

TUVALU – EUROPEAN COMMUNITY

**COUNTRY STRATEGY PAPER
AND NATIONAL INDICATIVE PROGRAMME
for the period 2002 - 2007**

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TUVALU

Country Strategy Paper

GENERAL PROVISIONS

The Government of the Tuvalu and the European Commission hereby agree as follows:

- (1) The Government of Tuvalu, represented by (name and title), and the European Commission, represented by (name and title), hereinafter referred to as the Parties, held discussions in Funafuti on 2002 with a view to determining the general orientations for co-operation for the period 2002 - 2007. The European Investment Bank was represented at these discussions by (name and title)

During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of Tuvalu were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000. These discussions complete the programming process in Tuvalu.

The Country Strategy Paper and the Indicative Programme are annexed to the present document.

- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Tuvalu for the period 2002-2007, an amount of €3.3 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of €0.7 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of Annex IV of the ACP-EC Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The Indicative Programme under Chapter VI concerns the resources of the A-allocation. It also takes into consideration financing from which Tuvalu benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The B-allocation shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the Indicative Programme.

- (5) Pending the entry into force of the Financial Protocol of the ACP-EC Partnership Agreement and within the framework of the present Country Strategy Paper and Indicative Programme, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Tuvalu, within the limits of the A- and B-allocations referred to in this document and under the condition that sufficient resources are available in the general reserve of the eighth EDF. The respective projects and programmes shall be implemented according to the rules and procedures of the eighth EDF until entry into force of the Financial Protocol for the Ninth European Development Fund
- (6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement (see Chapter 6 for further details).
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Support Strategy and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken within two years and the end-of-term review shall be undertaken within four years from the date of signature of the Country Support Strategy and the National Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the ACP-EC Partnership Agreement, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicate the contrary before the end of this period.

Signatures

For the Government of Tuvalu

For the Commission

.....

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Date:

PART A : TUVALU COUNTRY TRATEGY PAPER

EXECUTIVE SUMMARY

The objective of the Country Support Paper is to define, on the basis of a comprehensive analysis of the economic, social and political situation, a response strategy for EC support under the 9th EDF.

Tuvalu is a small island state in the South Pacific and has a landmass of 26 sq km with a population of 10 700. The GDP per capita is €920. Politically, the country has generally been stable and quiet and has portrayed prudent economic and financial management. It has a narrow economic base of limited agriculture and artisanal fisheries and its revenue heavily depends on the sale of fishing licences and revenues from overseas investments. The main development goals of the country are:

- public sector reform (better governance that leads to economic growth, improved social services, and a fairer distribution of long-run investment returns);
- private sector development (with an accent on export-oriented business development);
- economic infrastructure (both Funafuti and the outer islands);
- education (including training);
- improvement of human settlements including environment in outer islands

Taking into account Government funding and activities of other donors, interventions in the Social Sector have been selected for support, absorbing 90 % of Envelope A (€ 3.0 million). The remaining €0.3 million will be directly allocated to Non-State Actors. The B envelope amounts to €0.7 million.

1. EU/ACP CO-OPERATION OBJECTIVES

In accordance with Article 177 of the Treaty Establishing the European Community, community policy in the sphere of development co-operation shall foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, which puts main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Tuvalu shall pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement – especially the principle of encouragement of the development strategies by the countries and populations concerned - and essential and fundamental elements as defined in Article 9. In their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a

limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law. The Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

The above objectives and principles and the national policy agenda presented in the next chapter constitute the starting point for the formulation of the present Country Strategy Paper, in accordance with the principle of national ownership of development strategies.

2. NATIONAL POLICY AGENDA

2.1. Setting Policies

Tuvalu's main policy framework is contained in a combination of documents, namely:

- The National Development Strategy 1995 to 1998 (though somewhat out of date, it is still a working reference);
- national budget;
- annual budget speech delivered by the Minister of Finance on behalf of government; and
- State of the Nation Address, the speech given each year by the governor-general at the first session of Parliament.

Fiscal policy is set annually in the national budget. The budget sets a target for core budgetary expenditure and revenue, including expected windfall revenue, based on maintaining a rolling two-year surplus of currency reserves (i.e. national savings) in the event there is an unexpected drop in revenue from overseas investments and other sources of income.

2.2. Objectives of National Policy

Relating to the above, the Government has the following primary policy objectives :

- public sector reform (better governance that leads to economic growth, improved social services, and a fairer distribution of long-run investment returns);
- private sector development (with an accent on export-oriented business development);
- economic infrastructure (both Funafuti and the outer islands);
- education (including training);
- human settlements including environment (both urban and rural but especially rural).

Sector policies are worked out in more detail in annexes 3 and 4.

2.3. Public Finance, Public Sector Reform, and Key Initiatives

The Tuvalu government has a history of prudent financial management. This has produced greater returns on Tuvalu's assets and financial investments and built a solid financial reputation. The Tuvalu Trust Fund (described in Annex 2) is regarded as the nation's solid financial foundation. It was established in 1987 with an initial A\$ 27m (€ 17 m) of donor contributions and is generally recognised as having been a considerable success. Income from the investment of the Fund has contributed substantially over the years to the financing of Tuvalu's recurrent budget, and the original holding has grown to reach some A\$ 66 m.(€41 m.) in 2000, with an additional A\$ 27 m. (€17 m.) accumulated in the revenue account. The contributions from the Trust Fund amounted to 27 % of total Government expenditure in 2000.

Recently, however, the expenditure of large windfall earnings (high returns from the Trust Fund and the sale of internet domain .tv), and accumulated government domestic savings has put a strain on good financial management. The number of claims on government revenue has increased dramatically, especially capital expenditure on infrastructure projects. In effect the government now has the means to finance long outstanding projects, some dating from independence. The government is now financing roughly 50% of the development budget.

The public sector is the biggest single sector, including not just general government, but transportation, communications, electricity, and portions of the construction, hotel, fishing, finance and real estate sectors. There are eight public corporations in Tuvalu.

Tuvalu embarked on an ambitious plan of reforming the public sector in 1994. A public sector review was conducted, out of which it became clear that improving public sector performance would lead to lower costs; higher quality government services; greater ability to absorb development finance; more opportunities for the business sector; and maintenance of infrastructure. The issues that have continuously shaped public sector reform relate to revision of administrative orders, commercialisation of some government services, improving aid and financial management and improvement of the management of public corporations.

As a direct result of the public sector review conducted in 1994, the government reduced the size of the public service by 7.5% in March 1995. Part of this exercise

involved a restructuring of some government functions, while releasing or closing down others.

While progress has been made in the Public Sector reform, the process of commercialisation of public enterprises needs more emphasis.

3. CURRENT SITUATION AND RECENT DEVELOPMENTS

3.1. Introduction

Tuvalu is a chain of nine, very low-lying atolls and reef islands located in the center of the Pacific Ocean with a total land area of 26 sq. km. The islands are geographically remote, and possess poor soil and few natural resources. The nearest metropolitan country, Australia, is 4,000 km distant. The islands are vulnerable to hurricanes, tidal waves, and storm surges. The fisheries resource in Tuvalu's 900,000 km² EEZ, however, is abundant.

Tuvalu has a population estimated at 10,700 (1996), with 4,900 living in the capital, Funafuti, the country's only urban centre. The rest of the population lives in single and dual-village settlements on the outer islands, with minimal infrastructure. Rural-urban drift is a problem, though outward migration has also been high, comparatively, in the latter half of the '90s. Population growth is estimated at 1.7% per year, low by Pacific Island standards.

3.2 Political Situation

Tuvalu is a Polynesian State in the south-west Pacific, which became an independent state on October 1st, 1978 After 62 years of British colonial rule. The governance system is based on the Westminster style of democracy with the British Crown as Head of State, represented locally by a Governor- General. Tuvalu has a single house of Parliament with 15 members, elected to a four-year term. Members of Parliament elect a Prime Minister, who in turn selects a five-member Cabinet and the House Speaker. There is no official party system in Tuvalu in the western sense, with party lines generally formed along personal alliances. Members not part of the majority government caucus form the 'unofficial' opposition.

Though there were four changes in government between 1994 and 2000, the country for all intents and purposes is politically stable. Human rights are widely accepted. The next general elections are due in March or April 2002.

In 1999, Parliament passed what is known as the Falekaupule Act. The Act established local Governments on Funafuti and the outer islands with decentralised powers.

3.3 Economic Situation: Recent Economic Performance and Prospects

The Tuvaluan economy is generally classified as mixed market-subsistence. Market-based economic activity is largely confined to Funafuti, the capital, while outer island economies are subsistence based, with little market-led activity. Tuvalu has Least

Developed Country (LDC) status in 1986. Tuvalu, reliant on aid since independence, there are signs it is growing less so (see paragraph 2.3. above).

Basic Indicators

Population	10,700
Population growth (1990-98)	3 %
GDP per capita (1998)	€ 920
Growth GDP (2000)	3 %
Inflation (1999)	7 %
Expenditure on education of total budget	22 %

The economy is dominated by the public sector, accounting for well over 60% of total GDP; subsistence contributes about a quarter. Employment and GDP growth – underpinned by macroeconomic stability – were strong in the 1990s. Both are measured at between 2-3% per year over the decade. In the 1990s, real wages increased by 2.5% per year, with the annual rate of inflation averaging about 3%.

