

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
(2000-2002)**

TUVALU

October 1999

CURRENCY EQUIVALENTS

(as of 30 November 1999)

Currency Unit	—	Australian Dollar (A\$)
A\$1.00	=	US\$0.64
\$1.00	=	A\$1.57

ABBREVIATIONS

ADB	-	Asian Development Bank
AusAID	-	Australian Agency for International Development
EU	-	European Union
GAD	-	Gender and Development
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
HRD	-	Human Resource Development
IDP	-	Island Development Program
IMF	-	International Monetary Fund
JSF	-	Japan Special Fund
NBT	-	National Bank of Tuvalu
NFA	-	National Fisheries Agency
NGO	-	Nongovernmental Organization
PPTA	-	Project Preparatory Technical Assistance
POHQ	-	Pacific Operations Division
SDE	-	Special Development Expenditures
SSTA	-	Small-Scale Technical Assistance
TA	-	Technical Assistance
TMS	-	Tuvalu Maritime School
TTF	-	Tuvalu Trust Fund
UNDP	-	United National Development Programme

NOTES

- (i) In this Report, "\$" refers to US dollars.
- (ii) The fiscal year (FY) of the Government ends on 31 December.

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank for Tuvalu covering the three-year period 2000-2002. It includes loan and technical assistance projects, as well as possible cofinancing from other donors. The CAP was prepared by the ADB between April and June 1999, in close consultation with the Government of Tuvalu, and other stakeholders. The CAP was discussed with the Board of Directors in October 1999 and has been revised by the ADB to incorporate recent developments. The assistance plan described in the CAP is only indicative and may be revised to reflect future developments.

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TUVALU

I. Country Performance Assessment

A. Economic Performance Assessment

1. Tuvalu's development constraints are severe. It has a total land of 26 square kilometers covering nine coral atolls and reef islands spread across more than 900,000 square kilometers of Pacific ocean. Land resources are of poor quality and vulnerable to cyclones. In 1986, the United Nations granted Tuvalu Least Developed Country Status in recognition of its unique difficulties.

2. Despite these limitations, Tuvalu achieved an average real GDP growth rate of 5.2 percent during 1988-1998, one of the best performances among Pacific island economies. GDP in 1998 was estimated to be about Australian \$21 million, or U\$1,300 per capita (detailed country performance indicators are shown in Appendix 1). The main sources of growth have been in construction and government services. Construction has been financed by both external aid funds and remittances from overseas workers. Inflation has remained low at an average rate of 1.8 percent during 1993-1998, reflecting the favorable prices of goods imported mainly from Fiji, Australia, and New Zealand. Imports grow in line with GDP, while in contrast the export base is very narrow and declining. The merchandise trade balance in 1998 was estimated to be in deficit of around 60 percent of GDP. The trade deficit has been offset by aid funds, unrequited transfers, investment income, and seafarer income. The Government acknowledges the remittances from overseas Tuvaluans as a main contributor to the national economy, and encourages youth to work overseas.¹

3. Fiscal prudence has been the hallmark of Government policy with firm commitment to achieving balanced budgets. In 1998, the recurrent budget recorded a surplus of A\$4.2 million, primarily because of the strong performance of fisheries licenses revenue. This policy has been partly facilitated by drawdowns to the recurrent budget from the earnings of the Tuvalu Trust Fund (TTF). The amount withdrawn in 1998 was A\$3.8 million. TTF's total value stands, at the end of March 1999, at A\$71.1 million. The TTF Advisory Committee composed of donor and Tuvalu Government representatives regularly meets to discuss macroeconomic issues and the Government budget.

4. The introduction in the 1998 budget of Special Development Expenditures (SDE) funded by Government savings means that Tuvalu is no longer wholly dependent on external donors to finance its development budget. SDE were A\$3.7 million in 1998 and A\$9.3 million in 1999, mainly for school buildings and community fishing centers in the outer islands. SDE are estimated at A\$10.1 million in the 2000 budget.

