



GOVERNMENT OF KIRIBATI

## **DEVELOPMENT BUDGET SPEECH 2022**

Delivered on 30<sup>th</sup> November 2021

by HON. DR TEUEA TOATU

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### **INTRODUCTION**

Honourable Madam Speaker,

His Excellency Te Beretitenti,

Honourable Cabinet Ministers and Members of the Maneaba n Maungatabu,

The People of Kiribati,

Kam na bane n Mauri!

It is my great privilege to present to this House the 2022 Development Budget.

The annual development budget outlines the development projects that are to be pursued for the year. It brings together the Government of Kiribati funded Local Contribution to the Development Fund, the LCDF, and pledges from development partners.

The 2022 Development Budget could not be delivered without the contributions of our development partners, and I wish at the outset, to reaffirm the Government's deepest appreciation to all our development partners for their continued and unwavering support to our development agenda.

We look forward to continuing this cordial partnership into 2022.

### **THEME**

Madam Speaker,

The theme for this year's budget is 'Adapting to the new normal'.

The new normal reflects the uncertainty of COVID-19. Even though Kiribati is COVID-19 free, it has impacted on our daily lives, and will do so for the foreseeable future.

To adapt to this new world, we must build resilience and invest in human, social, natural and physical capital today, to support prosperity tomorrow.

The Development Budget outlines how we will do this for 2022.

## OVERVIEW

Madam Speaker,

For 2022, the Development Budget includes new funding pledges for projects with a total value of **\$262.7 million**, or **81 per cent** of our Gross Domestic Product, or GDP.

The main development priorities, funded through this budget include: infrastructure investments in energy, sanitation, water and transport projects; social protection payments; education and health expenditures.

## LCDF

In 2022, the Government of Kiribati LCDF will contribute **\$93.6 million**, equivalent to 36 per cent of the total Development Budget.

Over three quarters (77 per cent) of the LCDF will be directed towards social protection payments to ease cost of living pressures and support families to adapt to the new normal. These total **\$72.4 million**, of the LCDF allocation, and comprise **\$40 million** for the Copra Subsidy and **\$32.4 million** for Support for the Unemployed.

In addition, the LCDF includes **\$6.5 million** for overseas scholarships, **\$3.0 million** for infrastructure maintenance; **\$2.0 million** for overseas medical referrals and **\$1.5 million** for the social stability fund. Provision has also been made for **\$0.4 million** for land lease and boundary settlements and **\$0.4 million** to purchase medical equipment.

## DEVELOPMENT PARTNER FUNDING

Madam Speaker,

Pledges from development partners in 2022 total **\$169.1 million**, equivalent to 64 per cent of the total Development Budget.

The largest donor contribution is from the Asian Development Bank, the ADB, with a total of **\$49.7 million** for two infrastructure projects: the Kiribati Outer Islands Transport Infrastructure Project estimated (KOITIP) at \$33.7 million; and \$16 million for the South Tarawa Renewable Energy Project (STREP).

The Australian Department of Foreign Affairs and Trade (DFAT) is expected to contribute **\$28.3 million** in 2022 on **15 projects**, with most resources directed at education and infrastructure initiatives. The main ones being \$10 million for the Kiribati Education Improvement Program (KEIP) Phase 3 to 5; \$6 million for a submarine cable; and \$5.4 million for the Skills for Employment (Kiribati Facility).

New Zealand's Ministry for Foreign Affairs and Trade, (MFAT) is the third largest donor, with **\$24.2 million** for **45 projects** mainly supporting utilities reform and health projects. This includes **\$5.6 million** for utilities reform, **\$2.3 million** for scholarships; and **\$1.8 million** for Kiribati Hospital Infrastructure (Betio Hospital and contribution to TCH maintenance).

The World Bank will invest **\$20.2 million** on **five projects**, related to broad resilience and adaptation outcomes. The main ones are: **\$7.2 million** for the Outer Island Resilience and Adaptation Project, **\$7.2 million** for the South Tarawa Sanitation Project, and **\$4.0 million** for Health Sector System Strengthening.

The Global Environment Facility (GEF) will provide **\$14 million** for **one project**, the Promoting Outer Island Development Through the Integrated Energy Roadmap (POIDIER).

The Peoples Republic of China (PRC), will provide **\$14 million** for **11 projects**, mainly supporting transport, agriculture, disaster resilience and community projects. This includes **\$2.8 million** for agriculture projects, **\$2.4 million** for a fit for purpose landing craft for the Line and Phoenix Group, **\$2.1 million** for small grants and **\$2.1 million** for disaster resilience.

In addition, development partners also provide direct budget support in the Recurrent Budget. In 2022, this is estimated to be **\$17.4 million** with contributions expected from the World Bank, ADB, DFAT, MFAT and the European Union.

## **KV20 PILLARS**

Madam Speaker,

The Government has articulated its development priorities to achieve a health, wealthy and peaceful nation through the four pillars in the Kiribati 20 Year Vision (KV20).

In 2022, most resourcing is allocated to the Wealth pillar, with **\$148.7 million**, or **57 per cent** of the total. This pillar includes social protection payments, education and health spending.

