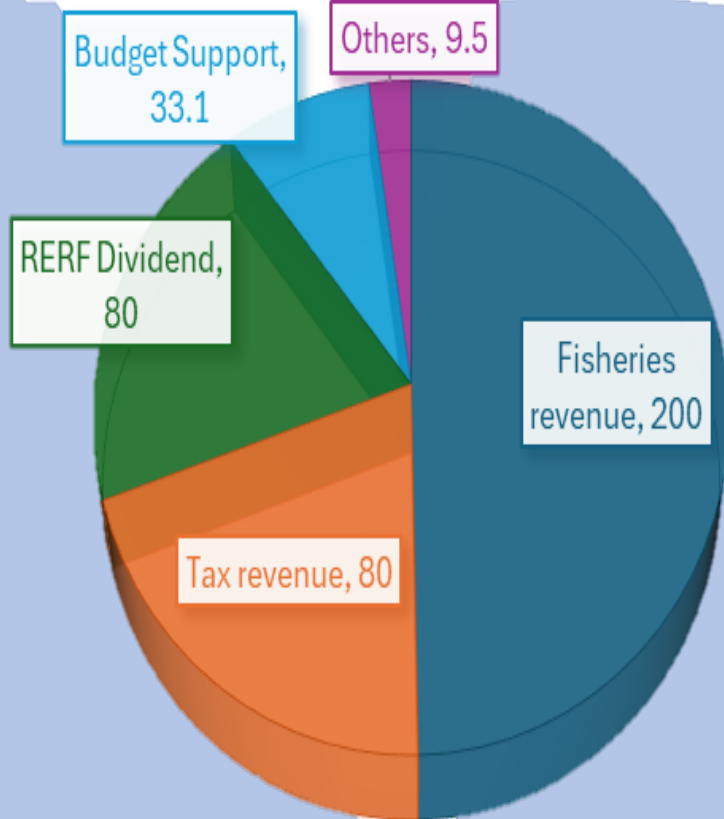
In the 2025 National Budget, the government aims to earn \$402.6 million (revenues) and spend around \$402.5 million (expenditures). This is expected to generate a minimal surplus budget with \$0.142 million savings or 0.03 percent of GDP.

- Total appropriation expenditure - \$384.9 million (96 percent of the total budget)
- Statutory expenditure - \$17.5 million (4 percent of the total budget)

2025 Budget Revenue

Total revenues in 2025 is estimated at \$402.6 million, 6 percent higher than revenue earnings in the revised 2025

REVENUE BY TYPE IN MILLION \$



Fishing revenue: total fisheries revenue for 2025 is \$200 M (50% of total revenue) of which Fishing license is \$184 M, Transshipment is \$7 M and \$8.9 M from other fishing revenues .

- **Tax Revenue:** total tax revenue for 2025 is \$80 M (20% of total revenue), 13% lower than the 2024 Revised Budget.

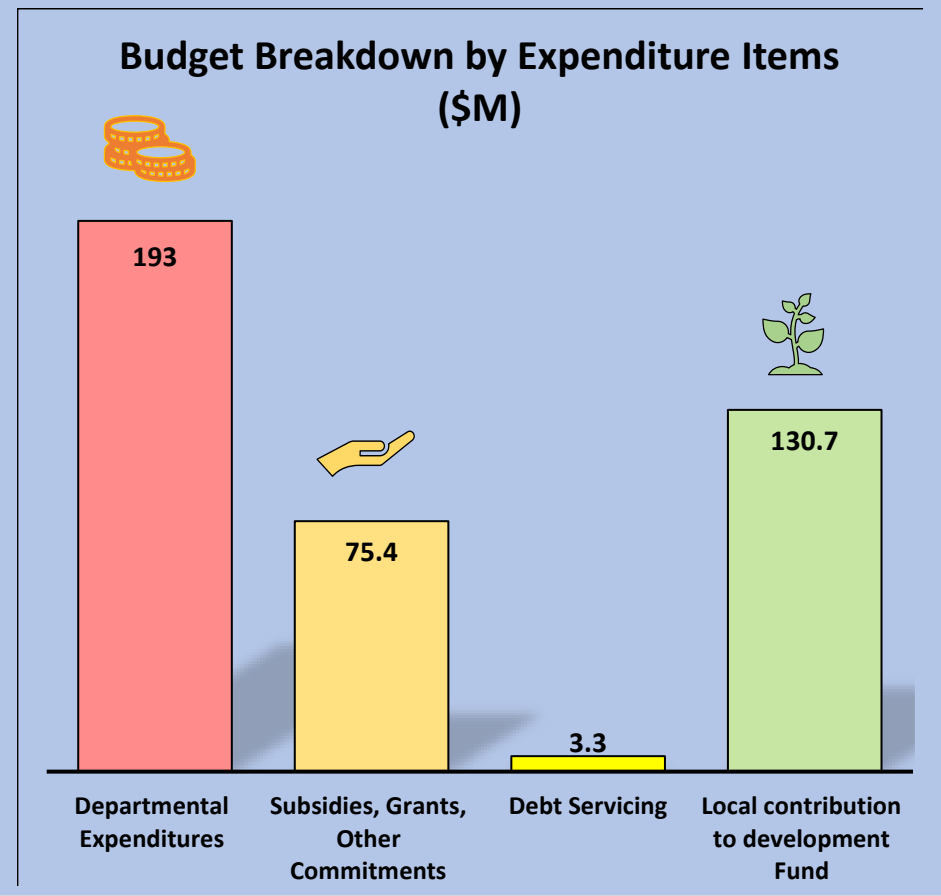
- **RERF Dividend:** total RERF dividend for 2025 is \$80 M (20% of total revenue), 13% lower than 2024 Revised Budget.

