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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR TUVALU

| <u>Programme period</u> | <u>Resources</u>       | <u>\$</u> |
|-------------------------|------------------------|-----------|
| 1992-1996               | Net IPF                | 1 805 000 |
|                         | Estimated cost-sharing | -         |
|                         | Total                  | 1 805 000 |

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## I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

### A. Current socio-economic situation

1. Tuvalu comprises nine small low-lying coral atoll islands, widely dispersed over 1.2 million square kilometres of Pacific Ocean. The fragmented economy consists mainly of subsistence agriculture and fishing, engaging four fifths of the 9,000 resident Tuvaluans. The cash sector is largely dependent on government spending on development projects and services, which is almost exclusively financed by external aid flows and remittances from Tuvaluan workers abroad.

2. Imbalances exist between the main island and the isolated outer islands, and between the Government's dominance of the economy and the fledgling private sector. The domestic constraints in turn place considerable limits on the absorptive capacity of the economy for development assistance.

3. Compared to other least developed countries (LDCs), Tuvalu's human development achievements are favourable. Average life expectancy is estimated at 57 years for males and 60 years for females. The literacy rate is around 95 per cent. Gender differences are limited, and Tuvaluan women participate in small businesses and cooperatives in the economy.

### B. National development objectives and strategies

4. Tuvalu is striving towards greater self-reliance through sustained long-term growth, to be achieved through a diversification of the economic base and a strengthening of public sector capacities. The Government has replaced the traditional development plan with an innovative, more flexible planning tool, the medium-term economic framework programme, accompanied by a public sector investment programme, covering the period 1992-1994.

5. A limited number of sectoral priorities have been identified in the economic framework programme. Significant emphasis is being placed on human resource development through the Education for life programme. To enhance the economy's options, improvement of physical infrastructure and exploitation of marine resources are also at the centre of Tuvalu's development strategy, as is promotion of the private sector. To minimize the impact of these activities on Tuvalu's fragile ecology, environmental protection and conservation are accorded priority. The Government is also focusing its efforts on a national integrated rural development programme to improve the socio-economic situation of disadvantaged groups in the outer islands.

## II. EXTERNAL COOPERATION

### A. Role of external cooperation

6. Given the small size of Tuvalu's economy and its limited endowments, external cooperation and aid are the main catalysts of economic growth. The

official development assistance (ODA) flows (all in grant form) for 1991 are estimated at about \$6 million, which is slightly below the country's gross domestic product. The United Kingdom, Australia and New Zealand contribute more than half of total ODA. Their assistance is focused on human resources development, fisheries, outer island development, staffing assistance and contributions to the Tuvalu Trust Fund. Other important donors include Japan, Taiwan and the European Economic Community, which provide mainly capital assistance.

7. UNDP plays a central catalytic role through technical assistance and support to aid coordination. The United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and other United Nations organizations cooperate with small programmes in their respective areas of expertise.

#### B. Aid coordination arrangements

8. The Government's official mechanism for aid coordination is the National Development Strategy Committee, an advisory body to the Cabinet, chaired by the Prime Minister and composed of all Permanent Secretaries. The central planning division of that Committee serves as the secretariat for the National Development Strategy Committee, which is also responsible for the execution and administration of aid coordination.

9. UNDP plays an important role in supporting the Government's coordination efforts by facilitating and sponsoring a donors' meeting in Tuvalu in 1990 and a Round Table Meeting in December 1991. It has also been asked by the Government to coordinate sectoral aid for human resources development. UNDP also provided critical support for the establishment and management of the Tuvalu Trust Fund.

### III. THE COUNTRY PROGRAMME

#### A. Assessment of the ongoing country programme

10. The current country programme is characterized by a flexible approach to meet the diverse development requirements of Tuvalu. Without firm sectoral focus, resources were allocated predominantly to small projects in a wide range of areas. Private sector promotion was provided through assistance to the business development advisory bureau, human resources development through the "Education for Life" study and outer island development through support for the integrated island development office and the construction of water tanks on all the islands.

11. A large number of projects were executed by government agencies. Improvements in national capacity-building were registered in the area of development planning and the coordination of external assistance, where one of the major achievements was the transfer of the secretariat role for the Tuvalu

Trust Fund from UNDP to the Secretary for Finance. Furthermore, a first attempt at the execution of a UNDP project was successfully made by a local non-governmental organization. Overall, however, difficulties in assigning the required counterparts resulted in some UNDP-funded personnel performing line functions. Cost-effective modalities like United Nations Volunteers (UNVs) and short-term advisory services were found to be useful, as was the complementary assistance provided under the Pacific subregional programme.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

12. The third country programme is the result of a continuous consultative process between the Government of Tuvalu, the donors and the relevant United Nations agencies and UNDP, which began with the mid-term review of the ongoing programme. The donors' meeting of 1990 and the round-table meeting provided useful occasions for dialogue, and the investment strategy prepared for these meetings served as a basis for determining what type of UNDP assistance would best meet the Government's needs.

