

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The vision of Tuvalu’s eighth national development plan, the National Strategy for Sustainable Development, 2016–2020 (Te Kakeega III) envisages a more protected, secure, and prosperous Tuvalu; healthier people who are more engaged in national, regional, and international forums; and a government that fully encourages input from the community to improve project development, so that development efforts are sustained and adopted by the community. Climate change cuts across all 12 priority areas of the strategy because the rising sea levels pose a tremendous threat to Tuvalu’s survival.

2. Tuvalu relies heavily on official development assistance, with budgeted flows in 2018 totaling A\$24.4 million, equivalent to 47.2% of gross domestic product. Besides the Asian Development Bank (ADB), Tuvalu’s main development partners are the governments of Australia, Japan, and New Zealand; the European Union; Taipei, China; and the World Bank (Tables 1 and 2).

Table 1: Major Development Partners

Australia	Total aid funding in 2018 is A\$8.7 million, with a focus on education, health, agriculture and fisheries, and general support.
New Zealand	Total aid funding for 2017 was NZ\$9 million, with a focus on energy, fisheries, health, education, and economic governance.
Japan	The current development assistance program (2014–2018) focuses on climate change and overcoming vulnerability. Assistance for this period is \$19 million, with \$12 million for the new cargo and passenger vessel purchased in 2015.
European Union	Under the 2014–2020 program, €6.8 million are budgeted, with the main focus on waste management.
World Bank	The World Bank can make about \$20 million available each year and has approved more than \$55 million in financing since 2010. This includes three development policy operations (DPOs, similar to the policy-based operations of the ADB) and a supplementary budget support with a combined value of \$10.8 million. In the pipeline are projects in support of information and communication technology (\$10 million) and maritime infrastructure (\$20 million), and a fourth DPO of \$5 million.
Taipei, China	Taipei, China will continue to provide recurrent budget support for 2018–2020, with \$6.5 million annually. Taipei, China also finances a range of medical equipment for the Mother and Child Health Clinic at the Princess Margaret Hospital on Funafuti.

Source: Government of Tuvalu. National budget documents 2013–2018. Funafuti.

3. ADB’s operations in Tuvalu are aligned with Te Kakeega III, with a focus on providing efficient, high-quality, and climate-resilient infrastructure and support services—e.g., maritime transport, renewable energy, and information and communication technology—and sound macroeconomic management. ADB’s country operations business plan (COBP), 2018–2020 for Tuvalu is consistent with its Pacific Approach 2016–2020, which serves as the country partnership strategy for the 11 small Pacific island countries, including Tuvalu. The COBP uses a similar multicountry approach to identify commonalities and opportunities for operational efficiencies across the 11 island nations, and forms part of the overall small Pacific island country COBP.¹

¹ ADB. 2016. *Pacific Approach 2016–2020*. Manila; Government of Tuvalu. 2016. *Te Kakeega III: National Strategy for Sustainable Development, 2016–2020*. Funafuti; and ADB. 2017. *Eleven (11) Small Pacific Island Countries: Country Operations Business Plan (2018–2020 to be replaced by 2019–2021)*, Manila.

4. From 2012 to 2015, the government embarked on a comprehensive reform program with technical and financial assistance from ADB, the governments of Australia and New Zealand, and the World Bank. Collaborative efforts—aimed at improved governance, social development, education and human resources, and macroeconomic growth and stability—helped mitigate the social and economic impact of the global financial crisis and protect Tuvalu against future fiscal shocks. Recurrent general budget support in 2018 will continue from Taipei, China (\$6.5 million) and is expected to remain constant in the 2019 estimates. In addition, total non-recurrent grants from development partners are expected to reach A\$16.0 million in 2018, an increase of A\$7.2 million from 2017; this includes A\$1.5 million from Australia, NZ\$1.0 million from New Zealand, \$2 million from ADB, €2.0 million from the European Union, and \$7.5 million from the World Bank.