- **Budget Support:** total budget support pledged for 2025 is \$33.1 M (8% of total revenue)

- **Other revenues:** total revenue for 2025 is \$9.5 M (2% of total revenue). This is inclusive of other Ministry's revenues and SOE dividends.

2025 Recurrent Budget Expenditure

Government's recurrent expenditure for 2025 is \$402.5 million, 2 percent lower than the revised budget for 2024.



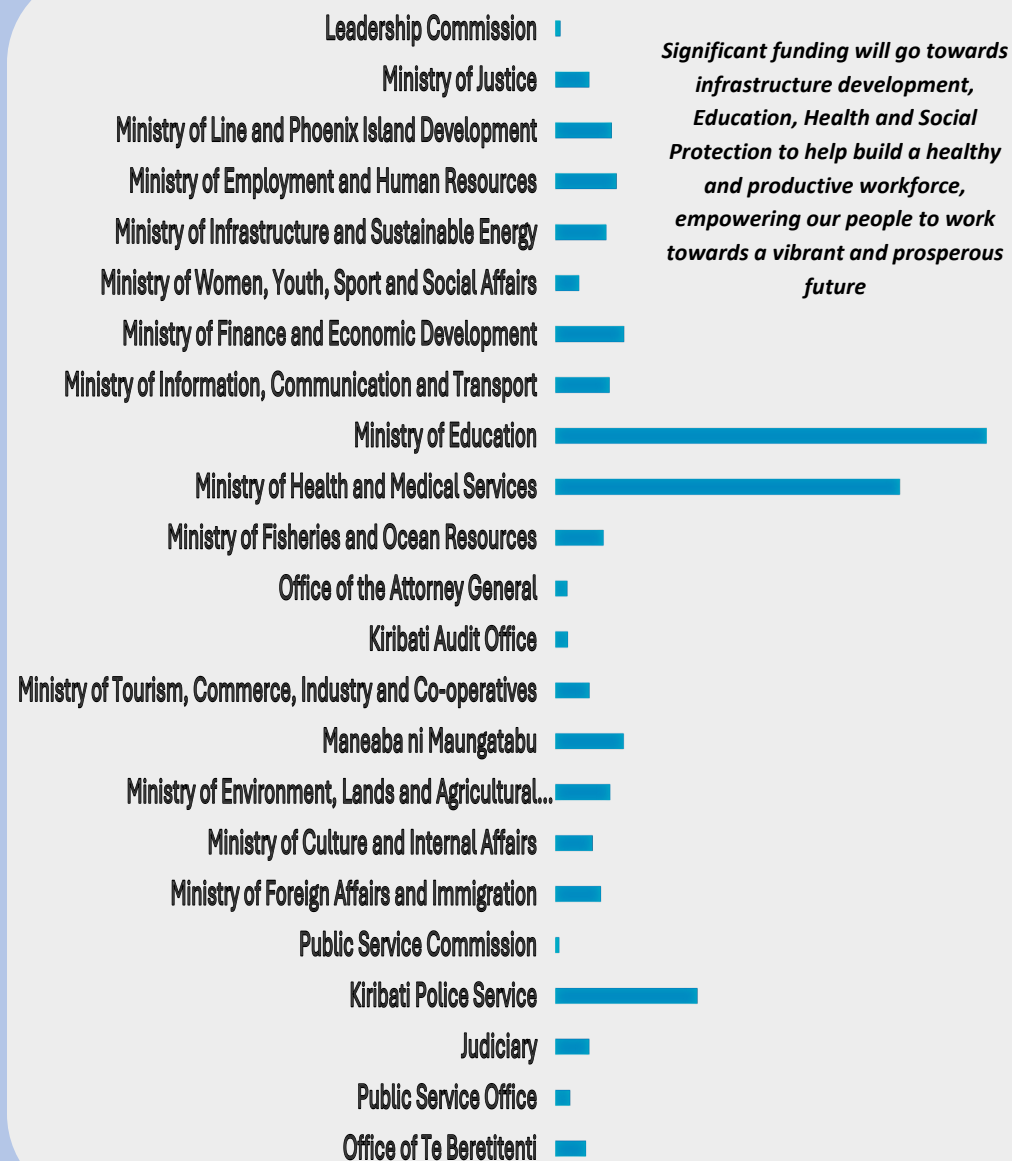
2025 Recurrent Budget amounts by budget categories:

- Departmental expenditures: \$193 million;** covers spending on **government salaries** and **other operational costs**.
- Other expenditures: \$75.4 million;** covers spending on **Subsidies, Grants and Other Commitments**, including social security payments, land rent, grants to island and urban councils and support payments to State Owned Enterprises.
- Debt servicing costs: \$3.3 million;** covers payments on **Interest, Principal and Other Charges on Public debt**.
- Local Contribution to the Development Fund: \$130.7 million;** covers investments in **Projects and Grants**; and payments for **Copra Subsidies and Unemployment Benefits**.


2025 Recurrent Budget Allocations – By Ministry

Consistent with the KV20 Vision - Government's budget expenditure in 2025 is prioritized across four key sectors: **Infrastructure Development, Education, Health, and Social Protection.**


Code	Ministry	2025 Budget
01	Office of Te Beretitenti	3,545,575
02	Public Service Office	1,697,347
03	Judiciary	3,928,712
04	Kiribati Police Service	16,440,806
05	Public Service Commission	454,955
06	Ministry of Foreign Affairs and Immigration	5,267,655
07	Ministry of Culture and Internal Affairs	4,312,005
08	Ministry of Environment, Lands and Agricultural Development	6,351,255
09	Maneaba ni Maungatabu	7,911,752
10	Ministry of Tourism, Commerce, Industry and Co-operatives	3,953,031
11	Kiribati Audit Office	1,462,482
12	Office of the Attorney General	1,379,176
13	Ministry of Fisheries and Ocean Resources	5,575,727
14	Ministry of Health and Medical Services	39,841,419
15	Ministry of Education	49,904,545
16	Ministry of Information, Communication and Transport	6,275,616
17	Ministry of Finance and Economic Development	7,957,174
18	Ministry of Women, Youth, Sport and Social Affairs	2,757,411
19	Ministry of Infrastructure and Sustainable Energy	5,906,580
20	Ministry of Employment and Human Resources	7,086,546
21	Ministry of Line and Phoenix Island Development	6,539,367
22	Ministry of Justice	3,915,408
23	Leadership Commission	577,641
28	Debt Servicing	3,346,188
25	Subsidies, grants and other commitments	75,376,162
282162	Contributions to development fund	130,702,056
Total Expenditure		402,466,591



2025 Recurrent Budget Priorities Allocations




Scholarships \$9m
 Students loan scheme \$1m
 USP Contribution \$1.1m
 Support to Pre-School Teachers \$2.5m
 Subsidy for School Fees \$6m
 Support for Secondary School Missions \$3.9m



Overseas referrals \$7m
 Local referrals \$1.2m



Unemployment Benefit \$25m
 Senior Citizen's benefit \$23m
 Disability support \$2.4m



Outer Island Infrastructure \$32m
 Infrastructure Maintenance fund \$6m
 Line and Phoenix Senior Secondary School \$1.3m
 Housing Development Phase II Linnix \$1.78m
 Outer Island Mobile Tours \$1m

Budget Priorities with allocations:

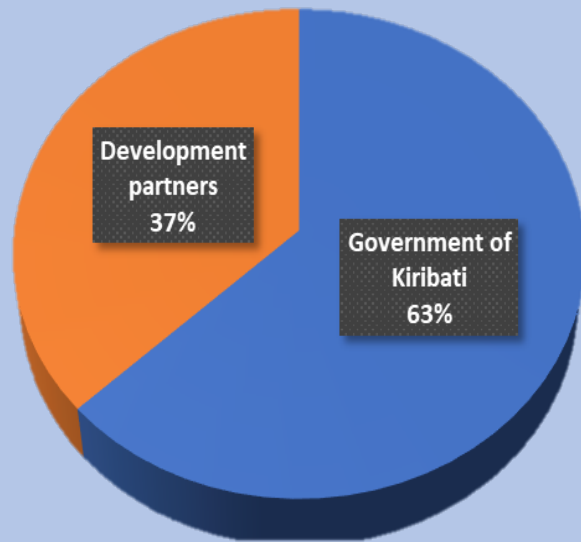
- **Education:** \$22.5 million;
- **Health:** \$8.2 million;
- **Infrastructure Development:** \$42.08 million.
- **Social Protection:** \$50.4 million

2025 Budget Theme:

"A Vision to Impact – Transforming Aspirations to Tangible Outcomes," prioritizes the effective deployment and management of resources to achieve tangible outcomes, ensuring that every initiative undertaken serves the collective good of the people. It emphasizes the importance of using available resources wisely, focusing on projects and policies that yield measurable progress with tangible outcomes in key areas such as economic growth, social equity, and environmental sustainability with emphasis on Infrastructure development, such as upgrading outer island roads and improving Kiritimati Island's road network and airfield, enhancing connectivity and economic opportunities.

Development Budget 2025

Donor & Government Contribution (LCDF)

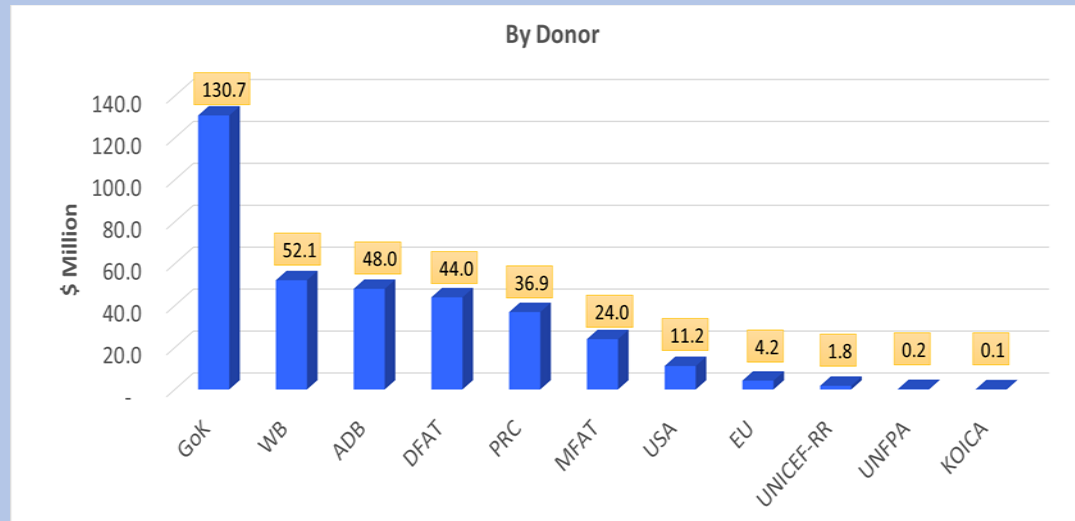
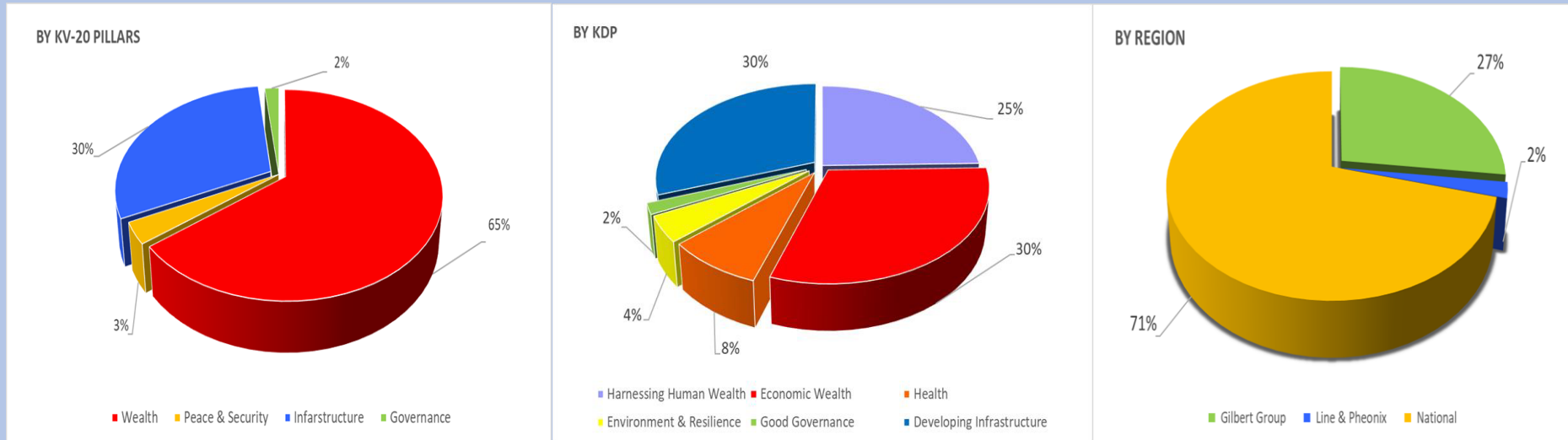


