



Government of Tuvalu

Fiscal Year: 2026/27

Citizens' Guide to the National Budget

*Sustaining our Economy, Securing
our Future*

Ministry of Finance and Economic Development



A Message from the Deputy Prime Minister and Minister of Finance and Economic Development

Every year, your Government prepares a National Budget – a detailed plan for how much public money it expects to collect and how it plans to spend that money on services and investment for the betterment of our people. It affects all of us – education, healthcare, addressing the effects of climate change, water and food security, waste management and infrastructure.

The Citizens Budget explains, in plain language, the key numbers and decisions in the 2026–2027 National Budget — where public money comes from, where it goes, and what it means for you, your family, your community, your island. It is a summary only: the full National Budget contains the complete details for every ministry and programme. It helps us as citizens become better informed about the budget and allows citizens to ask questions and form opinions that help us to make decisions we are making today that will shape our future.

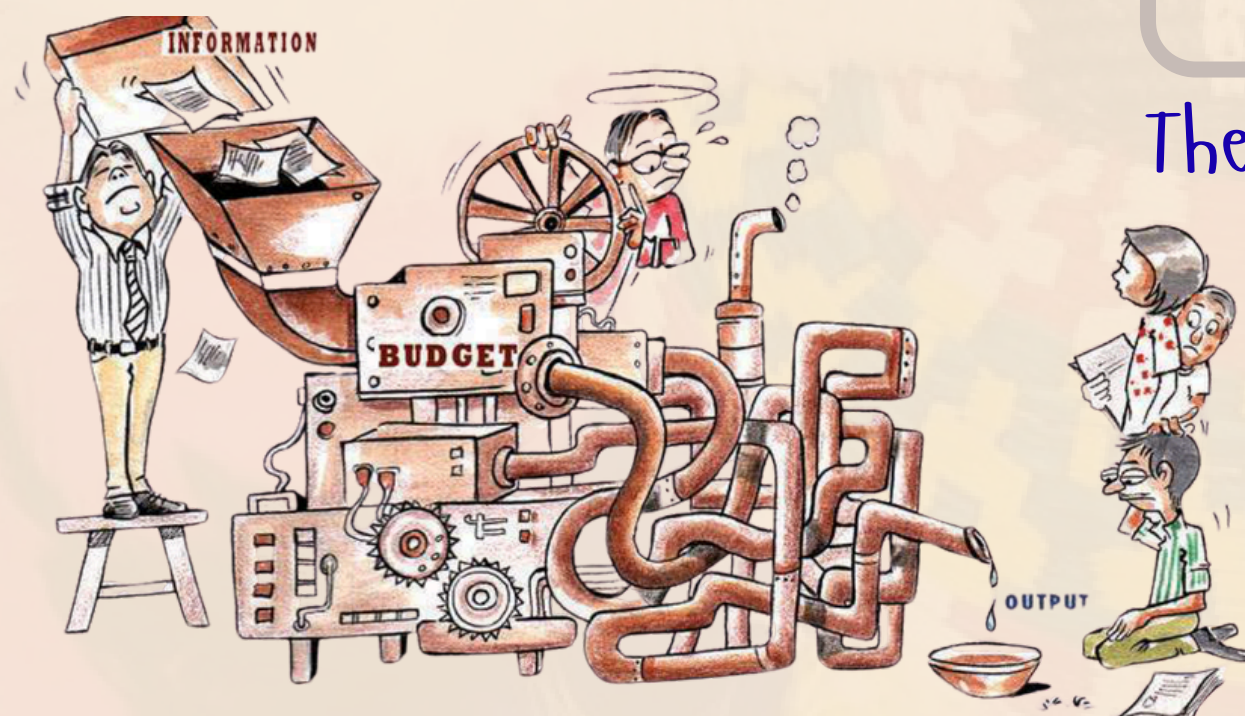
The 2026–2027 Budget is presented under the theme “**Sustaining our Economy, Securing our Future**”, at a time of real pressure on households from rising fuel prices caused by the conflict in the Middle East. As a small and vulnerable island economy, Tuvalu must respond decisively while maintaining responsible fiscal management.

The formulation of the Budget gives careful consideration to preserving fiscal sustainability while recognising that current economic conditions require targeted measures to sustain the economy and protect our people.

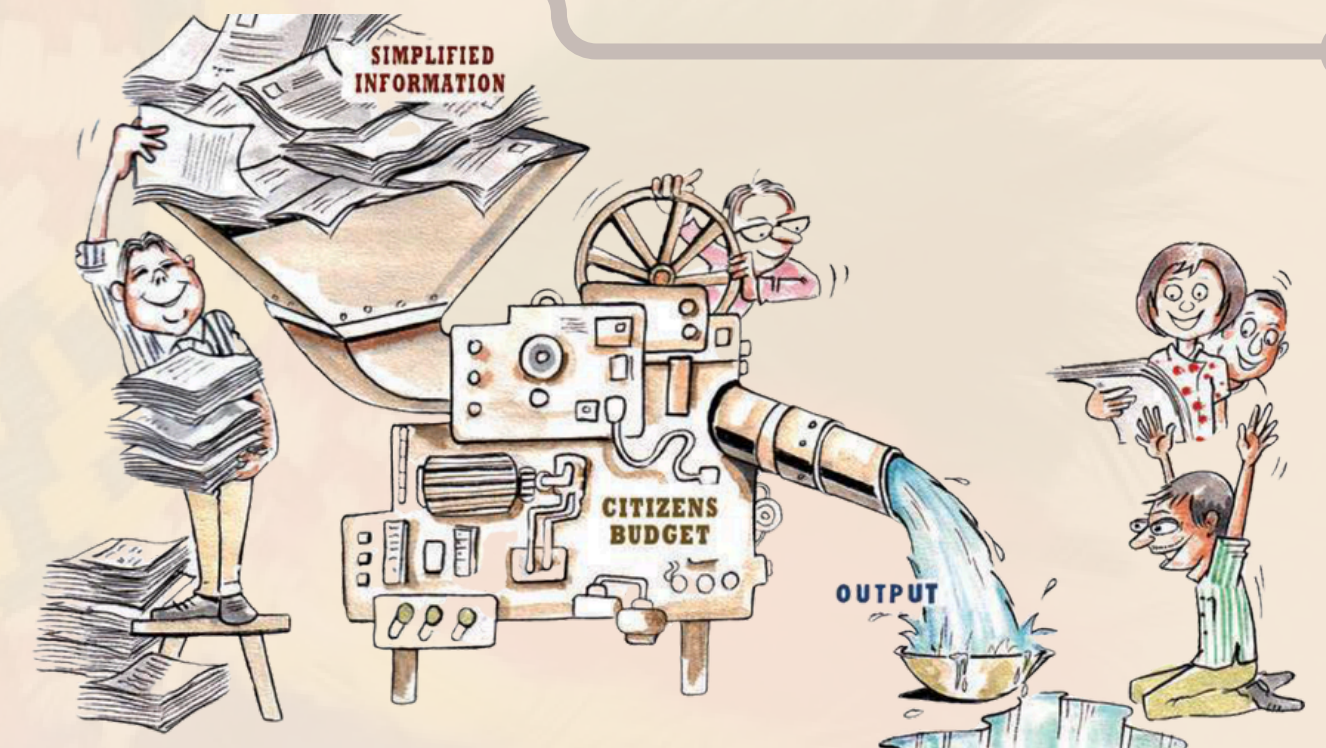
The Budget focuses on creating more employment and economic opportunities through increased investments, support for domestic activities, and initiatives that encourage local businesses, including women and youth. Sustaining economic activity today is essential to securing a stronger and more resilient future.