Most of the rural population is engaged in one form of subsistence activity or another, tending small agricultural plots (e.g., pulaka, sweet potatoes, bananas and plantains, pawpaw, taro), harvesting coconuts and coconut by-products (toddy, husks for fuel, construction materials), fishing, and raising pigs, chickens and ducks. Some cash is earned by cutting copra for export.

Fisheries is an important resource for the country, understandably taken into account its 900 000 km EEZ. Not only is fish the most common source of protein in Tuvalu, also the revenues from Fisheries Agreements are important and amounted to over A\$ 9.7 million (€ 6 million) in 2000 or 44 % of total government expenditure. Tuvalu has Fisheries Agreements with the USA, Japan and China, of which the USA is the major partner. Attempts to develop domestic fisheries in Tuvalu beyond the subsistence level have met with only limited success. More could be done to maximise the returns from the sector apart from maximising the returns from licenses; local processing and the development of a local fishing fleet could be logical next steps.

Tuvalu's GDP is dominated by four principal sectors, which account for over two-thirds (69%) of economic activity in 1998. These are:

- Government services (25%),
- Construction (16%),
- Trade and non-utility public enterprises (15%),
- Agriculture and fishing (13%),
- Smallish, mixed basket of basic economic activity (31%).

Tuvalu has no external debt, with the exception of the recent ADB soft loan (US\$ 4.0 million), and first and second EIB risk loans to the Development Bank of Tuvalu for small business development (€1.0 million).

Tuvalu's current account balance is negative and amounted to €15.0 million in 1998. Transfers from the Trust Fund, foreign aid, fisheries license fees and private transfers cover the deficit. Imports of goods and services are well over 100% of GDP. Such a

large trade deficit, however, has not led to external imbalances: labour income from seamen working abroad, overseas investment income, and aid transfers consistently outweigh the deficit. In addition, Tuvalu has currency reserves of around A\$ 100m. (€ 62 million) held in Trust Fund accounts and overseas holdings of the National Bank of Tuvalu.

Although Tuvalu's Government income has increased considerably over the last decade, only about 50% of recurrent revenue – about A\$ 4.0 m. (€2.5 m.) per year – is derived from fundamentally reliable sources such as taxation and service charges. All fishing licensing revenue is dependent on commercial contracts with variable returns. In the case of the Trust Fund, its portfolio performance depends on the vagaries of financial markets in any given year.

3.4 External Environment and Trade

Tuvalu is a member of the Pacific Island Forum. At their meeting in Nauru in August 2001, the Leaders of the Pacific Island Forum approved and signed: (1) an Umbrella Agreement including Australia and New Zealand, called "Pacific Agreement on Closer Economic Relations", (PACER) for future economic co-operation amongst Forum members; and (2) a free trade area amongst the 14 ACP Forum Island Countries (FICs) called "Pacific Island Countries Trade Agreement" (PICTA), without Australia and New Zealand. PACER provides for the establishment of subsidiary agreements for free trade areas, notably PICTA, as well as negotiations of Forum-wide free trade areas including Australia and New Zealand.

Tuvalu has been involved with other nations of the Pacific Forum in negotiating the Pacific Regional Trade Agreement (PARTA) to establish a Forum free trade area. PARTA will gradually remove trade barriers over a period of ten years. This will have a large impact on the Tuvalu government's tax base, given that import duties account for over 40% of tax revenue. The government is approaching PARTA with caution hoping to avoid or lessen any adverse impacts. To replace the lost revenue the government has begun to look at other forms of taxation such as VAT. Tuvalu is not a member of WTO.

In the context of liberalisation, EPA negotiations on an ACP-EC Partnership Agreement (EPA) can further enhance the credibility and transparency of Tuvalu's trade regime, thus encouraging investment and bolstering reform. Tuvalu can also benefit from the recent initiative (Everything But Arms - EBA) taken by the EU in February 2001, which eliminates trade barriers with the world's least developed countries, to increase access to the European market.

It should be realised that exports from Tuvalu are extremely limited, and mostly concern copra and stamps. Exports to the EU amounted to €0.2 million in 2000. The export/import ratio for Tuvalu amounts to 1:9.

3.5 Social Situation

Tuvalu is comprised of a densely populated urban area in Funafuti compared with sparsely populated underdeveloped rural areas on the outer islands. Though rural-urban drift has occurred since independence it has increased in recent years, posing ever-

greater challenges on the government to create employment opportunities, provide more social services and infrastructure, and somehow stimulate backward migration to outer island communities (admittedly, a difficult challenge). Real GDP per capita, on the other hand, has been steadily climbing mainly due to increased government expenditure. Between 1988 and 1998, the most recent year data is available, real GDP per capita rose from A\$ 1,048 (€620) to A\$ 1,559 (€920), an average year-on-year increase of 4.9%.

Successive governments have put a high priority on education, health and other social services, and this remains the central policy of the present government.

Tuvalu's Human Development Index – Early 1980s vs. 1998

Categories	1980s	1998
Life expectancy at birth (years)	58	67
Adult literacy	95%	95%
Gross enrolment ratio	69%	74%
GDP per capita (1988 prices) €	300	920
HDI	0.495	0.583
Global HDI rank	n.a.	118

No systematic poverty analysis has been undertaken for Tuvalu. It would appear probable that those who are only dependant on the country's narrow economic basis of (limited) agriculture and artisanal fishing without supplementary income from permanent jobs or transfers by relatives abroad will be the most vulnerable. Lack of drinking water and poor diets as well as deteriorating environment (solid waste disposal) add to poverty incidence for these vulnerable groups. Government and donor investment in the social sectors tend to favour the most deprived, in particular when investments take place in the Outer Islands.

3.6 Sustainability of Current Policies

The Government has demonstrated a strong commitment to social development. This is reflected in the priority given to education, health and basic infrastructure, both in planning as well as in attracting donor support. Having equal access to public social facilities is also a major instrument in reducing inequalities in income distribution. By any reasonable standards, Tuvalu does not at present face a significant 'governance' problem. Some unintended shortcomings do occur, however, due to shortage of high level skills.

In recognising the contribution of women, a number of actions have been undertaken and endorsed by the Government. These include: the ratification in July 1999 of the Convention of the Elimination of all forms of Discrimination Against Women (CEDAW), the approval in mid 1999 of the Tuvalu Women's National Policy and the formation of a separate Department of Women's Affairs to assist in undertaking activities which support equal participation of women in all areas of socio-economic development of Tuvalu.

Government is extremely aware of the major environmental threat, i.e. global warming which will have a serious effect on the low lying atolls of the country.

3.7 Sources of Instability: Economic and other Factors

Tuvalu faces four main sources of economic instability: overseas investment instability; income variability from licensing fees, (especially variability in fish licensing fees); natural disasters; or, generally, external shocks of any other kind. Unstable sources of investment earnings and income are offset from a budgetary standpoint because of government liquidity, holding two years of currency reserves in the event of poorly performing overseas markets and (or) a shortfall in other sources of income.

Environmental issues are of major concern. In view of its topography, Tuvalu is extremely vulnerable to the rising of the level of the sea and its case is increasingly heard in the discussions on global warming. Solid waste disposal is another problem.

Other issues of concern are:

- limited employment opportunities mainly due to a minuscule private sector
- migration from Outer Islands and externally
- lack of drinking water
- health problems due to poor diets

A lesser source of instability, but one that has nevertheless hurt producers, has been low copra prices in overseas commodity markets throughout the 1990s. In addition, nut production is well below normal owing to low levels of rainfall in 1999 and 2000.

3.8 The challenge of climate change

The government is aware that economic and social development can impose high costs on the environment. With only limited resources available, development policies guard against incurring such high environmental costs, while initiating remedial measures that repair past environmental damage, and protect the existing natural environment.

Tuvalu has defensive strategies to climate change and sea level rise. These include increasing fresh water storage, building seawalls, introducing more stringent building codes, increasing community awareness, and continuing to emphasize national policies that seek to create more economic opportunities for Tuvaluans abroad and encourage permanent migration, and, finally, monitoring sea levels – currently being undertaken by the region-wide National Tidal Facility project, run by Flinders University in South Australia (see Annex 4).

4. PAST AND ON-GOING EC CO-OPERATION: RESULTS, LESSONS AND EXPERIENCE

4.1. Summary of EDF actions

Tuvalu acceded to the Lome I Convention in 1979, and became eligible for European Development Fund (EDF) resources under EDF 4. Tuvalu acceded to each successive Lome Convention through the revised Lome IV Convention (EDF 8), which it ratified in December 1998. Tuvalu signed the Cotonou Agreement in June 2000 in Cotonou, Benin in anticipation of EDF 9. A brief history of EDF assistance in Tuvalu is given hereunder.

