

<Round Table Meeting: draft in advance of publication

Sept. 2005>

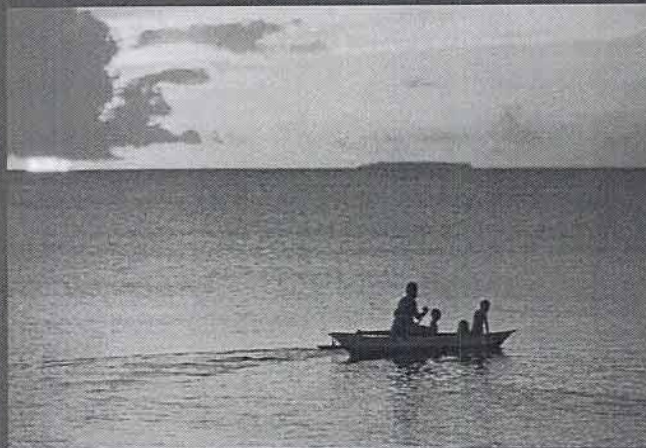


Government of Tuvalu

TE KAKEEGA II

NATIONAL STRATEGY
FOR SUSTAINABLE DEVELOPMENT

2005 – 2015



<inside front cover>

Crest Description

Arms of Tuvalu: *Per fess Azure and Or in chief upon Grass issuant a representation of an Ellice Maneapa or meeting house all proper and in base four Barrulets wavy Azure a Bordure Or charged with Banana Leaves and Mitre Sea Shells placed alternately proper together with the Motto: Tuvalu mo te Atua*

Granted by Royal Warrant dated 3rd December 1976

The word *kakeega* was first used in *Kakeega o Tuvalu: National Development Strategy—1995 to 1998*. In the interest of continuity and the inherent meaning of *kakeega* in the Tuvalu language, delegates to the National Summit on Sustainable Development, held in Funafuti in July 2004, adopted the title *Te Kakeega II*.

The word *kakega*, pronounced with a lengthened vowel sound on the first “a”, as in KAH-keng-ah, means a ladder. *Kakeega*—pronounced kah-KENGA-ah—means the act of climbing or scaling upwards. The noun *kakeega*, pronounced with a lengthened but short vowel sound on the double “ee”—kah-KEH-ENG-ah—means progressive development or completion of a task.

In the same context as *Kakeega o Tuvalu*, *Te Kakeega II* means the social and economic development of Tuvalu. (It’s linguistically correct to use an accent on the first “e”, but cumbersome in common usage. Like its predecessor, *Te Kakeega II*, uses the more conventional exposition, *kakeega*, without the accent.)

TUVALU GOVERNMENT
November 2005

This work is not copyrighted. It can be reproduced in all, or in part, in any form, be stored in any form by any means, without the express written consent of the Tuvalu Government. If this work is used it must be cited.

Economic Research and Policy Division
Ministry of Finance, Economic Planning and Industries
Private Mail Bag
Funafuti
Tuvalu
Tel: (688) 20408
Fax: (688) 20210
erpd@tuvalu.tv

The opinions, views, policies and other information expressed in this work are solely those of the Tuvalu Government, delegates to the National Summit on Sustainable Development, and their representatives who signed the *Malefatuga* Declaration.

Map: Asian Development Bank

Photographs (used by permission, except p. 3, author unknown)
Peter Bennetts: pp. 1, 4, 8, 9, 12, 13, 15, 20, 21, 26.
Jocelyn Carlin: p. 11 (top).
James M. Conway: pp. 2, 6, 10, 17, 19, 23, 28.
Semi Malaki: p. 11 (bottom).

Design and layout by James M. Conway and Envisage Pty Ltd., Suva, Fiji

Production by Envisage Pty Ltd.

Printed by <insert printer>, Suva, Fiji

Foreword

Te Kakeega II is the end result of the largest national public discussion since Tuvalu separated from Kiribati in 1975. *Te Kakeega II* was written after wide pre-summit consultations were held around the country that culminated in the National Summit on Sustainable Development (NSSD), held at the *Tausoalima Falekaupule*,* from 28 June to 9 July 2004, in Funafuti. The upshot of the NSSD is the *Malefatuga Declaration*,** which is the foundation of *Te Kakeega II*.

It was decided early on to seek greater public ‘ownership’ of national development policy. Pre-summit, a team of government and non-government officials toured the country to meet with each island community, including Funafuti and outer island communities that live in the capital. These consultations and subsequently the NSSD itself led to eight strategic areas the nation should focus on in the next ten years: governance, the economy; the private sector and job creation; social services; outer islands and Falekaupule, education and training; infrastructure; and natural resources.

The contents of *Te Kakeega II* reflect the views and opinions of an enormous number of people: every Member of Parliament; island chiefs, island presidents, government officials, businessmen, NGO representatives, religious leaders, women, and youth. In fact over 250 people in all, representing the entire spectrum of Tuvalu society today.

Aid donors and regional organisations played a pivotal role in the NSSD. I place on record my gratitude for the bilateral financial, technical and other support provided by Australia, Italy, New Zealand, Republic of China, Republic of Ireland, and United Kingdom. The same for multilateral institutions: Asian Development Bank, Forum Secretariat, Secretariat of the Pacific Community, South Pacific Applied Geoscience Commission, South Pacific Regional Environment Programme, United Nations Development Programme, United Nations Economic and Social Commission for Asia and the Pacific, and University of the South Pacific.

A special thanks to the Tuvaluan expatriates who offered their time, knowledge and expertise.

Many people played key roles in turning the NSSD and *Malefatuga Declaration* into *Te Kakeega II*. I single out for special recognition the ADB advisor who compiled the first draft of *Te Kakeega II* and staff of the Ministry of Finance who oversaw the entire NSSD process and coordinated the preparation of *Te Kakeega II* and readied it for publication.

I could not have co-chaired the NSSD without the support of my Cabinet colleagues and fellow members of Parliament, in particular the Hon Kamuta Latasi (NSSD Co-Chair), all of who supported the NSSD from the outset, and who provided me with valuable guidance along the way. To all the NSSD delegates who gave their time, views and opinions that ultimately led to *Te Kakeega II*, I am thankful beyond words.

I am confident *Te Kakeega II* embodies the spirit of Tuvalu because of the many willing and talented people who played a part in its creation. I believe *Te Kakeega II* is right for Tuvalu, its development and its future.

Rt. Hon Bikenibeu Paeniu
Minister of Finance, Economic Planning and Industries

* *Tausoalima* means “hand of friendship”. Here the term *Falekaupule* means traditional island meeting hall. Under the *Falekaupule Act* it means “traditional assembly in each island [or traditional island decision-making body]...composed in accordance with the *Aganu* of each island”; the meaning used in *Te Kakeega II*. *Aganu* means traditional custom and culture.

** *Malefatuga* is the name of the area, from the Funafuti lagoon foreshore on the west side to *Fetu Ao Lima* (“Morning Star”) church on the east side (about 100 metres), where the *Tausoalima* sits. The old meaning of *malefatuga* is “challenge”, the place where conflicts were resolved. Its modern meaning is “place of identity and confidence, where good deeds are recorded”.