The **Development Budget** is prepared independently from the government's recurrent budget. It focuses primarily on the allocations for key development projects, such as roads, water, and electricity. Majority of development budget programs are supported by our development partners, while government also contributes to the development budget through the LCDF provision.

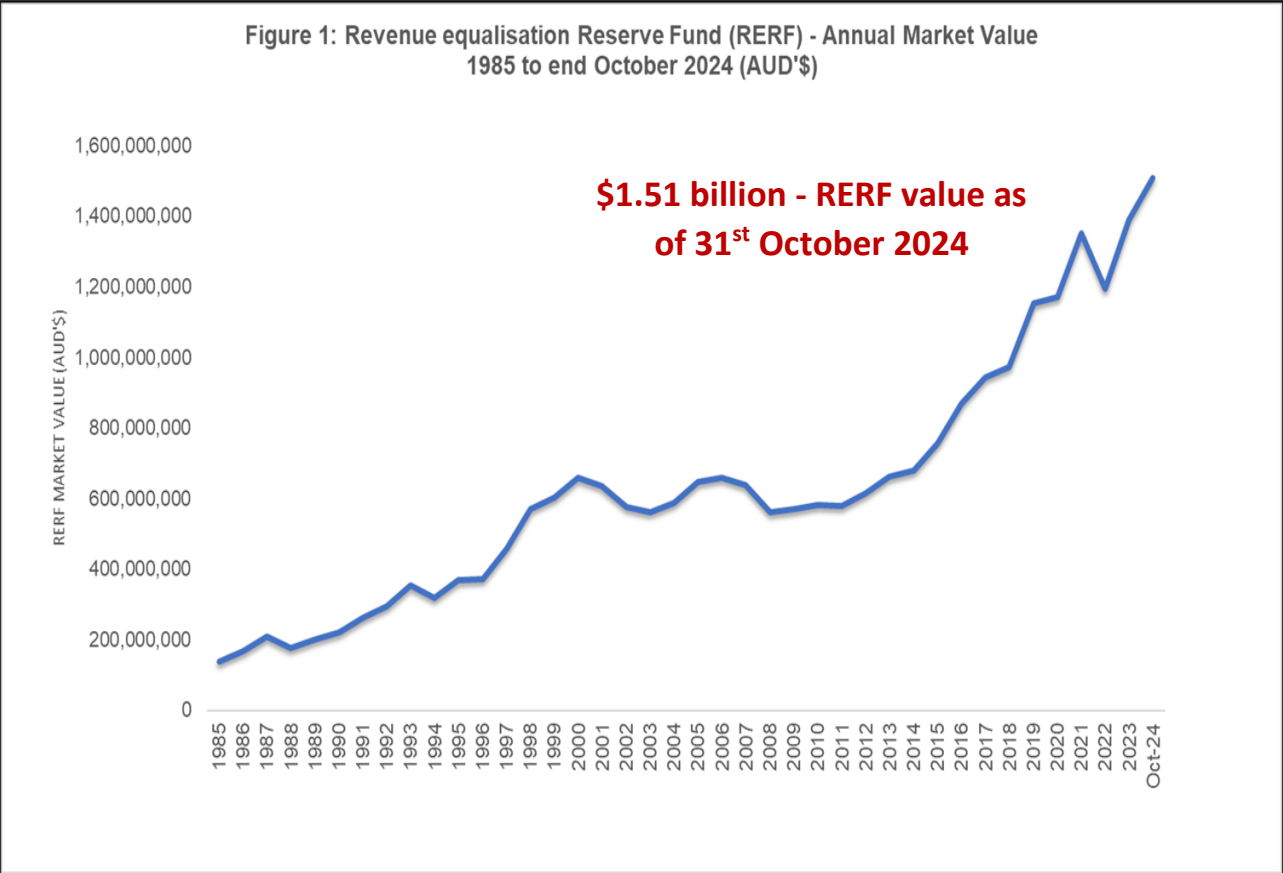
The total budget for development in 2025 is approximately **\$353.2 million, or 67 percent of GDP**. This represents:

- **Projects totaling \$222 million to be financed by development partners (63 percent); and**
- **Projects totaling \$130.7 million to be financed by the government via the LCDF (37 percent).**

Development Budget Allocations



Revenue Equalisation Reserve Fund

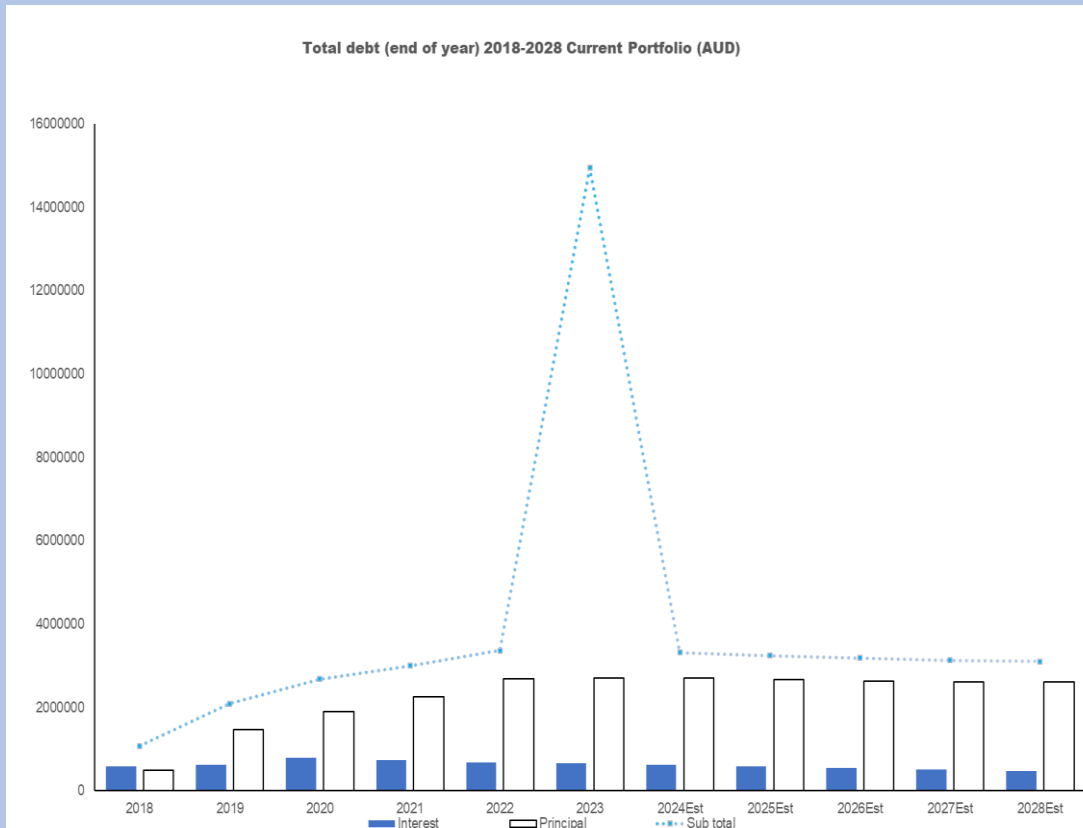


The government will be making withdrawals from the RERF account in 2025, as the RERF returns for the year have generated an 8.7% return. This meets the threshold of 2% of nominal returns, in accordance with the RERF Withdrawal Policy.

As of 31st October 2024, the RERF balance stood at \$1.51 billion. When compared to the value of the RERF at the end of 2023 which was \$1.39 billion. Therefore the \$80 million withdrawal for 2025 follows the Rules

To date, the RERF is still performing well despite geopolitical tensions and conflicts happening in the world today.

Debt Management



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.



National Economic Planning Office

Bairiki

Ministry of Finance & Economic Development

<http://www.mfed.gov.ki/>