- Lome I Convention (1975): EDF 4. A grant of €600,000– most of which was used to build a diesel power station on Funafuti. The remaining funding was used to build copra sheds and water tanks.
- Lome II Convention (1980): EDF 5. A grant of €1 million was used to build additional copra sheds, water tanks, expand the power supply in Funafuti (namely the distribution network), and for coastal protection throughout the country. (A two-phase regional project also provided household solar lighting kits to outer island residents).
- Lome III Convention (1985): EDF 6. A grant of €2 million was used to finance the second phase of coastal protection, a further major upgrade and expansion of the power supply in Funafuti, and for additional household solar lighting kits to the outer islands (also using EDF resources). To date 94% committed and 79 % spent.
- Lome IV Convention (1990): EDF 7. A grant of €1.3 million was used to fund the Fuel Import Programme (€900,000), a budgetary support mechanism in the focal sectors of health and education, as a means of supporting the Tuvalu Trust Fund. The remainder of funding was used to construct two outer island primary school buildings (on Nukufetau and Nanumea). To date 91 % committed and 88% spent.
- Lome IV Second Financial Protocol (1995) €1.9 million is being used to finance the Development Support Programme (DSP), a budgetary support mechanism in the focal sectors of HRD and environment, as a means of supporting the Tuvalu Trust Fund. To date 100% committed and 46% spent.

In addition to the programmable aid, Tuvalu has received approximately 15 Stabex transfers since 1975, totalling nearly € 400,000, all in respect of copra exports. The European Investment Bank has provided three risk capital loans to Tuvalu in the 1990s, one to cover additional shareholding in the Pacific Forum Shipping Line, and two as a line of credit to the Development Bank of Tuvalu. In 1993, the European Commission provided emergency aid to Tuvalu following Cyclone Nina. Tuvalu has also benefited from various EC Pacific Regional Programmes, notably in the areas of civil aviation, solar energy, fisheries, and tourism.

4.2. Lessons Learned From Past Community Support

The Development Support Programme, and its forerunner the Fuel Import Programme, are a direct product of lessons learned in the course of Tuvalu receiving EDF grant assistance in the past. Implementing more conventional EDF projects in Tuvalu (e.g., Funafuti electrification, coastal protection, school construction) is costly and cumbersome, making a disproportionately large claim on the government's limited administrative and technical resources, to follow EDF procedures, reporting requirements, resulting in often lengthy delays in project implementation. The Fuel Import Programme was expected to lower transaction costs compared with the higher costs of more conventionally financed EDF projects. This offered two advantages: a more efficient method of delivering EDF financial assistance and reducing the aid management load on government. The DSP has refined and extended the original concept behind the FIP and eliminated the FIP's main shortcoming, fuel purchasing to generate counterpart funds.

In Tuvalu, this method of development financing has proven to be an appropriate and effective means of implementing National Indicative Programmes resulting in high commitment and disbursing rates. Finally, the DSP represents the first time an active donor has committed 100% of its recurrent aid budget in support of the Tuvalu Trust Fund.

4.3. Other Donor Programmes

Tuvalu has six major bilateral donors: Australia, France, Japan, Canada, New Zealand and the Republic of China (Taiwan). The major multilateral donor is the European Union. As a group, the major regional organisations represent a second major source of multilateral assistance. Tuvalu also receives significant assistance from the Asian Development Bank (ADB) and the European Investment Bank (EIB). A comprehensive review of donor (and government) development activity is contained in the Country Donor Matrix in Annex 1.

Over the past years, aid disbursements are usually in the range of A\$ 4-6 m. (€2.5-3.7 m.), representing anywhere from 30-40% of total recurrent and capital expenditure.

Donor co-ordination is generally good and co-operation between donors and the government is broadly consistent with the countries development needs, and the government's development priorities.

France is the only EU Member-State with a bilateral aid programme in Tuvalu mainly in primary education. The UK and Germany wound down their bilateral programme in the late '80s.

5. RESPONSE STRATEGY

5.1. Focal Area for EC support: Social Sector Development

The government's central policy objective is raising living standards throughout the country. It is pursuing this objective on the five key areas of activity as listed in section 2.2 above. In our analysis, this list is taken point by point.

Based on the present and foreseen activities of government and Non-EC donors, it is clear that public sector reform is well supported both at the national level (good governance initiatives, commercialisation, etc.) and at the local level. Social services are being improved with the construction of a new hospital (Japan) and donor support, though somewhat limited, for basic patient care. Budgetary reform and maintenance of public assets is also being addressed

The private sector receives assistance from UNDP's and from New Zealand through a micro-credit scheme for women interested in starting a small business. Further, support is given through the EIB loans. The government repeatedly emphasises this sector.

To the extent that not all areas of social and economic infrastructure can be tackled at once, what with limited financing available, the government and donors nevertheless are financing what an ambitious schedule of infrastructure development.

The level of funding the government and donors, including the EU, are channelling into education and training is substantial. However, most of the expenditure, with the exception of the EU, is spent on overseas scholarships. At present, the outer islands also receive little donor or government (national or local) for upgrading living conditions, especially education, or for protecting or preserving the environment. Community support in this area would fill a clear gap in the pursuit of attaining higher standards of living across the country, not just in Funafuti. It is also an area where the Community has past experience in Tuvalu.

From this analysis, it would appear the most practical and constructive areas to direct Community assistance in Tuvalu for EDF 9 would be Social Sector Development, with an emphasis on education but also including environmental activities and water supply, with (90%) of the A envelope or €3.0 million. Government commitment to the educational sector as clearly reflected in the Education for Life programme (Annex 3), as well as their commitment to the environmental issues (Annex 4) form additional justification. This would also address several of the constraints mentioned in paragraph 3.6. The remaining 10 % of envelope A or €0.3 million will be allocated directly to Non-State Actors for capacity building and developmental activities.

5.2 Implementation Mechanism

The proposed implementation mechanism for EDF 9 Social Sector Development is budgetary support through the government's national budget. This type of mechanism has proven feasible and generally successful under EDF 7 (FIP) and EDF 8 (DSP). For the duration of the intervention specific budget items in Social Sector Development are identified in the annual budget. This is included in an annual Workplan, on the basis of which funds are released. The performance is reviewed annually. This type of mechanism also retains the important link to the Tuvalu Trust Fund, which promotes macro-economic stability and generates balance-of-payments support.

5.3 Complementarity with EU Member States

The focal area of HRD directly compliments France's bilateral aid programme in the primary education sector. This activity is also complimented by EU support to primary and secondary education under EDF 7 and EDF 8 in the outer islands.

5.4 Coherence with Community Policies

There are obvious linkages between the proposed response strategy for Tuvalu and development policies advocated by the Community. First, the strategy is consistent with Article 177 of the EU Treaty. Two of its principal objectives are poverty eradication and sustainable development. Providing better school facilities, helping to build a more highly educated work force, tackling difficult rural development initiatives on the outer islands, such as improving basic living conditions, sustainable use (conservation and protection) of the natural environment including the natural resource base, are embedded in the two focal sectors.

In fisheries, the EC will ensure coherence between its commercial interests in harvesting tuna from the Pacific, and the developmental imperatives of equitable returns, promotion of onshore fish processing and coastal fisheries, transparency in providing accurate information on fishing effort and catch, and strict adherence to the principles of resource conservation and sustainability.

Tuvalu is one of the candidate countries to enter into a bilateral Fisheries Agreement with the EC, which will be beneficial for the exploitation of this valuable resource.

PART B : TUVALU NATIONAL INDICATIVE PROGRAMME

6. NATIONAL INDICATIVE PROGRAMME

6.1. Introduction

Within the framework of the present Country Support Strategy (Part A) and according to the provisions of Article 4 of Annex IV of the Cotonou Agreement, the Parties have agreed on the main priorities for their co-operation (see Chapter 5) and on the sectors on which Community support will be concentrated. A detailed Indicative Programme, including a set of tables on commitment and disbursement forecasts as well as a preliminary chronogramme of different activities is presented hereunder.

Amounts mentioned in this chapter indicate the global repartition of funds between the focal sectors, macro-economic support and other programmes. This repartition can be modified in the context of operational performance or ad hoc reviews.

6.2. Financial Instruments

The EC Country Support Strategy for Tuvalu will be financed through different instruments with following indicative allocations:

- (a) **9th EDF A-envelope** (€3.3mn). This amount shall serve to cover long term development operations within the framework of the Support Strategy and include social sector support (90%) and support to Non-State Actors (10%).
- (b) **9th EDF B-envelope** (€0.7 mn.). This will be mobilised to provide additional support when this becomes necessary as a result of external factors.

Apart from the above-mentioned financial instruments, of which the A-envelope is the main programmable basis for the Indicative Programme, the 9th EDF also includes the "Investment Facility" as a financing instrument managed by the European Investment bank (see Part A, chapter 5). The Investment facility does not form part of the Indicative Programme.

Specific action could be financed via budget lines, especially in the areas of decentralised co-operation, NGO financing, human rights and democracy. These are subject to specific rules and regulations and depend on availability of funds. Tuvalu can also benefit from the Regional Indicative Programme or from trade specific operations, according to needs and availability of funds. More details will be discussed in the framework of the 9th EDF regional programming for the Pacific Island States

6.3. Area of Concentration : Social Sector Support

Within the general framework of the present Country strategy paper, the Parties have agreed on the main priorities for their co-operation (see previous chapter) and on the sector(s) on which the support of the Community will be concentrated. It is based on the resources of the A-allocation.

Amounts mentioned in this chapter indicate the global repartition of funds between the focal sector(s), macroeconomic support and other programmes. This repartition can be modified in the context of operational, performance or ad hoc reviews.