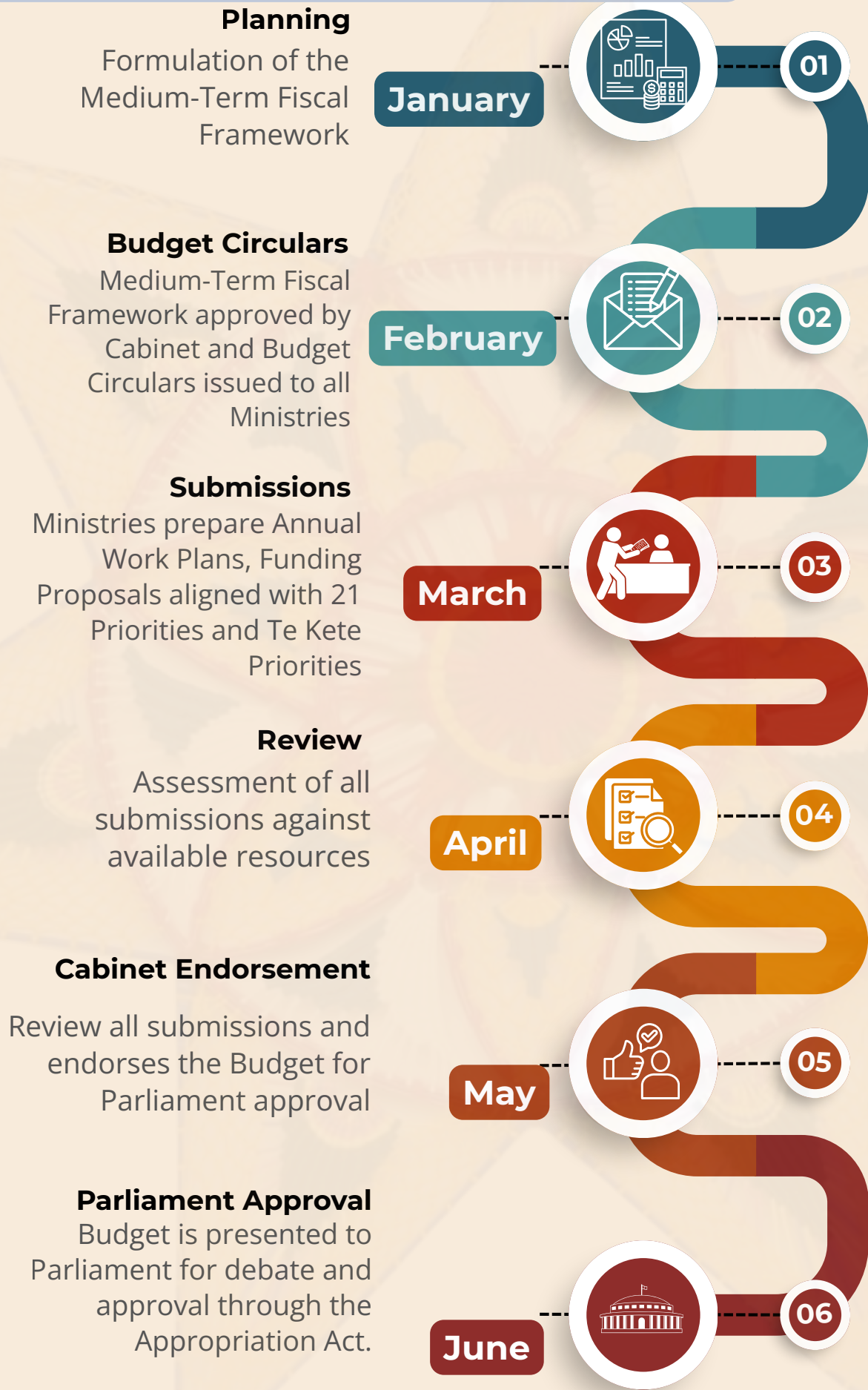
**Hon. Panapasi Nelesone,
Deputy Prime Minister and
Minister of Finance and
Economic Development**



The Power of Making it Simple!



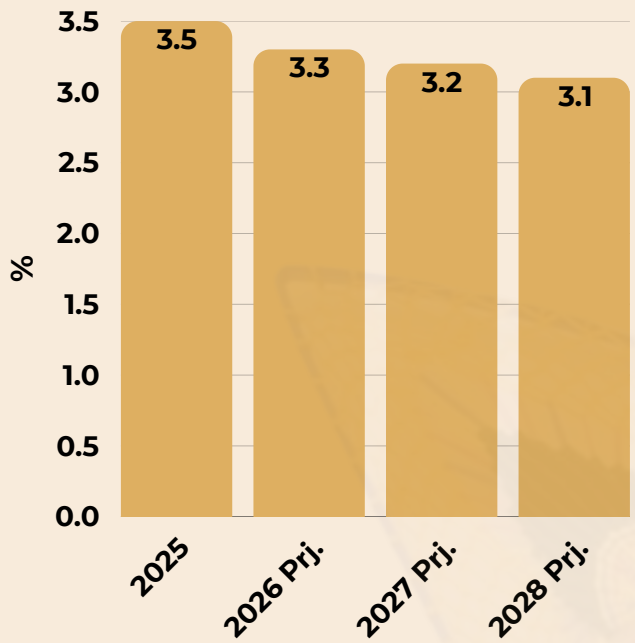
How the Budget is Prepared



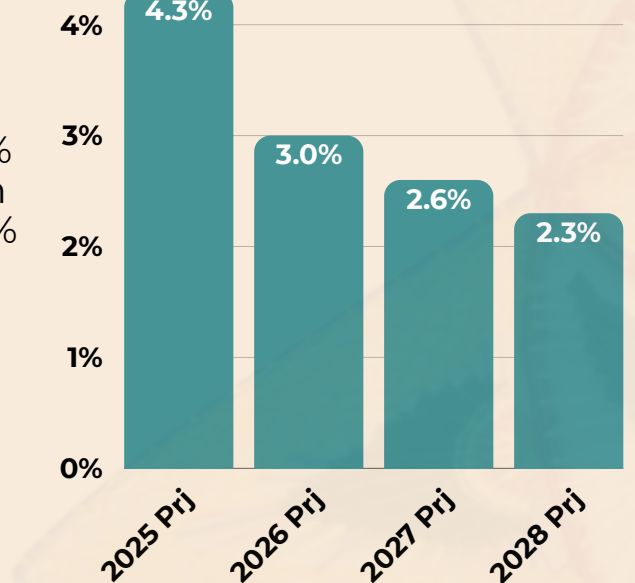
Economic Outlook

Assumptions on the global economy, domestic economy, prices are some of the key variables needed to determine level of key revenue collected and how inflation will affect the cost of goods and services.

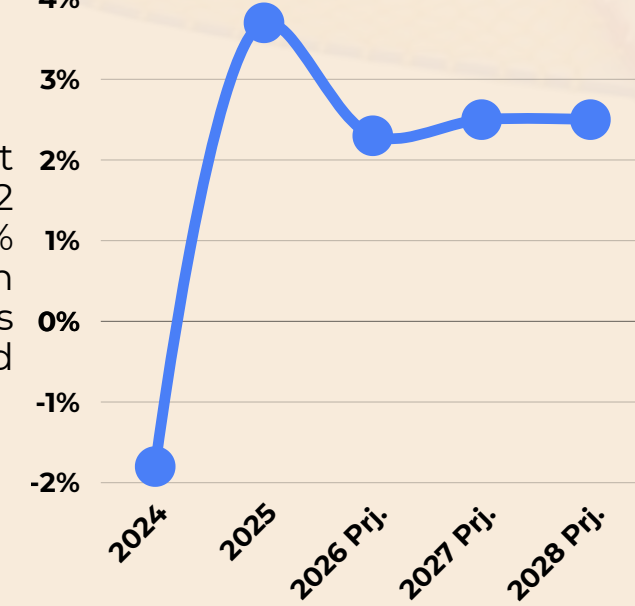
Global Economy
The global economy is projected to grow by about 3.3% in 2026 and 3.2% in 2027 (IMF).



