

2019-2020 Annual Development Fund Report
MINISTERIAL STATEMENT

Hon. Martin Hunt, MP
22 October, 2020

Mr Speaker and Honourable members,

It is with great pleasure that I hereby table the *2019-2020 Annual Development Fund Report* for consideration by Parliament, as mandated by the Development Fund Act 2011.

With respect to funds received from our donor partners, the last fiscal year broadly echoed trends from previous years, albeit with a few unique events.

During the last financial year, **\$6.4m of development funds were spent whilst \$12.7m was received**. The disparity between revenue and expenditure is attributed to the late influx of \$6.7m in COVID-19 support from Australia, New Zealand, the ADB and Japan and from Indonesia; \$3.6m for the procurement of a Ports sea vessel.

On the expenditure side, 85% of all spending from the Development Fund went toward the social sector with \$3m to Education and \$2m to Health.

Mr Speaker,

I will now highlight the revenue aspect of the Development Fund.

Australia topped the list of individual donors with \$5.2m of contributions, largely due to a late \$4.1m injection for COVID-19 assistance.

Under the development fund; \$1.65 million was donated by Republic of China Taiwan for COVID-19 pandemic preparedness and support.

Mr Speaker,

On the expenditure side, quarterly averages were consistent with previous years, suggesting that capacity to implement may have plateaued across the various line agencies receiving grant support.

Expenditure is overwhelmingly weighted toward the Education and Health sectors, due to COVID19 funding assistance and shared priorities from major donors and guidance with a clear Annual Operation Plan.

Economic expenditure amounted to only \$77k which mostly went towards the fisheries sector. Infrastructure expenditure totalled \$406k, comprising grant support for the installation of household water tanks and for NUC projects.

Two third of the Cross-cutting expenditure of \$448k, went toward the Environment sector and the rest for Public sector governance.

In summary, the 2019-2020 fiscal year saw a softening on the use of Development Funds as a preferred support modality.

Unique events such as the COVID-19 pandemic and one-off receipts such as for the Indonesian tug boat have maintained the trends from previous years. However, the underlying story is one of a slow decline in grant receipts.

Mr Speaker,

I urge all departments receiving grant funds to take a realistic approach and ensure that sufficient capacity to manage projects is allocated from within your own budgets, or to negotiate with donors for additional implementation capacity to be funded from within the grant budget.

Mr Speaker,

My department remains available to assist as needed and ensure that support from our donor friends meets our needs and aspirations.

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