Contents

Foreword	i
Contents	ii
Chapter 1 The Vision	1
Chapter 2 Millenium Development Goals	2
2.1 Special Issues and Concerns	2
Chapter 3 Challenges and Constraints	3
Chapter 4 Strategic Framework	4
4.1 The Strategies	4
4.2 Performance Monitoring	5
Chapter 5 Good Governance	6
5.1 Priorities and Strategies	8
5.2 Performance Monitoring	7
Chapter 6 The Economy: Growth and Stability	8
6.1 Priorities and Strategies	8
6.2 Performance Monitoring	8
Chapter 7 Social Development	9
7.1 Health	9
7.2 Youth	10
7.3 Housing	10
7.4 Gender	11
7.5 Sports and Recreation	11
7.6 Poverty and Hardship	12
7.7 Performance Monitoring	12
Chapter 8 Falekaupule and Outer Islands	13
8.1 Priorities and Strategies	13
8.2 Performance Monitoring	14
Chapter 9 Private Sector and Employment	15
9.1 Priorities and Strategies	15
9.1 Performance Monitoring	16
Chapter 10 Education and Human Resources	17
10.1 Priorities and Strategies	17
10.2 Performance Monitoring	18
Chapter 11 Natural Resources	19
11.1 Agriculture	19
11.2 Fisheries	20
11.3 Tourism	20
11.4 Environment	21
11.5 Performance Monitoring	21
Chapter 12 Infrastructure and Support Services	23
12.1 Priorities and Strategies	23
12.2 Performance Monitoring	23
Chapter 13 Implementation and Monitoring	24
13.1 Implementation	24
13.2 Performance Monitoring	24
Annex 1 Text of the <i>Malefatuga</i> Declaration	26
Annex 2 Millennium Development Goals	28

1. The Vision

The National Summit for Sustainable Development posed a question: How do we, intelligence the people of Tuvalu, raise the national standard of living, for every citizen? The *Malefatuga* Declaration, which arose from the NSSD, contains the “Vision” that was unanimously endorsed by the delegates at the NSSD:



WE, the representatives at the Tuvalu National Summit on Sustainable Development; comprising all island Head Chiefs and Presidents of Island Councils, Cabinet Ministers and Members of Parliament, representatives of civil society and the private sector, government ministries and departments, development partners and Tuvalu expatriates;

RECOGNISE the importance of sustainable development—[that is] development without compromising the ability of future generations to meet their needs—and endorse the Vision of “By 2015, guided by strong spiritual values enshrined in its motto—‘Tuvalu mo te Atua’²—we will have achieved a healthy, educated, peaceful and prosperous Tuvalu.”³

The foundation of *Te Kakeega II* is the “Vision”,⁴ contained in the *Malefatuga* Declaration. Each segment of Tuvalu society—young and old, male and female—has a role to play to turn this vision into reality. To achieve it the public and private sector must work together, alongside those who represent “civil society”. With the right commitment by each individual, and the community each represents, the standard of living in Tuvalu will rise and it should rise rapidly, especially for those who are poorest or at the greatest disadvantage.

In July 2004, the NSSD chose a development strategy by national consensus, including the areas judged to be *the* development priorities. In short, these are: good governance; economic growth; job creation; more economic opportunity; better health and education; improved basic infrastructure; social development (youth, housing, gender equality, sports and recreation); natural resources (agriculture, fisheries, tourism, environment); and social stability. Each strategic development priority has a vital role to play to attain the “Vision”: To achieve a healthier, more educated, peaceful and prosperous Tuvalu.

The NSSD “Vision” is a statement of national commitment to achieve those ends.

² Tuvalu for God; God for Tuvalu.

³ In Annex 1 is the full text of the *Malefatuga* Declaration.

⁴ **vision** / *noun* 4 the ability to think about or plan the future with imagination and intelligence (*Oxford English Dictionary*)

2. Millennium Development Goals

In September 2000, at the UN Millennium Summit, the international community agreed to eight Millennium Development Goals—MDGs—to be met by 2015 (see Box 2.1). Behind each MDG are 18 targets that span across hunger and poverty, disease and illiteracy, environment, discrimination against women, human rights, governance and democracy.

MDG Goals 1 through 7 are the agenda for action by developing countries. Goal 8 sets down the responsibilities of developed countries to assist developing countries to achieve the MDGs. The NSSD was framed around the MDGs and the challenges Tuvalu faces now and will face in the future: Each MDG is enmeshed in *Te Kakeega II*. Tuvalu's commitment to reaching the MDGs is embodied in the *Malefatuga* Declaration (unanimously endorsed):



REAFFIRMING...our commitment to achieving sustainable development in line with the United Nations Millennium Development Goals and [the] international sustainable development agenda.

In Annex 2 are the MDGs, MDG targets and the progress Tuvalu has made measured against each target (as of September 2005).⁵

2.1 SPECIAL ISSUES AND CONCERNS

Tuvalu has made significant progress on some MDGs, but not on others: caution and over-optimism are watchwords. Overall, Tuvalu is a long way away from hitting many MDG targets. In Box 2.1 are some broad but key issues and concerns if Tuvalu is to reach all the MDG targets, and arrive at those targets in a way that is “sustainable” over the long term.

Box 2.1 Key MDG Issues, Concerns and Responses

- The unique development challenges of Tuvalu do not necessarily fit easily within the MDGs.
- Some MDG indicators do not work (or work well) statistically in small populations such as Tuvalu.
- There remains a pressing need for new overseas development assistance through grants and direct funding sources from the international community to ensure MDG sustainability, highlighted by Tuvalu's special status as an LDC and Small Island Developing State (SIDS).
- The need for a full and effective implementation of the Brussels Programme of Action (POA) for LDCs and the Mauritius Strategy to help Tuvalu as an LDC and SIDS to achieve the MDG targets over the long term.
- Capacity building, lack of infrastructure, and lack of financial resources are some of the special vulnerabilities Tuvalu faces as an LDC and SIDS in trying to meet its MDG targets.
- Environmental sustainability is crucial to meeting most if not all of the MDG targets, which in particular will require additional funding and technical assistance to adapt to the impacts of climate change and sea level rise
- Medium and long term MDG trends could suddenly change due to climate events, which in turn could rapidly trigger severe shortages of food, water and shelter and a high vulnerability to disease—hallmarks of poverty.

⁵ Annex is adapted in highly abbreviated form from the *National Millennium Development Goals Report: Tuvalu* (in draft, jointly prepared by the Secretariat of the Pacific Community [SPC] and Tuvalu Government, version 15/04/05). See the draft MDG Report for more background, detail, and technical analysis.

3. Challenges and Constraints

In Box 3.1 are the key development challenges and constraints. Most are domestic and well outside Tuvalu's direct influence or control.

With a micro-economy and population of only 10,000, two primary constraints cut across the whole spectrum of development: a shortage of labour and capital. But with coherent government policies, combined with international aid, some of the challenges and constraints can be overcome.

