



KIRIBATI

JOINT IMF/WORLD BANK DEBT SUSTAINABILITY ANALYSIS 2011¹

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Kiribati continues to be at high risk of debt distress according to this new debt sustainability analysis (DSA). Containing the risk of debt distress will require prudent financing by continuing to secure grants to support the country's large development needs, fiscal consolidation, and stepping up the implementation of the structural reform agenda to raise long-term growth.

¹ This DSA has been produced in consultation with the Asian Development Bank (AsDB). It is based on the common standard LIC DSA framework. Under the Country Policy and Institutional Assessment (CPIA), Kiribati is rated as a weak performer, and the DSA uses the indicative threshold indicators on the external public debt for countries in this category: 30 percent for the present value (PV) of debt-to-GDP ratio; 100 percent for the PV of debt-to exports ratio; 200 percent for the PV of debt-to-revenue ratio; 15 percent for the debt service-to-exports ratio; and 25 percent for the debt service-to-revenue ratio.

I. BACKGROUND

1. This DSA reflects Kiribati’s latest external financing arrangements, economic outlook, and revisions of historical data. Key changes in assumptions from the DSA issued in February 2011 are: 1) access to World Bank grant financing from IDA (US\$20 million) for the 2011 fiscal year, whereas in early 2011 all IDA financing was assumed to be offered as concessional loans; 2) an increase in IDA loan allocation compared to the previous DSA by US\$25 million. This reflects IDA’s recent decision to double the base allocation to all IDA countries which has resulted in an increased IDA envelope of an additional SDR 3 million annually for Kiribati. It also incorporates an anticipated US\$11million in regional IDA funds for a regional aviation safety investment; 3) improved economic prospects over the next 2–3 years taking into account new projects, including Tarawa’s port rehabilitation financed with grants (US\$45 million) and a fish processing joint-venture; and 4) a slightly improved fiscal outlook due to higher fishing license fees following the introduction of an auction scheme in 2010. In addition, this analysis adopts the latest authorities’ balance of payment (BOP) series revised with the assistance of Pacific Financial Technical Assistance Centre (PFTAC).

2. The fiscal stance has deteriorated in the last few years and the value of Kiribati’s wealth fund has declined substantially. Large fiscal

deficits over the last decade (about 12 percent of GDP on average) have resulted in substantial draw downs of the Revenue Reserve Equalization Fund (RERF)—the main source of deficit financing.² The value of RERF assets dropped to AU\$570 million or 350 percent of GDP in 2009, and interest income and dividends have also fallen from 20 percent of GDP in 2008 to only 12 percent in GDP in 2009.

3. The medium-term macroeconomic outlook has improved compared to the previous DSA, although risks to the outlook remain. Early reading of 2010 data suggests that the recovery is underway. The economy is estimated to have grown by about 2 percent in 2010. The fiscal deficit is estimated to have narrowed to 8 percent of GDP in 2010 driven by stronger than anticipated revenue, following the introduction of a fisheries license auction scheme as well as some temporary factors. Going forward, key public projects—the rehabilitation of Tarawa’s road, airport and port—financed with external assistance should support growth in the 2–3 percent range over the medium term. However, the economy is still vulnerable to rising international food and fuel prices in the short term and climate change in the long term. Further

² The RERF is a wealth fund established in 1956 and was capitalized using phosphate mining proceeds. Phosphate deposits were exhausted in 1979.

fiscal and structural reforms are necessary going forward.

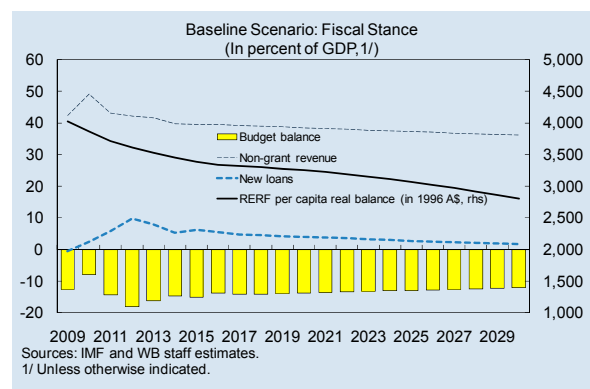
4. As of end-2009, domestic debt accounted for about 20 percent of GDP, while gross external debt was estimated at less than 10 percent of GDP (Table 1). Domestic debt includes the publicly guaranteed debt of the SOEs. As of end-

2009, all external public debt consisted of concessional loans from the AsDB.

5. Yet fiscal risks are likely to increase in the upcoming years. Uncertainty about aid flows and fiscal costs associated with climate change are likely to impose further pressures on Kiribati’s fiscal position.

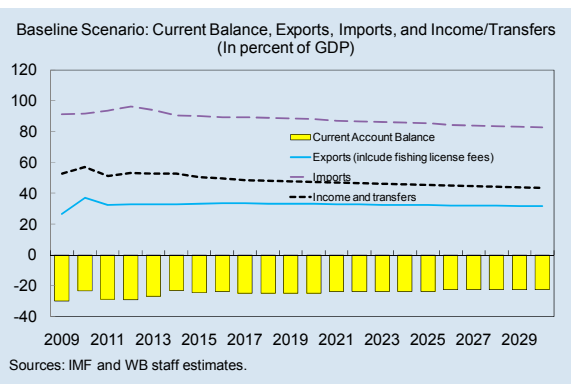
II. EXTERNAL AND PUBLIC DEBT SUSTAINABILITY ANALYSIS

6. Under the baseline scenario, Kiribati is drawing down its financial resources. The fiscal balance, after deteriorating initially, is projected to improve somewhat in the longer term. The fiscal deficit is projected to be about 12 percent of GDP by 2030, taking into account costs of climate change of about 1½ percent of GDP. The deficit is partly financed through an assumed US\$10 million of loans, on average, each year, with the remaining financing gap closed through draw-downs of RERF. Annual drawdown from the RERF is projected to be 10 percent of GDP on average. As a result, the real per capita RERF balance would decline, reaching only about two thirds of its 2009 per capita value in 2030 (or one-third of its 2000 per capita value). The macroeconomic assumptions underlying the baseline scenario are presented in Box 1.



External Debt Sustainability Analysis

7. The external DSA indicates Kiribati is at high risk of debt distress. Under the baseline scenario (Table 3a), although Kiribati does not face a liquidity problem (Figure 1, d and e) with the debt service indicators remaining low, a breach of the thresholds of the present value (PV) of debt-to-exports ratio and of the PV of the debt to GDP ratio takes place starting around 2020 (Figure 1, b and c). This outcome is the result of the large increase in PV of external debt in the next few years due to disbursements from both multilateral and bilateral partners. This will raise the PV of external debt from about 7 percent of



GDP in 2009 to above 30 percent of GDP starting in 2019, and the PV of external debt reaching over 100 percent of exports (including fishing license fees) starting in 2020.³

8. Sensitivity analysis suggests that debt path is particularly vulnerable to shocks to exports and to financing terms (Table 3b, and Figure 1). The exports shock, defined as a lower exports growth at about one standard deviation less than the historical average in 2011-12, would take the PV of debt to exports ratio to about 210 percent in 2030 (Table 3b). Kiribati's debt path is also very sensitive to the assumption on the terms of new borrowing. A 200-basis point increase in the interest rate on new borrowing would result in a severe breach of the thresholds on both PV of debt to GDP ratio and PV of debt to exports ratio (Figure 1).

9. Continuing to avoid new borrowing is necessary for Kiribati to prevent external debt distress. The economy does not have sufficient sources of external income to afford large amounts of concessional loans.

Public Debt Sustainability Analysis

10. Public debt analysis paints a similar picture. In addition to the external debt, public debt includes guaranteed loans for state-owned enterprises of about 20 percent of GDP as of end-2009.⁴ Under the baseline scenario, the net present value of total public debt will reach above 40 percent of GDP, driven by external borrowings. Public debt sustainability is vulnerable to shocks as well. Under the most extreme stress test scenario—real GDP growth being one standard deviation temporarily lower in 2011–2012—the present value of debt reaches 87 percent of GDP by 2030 (Table 2, scenario B1).

³ As a measure of sustainability, fishing license fees are included in the export ratio.

Box 1 Macroeconomic Assumptions Under the Baseline Scenario

- **GDP growth and population.** Large infrastructure investments supported by external loans are expected to boost real growth to about 2–3½ percent in the medium term. Growth will moderate to 1½ percent over the longer term. Population growth (net of migration) is projected to increase by 1.6 percent per year.

- **New loan disbursements** are assumed to amount to about US\$50 million—27 percent of GDP—over the next four years. This amount includes lending on concessional terms from the World Bank and non-concessional lending from other development partners. These loans will finance the rehabilitation of Tarawa’s main road and airport, as well as projects to adapt to the adverse impacts of climate change. Over the longer term, additional concessional borrowing amounting to US\$10 million per year related to climate change expenditure is assumed starting in 2015.

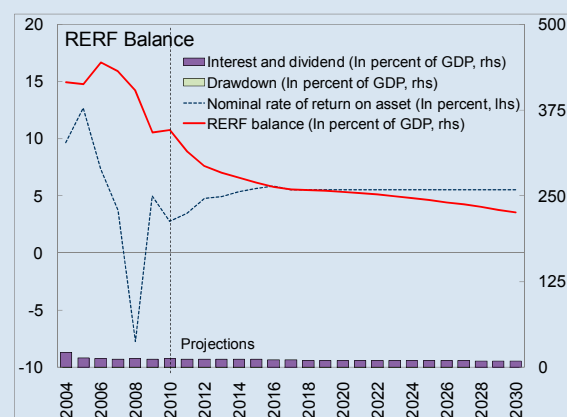
- **Aid flows and FDI.** Aid flows are expected to pick up over the medium term with main donors increasing ODA allocations. In the long term, aid flows decline slightly in terms of GDP, assuming that the main donors (AusAID, NZAID, Japan, EU, and Taiwan Province of China) do not reduce their envelopes (Table 5). FDI will slowly increase over the next twenty years, reflecting foreign equity participation in fish processing projects.

- **The fiscal deficit** after widening to 14.3 percent of GDP in 2011 is expected to narrow under current policies (Table 6). The deterioration in the near term reflects the loan-financed increase in infrastructure spending and a decline of fishing license fees from 2010. Over the longer term, the fiscal balance is projected to revert to historical averages (about 12–13 percent of GDP) once the

key infrastructure projects have occurred. However, fiscal costs of climate change, assumed to be roughly 1½ percent of GDP each year in the long term will continue to put pressure on the budget.^{1/} Fiscal deficits are expected to be financed by a combination of RERF draw-downs and external loans.

- **The current account deficit** is projected to deteriorate in 2011, mainly reflecting large imports related to infrastructure projects in the pipeline. Over the medium and long term, the balance is expected to improve compared to 2009 due to a narrowing fiscal deficit.