Envelope A shall be allocated between one focal sector and direct support to Non-State Actors as follows:

- Social Development Support, 90% of Envelope A or €3.0 million, specifically for activities in the Outer Islands in education, water supply and environment.
- Direct support to Non-State Actors, 10% of Envelope A or €0.3 million for developmental activities and capacity building.

6.4. Macroeconomic support

The Indicative programme does not foresee macroeconomic support. However, in the light of current needs, it may be decided to reallocate funds from other headings in the Indicative programme to this type of support. Such a decision may be taken by specific agreement between the Chief Authorising Officer and the National Authorising Officer or in the context of an operational, performance or ad hoc review.

6.5. INTERVENTION FRAMEWORK				
Objective/Level	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Major Assumptions
1. <u>Overall Objectives:</u>	<ul style="list-style-type: none"> To improve the quality of life in Tuvalu, in particular by improving human resources, human settlements and the environment. 	<ul style="list-style-type: none"> Higher annual rates of national investment in the sectors of education, social infrastructure and the environment. 	<ul style="list-style-type: none"> Parliamentary appropriations as contained in the Government's annual national budgets. 	<ul style="list-style-type: none"> The Government maintains a stable macroeconomic policy framework.
2. <u>Project Purpose:</u>	<p><u>In the education sector:</u></p> <ul style="list-style-type: none"> Support to primary and secondary schools and potentially vocational training. Raise the standard of education by providing adequate teaching/ learning materials, furniture and equipment. Address the teacher shortage by providing incentives e.g. housing for teachers. <p>In the Human settlements/ environment sector:</p> <ul style="list-style-type: none"> Upgrading living conditions by improving social infrastructure and promoting environmental conservation, protection and management of the natural resource base. 	<p><u>In the education sector:</u></p> <ul style="list-style-type: none"> Improve education facilities for primary school teachers and students Lower student/teacher ratios. Improve school maintenance at both primary and secondary schools. <p><u>In the human settlements/ environment sector:</u></p> <ul style="list-style-type: none"> Provide improved access to funds by NGO's to assist them in their efforts to improve the living standards of the "disadvantaged section of the community, including women, the elderly, disabled and the unemployed. Provide a cleaner, healthier environment through better waste management and disposal. 	<ul style="list-style-type: none"> AWP successfully implemented. Annual Department of Education reports. Annual Public Works Department reports. Number and type of income generating initiatives undertaken by small community groups. Improvement in the employment figures. Improved education facilities for disabled children. Government progress reports on the Waste Management Project. 	<ul style="list-style-type: none"> The Government maintains a stable and sensible fiscal policy, in respect of the national budget.

<p>3. <u>Expected Results:</u></p>	<p>1. All existing primary (10 at present) and secondary (1 at present) schools in the country are adequately equipped with teaching/learning materials, furniture and equipment.</p> <p>2. Improved school libraries.</p> <p>3. Provide housing for teachers through out the country.</p> <p>4. Improved social infrastructure</p> <p>5. Improved environment conservation, protection and management of the natural resource base.</p>	<p>1.1 Provide improved and sufficient teaching /learning materials, equipment and supplies for primary and secondary schools.</p> <p>2.1 Improve library facilities and provide reading materials, furniture and equipment.</p> <p>3. 1 Lower teacher/ student ratio to 20 per classroom.</p> <p>4.1 NGO's to implement project initiatives at the community level.</p> <p>5.1 Improved level of awareness on environmental issues.</p>	<ul style="list-style-type: none"> • Funding commitment for AWP approved. • Examination results. • Review interest shown in education activities e.g. National Essay writing competitions that encourage students to use library facilities and in-turn improve their English. • English examination results. • Teacher numbers (including number of student teachers) plus number of students enrolled – Ministry of Education. • Number of community based projects successfully completed by NGO's. • National Essay Competition for youth – level of interest and awareness shown in numbers taking part 	<ul style="list-style-type: none"> • Inspectors from the Ministry of Education visit schools on a regular basis. • Teachers remain in place. • Students are interested to pursue teaching careers. • Government and donor support towards capacity building initiatives for NGO's. • Some basic level of community interest and understanding for environmental issues. • Regular maintenance of supplies/ equipment by schools. Budgetary support for maintenance provided by Government. • Capital projects are well managed using appropriate project-based TA, as required.
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<p>4. <u>Activities:</u></p>	<ol style="list-style-type: none"> 1. Upgrade / source suitable teaching/learning materials, furniture and equipment. 2. Construct living quarters for teachers. 3. Implement initiatives towards upgrading social infrastructure. 4. Implement waste management measures. 5. Environmental awareness initiatives. 	<ol style="list-style-type: none"> 1.1 Purchase and supply books, furniture, photocopying machines and computers. 2.1 Preparation of architectural designs, and plans, and bill of quantities. Prepare tender documentation, tender and tender evaluation. Award works contract for teacher's quarters. 3.1. NGO's developing community based projects to upgrade / develop community sporting facilities, provide clean drinking water and create income-earning opportunities for women and young adults. 4.1 Waste management project undertaken by schools and NGO's 5.1 Environmental awareness projects undertaken by schools and NGO's. 	<ul style="list-style-type: none"> • Inventory maintained by each school. • Number of living quarters completed. • Number of community based projects developed by NGO's. • Number of community based projects developed by NGO's. 	
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6.6. Activity pipeline chronogramme

Titles	Amounts (in €million)	Identification	Appraisal	Financing decision
Social Development Support Programme	3.0	2001/2	2002/1	2002/2
Support to NSAs	0.3	2002/1	2002/1	2002/2

6.7. Tentative forecast of estimated commitments of 9th EDF resources (€million)

		Cumulative commitments										
	Indicative Total	2001/2	2002/1	2002/2	2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2
Support to NSAs				0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social Development Support Programme			-	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL (cumulated)		-	-	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3

6.8. Tentative forecasts of estimated payments of 9th EDF resources (in €million)

		Cumulative payments										
	Indicative total	2001/2	2002/1	2002/2	2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2
Support to NSAs					0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Social Development Support Programme				0.3	0.7	1.1	1.5	2.0	2.5	3.0	3.0	3.0
TOTAL				0.3	0.8	1.3	1.8	2.3	2.8	3.3		

PUBLIC SECTOR INVESTMENT PROGRAMME				
Tuvalu	Economic Development	Social Development	Productivity Sector	Thematic/Crosscutting Issues
1. Government	<ol style="list-style-type: none"> 1. Operational Grant to the Tuvalu Media Corporation: A\$0.31m (2000) and A\$0.25m (2001). 2. Funafuti Road Reconstruction Project (20 km of roadway). Funding in 2001: A\$7.5m. 3. Construction of new parliament building. Funding: approx. A\$500,000 (2002 or 2003). 4. Relocation of airport terminal/civil aviation facilities. Funding in 2002: approx. A\$0.5m. 5. Wharf warehouse and foreshore protection. Funding: A\$28,000 (2000). 6. Capital injection into the Tuvalu Trust Fund. Funding: A\$5m (2000) and A\$2.8m (2001) 7. Community Fishing Centres in the outer islands. Working capital in 2001: A\$60,000. 8. Community Fishing Centres fit-out. Funding in 2001: A\$30,000. 9. Direct micro expellers for the outer islands. Funding in 2000: A\$80,000. 10. Copra production subsidy. Funding in 2001: A\$150,000. 11. Coconut oil support programme. Funding in 2001: A\$80,000. 12. New bilateral fish licensing agreements have been signed with the ROC, ROK, Japan, as well as fishing companies and associations in Fiji, Vanuatu, Solomons, and FSM. 13. New fish licensing agreements to fish Tuvalu's seamounts are expected in 2001 or 2002. 14. Cargo handling equipment. Funding in 2000: A\$300,000. 15. Electrification of outer islands. Funding: approx. A\$1.35m (2000) and A\$588,000 (2001). (See also Productivity). 	<ol style="list-style-type: none"> 1. Drought relief. Funding in 2000: A\$300,000. 2. Solar water pump project for the outer islands. Funding in 2000: A\$43,750. 3. Desalinators, water tanks, water trucks, upgrading water systems, etc. Funding in 2000 and 2001: A\$350,000. 4. Construction of national sports field. Funding in 2002: A\$500,000. 5. Construction of outer island primary school building (2 islands). Funding in 2001: A\$800,000. 6. Construction of outer island primary school buildings (3 islands). Funding in 2002/2003: A\$1.38m. 7. New housing and renovations. Funding: A\$200,000 (2000) and A\$200,000 (2001). 8. House maintenance. Funding in 2001: A\$200,000. 9. In-service scholarships and training. Funding in 2001: A\$650,000. On-going. 10. Pre-service scholarships and training. Funding in 2001: A\$2.5m. On-going. 11. New water supply system at Motufoua Secondary School. Funding in 2000/01: A\$100,000. 12. Teacher housing at Motufoua. Funding in 2001: A\$100,000. 13. Subsidy for Tuvalu Maritime Training Institute: A\$232,000. 14. TMTI scholarships: A\$400,000. 15. Local contribution to the AusAID waste management project (see below). Funding: A\$240,000 (2000) and A\$240,000 (2001). 16. UNV Surgeon. Funding A\$50,000 (co-financed with 	<ol style="list-style-type: none"> 1. Take-over and restructuring Tuvalu Solar Electric Co-operative Society. Funding in 2000: A\$50,000. 2. Interim administration grant to outer island governments. Funding: A\$500,000. 3. Renovation of outer island council buildings. Funding: A\$200,000. 4. Implementation of outer island local government initiative, the Falekaupule Act. Funding: A\$0.2m (2000) and A\$0.48m (2001). 5. Falekaupule (outer island) Trust Fund capital injection (matching the ADB). Funding: approx. A\$8m (in 2000 and 2001). 6. Outer island contributions to the Falekaupule Trust Fund: A\$1.4m. 7. Outer island tractor project. Funding in 2000: A\$210,000. 8. Outer islands electrification. Funding: A\$1.94m (see also Economic Development). 9. Causeway construction on the island of Nanumea. Funding: A\$100,000 (2001). 10. Renovation of outer island council (Falekaupule) offices. Funding in 2000: A\$200,000. 11. Technical and Capital Grants to island councils. Funding: A\$299,000 (2001). 12. Tied Grants to Island Councils. Funding: A\$112,000 (2001). 13. Renovating cyclone damaged community buildings on the outer islands. Funding in 2000: A\$52,000. 14. The creation and installation of a local Tuvalu ISP (Internet 	<ol style="list-style-type: none"> 1. Signed the Cotonou Agreement between the EU and ACP states in June 2000. 2. Admitted as the 54th full member state of the Commonwealth on 1 September 2000. 3. Admitted as the 189th member state of the United Nations on 5 September 2000. 4. Establishing permanent UN mission to the United Nations in New York in second quarter of 2001. 5. Passage of the Funafuti Conservation Areas Act 1999, creating the Funafuti Conservation Area conserving the marine and terrestrial biodiversity of Funafuti Atoll based on the sustainable use of natural resources. The area encompasses 33 sq. km, and includes reefs, channels, lagoon and islets. 6. Public Sector Reform Initiative: Improving governance in Tuvalu, and links between the government and public service, state enterprises, NGOs, and the private sector. 7. Strengthening local government: passage and implementation of the Falekaupule Act which created stronger local government in the outer islands and devolved central govt. responsibility for outer island affairs to local governments. 8. Draft legislation on Social (and women's) policy currently under review, covering issues of gender equality, social welfare, support for the disabled, etc.