The Infrastructure pillar accounts for **\$99.4 million**, **38 per cent** of the total, with Peace and Security allocated **\$9.7 million**, **4 per cent** of the total, and Governance, **\$5.0 million**, **2 per cent** of the total.

## **KDP SECTORS**

The Government has recently completed a new Kiribati Development Plan to support the achievement of the KV20 outcomes. There are six KDP pillars.

**\$99.4 million**, **38 per cent** of the total, has been allocated to the Developing Infrastructure pillar.

**\$87.4 million**, **33 per cent** of the total, has been allocated for Economic Wealth, with the main initiative being the social protection payments.

**\$35.8 million**, **14 per cent** of the total, has been allocated for Harnessing Human Wealth, comprising education and training related initiatives.

**\$19.2 million**, **7 per cent** of the total has been allocated for environmental resilience, including investments in agriculture, waste management, disaster resilience and climate change adaptation projects.

**\$15.9 million**, **6 per cent** of the total, has been allocated for Health, including investments in hospital infrastructure and new medical equipment.

**\$4.9 million, 2 per cent** of the total, has been allocated to governance projects, including social stability funds and technical assistance.

## **GEOGRAPHIC ALLOCATION**

Madam Speaker,

The benefits from development projects are spread across Kiribati.

In 2022, the Development Budget includes national projects to the value of **\$162.2 million, 62 per cent** of the total, Gilbert Group projects of **\$89.3 million, 34 per cent** of the total, and Line and Phoenix Islands projects valued at **\$11.3 million, 4 per cent** of the total).

There are **7 projects** scheduled for the Line and Phoenix Islands.

They include LCDF funded support for Kiritimati of **\$1 million** to ensure sufficient fuel is available to support electricity supply, and **\$1 million** for secondary schools. The European Union (EU) is providing **\$2.5 million** for improved sanitation, and **\$1.6 million** for drinking water in Kiritimati. UNICEF is outlaying **\$1.9 million** for its partnership for the sustainable and inclusive socio-economic development of Kiritimati.

The PRC will provide **\$2.4 million** for the Fit for Purpose Landing Craft for the Line and Phoenix Group project and **\$0.7 million** the Kiritimati Copra Mill.

There are **29 projects** scheduled for the Gilbert Group supporting infrastructure, health education and social projects, The top three projects in the Group are:

- **\$33.7 million** for the Kiribati Outer Island Transport Infrastructure Project (KOITIP) funded by the ADB;
- **\$16.0 million** for the South Tarawa Renewable Energy Project (STREP) funded by the ADB; and
- **\$10.0 million** for the Kiribati Education Improvement Program (KEIP) Phase 3 to 5, provided by DFAT.

There are **91** national projects proposed for 2022, including the social protection payments. Other national projects include:

- **\$14.0** million from the GEF for the Promoting Outer Island Development through the Integrated Energy Roadmap;
- **\$7.2** million for the Outer Island Resilience and Adaptation Program funded by the World Bank; and
- **\$6.5** million for overseas scholarships from LCDF.

In terms of the breakdown of the development budget by department, three quarters of the expenditure is in five ministries.

The Ministry for Infrastructure and Sustainable Energy, is allocated **\$78.8 million**, for infrastructure projects in energy, water, sanitation and transport.

Social protection payments are allocated through the Ministry of Finance and Economic Development for the **\$40 million** Copra Subsidy, and the Ministry for Women, Youth, Sport and Social Affairs for **\$32.4 million** Support for the Unemployed.

The Ministry of Education is allocated **\$21.2 million** to invest in school infrastructure, transport and scholarships.

The Ministry for Health and Medical Services is allocated **\$15.8 million** for health sector strengthening, medical referrals, equipment purchases and hospital infrastructure.

## **CARRY-OVERS**

Madam Speaker,

Significant new funding is being made available in 2022 to fund development projects. In addition to this new funding, there are on-going projects, where funding may carry over from 2021. There may not be a specific allocation for the project in 2022, but it is expected to continue using unspent funds carried over from 2021.

For example, funding will be carried over for the Embraer jet, tug and barge project and Outer-Island mobile towers, as well as for COVID-19 support.

The total outstanding balance of projects in 2021 is estimated at **\$114.9 million**, bringing the total value of expenditure through the Development Fund in 2022 to **\$377.7 million**, on a total of **898** projects.

## **CONCLUSION**

Madam Speaker,

The Government has an ambitious agenda in 2022 to invest in projects to support Kiribati's development and deliver a healthy, wealthy and peaceful nation with people at the centre of it all.

I would like to again, offer this Government's sincerest gratitude to all of our development partners for their ongoing support to achieving our development aspirations.

This support has especially been appreciated with the COVID-19 response, including the supply of vaccines, essential medical equipment and personal protective equipment (PPE).

Last, but not least, I wish to sincerely thank the hard working and dedicated project planning staff as well as accounting officers of my Ministry and their counterparts in line Ministries whose job is to ensure that development projects are implemented effectively to provide the desired outcomes for our people.

I truly believe that Kiribati is on the right path to increased prosperity, better health and more peace if we continue to nurture our partnerships and remain fully committed and true to our calls as political masters and public servants. Together, we can do it.

With those remarks, Madam Speaker, I would like now to move that this House approve the Motion to accept the 2022 Development Budget.

Thank you.