- **The average nominal return on the RERF assets** is projected at 5½ percent. The drawdown from RERF (i.e., flow) each year equals the fiscal deficit net of external financing. Under current policies, the RERF balance is projected to decline to 216 percent of GDP by 2030 (down from 350 percent of GDP in 2009).



1/ Nicholls and Toll estimated coastal protection costs at 1–2 percent of GDP per year in some of the most affected PICs. See, 2006, “Impacts and Responses to Sea-Level Rise,” *Philosophical Transactions of the Royal Society*.”

III. THE REFORM SCENARIO

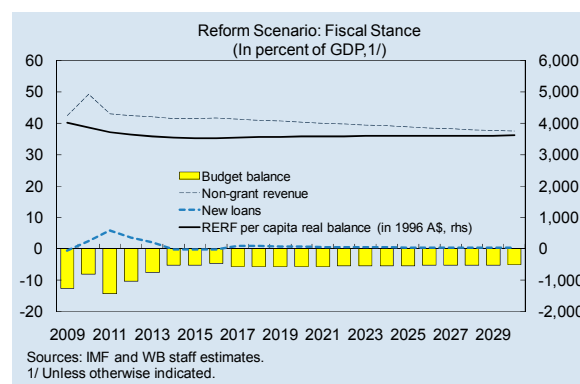
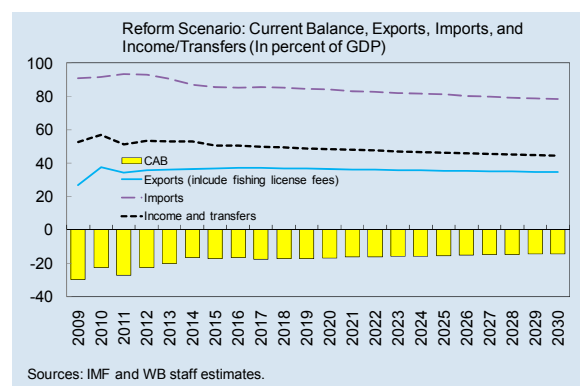
11. The risk of debt distress could be reduced to “low” under the reform scenario (Figure 3 and Table 4). The reform scenario envisages fiscal consolidation, grant financing, and the implementation of structural reforms.

12. To better anchor fiscal plans, under this scenario, an explicit fiscal rule is applied: preserving the real per capita value of the RERF at its 2014 level (once the infrastructure projects are completed). This would require limiting fiscal deficits to 5–6 percent of GDP, on average, starting in 2014.

13. The underlying assumptions underpinning the fiscal policy advice to stabilize the value of the RERF in real per capita terms are as follows: the nominal rate of return on the RERF is about 5½ percent in the long term; population growth is 1.6 percent per year and inflation is 2½ percent. Thus, to preserve the real per capita balance of the RERF the nominal RERF balance would have to grow by about 4 percent per year (2½ percent inflation plus 1.6 percent population growth), implying a yearly nominal draw-down of about 1½ percent of the RERF total

⁴ SOE guaranteed debt is assumed to be constant in nominal terms over the projection period. It implies that SOE fiscal losses are assumed to be equivalent to the amount of SOE debt following falling due each year.

balance.⁵ Current expenditure would also be reduced, mainly through cuts in wage bill and subsidies.



14. A greater proportion of Kiribati’s development financing needs are projected to be met by grants rather than loans (Tables 5a and 6a). Over the medium term, the reform scenario assumes that the World Bank would only offer grants. Over the long term, external loan financing is assumed to be about US\$2½ million each year compared to US\$10 million in the baseline scenario.

⁵ Because nominal GDP growth is about 5 percent per year over the long run (2½ real growth plus 2½ inflation rate), the RERF balance as a percentage of GDP declines over the long term, despite remaining constant in real per capita value.

15. The implementation of the structural reform agenda is accelerated under the reform scenario. Public enterprise reform would be combined with reforms to increase private sector opportunities. There would be a better utilization

of marine resources that would result in higher fiscal revenue and higher economic growth. As a result of these assumptions none of the thresholds are breached in this scenario.

IV. CONCLUSIONS

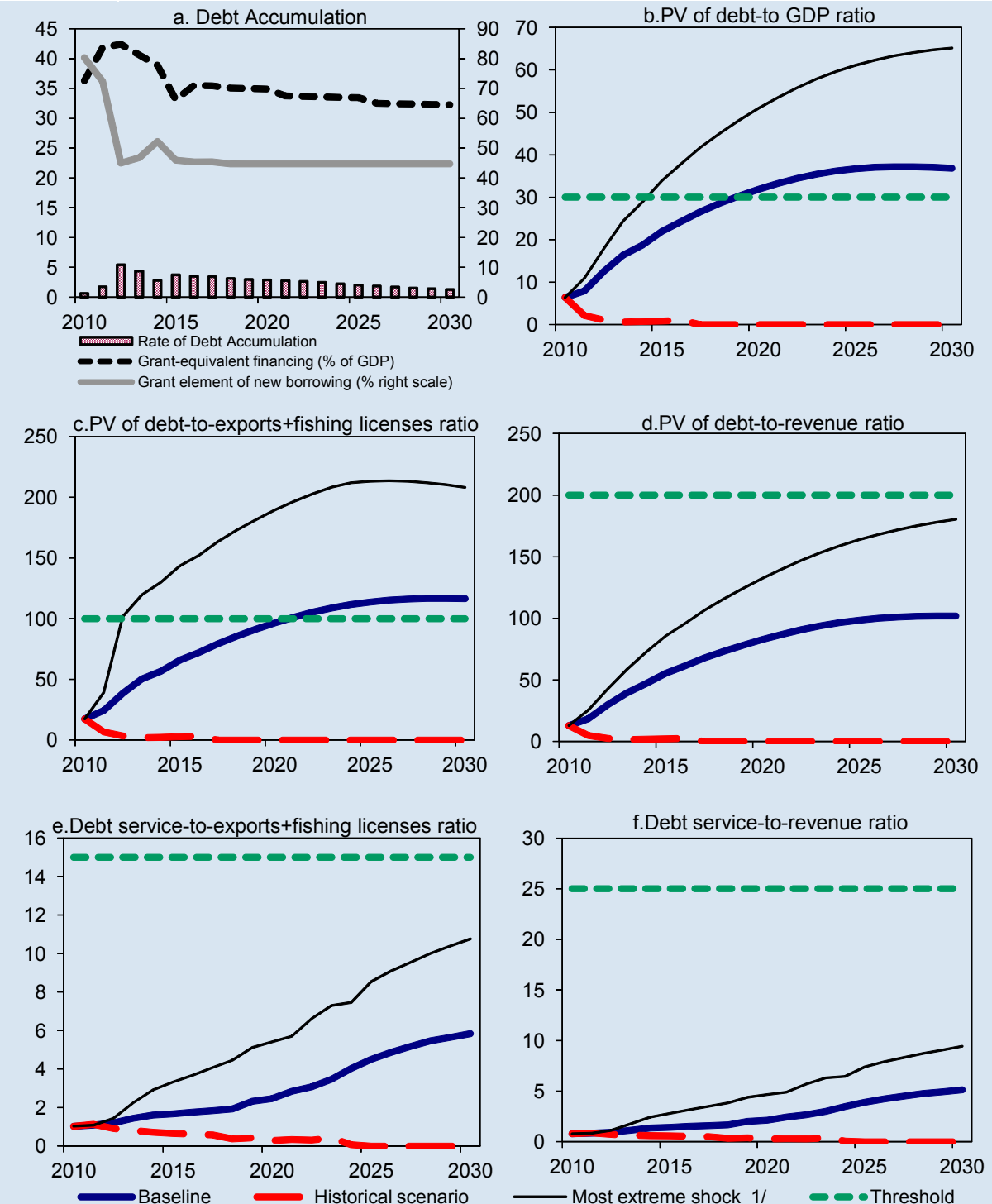
16. Kiribati is at high risk of debt distress. Continuing to secure grant financing instead of loans as well as substantial fiscal adjustment is key to ensuring debt sustainability. While the RERF assets mitigate the risks of debt distress in the medium term, given the large uncertainties regarding the fiscal costs of climate change, the RERF should be continued to be used as a buffer against substantial external shocks.

17. Narrowing fiscal deficits will also be necessary. A simple fiscal rule capping the real per capita value of the RERF at the end of the medium term would be key to ensure fiscal sustainability and appropriate for intergenerational fairness as the RERF was established with royalties from a nonrenewable resource. In light of continued pressures from climate change and large infrastructure needs, keeping current expenditures in check and improving customs administration to broaden the tax base will be important. Continued efforts to strengthen the multi-year budget framework with the assistance of the AsDB and the IMF would also provide fiscal discipline and help ensure debt sustainability.

18. Growth-supporting structural reforms can mitigate the downward pressure of fiscal tightening and enhance sustainability in the long term. These include: improving the business environment by streamlining the process of starting a business and expanding access to credit; improving access to land through improved administration; and reforming state-owned enterprises to create space for private sector development and reduce the drain on the budget.

19. The authorities have broadly agreed with this assessment. They are fully committed to continuing taking steps to preserve the value of the RERF. On the revenue side, they plan to improve tax administration (merging tax and custom offices) and introduce the VAT over the medium term. On the expenditure side, they are committed to control expenditure by reforming state-owned enterprises (SOEs). Reform of SOEs will reduce their burden on the budget while supporting private sector development.

