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PROGRAMME PLANNING

Country and intercountry programmes and projects

SECOND COUNTRY PROGRAMME FOR TUVALU*

| Programme Period: | <u>Actual Resources Programmed</u> | |
|-------------------|------------------------------------|------------------|
| 1987-1991 | UNDP IPF for 1987-1991 | \$955 000 |
| | Other Resources Programmed | Nil |
| | Total | \$955 000 |

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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) continuing projects; (b) proposed projects; (c) distribution of resources by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Tuvalu consists of nine widely dispersed coral atoll islands located in the South Pacific and stretches in a north-south direction over some 560 km between latitudes 5 degrees and 11 degrees south. The islands rise no more than 5 m above sea level. The total land mass of approximately 24 sq km is relatively evenly distributed; most atolls range between 2.4 and 4.9 sq km in size. The population of Tuvalu (estimated at 8,364 in mid-1983, with an average growth rate of 3.4 per cent per annum) is ethnically Polynesian. The local language is a Polynesian tongue closely related to Samoan. English is used in the capital, Funafuti, and is widely understood in the outer islands.
2. Tuvalu faces all of the constraints endemic to small island developing countries. The dispersion of islands and the remoteness of the country pose serious problems and costs in relation to both inter-island and international communication and commerce. Given its small size, isolation and limited educational facilities, there is a dearth of manpower sufficiently trained in the disciplines required for both Government and private sector operations. The economy is highly vulnerable to external pressures: fluctuations of commodity prices (copra and tuna); financial developments; (including imported inflation); and the general state of the world economy (demand for philatelic exports).
3. The Government has made considerable efforts to mobilize its domestic resources and to identify key areas for the most cost-effective socio-economic development. However, the prospects of any major breakthrough against the vicious circle of low level equilibrium are not encouraging for the near future. Indeed, almost all the projects in the Third Development Plan (1984-1987) need to be financed by external aid funds, since the Government is not able to commit any local revenue for development purposes. Its administrative budget absorbs all that can be raised. This severe budgetary constraint also has a considerable effect on the country's ability to meet the recurrent and maintenance costs associated with capital development projects. The Government Third Development Plan has, therefore, been designed to promote an incremental pattern of socio-economic progress on a modest scale.
4. The atoll environment imposes serious constraints on agricultural production. As a result, the possibilities for agricultural self-sufficiency beyond minimal subsistence are limited. Livestock development is limited by the inability of local feed production to expand. Lagoon and reef fishing are important subsistence activities. However, in recent years, with the adoption of a cash economy, local food demand is increasingly being met by imports.
5. The country's exclusive economic zone covers approximately 750,000 sq km. The pelagic fisheries resources within this area open up a potential for upgrading the country's small-scale fisheries to meet local demand for fish and to generate a surplus for export. There is, however, a serious constraint in the lack of baitfish resources. Currently, fishing in the area is carried out by overseas fishing companies under licence agreements with the Government.

6. Tuvalu has no known mineral resources with commercial potential. However, sea-bed topography and the results from surveys carried out in neighbouring Pacific island countries indicate possible deposits of phosphate or manganese nodules in the exclusive economic zone.

7. Tourism is negligible in Tuvalu at the present time, and prospects for the development of this sector are limited owing to the remoteness of the country, infrequent and expensive air services, and limited tourist facilities and accommodation.

B. National development strategies

8. Tuvalu's First Development Plan, 1978-1980, focused on dealing with the development problems and issues that arose with independence. The Second Development Plan, 1980-1983, helped provide much of the basic infrastructure in the economy. The principal national, long-term objectives of the Third Development Plan, covering the period 1984-1987, are the same as those stated in the second development plan, namely:

(a) The promotion of a sense of national identity amongst all the people of Tuvalu;

(b) The strengthening and diversification of the Tuvalu economy as a means of achieving ultimate self-sufficiency;

(c) The continued improvement in the standard of living of the people to reasonable levels that will ensure a secure, healthy and productive family life within the traditional social systems and customs in all islands.

9. To facilitate the realization of the above objectives, a set of sectoral development strategies have been formulated with special consideration being given to the development of the economic base as a means of achieving financial self-reliance. These strategies are reflected in greater detail in the relevant sectoral objectives which, wherever possible, set identifiable targets for realization over the plan period. Principal priorities and directions are described below.

