KIRIBATI
SELECTED ISSUES

This Selected Issues paper on Kiribati was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on April 15, 2024.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org  Web: http://www.imf.org

International Monetary Fund
Washington, D.C.
COPRA SUBSIDY IN KIRIBATI: A CASE STUDY

A. History of Copra Subsidy in Kiribati

B. Economic Impact of Price Support Schemes: Evidence from Other Emerging Markets

C. Economic Impact of Copra Subsidy: A Theoretical Approach

D. Fiscal Impact of Potential Reforms to Copra Subsidy

E. Conclusion and Policy Recommendations

FIGURES

1. Overview of Copra Support Price in Kiribati

2. Concentration of Goods Exports

3. Increase in Income due to Higher Copra Subsidy

4. Copra Price: Kiribati vs. Peer Countries

5. Horizontal Model: Impact of Subsidy on Labor and Production

6. Vertical Model: Impact of Subsidy on Labor and Production

7. Inequality Model: Impact of Subsidy on Relative Income and Production

8. Fiscal Scenarios


TABLE

1. Economic Impact of MSPs in Select Emerging Market Economies

APPENDIX

I. Model Details

References