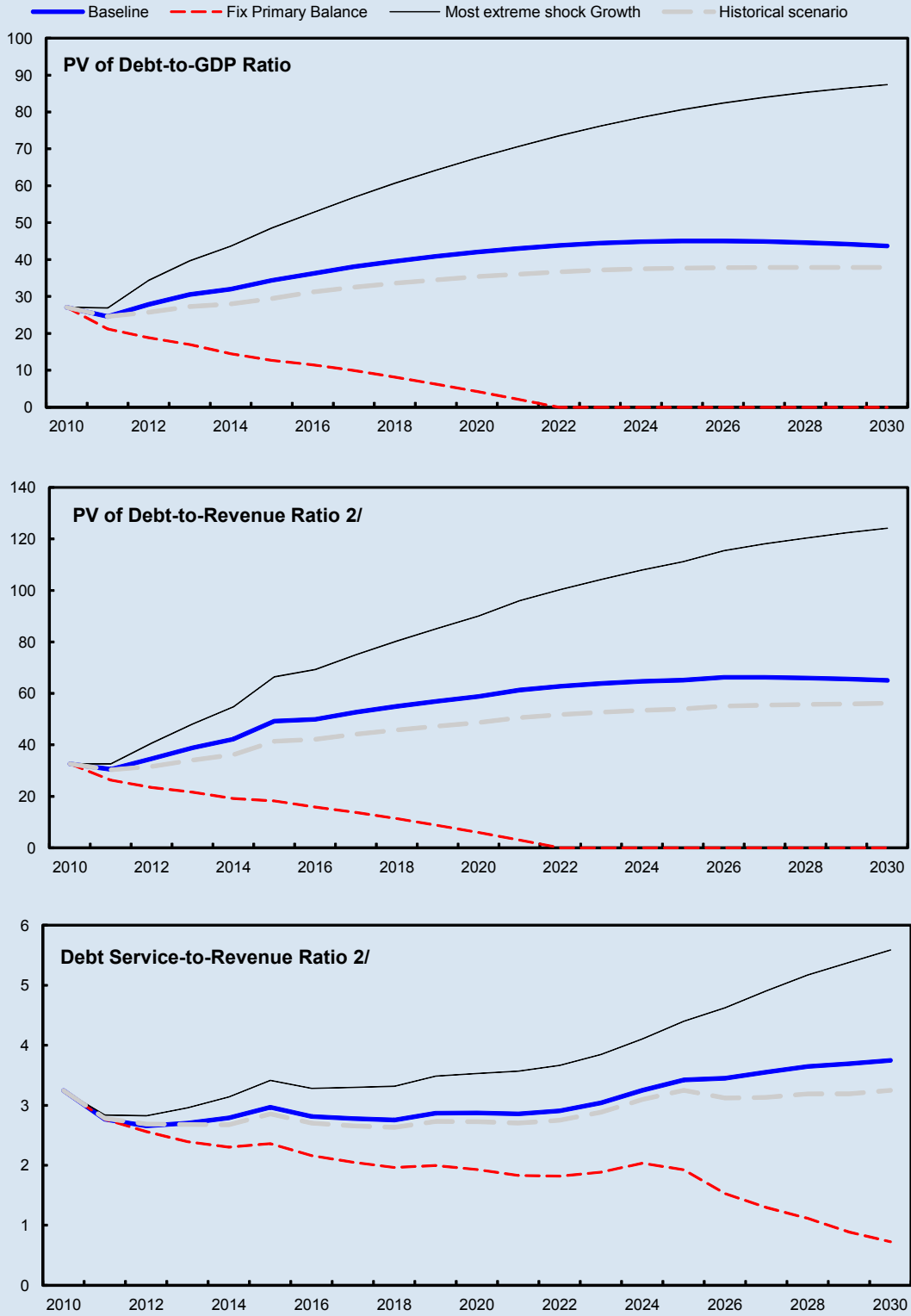
Figure 1 Kiribati: Indicators of Public and Publicly Guaranteed External Debt under Baseline and Alternative Scenarios, 2010–30^{1/}



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2020. In figure b. it corresponds to a Financing shock; in c. to a Exports shock; in d. to a Financing shock; in e. to a Financing shock and in figure f. to a Financing shock. A Financing shock assumes that the interest rate on new borrowing is 200 basis points higher than in the baseline scenario.

Figure 2 Kiribati: Indicators of Public Debt under Alternative Scenarios, 2010–30^{1/}



Sources: Country authorities; and staff estimates and projections.
 1/ The most extreme stress test is the test that yields the highest ratio in 2020.
 2/ Revenues are defined inclusive of grants.

Table 1. Kiribati: Public Sector Debt Sustainability Framework, Baseline Scenario, 2007–30 1/

(In percent of GDP, unless otherwise indicated)

	Actual			Average 6/	Standard Deviation 6/	Estimate					Projections				
	2007	2008	2009			2010	2011	2012	2013	2014	2015	2010-15 Average	2020	2030	2016-30 Average
Public sector debt 1/	32.5	34.8	30.5			31.9	33.6	40.4	46.2	49.8	54.3		66.0	66.2	
o/w foreign-currency denominated	10.2	13.3	9.7			11.3	17.0	25.1	32.0	36.6	41.9		55.8	59.4	
Change in public sector debt	-2.3	2.3	-4.4			1.5	1.7	6.8	5.7	3.7	4.5		1.6	-0.9	
Identified debt-creating flows	13.2	21.5	8.4			6.9	12.2	15.9	14.6	13.4	13.5		11.2	9.5	
Primary deficit	13.2	17.2	9.8	11.8	6.9	5.6	12.3	16.2	14.3	12.8	13.1	12.4	12.0	10.9	11.6
Revenue and grants	66.0	70.4	78.4			83.1	80.7	80.4	78.5	75.7	69.8		71.4	67.1	
of which: grants	25.8	27.8	36.0			33.9	37.6	38.2	36.9	36.0	30.2		32.9	30.9	
Primary (noninterest) expenditure	79.2	87.7	88.2			88.6	92.9	96.6	92.8	88.6	82.9		83.4	78.0	
Automatic debt dynamics	0.0	4.3	-1.4			1.4	-0.1	-0.3	0.3	0.6	0.4		-0.7	-1.4	
Contribution from interest rate/growth differential	1.3	1.8	2.0			2.1	-0.6	-0.1	0.0	0.1	0.0		-0.4	-1.0	
of which: contribution from average real interest rate	1.5	1.5	1.7			2.6	0.4	1.1	1.2	1.0	0.9		0.5	0.0	
of which: contribution from real GDP growth	-0.1	0.4	0.2			-0.5	-0.9	-1.1	-1.2	-0.9	-1.0		-1.0	-1.0	
Contribution from real exchange rate depreciation	-1.3	2.5	-3.4			-0.7	0.5	-0.2	0.3	0.4	0.5		...	...
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes 2/	-15.5	-19.2	-12.8			-5.5	-10.5	-9.1	-8.8	-9.8	-9.0		-9.7	-10.5	
Other Sustainability Indicators															
PV of public sector debt	22.3	21.6	27.3			27.1	24.6	27.8	30.5	32.0	34.4		42.0	43.7	
o/w foreign-currency denominated	0.0	0.0	6.6			6.4	7.9	12.5	16.4	18.7	21.9		31.9	36.8	
o/w external	...	...	6.6			6.4	7.9	12.5	16.4	18.7	21.9		31.9	36.8
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...
Gross financing need 3/	17.4	20.3	13.2			8.3	14.5	18.3	16.4	14.9	15.2		14.0	13.4	
PV of public sector debt-to-revenue and grants ratio (in percent)	33.8	30.6	34.9			32.6	30.5	34.6	38.9	42.2	49.2		58.8	65.1	
PV of public sector debt-to-revenue ratio (in percent)	55.4	50.6	64.5			55.0	57.2	66.0	73.4	80.6	86.7		109.2	120.8	
o/w external 4/	...	...	15.5			13.0	18.4	29.8	39.4	47.2	55.4		82.9	101.9
Debt service-to-revenue and grants ratio (in percent) 5/	6.5	4.4	4.3			3.2	2.8	2.7	2.7	2.8	3.0		2.9	3.7	
Debt service-to-revenue ratio (in percent) 5/	10.6	7.2	7.9			5.5	5.2	5.1	5.1	5.3	5.2		5.3	7.0	
Primary deficit that stabilizes the debt-to-GDP ratio	15.5	14.9	14.2			4.1	10.6	9.4	8.5	9.2	8.6		10.4	11.8	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	0.4	-1.1	-0.7	1.8	3.7	1.8	3.0	3.5	3.0	2.0	2.0	2.5	1.5	1.5	1.5
Average nominal interest rate on forex debt (in percent)	1.1	1.0	1.1	1.0	0.1	1.3	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0
Average real interest rate on domestic debt (in percent)	7.1	7.1	7.9	7.4	0.5	12.7	1.9	7.0	8.7	8.9	9.2	8.1	9.4	7.0	8.2
Real exchange rate depreciation (in percent, + indicates depreciation)	-11.6	24.4	-25.5	-1.7	17.5	-7.5
Inflation rate (GDP deflator, in percent)	4.5	4.5	4.6	2.5	3.7	-1.4	8.0	4.0	2.5	2.5	2.5	3.0	2.5	2.5	2.5
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grant element of new external borrowing (in percent)	80.4	72.4	45.0	46.8	52.2	46.0	57.1	44.7	44.7	...

Sources: Country authorities; and staff estimates and projections.

1/ Public sector includes central government and nonfinancial public sector. Gross debt is used. Includes AUD\$34 million of public enterprise loans guaranteed by the government.

2/ Large residuals reflect RERF drawdowns, and capital transfers to the government.

3/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

4/ Revenues excluding grants.

5/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2. Kiribati: Sensitivity Analysis for Key Indicators of Public Debt, 2010–30

	Projections							
	2010	2011	2012	2013	2014	2015	2020	2030
PV of Debt-to-GDP Ratio								
Baseline	27	25	28	31	32	34	42	44
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	27	25	26	27	28	29	35	38
A2. Primary balance is unchanged from 2010	27	21	19	17	14	13	4	0
A3. Permanently lower GDP growth 1/	27	25	29	32	35	38	55	86
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	27	27	34	40	44	49	68	87
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	27	28	32	35	37	39	46	47
B3. Combination of B1-B2 using one half standard deviation shocks	27	27	30	34	37	41	56	69
B4. One-time 30 percent real depreciation in 2011	27	26	27	28	29	30	35	36
B5. 10 percent of GDP increase in other debt-creating flows in 2011	27	30	33	35	37	39	47	48
PV of Debt-to-Revenue Ratio 2/								
Baseline	33	31	35	39	42	49	59	65
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	33	30	32	34	36	41	49	56
A2. Primary balance is unchanged from 2010	33	26	23	22	19	18	6	0
A3. Permanently lower GDP growth 1/	33	31	36	41	45	54	74	119
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	33	33	41	48	55	66	90	124
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	33	35	40	45	48	56	65	71
B3. Combination of B1-B2 using one half standard deviation shocks	33	33	36	42	48	57	76	100
B4. One-time 30 percent real depreciation in 2011	33	32	33	36	38	43	49	54
B5. 10 percent of GDP increase in other debt-creating flows in 2011	33	37	41	45	49	56	66	71
Debt Service-to-Revenue Ratio 2/								
Baseline	3.2	2.8	2.7	2.7	2.8	3.0	2.9	3.7
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	3.2	2.8	2.7	2.7	2.7	2.9	2.7	3.2
A2. Primary balance is unchanged from 2010	3.2	2.8	2.6	2.4	2.3	2.4	1.9	0.7
A3. Permanently lower GDP growth 1/	3.2	2.8	2.7	2.8	2.9	3.1	3.2	5.1
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	3.2	2.8	2.8	3.0	3.1	3.4	3.5	5.6
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	3.2	2.8	2.7	2.9	2.9	3.1	3.0	4.1
B3. Combination of B1-B2 using one half standard deviation shocks	3.2	2.8	2.8	2.8	2.9	3.2	3.2	4.8
B4. One-time 30 percent real depreciation in 2011	3.2	2.9	2.9	3.0	3.1	3.4	3.5	5.3
B5. 10 percent of GDP increase in other debt-creating flows in 2011	3.2	2.8	2.8	2.9	2.9	3.1	3.0	4.2

