

# Tuvalu Development Partners Collaboration

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# Presentation Outline

- **Challenges** confronting progress & post-recovery
  - ✓ Covid pandemic
  - ✓ Surging prices
  - ✓ Adverse effects of Climate Change
- **Economic situation** amid prevailing external uncertainties and risks
  - ✓ Recorded first contraction after 7 years of economic growth
  - ✓ Impacts felt on critical sectors and employment opportunities.
- **Response, Recovery, Resilience**
  - ✓ Gradual boarder re-opening
  - ✓ Building Resilience



Fig 1 – Vessels anchored at the lagoon

# Major Development Challenges Continue Unabated



Climate Change



Covid-19



Supply Chain disruption



Ukraine Invasion



Surging Prices



Fig 2 - Unloading challenges of cargoes at the Outer Island

# Climate impacts to Community Resilience



**Wave Surge** has become frequent and intensified causing more damages to properties



**Coastal Erosion** continues to encroach deeper inland and cause persistent loss of valuable lands

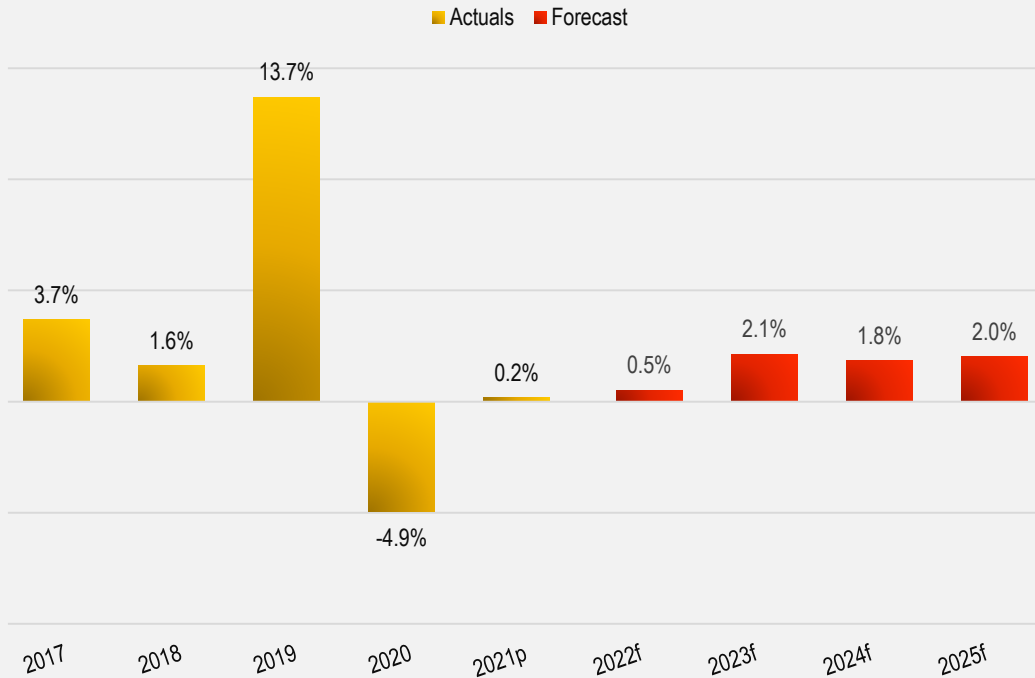


This year's **drought** has exerted substantial impacts on root crops, plants and livestock