In Box 3.2 are the main structural weaknesses in the Tuvalu economy. Some of these weaknesses can be overcome, to a certain degree, through policymaking and with donor support.



Box 3.1 Key Development Challenges and Constraints

- Limited natural resource base;
- Widely scattered and sparsely populated island geography;
- Small domestic market with little potential for economies of scale;
- Access to international markets is expensive;
- Increasingly competitive international markets for tourism and investment;
- Social and cultural system with limited understanding and experience of business concepts and practices;
- Limited business opportunities in the domestic economy;
- Land and capital market development constrained by small size, social values and traditions; and
- Poor absorptive capacity for major investment.

Box 3.2 Structural Weaknesses

- Large and continuous trade imbalance;
- Large public sector with a low productivity rate and lack focus on customer service;
- Pervasive government ownership of enterprise activities, many of which require fiscal concessions and (or) subsidies;
- Often weak fiscal situation;
- Small under-developed private sector which accounts for only one-quarter of GDP;
- High tax rates and import duties;
- Investment approval process that is non-transparent and burdensome for investors;
- Underdeveloped financial system typified by low domestic resource mobilisation;
- Growing labour force experiencing high levels of under-employment; and
- Land tenure system which makes it difficult to obtain land for commercial development.

Boxes 3.1 and 3.2 largely define the fragile nature of the Tuvalu economy, which historically has relied heavily on aid to generate development and economic growth. Leveraging national assets, such as income earned from the Tuvalu Trust Fund, fish licensing, its country-code .tv and using other sources of general revenue has helped Tuvalu balance its external accounts and cover shortfalls in the national budget. But over the years this structure has done little to build the (non-government) domestic economy.

Innovative policies and an inclination to embrace economic and structural reforms as recommended at the NSSD will lead to economic growth, job creation, possibly less internal migration from the outer islands, and higher standards of living overall. Tuvalu has been a leading innovator in development management. The TTF, FTF, and the past and current form of EU budgetary assistance were new concepts developed to meet the specific needs of Tuvalu. Now widely recognised as successful development models, the inherent constraints on domestic development require that other innovative approaches be found and pursued.

4. Strategic Framework

4.1 THE STRATEGIES

Delegates at the National Summit on Sustainable Development produced a very clear set of strategic directions the nation should take, based on the issues that are considered to be (and are) national priorities.

In Box 4.1 are the eight strategic areas (or sectors) defined by the NSSD. The strategic areas set out the broad priorities for development over the next ten years. In Box 4.2 are the expected results.

Cutting across the eight strategies are any number of important issues, for example: outer island depopulation and urbanisation of Funafuti; declining rural agricultural production, food security; increasing youth unemployment; nutrition and the incidence of non-communicable disease (NCD); the threat of HIV/AIDS; and the solutions to hardship and poverty experienced by many families.

Good Governance. Inspired leadership, as well as honesty, transparency and consistency in the application of the rule of law is a precondition for the other seven strategic areas to make a difference (i.e., to achieve the vision of *Te Kakeega II*).

Economic Growth and Stability. Sound economic management, fiscal discipline, the right policy environment (fiscal, monetary, regulatory), strong and well managed institutions that offer a high standard of governance, a cost-effective, efficient and customer-oriented public sector, are but a few of the desired results to be achieved.

Social Development. Health and social welfare, including issues of nutrition, youth, gender, age and other special needs; good health and ensuring that the social and welfare needs of the various sections of society are catered for will help to ensure a stable social environment; HIV/AIDS, NCDs and hardship and poverty are emerging issues and need to be considered as potential threats to the achievement of the Vision.

Falekaupule and Outer Islands. The outer islands have always been regarded as the heart of the nation, however in the last decade the heart has become weaker as outer island populations have declined and production in the traditional subsistence economy has fallen. To counter this the Falekaupule Trust Fund was established and the challenge now is to identify strategies that will reverse the outward migration and falling output from the outer islands and to help ensure that the outer island economies are sustainable in the long term.

Employment and Private Sector Development. Private sector development and employment creation, including in tourism, agriculture and fisheries; creating an environment in which economic opportunity is created forms the core of strategic framework.



Box 4.1

The Eight Strategic Areas

1. Good Governance.
2. Macroeconomic Growth and Stability.
3. Social Development: Health, Welfare, Youth, Gender, Housing, and Poverty Alleviation.
4. Outer Island and Falekaupule Development.
5. Employment and Private Sector Development.
6. Human Resource Development.
7. Natural Resources: Agriculture, Fisheries, Tourism, and Environmental Management.
8. Infrastructure and Support Services.

Box 4.2

Expected Results

1. More employment opportunities.
2. Higher economic growth.
3. Better health care.
4. Better education.
5. Better basic infrastructure.
6. Continued social stability.

Education and Human Resources. Education, training and human resource development are essential to the achievement of each individual's own potential and aspirations; they are also central to the nation's ability to achieve sustainable development. Education and training will target the skill and manpower demands in the different sectors of the economy.

Natural Resources: Agriculture, Fisheries, Tourism and Environment. The traditional structure of Tuvalu society and its subsistence economy have been built on the sustainable use of the nation's limited, but nevertheless valuable natural resources, and the conservation and careful exploitation of the fragile atoll ecosystems. These are now under threat from changing attitudes in society and from a continuously growing cash economy. With traditional subsistence production in decline, the challenge is to reconcile these conflicting factors to create sustainable growth and greater stability.

Infrastructure and Support Services. Reliable, competitively priced economic infrastructure and utilities are an essential requirement for sustainable development. Without these supporting services it will be impossible to attract investment, create employment, new wealth and opportunities for the people. The strategies will put in place whatever support services are needed which provide the nation with a satisfactory quality of service at a reasonable price.

4.2 PERFORMANCE MONITORING

The details of the planning and monitoring processes are outlined and discussed in Chapter 13 where the linkages between the national strategies, which are developed in this document, the national budget and its multi-year framework, the public sector investment programme, and departmental sector master plans are outlined.

The overall monitoring of the implementation of the national strategies will be overseen by a National Task Force which will include the island *Pule Fenua* and *Ulu Alikii*.⁶ This Task Force will meet every two years to review progress. Interim monitoring will be overseen by the Development Coordinating Committee, which will prepare annual progress reports to be tabled at the budget session of parliament.

Progress will be monitored by individual performance indicators discussed at the end of each chapter, as well as through periodic national and independent reporting on the Millennium Development Goals.

⁶ Both *Pule Fenua* and *Ulu Alkii* mean head chief or island chief.

5. Good Governance

In Box 5.1 are the key policy objectives for better governance from 2005 to 2015.

The policy objectives focus on the challenges of creating an attractive policy environment in which the national strategies and the Vision can be attained; restoring confidence in the political process and public administration; improving the financial situation through fiscal discipline; public sector reforms so the public service can operate more efficiently and cost-effectively within the budget constraints that now exist; improving local governance; and restructuring public enterprises to make them both more commercially viable and to minimize or eliminate subsidies presently required to keep them operational. Getting the policy and regulatory environment right will enable the economy to create opportunities, generate economic growth and greater prosperity.