		UNDP, see below).		
Country Matrix	Economic Development	Social Development	Productivity Sector	Thematic/Crosscutting Issues
Government (cont')			gateway) in Oct. 1999, providing full-service Internet access. 16. Additional ISP and computer support to be provided by the .tv Corp. in 2000 and beyond. Funding: US\$10,000/yr.	9. Recent governmental reforms: i) corporatisation of the Broadcasting and Information Office in Jan. 2000 (now the Tuvalu Media Corporation); ii) corporatisation of the Tuvalu Maritime School in Jul. 2000; and iii) privatisation of national shipping services expected in 2001.
2. Private sector	1. Construction of a new double-storey headquarters and exchange building for the Tuvalu Telecommunications Corporation (TTC). Funding: approx. A\$550,000. 2. The fastest areas of growth in the private sector for the years 1996-98 - the most recent data available – are: <i>(in no particular order)</i> <ul style="list-style-type: none"> • mining and quarrying; • construction; • manufacturing; • finance; and • real estate. Indicators suggest that strong growth in these areas has continued through 2000.			
3. Non-state actors: <i>Principals -</i> i) TANGO (Tuvalu Assoc. of Non-Government Organisations) ii) Tuvalu National Council of Women (TNCW) iii) Tuvalu Red Cross Society iv) Tuvalu Family Health	<i>(Examples of projects proposed for Govt. funding in years 2002, under the EU-financed Development Support Programme in focal area 2 and the non-focal areas of the NIP.)</i> 1. Construction of a local market place for women in business. (Cost: A\$46,840) 2. Self-help gardening project on Vaitupu island. (Cost: 82,700) 3. Expanding the Micro-Credit Scheme for women in business. (Cost: A\$62,900).	<i>(Examples of projects proposed for Govt. funding in years 2002, under the EU-financed Development Support Programme in focal area 2 and the non-focal areas of the NIP.)</i> 1. Building, staffing and running a school for disabled people (Cost: A\$126,000). 2. Construction of pre-school buildings on all islands in Tuvalu. (Cost: A\$470,000). 3. Expansion of SDA primary school (Cost: A\$108,800).	<i>(Examples of projects proposed for Govt. funding in years 2002, under the EU-financed Development Support Programme in focal area 2 and the non-focal areas of the NIP.)</i> 1. Construction of a new meeting hall and cultural centre on the northern island of Nanumaga. 2. Extension of handicraft centres on the outer islands. (Cost: A\$115,000).	<i>(Examples of projects proposed for Govt. funding in years 2002, under the EU-financed Development Support Programme in focal area 2 and the non-focal areas of the NIP.)</i> 1. Mangrove propagation, restoration and management project. (Cost: A\$25,800). 2. Mulberry and coconut tree replanting (Cost: A\$15,000).

Country Matrix	Economic Development	Social Development	Productivity Sector	Thematic/Crosscutting Issues
Non-State actors (cont') Association (TuFHA) v) Women in Business vi) National Pre-School Council vii) EKT Church viii) National Association of EKT Church Women ix) SDA Church	5. Business study tour in Fiji for women in business. (Cost: A\$35,250). 6. Construction of a new TANGO building. (Cost: A\$140,000).	(Cost: 48,560). 5. Leadership training for youth. (Cost: A\$46,500). 6. Skills training for women (business management, retail food production, clothes making, etc.). (Cost: A\$34,200). 7. History of the Tuvalu National Council of Women. (Cost: A\$34,700). 8. Improved and expanded water storage for community meeting halls on six outer islands. (Cost: A\$66,600).		
1. European Commission	See Section 4 of the Strategy Paper.	See Section 4 of the Strategy Paper.	See Section 4 of the Strategy Paper.	See Section 4 of the Strategy Paper.
5. EC MS – France		1. New power supply at the Tuvalu Maritime Training Institute. Funding in 1999 and 2000: approx. A\$0.5m.		
6. World Bank	None.	None.	None.	None.
7. UN	1. UNDP – Support to the Business Advisory Unit. Funding: A\$300,000 through 2001.	1. UNFPA support (family planning, population issues) Funding: A\$92,000. 2. UNV Surgeon. Funding: A\$50,000 (co-financed with the Tuvalu Govt., see above). 3. WHO support. Funding in 2000 and beyond: A\$98,000/yr.	1. UNDP and SOPAC: The creation and installation of a local Tuvalu ISP (Internet gateway) in Oct. 1999, providing full-service Internet access. Funding: approx. A\$100,000.	1. Strengthening local governance. Funding: US\$30,000 in 2001. 2. TA Public Sector Reform. Funding: A\$125,000 (co-financed with AusAID, see below).
8. ADB	1. Falekaupule Trust Fund (outer island trust fund capital injection). Funding: approx.: A\$6.1m in 2000 and 2001.	1. Technical assistance project to the Tuvalu Maritime School in 2001. Funding: US\$300,000. Drafting technical proposal for ADB infrastructure loan. ADB loan programming: A\$3m.		1. Participatory Monitoring Evaluation Survey – PME (measuring standards of living on the outer islands). Funding: US\$100,000 through 2002 (co-financed with NZODA. See below).
9. AusAID	1. Assets Management Project. Project began in 1998. Funding: A\$1.2 million over 3 yrs.	1. Waste Management Project. Project began in 1999. Funding: A\$1.5m over three years (see also Productivity Sector). 2. Pacific In-Country Training Project (in health, accounting, management, civil works, mechanical works, etc.).	1. Waste Management Project. Project began in 1999. Funding: A\$1.5m over three years (see also Social Development).	1. TA Public Sector Reform. Funding: A\$125,000 (co-financed with UNDP, see above).