Domestic Economy
The domestic economy grew by 4.0% in 2023 and 3.1% in 2024, with growth expected to moderate to around 3.0% in 2026.



Prices and Cost of Living
Inflation has swung sharply in recent years — peaking at 13.7% in 2022 during the pandemic, easing to -1.8% in 2024, then rising again to 3.7% in 2025 as food prices increased. It is expected that inflation is around 2.30% in 2026 and 2.50% in 2027.



Major Challenges and Risks

It is important to know what could prevent the Government from delivering the plans outline in the Budget and what mitigation measures are in place.

Heavily dependent on donor partners budget support

AUD/USD Exchange Rate

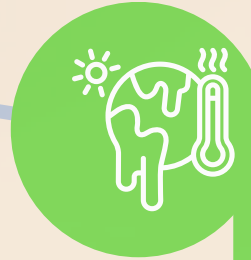
Revenue Volatility

Fiscal Risks (State-Owned Enterprise)

Climate Change and Natural Disasters

High-Risk Debt Distress

Lack of capacity



01

Climate Change, Environment & Disaster Resilience



02

Infrastructure and Connectivity (shipping, air services, digital)



03

Social Services: Health and Education



04

Governance and Institutional Reform



05

Economic Development and Cost of Living



06

International Relations and Strategic Partnerships

Te Kete and 21 Priorities

The Budget funds the Government's 21 National Priorities, which guide all ministries and are aligned with Te Kete, the National Strategy for Sustainable Development 2021–2030.

Key Achievements

2030

The Niutao boat harbour was completed and commissioned in early 2026, and the Funafuti port refurbished — with new harbours for Nanumea, Nanumaga and Nukufetau in the pipeline.

Major coastal protection and land reclamation completed in Funafuti under TCAP 1A and T-TCAP, with TCAP 1B underway; the National Adaptation Plan was launched.

The Tuvalu Vaka undersea cable is fully operational, Starlink prices fell 65%, and 4G is being rolled out across the outer islands.

Airfares reduced by 20% for students and patients travelling under the TOMRS scheme.

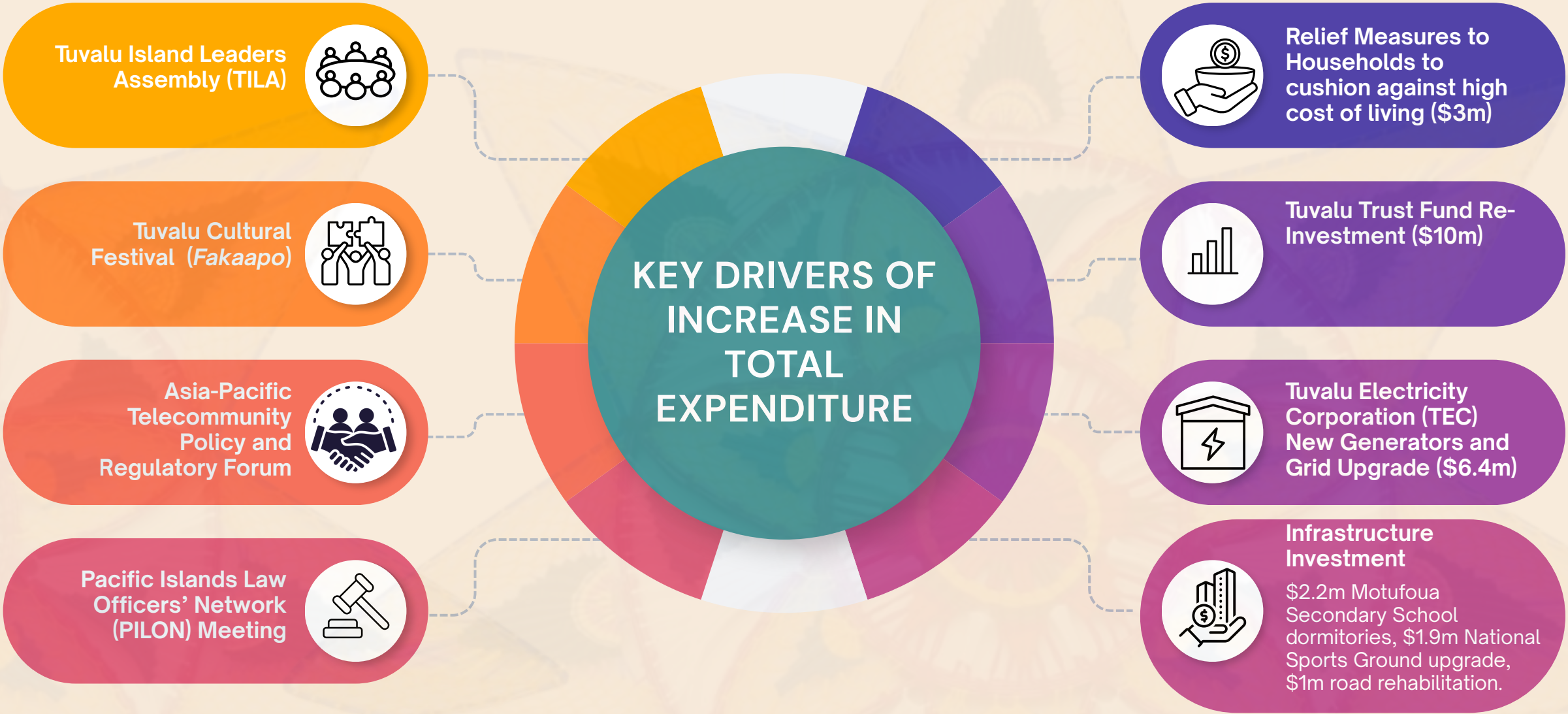
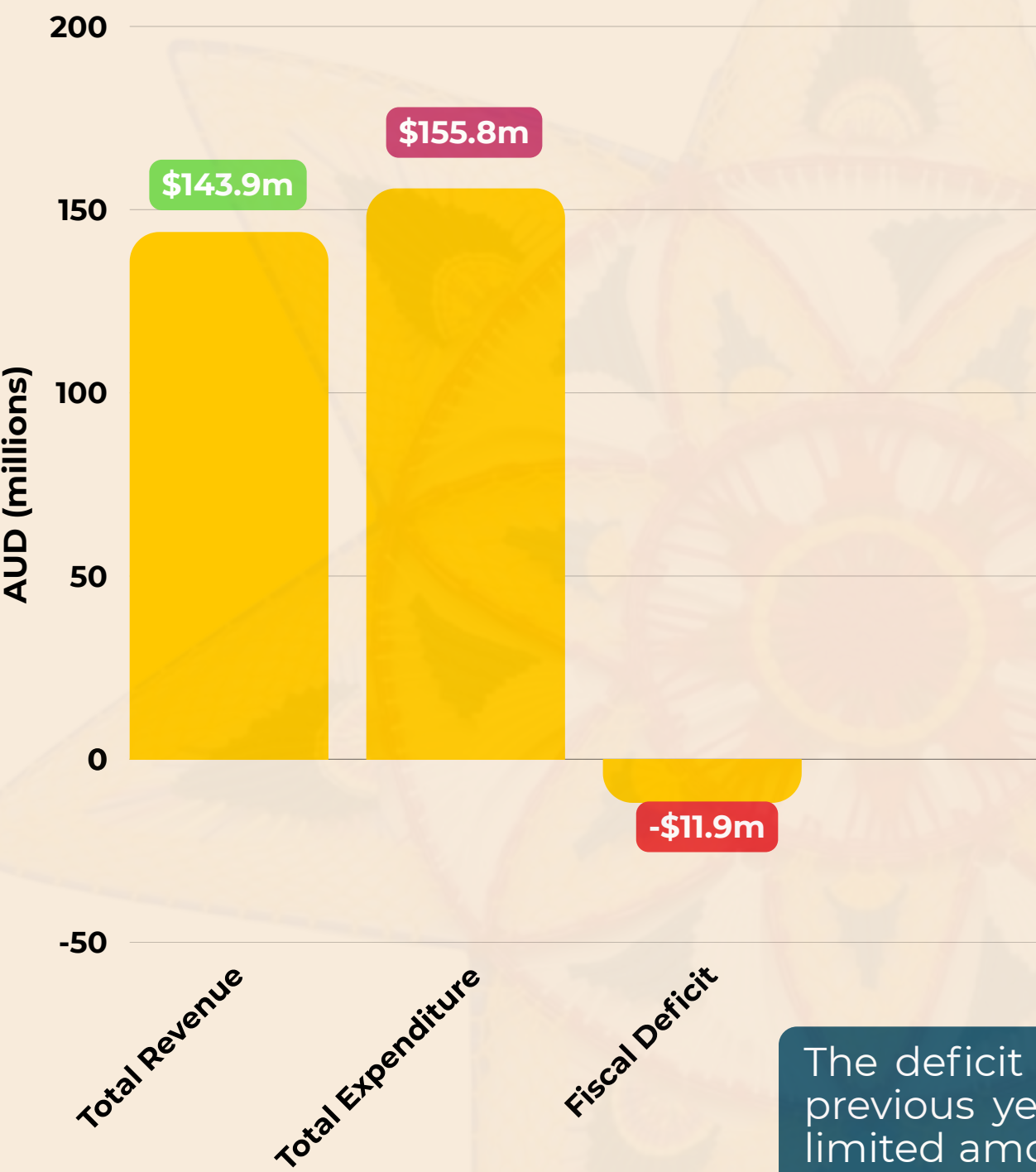
2021

