

IMF Staff Completes 2026 Article IV Consultation to Kiribati

March 4, 2026

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board.

- Economic activity has remained resilient, supported by public consumption and infrastructure investment, but fiscal and external deficits remain large and risks are tilted to the downside.
- Strengthening the fiscal framework, raising revenues, and improving the efficiency of public spending, are essential to support sustainable growth, enhance resilience to shocks, and safeguard long-term sustainability.
- Building institutional capacity is a priority, including strengthening public financial management, introducing a public debt management framework, and enhancing governance and transparency of joint venture entities and state-owned enterprises.

Washington, DC: An International Monetary Fund (IMF) team, led by Ms. Natalija Novta, visited Tarawa, Kiribati for the 2026 Article IV Consultation during February 17-27, 2026. The discussions with the authorities covered recent developments, the economic outlook, and policy priorities. At the end of the visit, Ms. Novta issued the following statement:

“Economic activity in Kiribati has remained strong. Real GDP growth is estimated at 4.3 percent in 2025, following 4.6 percent in 2024, driven by consumption and public investment. Inflation rose to around 6.5 percent in 2025 following long-overdue and welcome fuel and electricity tariff reforms. After this one-off price level adjustment, inflation is expected to moderate quickly.

“Fiscal policy was broadly neutral in 2025, with the overall deficit at 14 percent of GDP financed by withdrawals from the Revenue Equalization Reserve Fund (RERF), broadly unchanged from 2024. The copra subsidy increase (from 6 to 9 percent of GDP) was balanced by improved excise tax collection. Public debt fell to 8 percent of GDP in 2025 and is assessed as sustainable, but the risk of debt distress is considered high due to long-term climate-related vulnerabilities. The external position is substantially weaker than the level implied by fundamentals and desirable policies, with the current account deficit estimated at 18.8 percent of GDP in 2025, amid persistently elevated imports.

“The near-term outlook remains favorable, although gradually weakening over the medium term due to structural constraints. Real GDP growth is projected to moderate to about 3.2 percent in 2026 with public consumption and infrastructure projects continuing to drive activity, before converging to around 2 percent over the medium term. Inflation is expected to moderate to about 3.5 percent in 2026 and decline to about 1.8 percent over the medium term. The fiscal and current account deficits are both projected at around 15 percent of GDP in 2026, remaining elevated over the medium term.

“Risks to the outlook are tilted to the downside. Reliance on RERF withdrawals based on annual returns can exacerbate revenue volatility and hamper economic management. External risks include global financial market volatility and correction, commodity price fluctuations, geopolitical tensions that raise import prices and shipping costs, all of which could threaten fiscal and external sustainability. Climate-related shocks remain a persistent threat, particularly through their impact on fishing revenues and infrastructure.

“Pursuing a sustained growth-friendly fiscal consolidation is critical to preserve long-term sustainability while funding the development agenda. Adopting a balance-based RERF withdrawal rule and integrating RERF operations into a strengthened medium-term fiscal

framework would allow effective use of countercyclical fiscal policy and support improved investment planning. Efforts to raise fishing revenues, decrease tax expenditures, and increase excise taxes would support the fiscal consolidation.

“A substantial expansion of broad social benefits over the last five years has contributed to a remarkable reduction in poverty and lifted overall human development. Broad-based social benefits should, however, be reviewed regularly with a view to enhance their efficiency and targeting. This would further support the fiscal consolidation while safeguarding gains in poverty reduction.

“The government’s ongoing efforts to further develop institutional capacity and implement structural reforms should continue. In the fiscal area, reforms should focus on improving the medium-term fiscal framework, enhancing fiscal discipline and public investment planning. Establishing a sound debt-management framework and strengthening capacity to assess loan proposals and monitor risks, including in SOEs and JVs, is essential to maintain fiscal sustainability. To promote private sector development and diversification, establishing financial sector supervisory capacity and continuing to close infrastructure and human development gaps remain essential.

“We would like to thank the authorities and other stakeholders for their warm welcome and for productive discussions and engagement. The IMF stands ready to continue to support the government’s development goals through macroeconomic policy advice and capacity development.”

Kiribati: Selected Economic Indicators, 2024-28

Per capita GDP (2024e): US\$2,695.

Demographic: Population (2024e): 127,317; Life expectancy at birth (2022): 67.7.

Poverty in percent of population (2023-24): Below \$2.15 a day: 0.04; Below the national poverty line: 5.5.

IMF quota: SDR 11.2 million.

Main export products: Crude coconut oil, frozen tuna, and copra.

	2024	2025	2026	2027	2028
		Est.	Proj.		
Real GDP (percent change)	4.6	4.3	3.2	2.5	2.2
Consumer prices (percent change, average)	2.5	6.5	3.5	3.0	2.5
Inflation (end of period)	2.9	6.3	3.0	2.5	2.5
Central government finance (in percent of GDP)					
Revenue and grants	72	74	99	79	81
Total domestic revenue	62	58	59	59	58
<i>Of which: fishing revenue</i>	40	38	39	38	38
External grants	10	15	40	20	22
Expenditures	86	88	115	94	93
Current	63	66	63	62	61
Development	23	23	52	32	32
Domestic recurrent balance 1/	-42	-45	-42	-41	-41

Recurrent fiscal balance (incl. budget support grants)	0	-1	0	-2	-2
Overall balance 2/	-14	-14	-15	-15	-13
Financing	14	14	15	15	13
<i>Of which: Revenue</i>					
<i>Equalization Reserve Fund</i> <i>(RERF)</i>	15	15	13	7	6
Credit					
Credit to GDP (in percent of GDP)	12	12
RERF					
Closing balance (in millions of A\$)	1600	1677	1708	1773	1853
Per capita value (in 2006 A\$)	7784	7815	7646	7621	7651
Balance (in percent of (GDP)	308	310	300	298	300
Cash reserve buffer 3/					
Closing balance (in millions of A\$)	264	263	248	248	248
Closing balance (in percent of GDP)	51	49	44	42	40

In excess of 3-months of current spending and LCDF (in millions of A\$)	164	156	137	137	137
Balance of payments					
Current account including official transfers (in millions of US\$)	-60	-65	-56	-58	-57
(In percent of GDP)	-17.4	-18.8	-15.1	-15.1	-14.3
External debt (in millions of US\$) 4/	29	28	29	64	90
(In percent of GDP)	9	8	8	17	22
External debt service (in millions of US\$)	2.2	2.2	2.1	2.0	2.4
(In percent of exports of goods and services)	0.6	0.6	0.6	0.5	0.6
Exchange rate (A\$/US\$ period average)	1.5	1.6
Real effective exchange rate (period average)	83	87
Memorandum items:					
Nominal GDP (in millions of A\$)	520	542	570	594	617

Nominal GDP (in millions of
US\$) 343 349 372 386 401

Sources: Kiribati authorities; World Bank; and IMF staff estimates and projections.

1/ Domestic recurrent balance excludes fishing revenue, grants, and development expenditure.

2/ Overall balance in the table is different from official budget because withdrawals from the RERF are classified as financing.

3/ Cash reserve buffer includes the government's operational account and cash reserve account.

4/ The coverage is public external debt only.

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