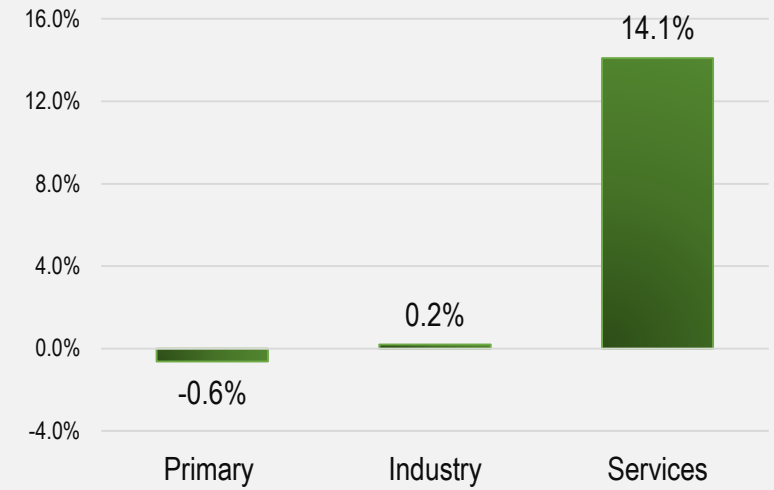
# Low growth prospects

## Domestic GDP Growth



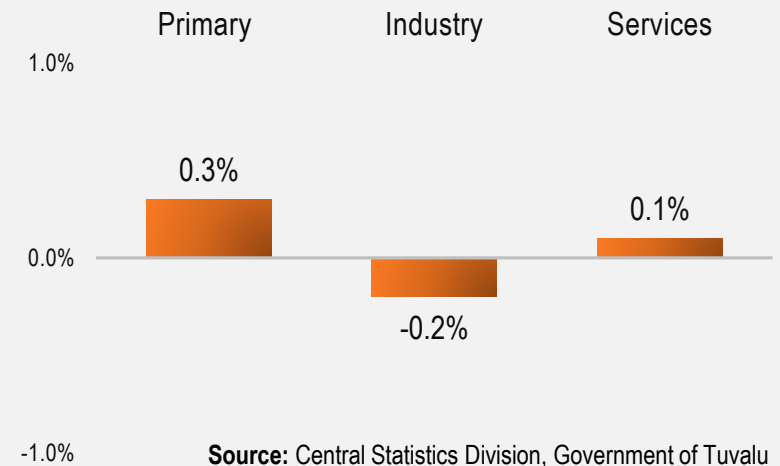
Source: Central Statistics Division, Government of Tuvalu

## 2019 Contribution to Growth



Source: Central Statistics Division, Government of Tuvalu

## 2021 Contribution to Growth



Source: Central Statistics Division, Government of Tuvalu



# Selected Key Indicators (2021)



## Remittance

Remittance plummeted by 22% to \$3.5m



## Financial Assets

Tuvalu Trust Fund's Goal - \$1 Billion by 2030  
CIF \$35M or 17% of TTF maintain value  
Tuvalu Survival Fund 13% of GDP



## Visitors Arrival

Fell by 93% to 38  
1% of pre-Covid level



## Debt

Debt to GDP – 6.5%  
Creditors: ADB



## Seasonal Workers

49% dropped in the number of workers during Covid



## Tax

Tax to GDP – 17%  
Fiscal Balance to GDP – 18% deficit  
Budget Support to GDP – 20%