		Funding: A\$150,000/yr (rolling).		
Country Matrix	Economic Development	Social Development	Productivity Sector	Thematic/Crosscutting Issues
		3. Overseas scholarships and training. Funding: A\$850,000. 4. Secondary school teachers: Funding in 2001: A\$36,000. 5. Technical assistance project in education: curriculum development, teacher training, education management programme. Funding: approx. A\$500,000/yr. over four years.		
10. NZODA		1. Overseas scholarships and training. Funding: \$360,000/yr. On-going. 2. Tuvalu Maritime School expatriate staffing. Funding: A\$250,000/yr. On-going. 3. Medical Treatment Scheme. Funding: A\$150,000/yr.	1. Reef channel upgrading on the outer islands. Funding: \$280,000. 2. TA support to the Meteorological station. Funding: A\$30,000. On-going. 3. PWD complex maintenance. Funding in 2000: A\$50,000.	1. Participatory Monitoring Evaluation Survey – PME (measuring standards of living on the outer islands). Funding: US\$100,000 (co-financed with ADB).
11. ROC (Taiwan)	1 Construction of a new three-storey central government office building. Funding: US\$7m. Construction start date: late-2001.	1. Overseas scholarships. Funding: A\$80,000/yr.		2 Capital grant. Funding: US\$500,000/yr.
12. Japan	1. Multi-purpose (inter-island) vessel. Funding: over A\$1m. Scheduled delivery date: 2002.	1. Reconstruction/expansion of Princess Margaret Hospital. Funding: over A\$2m. Project start date: sometime in 2001.		
13. Canada		1. Construction of outer island community water tanks, piggeries, and household kitchens. Funding in 2001: A\$100,000.		
14. SPREP		1. Pacific Islands Climate Change Assistance Programme (PICCAP) and Capacity Building for Environmental Management in the Pacific (CBEMP): Combined funding in 2001: \$200,000.		1. Pacific Islands Climate Change Assistance Programme (PICCAP) and Capacity Building for Environmental Management in the Pacific (CBEMP): Combined funding in 2001: \$200,000.
15. CFTC				1. Legal assistance/Crown Counsel. Funding in 2000: A\$100,000

THE TUVALU TRUST FUND

1. ORIGIN OF THE FUND

When Tuvalu became independent in 1978 it had no financial reserves to speak of. By 1981, the country had a budget deficit estimated at A\$1.5 million – and growing. The following year the government approached the United Kingdom to provide a one-time payment in trade-off for discontinuing their budgetary support. Similar approaches were made to Australia and New Zealand. All three requests were turned down. By 1984, the government had developed the concept of a “Reserve Fund”. This was modelled on the Kiribati Revenue Equalisation Reserve Fund; a managed financial asset built up from colony savings and taxation on phosphate mining in Ocean Island. * It was proposed that income from the Reserve Fund would be used for recurrent expenditure. Upon further refinement in late 1985 the so-named “Tuvalu Trust Fund” was presented in detail to Australia, New Zealand and UK for consideration. New Zealand expressed backing for the proposal, indicating it would contribute NZ\$7.5 million but on the condition that other perspective donors also made a sizeable contribution. The UK and Australia subsequently joined New Zealand. After refining the political, legal, economic, and financial requirements of the Fund, a legally binding international agreement was drafted. The International Agreement setting up the Tuvalu Trust Fund was signed in Suva, Fiji on 16 June 1987. Signatories to the Agreement were the governments of Tuvalu, Australia, New Zealand, and UK. The Fund itself was established on 21 August 1987, with an initial value of A\$27.1 million, of which nearly A\$25 million came from the founding donors, A\$1.6 million from Tuvalu, and \$700,000 from Japan (not a signatory to the Agreement). The Tuvalu government has since invested an additional A\$18.7 million in the fund, with another A\$2.8 million contribution budgeted for in 2001.

2. PURPOSE OF THE FUND

As defined in Part I, Article 2 of the Agreement, the Fund provides a source of annual income that helps the Tuvalu Government meet its recurrent budgetary expenditures but without aid making open-ended budgetary commitments or interfering in the running of Tuvalu’s affairs. Donors instead provide policy and financial advice in connection with the Fund and its disbursements. The Fund provides the government with a greater degree of financial autonomy, enables the government to maintain, and if possible, improve infrastructure and services, and expands the capacity of the government to meet its operating costs and long-term maintenance obligations.

3. HOW THE FUND OPERATES

In accordance with Part II, Article 6, the Agreement sets up a Board of Directors that governs the Fund and in which all powers of the Fund are vested (and exercisable). The Board is comprised of a Director appointed by the Tuvalu Government (historically the Minister of Finance), who is Chairman of the Board, and one Director appointed by each other original party to the Agreement (Australia, NZ, UK). The Board is supported by a part-time secretariat, usually consisting of the Secretary to Finance and Assistant Secretary to Finance. In addition, the Agreement sets up an advisory

committee (made up of four representatives appointed by the original signatories) that monitors Tuvalu's use of the income earned from the Fund.

Other key elements of the Agreement are:

- the real capital value of the Fund be maintained before any funds can be distributed;
 - the appointment of professional overseas fund managers (presently Country Investment Management Ltd. and Solomon Smith Barney Asset Management Australia Ltd.);
 - the appointment of a fund monitor (presently William M. Mercer Pty Ltd.) to oversee the performance of the managers;
 - the appointment of an auditor to audit the Fund's annual accounts (presently Ernst & Young).
- clearly defined responsibilities of the government and the other signatories;
- the preparation of timely audits, performance reports, and annual reports; and
- allowing for accession of additional contributors (as in the case of the EU through the Fuel Import Programme and the Development Support Programme).

Finally, as established by the Board, the present benchmark standard for reporting by the fund managers and monitor is the Australian stock exchange's S & P ASX 300.

4. FUND INVESTMENT STRATEGY

The investment strategy for the Fund is generally conservative, with the aim being long-term asset growth as opposed to short-term gains. Investment risk is limited by appropriate diversification between and within asset classes, with a percentage of assets held in defensive positions in the event of a prolonged downturn in the market. As indicated earlier, the Fund is split between two Fund managers for the purpose of portfolio diversification and to create a competitive investment environment between the two managers. Solomon Smith Barney's portfolio is based on 'value-style' assets, with County's portfolio is based on 'growth-style' assets.

5. CURRENT STATUS OF THE FUND

The Fund is split between two accounts, A and B. The A account is the Tuvalu Trust Fund while the B account is a buffer fund of distributed but as yet unspent money (i.e., savings) belonging to the government. It is from this savings that the government periodically transfers (or reinvests) money back into the A account, increasing the maintained value of the Fund and increasing Tuvalu's share of the contributions. It is also from the buffer, or B account, that money is drawn to meet the government's annual recurrent expenditures.

5.1 Market value of the Fund's A and B accounts

The closing market value of the A Account for the period ending 30 September 1999 was A\$59,908,000. The closing market value of the A Account as at 30 September 2000 was A\$66,574,375. This represents an investment return of 11.1%, with a cash outflow – the distribution – of A\$4,090,352 in the December quarter of 1999. The

closing market value of the A Account, split between the two A Account Fund Managers, as at 30 September 2000:

County Investment	:	A\$33,038,281
Solomon Smith Barney:		A\$33,536,094

The closing market value of the B Account for the period ending 30 September 1999 was A\$8,720,000. The closing market value of the B Account, as at 30 September 2000, was A\$20,226,687, a 132% increase. For the financial year, the B Account had a cash inflow of A\$20,090,352 and a cash outflow of A\$9,200,000.

During the financial year, the B Account had a maximum value of A\$27,421,655, for the quarter ending 31 March 2000.

5.2 Maintained value of the A Account

The estimated maintained value of the A Account for the period ending 30 September 1999 was A\$55,823,099. The estimated maintained value of the A Account, as at 30 September 2000, was A\$60,551,331 (provisional), based on a yearly inflation rate of 6.24%.

5.3 Automatic distribution for 2000 and 2001

The automatic distribution from the A Account for 2000, based on the differential between the market value and the maintained value as at 30 September 1999, was A\$4,090,352. The automatic distribution from the A Account for 2001 as at 30 September 2000, is A\$6,000,000.

THE EDUCATION SECTOR IN TUVALU

1. Education Policy

The Tuvalu Government ranks human resource development, especially education and training, as a high priority because it has such a key role to play in meeting the needs of a modern labour market, while trying to underpin cultural traditions at the same time.

Tuvalu's education policy is defined in what is known as the Education for Life programme – or EFL. EFL, which arose out of a 1988 study on the education sector¹ and was launched in 1994, is the main platform for improving national standards of education in Tuvalu. EFL initiatives range from building libraries; curriculum development; teacher training, housing and recruitment; vocational studies; and adult education; to renovating and constructing pre-, primary and secondary school buildings.

The broad policy goal of EFL is:

Restructuring the education system to align it more closely with the aspirations and overall needs of the country, while drawing from and supporting essential elements of Tuvalu culture.

The long-term aims of EFL are:

Ensure that education helps spur future economic growth and national development.

Provide free universal education from pre-school through Form 6, and increase the number of overseas scholarships awarded.

At the core of EFL are four elements: compulsory education, increasing educational opportunity, equal access to a good education for all Tuvaluans, and encouraging both parental and community support for, and participation in, the education system

2. Education Initiatives

EFL contains the following strategic initiatives – some of which are continuously evolving:

- Redesign and strengthen the administration of the Tuvalu education system.
- Provide a minimum of ten years compulsory education for all Tuvaluans between the ages of 6 and 15.
- Provide pre-school education for children 3 to 5 years old.
- Upgrade facilities and improve services for the education (and rehabilitation) of disabled people.

¹ See Australia, New Zealand, and UK Governments and the ILO (1988). *Education for Life. A Review of Manpower, Education and Training Needs of Tuvalu*. September 10.

- Increase the provision of technical and vocational education for students following Year 10 (Form 4, sixteen years and older).
- Renew and reform the curriculum at all levels, so that greater attention is paid to technical and vocational training and study of the Tuvalu culture.
- Set up a mechanism that will monitor (i) individual educational achievement and (ii) national education standards.
- Set up a system of in-country teacher training to increase the number of qualified teachers.
- Construct, refurbish, and rehabilitate school buildings to upgrade educational infrastructure, and to meet the growing demands placed on Tuvalu's education system.

3. EFL Today

Now in its second decade, the government is planning to review the Education for Life programme from top to bottom. The Ministry of Education has proposed an ambitious agenda, starting with a national public forum involving teachers, administrators, school committees, island leaders, and parents.