5.1 PRIORITIES AND STRATEGIES

In Box 5.2 are the priorities and strategies to increase the efficiency and effectiveness of the public sector, which will require extensive public sector reform, including the requirement of each ministry to prepare 2-3 year master plans (or master plans) so their work programmes are more specific. Ministries will be required to identify and focus on their core functions to make government more responsive to the needs of the public and become more efficient by delivering services more cost-effectively. An immediate objective of restructuring is right sizing the public service. This will reduce government expenditure and facilitate development of the private sector by transferring from government those functions that can be provided more efficiently by the private sector.



Box 5.1 Key Policy Objectives

- 1. Public Administration**
 - Reform public service on a par with available resources.
 - Institute sound management principles and practices.
 - Strengthen oversight of public administration.
 - Improve transparency and accountability.
 - Increase participation in budget and decision making process.
- 2. Fiscal Stability**
 - Restore fiscal management and discipline.
 - Adopt a medium-term fiscal framework.
- 3. Public Enterprises**
 - Reduce subsidies through improved management, operations and business planning.
- 4. Falekaupule (traditional island assembly)**
 - Institutionalise good governance practices at the Falekaupule level through the Act.
 - Institute reforms to improve availability of land for development and improve urban planning and management.

Box 5.2 Public Sector Reform: Priorities and Strategies 2005–2015

- Realign the role and size of the public service.
- Each department prepare 2-3 year sector master plans.
- Identify departments that can be reorganised for commercialization.
- Contract out senior public service posts.
- Clarify the roles of Minister, Secretary, and heads of department to eliminate political interference.
- Strengthen performance appraisal process.
- Review policy on public servants operating or owning private businesses.

In Box 5.3 are the priorities and strategies to improve fiscal and financial management. Ministries need to make sure that each of their budget lines are consistent with their core functions, that performance standards and measures are well defined, and that data can be collected and assessed for monitoring purposes. (The government has endorsed the Eight Principles of Accountability adopted by the Pacific Islands Forum, which call on governments to improve levels of transparency, accountability and good governance.)

Box 5.3
Fiscal Management: Priorities and Strategies 2005–2015

- Set strict compliance to fiscal target, guidelines, and with Public Finance Act and Financial Instructions.
- Review Public Finance Act, Financial Instructions, Stores Regulations, and other related legislation.
- Formulate medium-term fiscal policy framework (including a multi-year budget framework) to guide budgetary performance and to attain balanced budgets.
- Establish a Macroeconomic Policy Committee to monitor economic performance and recommend policy adjustments.
- Restructure tax and tariff regimes to comply with PICTA and PACER agreements.
- Improve consultations and public awareness in formulating the budget.
- Implement the Forum Economic Ministers' Eight Principles of Accountability.

In Box 5.4 are the priorities and strategies to improve public administration and management.

Box 5.4
Public Administration: Priorities and Strategies 2005–2015

- Establish Office of the Ombudsman.
- Establish Leadership Code.
- Promote public awareness on the Constitution and relevant legislation, and make changes, as appropriate, to create greater political stability.
- Strengthen the effectiveness of Parliamentary Committee System, including Public Accounts Committee.
- Strengthen the Office of the Auditor General.
- Assess the suitability of formalising a monitoring role for Te Fale Ulu Aliki/Pule Fenua.
- Formalise a process for public participation in the formulation of policy, planning and performance monitoring.
- Maintain a foreign policy promoting regional and international cooperation and partnerships.
- Fair, impartial and independent media.

In Box 5.5 are the priorities and strategies for improving the performance of public enterprises.

Box 5.5
Public Enterprise Management: Priorities and Strategies 2005–2015

- Strengthen management and staff.
- Produce annual reports and audited accounts in accordance with legislation, with both available to the public.
- Clearly define, cost out, and better target government subsidies.
- Assess the viability of privatising selected public enterprises.
- Improve selection process of Boards of Directors of public enterprises and broaden membership.
- Establish clear guidelines on the roles and responsibilities of Ministers, the Board, and Management of public enterprises.

5.2 PERFORMANCE MONITORING

Strategies to improve governance will be measured against the implementation of the specific actions detailed in each the strategies, such as timely completion, auditing and tabling in parliament of government and public enterprise accounts for public scrutiny.

The establishment of an Ombudsman and Leadership Code, drafting sector actions plans, adopting medium-term fiscal policy and a multi-year budget framework will also measure and monitor performance.

6. The Economy: Growth and Stability

In Box 6.1 are the key economic policy objectives from 2005 to 2015.

The current rate of economic growth can be characterised as too slow, unstable, with little employment-generating activity occurring, with lower remittances and levels public capital expenditure putting a drag on growth. To remedy this situation, structural reforms in the public sector, including efficiency improvements, further cost cutting, and focusing on those activities that are core-functions and which have high rates of returns are key strategies in the short to medium-term.

Across-the-board cuts, however, which are inefficient, will not form part of the macroeconomic strategy. Such cuts affect both essential services and priority areas of expenditure. Funding allocations will be set based on clear priorities, which offer high rates of return nationally. Less essential services or lower expenditure priorities will be cutback, with savings held in reserve or spent on areas of higher priority.

Since national budgetary expenditure is a driving force behind economic growth, a reduction in revenues and consequently expenditure will adversely impact the domestic economy. With little to drive the non-government economy the prospect is for low rates of growth in the short to medium term unless major public sector investments, as occurred in recent years, can be sustained and the private sector can increase its share of GDP.

The medium term strategy, a highly prioritised PSIP, and a multi-year budget framework, will be used to allocate resources better to sectors identified in the national priorities and strategies.

6.1 PRIORITIES AND STRATEGIES

In Box 6.2 are the priorities and strategies for increasing economic stability, adhering to greater fiscal discipline, and expanding economic growth.



Box 6.1 Macroeconomic Policy Objectives

- Sound macro-economic management.
- Fiscal discipline and balanced budget.
- Clear budget expenditure priorities that offer high rates of return
- Structural change, innovation and economic reform.
- Increase private sector share of GDP.
- Minimise external debt.
- Lower subsidies to public enterprises.

Box 6.1 Economic Growth and Stability: Priorities and Strategies 2005–2015

- National budget deficits to not exceed sustainable levels of 2–3% of GDP.
- Budget expenditure priorities: primary education, primary health care; and employment-oriented technical and vocational education.
- Implement structural changes, promote innovation, and initiate economic reforms.
- Increase private sector share of GDP by 50% by 2015.
- External debt to not exceed 60% of GDP.
- Subsidies to public enterprises to not exceed 5% of GDP.

6.2 PERFORMANCE MONITORING

Macroeconomic performance will be monitored through regular updating and assessment of the main economic indicators and annual reviews of the national budget.

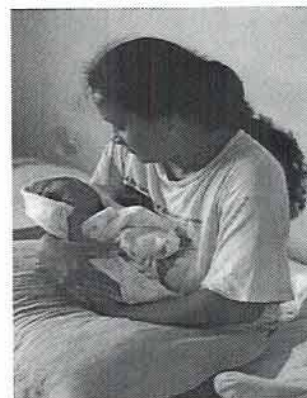
7. Social Development

7.1 HEALTH

In Box 7.1 are the key policy objectives for the health sector from 2005 to 2015.