## Balance of Payment

Current Account (in percent of GDP) – 43%  
Capital Account – 13%



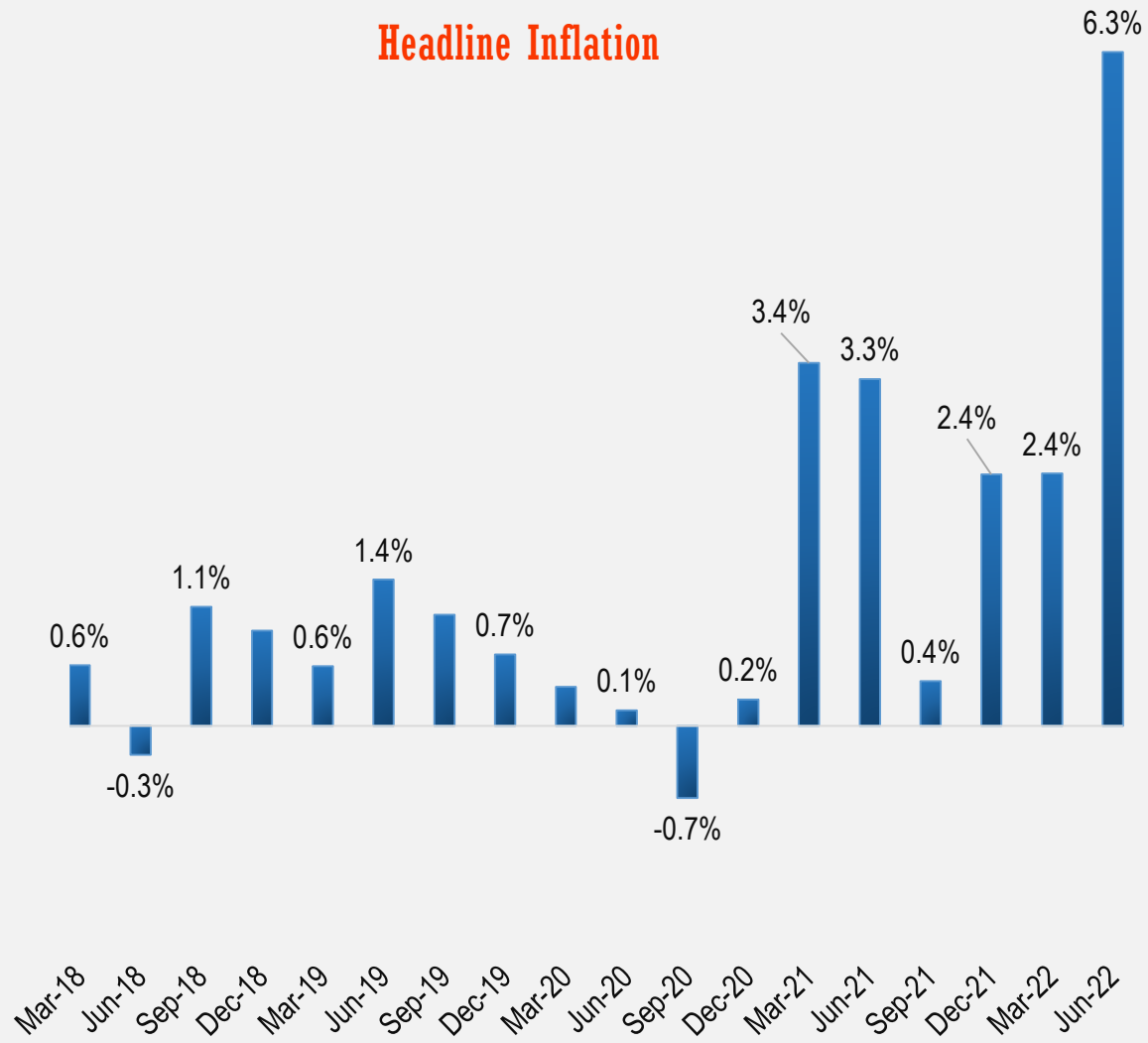
## Vaccine Rate

86% of the Total Population  
97% of the Target Population  
81% of the Eligible Population (First Booster)  
14% of the Eligible Population (Second Booster)



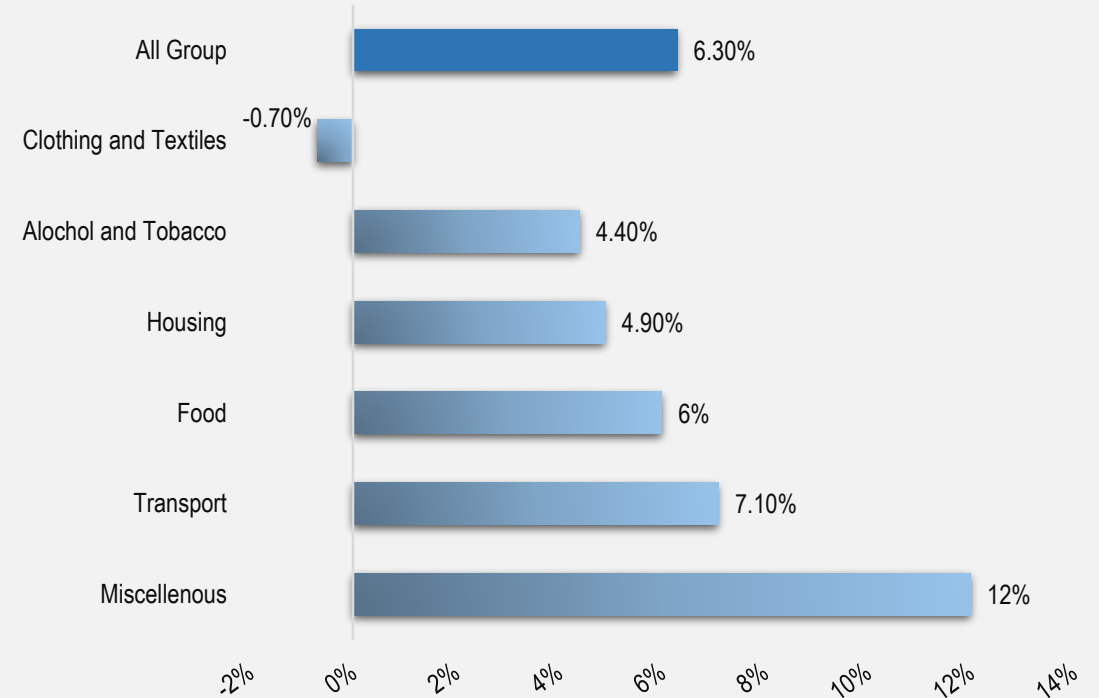
# Global Uncertainties Raise Domestic Prices