B. Assessment of Socio-Environmental Performance

1. Poverty Issues

5. Human Poverty Index of 7.3 places it amongst countries with a low extent of poverty. No poverty line (or the level of income below which individuals or families are considered poor) exists for Tuvalu. More than two thirds of the households can be considered *poor*, or net subsidized, in the sense that they receive from the community (the Government) more than they

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The Tuvalu Maritime School is a major contributor through training of Tuvaluan seafarers for work on foreign vessels.

contribute. Country-wise, 50 percent of the population has less than \$1.5 cash income per capita per day¹. The percentage of population with less than \$1.5 per capita per day is higher in the outer islands (66.5 percent of the population) than in the main island Funafuti (21.6 percent of the population). The Government's new devolution policy for the outer islands should improve the conditions of the poor as it would provide more resources to the outer islands to meet their development needs.

2. Gender Issues

6. Women account for 37 percent of total cash employment in 1991 (last census). Most jobs held by women are of a clerical or unskilled nature, or in nursing and teaching professions. Although education is compulsory until 15 and most scholarship bodies specify 50 percent of awards are for women, fewer female than male students feature in upper education programs. The lower level of participation is mainly explained by cultural factors: parents do not want daughters overseas away from families. In 1994, the ADB prepared a country briefing paper entitled *Tuvalu: Women in Development*. The Government's National Development Strategy (1995) includes the objective of women's participation in the development process and enjoyment of benefits. The devolution of development finance to the outer islands will benefit women.

3. Human Development

7. Human resource development (HRD), especially education and training, has a key role in Tuvalu's economic and social development. Since 1988, the Government has sought to develop and implement an ambitious Education for Life Program that would realize HRD goals; in addition it maintains a commitment to improving the health of the population. As elsewhere in the Pacific, a central problem is that while access to, and spending on, education has increased, educational quality as measured by tests of academic performance has declined. Available data on health indicators show a position inferior to that of Tuvalu's Polynesian neighbors. The infant mortality rate, 49.8 per 1000 live births, remains very high by Pacific Island standards. This is of particular concern because many infant deaths can typically be prevented through modest improvements in health service provision.

4. Environment

8. Tuvalu's natural environment, as exploited on a traditional subsistence basis, has provided for the sustenance of human life in the islands for centuries. The high resources demands of the growing population on Funafuti are beginning to exact an environmental toll in urbanized areas and lagoon. A National Environment Management Strategy has been prepared. The concerns listed in the Strategy are global warming and sea level rise; high population growth rates, population densities, and the uneven distribution of the population; deficiencies in environmental education and public awareness of environmental issues; decline in the traditional resource management practices and production systems; unsustainable use of natural resources; and problems with waste management and pollution control.

C. Governance: Sound Development Management

9. The consultative process and consensus-principle in making major policy decisions are a strength of the Government in Tuvalu. The National Development Strategy was prepared through a series of inter-Ministerial reviews and discussion in two public fora held with Island Councils,

¹ Most of the family own land and poverty is alleviated by subsistence activities.

NGOs, community members, and expatriate Tuvaluans. This process has been imitated in the Amatuku Retreat, which developed the current Public Sector Reform program, which remains a priority for the government. Main elements of the reform program are: (i) corporatization and privatization of government business; (ii) improve efficiency of public administration; and (iii) restructure the economy toward private sector-led growth.

10. The Government's medium- to long-term *Vision 2015* development strategy focuses on improved governance, greater and more effective expenditure on health and education, physical infrastructure development, and greater equality of income distribution between Funafuti and the outer islands. There is also an intention to facilitate private sector development of export-oriented activities, which has involved the establishment of a new legislative framework for foreign direct investment.

11. Progress is being made on health and education through the creation of new and additional public service positions, the offering of more overseas scholarships, and the upgrading of the Tuvalu Maritime School (TMS). Physical infrastructure development is also given high priority in the public sector investment program. However, progress on public sector reform has been slow, and there have been concerns over a lack of transparency and accountability in some government decision-making. These concerns lay behind a change of government in late April 1999.

