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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR NIUE*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	IPF for 1987-1991	800 000

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*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) proposed project; (b) distribution of resources by sector; (c) distribution of new and ongoing programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Niue is a self-governing State in free association with New Zealand and all Niueans have free right of access to and citizenship of New Zealand.
2. Niue is a small isolated developing island consisting of a single uplifted coral atoll depressed towards the centre, with a land area of 258 square kilometres (21 kilometres long by 18 kilometres wide) and a population of 2,800. Its coastline is of steep rugged 30-metre cliffs, and access to the sea is very difficult as there is no true reef, lagoon, or natural harbour. The country has also suffered severe hurricanes in the past as it is located on the edge of the hurricane belt and it also suffered occasional severe drought (the recent one of 1983/1984 almost crippled its coconut industry). The soil is predominantly of limestone origin and hence there is no surface water. Water for domestic and agricultural purposes is obtained through artisanal boreholes and roof catchments. Fertile soil is thin and scattered in pockets among coral outcrops. Cultivation is therefore difficult and shifting is practised because of poor returns. The exploitable land area is much smaller than the total area and the more productive areas are further inland.
3. Like other island countries, Niue's economy is basically agricultural with crops being coconut, lime, passionfruit, honey and rootcrops. Exports, comprised mostly of primary products, are limited and insufficient to offset the large deficits. Niue's economy suffers greatly from the continuous migration to New Zealand where a higher standard of living is enjoyed. The population decreased steadily from 4,990 in 1971 to 2,800 by the end of 1984 while some 13,000 (migrants plus their offspring) now reside in New Zealand. This has denied Niue the manpower required especially for labour-intensive agricultural development as well as the development of manufacturing industries. Fortunately, Niue's localization scheme has succeeded in retaining a number of highly skilled professionals and, except for a few posts, all of the executive positions in the public sector are held by Niueans. Employment is mostly in Government and Government enterprises; about 25 per cent of the workforce is employed in the very small private sector, (full-time growers, plus employees of a food processing factory, construction contractors, a ball-making factory and wholesale and retail services). The number of full-time growers/primary producers continues to decline. Since the population has to be self-sufficient in staple food (taro and vegetables), the economy has become a combination of wage employment and subsistence agriculture. Better air service through Air Nauru each week has facilitated exports of produce, especially to New Zealand, greatly encouraging increased agricultural production. However, owing to the short length of the runway, Air Nauru can only allow limited space for cargo.
4. The infrastructure in Niue is well developed. Reasonably good roads connect the villages to the town as well as international airport. Piped water, electricity and telephones are available throughout the island. Niue has a hospital which provides excellent health services, and high school education is also available. However, tertiary education must be pursued overseas. More

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recently, tourism development has been actively promoted, and it is also planned to encourage the establishment of small manufacturing enterprises. Most of the trade is with New Zealand.

5. In considering the development needs of Niue, it should be borne in mind that the causes of emigration from Niue were attributed to hardship living conditions, compounded by hurricanes and droughts, and free access to New Zealand. Because of Niue's population size, aid has often ignored the necessity for inputs to provide and improve basic infrastructure which can be costly, although the unit costs for such constructions would be the same regardless of a country's size of population.

B. National development strategies

6. The second national development plan covering the period 1986-1990 is yet to be finalized but the objectives will be similar to the development priorities of the first development plan; namely:

(a) Increasing total population, through a decrease in loss of population and increased inward migration;

(b) Increasing local production;

(c) Decreasing the gap between imports and exports;

(d) Increasing the number of Niueans holding leading positions in Government;

(e) Increasing employment opportunities.

7. The above objectives are interdependent. In order to achieve them attention will be focussed on creating a better lifestyle in Niue for Niueans. The Government's priority is to emphasize employment and income-generating opportunities in three main sectors: agricultural, (forests and fisheries), tourism and manufacturing.

8. In developing these sectors the Government depends heavily on aid to fund not only the required expatriate skills and the training of local personnel but also the cost of infrastructure and equipment. Priorities in infrastructure are (a) the country's only wharf at Alofi and a fisheries complex; (b) extension of the airport runway; and (c) establishment of Niue's Cultural Centre.

9. Niue receives development aid largely from New Zealand, followed by Australia and UNDP. The two forementioned countries have substantial capital investment programmes in areas such as telecommunications, harbour development, water supply, roads and energy. Substantial assistance is also provided by New Zealand for direct budgetary support. Niue also benefits from small technical assistance grants on an ad hoc basis from the World Health Organization (WHO), the South Pacific Commission, the South Pacific Bureau for Economic Co-operation (SPEC), the Forum Fisheries Agency, the Commonwealth Fund for Technical Co-operation, the Pacific Operations Centre of the Economic and Social Commission for Asia and the Pacific (ESCAP) and UNDP regional projects.

C. Technical co-operation priorities

10. Niue receives substantial aid from New Zealand and Australia with the former providing about 65 per cent of the total national budget. Thus to be of any practical assistance to Niue, UNDP technical co-operation needs and priorities have to be determined in the light of this bilateral assistance. However, with the dwindling population, technical co-operation is vitally necessary to give Niue a chance to stabilize itself.