## Headline Inflation



Source: Central Statistics Division, Government of Tuvalu

## Second Quarter, 2022



Source: Central Statistics Division, Government of Tuvalu





Fig 3 - Funafuti Taumaketi

# Priority Response Actions



## Inflation Mitigation Response

- ✓ Relief payout
- ✓ International freight transport options
- ✓ Domestic freight subsidy
- ✓ Expanded list of controlled items – Price Control Act
- ✓ Banks' relief measures



## Public Salary Restructure

- ✓ recognizes technical & professions
- ✓ reward performance
- ✓ reduces brain drain & staff turnover



## Achieve Herd Immunity

- ✓ continue vaccination rollout
- ✓ transition to covid-safe strategy



## Ease Boarder Restrictions

- ✓ Restore Weekly Flights
- ✓ Gradual reduction of quarantine days



Fig 4 - International flight



# Priority Recovery Measures



## Enhance Outer Islands Development

- School classrooms
- Coastal protection

## Accelerate Infrastructure Development

- Boat harbors
- Domestic runways
- Solar energy

## Aid for Trade:

- Prioritize job creation in the private sector (construction and hospitality)
- Scale up support for trade and agricultural activities:
  - Coconut Rehabilitation Project
  - Sustainable Food Security Strategy



Improve Health Prevention and Capacity Building



Policy Reforms and Budget Support



Strengthen donor collaboration and alignment



Fig 5 - Toddy from the Coconut Tree



# Policy Reform and Budget Support

## Priority Goals

## Policy Actions

Increased Economic and Trade Integration into global economy

- Enhanced trade from regional trade arrangements (PACER Plus)
- Managing tariff revenue implications of PACER Plus
- Efficient and expedited clearance of imported goods
- Customs legislation and regulation modernized

Improved Public Financial Management

- Fully Utilization of the Financial Management Information System (FMIS) – Technology One
- Timely and Reliable Financial Reporting produced
- Implementation of PFM-related initiatives being supported by PFM technical Adviser

Strengthening and Expansion of Financial Services

- Capacity to manage Anti-Money Laundering issues strengthened
- Provision of insurance services
- Provision of modernized banking and financial services
- Provision of dotTV domain name services

Improved and safe inter-island transportation services

- Provision of reliable and safe domestic air service
- Provision of engineering technical support to help progress major infrastructure works
- Design of a Tuvalu regional infrastructure program which takes into account the differing infrastructure needs and priorities of each island communities.



# Major Policy Reforms delivered with support of ADB/PSDI



## Business Law Reform

- Tuvalu Business Environment Legal Diagnostic
- Tuvalu Competition and Consumer Protection Diagnostic



## Transport Study Options

- Tuvalu International Container Shipping Connectivity Options
- Address freight cost, frequency and consistency of shipping