### 2. Strategy for UNDP cooperation

13. Resources are being targeted on three dimensions of human development and poverty alleviation - human resources development, credit and rural services, and promotion of income opportunities. These areas of concentration are also relevant to and consistent with Tuvalu's development priorities, the conclusions of the round-table meeting, UNDP Governing Council areas of focus, and the proposed interventions of other donors. The Government's focus on greater impact in a few priority areas represents a shift towards greater programme orientation.

14. The above focus attempts to make optimal use of UNDP's comparative advantages - its global access to specialized expertise, its flexibility in responding to national needs, its cost-effective modalities, such as UNVs, UNISTAR, technical cooperation among developing countries (TCDC), and its ability to provide further support for country programme activities through its Pacific subregional programme.

### 3. Proposed UNDP cooperation in selected areas of concentration

#### Education and vocational training

15. Thirty-six per cent of the IPF resources will be allocated for assistance to the implementation of the "Education for Life" programme. Recognizing the key role of human resource development in Tuvalu's development strategy, the Government, with multi-donor assistance, is undertaking a major restructuring of the country's education and vocational training system, and a review of measures to improve the effective utilization of the resources with a view to achieving a high degree of productivity and self-reliance. UNDP has assisted

in needs assessment and participated in donor consultations in support of this multi-donor programme.

16. The Government's comprehensive programme draws on the recommendations of the "Education for Life" report, the result of a joint Government-donor review of education and training in Tuvalu, facilitated by UNDP. In a preparatory assistance phase UNDP is funding a series of consultancies to identify and assess the needs in the various areas of the programme. UNDP will also assist with the coordination of the preparatory process, which includes the organization of a donors' meeting.

17. Based on the findings of the needs assessment studies, UNDP support will be concentrated on vocational training and curricula development, with particular emphasis on the needs of disadvantaged groups and gender issues. The proposed assistance will contribute to enhancing Tuvalu's absorptive capacity and the employment prospects in the country.

18. Supplementary assistance will be provided by the United Nations Children's Fund (UNICEF) and through the UNDP regional project on basic education and employable skills.

#### Outer island economic development

19. The Government of Tuvalu suggests that a considerable part (36 per cent) of the IPF allocation be utilized in the implementation of its national integrated rural development programme. This comprehensive effort, which has been initiated with the assistance of the regional integrated atoll project, is coordinated by the Department of Planning and Statistics and is expected to require external capital and technical assistance.

20. While continuing its major initiative in domestic water supply, UNDP's contribution will focus on two areas. The first component will strengthen the capacity of the Department of Rural Development in the design and implementation of integrated rural development policies. The second area will be income-generating activities in the outer islands, including the introduction of rural credit schemes. Assistance will be sought from the United Nations Capital Development Fund (UNCDF) to provide complementary capital assistance. Emphasis will be placed on improving the exploitation and marketing of marine products. This component aims at raising the income levels of rural Tuvaluans and their participation in the development of their islands.

21. Support from UNDP will contribute towards the alleviation of poverty in the outer islands, tapping appropriate assistance modalities such as UNV specialists, Domestic Development Services (DDS) field workers and United Nations International Short-Term Advisory Resources (UNISTAR). Issues on gender sensitivity and environmental sustainability will be taken into account when programmes are being formulated. Complementary assistance will be provided by UNICEF and UNFPA to family health and welfare programmes, as well as by the regional project on poverty alleviation and equitable human development and the regional environmental programme.

22. In line with the Government's priorities, continued support will be sought from UNDP for the development of the private sector in Tuvalu. It is proposed that UNDP assistance be provided for a further strengthening of business advisory capacities, for training the staff of the proposed development bank and for opportunity studies.

23. Complementary assistance will be provided under the regional small and medium-scale enterprises project.

#### Economic and financial management

24. To increase the absorptive capacity of Tuvalu for development assistance, the economic and financial management of aid projects will be supported. About 11 per cent of the IPF will be used towards improving the accounting and auditing systems of the Government and its statutory bodies. The needs have been identified and a programme of assistance has been established through a study funded by UNDP.

25. Complementary assistance will be provided through the UNDP regional project on economic and financial management, which will offer short-term policy advice and technical expertise.

#### C. Assistance outside main country programme areas

26. An unprogrammed reserve of 3 per cent of the IPF has been provided in order to meet any urgent development needs that may arise in the course of the third country programme. Fourteen per cent of the IPF commitments from the fourth cycle are not related to the third country programme's areas of concentration.

#### D. Implementation and management arrangements

27. Given their cost-effectiveness, the use of UNVs and UNISTAR will continue. Emphasis will also be placed on the widest participation of NGOs and community groups, particularly in the implementation of development assistance to the outer islands. The Pacific regional programme will continue to play an important role in complementing and backstopping national programmes.

28. The capacity-building role of UNDP-funded personnel should be emphasized in future, through careful consideration of the roles to be played by foreign experts and their counterparts. As effective national capacity is established, it will become possible to consider an increase in the national execution of UNDP's support activities.

29. Activities supported by UNDP will be monitored regularly to ensure they are in line with the development needs. The country programme will also be subjected to a mid-term review.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + COST-SHARING) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Carry-over from fourth cycle IPF   | 148          |              |
| Fifth cycle IPF                    | <u>1 657</u> |              |
| Subtotal IPF                       |              | 1 805        |
| Project cost-sharing (Government)  | -            |              |
| Project cost-sharing (third party) | -            |              |
| Programme cost-sharing             | <u>-</u>     |              |
| Subtotal cost-sharing              |              | -            |
| TOTAL                              |              | <u>1 805</u> |

II. ALLOCATION OF RESOURCES (IPF + COST-SHARING) BY AREA OF CONCENTRATION

| <u>Area of concentration</u>  | <u>IPF</u>   | <u>Cost-sharing</u> | <u>Total</u> | <u>Percentage of total resources</u> |
|---|--------------|---------------------|--------------|--------------------------------------|
| Education and vocational training   | 650          | -                   | 650          | 36                                   |
| Outer island economic development   | 650          | -                   | 650          | 36                                   |
| Economic and financial management   | 200          | -                   | 200          | 11                                   |
| Commitments not related to third country programme areas of concentration | 252          | -                   | 252          | 14                                   |
| Programme reserve   | 53           | -                   | 53           | 3                                    |
| Total   | <u>1 805</u> | <u>-</u>            | <u>1 805</u> | <u>100</u>                           |

### III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

#### A. UNDP administered funds

|          |   |  |
|----------|---|--|
| SPR      | - |  |
| UNCDF    | - |  |
| UNSO     | - |  |
| UNIFEM   | - |  |
| UNRFNRE  | - |  |
| UNFSTD   | - |  |
| Subtotal | - |  |

#### B. Other United Nations resources

##### JCCP participating agencies

|        |   |  |
|--------|---|--|
| UNFPA  | - |  |
| UNICEF | - |  |
| WFP    | - |  |
| IFAD   | - |  |

|  |     |  |
|--|-----|--|
| Other United Nations agencies<br>(non-UNDP financed) | 300 |  |
|--|-----|--|

|                             |   |  |
|-----------------------------|---|--|
| Global Environment Facility | - |  |
|-----------------------------|---|--|

|          |  |            |
|----------|--|------------|
| Subtotal |  | <u>300</u> |
|----------|--|------------|

|  |  |     |
|--|--|-----|
| Total non-core and other<br>United Nations resources |  | 300 |
|--|--|-----|

#### C. Non-United Nations resources

|       |  |                   |
|-------|--|-------------------|
| TOTAL |  | <u><u>300</u></u> |
|-------|--|-------------------|



Annex II

PROGRAMME MATRIX a/

| Areas of concentration<br>for UNDP                          | Poverty<br>eradication<br>and<br>grass-roots<br>participation | Environment<br>and natural<br>resource<br>management | Management<br>development | TCDC | Transfer<br>and adap-<br>tation of<br>technology | Women in<br>development |
|---|---|--|---------------------------|------|--|-------------------------|
| 1. Vocational training                                      |   |  |                           |      |  |                         |
| "Education for Life"<br>Programme                           |   |  |                           |      |  |                         |
| Vocational training   | *   |  |                           |      |  | *                       |
| Curricula development                                       |   |  | *                         | *    |  |                         |
| 2. Outer island economic<br>development                     |   |  |                           |      |  |                         |
| Strengthening island<br>councils                            | *   |  | *                         |      |  | *                       |
| Support to the business<br>development assistance<br>bureau | *   | *  | *                         |      |  | *                       |
| Outer-island tourism<br>infrastructure programme            | *   | *  |                           |      | *  |                         |
| Credit scheme set up  | *   |  |                           | *    |  | *                       |
| 3. Economic and financial<br>management                     |   |  |                           |      |  |                         |
| Advisory services on<br>accounting and auditing<br>systems  |   |  | *                         |      | *  |                         |
| Training  |   |  | *                         |      | *  |                         |

a/ Asterisks indicate major linkage only.

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