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

Table 3a. External Debt Sustainability Framework, Baseline Scenario, 2007–30¹

	(In percent of GDP, unless otherwise indicated)															
	Actual			Historical Average 6/	Standard Deviation 6/	Projections						2010-2015			2016-2030	
	2007	2008	2009			2010	2011	2012	2013	2014	2015	Average	2020	2030	Average	
External debt (nominal) 1/	10.2	13.3	9.7			11.3	17.0	25.1	32.0	36.6	41.9			55.8	59.4	
o/w public and publicly guaranteed (PPG)	10.2	13.3	9.7			11.3	17.0	25.1	32.0	36.6	41.9			55.8	59.4	
Change in external debt	-1.2	3.1	-3.6			1.5	5.7	8.2	6.9	4.6	5.3			2.0	-0.7	
Identified net debt-creating flows	27.6	34.1	30.1			22.8	27.9	27.4	24.4	20.7	22.1			27.0	22.4	
Non-interest current account deficit	29.3	34.6	29.7	17.3	19.1	23.0	28.8	29.0	26.5	22.7	24.2			29.6	26.8	
Deficit in balance of goods and services	61.6	68.9	64.4			54.7	60.9	63.8	61.1	57.5	56.8			55.2	51.3	
Exports	30.1	30.8	26.7			36.9	32.6	32.6	32.6	33.0	33.3			33.0	31.6	
Imports	91.8	99.6	91.1			91.6	93.5	96.5	93.8	90.5	90.2			88.2	82.9	
Net current transfers (negative = inflow)	-9.3	-10.4	-14.8	-16.6	4.8	-12.5	-13.4	-16.4	-16.0	-15.9	-13.7			-13.7	-13.7	
o/w official	-11.6	-12.8	-16.8			-14.7	-15.7	-18.6	-18.3	-18.2	-16.0			-16.0	-16.0	
Other current account flows (negative = net inflow)	-23.0	-23.8	-20.0			-19.1	-18.6	-18.4	-18.6	-19.0	-18.9			-11.9	-10.8	
Net FDI (negative = inflow)	-0.2	-0.2	-0.2	-0.2	0.4	-0.2	-0.7	-1.2	-1.6	-1.7	-1.8			-2.4	-4.1	
Endogenous debt dynamics 2/	-1.5	-0.3	0.6			0.0	-0.2	-0.4	-0.5	-0.3	-0.4			-0.3	-0.3	
Contribution from nominal interest rate	0.1	0.1	0.2			0.1	0.1	0.2	0.3	0.3	0.3			0.5	0.6	
Contribution from real GDP growth	0.0	0.1	0.1			-0.2	-0.3	-0.6	-0.7	-0.6	-0.7			-0.8	-0.9	
Contribution from price and exchange rate changes	-1.6	-0.5	0.4			...	...	...	...	...	...			...	...
Residual (3-4) 3/	-28.8	-31.0	-33.6			-21.2	-22.2	-19.3	-17.6	-16.1	-16.7			-25.0	-23.1	
o/w exceptional financing	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0	
PV of external debt 4/	...	...	6.6			6.4	7.9	12.5	16.4	18.7	21.9			31.9	36.8
In percent of exports	...	...	24.7			17.3	24.4	38.4	50.1	56.8	65.7			96.5	116.4
PV of PPG external debt	...	...	6.6			6.4	7.9	12.5	16.4	18.7	21.9			31.9	36.8
In percent of exports	...	...	24.7			17.3	24.4	38.4	50.1	56.8	65.7			96.5	116.4
In percent of government revenues	...	...	15.5			13.0	18.4	29.8	39.4	47.2	55.4			82.9	101.9
Debt service-to-exports ratio (in percent)	5.3	1.7	2.6			1.0	1.1	1.2	1.4	1.6	1.7			2.5	5.9	
PPG debt service-to-exports ratio (in percent)	5.3	1.7	2.6			1.0	1.1	1.2	1.4	1.6	1.7			2.5	5.9	
PPG debt service-to-revenue ratio (in percent)	4.0	1.2	1.6			0.8	0.8	0.9	1.1	1.3	1.4			2.1	5.1	
Total gross financing need (Millions of U.S. dollars)	39.2	46.2	38.6			34.1	46.3	48.8	45.4	39.3	43.0			64.4	83.7	
Non-interest current account deficit that stabilizes debt ratio	30.5	31.5	33.2			21.5	23.1	20.9	19.6	18.1	18.9			27.7	27.5	
Key macroeconomic assumptions																
Real GDP growth (in percent)	0.4	-1.1	-0.7	1.8	3.7	1.8	3.0	3.5	3.0	2.0	2.0	2.5	1.5	1.5	1.5	
GDP deflator in US dollar terms (change in percent)	16.1	4.8	-2.8	4.8	10.4	13.0	7.4	2.7	0.2	0.3	0.5	4.0	2.5	2.5	2.5	
Effective interest rate (percent) 5/	1.1	1.0	1.1	1.0	0.1	1.3	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0	
Growth of exports of G&S (US dollar terms, in percent)	46.5	5.8	-16.3	1.6	19.5	59.4	-2.4	6.5	3.2	3.3	3.6	12.3	3.5	3.6	3.7	
Growth of imports of G&S (US dollar terms, in percent)	24.1	12.5	-11.7	8.6	17.0	15.7	12.9	9.7	0.4	-1.4	2.1	6.6	3.6	3.6	3.5	
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	80.4	72.4	45.0	46.8	52.2	46.0	57.1	44.7	44.7	44.8
Government revenues (excluding grants, in percent of GDP)	40.2	42.6	42.4			49.2	43.0	42.2	41.6	39.7	39.6			38.5	36.1	
Aid flows (in Millions of US dollars) 7/	32.9	36.9	46.1			54.4	69.2	76.2	76.0	75.8	64.5			81.5	111.4	
o/w Grants	32.9	36.9	46.1			49.9	61.3	66.2	66.0	65.8	56.5			75.5	105.4	
o/w Concessional loans	0.0	0.0	0.0			4.5	8.0	10.0	10.0	10.0	8.0			6.0	6.0	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			36.3	41.9	42.5	40.6	38.9	33.1			34.9	32.3
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			98.4	96.3	89.1	90.6	93.7	90.5			93.5	95.2
Memorandum items:																
Nominal GDP (Millions of US dollars)	127.9	132.5	128.0			147.2	162.9	173.1	178.7	182.6	187.1			229.1	340.4	
Nominal dollar GDP growth	16.6	3.6	-3.4			15.0	10.6	6.3	3.2	2.2	2.5	6.6	4.0	4.0	4.1	
PV of PPG external debt (in Millions of US dollars)	...	...	9.7			10.4	12.9	21.7	29.2	34.2	41.0			73.1	125.4
(PVT-PVT-1)/GDPI-1 (in percent)	...	...	...			0.6	1.7	5.7	4.3	2.8	3.7	3.1	2.9	1.2	2.4
Gross workers' remittances (Millions of US dollars)	10.6	9.7	9.0			10.5	11.8	12.7	13.4	14.1	14.9			19.6	29.1	
PV of PPG external debt (in percent of GDP + remittances)	...	...	6.1			6.0	7.4	11.7	15.2	17.4	20.3			29.4	33.9
PV of PPG external debt (in percent of exports + remittances)	...	...	19.5			14.5	19.9	31.4	40.8	46.0	53.1			76.7	91.6
Debt service of PPG external debt (in percent of exports + remittances)	...	...	2.0			0.9	0.9	1.0	1.2	1.3	1.4			2.0	4.6

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - \rho(1+g)] / (1+g+\rho+g)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Large residuals reflect RERF drawdowns; government capital transfers; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 3b. Kiribati: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2010–30

(In percent)								
	Projections							
	2010	2011	2012	2013	2014	2015	2020	2030
PV of debt-to GDP ratio								
Baseline	6	8	13	16	19	22	32	37
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	6	2	1	1	1	1	0	0
A2. New public sector loans on less favorable terms in 2010-2030 2/	6	11	18	24	29	34	51	65
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	6	8	14	18	21	24	35	41
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	6	11	22	25	28	31	41	43
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	6	9	16	20	23	27	39	46
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	6	9	17	21	23	27	36	40
B5. Combination of B1-B4 using one-half standard deviation shocks	6	11	24	29	32	36	47	50
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	6	11	17	23	26	30	44	51
PV of debt-to-exports+fishing licenses ratio								
Baseline	17	24	38	50	57	66	97	116
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	17	7	3	2	2	3	0	0
A2. New public sector loans on less favorable terms in 2010-2030 2/	17	34	55	75	88	102	154	206
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	17	24	38	50	57	66	97	116
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	17	39	102	120	130	144	190	208
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	17	24	38	50	57	66	97	116
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	17	29	52	64	71	80	110	126
B5. Combination of B1-B4 using one-half standard deviation shocks	17	32	78	92	100	111	148	164
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	17	24	38	50	57	66	97	116
PV of debt-to-revenue ratio								
Baseline	13	18	30	39	47	55	83	102
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	13	5	3	2	2	2	0	0
A2. New public sector loans on less favorable terms in 2010-2030 2/	13	25	43	59	73	86	132	180
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	13	19	33	44	52	61	92	113
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	13	25	51	61	70	78	105	118
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	13	21	37	49	58	69	103	126
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	13	22	41	50	59	67	94	110
B5. Combination of B1-B4 using one-half standard deviation shocks	13	25	58	70	80	90	123	138
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	13	26	41	55	66	77	115	141

Table 3b. Kiribati: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2010–30 (continued)

(In percent)								
Debt service-to-exports+fishing licenses ratio								
Baseline	1	1	1	1	2	2	2	6
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	1	1	1	1	1	1	0	0
A2. New public sector loans on less favorable terms in 2010-2030 2/	1	1	1	2	3	3	5	11
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	1	1	1	1	2	2	2	6
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	1	1	2	3	3	3	4	11
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	1	1	1	1	2	2	2	6
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	1	1	1	2	2	2	3	7
B5. Combination of B1-B4 using one-half standard deviation shocks	1	1	2	2	3	3	4	9
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	1	1	1	1	2	2	2	6
Debt service-to-revenue ratio								
Baseline	1	1	1	1	1	1	2	5
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	1	1	1	1	1	1	0	0
A2. New public sector loans on less favorable terms in 2010-2030 2/	1	1	1	2	2	3	5	9
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	1	1	1	1	1	2	2	6
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	1	1	1	2	2	2	2	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	1	1	1	1	2	2	3	6
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	1	1	1	1	2	2	2	6
B5. Combination of B1-B4 using one-half standard deviation shocks	1	1	1	2	2	2	3	7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	1	1	1	2	2	2	3	7
<i>Memorandum item:</i>								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	46	46	46	46	46	46	46	46

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows. Under this scenario PV of debt reduces to zero due to increases in reserve assets.