The Package of Essential Non-Communicable Disease Interventions rolled out nationwide.

The Falepili Union Treaty with Australia is operational and the Kaitasi Treaty was signed with Taiwan, strengthening security, migration and development partnerships.

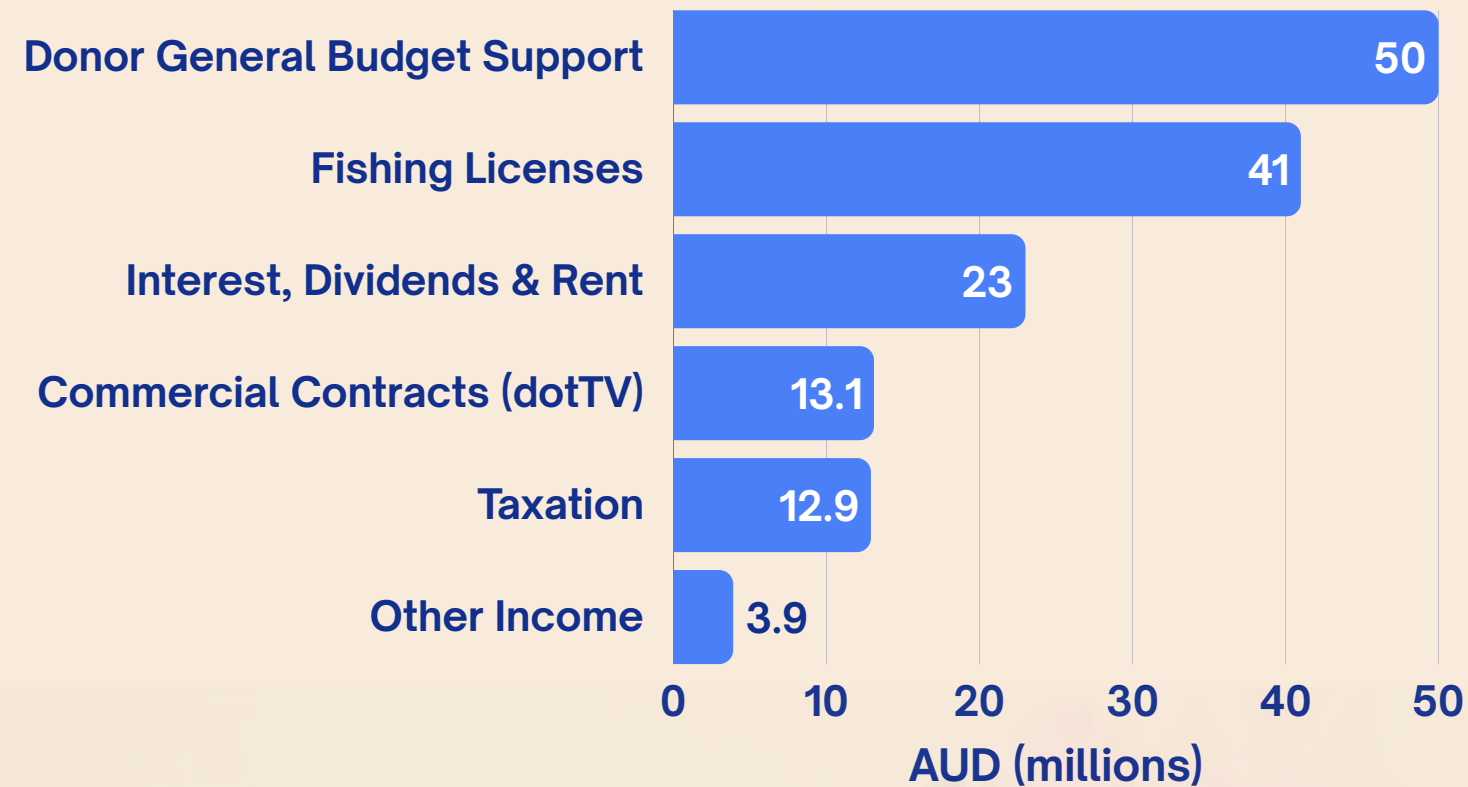
Budget at Glance

Total spending for 2026–2027 is budgeted at \$155.8 million — about 40% higher than last year.