12. Income disparities have led to an unsustainable flow of people from the subsistence economies of the outer islands to the public-sector dominated cash economy in the main island, Funafuti. This has retarded growth in the outer islands and worsened unemployment in Funafuti. The Parliament approved in November 1997 the Falekaupule Act for devolution to the island communities, after more than three years of consultations, workshops, and training involving island leaders and bureaucrats on issues associated with responsibility, accountability, and governance. The ADB's *Island Development Program (IDP)*¹ is supporting the decentralization process through policy dialogue, financial support, and capacity building of the local authorities.

D. Implementation Assessment

1. The Portfolio

13. On 13 July 1999, the ADB approved its first loan to Tuvalu for \$4 million for the Island Development Program. Technical assistance grants totaling \$2.7 million have been approved for eleven projects since 1993. Two of the TA projects were for project preparation, while the rest were advisory. Three TA projects were funded by the Japan Special Fund (JSF) and the others were financed from TA Special Funds resources.

14. The Government organized public seminars and workshops to discuss the findings and recommendations made under ADB TAs. The small size of the public service and the consultative decision-making principle used by the Government have encouraged effective local absorption of ADB TA inputs.

15. The first TA to Tuvalu assisted the newly formed Development Bank to draw up a new operational policy manual. The ADB has been operating on a very small scale, using funds from a loan from the European Investment Bank. During the implementation of the TA for the Fisheries Sector Study, TA consultants presented the findings and recommendations in a public forum

¹ Loan 1693-TUV approved on 13 July 1999 for \$4.0 million.

arranged by the Government. It resulted in reaching a consensus that fisheries development should be achieved through a private sector joint venture with a foreign company. The Government's Development Strategy (drafted under an ADB TA) was put up for discussion in a Planning Workshop (October 1994) and in the National Development Seminar (March 1995) in addition to inter-ministerial reviews conducted by the Development Coordinating Committee. The ADB has also assisted Tuvalu to develop its Foreign Investment Framework. Its main outcome was the Foreign Investment Act.

2. Issues in Project Implementation

16. The experience of the ADB and other donors indicates development constraints mainly due to lack of communications, isolation and smallness, weaknesses in institutional capacity, and limited human resources absorptive capacity. These weaknesses mainly originate in the smallness of the economy and the institution itself. Communication with Tuvalu improved dramatically in October 1999 with the new communication digital link between Funafuti and Telecom New Zealand. The link allowed Tuvalu to have access to Internet.

II. Country Operational Strategy

17. The ADB's strategy emphasizes moving the country toward self-reliance and sustainable development through: (i) reform of the public sector including the corporatization and privatization of government businesses; (ii) devolution of responsibility for island development to local government; (iii) re-orientation of the economy towards private sector led growth; and (iv) improve economic infrastructures. The strategy was confirmed with the Government, which indicated its expectations of the ADB playing a significant role in Tuvalu's future development both through technical assistance and selected capital investment.

III. Sector Strategies

A. Natural Resources and Rural Development

1. Rural Development

18. Most of the investment for development is concentrated on the main island of Funafuti. This trend increases income disparities within the country and allows pockets of poverty in the outer islands. The social differences and the migration pressure to the capital can be reduced by improving the outer islands' subsistence and boosting their development.

19. The rural communities in Tuvalu do not require a few large scale capital investments/projects to support their development needs. Rather, they require a number of small facilities/investments which cut across their social and economic activities. The ADB's IDP loan aims at supporting the process of decentralization, to achieve a significant level of development finance for island communities, and to create an improved enabling environment for island development. The trust fund created with the IDP is designed as a low transaction cost, flexible, and demand-driven mechanism to channel resources to the islands for projects identified by the communities themselves according to a set of eligibility criteria. In this respect the Program belongs to the genre of Social Funds loans¹.

¹ Social funds are funds that seek to improve the living conditions of the poor through financing small, grassroots development projects. They are demand-driven funding mechanisms, they do not identify projects but respond to requests generated by local organizations.

2. Fisheries

20. The country's hope for economic development depends also on its ability to exploit its ocean resources. In particular, Tuvaluans' interest and donors' support for the development of commercial fishing have been evident for many years, yet no viable commercial projects have emerged. Past attempts at commercial fishing development have failed in a public sector environment with insufficient experience and institutional capability. Despite these failures, Tuvalu has been able to comfortably provide for the needs of its people through traditional subsistence fishing activities.