2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline, while grace and maturity periods are the same as in the baseline.

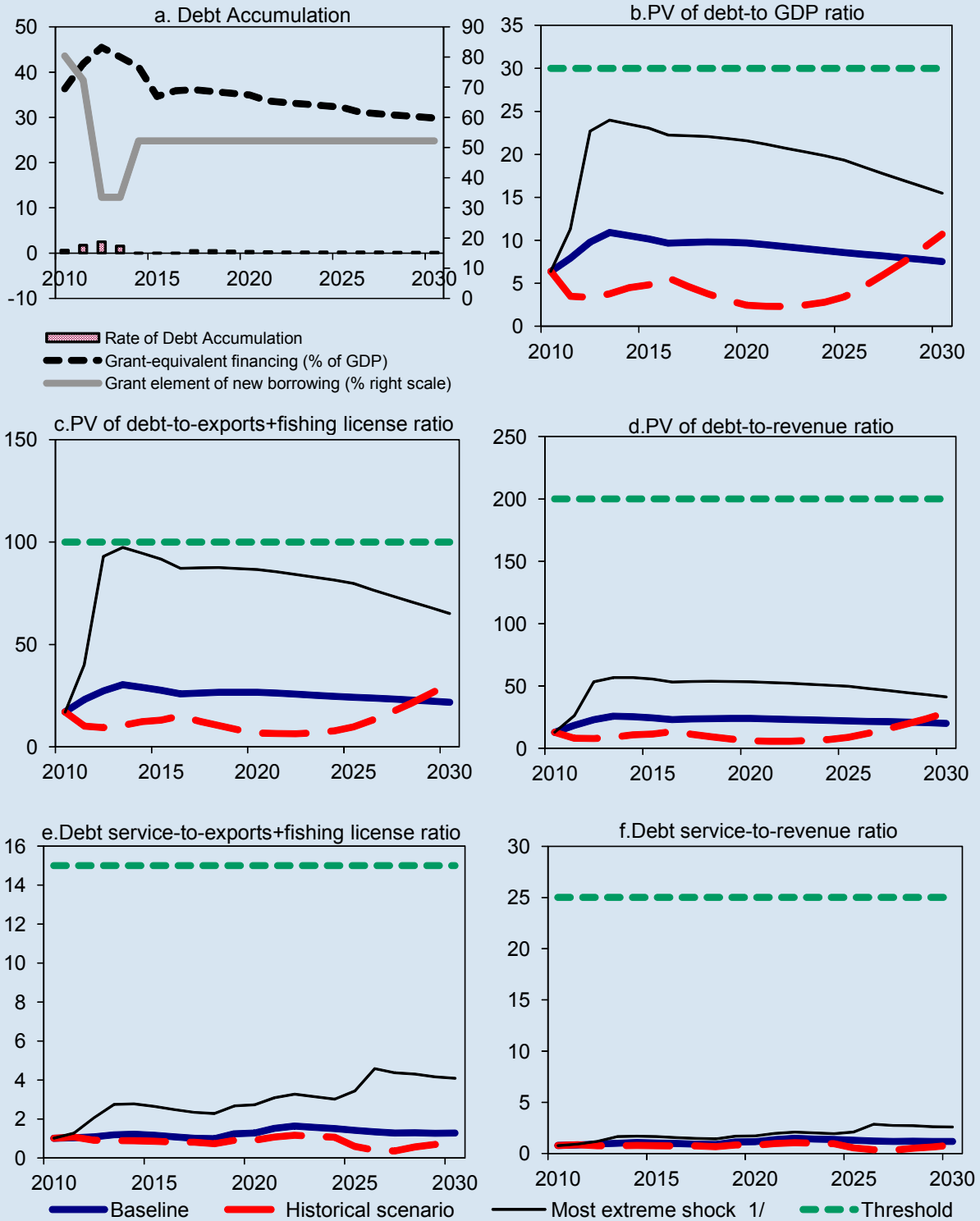
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).

4/ Includes official and private transfers and FDI.

5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.

6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Figure 3. Kiribati: Indicators of Public and Publicly Guaranteed External Debt under Reform Scenario and Alternative Scenarios, 2010–30



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2020. In figure b. it corresponds to a Combination shock; in c. to a Exports shock; in d. to a Combination shock; in e. to a Exports shock and in figure f. to a Combination shock.

Table 4. External Debt Sustainability Framework, Reform Scenario, 2007-30^{1/}

(In percent of GDP, unless otherwise indicated)