Table 2: Major Projects by Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Maritime Transport			
Japan	Construction of a Cargo/Passenger Vessel	2013–2015	14.7
New Zealand	Ship to Shore Transport Project	2008–2014	3.5
Japan	Construction of a Cargo/Passenger Vessel to replace Nivaga II	2013–2016	15.6
Japan	Improvement of Funafuti Port	2007–2009	7.9
Japan	Construction of the Inter-island Vessel for Outer Island Fisheries Development	2001–2002	8.4
Japan	Reconstruction of Fisheries Harbour at Vaitupu	1995–1996	5.3
Japan	Fishing Community Development Project	1988–1992	6.7
Civil Aviation			
World Bank	Tuvalu Aviation Investment Project – Tuvalu	2011–2018	23.4
Energy			
Japan	Introduction of Hybrid Power Generation System in Pacific Islands Countries	2017–2022	Not available
World Bank	Energy Sector Development Project	2016–2018	7.0
United Arab Emirates	Solar Photovoltaic Project	2014–2015	50.0
European Union	Renewable Energy	2014	2.7
New Zealand	Solar Photovoltaic Project	2014–ongoing	14.2
Environmental Sustainability			
UNDP	Coastal Adaptation Project	2016– ongoing	36.0
UNDP	Ridge to Reef Project	2015– ongoing	8.4
Japan	Beach Nourishment Project	2015–2017	2.0
South Pacific Commission	Global Climate Change Alliance	2013–2015	1.2
Japan	Promotion of Regional Initiative Solid Waste Management in Pacific Island Countries	2010–2015	10.0
Japan	Ecological Management of Tuvalu against sea level rise	2009–2014	Not available
UNDP	NAPA Adaptation Program of Action II	2003–2010	13.4
World Bank	Pacific Islands Regional Oceanscape Program – Tuvalu	2017– ongoing	8.8
Education			
Australia	In-Service Scholarships	2013– ongoing	3.8
New Zealand	In-Service Scholarships	2013	3.2
Australia	Naval Advisers	2013	2.0
ADB	Maritime Training Project	2002–2011	4.4

ADB = Asian Development Bank, NAPA = National Adaptation Programme of Action, UNDP = United Nations Development Programme. Source: Government of Tuvalu. National budget documents 2013–2018. Funafuti.

B. Institutional Arrangements and Processes for Development Coordination

5. The planning of development projects in Tuvalu begins with project ideas from staff of line ministries who complete a project proposal form. This is sent for appraisal to the Aid Management Unit in the Planning and Budget Department of the Ministry of Finance and Economic Development. The appraisal focuses on (i) feedback to improve the quality of the proposal (rather than a cost–benefit analysis); (ii) consistency with the National Strategy for Sustainable Development, 2016–2020; or (iii) the relationship of respective ideas to the sector plan (notwithstanding the fact that some sector plans have yet to be completed).

6. Following this appraisal, the Aid Management Unit submits the vetted proposals to the Development Coordination Committee, which comprises secretaries from all ministries and meets every month, followed by final submission to cabinet for approval. The cabinet's decisions are conveyed to the Aid Management Unit, which seeks and coordinates development partner support through annual development partner meetings. Funding that is received from development partners for specific projects is deposited into the Tuvalu Development Fund.

7. The World Bank is assisting Tuvalu in implementing the Maritime Investment in Climate Resilient (MICRO) project. The development objective is to improve the climate resilience of Tuvalu's maritime transport subsector and, in the event of an eligible crisis or emergency, to provide an immediate response. It is proposed to improve maritime infrastructure on Funafuti and on the outer island of Nanumaga as part of MICRO. ADB and the World Bank are coordinating their support programs in view of their similar nature.

C. Achievements and Issues

8. The government and development partners face various challenges because of the small size of Tuvalu and its remoteness from the rest of world. Limited development partner presence in the country—owing to the small scale of operations and high operational costs—makes coordination difficult and requires extra efforts by all stakeholders. The government has had limited involvement in the international aid effectiveness dialogue because of the scarce capacities of its small administration. This also constrains the full implementation of aid effectiveness principles. Despite these challenges, all major development partners actively coordinate and align their support to achieve the goals set in Tuvalu's Te Kakeega III. The government has shown political commitment by assigning human resources as much as possible to implement all investment and technical assistance projects.

D. Summary and Recommendations

9. All major development partners are engaged in harmonizing their assistance to maximize the impact on Tuvalu's socioeconomic development. It is crucial for development partners to continue coordinating their activities to avoid duplication and ensure compatibilities of increasing development interventions in Tuvalu. The government has high expectations for ADB to continue its assistance to maritime infrastructure development. While the project will provide facilities to accommodate small workboats on one outer island, much work remains to be done until Tuvaluans can board a government ship directly from their island. The government expects ADB to take a leading role in attracting and coordinating development partners to help achieve this goal.