10. Coastal erosion by the sea is a major and pressing problem for all the islands of Tuvalu. Land reclamation and seawall protection are therefore a priority programme of the Government, which is seeking to provide coastal protection works on all islands to prevent further loss of land and to regain additional land for building and agriculture.

11. With regard to natural resources and commerce, Tuvalu will continue to promote the exploration of its fishery and agricultural resources. The Government will also encourage the development of new and existing commercial activities, and of local and overseas employment opportunities for Tuvaluans. High priority will be given to socio-economic development in outer islands and a balanced development programme on all islands.

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12. With respect to public finance and economic policy, the Government is committed to continuing control of public expenditure growth to levels that can be ultimately sustained from domestic resources; with only a few sources of new revenue, servicing the ongoing costs of aid-funded projects is a major problem for Tuvalu.
13. A new mode of covering the country's recurrent budget requirements is being explored. The Government has proposed the establishment of a trust fund with capital contributions from the traditional donor countries. The interest from the fund would offset the gradual withdrawal of the United Kingdom budgetary aid, which is likely to be reduced by (Australian dollars) \$A 100,000 a year from 1987, and otherwise cover the deficit in Tuvalu's recurrent budget. UNDP has co-operated with the United Kingdom and New Zealand in a study mission in response to the Government proposal.
14. The transport and communication constraints in Tuvalu result in serious difficulties and barriers of developing a regional balance among the nine island communities. There is no inter-island air service in the country. The aged inter-island vessel M.V. Nivanga provides the only means of more or less regular sea transport. The connections with other countries are limited to three weekly flights to and from Fiji, with a six-seat, twin-engine aeroplane. Cargo liner service links the country with Fiji, New Zealand and Australia. The plans to replace M.V. Nivanga are well on the way under the British aid programme. The new ship is expected to enter service in 1987.
15. Communications with the outer islands are handled by a solar-powered radio telephone network. The capital, Funafuti, is linked with the rest of the world through Fiji by a new high frequency radiotelephone link (HF). Further improvement is planned through international, and possibly, inter-island satellite communications.
16. As far as the economic and social infrastructure and services are concerned, Tuvalu would like to improve and expand both internal and external communications and transport facilities; power and water supplies; educational and vocational training facilities; and the health and family planning services. These are long-term goals.
17. The 1984-1987 Third Development Plan will require a total of \$US 20.46 million. This figure is some 30 per cent more than the total originally sought for the Second Plan. However, given the level of inflation over the period, in real terms, the total is less than that of the Second Plan.
18. Although the above reflects Tuvalu's development requirements, it should be noted that when Tuvalu achieved independence in 1978, it lacked even the most basic economic and administrative infrastructure throughout all sectors of the country. As a result, there has been a reluctance to prioritize the technical assistance needs between sectors.

C. Technical co-operation priorities

19. Tuvalu currently receives aid from Australia, Canada, the European Development Fund (EDF), Japan, New Zealand, the United Kingdom, UNDP and others, including non-governmental organizations (NGOs).

20. In spite of the gradual phase-out of the British budgetary aid, now approximately \$A 900,000 a year, due to start in 1987, the United Kingdom will continue to be the main donor during the period of the Third Plan. However, both Australia and New Zealand have, during recent years, substantially increased their aid allocations to Tuvalu and it is expected that they will provide a growing proportion of the development expenditure in Tuvalu. EDF is also expected to provide an increasing amount of assistance in this plan period, with Tuvalu utilizing funds from both its national allocation and regional programme.

21. Other aid donors providing project funds for the Third Plan will include Commonwealth and Regional Organizations, UNDP and United Nations agencies, Japan, the United States of America, Canada, the Republic of Korea and the Federal Republic of Germany. New sources will also need to be identified if all financing requirements are to be met. Stabilization of Export Earnings (Stabex) assistance has been made available under the terms of the Lomé Convention. This is expected to continue throughout the Third Development Plan.