	Actual			Historical Average 6/	Standard Deviation 6/	Projections						2010-2015		2016-2030	
	2007	2008	2009			2010	2011	2012	2013	2014	2015	Average		Average	
												2020	2030		
External debt (nominal) 1/	10.2	13.3	9.7			11.3	17.0	19.4	20.7	19.9	19.0		17.9	14.4	
o/w public and publicly guaranteed (PPG)	10.2	13.3	9.7			11.3	17.0	19.4	20.7	19.9	19.0		17.9	14.4	
Change in external debt	-1.2	3.1	-3.6			1.5	5.7	2.4	1.4	-0.9	-0.9		-0.1	-0.4	
Identified net debt-creating flows	27.6	34.1	30.1			22.1	26.2	20.9	17.9	14.3	15.1		18.1	13.0	
Non-interest current account deficit	29.3	34.6	29.7	17.3	19.1	22.4	27.1	22.5	20.0	16.3	17.2		20.6	17.4	19.0
Deficit in balance of goods and services	61.6	68.9	64.4			54.1	59.2	57.2	54.5	50.8	48.9		47.7	43.8	
Exports	30.1	30.8	26.7			37.5	34.3	35.7	36.0	36.4	36.8		36.4	34.6	
Imports	91.8	99.6	91.1			91.6	93.5	93.0	90.4	87.1	85.7		84.2	78.4	
Net current transfers (negative = inflow)	-9.3	-10.4	-14.8	-16.6	4.8	-12.5	-13.4	-16.4	-15.9	-15.6	-13.0		-13.0	-13.0	-13.0
o/w official	-11.6	-12.8	-16.8			-14.7	-15.7	-18.6	-18.2	-17.9	-15.3		-15.3	-15.3	
Other current account flows (negative = net inflow)	-23.0	-23.8	-20.0			-19.1	-18.6	-18.4	-18.5	-18.8	-18.7		-14.1	-13.4	
Net FDI (negative = inflow)	-0.2	-0.2	-0.2	-0.2	0.4	-0.2	-0.7	-1.2	-1.6	-1.7	-1.7		-2.3	-4.2	-2.9
Endogenous debt dynamics 2/	-1.5	-0.3	0.6			0.0	-0.2	-0.4	-0.4	-0.4	-0.4		-0.2	-0.2	
Contribution from nominal interest rate	0.1	0.1	0.2			0.1	0.1	0.2	0.2	0.2	0.2		0.2	0.1	
Contribution from real GDP growth	0.0	0.1	0.1			-0.2	-0.3	-0.6	-0.7	-0.6	-0.6		-0.4	-0.4	
Contribution from price and exchange rate changes	-1.6	-0.5	0.4			...	...	...	...	...	...		...	...
Residual (3-4) 3/	-28.8	-31.0	-33.6			-20.6	-20.5	-18.5	-16.6	-15.2	-16.0		-18.2	-13.4	
o/w exceptional financing	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	6.6			6.4	7.9	9.8	10.9	10.5	10.2		9.7	7.5	
In percent of exports	...	...	24.7			17.0	23.2	27.4	30.3	29.0	27.6		26.6	21.8	
PV of PPG external debt	...	...	6.6			6.4	7.9	9.8	10.9	10.5	10.2		9.7	7.5	
In percent of exports	...	...	24.7			17.0	23.2	27.4	30.3	29.0	27.6		26.6	21.8	
In percent of government revenues	...	...	15.5			13.0	18.5	23.0	25.9	25.4	24.5		24.0	20.1	
Debt service-to-exports ratio (in percent)	5.3	1.7	2.6			1.0	1.0	1.1	1.2	1.2	1.2		1.3	1.3	
PPG debt service-to-exports ratio (in percent)	5.3	1.7	2.6			1.0	1.0	1.1	1.2	1.2	1.2		1.3	1.3	
PPG debt service-to-revenue ratio (in percent)	4.0	1.2	1.6			0.8	0.8	0.9	1.0	1.1	1.0		1.2	1.2	
Total gross financing need (Millions of U.S. dollars)	39.2	46.2	38.6			33.2	43.5	37.5	33.8	28.0	30.5		46.1	54.8	
Non-interest current account deficit that stabilizes debt ratio	30.5	31.5	33.2			20.9	21.4	20.1	18.6	17.2	18.1		20.8	17.8	
Key macroeconomic assumptions															
Real GDP growth (in percent)	0.4	-1.1	-0.7	1.8	3.7	1.8	3.0	3.5	3.5	3.0	3.0		3.0	2.5	2.5
GDP deflator in US dollar terms (change in percent)	16.1	4.8	-2.8	4.8	10.4	13.0	7.4	2.7	0.2	0.3	0.5		4.0	2.5	2.5
Effective interest rate (percent) 5/	1.1	1.0	1.1	1.0	0.1	1.3	1.0	1.0	1.1	1.2	1.2		1.1	1.1	0.9
Growth of exports of G&S (US dollar terms, in percent)	46.5	5.8	-16.3	1.6	19.5	62.0	1.1	10.7	4.4	4.4	4.7		14.5	4.4	4.6
Growth of imports of G&S (US dollar terms, in percent)	24.1	12.5	-11.7	8.6	17.0	15.7	12.9	5.7	0.9	-0.5	1.8		6.1	4.5	4.5
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	80.4	72.4	33.5	33.5	52.2	52.2		54.0	52.2	52.2
Government revenues (excluding grants, in percent of GDP)	40.2	42.6	42.4			49.2	43.0	42.5	42.1	41.4	41.5		40.4	37.4	39.5
Aid flows (in Millions of US dollars) 7/	32.9	36.9	46.1			54.4	69.2	76.7	76.5	76.3	66.5		87.1	121.3	
o/w Grants	32.9	36.9	46.1			49.9	61.3	76.7	76.5	76.3	66.5		84.6	118.8	
o/w Concessional loans	0.0	0.0	0.0			4.5	8.0	0.0	0.0	0.0	0.0		2.5	2.5	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			36.3	41.9	45.5	43.4	41.2	34.7		35.0	29.8	33.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			98.4	96.3	95.0	96.6	100.0	100.0		98.6	99.0	98.8
Memorandum items:															
Nominal GDP (Millions of US dollars)	127.9	132.5	128.0			147.2	162.9	173.1	179.5	185.4	191.9		245.7	402.5	
Nominal dollar GDP growth	16.6	3.6	-3.4			15.0	10.6	6.3	3.7	3.3	3.5		7.1	5.1	5.1
PV of PPG external debt (in Millions of US dollars)	...	...	9.7			10.4	12.9	16.9	19.6	19.5	19.5		23.8	30.4	
(Pvt-Pvt-1)/GDPI-1 (in percent)	...	...	...			0.6	1.7	2.5	1.5	0.0	0.0		1.0	0.4	0.2
Gross workers' remittances (Millions of US dollars)	10.6	9.7	9.0			10.5	11.8	12.7	13.4	14.1	14.9		20.5	33.6	
PV of PPG external debt (in percent of GDP + remittances)	...	...	6.1			6.0	7.4	9.1	10.1	9.8	9.4		8.9	7.0	
PV of PPG external debt (in percent of exports + remittances)	...	...	19.5			14.3	19.1	22.7	25.1	24.0	22.8		21.6	17.6	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	2.0			0.9	0.9	0.9	1.0	1.0	1.0		1.0	1.0	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - \rho(1+g)] / (1+g+\rho+g)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Large residuals reflect RERF drawdowns; government capital transfers; and valuation adjustments. The size of residuals in 2011-2015 is close to baseline, but the composition has changed: drawdowns from RERF are smaller, but capital transfers are larger due to increased grants.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 5. Kiribati: Balance of Payments, Baseline Scenario, 2007-30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022	2025	2027	2030
	Projections																	
	(In percent of GDP)																	
Current account balance	-29.4	-34.7	-29.8	-23.1	-28.9	-29.2	-26.8	-23.0	-24.6	-23.9	-24.3	-24.3	-24.3	-24.3	-23.3	-23.3	-22.6	-22.6
Trade balance	-46.1	-49.1	-47.1	-48.0	-51.2	-55.4	-53.4	-50.5	-50.5	-49.9	-49.4	-49.1	-48.8	-48.5	-47.2	-46.2	-45.1	-44.1
Exports, f.o.b.	8.7	6.5	4.9	6.5	7.3	7.4	7.7	8.0	8.3	8.6	8.7	8.8	8.9	9.0	9.2	9.4	9.6	9.9
Imports, f.o.b.	54.8	55.6	52.0	54.5	58.5	62.8	61.1	58.5	58.8	58.5	58.1	57.9	57.7	57.4	56.3	55.7	54.7	54.0
Balance on services	-32.2	-40.1	-35.3	-32.0	-28.8	-26.9	-25.9	-25.1	-24.3	-23.5	-23.3	-23.2	-23.1	-23.0	-22.4	-22.1	-21.6	-21.3
Credit	4.8	3.9	3.7	5.1	6.2	6.8	6.8	6.9	7.1	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Debit	37.0	44.0	39.0	37.1	35.0	33.7	32.7	32.0	31.3	30.7	30.5	30.4	30.3	30.2	29.6	29.3	28.8	28.5
Balance on factor income 1/	39.5	44.1	37.8	44.3	37.6	36.7	36.5	36.7	36.6	35.8	34.8	34.3	33.9	33.5	32.6	31.3	30.4	29.1
Credit	46.6	48.1	41.3	47.8	40.8	39.8	39.7	39.9	39.7	38.9	38.0	37.6	37.2	36.8	35.9	34.7	33.8	32.4
Fishing license fees	16.6	20.4	18.0	25.3	19.1	18.5	18.2	18.1	18.0	17.9	17.7	17.4	17.1	16.9	16.4	15.7	15.2	14.5
Investment income	22.2	23.4	15.0	14.2	13.4	13.0	13.0	13.2	12.9	12.0	11.8	11.6	11.5	11.3	11.0	10.4	10.0	9.3
Remittances	8.3	7.3	7.1	7.1	7.3	7.4	7.5	7.7	8.0	8.2	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Debit	7.1	4.0	3.4	3.5	3.2	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3
Balance on current transfers	9.3	10.4	14.8	12.5	13.4	16.4	16.0	15.9	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7
Credit	13.1	14.2	18.4	16.3	17.2	20.2	19.8	19.7	17.5	17.4	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Of which: Government	12.6	13.7	17.7	15.6	16.6	19.6	19.3	19.1	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Debit	3.8	3.7	3.6	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Of which: Government	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Financial and capital account balance	20.1	9.1	17.3	21.2	33.2	33.3	31.1	26.3	28.2	27.2	28.5	28.3	27.9	27.6	26.0	24.9	23.5	22.6
Government	11.7	13.8	17.8	20.9	26.8	28.4	25.7	22.3	19.4	21.5	19.8	19.6	19.3	19.2	17.7	16.9	15.6	15.1
Capital transfers	13.2	14.2	18.3	18.3	21.0	18.6	17.7	16.9	13.2	16.0	16.0	16.0	16.0	16.0	14.9	14.9	14.0	14.0
Loans (net)	-1.5	-0.4	-0.6	2.7	5.8	9.8	8.0	5.4	6.2	5.4	3.7	3.6	3.4	3.2	2.8	2.0	1.6	1.1
Direct investment	0.2	0.2	0.2	0.2	0.7	1.2	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.6	3.1	3.5	4.1
Financial institutions and others	8.2	-4.9	-0.7	0.0	5.6	3.7	3.8	2.3	6.9	3.9	6.8	6.6	6.3	6.1	5.7	4.9	4.4	3.4
Errors and omissions	8.9	26.5	19.0	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-0.3	0.9	6.5	7.8	4.3	4.1	4.3	3.3	3.6	3.3	4.2	3.9	3.6	3.3	2.7	1.6	0.9	-0.1
Change in external assets (increase -) 2/	0.3	-0.9	-6.5	-7.8	-4.3	-4.1	-4.3	-3.3	-3.6	-3.3	-4.2	-3.9	-3.6	-3.3	-2.7	-1.6	-0.9	0.1
Revenue Equalization Reserve Fund	11.0	-4.9	-1.4	-6.4	-2.9	-2.8	-2.9	-1.9	-2.2	-1.8	-4.2	-3.9	-3.6	-3.3	-2.7	-1.6	-0.9	0.1
Government funds 3/	-10.6	4.1	-5.1	-1.4	-1.3	-1.3	-1.3	-1.4	-1.4	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:																		
Official external assets	435.0	368.7	365.4	368.7	334.9	317.7	307.6	300.7	295.1	290.6	286.1	282.9	279.5	276.0	268.1	254.4	244.1	227.2
(In years of imports of goods and services)	4.7	3.7	4.0	4.0	3.6	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.1	3.0	2.9	2.8
Foreign reserve assets	26.0	21.0	25.3	26.6	25.2	24.7	24.8	25.1	25.4	25.8	23.4	22.5	21.6	20.8	19.2	17.0	15.7	14.0
(In months of imports of goods and services)	3.4	2.5	3.3	3.5	3.2	3.1	3.2	3.3	3.4	3.5	3.2	3.1	2.9	2.8	2.7	2.4	2.3	2.0
Other assets	409.0	347.7	340.0	342.2	309.7	293.0	282.9	275.6	269.6	264.8	262.7	260.5	257.9	255.2	248.9	237.4	228.4	213.3
External debt 4/	10.2	13.3	9.7	11.3	17.0	25.1	32.0	36.6	41.9	45.5	49.0	51.6	53.9	55.8	58.8	60.9	60.9	59.4
External debt service 5/	1.6	0.5	0.7	0.4	0.3	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.8	0.8	1.0	1.5	1.7	1.9
(In percent of exports of goods and services)	11.9	5.0	7.9	3.0	2.6	2.7	3.2	3.5	3.7	3.8	3.9	4.0	4.8	5.1	6.2	8.8	9.9	10.8
Real GDP Growth	0.4	-1.1	-0.7	1.8	3.0	3.5	3.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Sources: Data provided by the Kiribati authorities; and Fund staff estimates and projections.

1/ Includes fishing license fees, which would be shown as current transfers under conventional international guidelines.

2/ Excludes valuation changes.

3/ Comprises the Consolidated Fund, Development Fund, and STABEX Fund.

4/ External debt at end-2002 is adjusted by \$A 3.2 million reflecting forgiven debt.

5/ An increase in the debt service in 2007 reflects maturity of certain external borrowing including from Japan.