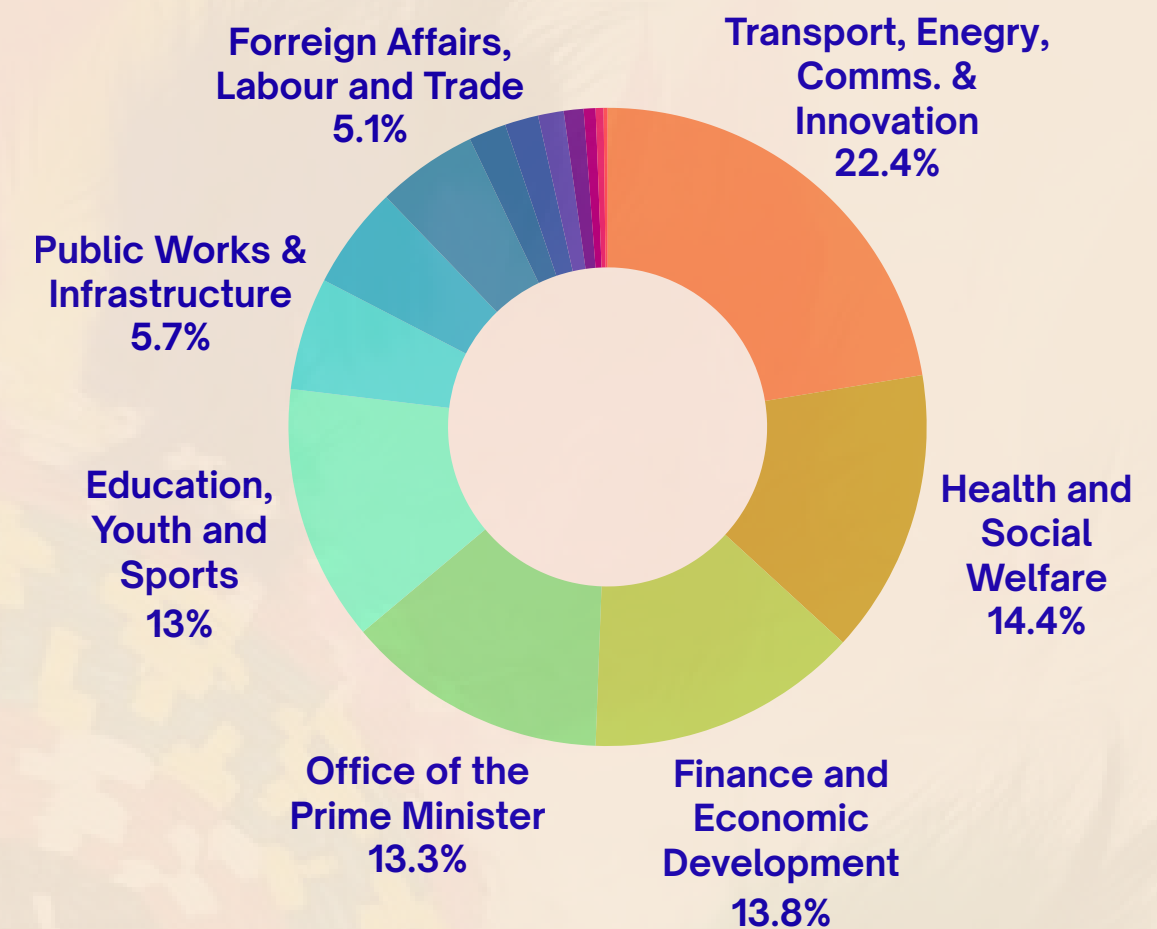
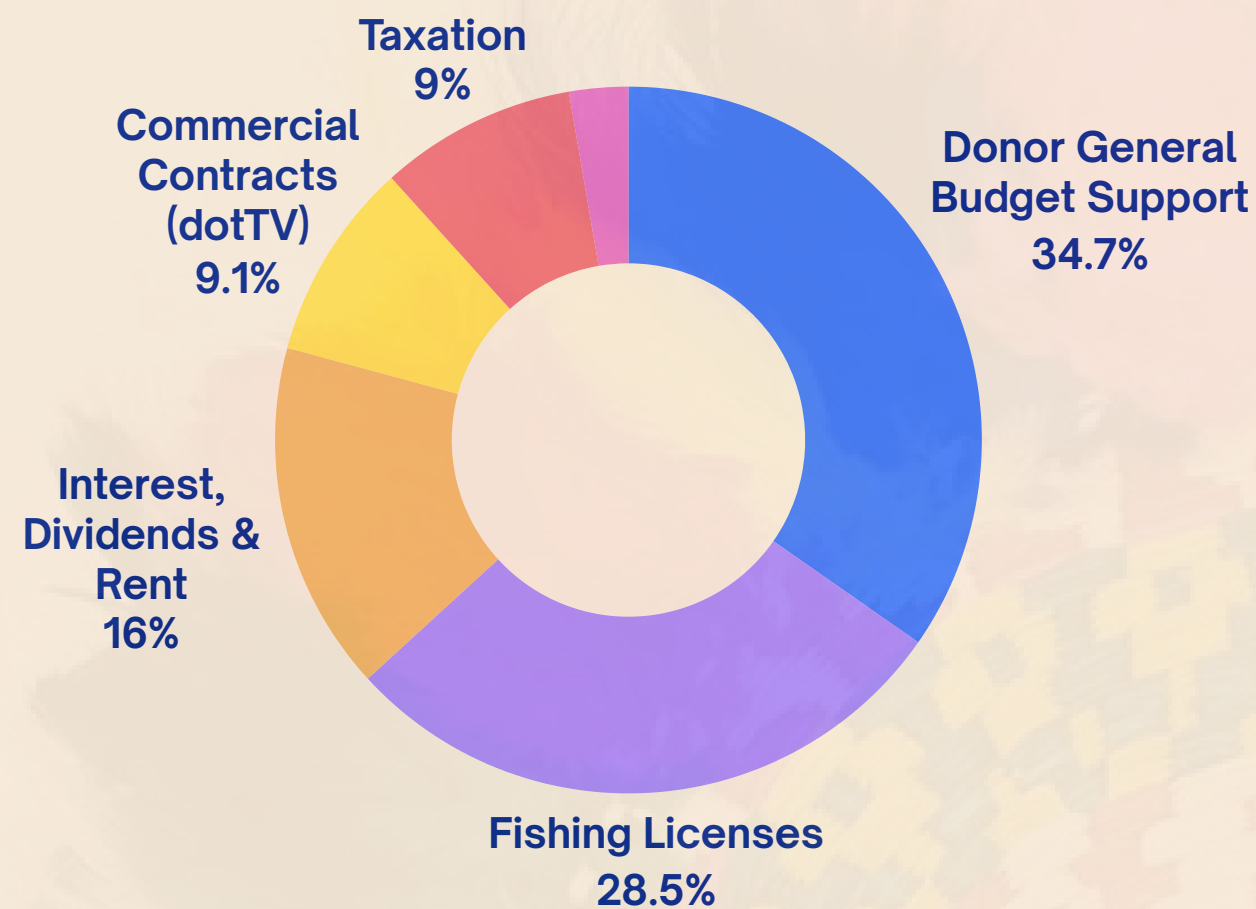
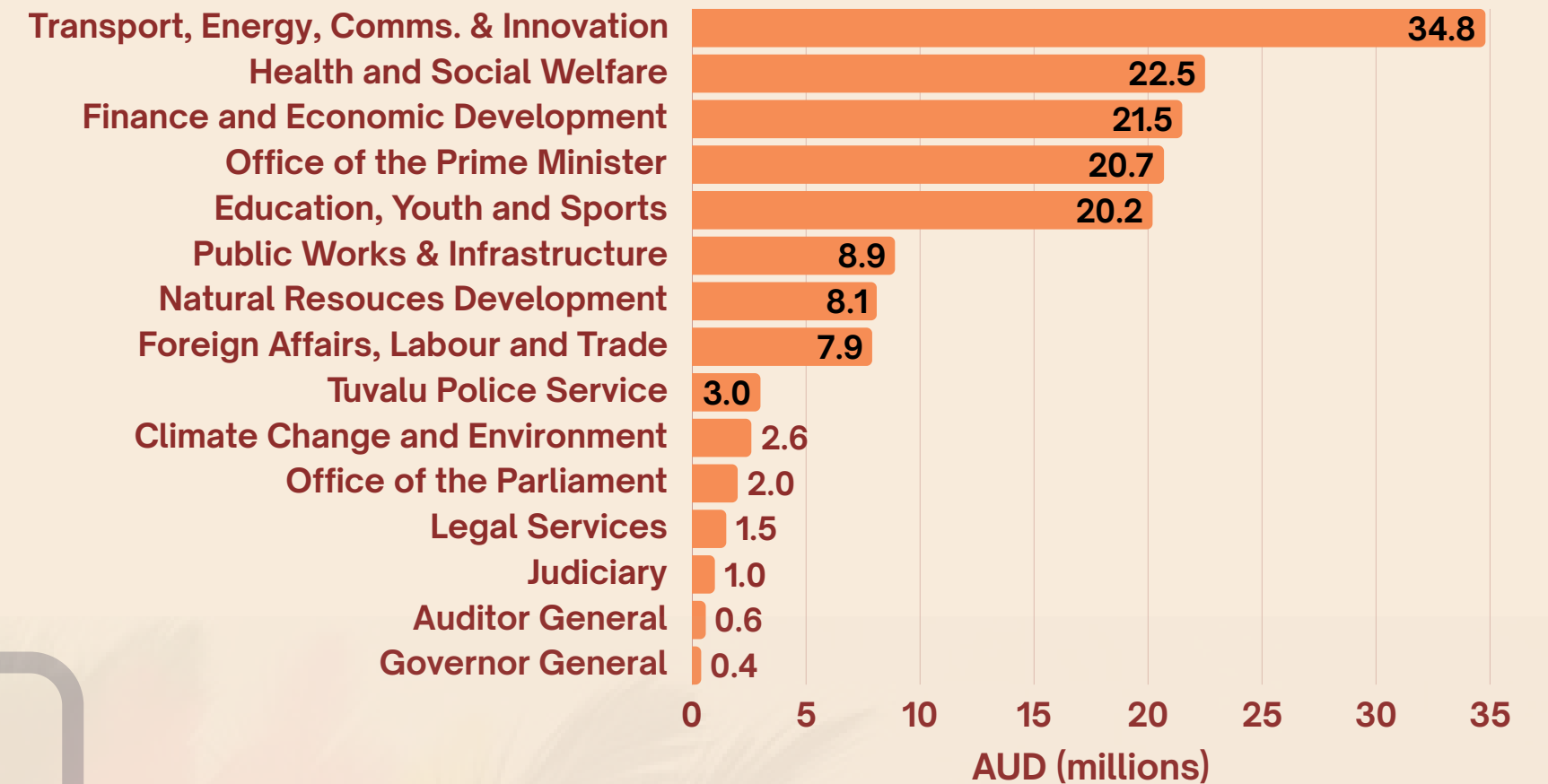