Key challenges and issues confronting the health sector are: stemming the rising incidence of non-communicable 'lifestyle' diseases; lowering the incidence of various cardiovascular diseases, which are the main recorded causes of death; decreasing the incidence of sexually transmitted infections; containing the spread of HIV/AIDS, improving water and sanitation, especially in Funafuti; striking the right balance between primary/preventative and curative health care; rising health care costs, including the cost of overseas referrals, which might be money better spent expanding health care services in Funafuti; expanding education programmes on good nutrition and healthier lifestyles; expanding and upgrading medical services in the outer islands; maintaining the decline in infant and maternal mortality rates and rising life expectancy; keeping under control the low incidence of infectious and communicable diseases are largely.

In Box 7.2 are the health priorities and strategies for health service operation and management of health services, health education, equity of access to health services, and consumer protection.



Box 7.1 Key Policy Objectives

- Provide a higher standard of healthcare nationwide.
- Promote health education and nutrition awareness for healthy lifestyles.
- Improve quality of curative services at PMH.
- Enhance delivery of health services, especially primary health care.

Box 7.2 Health: Priorities and Strategies 2005–2015

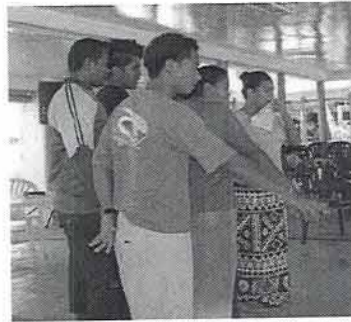
- 1. Operation and Management of Health Services**
 - Procurement of adequate and timely supply of drugs and other essential items to the hospital and clinics.
 - Review the operation and cost-effectiveness of the overseas referral scheme.
 - The cost-effective and efficient operation of the hospital to provide adequate curative services.
 - Maintenance of PMH and outer island clinics, the latter especially for maternal and child health care.
 - Provide adequate primary health care services to all islands, especially for those most disadvantaged.
 - Staffing of clinics and providing health services to key national institutions, e.g., TMTI and Motufoua.
 - Improve coordination and cooperation between Ministry of Health, Falekaupule, NGOs and civil society in the delivery of adequate health services to the public.
 - Review salaries and conditions of doctors and nurses to improve staff motivation and encourage more qualified staff to remain in Tuvalu.
 - Create a regulatory environment that enables private medical services to be offered to the public, including treatment, pharmacy supplies and other health related services.
 - Assess the cost effectiveness of the overseas medical treatment scheme compared to the reallocation of these resources to domestic capacity building.
- 2. Health Education**
 - Strengthen health education and awareness programmes to promote healthy lifestyles and better nutrition, and to address the threats of HIV/AIDS and NCDs.
- 3. Equity of Access**
 - Provide healthcare services to the elderly, disabled and otherwise disadvantaged.
 - Ensure that people throughout the country have equal access to basic health care services.
- 4. Consumer Protection**
 - Introduce regulations to protect consumers from the sale of sub-standard, or date-expired products.

7.2 YOUTH

In Box 7.3 are the key policy objectives for youth from 2005 to 2015.

Unemployment in the 15–24 age group is a growing problem with few new jobs being created. Young people have been identified as among those who are most disadvantaged. Practical strategies are geared toward expanding opportunities for the growing numbers of young Tuvaluans. Wider provision of basic education and training in essential skills, and behavioural changes in relation to health, employment and rural economic activity, are required.

In Box 7.4 are the priorities and strategies for improving the welfare of and opportunities available to young people.



Box 7.3 Key Policy Objectives

- Formulate a National Youth Policy.
- Improve the welfare of and opportunities available to young people.

Box 7.4 Youth: Priorities and Strategies 2005–2015

- Implement a National Youth Policy.
- Increase training opportunities.
- Create more job opportunities.
- Educate youth on the value of healthy lifestyles and the threat of HIV/AIDS.
- Educate youth on traditional knowledge/skills.
- Expand youth facilities on outer islands.
- Increase the availability of credit.
- Provide a greater role for youth in the Falekaupule decision-making process.
- Increase the role of NGOs and churches in addressing youth-related issues.

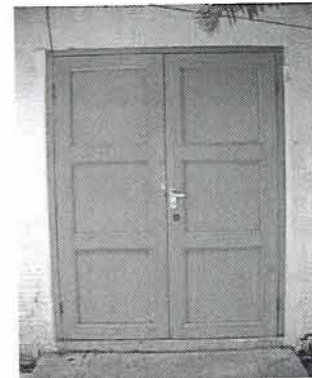
7.3 HOUSING

In Box 7.5 are the key housing policy objectives from 2005 to 2015.

Two separate but key challenges confront the housing market in Tuvalu. First is the generally poor standard of accommodation provided to public servants working in the outer islands, most notably for teachers and nurses working away from their home islands. Poor accommodation can have an adverse affect on general staff performance.

Second, in Funafuti the problem not only affects public servants, but also all those who have moved to Funafuti but who have no, or only limited access to land.

In Box 7.6 are the housing priorities and strategies to improve housing standards and expand the housing market.



Box 7.5 Key Policy Objectives

- Improve housing standards.
- Improve the provision and availability of housing.

Box 7.6 Housing: Priorities and Strategies 2005–2015

- Review, finalise and implement a national building code, taking into account issues such as security, water, sanitation, traditional building standards, natural hazards, and ability to pay.
- Ensure Kaupule bye laws and national legislation on housing and land issues are consistent.
- Assess the need to establish a housing authority.
- Review land leases under the home ownership scheme.
- Develop an urban management plan for Funafuti that offers land for residential development.

7.4 GENDER

In Box 7.7 is the key gender policy objectives from 2005 to 2015.

Although Tuvalu is rated first among 15 Pacific Island countries based on UNDP's gender development ratio, a rough measure of gender equality, more work remains to be done, especially in the outer islands where gender equality is less robust than it is in Funafuti. For women the key issues and challenges are the burden of traditional chores; lack of proper market places to sell their products; the need to improve representation of women in community decision-making; revision of laws governing the distribution of land; and unfair custodial rights.

In Box 7.8 are the gender priorities and strategies for better integrating the role of women in development and creating more economic opportunity for women.



Box 7.7 Key Policy Objective

- Promote gender equity.
- Expand the role of women in development.

Box 7.8 Gender: Priorities and Strategies 2005–2015

- Integrate the role of women, and the issue of gender and development in implementing *Te Kakeega* strategies.
- Review laws governing the distribution of land and the custodial rights of women.
- Provide women small business and entrepreneurial training, and access to appropriate credit facilities.

7.5 SPORTS AND RECREATION

In Box 7.9 are the key sports and recreation policy objectives from 2005 to 2015.

The key challenges and issues confronting sports are: creating a clear direction for national sports development; lack of financing and administrative support; getting sports to have a greater impact on development nationally; substantial yet under-developed athletic talent; sports development in almost all aspects lags behind other Pacific Island Countries, from facilities and equipment, to physical education programs, coaching and training, to hosting national competitions, or participating in international competitions.