Table 5a Kiribati: Balance of Payments, Reform Scenario, 2007–30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022	2025	2027	2030
	Projections																	
	(In percent of GDP)																	
Current account balance	-29.4	-34.7	-29.8	-22.5	-27.2	-22.6	-20.2	-16.6	-17.4	-16.4	-17.6	-17.4	-17.3	-17.1	-16.2	-15.7	-14.9	-14.4
Trade balance	-46.1	-49.1	-47.1	-48.0	-50.7	-50.8	-49.0	-46.3	-45.4	-45.4	-45.6	-45.2	-44.8	-44.4	-43.3	-42.2	-41.2	-40.1
Exports, f.o.b.	8.7	6.5	4.9	6.5	7.8	8.5	8.7	9.0	9.2	9.5	9.7	9.8	9.9	10.0	10.2	10.5	10.7	11.0
Imports, f.o.b.	54.8	55.6	52.0	54.5	58.5	59.3	57.8	55.3	54.7	54.9	55.2	55.0	54.7	54.4	53.5	52.7	51.8	51.1
Balance on services	-32.2	-40.1	-35.3	-31.4	-27.6	-25.2	-24.2	-23.3	-22.4	-21.6	-21.7	-21.5	-21.3	-21.1	-20.4	-19.8	-19.2	-18.6
Credit	4.8	3.9	3.7	5.7	7.4	8.4	8.4	8.5	8.6	8.6	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Debit	37.0	44.0	39.0	37.1	35.0	33.7	32.7	31.8	31.0	30.2	30.4	30.2	30.0	29.8	29.1	28.5	27.8	27.3
Balance on factor income 1/	39.5	44.1	37.8	44.3	37.6	37.1	37.1	37.5	37.5	37.5	36.8	36.3	35.9	35.4	34.6	33.3	32.5	31.3
Credit	46.6	48.1	41.3	47.8	40.8	40.2	40.2	40.5	40.4	40.4	39.7	39.3	38.8	38.4	37.5	36.2	35.4	34.2
Fishing license fees	16.6	20.4	18.0	25.3	19.1	18.8	18.8	18.9	18.9	19.0	18.8	18.4	18.1	17.8	17.2	16.3	15.7	14.9
Investment income	22.2	23.4	15.0	14.2	13.4	13.0	13.0	13.1	12.9	12.7	12.6	12.5	12.4	12.2	12.0	11.6	11.3	11.0
Remittances	8.3	7.3	7.1	7.1	7.3	7.4	7.5	7.6	7.8	7.9	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Debit	7.1	4.0	3.4	3.5	3.2	3.1	3.1	3.1	3.0	2.9	3.0	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Balance on current transfers	9.3	10.4	14.8	12.5	13.4	16.4	15.9	15.6	13.0	12.9	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Credit	13.1	14.2	18.4	16.3	17.2	20.2	19.7	19.4	16.8	16.7	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Of which: Government	12.6	13.7	17.7	15.6	16.6	19.6	19.2	18.9	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
Debit	3.8	3.7	3.6	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Of which: Government	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Financial and capital account balance	20.1	9.1	17.3	21.2	31.5	28.3	27.3	23.8	24.3	24.0	24.9	24.6	24.3	24.0	22.6	21.9	20.9	20.2
Government	11.7	13.8	17.8	20.9	26.8	28.3	25.6	22.1	18.2	19.2	20.2	19.8	19.3	18.9	17.0	16.0	14.6	13.6
Capital transfers	13.2	14.2	18.3	18.3	21.0	24.7	23.4	22.3	18.4	19.4	19.2	18.9	18.5	18.2	16.5	15.5	14.2	13.3
Loans (net)	-1.5	-0.4	-0.6	2.7	5.8	3.6	2.1	-0.2	-0.2	-0.2	1.0	1.0	0.8	0.7	0.5	0.4	0.4	0.3
Direct investment	0.2	0.2	0.2	0.2	0.7	1.2	1.6	1.7	1.7	1.8	1.9	2.1	2.2	2.3	2.6	3.1	3.5	4.2
Financial institutions and others	8.2	-4.9	-0.7	0.0	3.9	-1.2	0.1	0.0	4.4	2.9	2.7	2.8	2.8	2.8	3.0	2.8	2.8	2.4
Errors and omissions	8.9	26.5	19.0	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-0.3	0.9	6.5	7.8	4.3	5.7	7.1	7.2	6.9	7.5	7.4	7.2	7.0	6.9	6.5	6.2	6.0	5.7
Change in external assets (increase -) 2/	0.3	-0.9	-6.5	-7.8	-4.3	-5.7	-7.1	-7.2	-6.9	-7.5	-7.4	-7.2	-7.0	-6.9	-6.5	-6.2	-6.0	-5.7
Revenue Equalization Reserve Fund	11.0	-4.9	-1.4	-6.4	-2.9	-4.4	-5.7	-5.9	-5.5	-6.1	-7.4	-7.2	-7.0	-6.9	-6.5	-6.2	-6.0	-5.7
Government funds 3/	-10.6	4.1	-5.1	-1.4	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:																		
Official external assets	435.0	368.7	365.4	368.7	334.9	319.3	310.5	304.4	299.0	295.7	293.4	291.1	288.7	286.2	281.0	272.9	267.6	259.7
(In years of imports of goods and services)	4.7	3.7	4.0	4.0	3.6	3.4	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3
Foreign reserve assets	26.0	21.0	25.3	26.6	25.2	24.7	24.6	24.7	24.8	24.9	22.5	21.4	20.3	19.4	17.5	15.1	13.7	11.8
(In months of imports of goods and services)	3.4	2.5	3.3	3.5	3.2	3.2	3.3	3.4	3.5	3.5	3.1	3.0	2.9	2.8	2.6	2.2	2.1	1.8
Other assets	409.0	347.7	340.0	342.2	309.7	294.6	285.8	279.7	274.2	270.8	270.9	269.7	268.4	266.9	263.4	257.8	253.9	247.8
External debt 4/	10.2	13.3	9.7	11.3	17.0	19.4	20.7	19.9	19.0	17.8	18.0	18.1	18.0	17.9	17.3	16.2	15.5	14.4
External debt service 5/	1.6	0.5	0.7	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.5	0.5	0.4
(In percent of exports of goods and services)	11.9	5.0	7.9	2.9	2.3	2.3	2.3	2.3	2.2	2.1	2.1	2.0	2.5	2.5	3.1	2.6	2.3	2.2
Real GDP Growth	0.4	-1.1	-0.7	1.8	3.0	3.5	3.5	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

Sources: Data provided by the Kiribati authorities; and Fund staff estimates and projections.

1/ Includes fishing license fees, which would be shown as current transfers under conventional international guidelines.

2/ Excludes valuation changes.

3/ Comprises the Consolidated Fund, Development Fund, and STABEX Fund.

4/ External debt at end-2002 is adjusted by \$A 3.2 million reflecting forgiven debt.

5/ An increase in the debt service in 2007 reflects maturity of certain external borrowing including from Japan.

Table 6. Kiribati: Summary of Central Government Operations, Baseline Scenario, 2007–30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022	2025	2027	2030
	Projections																	
	(In millions of Australian dollars)																	
Total revenue and grants	100.9	111.3	128.7	136.9	147.8	158.5	163.5	164.8	158.7	172.3	178.6	185.1	191.9	198.9	210.6	234.6	249.0	277.5
Revenue	61.5	67.3	69.6	81.0	78.9	83.1	86.6	86.4	90.1	93.9	97.0	100.3	103.7	107.1	114.5	126.5	135.2	149.5
Tax revenue	29.9	29.6	28.7	30.4	33.9	36.0	37.4	35.2	36.8	38.4	40.0	41.6	43.3	45.0	48.7	54.9	59.4	66.9
Nontax revenue	31.6	37.7	40.8	50.6	45.0	47.1	49.2	51.2	53.3	55.5	57.1	58.7	60.4	62.1	65.8	71.6	75.8	82.6
Of which: Fishing license fees	25.4	32.2	29.5	41.7	35.0	36.4	37.9	39.4	40.9	42.6	43.6	44.7	45.9	47.0	49.4	53.2	55.9	60.2
External grants	39.4	44.0	59.1	55.8	68.9	75.4	76.9	78.4	68.7	78.4	81.6	84.8	88.2	91.7	96.1	108.1	113.8	128.0
Total expenditure and net lending	125.2	142.7	149.4	150.1	173.9	194.2	197.1	196.9	192.8	204.8	211.7	219.2	227.0	235.1	249.0	276.4	293.3	325.7
Current expenditure	85.8	98.7	90.3	90.3	94.3	99.5	103.6	106.7	110.1	113.5	120.4	124.7	129.1	133.6	143.1	158.6	169.8	188.0
Of which: Wages and salaries	41.5	45.0	43.2	44.1	46.6	49.9	52.5	54.6	56.8	59.0	62.1	64.3	66.6	68.9	73.8	81.8	87.6	96.9
Subsidies to public enterprises 1/	7.2	8.1	7.3	7.9	7.9	7.5	7.5	7.5	7.5	7.5	8.2	8.5	8.8	9.1	9.8	10.8	11.6	12.8
Other current expenditure	37.1	45.5	39.8	38.3	39.8	42.1	43.6	44.7	45.8	47.0	50.1	51.9	53.7	55.6	59.6	66.0	70.7	78.2
Development expenditure	39.4	44.0	59.1	59.8	79.6	94.7	93.5	90.1	82.8	91.3	91.3	94.5	97.9	101.5	105.8	117.8	123.5	137.7
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-24.4	-31.4	-20.7	-13.2	-26.1	-35.7	-33.6	-32.1	-34.1	-32.5	-33.1	-34.1	-35.1	-36.2	-38.4	-41.9	-44.3	-48.2
Financing	24.4	31.4	20.7	13.2	26.1	35.7	33.6	32.1	34.1	32.5	33.1	34.1	35.1	36.2	38.4	41.9	44.3	48.2
Revenue Equalization and Reserve Fund	45.0	25.0	18.0	9.2	15.5	16.4	17.0	20.4	20.0	19.6	23.8	24.8	26.2	27.3	30.0	35.1	38.5	43.7
Consolidated Fund	-20.5	6.4	-8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Fund	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STABEX Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External loans (net)	-2.3	-0.7	-0.9	4.0	10.7	19.3	16.6	11.7	14.1	12.9	9.3	9.3	9.0	8.9	8.4	6.8	5.8	4.5
Other sources	-2.1	0.7	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP)																	
Total revenue and grants	66.0	70.4	78.4	83.1	80.7	80.4	78.5	75.7	69.8	72.5	72.2	72.0	71.7	71.4	69.9	69.1	67.8	67.1
Revenue	40.2	42.6	42.4	49.2	43.0	42.2	41.6	39.7	39.6	39.5	39.3	39.0	38.7	38.5	38.0	37.3	36.8	36.1
Tax revenue	19.6	18.8	17.5	18.5	18.3	18.0	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Nontax revenue	20.7	23.8	24.9	30.7	24.5	23.9	23.6	23.5	23.4	23.4	23.1	22.8	22.6	22.3	21.8	21.1	20.6	20.0
Of which: Fishing license fees	16.6	20.4	18.0	25.3	19.1	18.5	18.2	18.1	18.0	17.9	17.7	17.4	17.1	16.9	16.4	15.7	15.2	14.5
External grants	25.8	27.8	36.0	33.9	37.6	38.2	36.9	36.0	30.2	33.0	33.0	33.0	33.0	32.9	31.9	31.9	31.0	30.9
Total expenditure and net lending	81.9	90.3	91.0	91.1	94.9	98.5	94.7	90.5	84.8	86.2	85.6	85.2	84.8	84.4	82.6	81.5	79.9	78.8
Current expenditure	56.2	62.5	55.0	54.8	51.5	50.5	49.7	49.1	48.4	47.8	48.7	48.5	48.2	48.0	47.5	46.7	46.2	45.5
Of which: Wages and salaries	27.1	28.5	26.3	26.8	25.4	25.3	25.2	25.1	25.0	24.8	25.1	25.0	24.9	24.7	24.5	24.1	23.8	23.4
Subsidies to public enterprises 1/	4.7	5.2	4.4	4.8	4.3	3.8	3.6	3.4	3.3	3.2	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.1
Other current expenditure	24.3	28.8	24.3	23.3	21.7	21.3	20.9	20.5	20.1	19.8	20.3	20.2	20.1	20.0	19.8	19.5	19.2	18.9
Development expenditure	25.8	27.8	36.0	36.3	43.4	48.0	44.9	41.4	36.4	38.4	36.9	36.8	36.6	36.4	35.1	34.7	33.6	33.3
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-15.9	-19.9	-12.6	-8.0	-14.3	-18.1	-16.2	-14.7	-15.0	-13.7	-13.4	-13.3	-13.1	-13.0	-12.7	-12.3	-12.1	-11.7
Financing	15.9	19.9	12.6	8.0	14.3	18.1	16.2	14.7	15.0	13.7	13.4	13.3	13.1	13.0	12.7	12.3	12.1	11.7
RERF	29.5	15.8	11.0	5.6	8.4	8.3	8.2	9.4	8.8	8.2	9.6	9.7	9.8	9.8	10.0	10.3	10.5	10.6
Consolidated Fund	-13.4	4.1	-5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Fund	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STABEX Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External loans (net)	-1.5	-0.4	-0.6	2.4	5.8	9.8	8.0	5.4	6.2	5.4	3.7	3.6	3.4	3.2	2.8	2.0	1.6	1.1
Other sources	-1.4	0.4	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items																		
RERF balance (in millions of Australian dollars; end of period)	637.3	561.6	570.5	576.1	579.7	590.0	601.2	611.9	625.4	641.4	661.8	682.3	702.5	722.8	762.4	817.9	851.1	894.4
RERF: Interest and dividend income	30.0	34.2	21.6	20.8	21.8	22.8	24.1	25.5	25.9	24.9	25.5	26.3	27.2	28.0	29.6	31.8	33.2	35.1
Valuation changes	-5.5	-83.5	6.5	-4.9	-1.8	4.9	5.0	6.7	8.5	11.8	10.0	10.3	10.6	11.0	11.6	12.5	13.0	13.7
Government drawings	45.0	25.0	18.0	9.2	15.5	16.4	17.0	20.4	20.0	19.6	14.1	15.1	16.4	17.6	20.3	25.4	28.8	34.0
Overall balance + RERF income (in percent of GDP)	3.7	1.8	0.5	4.6	-2.3	-6.5	-4.6	-3.0	-3.6	-3.2	-3.1	-3.0	-3.0	-2.9	-3.0	-3.0	-3.0	-3.2
Current fiscal balance (in percent of GDP, exclud. grants)	-15.9	-19.9	-12.6	-5.6	-8.4	-8.3	-8.2	-8.4	-8.8	-8.2	-9.4	-9.5	-9.5	-9.5	-9.5	-9.5	-9.4	-9.3
Nominal GDP at market prices	152.8	158.0	164.1	164.8	183.2	197.2	208.2	217.6	227.4	237.6	247.2	257.2	267.6	278.4	301.4	339.3	367.3	413.6
Real GDP Growth	0.4	-1.1	-0.7	1.8	3.0	3.5	3.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Sources: Data provided by the Kiribati authorities; and Fund staff estimates and projections.