The deficit of \$11.9 million is a deliberate, careful choice. It will mostly be covered using savings built up in previous years (the General Account), supported by the strong surplus achieved in 2025–2026, with only a limited amount drawn from the Consolidated Investment Fund (CIF). This allows the Government to respond to immediate pressures while safeguarding long-term financial stability.

Where money comes from

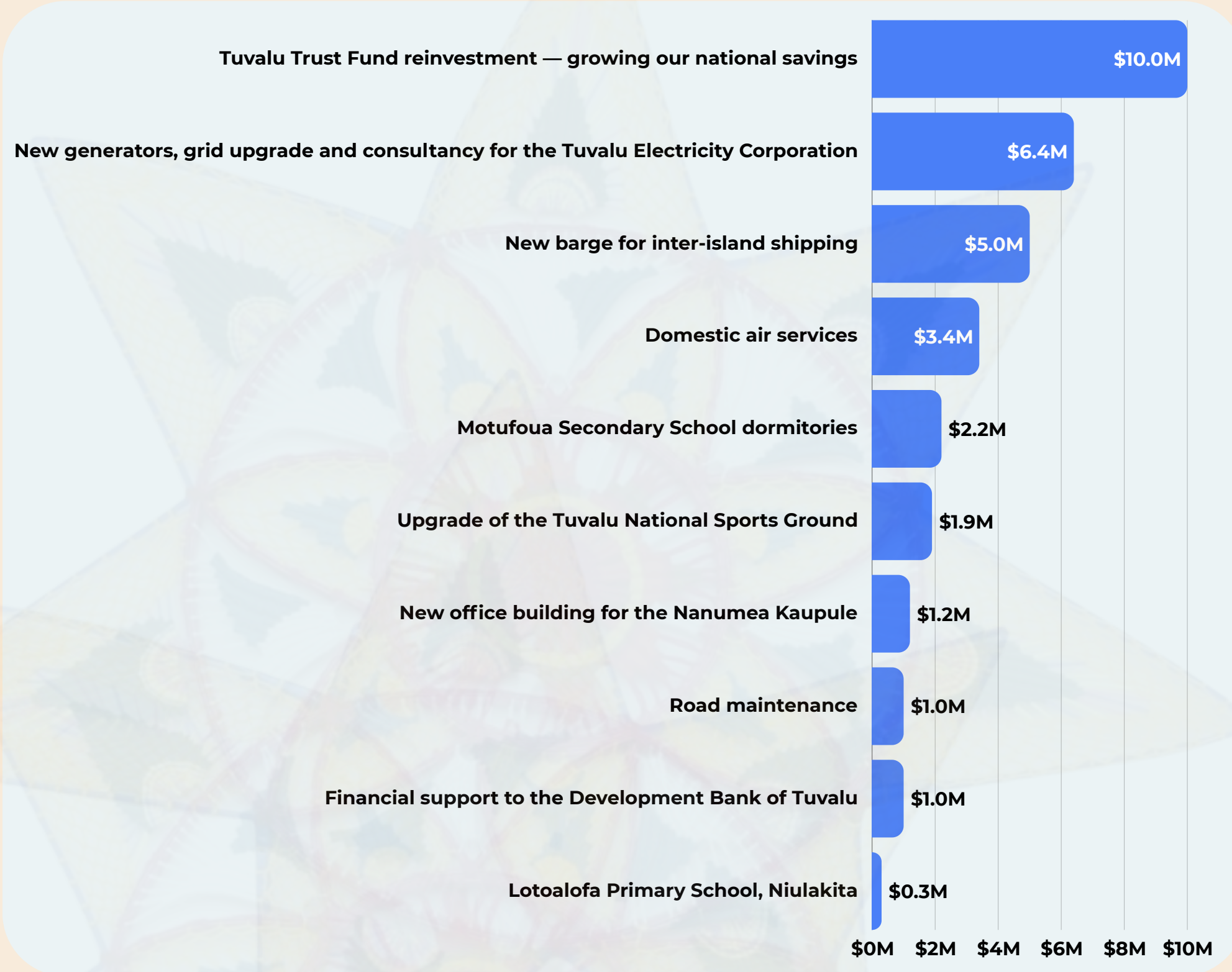


Where the money goes

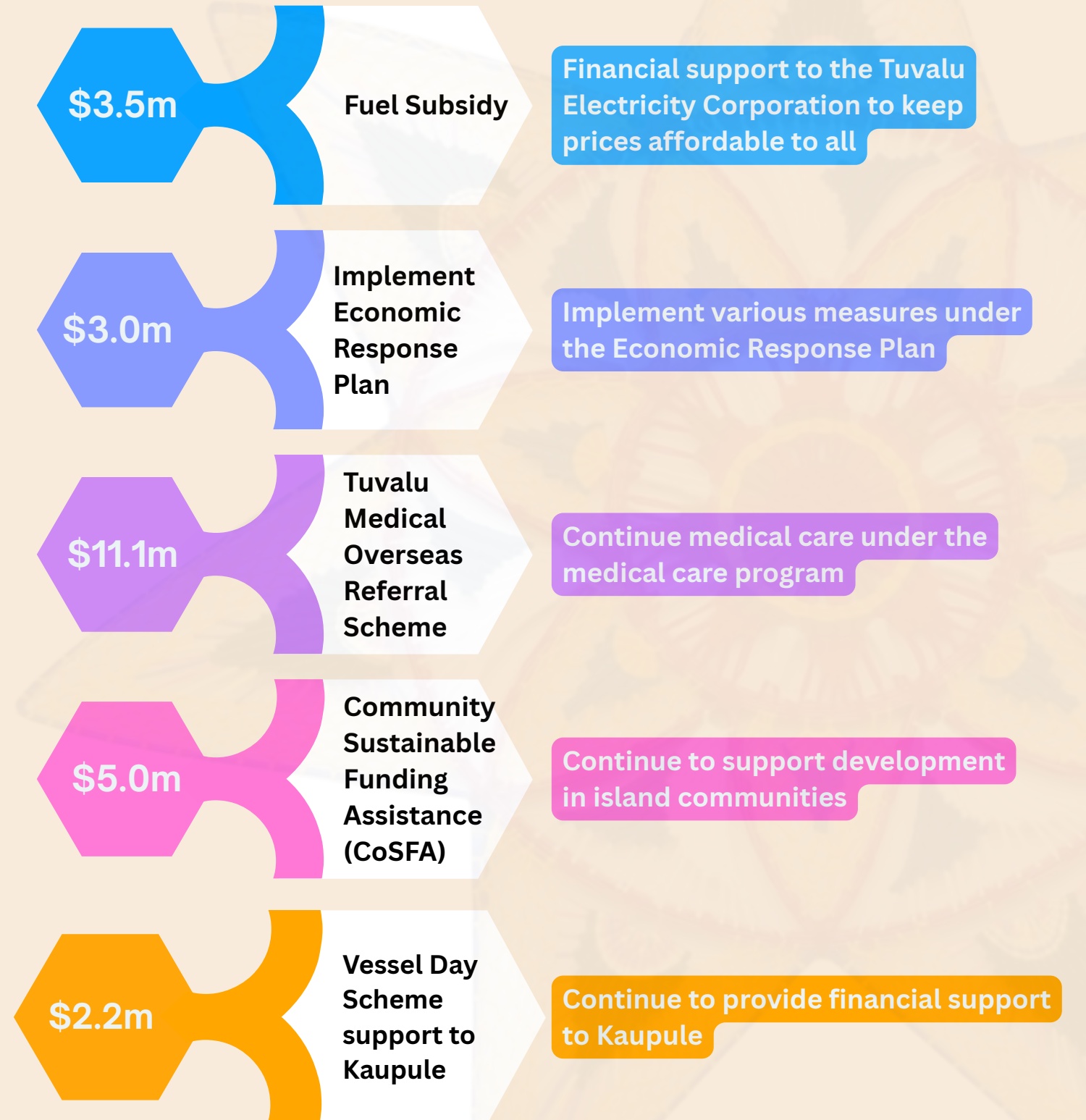




Key Investments



Responding to the Fuel Crisis and Cost of Living





Grants

All pre-schools, Primary and Secondary Schools

\$2.6m



Scholarships

In-service, pre-service & Student Education Loan Fund (SELF)

\$7.6m



New School Buildings

Motufoua Secondary School Dormitories, Niulakita Primary School, Nanumea Primary School, Funafala Primary School

\$2.2m



Sports Ground Upgrade

Development of sports and youth empowerment

\$1.9m

Investing in Education

Investing in Health

\$11.0m

TOMRS

Tuvalu Overseas Medical Referral Scheme



Non-Communicable Diseases (NCDs)

Nationwide roll-out of the Package of Essential (NCDs) interventions



Mental Health, Child Protection and Social Welfare

targeting vulnerable groups including persons living with disabilities