11. The priorities and needs identified below were determined after intensive discussions between Government officials and UNDP both in Niue and in Apia.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

12. In compliance with the overall aims of Niue's first national plan (1980-1985), the second country programme (1983-1986) concentrated on the development of agricultural and fisheries infrastructure aimed at developing the basis for agricultural and fisheries production. Cultural and social development and manpower development were also emphasized.

13. UNDP assistance to Niue during the first two years focused on increased agricultural production and processing of export products through the Applied Agricultural Research (NIU/78/001) and Assistance to Niue Development Board (NIU/79/003) projects. The activities of the agricultural research station at Vaipapahi (established under UNDP assistance) continued successfully under nationals capable of examining yields of existing cash crops and collecting results of research work. The research station continues to improve agricultural practices and determines combinations of inputs for optimum yields of lime and passionfruit as well as other cash crops. Since 1984 this has led to increased production for fruit-juice processing, and a great increase in the export of agricultural products to the New Zealand market. Under the Assistance to Niue Development Board project, an expatriate expert was recruited in July 1981 to assist in improving the production and marketing of agricultural and livestock products as well as handicrafts and other products. Experience of UNDP-funded activities in these areas show that the services of expatriates have proved effective and have been appreciated in scientific and technical fields, but that their advice was less effective in the area of administration and management. The implementation of the project was eventually curtailed as a result of a change in government policy. The Food Processing Factory was leased out to a private investor and the functions of the Board were shared between the Agriculture Department and the newly established Department of Economic Development.

14. Although the implementation of the second country programme was somewhat slow in its first two years, momentum picked up in 1985 with the start of the following three new projects:

(a) The Development of Fisheries Facilities (NIU/85/001) aimed at providing the fishermen (who normally have to climb steep cliffs with their boats) with easier access to the sea. It has already established (within a shorter time than

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envisaged) a small boat-landing facility at Avatele and has already started deploying fish aggregate devices round the island as well as constructing access roads to the sea around the island. All this should be completed by 1986 and should result in the increase of fish caught for subsistence purposes, thus reducing imported fish and fish products;

(b) The Coconut Rehabilitation Scheme (NIU/85/002) reactivated the coconut industry which was drastically affected by the 1983/1984 drought and has prevented Niue from exporting any coconut products, especially coconut cream, since 1983. The replanting scheme will continue into the third country programme and the Coconut Cream Factory was scheduled to resume production at the end of 1985. Through the clearing of coconut plantations, utilizing project equipment and fertilizers, the palms have produced enough nuts both for subsistence consumption and for coconut-cream production;

(c) The Development Training and Short-term Technical Services (NIU/85/003) greatly assisted the Government in project formulation including those mentioned above and the training of Government employees and a private contractor to improve their skills in their respective jobs. This project was also successful in promoting tourism by a group of Niueans (assisted by a project consultant) in New Zealand. Since July 1985, Niue has been receiving an increased number of tourists, and for the first time Hotel Niue was full for more than two months. These three projects will continue into the new country programme.

B. New programme proposal

15. Within the context of the Government's stated interdependent objectives, the country programme will concentrate on four major areas.

Agricultural and fisheries development

16. Emphasis will be placed on extending the basic agricultural information available to growers as well as improving production. Thus the coconut rehabilitation scheme will continue to select and distribute to growers improved planting materials under the replanting scheme. This should lead to increased production and export earnings from coconut cream. Training will also be undertaken both in the country and overseas to improve the national skills in plantation management and nurseries development. These activities will be implemented under the existing project NIU/85/002 with an input of approximately \$US 141,000.

17. The development of fisheries continues to be of great importance as a source of high protein food. It is therefore essential to develop an onshore complex to provide maintenance for fishing boats, fish aggregate devices, outboard motors, storage of equipment, space for research equipment and a lecture room for training/demonstrations and offices. This complex will necessitate the continuation of NIU/85/001 into the third country programme.

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Manpower development

18. Human resources development and the transfer of skills is a salient and integral element of UNDP assistance to Niue. The project NIU/85/003 will be continued to improve the skills of those who have opted to stay and work in Niue. Owing to the acute shortage of manpower and the relatively young age of public servants, there is a great need to provide in-service training to middle- and senior-level public servants especially in the technical fields, not only to improve their skills/knowledge but also to keep them abreast of modern thinking and technology. Lack of certain technical skills in the island has indicated a need to recruit short-term consultants in the various areas concerned. This project aims at quick action for certain needs identified through changing circumstances. Study tours will also be undertaken for trade, marketing and tourism, both for Government employees as well as for the private sector. This project will also accommodate the more traditional forms of short-term training both in-country and overseas. Approximately \$92,000 of UNDP resources will be provided in this area.