22. The Secretary-General of the United Nations, pursuant to Economic and Social Council resolution 1984/58, arranged for a mission to visit Tuvalu from 21 to 28 January 1985 to consult with the Government on the country's priority sectors for development and its needs for external assistance (see report contained in document E/1985/68). Identified by the mission as in need of urgent consideration are: (a) recurrent costs; (b) transportation and communications; and (c) eighteen specific development projects in the fields of agriculture, fisheries, communications, public works and buildings, health, education, commerce and industry, for which funding has not been found, requiring further assistance from the international community of \$US 2.22 million.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

23. The first country programme for Tuvalu was approved by the Governing Council in June 1983, for the period 1983-1986. The total IPF, with a carry-over of \$US 115,000 from previous years, was established at \$US 1.4 million but was subsequently reduced to \$US 1,027,000 because of UNDP financial constraints.

24. The country programme has been eclectic in coverage, including projects on fisheries development, agricultural fellowships, cadastral survey, development planning, rural multicraft training, broadcasting, sanitation and catering training. The executing agencies implementing projects are the World Health Organization (WHO), the United Nations Educational and Scientific Cultural

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Organization (UNESCO), the International Labour Organisation (ILO), the United Nations Centre for Human Settlements (Habitat), the Food and Agriculture Organization of the United Nations (FAO), and the United Nations Department for Technical Co-operation for Development (UNDTCD). The programme has proved to be useful and appropriate to the development objectives of Tuvalu. It has enabled the provision of expertise and advice in direct response to the country's needs for operational assistance (OPAS) and advisors, both sorely needed in a situation where trained manpower is in seriously short supply.

25. Because of the special conditions pertaining to Tuvalu and the limited funds available to it from the IPF, a number of innovative implementation modalities have been employed. For example, United Nations volunteers have been a particularly relevant form of assistance because of the level of expertise they bring and their ability to work in the remote, isolated outer islands under less than optimal conditions. Another device used with great effect is Government execution of UNDP-funded projects. This modality, operated in close co-operation with the UNDP office in Fiji, has enabled the Government to obtain the services of both experts and operational personnel with relevant experience, at costs compatible with its small IPF allocation.

26. Particular attention has been paid to link the UNDP programme, wherever possible, with activities supported by other donors, both as a means of ensuring an integrated approach to development problems and to obtain maximum benefit from the inputs of all donors. The ability of UNDP to work in harmony with other donors has been an important advantage in this regard. An example of the effectiveness of this approach was the development of community training centres, with UNDP providing technical assistance through a TUV/77/011, Multicraft Training Adviser and with New Zealand providing funds for construction of the buildings.

27. Projects funded under the national IPF have been extensively complemented by activities under the UNDP-funded regional programme. In fisheries development, the national projects TUV/79/033 and TUV/84/001 have been technically supported by the FAO-executed RAS/73/025, and RAS/85/004, Regional Fisheries Development Programme, which has provided consultancies, equipment and training opportunities. Similarly, RAS/81/025, and RAS/81/026, the International Telecommunication Union (ITU)-executed Regional Telecommunications Development and Training Programmes have assisted TUV/77/004, and TUV/84/004, Tuvalu Broadcasting Development, by providing equipment, installation and maintenance assistance, training for Tuvalu broadcasting staff, and advisory services. TUV/78/001, Development Planning has benefited from the planning activities available through RAS/83/015, Short-term Advisory Services. The multicraft training activities established under the ILO-executed project TUV/77/011 have received valuable advisory assistance from the ILO-executed regional project RAS/75/008, Strengthening of Rural Training and RAS/83/006, Trade Testing and Training and from the UNESCO-executed RAS/81/102, Vocational Curriculum Development. Moreover, the Pacific regional programme has been able to make available expertise and other assistance to support a wide range of activities in fields that could not be accommodated within the limited Tuvalu IPF.

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28. These innovative implementation modalities and complementary programming techniques have proved to be both relevant and useful in the light of the special circumstances pertaining to Tuvalu. It is, therefore, the intention of the Government to continue to proceed in this manner.

B. New programme proposal

29. In drawing up the programme for the UNDP assistance, consultations have been held with the United Nations Children's Fund (UNICEF), the United Nations Fund for Population Activities (UNFPA) and other United Nations system specialized agencies to ensure co-ordination of planned activities.

30. The new programme for 1987-1991 is based on an IPF of \$US 955,000. Funds have been specifically programmed, by sector, in addition to the proposed projects already in the pipeline comprising the following four main categories: (a) fisheries and agriculture; (b) training and development of administrative services; (c) development of transport and communications; (d) small enterprises development.