1

Senior Citizens

Senior Citizens Age Group	Female	Male	Recipients	Payment Rate (per pers. per month)
60-64 years	215	159	374	\$75.00
65-69 years	182	119	301	\$112.50
70+ years	230	150	380	\$150.00
Total	627	428	1,055	

Social Protection

Administered by the Social Welfare Department

2

People living with Disability



Level of Support for people living with disability	Female	Male	Recipients	Payment Rate (per pers. per month)
Mild	33	48	81	\$105.00
Moderate	44	49	93	\$127.50
Severe	22	33	55	\$200.00
Total	99	130	229	



Incentive Payment (One-Off Payment)

Reaching the age of:

80: \$3,000

90: \$5,000

100: \$10,000

3

Children



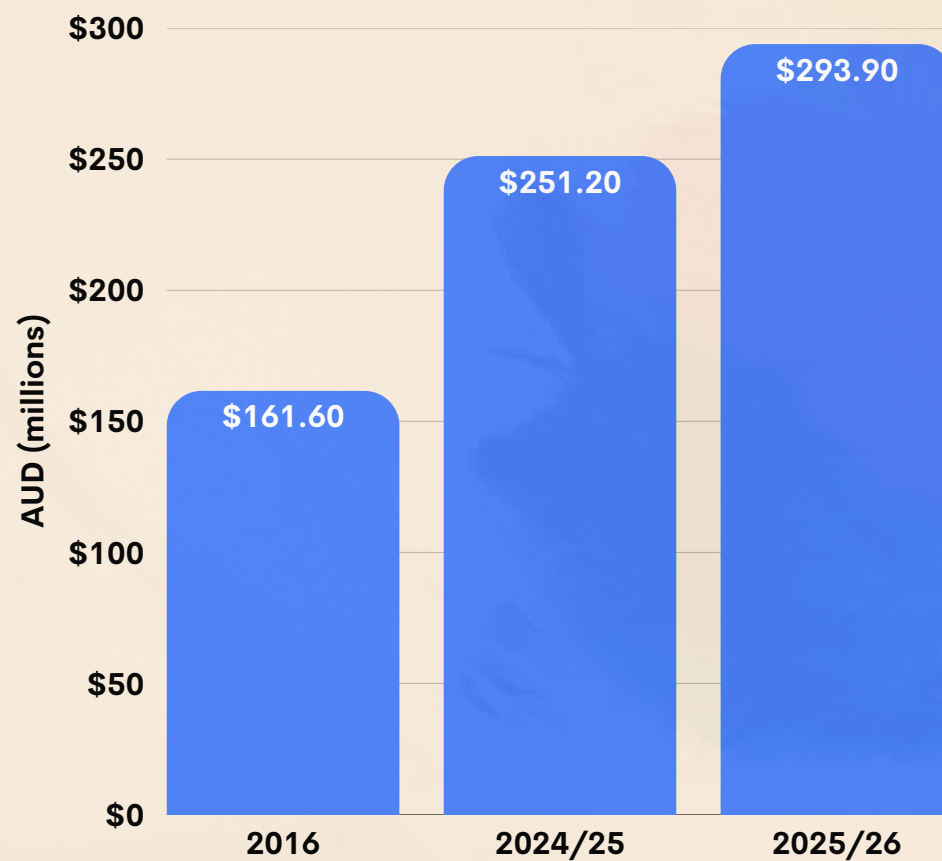
One-Off Payment for New Born Babies:
\$50

Financial Support for Children below
the age of 6:
\$50 per month



Savings for the Future: Our National Funds

Tuvalu Trust Fund



The Tuvalu Trust Fund is Tuvalu's long-term national savings account. It has grown strongly, from \$161.6 million in 2016 to \$293.9 million in 2025/26 — an increase of about 82%, including 17% growth in the last year alone.

This year, the Fund is expected to pay a distribution of \$21.1 million to help fund the Budget — and the Government is putting \$10.0 million back into the Fund to keep it growing for future generations.