21. The IDP is supporting the provision in all of eight principal islands of community fishing centers. The centers, supplied with refrigeration and storage facilities, will purchase fish from fishermen and sell the products in the island and overseas thus creating, for the first time, real fishing markets. The centers should become one of the major cash income activities in the outer islands.

B. Infrastructure

1. Physical Infrastructure

22. The National Development Strategy 1995-1998 proposed a new Government policy to selectively seek concessional external loans for such major investment projects. However, the Government prudently will secure loans only for projects that would generate revenue. The Government also has taken an extremely conservative policy in the use of TTF earnings to the extent that the fund contributors regard the Government as a great saver but a poor spender.

23. While the ADB has attempted (without success) on two occasions to provide loans for physical infrastructure projects in Tuvalu, the country's size and isolation are making it very difficult to identify viable development investments. The only type of project loans viable in such an extreme environment can be policy based lending and/or project loans which support foreign currency earnings. Bilateral donors in the past have funded physical infrastructure projects. These donors have now largely shifted emphasis to social investments such as education, health, and other projects for HRD and gender and development (GAD).

24. The Government priority is placed on the development of the infrastructure in the outer islands. The IDP, through the Falekaupule Trust Fund, supports in a sustainable way high priority community-based projects focused on investment in economic infrastructure (roads, sea walls, boat landings, etc.) especially in support of private sector development and improved local and export marketing; facilities and support services for income generating activities (community piggeries, handicraft show-rooms, etc.); and their maintenance and improvement.

2. Social Infrastructure

25. The IDP, through the Falekaupule Trust Fund, also supports in a sustainable way high priority community-based projects focused on investment in social infrastructures (water supply, sanitation, electrification, pre-schools, etc.) and their maintenance and improvement. The proposed assistance to TMS (education) aims, in the longer run, to increase the financial resource availability in the islands. In fact, the remittances from seamen trained at the TMS are by far the most important source of cash income in the islands. It is important that the TMS is

upgraded to meet International Maritime Organization standards. Without the standards, Tuvalu seamen could be placed at risk of non getting jobs and revenue flows to the islands could suffer.

3. Finance

26. The National Bank of Tuvalu (NBT) holds more than A\$12 million in saving accounts. The NBT invests most of its assets offshore, due to the shortage of domestic investment opportunities that can meet risk/return profile comparable to the offshore investments. It is envisioned that implementation of policy condition under the IDP will create a more conducive environment to increase share of financial sector assets to be invested domestically.

C. Governance Dimensions of Asian Development Bank Operations

27. In 1995, under an TA, the Government introduced a new national development strategy for 1995-1998, which replaced the previous development plan. The strategy includes financing selected major capital development projects from its own resources and borrowing soft external loans. A reform of the budget system is under way and the 1998, 1999 and 2000 budget estimates have been prepared under specifically programmed outputs for each Ministry, following the strategic objectives, integrating the recurrent and capital budgets and with increased devolution of expenditure control to line Ministries. Under an ADB TA, the Government is also strengthening capacity for improved economic research, policy formulation, economic management and economic statistics.

28. Most of the policy recommendations made under ADB TAs have been discussed publicly in seminars and workshops arranged by the Government. The ongoing public sector reform program has made more accountable and is commercializing or privatizing Government enterprises. The IDP supports the public sector reform program through the policy conditionalities of contracting out of public works (plumbing, water, mechanics, and carpentry), and the corporatization of the TMS and the inter-island transport service. The corporatization of TMS is expected in June 2000 and the corporatization of the inter-island transport service in November 2000.

29. Finally, income is not evenly distributed among the islands. The population of Funafuti has an average income approximately four times that of the population in the seven outer islands. The IDP loan is supporting the devolution of greater autonomy and more resources to the outer islands and rural communities where poverty is more concentrated. The devolution addresses the issue of responsibility and accountability by making the island councils responsible to the local Falekaupule instead of central government.