19. There will be an increased use of United Nations Volunteers (UNV) under the umbrella project UNV Assistance (NIU/81/001) to fill positions in a variety of fields ranging from computer programmers to surveyors. Counterpart training is an integral part of this project. This programme has proved to be a very economical and efficient means of support for local staff and training. Approximately \$US 106,400 will be provided for this project.

Cultural and social development

20. Emphasis in the past has been largely placed on economic development. Cultural and social development is equally important, and this is reflected in the establishment of the Cultural Centre. The basic Government goals for the establishment of the Cultural Centre were to reactivate and promote traditional cultural practices and to generate cash income for the community through cultural shows/entertainment as well as the sale of artifacts and souvenirs to tourists. This project was also aimed at creating better opportunities for the Niuean people to identify with their culture, thereby creating a greater sense of national identity which should culminate in a commitment to remain in Niue. This component of the programme is a continuation of project (NIU/85/004) and allows for the development, collection and proper storage of artifacts for the centre, which will require approximately \$US 100,600.

Transport facilities development

21. In 1982 Air Nauru started direct scheduled services between Niue and Auckland. Since then tourist numbers have increased and promotional efforts have slowly been developed to increase further the flow of tourists and visitors to the island. This development was assisted by a UNDP regional consultant (under RAS/83/002) and resulted in the Niue Government starting promotions in mid-1984 aimed at travel agents. These promotions were repeated in 1985 under NIU/85/003 with the assistance of a consultant employed by the Niue Government. A New Zealand tour wholesaler, "Go Pacific", was also involved on a joint-promotion basis. Tourist numbers resulting from these promotions have increased

dramatically. Agricultural and market research, including the granting of commodity rates for specified products in 1984, resulted in a dramatic increase of perishable agricultural exports. (During the six months January to June 1985, monthly average of \$NZ 4,800 was earned through these exports.) This has created a problem with aircraft capacity as space had to be limited owing to the short length of the present airport runway.

22. Niue values its links with the outside world for trade and tourism development especially with New Zealand, and it is very concerned that the runway length will restrict the country's ability to establish a viable tourism and agricultural export industry. The present runway length will not allow a Boeing 737 to be utilized commercially and will potentially jeopardize future airline services to Niue.

23. It is an unfortunate legacy of Niue's development that, owing to its population size, aid funds are provided on a proportionate basis. For this reason, a major project of this nature is difficult to fund from a single source. However, the provision of such infrastructure provides benefits to the whole economy, improving income-earning capabilities and employment. It is planned to seek multi-donor funding for the proposed extension of the airport with UNDP funding \$160,000, Australia funding \$202,000 (\$A 300,000) and New Zealand funding \$424,000 (\$NZ 800,000). UNDP funds will be used to meet most of the technical assistance requirements.

Regional programme

24. The Government will continue to draw upon project assistance under UNDP regional resources in close co-ordination with UNDP country projects and other multilateral and bilateral assistance programmes; to maximize its efforts in those development activities already noted above. It is also the Government's intention to prepare and submit proposals for funding under the regional programme in close consultation with its immediate neighbours, namely the Cook Islands, Tokelau and Western Samoa. More extensive discussions were held at the February 1986 meeting, in Suva, Fiji, of Aid Co-ordinators from 15 Pacific island developing countries and territories. This will help to ensure greater utilization of resources according to development priorities.

25. During the country programme, the Government expects to participate in and benefit from, inter alia, Training in Agriculture, Fisheries and Forestry (RAS/79/025); Regional Livestock Development (RAS/79/027); Telecommunications Training (RAS/81/025); Telecommunications Development (RAS/81/026); Pacific Energy Development Programme (RAS/81/092); Low-cost Building Materials Network (RAS/82/012); Plant Protection and Rootcrops (RAS/83/001); Regional Tourism Development and Training (RAS/83/002); Fellowships in Civil Aviation (RAS/83/007); Advisory Services for Development (RAS/83/015); and South Pacific Regional Fisheries Development Programme (RAS/85/004). There are other regional projects from which Niue has benefited but these have not been specifically mentioned owing to the uncertainty of their continuation into the forthcoming programme cycle.

C. Unprogrammed reserve

26. An unprogrammed reserve of \$13,200 has been set aside to meet unforeseen needs and changing circumstances.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	-	-
Fourth cycle IPF	800 000	800 000
Subtotal IPF	-	-
Special Measures Fund for Least Developed Countries	-	-
Special programme resources	-	-
Government cost-sharing	-	-
Third-party cost-sharing	-	-
Operational funds under the authority of the Administrator	-	-
UNDP special trust funds	-	-
Subtotal, UNDP non-IPF funds	-	-

B. Other sources

Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	-
Parallel financing from non-United Nations sources	-	-
Subtotal, other sources	-	-

TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING	800 000	<u>800 000</u>
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II. USE OF RESOURCES

Ongoing projects	626 800	
New project proposals	160 000	
Programmed reserve	-	
Subtotal, programmed resources	-	786 800
Unprogrammed reserve		<u>13 200</u>
TOTAL USE OF RESOURCES		<u>800 000</u>

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