In Box 7.10 are the priorities and strategies for developing sports, improving fitness and health.



Box 7.9 Key Policy Objectives

- Increase participation and opportunities to participate in sports, nationally and internationally.
- Improve sports and athletic facilities nationally.
- Improve national physical fitness and health.

Box 7.10 Sports and Recreation: Priorities and Strategies 2005–2015

Preparation of a National Sports Policy, which will include:

- Membership in the International Olympic Committee and other international sports associations;
- Review the adequacy of sports and recreation facilities in Tuvalu;
- Promote sports and recreation as a part of a healthy lifestyle; and
- Promote the role that sports can play in achieving the national vision.

7.6 POVERTY AND HARDSHIP

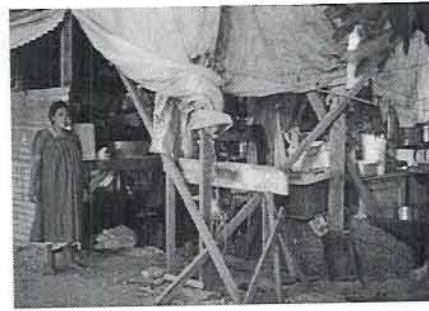
Box 7.11 briefly summarizes poverty and hardship as they relate to the key social development and other *Te Kakeega II* policy objectives between 2005 and 2015.

There is a perception that poverty in Tuvalu does not exist, as if traditional exchange shields individuals from absolute poverty. To a degree this is true. Traditional culture-based social safety nets mean that there is little obvious poverty in the narrow sense. But those who live in the outer islands, or in large families (both in Funafuti and the outer islands), the disabled, the poorly educated, and those without access to land (where they reside), are often at a disadvantage and suffer from what can be described as a ‘poverty of opportunity’. This is compounded by Tuvalu’s remoteness—and outer island remoteness from Funafuti—which constrains economic development and potentially new avenues of social and economic opportunity.

The traditional social structure is coming under strain as external influences change social attitudes, education broadens horizons, and aspirations are raised. Outer island migration to Funafuti (and overseas) is depopulating the outer islands and increasing the dependency ratios amongst those remaining. This means that there are fewer working age people in relation to the very old and very young. Increasing hardship and poverty of opportunity is being experienced on Funafuti where population pressure is high, and in the outer islands where employment opportunities and cash incomes are scarce.

The key issues surrounding poverty and hardship are emerging challenges for many families. Some of the causes are poor housing and sanitation; poor health; poor education; lack of safe drinking water; lack of employment, too few income earning opportunities; lack of access to land for subsistence farming (mainly a Funafuti issue); and growing monetisation of the economy, which requires families to have access to cash incomes. Those without access to wage or remittance income are likely to experience increasing hardship.

Box 7.12 briefly encapsulates the priorities and strategies embodied throughout *Te Kakeega II* in the context of overcoming poverty and hardship.



Box 7.11 Social Development and Other *Te Kakeega II* Policy Objectives

- Most of the key policy objectives for social development directly or indirectly address issues of poverty and hardship.
- Most of the key policy objectives elsewhere in *Te Kakeega II* directly or indirectly address issues of poverty and hardship.

Box 7.12

Poverty and Hardship: Priorities and Strategies 2005–2015

- Most *Te Kakeega II* social development priorities and strategies directly or indirectly address the challenges of overcoming poverty and hardship.
- Most development priorities and strategies in other *Te Kakeega II* sectors directly or indirectly address the challenges of overcoming poverty and hardship.
- Monitor the incidence of poverty and hardship through regular household surveys.

7.7 PERFORMANCE MONITORING

Performance and development across the social sector will be monitored by periodic evaluations of progress made toward the Millennium Development Goals, which will key off social indicators and reports compiled by both Tuvalu and independent sources.

8. Falekaupule and Outer Islands

In Box 8.1 are the key outer island development policy objectives from 2005 to 2015.

The key issues and challenges centre on greater development, creating more employment opportunities, reversing the decline in outer island economic activity, and generally making the outer islands more attractive places for young people to live by improving the standard of basic services available. In Funafuti the key issues and challenges are somewhat different, which involve a rising population, spreading urbanisation, deteriorating environment, pressure on water resources, growing unemployment and increasing hardship experienced by many families who have no income (or not enough income) and no access to land.

In Box 8.2 are the key Falekaupule and outer island governance policy objectives from 2005 to 2015.

The key issues and challenges confronting outer island governance are: 1) the Falekaupule Act has not yet had a material impact on development; 2) the Falekaupule Act has not produced a greater understanding and awareness of the Falekaupule process and how it can benefit outer island communities; and 3) the Falekaupule Trust Fund has not as yet made a significant contribution to outer island development, although the basic principles behind the Fund remain sound and its underperformance is largely outside the control of the Falekaupule.

8.1 PRIORITIES AND STRATEGIES

NGO's and community groups, especially church-based groups, will play key roles in implementing the strategies for outer island development, and be widely engaged in outer island development efforts. In Box 8.3 are the priorities and strategies for outer island social and economic development.



Box 8.1 Key Policy Objectives: Outer Island Development

- Halt outer island depopulation.
- Raise quality of basic service delivery to outer islands.
- Promote Tuvalu culture to improve outer island living.
- Create new development opportunities.
- Improve public sector services (power, shipping and extension services).
- Promote business development.
- Increase access to maritime training and employment.
- Expand access to microcredit.
- Better management of urbanisation.

Box 8.2 Key Policy Objectives: Outer Island Governance

- Increase outer island autonomy.
- Implement Falekaupule Act and other relevant legislation.
- Improve the standard of governance, management and administration.
- Deliver additional financial resources to support island autonomy (mainly through the Falekaupule Trust Fund).

Box 8.3 Outer Island Development: Priorities and Strategies 2005–2015

- Provide better infrastructure (water storage, roads, jetties, causeways/bridges, seawalls, airfields, power, and other infrastructure, including renewable energy technologies, communications/internet, and sanitation).
- Strengthen the process for effective management of the urbanisation of Funafuti.
- Ensure that health facilities and schools are adequately supplied and equipped.
- Identify and encourage revenue-generating activities such as eco-tourism.
- Increase contracting out of government services.
- Increase business advisory services and establish micro-credit schemes.
- Increase sports and recreation facilities.
- Improve operational strategies of CFCs (and NAFICOT).
- Investigate viability of marketing centres similar to CFCs for other agricultural and maricultural products.

In Box 8.4 are the priorities and strategies for improving governance and participation in outer island development.

Box 8.4
Outer Island Governance: Policies and Strategies 2005–2015

- Undertake public education awareness programmes and workshops on the Falekaupule Act.
- Translate the Act into the languages of Tuvalu.
- Encourage wide participation in the island development process.
- Encourage the integration of traditional and modern governance institutions and structures.
- Decentralise services where this is practical and cost effective.
- Provide technical and vocational training for management and business, and help to integrate business and traditional culture and practices.