Fisheries and agriculture

31. In addition to the \$150,000 programmed for agriculture, forestry and fisheries projects, not yet identified in detail, the Government plans to upgrade the present small-scale domestic fishing activities to organize artisanal fisheries operations to fully meet the local demand for fresh fish. At the same time, the Government is aiming at processing surplus fish, through drying and smoking, for both domestic use and possibly export to Fiji. It also wishes to introduce mariculture and seaweed farming in view of the prospects offered for exchange earnings.

32. The development of Tuvalu-based commercial tuna fishing remains an important long-term prospect. However, at present the Government is licensing fleets from foreign fisheries to operate within the 200 mile exclusive economic zone of Tuvalu.

33. To enable the Government to develop the fisheries as outlined above, UNDP-funded technical assistance will continue to be required to provide technical expertise, consultancies, training and equipment. In this connection, the continuation of the post of fisheries adviser is envisaged. Technical assistance will also be requested in the fields of trochus farming and seaweed cultivation. A fish marketing study and other specialized consultancies are expected to be included in the UNDP-funded programme. RAS/85/004, Regional Fisheries Development will continue to provide complementary assistance within its scope.

34. The National Fisheries Development Programme will also benefit from other donor's aid programmes such as fish market construction (United Kingdom); artisanal fishing boat construction and fishermen's training (U.S.A., through the Save the Children Fund); tuna-boat field testing (Japan); and a fisheries extension vessel, craft evaluation, equipment for fish-market refrigeration and supplementary technical assistance (Australia).

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Agriculture

35. Agricultural production in Tuvalu is limited by the poor soil and inadequate water. Nevertheless, cultivation of basic traditional crops for domestic consumption is important both for family nutrition and for saving foreign exchange. The promotion of home gardening and family food production activities in Tuvalu is part of RAS/83/008, Regional Family Food Production and Nutrition. To broaden the impact of this project in the outer islands and generally strengthen agricultural production, UNDP will provide an agricultural extension and training officer based in the Department of Agriculture. The officer will also oversee small livestock development with technical support from the regional project, RAS/79/027. RAS/83/001, Plant Protection and Rootcrop Development, is also expected to render technical support to relevant national activities.

36. Assistance for coconut replanting and the use of senile cocostems is also sought to supplement the replanting schemes supported by British aid and New Zealand expertise in coconut timber. It is expected that regional projects such as RAS/80/032, Regional Improved Coconut Production Project may be able to provide the necessary assistance.

Training and development in the administrative services

37. The Government Public Service is the most important employer of Tuvaluans in the monetized sector. The Government is concerned that the capacities of its officers be upgraded and that they be equipped with skills that will decrease the need for expatriate personnel. At the same time, lengthy absences from Tuvalu by staff under training abroad seriously affect the operations of small Government departments.

38. It is accordingly proposed to seek UNDP assistance to arrange in-service training, while also supporting a limited number of overseas opportunities in cases where in-country training is not practicable. Areas for in-country training will include office management and procedures, secretarial services, and documentation, hospital ward management, office equipment maintenance and Government purchasing.

39. Under the combined training programme, it is also proposed to provide the Civil Service with staff refresher courses in their specialized fields, both in-country and abroad. During the absence of officials on longer training courses, the Government wishes to request UNDP to fund replacement staff, preferably from within the region whereby the use of technical co-operation among developing countries could be involved. All training will be co-ordinated by the Government to ensure overseas training opportunities offered by United Nations organizations and other donors are used selectively and are relevant to the needs of Tuvalu.

40. The Government also proposes a training programme for outer island local authorities to facilitate the implementation of the new island development plans.

Transport and communications

41. The development of an effective, predictable transport system is urgently required to enable Tuvaluans to commute by ship between the capital and outer

islands. Also, accommodation and international travel management need upgrading to cater for the travel requirements of official and business visitors as well as Government officials. Technical assistance is requested from UNDP to undertake these tasks and train local counterparts.

42. Broadcasting will also continue to receive UNDP assistance, mainly in the form of staff for training programmes and information in the further use of the radio station for educational and developmental purposes. Assistance is also likely to be forthcoming from the UNESCO/Frederick Ebert Foundation Training Centre in Suva.

43. Telecommunications will continue to receive assistance from RAS/81/026, Regional Telecommunications Development, and RAS/81/025, Training. In addition to country projects currently in the pipeline, \$US 116,000 from the Tuvalu IPF has been programmed for industry, transport and communications projects not yet identified in detail.

Small enterprises development

44. The creation of small enterprises in Tuvalu is important both to expand job opportunities for those seeking paid employment and also to better exploit the limited resources of the country.

45. Additional vocational, trade and financial management training is necessary for school leavers if they are to venture to establish small enterprises or profit from self-employment. The Government believes that those students who complete their basic practical education in the country training centres at the age of 15 could usefully be further trained in skills such as carpentry; refrigeration; and outboard engines repair and maintenance, as there is a particular shortage of such tradesmen. Other school leavers from the secondary school might be introduced to small-enterprise management and handicraft export marketing.

46. A four-person team of trainers is requested from UNDP to work in collaboration with the community training centres, and the Business Advisory Bureau. The team would hold courses at community training centres on the different outer islands to upgrade teachers and train students who have completed the curriculum, in carpentry, mechanical and electrical repairs, small business management, fish processing, marketing and other appropriate activities. The team would also assist the Public Works Division to carry out necessary maintenance work during their stay on each island.

47. UNDP will provide assistance in all these fields by providing necessary experience, organizing training courses and providing training materials. RAS/83/006, Regional Trade Training and Testing and RAS/83/001, Small and Medium Industry Development will provide technical backstopping for these activities.

Other sectors proposed for UNDP assistance

48. The ongoing field work under TUV/85/001, Cadastral Survey and TUV/80/001, Lands Resources Survey will be completed in the beginning of the fourth cycle.

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These surveys will provide the information base required for lands registry maintenance and lands court operations as well as agricultural production planning.

49. Training in catering and cooking, which is an ongoing activity under the current UNDP country programme, will continue and will in future also include training in procurement management. In-country training courses will be provided for the staff in the hospital, the Funafuti Primary School, Vaitupu Secondary School, the inter-island vessel and students at the Maritime Training School.

50. A prefeasibility study of tourism possibilities in Tuvalu to be produced under RAS/83/002, Regional Tourism Development, will indicate the cost/benefits of future activities in this sector.

Programmed reserve

51. The continuing long-term objectives of the Tuvalu Fourth Development Plan 1987-1990 have facilitated the sectoral identification of activities under programmed reserve, which accounts for almost 70 per cent of available IPF resources. It has been agreed that this programmed reserve will cover: general development issues, policy and planning; agriculture; forestry and fisheries; industry, transport and communications, human settlements and physical planning; health, employment and culture. Regular programme discussions have been scheduled to be held with the Government during the third quarter of 1986, to work out project details within the identified sectoral allocations of this programmed reserve. However, the Government also considers it necessary to maintain this programmed reserve in anticipation of a more favourable response to its reapplication for least developed country status. In this regard, Tuvalu, which is already considered a least developed country by the Commission of the European Economic Community (EEC) was the subject of a 1985 special economic assistance programme review mission (see para. 22 above). At its twenty-second session in March 1986 the Committee for Development Planning (CDP) recommended that Tuvalu should be granted least developed country status. Whilst the Government is well aware that this recommendation is subject to the approval of both the Economic and Social Council and the General Assembly, in anticipation of a favourable decision it wishes to retain a programme reserve of this size so that some of the funds could then be utilized as technical support for future capital development projects involving United Nations Capital Development Fund (UNCDF).

C. Unprogrammed reserve

52. In order to ensure that the country programme remains responsive to the evolving needs and priorities of the Tuvalu Government, an unprogrammed reserve of about 10 per cent of available IPF resources is set aside for this purpose.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

| A. <u>UNDP-administered sources</u> | \$ | \$ |
|---|---------|----------------------|
| Third cycle IPF balance | - | |
| Fourth cycle IPF | 955 000 | |
| Subtotal IPF | | 955 000 |
| 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. <u>Other sources</u> | | |
| 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 | | 955 000 ===== |

II. USE OF RESOURCES

| | | |
|--------------------------------|---------|----------------------|
| Ongoing projects | 97 500 | |
| New project proposals | 96 000 | |
| Programmed reserve | 666 000 | |
| Subtotal, programmed resources | | 859 500 |
| Unprogrammed reserve | | <u>95 500</u> |
| TOTAL USE OF RESOURCES | | 955 000 ===== |