D. Gender Dimensions of Asian Development Bank Operations

30. The devolution of more autonomy and financial resources to the outer islands, including under IDP, will benefit women. In fact, due to the emigration, women and other vulnerable groups (poor, very young, and elders) are mainly concentrated on the outer islands. In order to ensure that women play a full part in development and that the gender impact of development processes on the islands is monitored, any training undertaken in participatory development process at the island level will have a minimum quota women participants. And to assess how development will impact differentially across the genders, a series of gender specific Time Use Surveys are being conducted at regular milestones during the implementation of the IDP. The aim is to assess whether the demand on women's labor time is being reduced with the expected increase in cash income and productivity of subsistence activities.

E. Private Sector Operations

31. The private sector in Tuvalu is still in its infant stage. It is concentrated in the main island, Funafuti, and in the commercial sector, small shops. Private sector enhancement is one of the major components of the ADB strategy in Tuvalu. While no direct assistance to the private sector is envisaged at this stage, the proposed program will support its development through: (i) upgrading of TMS, the major source of financial resources for the islands; (ii) assisting micro-finance institutions, a pre-requisites to develop grassroots private activities; and (iii) various private sector promoting conditionalities under the IDP, including: (i) corporatization of the inter island transportation and TMS; (ii) contracting out of public works and services; (iii) debt repayment to private sector entities to be settled on time; (iv) strengthen the business development advisory services on outer islands; and (v) mobilize banking resources for business lending. The IDP and the proposed advisory TA for the micro-finance institution enhancement will assist the Government to channel financial resources into a domestic business lending facility.

IV. Regional Economic Cooperation

32. Tuvalu's priorities for economic and regional cooperation are: (i) cooperative arrangements in aviation and shipping, and (ii) coordinated policies and approaches to the management of fisheries. To these ends, the ADB is actively involved with the Forum Secretariat and other regional agencies in a variety of regional initiatives.

33. The ADB currently provides regional technical assistance (RETA) to support the negotiation of a regional tuna management plan, and for fiscal and tax policy advice provided through the Pacific Financial Technical Centre. In the coming years, the ADB plans to provide RETAs for: (i) analysis of financial sector issues and strategies for selected PDMCs; (ii) judicial training in collaboration with UNDP; and (iii) more effective and sustainable coastal fisheries management.

V. Donor Activities and Aid Coordination

34. Tuvalu continues to attract assistance from a range of donors. The actual level of foreign assistance in 1999 is \$13 million, \$4.6 million from the ADB. Principal donors to Tuvalu are Australia, Japan, New Zealand and Taipei,China. The two major donors are Japan and Australia. Japan financed a fishing harbor in 1995 (\$5 million) and a secondary school in 1996 (\$6 million) and is now planning to provide a new vessel for inter-island transportation and, lately, the construction of a new hospital. Under an Australian grant, all islands were connected by satellite-based telecommunications in 1996. Presently, Australia provides about \$1.7 million per year, half to education. Australia is also assisting Tuvalu to formulate and implement the Y2K problem strategy. In recent years, New Zealand aid has also shifted toward social and HRD areas, such as education, training, WID, and health. Taipei,China is financing the construction of the new government building for a total amount of \$7 million. EU has funded solar photovoltaic systems in outer islands and an energy policy specialist. Presently, EU finances education, health and environment. The UNDP has sent a variety of UN volunteers to the country to build capacity, mainly in natural resources, finance and planning. UNDP is assisting Tuvalu to implement the Public Sector Reform Program, to establish a Business Advisory Unit and the Tuvalu Trade and

Investment Agency, to develop Rural Development Program, and to Strengthen Local Governance¹. A summary of overall external assistance to Tuvalu is given in Appendix 2.