The intended outcome of this forum will be a basis for designing and implementing further changes to the educational system that are both practical and sensible, and which lead to improved education standards in Tuvalu. The specific goal is to find and target weak spots in primary education, secondary education at Motufoua, and at the Tuvalu Maritime Training Institute.

Tuvalu: Primary and Secondary Education Data

No.		Island									Total
		Nanumea	Nanumaga	Nukunono	Nui	Vaitupu	Nukufetau	Funafuti	Nukulaelele	Niukakita	
Primary Schools											
1.	No. of primary schools per island	1	1	1	1	1	1	1	1	1	9
2.	<u>Enrollment (2000)</u>										
	Boys	98	65	78	65	161	105	387	45	12	1,016
	Girls	97	52	69	46	132	64	345	43	5	853
	Total	195	117	147	111	293	169	732	88	17	1,869
3.	<u>% of nationwide enrollment</u>										
	Boys	9,6%	6,4%	7,7%	6,4%	15,8%	10,3%	38,1%	4,4%	1,2%	100,0%
	Girls	11,4%	6,1%	8,1%	5,4%	15,5%	7,5%	40,4%	5,0%	0,6%	100,0%
	% total	10,4%	6,3%	7,9%	5,9%	15,7%	9,0%	39,2%	4,7%	0,9%	100,0%
4.	No. of teachers per school	6	4	6	3	6	4	19	3	1	52
5.	No. of teaching assistants per school	3	4	3	4	7	5	11	3	1	41
6.	No. of teachers & teaching assistants per school	9	8	9	7	13	9	30	6	2	93
7.	Average student/teacher ratio	32,5	29,3	24,5	37,0	48,8	42,3	38,5	29,3	17,0	33,2
8.	Average student/teacher ratio (including teaching assistants)	21,7	14,6	16,3	15,9	22,5	18,8	24,4	14,7	8,5	17,5
9.	No. of existing primary school classrooms	10	4	5	4	6	9	19	3	1	61
10.	Estimated no. of new primary school classrooms	0	5	7	5	12	0	5	7	1	42
11.	Total no. classrooms (existing and new)	10	9	12	9	18	9	24	10	2	103
12.	Estimated avg. class size (existing and new classrooms) ¹	19,5	13,0	12,3	12,3	16,3	18,8	30,5	8,8	8,5	15,5
Secondary Schools											
1.	No. of secondary schools ²	0	0	0	0	1	0	0	0	0	1
2.	<u>Enrollment (2000)</u>										
	Boys	-	-	-	-	288	-	-	-	-	288
	Girls	-	-	-	-	271	-	-	-	-	271
	Total	-	-	-	-	559	-	-	-	-	559
3.	<u>Enrollment by class (2000)</u>										
	Form 3: Boys	-	-	-	-	112	-	-	-	-	112
	Girls	-	-	-	-	96	-	-	-	-	96
	Total	-	-	-	-	208	-	-	-	-	208
	Form 4: Boys	-	-	-	-	104	-	-	-	-	104
	Girls	-	-	-	-	86	-	-	-	-	86
	Total	-	-	-	-	190	-	-	-	-	190
	Form 5: Boys	-	-	-	-	46	-	-	-	-	46
	Girls	-	-	-	-	48	-	-	-	-	48
	Total	-	-	-	-	94	-	-	-	-	94
	Form 6: Boys	-	-	-	-	26	-	-	-	-	26
	Girls	-	-	-	-	41	-	-	-	-	41
	Total	-	-	-	-	67	-	-	-	-	67
4.	No. of teachers	-	-	-	-	27	-	-	-	-	27
5.	Average student/teacher ratio	-	-	-	-	20,7	-	-	-	-	20,7
6.	No. of classrooms	-	-	-	-	na	-	-	-	-	na
7.	Total primary & secondary school enrollment	195	117	147	111	852	169	732	88	17	2,428

¹ These figures are an indicative estimate of future student-teacher ratios following the enlargement of all the primary schools, except those on Nanumea and Nukufetau, which were enlarged in 1998 under the EU-financed *Outer Island Primary School Rehabilitation Project*, and the hiring of additional teachers.

² Motufoua Secondary School, on the central island of Vaitupu, is the only secondary school in Tuvalu.

ANNEX 4

TUVALU'S APPROACH TO ENVIRONMENT AND CLIMATE CHANGE

In recent years Tuvalu has made considerable progress in crafting and implementing policies which focus on environmental protection and management. The Review of Environmental Education published in 1992, the State of the Environment Report published in 1993, and the Environmental Legislation Review published in 1994, all fed into the Tuvalu National Environmental Management Strategy (NEMS), which was published in 1997. NEMS is the central document guiding the evolution of the Tuvalu government's environmental policy and action on the environment.

In 1999, the government launched the Tuvalu Waste Management Project (with AusAID, on-going) to deal with waste reduction, municipal waste management, waste water, and hazardous and special waste management (a NEMS recommendation). Waste management in Funafuti has vastly improved as a result, through the systematic collection and disposal of solid waste, recycling some inorganics (aluminum cans, used oil), mulching and composting household garden refuse. The government intends to extend this project to the outer islands in the 2003, with budgetary support from the EU under EDF9.

The Funafuti Conservation Area, established in 1997 through SPREP (another NEMS recommendation), is a marine and terrestrial wildlife sanctuary on the western side of the Funafuti lagoon, and contains the richest coral reef ecosystem in the Funafuti Atoll. The Conservation Area protects biodiversity and has led to a renewal of marine life, terrestrial animal and bird populations, not just in the Conservation Area but around the atoll. Unreservedly, this project has rather quietly become a major success.

The government and island communities are continually funding projects (or seeking funding) to upgrade and expand the catchment, collection and storage of rainwater. Only a few of the islands possess potable underground water and even then this water is of secondary importance to collected rainwater. Water management vis-a-vis contamination of underground water supplies is therefore not an issue. The SPREP-funded International Waters Programme (IWP), the latest regional project, is addressing a wide range of issues involving oceanic and coastal waters, and terrestrial fresh water, in relation to environmental protection and management. The government has recently appointed a national IWP Co-ordinator in the Ministry of Environment, Energy and Tourism.

The government is aware that economic and social development can impose high costs on the environment. With only limited resources available, development policies thus attempt to guard against incurring such high environmental costs, while initiating remedial measures that repair past environmental damage, and protect the existing natural environment.

There is a growing environmental awareness in Tuvalu as a direct result of national (and local) government intervention in the last ten years. Such awareness raising is a central feature of NEMS to improve environmental management. Other NEMS recommendations include Integrated Coastal Zone Management (ICZM), environmental impact assessment legislation and practice, the Funafuti Conservation

Area (described above), and local responses to climate change and the prospect of sea level rise (described below).

Atoll coastlines are inherently fragile, naturally dynamic, and sensitive to interference of any kind. But near-shore areas in Tuvalu are often the site of intense human activity, which can harm the natural coastline. To forestall man-made interference, elements of the integrated coastal zone management in Tuvalu include:

- establishing setback guidelines for buildings (in progress, including geo-technical investigations for large structures, e.g., the new government building and the hospital complex);
- planting vegetation close to shorelines (on-going);
- protecting existing shoreline vegetation (on-going);
- requiring EIA's for all large public and private works projects (not yet in place);
- limiting or forbidding extraction of raw building materials from shorelines (in place, most sand and aggregate is now imported from Fiji by barge, by decree of the national government and local Funafuti government, which represents local landowners);
- construction of seawalls (on-going, e.g., Funafuti Road Project); and
- land reclamation where it's feasible (presently the World War II era "borrow pits", some of which have already been reclaimed or partly reclaimed).

Local defensive strategies to climate change and sea level rise include increasing fresh water storage (always on-going), building seawalls (mentioned above), introducing more stringent building codes (difficult considering local building customs, the regulatory oversight involved and cost), increasing community awareness, and continuing to emphasize national policies that seek to create more economic opportunities for Tuvaluans abroad (such as maritime training and agreements with foreign countries allowing Tuvaluans to permanently migrate), and, finally, monitoring sea levels – currently being undertaken by the region-wide National Tidal Facility project, run by Flinders University in South Australia.

In addition, many of the programmes currently being developed in Tuvalu within the NEMS' framework – such as raising environmental awareness, ICZM, EIAs – relate to issues associated with climate change. Because these things would be pursued even if sea level rise were not a concern, NEMS' initiatives address both present and future environmental concerns that attempt to guard the general health of the nation's natural and human assets.

In respect of climate change on the international stage, Tuvalu is one of the stronger advocates of the Kyoto Protocol in the Pacific region, and perhaps the loudest voice sounding the alarm on global warming and rising sea levels. A recent example of such advocacy is in the statements voiced by the Tuvalu Prime Minister at March 2002 Commonwealth Heads of Government Meeting, in Brisbane, Australia. The

government strongly supports the Framework Convention on Climate Change, the Kyoto Protocol, and is growing ever more concerned over the prospect of rising sea levels, as expressed at nearly every major international meeting in the last ten years.