In Box 8.5 are the priorities and strategies for preserving, promoting and developing traditional skills and knowledge.

Box 8.5
Culture and Tradition: Priorities and Strategies 2005–2015

- Promote traditional knowledge and expressions of culture.
- Revive and promote traditional skills and knowledge.
- Document traditional skills and knowledge.

8.2 PERFORMANCE MONITORING

Such indicators as population trends, changes in dependency ratios, subsistence agricultural and fisheries production, employment patterns, household income, and fish sales through CFCs, among others, will measure the performance of outer island development. A regular (five-yearly) household income and expenditure survey will be used to monitor the indicators.

9. Private Sector and Employment

In Box 9.1 are the key employment and private sector policy objectives from 2005 to 2015.

Increased prosperity for the people of Tuvalu is a core component of the Vision. The creation of economic opportunity and new private sector employment are thus central challenges to be overcome. To achieve this the strategies follow growth-oriented, private sector-friendly policies.

The key issues and challenges confronting commercial private sector development are:

- small local market;
- geographic and economic remoteness from major markets;
- unsecure property rights and inability to access land for development;
- lack of private enterprise tradition;
- generally poor service delivery by the public sector; and
- dominance by the public sector of many areas of enterprise, which are often un-commercial and subsidized.

9.1 PRIORITIES AND STRATEGIES

In Box 9.2 are the key priorities and strategies for increasing employment and private sector development. The strategies required to achieve the policy objectives are wide ranging. Many address institutional issues rather than physical infrastructure, which is also required.

A key strategy is the creation of a suitable investment policy and regulatory environment in which investors, be they domestic or foreign, have access to land, and sufficient confidence in the system that they are willing to invest and create employment and wealth in the domestic economy, with credit providers able to accept land as collateral for loans.

Increasing exports is another key strategy. Access to export markets mean not only places in which to sell products exported from Tuvalu, (e.g., fish), but also sources from which demand for Tuvalu's tourism industry might derive customers. Tuvalu's main export presently is seafarers, their export earnings received in the form of remittances. This is an increasingly competitive market in both cost and quality, with many nations now vying to get their seamen on foreign vessels. Tuvalu seafarers must remain competitive on both counts. Government will assist the industry to negotiate best-rate travel and visa costs, make sure that TMTI has and maintains its "White List" status, and is able to develop the facilities it needs to meet the demands of the industry.

Overall, successful implementation of the strategies will require a better relationship between the public and private sector. This means more participation by the private sector in the decision-making process, and a stronger Chamber of Commerce. Many potential entrepreneurs



Box 9.1
Key Policy Objectives

- Maintain macroeconomic stability and foster economic growth.
- Create a conducive investment environment.
- Reduce subsidies to public enterprises.
- Create a level-playing-field for private sector investment.
- Fiscal policies and budget management that do not result in deficits which absorb too much domestic credit.
- Provide adequate, efficient and cost-effective economic infrastructure—especially power, water, transport and communications.
- Improve access to exports markets.
- Increase credit availability to potential investors, especially domestic investors.
- Maintain IMO "White List" status.
- Job creation and other areas of economic opportunity.
- Increase by 50% the private sector share of GDP and level of national employment.

lack the necessary business and management skills to make their ideas commercially successful. More training in these areas will be provided through appropriate means, either by NGOs or private training institutions.

Offshore employment and migration, either from the outer islands to Funafuti, or from Tuvalu to overseas (historically to Nauru and Ocean Island) has long been an important employment safety valve. In recent years there has been increasing opportunity for migration to Niue and New Zealand. A future strategy will be to improve these migration schemes and explore other alternatives for offshore employment.

In Box 9.2 are the priorities and strategies for private sector investment, foreign direct investment, tax and tariff reform, market access, domestic job creation, offshore employment, and consumer protection.

Box 9.2
Employment and Private Sector: Priorities and Strategies 2005–2015

- Establish clear investment policy and regulatory environment, and institutional frameworks.
- Ensure compliance with PICTA and PACER.
- Actively support foreign direct investment, as well as domestic investment in job creating private enterprise.
- Set fiscal policies, including subsidies to public enterprises, so it does not crowd-out the private sector.
- Strengthen financial intermediation and domestic capital investment.
- Tax and tariff reform, and reform.
- Expand private sector participation in the decision making process.
- Facilitate business and management training for local entrepreneurs.
- Facilitate better access to markets and information on markets for local businesses.
- Provide resources needed for TMTI to remain on the IMO "White List".
- Investigate new offshore employment opportunities.
- Strengthen consumer protection by establishing a Consumer Council to monitor product and service standards.

9.2 PERFORMANCE MONITORING

Below are nine indicators to measure performance against the policy objectives, priorities and strategies:

1. Annual number of active employee accounts at TNPF.
2. Annual level of credit to private sector borrowers at NBT and DBT.
3. Annual number of seafarers employed on overseas ships.
4. Number of members of the Tuvalu Chamber of Commerce.
5. Number of participatory consultations held each year between government and the Chamber of Commerce.
6. Level of subsidy to each public enterprise in the annual budget.
7. Progress on legislative changes needed to create a better investment climate:
 - a. *Land reform*
 - b. *Investment policy*
 - c. *Consumer protection*
8. Employment and income data reported in census and household surveys.
9. Contribution of the private sector to GDP.

10. Education and Human Resources

In Box 10.1 are the key education and human resource policy objectives from 2005 to 2015.

The 2002 National Education Forum, NSSD, and subsequently the ESMP, adopted this overall objective for in education:

To provide a system of quality education which endows...people with the knowledge, skills and attributes necessary to achieve a higher degree of self-reliance in a rapidly changing world, and one that is consistent with [Tuvalu's] spiritual values.

The key issues and challenges in the education sector were extensively reviewed during the National Education Forum (which made 97 recommendations to improve education) and the NSSD, out of which grew the recently adopted Education Sector Master Plan (ESMP). The quality and quantity of education services, inadequate and poorly maintained physical infrastructure, often poor teaching standards, lack of teaching materials, inappropriate curriculums, weak delivery of education services, and Kaupule resource constraints are cited as but a few of key issues and challenges facing the sector, all of which have led to lower education standards and school performance. The key policy objectives address each of these issues, attempt to strengthen the overall management of the sector, improve the delivery of education services and that of future education instruction which better meets the needs of the general public, provides the economy with young people appropriately educated and skilled to take advantage of the the economic opportunities which are available, which the national strategies expect to deliver, and that restores public confidence in the national education system.



Box 10.1 Key Policy Objectives

- Improve overall education standards.
- More highly-trained and motivated primary, secondary, and post-secondary teachers.
- Adequately maintained schools with better more appropriate facilities.
- Provide more classroom materials to improve the teaching and learning environment.
- Install sound, consistent more appropriate curriculums that better target the needs of students and the economy.
- Expand and improve technical and vocational training opportunities.
- Make math and science subjects, and technical and vocational training a central part of school curricula.
- Expand services and facilities for special needs students, including pre-schoolers and the disabled.
- Higher retention in-country of returned overseas scholarship students.
- A comprehensive Human Resource Development Policy and Institutional Framework.