## Financing Growth

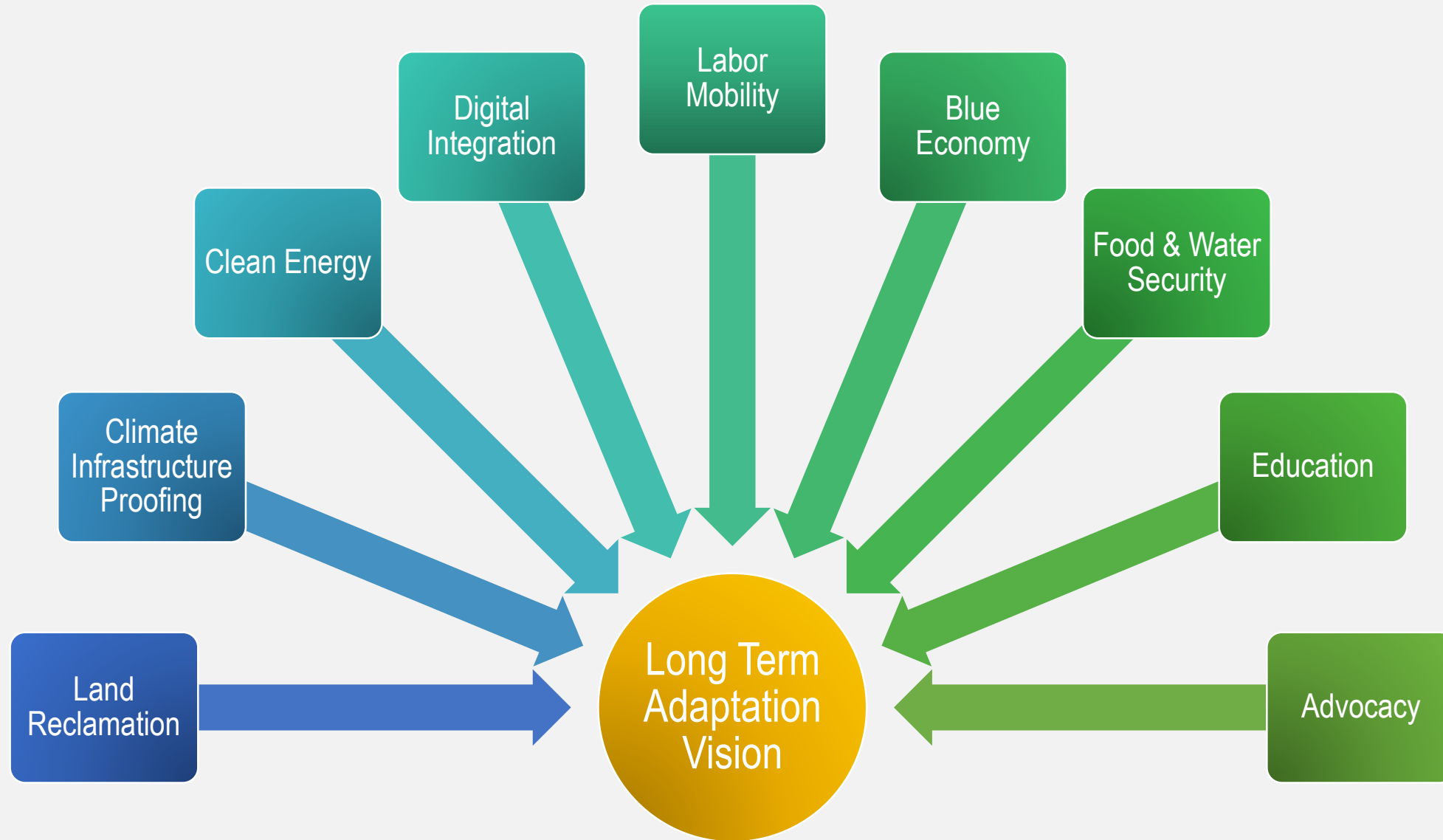
- Lending Sector Institutional Review



## Enabling Environment for Businesses

- Diagnostic Study to identify key area for reforms

# Priority Resilience Initiatives



# Land Reclamation

Addressing **erosion and wave surge** on vulnerable communities



**Coastal protection** erected to reduce impacts of storm surges



**Land reclamation** has proved to be effective and practical solution to raise adaptation against adverse impacts of climate change (Funded under the Green Climate Fund)



Protect **Tuvalu** against sea level rise, erosion and storm surges by investing on land reclamation and costal protections



# Climate Infrastructure Proofing

Major Investment on domestic airline and resilient port harbors to enhance connectivity and trade



Increased **solar energy** backs the transition to achieve national target of 100% renewable energy reliance by 2030.