For its part, in an effort to reduce greenhouse gas production domestically² and use sustainable (renewable) forms of energy to a greater degree, the government is undertaking the third stage of outer island electrification with hybrid solar-diesel power systems.³ These systems will compliment the existing diesel-based (centralised) power systems and the over 400 (decentralised) household solar PV lighting kits currently installed. This is in addition to the solar-powered satellite earth stations installed on each island, eight in total, including the large solar array operating the main earth-station facilities in Funafuti.

Donor funding for energy in most of the Pacific islands dried up in the mid 1990's – the current EC project in Kiribati is an exception. Indeed, because no donor has expressed any interest in funding projects in this sector since then, recent and new power projects are financed entirely with domestic resources.⁴ In addition, Tuvalu is turning to non-traditional donors as a potential source of new funding, such as private foundations and overseas corporations, to develop a nationwide solar energy project, reinvigorating the use of solar photovoltaics in Tuvalu for household electricity and other applications. There also exists for now the distant possibility of an ADB loan in 2005 to address Tuvalu's non-renewable and renewable power needs (discussions are at a very early stage).

Conventions, Agreements, and Instruments. Tuvalu has ratified – or will soon ratify – the following environment-related international commitments (examples post 1980). Of those not yet ratified, Tuvalu has been and remains in general compliance with the spirit of those commitments.

International Environmental Conventions and Instruments:

- United Nations Convention on the Law of the Sea (UNCLOS), 1982 (to be ratified shortly)
- Vienna Convention for the Protection of the Ozone Layer, 1985
- Montreal Protocol on Substances that Deplete the Ozone Layer, 1987 (ratified except for the London and Beijing amendments)
- Rio Declaration on Environment and Development, 1992

² Tuvalu's production of GHGs is so tiny, for all intents production is zero relative to global output.

³ The first stage, which began in 1984, employed solar PV technology exclusively; in the second, diesel generators with reticulated low-voltage distribution lines were installed.

⁴ External assistance in the energy sector is at its lowest level in the Pacific region in nearly two decades, hence the reliance on domestic finance to meet Tuvalu's growing energy needs.

- United Nations Framework Convention on Climate Change (UNFCCC), 1992
- United Nations Convention on Biological Diversity (CBD), 1992 (to be ratified shortly)
- Kyoto Protocol to the Framework Convention on Climate Change, 1997

Regional Environmental Agreements and Instruments:

- South Pacific Nuclear Free Zone Treaty, 1985
- Convention for the Protection of Natural Resources and Environment of the South Pacific Region and Related Protocols (SPREP), 1986
- United States Multilateral Fisheries Treaty, 1987
- Convention on the Prohibition of Fishing with Long Drift Nets in the South Pacific, 1989
- Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Waste and to Control the Transboundary Movement and Management of Hazardous Waste within the South Pacific Region (Waigani Convention), 1995 (to be ratified shortly)

SECTOR POLICIES

1. Governance

Public sector reform:

Define the services that are best provided by government, and deliver these in the most...cost-effective way in order to maximise the contribution of the public sector to community welfare and economic growth.

Cultural institutions and activities:

Minimise...cultural change in the community, and wherever possible, make use of existing institutions and practices – while applying strict development principles – to [advance national] development.

2. Economic Performance

Structural policies and support to business investment:

Increase per capita incomes through a carefully managed restructuring of the economy to increase business investment, especially in export-oriented industries.

Increase economic welfare by [directing] resources to [areas that] maximise production and incomes.

[Provide] an appropriate and stable legislative and institutional framework for business investment and improve the structure of fiscal settings (see below).

[Improve] sectoral policies to ensure that they are conducive to business investment...and improve the contributions of public corporations to the overall economy.

Macroeconomic policy – fiscal and monetary:

*Maintain economic stability...Set longer-term fiscal settings, as in...longer-term government savings targets to underpin stable growth paths for revenue and expenditure.**

Labour policy:

[Improve] the labour market, including wage settings and terms and conditions of employment...[so as to raise] profitability and investment...and expand the number of skilled labour through education and training.

[P]ursue high-quality employment opportunities in overseas markets that improve Tuvalu's skill base.

* Tuvalu has no central monetary authority and therefore does not control the money supply. The country uses Australian currency as the medium of exchange. Minted Tuvalu coins are fixed at parity with Australian coins of the same value. The government does have some leverage over interest rates through its ownership in the National Bank of Tuvalu and the Development Bank of Tuvalu, with the aim maintaining interest rate stability, and, when justified by economic fundamentals, lower interest rates on business borrowing.

3. Industry Development

[Bring about] structural change in economic activity towards export-oriented industries with growth potential – specifically in commercial fishing, tourism, and small-scale manufacturing.

Fisheries:

Establish a purse-seine fishery and deep-sea fishery, and develop artisanal and other fisheries for export; and maximise income from fish licensing fees in Tuvalu's EEZ by increasing the number of bilateral and multilateral licensing agreements.

Manufacturing and agriculture:

Encourage small business development and small-scale manufacturing through the identification of overseas markets; and assist local [farmers] to meet a larger proportion of the expanding food market...

4. Economic Infrastructure

Provide infrastructure...consistent with existing economic and social needs, and [expand infrastructure] in response to sustainable increases in demand – especially in internal transport (shipping and roads), external transport (air), and telecommunications (domestic and international, including Internet access).

Energy:

Urban – maintain an efficient, financially independent and commercially operated power utility...that is able to provide a cost-effective and reliable electric power supply to meet [rapidly growing] demand.

Rural – [provide] financially viable, commercially sustainable, and reliable electricity supplies to rural districts, and utilise technologies that are technically and commercially proven...

Meet Tuvalu's energy needs, insofar as possible, from clean renewable energy sources.

5. Social Services

Education for Life:

Restructure the education system to align it more closely with the aspirations and overall needs of the country, while drawing from and supporting essential elements of the Tuvalu culture.

Ensure the Education for Life programme helps spur future economic growth and national development and provides a better and more cost effective education.

Provide free universal education for from pre-school through Form 6, and increase the number of overseas scholarships awarded.

Human settlements:

Improve the quality of social and economic services to human settlements on all islands...focussing on improved preventative health care and a better natural and built environment.

Distributing resources more equitably:

Obtain a more even balance of opportunities across all island communities, and to relieve the growth of population and environmental pressures on Funafuti – without unduly compromising national economic growth.

Women in Development:

Ensure that women are able to fully participate in the development process, and in all walks of life...and to enjoy the benefits of that participation.

Youth:

Provide [the resources and] the environment to support youth groups and encourage them as much as possible to take an active part in the development of Tuvalu.

6. National Assets

To establish a register of national assets together with the development of an asset maintenance schedule for all government-owned assets.

To strengthen the institutions responsible for the collection and analysis of financial, economic and social statistics so policymakers are provided with the best possible advice.

7. Foreign Policy

Build a stronger presence in international affairs through membership and participation in the United Nations and Commonwealth.

Forge new development partnerships with countries around the world.

Build support Tuvalu's regional and international agenda.

Support the regional and international agenda of the Pacific Forum.

Focus on development and security issues as they pertain to small island developing states, specifically:

- global climate change, and the probable consequences of rising sea levels.*
- carbon dioxide and other greenhouse gas (GHG) emissions.*
- protection of ocean and island environments.*
- protection of ocean and island resources.*
- management and conservation of ocean resources.*

CONSULTATION PROCESS ON THE COUNTRY SUPPORT STRATEGY (CSS) FOR TUVALU

In August 2000 the Delegation commenced the consultation process with Tuvalu on the CSS. The NAO was provided a copy of the EC's working document on the programming process and informed about the Regional Seminar in Tonga planned for later in the year.

The Pacific Regional Seminar on the Cotonou Agreement took place in Tonga on 21-23 November 2000. An important feature of the seminar was the presentation and explanation of the programming guidelines for the 9th EDF. The Tuvalu delegation consisted of a representative from the Tuvalu Association of Non-Government Organisations (TANGO), and two senior government officials. The participation of civil society together with their government and the Delegation was an important first step of the consultation process.

Soon after the November 2000 seminar in Tonga, TANGO convened a meeting of Non-State Actors to discuss the provisions of the Cotonou Agreement with respect to NSAs. The collective recognised that there was a need for more dialogue and collaboration with government.

The Delegation provided the government, as an example, the draft CSS for Samoa and Vanuatu in February 2001 to assist them in preparing the first draft CSS.

The first draft CSS was received by the Delegation on 20 March 2001. Mr. Enrico Strampelli discussed the draft with the government during a mission to Tuvalu in March 2001.

The second draft CSS was received on 30 May 2001.

The government wrote to 13 NGO's on 5 June 2001, providing them with a copy of the second draft of the CSS for their comments, and advised them of the opportunity to review and discuss the document during the 14-15 June 2001 workshop in Tuvalu (see next paragraph).

The Pacific Concerns Resource Centre (PCRC) and TANGO organised a two-day information seminar from 14 -15 June 2001 for NSA's on the Cotonou Agreement, which the government and the Delegation took part in. An important part of the workshop involved the presentation, review and discussion of the draft CSS.

TANGO organised a follow-up seminar on 9 August 2001 to finalise the NSA's comments on the draft CSS. Senior government officials attended the seminar. This meeting also confirmed TANGO as the Secretariat for the Tuvalu Forum of NSAs on ACP/EU matters.

The NSA's comments on the second draft CSS was sent to the NAO by TANGO on 12 September 2001, with a copy to the Delegation.