35. Efforts to coordinate donor support are important in a micro-economy like that of Tuvalu in order to avoid duplication. Such coordination is, however, constrained by the scarcity of donor representatives in Tuvalu. Country Programming Missions have gathered information on other donors' assistance programs from the Government and visiting officials from other agencies in Suva (Fiji). The preparation of the ADB IDP loan including the Trust Fund concept, was carried out in close coordination with other donors, mainly the main shareholders of the TTF (Australia, New Zealand, and UK). The proposed TMS enhancement will also need donors coordination. In fact, Australia is financing the TMS' Captain Superintendent position and the simulator; New Zealand is also financing a key position in TMS; and France is assisting the school with power supply.

36. Tuvalu is not a member of the World Bank or IMF². However, the Government has been receiving short-term advisory services from the Pacific Finance Technical Assistance Centre for the ongoing budget reform program and strengthening of national accounts, statistics, customs, taxation and banking supervision. The ADB has financed these assistance and training programs of the Centre through RETA as an adjunct to the ADB's country specific TAs.

VI. Cofinancing and Catalyzing External Resources

37. The trust fund associated with IDP presents a sustainable and efficient mechanism for other donors to provide additional financial and technical support for island development. The proposed TMS enhancement project could also benefit from co-financing from other donors. The TTF Advisory Committee indicates the enhancement of TMS as a priority and Australia and New Zealand are actively involved to support the school.

VII. Asian Development Bank's Operational Program

38. The ADB's lending and technical assistance program for Tuvalu (2000-2002) is shown in Table 1. The first loan to Tuvalu for the IDP was approved in 1999. A capacity building TA for operation of an Island Development Fund is piggybacked to the loan. In addition, during the current operational cycle, attention will be given to upgrading the TMS, and to the restructuring of Micro-Finance Institutions. Over the period 2000-2002, one small loan will be programmed for upgrading of TMS in 2002. Final timing of this loan, however, depend on satisfactory progress of IDP.

¹ The ADB's TA to implement the Island Development Program has been designed in close coordination with UNDP.

² The Government of Tuvalu is in the process of applying for full membership in both the Commonwealth of Nations and the United Nations.

Table 1: Loan and Technical Assistance Program, 2000-2002**A. Public Sector Lending Program**

	1998 Actual		1999		2000		2001		2002	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program ^a	-	-	1	4.0	-	-	-	-	-	-
ADF	-	-	1	4.0	-	-	-	-	-	-
OCR	-	-	-	-	-	-	-	-	-	-
Lending Pipeline ^b									1	3.0
ADF	-	-	-	-	-	-	-	-	1	3.0
OCR	-	-	-	-	-	-	-	-	-	-

B. Technical Assistance Program

	1998 Actual		1999		2000		2001		2002	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	1	100.0	1	600.0	2	800.0	-	-	-	-
TA Pipeline ^b	-	-	-	-	-	-	1	150.0	-	-

^a The Program is comprised of the firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects. In 2001 and 2002, there is no distinction between firm and standby.

VIII. Economic and Sector Work Program

40. The ADB published *"Tuvalu: Economic Situation, Policies and Prospects"* and *"Tuvalu: 1997 Economic Report"* in 1998. The country is too small to justify single sector analysis if not within Projects' feasibility studies. A new Economic Report (PIER series) is envisaged in 2002.

IX. Local Cost Financing

41. Tuvalu is a Group A country and thus is entitled for 20 percent local cost financing. In general, given its sound financial position, local financing is not an issue. Example in point is IDP, the Government and the local community financed more than 50 percent of the Program's cost.