Nukulaelae Port Harbor has significantly improved the **safe movement** of passengers and cargoes from ship to shore.



Government has invested on building **domestic runways** to improve connectivity between Capital and Outer islands.



# Domestic Runways



Construction of the airstrip in **Nukulaelae Island** is expected to be the first to be completed in early October, 2022. The next phase will be the construction of the Terminal Shelter and other preparatory works.



# Domestic Runways

A **traditional seawall** was constructed in the Nukulaelae Airstrip to retain erosion of soil.



The **Timber Mill Initiative** is part of the Domestic Air Services project with the goal of using the cleared coconut trees to make Timber for local households to use.



# Sustainable and Climate Resilience Initiatives

Root crops planted in cubes to minimize sea water intrusion during king tides



Water Cistern raised above the ground forming the foundation of the building while using as a water storage that could adequately sustain a community over the dry spell period.

Robust housing design withstands flooding caused by wave surge



# Building Resilience through Climate Financing



Top View (Funafuti)





Central Business District



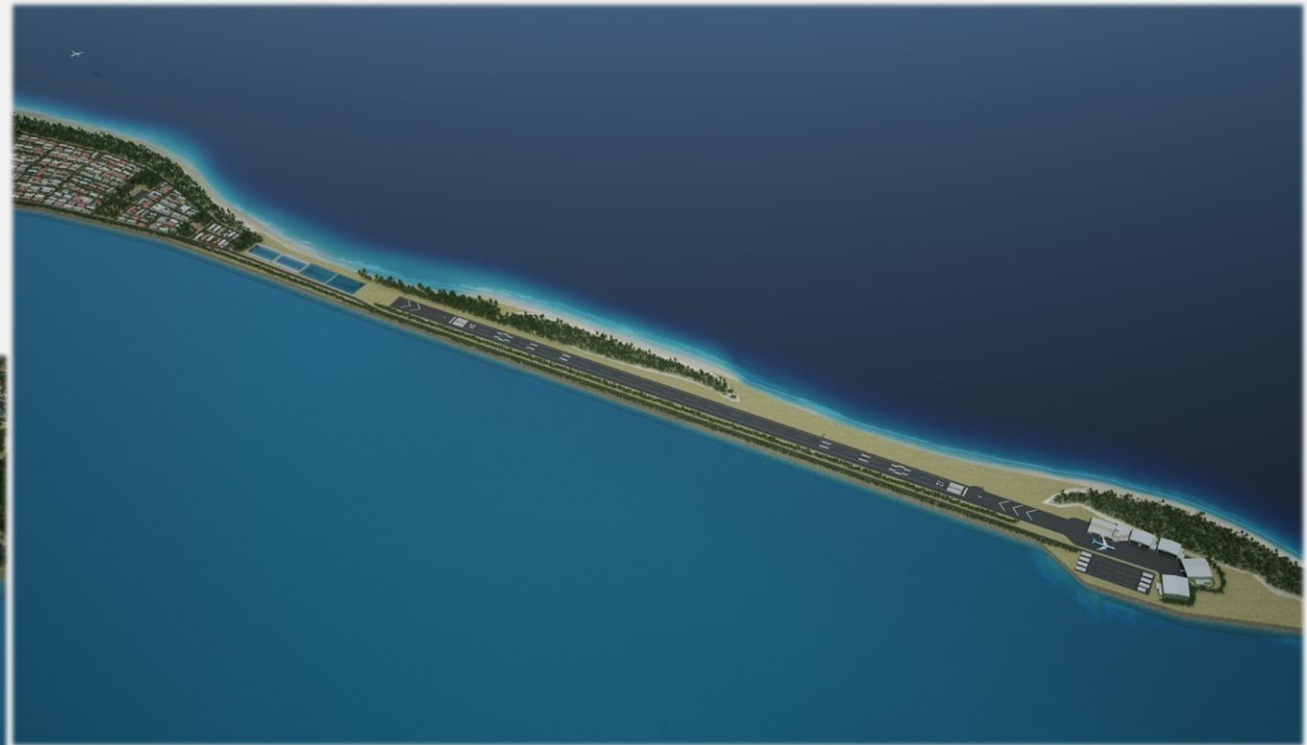
Additional office and residential area



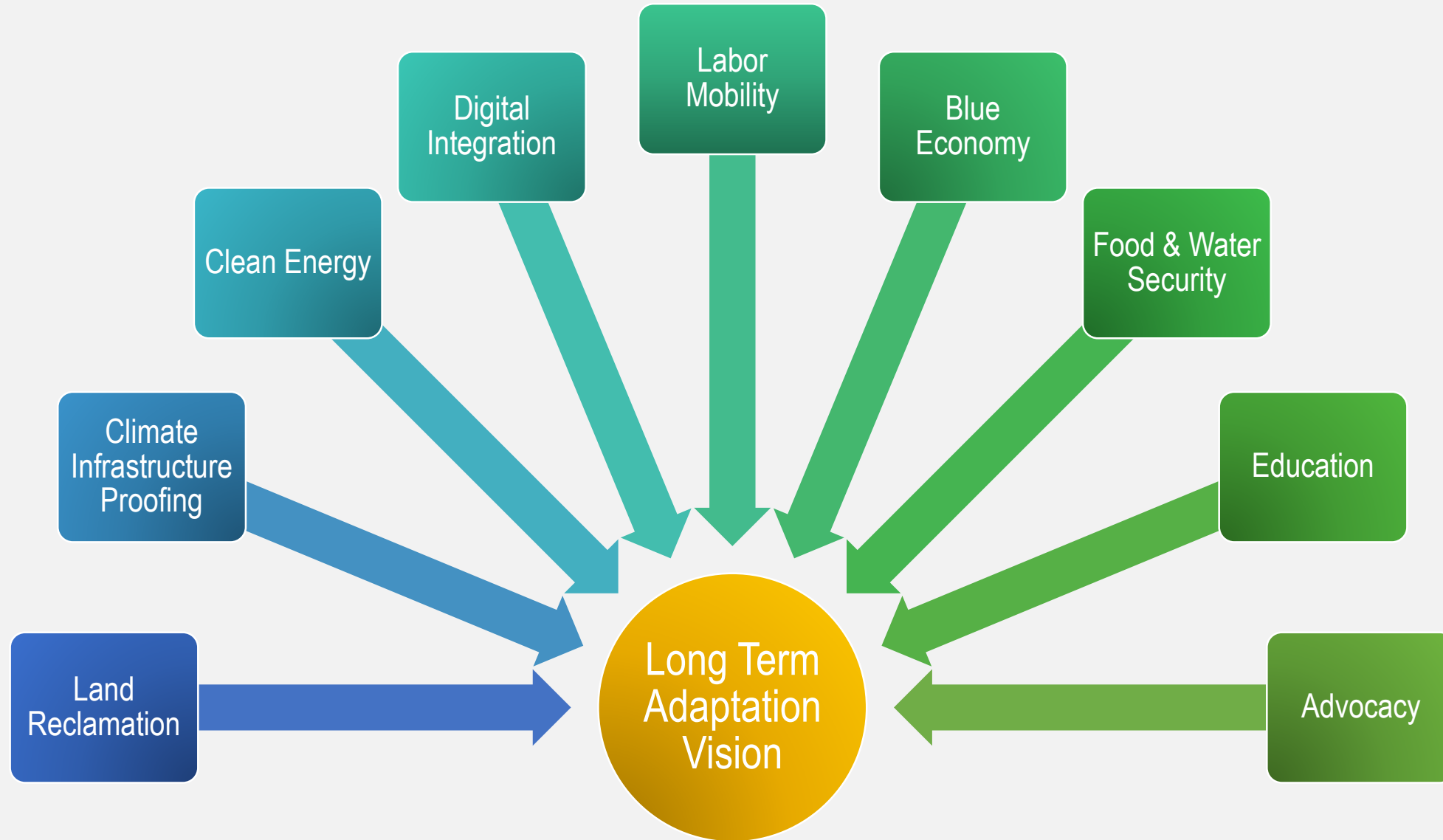
Main Port for International and Domestic Shipping



International Airport New Proposed Site



# Priority Resilience Initiatives





**THANK YOU FOR LISTENING...**