1/ Includes subsidies to copra production.

Table 6a Kiribati: Summary of Central Government Operations, Reform Scenario, 2007–30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022	2025	2027	2030
	Projections																	
	(In millions of Australian dollars)																	
Total revenue and grants	100.9	111.3	128.7	136.9	147.8	171.2	177.3	182.5	177.6	190.3	197.8	206.0	214.4	223.3	239.0	270.0	289.8	327.6
Revenue	61.5	67.3	69.6	81.0	78.9	83.8	88.2	91.5	96.8	102.4	106.4	110.9	115.6	120.5	130.9	148.4	161.4	183.2
Tax revenue	29.9	29.6	28.7	30.4	33.9	36.0	37.5	37.8	39.9	42.2	44.1	46.3	48.7	51.1	56.4	65.5	72.2	83.8
Nontax revenue	31.6	37.7	40.8	50.6	45.0	47.8	50.7	53.7	56.9	60.2	62.3	64.6	66.9	69.3	74.5	83.0	89.2	99.4
Of which: Fishing license fees	25.4	32.2	29.5	41.7	35.0	37.1	39.3	41.7	44.2	46.8	48.3	49.9	51.5	53.1	56.6	62.2	66.2	72.8
External grants	39.4	44.0	59.1	55.8	68.9	87.4	89.1	90.9	80.8	87.9	91.4	95.1	98.9	102.8	108.1	121.6	128.4	144.4
Total expenditure and net lending	125.2	142.7	149.4	150.1	173.9	191.5	193.0	193.9	190.0	201.5	212.3	221.1	230.3	239.9	257.1	290.5	312.0	352.5
Current expenditure	85.8	98.7	90.3	90.3	94.3	97.0	99.4	103.4	109.7	114.1	117.9	123.0	128.4	134.0	146.0	165.9	180.6	205.1
Of which: Wages and salaries	41.5	45.0	43.2	44.1	46.6	47.9	48.6	51.1	53.7	56.4	57.7	60.2	62.9	65.6	71.4	81.2	88.4	100.4
Subsidies to public enterprises 1/	7.2	8.1	7.3	7.9	7.9	7.0	7.0	7.0	7.0	7.0	7.5	7.9	8.2	8.6	9.3	10.6	11.5	13.1
Other current expenditure	44.4	53.7	47.1	46.2	47.7	49.1	50.8	45.4	49.0	50.7	52.7	55.0	57.4	59.9	65.2	74.1	80.7	91.6
Development expenditure	39.4	44.0	59.1	59.8	79.6	94.5	93.6	90.5	80.3	87.4	94.4	98.1	101.9	105.9	111.1	124.6	131.4	147.4
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-24.4	-31.4	-20.7	-13.2	-26.1	-20.3	-15.7	-11.4	-12.4	-11.3	-14.5	-15.2	-15.9	-16.6	-18.1	-20.5	-22.2	-25.0
Financing	24.4	31.4	20.7	13.2	26.1	20.3	15.7	11.4	12.4	11.3	14.5	15.2	15.9	16.6	18.1	20.5	22.2	25.0
Revenue Equalization and Reserve Fund	45.0	25.0	18.0	9.2	15.5	13.2	11.2	11.9	12.9	11.7	11.9	12.6	13.6	14.4	16.4	18.8	20.5	23.5
Consolidated Fund	-20.5	6.4	-8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Fund	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STABEX Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External loans (net)	-2.3	-0.7	-0.9	4.0	10.7	7.1	4.5	-0.5	-0.5	-0.5	2.6	2.6	2.3	2.2	1.7	1.7	1.8	1.5
Other sources	-2.1	0.7	12.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP)																	
Total revenue and grants	66.0	70.4	78.4	83.1	80.7	86.8	84.8	82.6	76.2	77.3	76.9	76.2	75.5	74.8	72.5	70.7	68.7	67.0
Revenue	40.2	42.6	42.4	49.2	43.0	42.5	42.1	41.4	41.5	41.6	41.3	41.0	40.7	40.4	39.7	38.8	38.3	37.4
Tax revenue	19.6	18.8	17.5	18.5	18.5	18.3	17.9	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1
Nontax revenue	20.7	23.8	24.9	30.7	24.5	24.2	24.3	24.3	24.5	24.5	24.2	23.9	23.6	23.2	22.6	21.7	21.1	20.3
Of which: Fishing license fees	16.6	20.4	18.0	25.3	19.1	18.8	18.8	18.9	18.9	19.0	18.8	18.4	18.1	17.8	17.2	16.3	15.7	14.9
External grants	25.8	27.8	36.0	33.9	37.6	44.3	42.6	41.2	34.7	35.7	35.5	35.2	34.8	34.4	32.8	31.8	30.4	29.5
Total expenditure and net lending	81.9	90.3	91.0	91.1	94.9	97.1	92.3	87.8	81.5	81.9	82.5	81.8	81.1	80.4	78.0	76.0	74.0	72.1
Current expenditure	56.2	62.5	55.0	54.8	51.5	49.2	47.5	46.8	47.0	46.4	45.8	45.5	45.2	44.9	44.3	43.4	42.8	41.9
Of which: Wages and salaries	27.1	28.5	26.3	26.8	25.4	24.3	23.2	23.1	23.0	22.9	22.4	22.3	22.1	22.0	21.7	21.2	21.0	20.5
Subsidies to public enterprises 1/	4.7	5.2	4.4	4.8	4.3	3.5	3.3	3.2	3.0	2.8	2.9	2.9	2.9	2.9	2.8	2.8	2.7	2.7
Other current expenditure	29.0	34.0	28.7	28.0	26.1	24.9	24.3	20.5	21.0	20.6	20.5	20.3	20.2	20.1	19.8	19.4	19.1	18.7
Development expenditure	25.8	27.8	36.0	36.3	43.4	47.9	44.8	41.0	34.4	35.5	36.7	36.3	35.9	35.5	33.7	32.6	31.2	30.1
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-15.9	-19.9	-12.6	-8.0	-14.3	-10.3	-7.5	-5.2	-5.3	-4.6	-5.6	-5.6	-5.6	-5.6	-5.5	-5.4	-5.3	-5.1
Financing	15.9	19.9	12.6	8.0	14.3	10.3	7.5	5.2	5.3	4.6	5.6	5.6	5.6	5.6	5.5	5.4	5.3	5.1
RERF	29.5	15.8	11.0	5.6	8.4	6.7	5.4	5.4	5.5	4.8	4.6	4.7	4.8	4.8	5.0	4.9	4.9	4.8
Consolidated Fund	-13.4	4.1	-5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Fund	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STABEX Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External loans (net)	-1.5	-0.4	-0.6	2.4	5.8	3.6	2.1	-0.2	-0.2	-0.2	1.0	1.0	0.8	0.7	0.5	0.4	0.4	0.3
Other sources	-1.4	0.4	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items																		
RERF balance (in millions of Australian dollars; end of period)	637.3	561.6	570.5	576.1	579.7	593.2	610.3	630.0	651.6	678.8	709.7	741.7	774.7	808.9	880.2	997.4	1083.3	1224.6
RERF: Interest and dividend Income	30.0	34.2	21.6	20.8	21.8	22.8	24.3	25.9	26.7	27.7	28.9	30.2	31.6	33.0	35.9	40.7	44.3	50.1
Valuation changes	-5.5	-83.5	6.5	-4.9	-1.8	4.9	5.0	6.8	8.8	12.3	12.0	12.5	13.1	13.7	14.9	16.9	18.4	20.8
Government drawings	45.0	25.0	18.0	9.2	15.5	13.2	11.2	11.9	12.9	11.7	8.9	9.6	10.6	11.4	13.4	15.8	17.4	20.4
Overall balance + RERF income (in percent of GDP)	3.7	1.8	0.5	4.6	-2.3	1.3	4.1	6.5	6.1	6.7	5.6	5.6	5.5	5.5	5.4	5.3	5.2	5.1
Current fiscal balance (in percent of GDP, exclud. grants)	-15.9	-19.9	-12.6	-5.6	-8.4	-6.7	-5.4	-5.4	-5.5	-4.8	-4.5	-4.5	-4.5	-4.5	-4.6	-4.6	-4.5	-4.5
Nominal GDP at market prices	152.8	158.0	164.1	164.8	183.2	197.2	209.2	220.9	233.2	246.2	257.4	270.4	284.1	298.5	329.5	382.1	421.8	489.1
Real GDP Growth	0.4	-1.1	-0.7	1.8	3.0	3.5	3.5	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

Sources: Data provided by the Kiribati authorities; and Fund staff estimates and projections.

1/ Includes subsidies to copra production.