TUVALU
COUNTRY PERFORMANCE INDICATORS

Item	1994	1995	1996	1997	1998
ECONOMIC INDICATORS					
I. Income and Growth					
1. GDP per Capita (US dollars, current)	1,217	1,237	1,560	--	--
2. GDP Growth (% in constant prices)	10.3	-5.0	20.4	2.5	2.0
Agriculture	0.6	0.6	0.8	--	--
Industry	4.6	-20.0	51.8	--	--
Services	10.6	0.0	13.4	--	--
II. Saving and Investment (current market prices)					
1. Gross Domestic Investment	--	67.6	68.0	48.1	--
2. Gross National Saving	--	--	--	--	--
III. Money and Inflation (%)					
1. Consumer Prices (annual average)	0.0	5.6	4.1	1.4	0.8
2. Broad Money (M2)	--	--	--	--	--
IV. Government Finance (A\$m)					
1. Revenue (recurrent)	8.8	8.7	9.0	9.4	9.7
2. Expenditure (recurrent)	8.2	7.9	9.2	10.2	9.5
3. Surplus/Deficit (-)	0.6	0.7	-0.2	-0.8	0.2
V. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	-60.7	-62.9	-54.1	--	--
2. Current Account Balance (% of GDP)	10.0	4.7	2.3	--	--
3. Export (\$) growth (annual percent change)	10.5	4.3	9.8	--	--
4. Import (\$) growth (annual percent change)	11.9	6.4	9.8	--	--
VI. External Payments Indicators					
1. International Reserves (B\$) (end of period)	--	--	--	--	--
- months of imports	--	--	--	--	--
2. External Debt Service (% of exports of goods & services)	--	--	--	--	--
3. External Debt (% of GDP)	--	--	--	--	--
Memorandum Items:					
GDP (current market prices, US\$'000)	11,437	11,763	15,024	--	--
Exchange Rate (A\$ per US\$)	1.3670	1.3490	1.2773	1.3440	1.5920

TUVALU
COUNTRY PERFORMANCE INDICATORS

	1985	1990	1998	
POPULATION INDICATORS				
Total Population (thousand)	8.2	8.93	11.00	(1998)
Annual Population Growth Rate (% change)	0.37	1.27	3.00	(1990-98)
SOCIAL INDICATORS				
Total Fertility Rate (births per woman)	...	2.5	3	...
Maternal Mortality Rate (per hundred thousand live births)	0	...
Infant Mortality Rate (below 1 year; per '000 live births)	54.0	...	51	...
Life Expectancy at Birth (years)				
Female	67	...
Male	70	...
Adult Literacy (%)	64	...
Primary School Enrollment (% of school age population)	95	...
Female	88	...
Secondary School Enrollment (% of school age population)	34	...
Female	35	...
Child Malnutrition (% of under age 5 underweight)	0	...
Population Below Poverty Line (%)
Income Ratio of Highest 20% to Lowest 20%
Population with Access to Safe Water (%)	85	...
Population with Access to Sanitation (%)	49	...
Public Education Expenditure as % of GNP	...	15.7	n.a.	...
Public Health Expenditure as % of GDP	...	5.1	n.a.	...
Human Development Index	0.583	...
Human Development Global Ranking	118	...
Human Poverty Index	7.3	...
ENVIRONMENTAL INDICATORS				
Forestry				
Deforestation				
Total Area
Annual deforestation
Biodiversity				
Nationally protected area				
Area
Number
As % of land area
Biosphere reserves				
Area
Number
World Heritage sites (number)
Wetlands of international importance				
Area
Number
Land Use				
Cropland; permanent pasture
Air Pollution (Ambient concentrations)				
Particulates
SO ₂
Water Pollution (concentration of pollutants in water bodies)				
Biochemical Oxygen Demand (BOD)
Chemical Oxygen Demand (COD)
Global Environmental Problems				
CO ₂ emissions (total and per capita)

Source: UNDP, Human Development Report; WB, World Development Report.

TUVALU
OVERALL EXTERNAL ASSISTANCE

External Source (\$ million)	Past 3-5 Years (annual average)		1998 Approvals	
	Loan/Credit	TA/Grant	Loan/Credit	TA/Grant
A. Multilateral Assistance				
Bank	-	0.2	4.0	0.6
EU	-	0.4	-	0.3
UNDP	-	0.3	-	0.3
Others	-	0.2	-	0.2
Subtotal	-	1.1	4.0	1.4
B. Bilateral Assistance				
Australia	-	1.8	-	1.9
Taipei, China	-	0.4	-	3.0
France	-	0.2	-	0.2
Japan	-	2.3	-	1.0
New Zealand	-	0.9	-	1.2
Others	-	0.4	-	0.8
Subtotal	-	6.0	-	8.1
Total		7.1	4.0	9.5
Memo Items:				
External Assistance as % of Current Expenditures				
		92	55	

Sources: Government and Bank staff estimates.