Other Funds

Falekaupule Trust Fund

\$44.4m savings for island communities

Consolidated Investment Fund

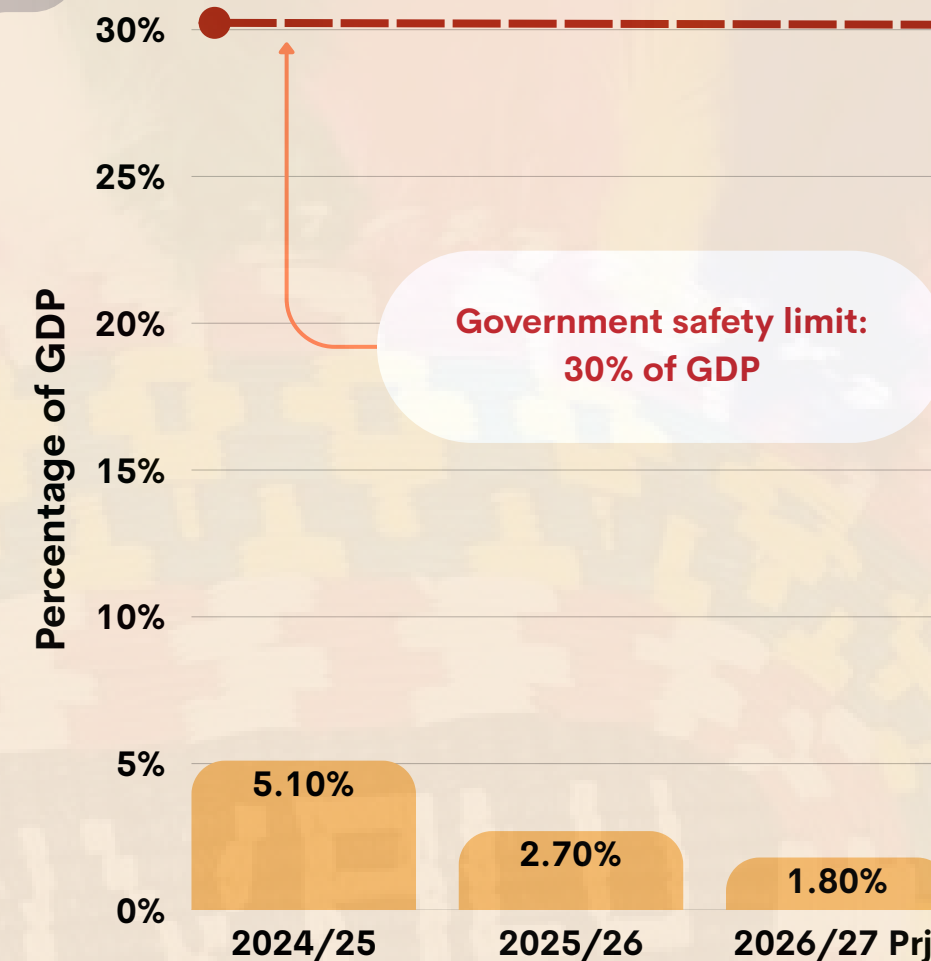
\$47.1m Government financial buffer

Tuvalu Survival Fund

Contingency reserve for disasters, adaptation, community development.



Keeping Our Debt Low



Tuvalu keeps very little debt. The Government has not taken any new loans since 2019, and its only remaining external creditor is the Asian Development Bank, owed about \$1.4 million. By the end of 2026–2027, external debt is expected to fall to about 1.8% of GDP — well below the Government's own safety limit of 30%.

Debt repayments cost less than 1% of government revenue each year. This means Tuvalu is well placed to borrow responsibly in future if it needs to, without putting the country's finances at risk.

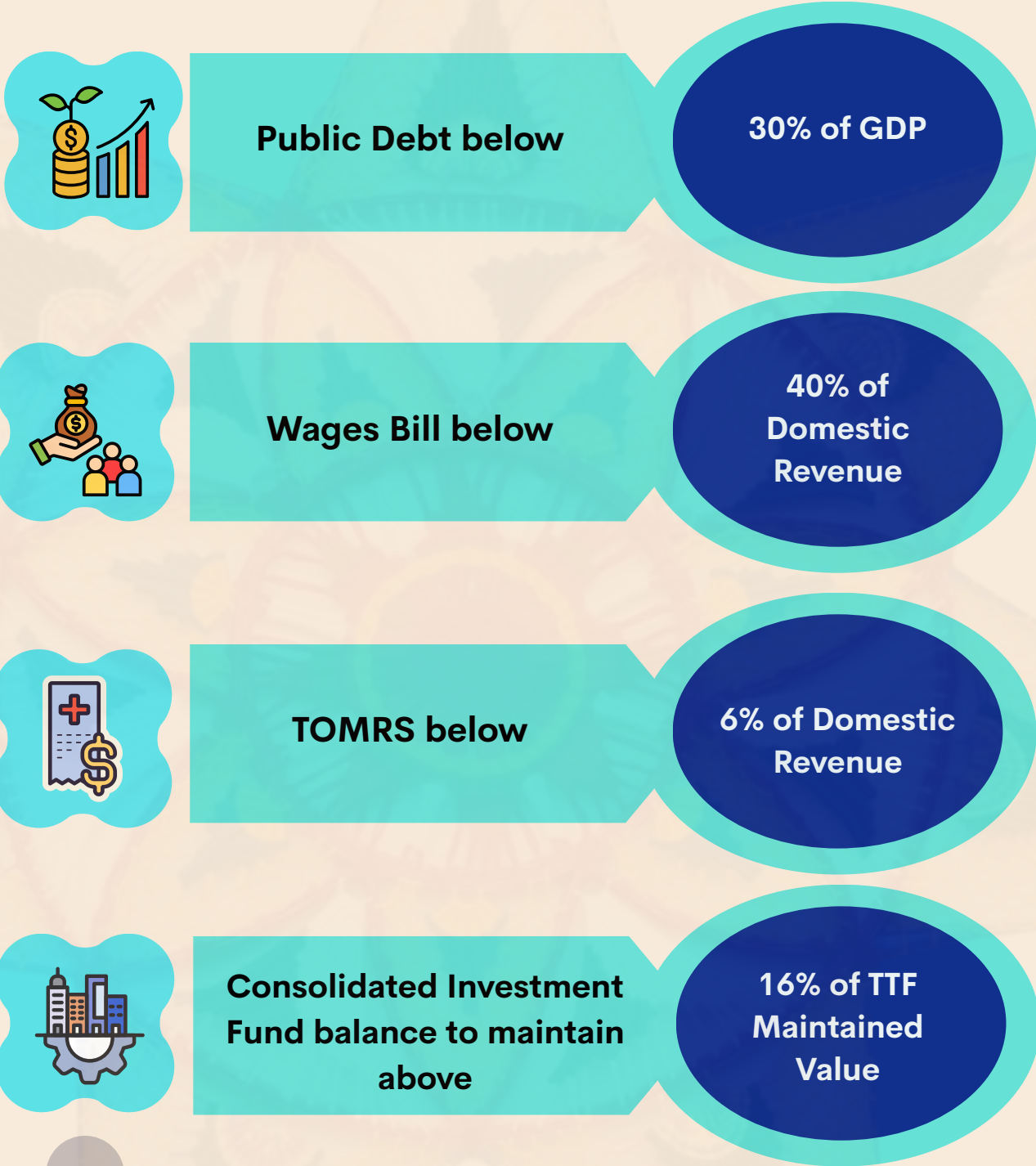
The Medium-Term Picture

The Medium-Term Fiscal Framework shows how the Budget fits into the Government's longer-term plan. After this year's deliberate deficit, the Budget is planned to return close to balance, and to surplus by 2028–2029.

\$ million	2024–25 Actual	2025–26 Est.	2026–27 Budget	2027–28 Proj.	2028–29 Proj.
Domestic revenue	67.1	77.3	93.9	74.6	86.5
General budget support (grants)	43.6	47.7	50.0	37.5	36.9
Total revenue	110.7	125.0	143.9	112.2	123.4
Operating expenditure	90.8	100.0	113.2	103.3	105.3
Capital expenditure	3.7	9.4	39.3	9.9	10.0
Statutory expenditure	3.2	2.3	3.2	3.3	3.4
Total expenditure	97.6	111.7	155.8	116.5	118.7
Fiscal balance	+13.0	+13.2	–11.9	–4.4	+4.7

Fiscal Anchors

Your Government also follows clear fiscal rules in the formulation of the Budget to keep the Budget sustainable over time.



Find Out More

This Citizens Budget is a summary only. The full 2026–2027 National Budget document, including detailed figures for every ministry, is available from the Ministry of Finance and Economic Development.

If you have questions about the Budget, please contact your local Kaupule or the Ministry of Finance and Economic Development.

Access the 2026/27 Budget Document in full detail here:

