

3 October 2008

Tuvalu: Country Partnership Strategy (2008–2012)

1. Directors endorsed the Tuvalu Country Partnership Strategy (CPS) for 2008–2012, with one Director abstaining. Directors agreed that the CPS was well prepared and appropriately focused for a small country like Tuvalu given its isolation, economic constraints, and climate vulnerability. Directors appreciated the close cooperation between the various development partners, emphasized in the formulation of a Development Partners Declaration, and encouraged further deepening of this collaboration. Directors agreed that Tuvalu's human capital is its main asset and the CPS focus on prioritizing public financial management to ensure appropriate budget allocation for primary education and basic health services addressed a significant binding constraint to development.
2. Some Directors appreciated the strong alignment of the CPS with Tuvalu's National Sustainable Development Strategy, and many Directors acknowledged the proposed strategy of a program grant supported by a long-term cluster-TA for capacity development as practical and appropriate. One Director inquired whether only TA would be sufficient for accomplishing the better fiscal stance and budgeting capacity by the Government. The country team explained that the program grant in tandem with the TA will underpin capacity development by setting the country to a stronger economic development path and thus reducing its vulnerability to external shocks.
3. A few Directors expressed concern that the Design and Monitoring Framework contained too few quantified indicators and targets. Some Directors encouraged ADB to address the issue of poor statistical data availability as such data were key in formulating a meaningful strategy. Several Directors cautioned that expectations should be realistic.
4. Many Directors commented that the current template used for the CPS is inappropriate for a microstate as it does not allow for clear description of the unique characteristic and special circumstances of the small Pacific countries. They also noted that standard economic indicators for microstates were not comparable with those of other countries. The "one-size-fit-all" template should be modified in line with the guidelines for engagement with Weakly Performing Country Approach adopted in 2007. However, a few Directors pointed out that these guidelines did not depend on size and would rather see a CPS format more suited for the particular situation in small countries.
5. One Director asked for clarification on how downsizing of the large public sector would be implemented and how the gender issues were being addressed. The country team clarified that the public sector would not be downsized and the gender issues were being addressed through ADB's RETA program.