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
 (Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives ^a		Responsible Division	Year of PPTA	PROJECT COST				
	Primary	Secondary			TOTAL	Bank		Gov't	Cofinancing (Others)
						OCR	ADF		
2000 FIRM LOANS									
NONE									
2001 LOAN PIPELINE									
NONE									
2002 LOAN PIPELINE									
Social Infrastructure									
1. Tuvalu Maritime School Update	ECO		POHQ	2000	3.0	3.0	3.0		
Subtotal					3.0	3.0	3.0		
Total					3.0	3.0	3.0		

^a ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . TMS Medium-Long Term Plan	POHQ	PP	500.0	-	500.0
	Subtotal		<u>500.0</u>	<u>-</u>	<u>500.0</u>
Finance and Industry					
1 . Micro Finance Institutional Enhancement	POHQ	AD	300.0	-	300.0
	Subtotal		<u>300.0</u>	<u>-</u>	<u>300.0</u>
Total			<u>800.0</u>	<u>-</u>	<u>800.0</u>
2001 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . PIER 2002	POHQ	AD	150.0	-	150.0
	Subtotal		<u>150.0</u>	<u>-</u>	<u>150.0</u>
Total			<u>150.0</u>	<u>-</u>	<u>150.0</u>
2002 TECHNICAL ASSISTANCE PROGRAM					
NONE					

TUVALU
LENDING PROGRAM BY TYPE AND SECTOR, 2000-2002

Classification	2000 (Firm)		2001-2002	
	No.	% ^a	No.	% ^a
By Type				
A. Economic Growth	-	-	1	100.0
B. Projects Directly Aimed at Social Concerns	-	-	-	-
C. Projects Directly Aimed at Environmental Concerns	-	-	-	-
D. Economic Growth-oriented Projects with Social and/or Environmental Concerns	-	-	-	-
Total	0	0.0	1	100.0
By Sector				
A. Agriculture and Natural Resources	-	-	-	-
B. Energy	-	-	-	-
C. Finance	-	-	-	-
D. Transport and Communications	-	-	-	-
E. Social Infrastructure	-	-	1	100.0
F. Others/Multisector	-	-	-	-
Total	0	0.0	1	100.0

^a rounded off.

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
(2000-2002)
PIPELINE UPDATE**

TUVALU

June 2000

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
 (Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives ^a		Responsible Division	Year of PPTA	PROJECT COST				
	Primary	Secondary			TOTAL	Bank		Gov't	Cofinancing (Others)
						OCR	ADF		
2000 FIRM LOANS									
NONE IDENTIFIED									
2001 LOAN PIPELINE									
NONE IDENTIFIED									
2002 LOAN PIPELINE									
Social Infrastructure									
1. Tuvalu Maritime School Upgrade	ECO		POHQ	2000	2.0	0.0	2.0	2.0	
Subtotal					2.0	0.0	2.0	2.0	
Total					2.0	0.0	2.0	2.0	

^a ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

TUVALU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . TMS Medium-Long Term Plan	POHQ	PP	300.0	0.0	300.0
	Subtotal		<u>300.0</u>	<u>0.0</u>	<u>300.0</u>
	Total		<u>300.0</u>	<u>0.0</u>	<u>300.0</u>
2001 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . PIER 2002	POHQ	AD	150.0	0.0	150.0
	Subtotal		<u>150.0</u>	<u>0.0</u>	<u>150.0</u>
Finance and Industry					
1 . Micro Finance Institutional Enhancement	POHQ	AD	250.0	0.0	250.0
	Subtotal		<u>250.0</u>	<u>0.0</u>	<u>250.0</u>
	Total		<u>400.0</u>	<u>0.0</u>	<u>400.0</u>
2002 TECHNICAL ASSISTANCE PROGRAM					
Social Infrastructure					
1 . TMS Strengthening	POHQ	AD	200.0	0.0	200.0
	Subtotal		<u>200.0</u>	<u>0.0</u>	<u>200.0</u>
	Total		<u>200.0</u>	<u>0.0</u>	<u>200.0</u>