

Foreword

This report is a joint product of the Asian Development Bank and the Australian Agency for International Development. It analyzes the economic situation of Tuvalu, and examines key issues, including natural resources, health, education, and the public sector.

The country is economically and socially stable, and the Tuvalu Trust Fund provides a cushion against external shocks. However, its smallness, isolation and lack of resources set a continuing governance challenge. To meet it, the Government must exercise fiscal prudence and ensure that essential services are provided in the most effective way.

The Government's broad ambition, as stated in its National Development Strategy, is "to provide an environment, based on existing culture(s), within which all of the people of Tuvalu can strive to attain the highest possible standard of living." To achieve this goal, the effective delivery of public services and improved economic infrastructure are targeted objectives.

All providers of public services are state-owned. The Government strives to ensure that the necessary services are managed at the least cost, while at the same time guaranteeing the social wellbeing of all Tuvaluans, especially those who live on the outer islands.

This report is designed to assist the Government in making the best decisions to enable it to meet effectively its dual obligations.

Tuvalu is always going to be prone to external shocks, but with good governance it can continue to be successful.

Vulnerability is inevitable; viability is achievable.

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