10.1 PRIORITIES AND STRATEGIES

Developing the education system is a long-term process. Changes to curriculums and teacher training can take many years to have any real (i.e., measurable) impact. But there are many short to medium term strategies that can yield significant benefits that improve education. Better managed, maintained, equipped and resourced schools can very quickly lead to higher teacher and pupil motivation, and consequently in the quality of education.

The Education Sector Master Plan focuses on the quality of, relevance of, and access to education. The ESMP is a comprehensive list of activities to improve education instruction and management. In Box 10.2 are the core components of the ESMP that contain the priorities and strategies that address the key education and human resource policy objectives.

Box 10.2

Education and Human Resources: Priorities and Strategies 2005–2015

Teaching and learning:

- increase teacher training and skill upgrading; and
- provide adequate classroom equipment and materials to support the curriculum, including libraries and text books.

Environment for teaching and learning:

- upgrade and maintain school facilities (including dormitories, kitchens, staff houses, etc.) to a standard conducive to teaching and learning in a healthy environment; and
- review career and salary structures of the education service to reflect the priority and importance placed on education.

School curriculum:

- review and redevelop school curriculum's to better meet the needs of students (and the economy);
- expand vocational and technical education;
- expand and improve instruction in mathematics, computer, and science subjects;
- add courses in local customs, culture and traditions skills; and
- offer student counselling to guide career and personal development.

Education services for special need students:

- provide government support to worthy private schools; and
- provide special needs education for preschoolers, disabled and handicapped, with NGO support.

Management of the education system:

- increase the number and improve the quality of school inspections;
- certify that inspection recommendations are complied with;
- Department of Education to regulate and manage pre-schools;
- establish junior secondary school system;
- consult with the private sector so labour market needs are better met;
- TMTI is on and stays on the IMO White List;
- amend bonding policy to retain a higher number graduates in-country;
- provide more information on the labour market; and
- formulate and implement a Human Resource Development Policy and Institutional Framework.

10.2 PERFORMANCE MONITORING

Key human resource indicators (e.g., budgetary funding for teacher salaries, supply of classroom equipment, teaching materials) will monitor 'input' performance, and results indicators (e.g., test results, school inspections, teacher performance, TMTI's IMO White List status) will monitor 'output' performance.

Key performance indicators for education are: primary and secondary school enrollment rates, attendance rates, pass-marks, number of students sitting for and passing the Fiji Junior Certificate, annual TMTI intake, TMTI entry standards, number of TMTI graduates who readily find employment, and number of TMTI graduates able to pursue advanced maritime training.

11. Natural Resources

11.1 AGRICULTURE

In Box 11.1 are the key agriculture policy objectives from 2005 to 2015.

Below are the key issues and concerns (and challenges) expressed in the countrywide consultations held in the lead up to the NSSD, and at the NSSD:

- Poor agricultural extension services in the outer islands;
- Often poor cooperation between Falekaupule and agricultural extension staff;
- Lack of proper facilities to keep and market poultry and livestock which has resulted in an increasing reliance on imported products;
- Lack of suitable land for gardening, especially on Funafuti, limiting the possibilities for cash crop production, or growing fruit and vegetables for household consumption;
- Diminishing traditional knowledge of farming *pulaka* and taro; and
- Deterioration in growing conditions in many *pulaka* pits through environmental changes including salination.



Box 11.1 Key Policy Objectives

- Reverse the decline in subsistence agricultural production.
- Increase the availability of land for agricultural production.
- Increase production and consumption of local produce.
- Mitigate climate change-related agricultural impacts.

The development of agriculture in Tuvalu must confront many fundamental issues and challenges. Among them poor soils and growing conditions, small land areas, few comparative advantages, declining outer island populations, increasing urbanisation, declining interest in traditional agriculture practices, distance to export markets, and poor local market access for those who do wish to produce cash crops. Nonetheless, there is still considerable scope for increasing production for local consumption and reversing recent production declines. Key challenges will be to revitalise and expand agriculture extension services, encourage people to once again turn to local rather than imported foods for better nutrition health, and improve transport and marketing of local produce.

In Box 11.2 are the priorities and strategies in the agricultural sector to increase production, improve agricultural services, and expand access to land.

Box 11.2 Agriculture: Priorities and Strategies 2005–2015

- Improve and expand agricultural extension services.
- Create more opportunities to educate and train agriculturalists.
- Expand availability of basic agricultural tools and equipment.
- Assist private entrepreneurs to produce and market local produce.
- Assist with access to land and credit.
- Incorporate more agricultural subjects into school curriculums.

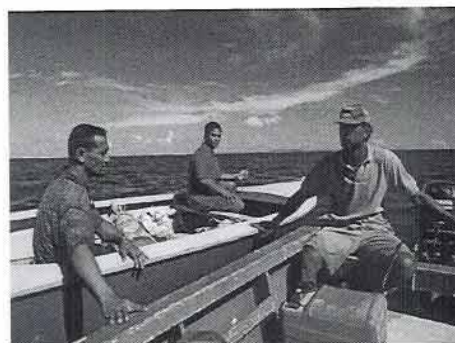
11.2 FISHERIES

In Box 11.3 are the key fisheries policy objectives from 2005 to 2015.

Fish stocks in the Tuvalu's EEZ, lagoons and inshore waters are its most valuable natural resource, sustainable indefinitely if well managed. The key issues and challenges are:

- improve resource management and marketing of local fish catches;
- reduce subsidies to Commercial Fishing Centres (which currently generate negative economic benefits overall);
- move CFCs toward a more commercial footing (as their name implies), leased to private operators, or transferred to the Kaupule;
- commercial operations and management of NAFICOT's long-line fishing venture; and
- better manage and increase fish licensing revenue.

In Box 11.4 are the priorities and strategies for fisheries from 2005 to 2015. National efforts will focus on better resource management; shifting commercial development to the private sector; and not allowing government enterprises to undercut local commercial fishermen. Implementing the strategies will depend on close cooperation in transport, private sector development, education and training, island Kaupule, and with development partners.



Box 11.3 Key Policy Objectives

- Improve management of fisheries resources— inshore and EEZ.
- Eliminate subsidies to CFCs through efficiency gains, privatization, or closure.
- NAFICOT is made commercially viable.

Box 11.4 Fisheries: Priorities and Strategies 2005–2015

- Review operations of CFCs to reduce subsidies through efficiency gains, privatisation or closure.
- Develop and adhere to a fully costed business and management plan for the operation of NAFICOT's long-line venture so that no subsidy is required.
- Increase revenue from fish licensing.
- Formulate and implement a clear, coherent and integrated fisheries sector development programme.

11.3 TOURISM

In Box 11.5 is the key tourism policy objectives from 2005 to 2015.

The key challenges and constraints confronting tourism are: high air fares, poor air service, poor hotel accommodation and hospitality service, undeveloped eco-tourism potential, poor urban environmental management, undermanned and poorly situated tourism office, and lack of visitor information. Some of these issues could be overcome by remodeling and expanding the Vaiaku Lagi Hotel, locating a tourist information office adjacent to the airport terminal, developing reef eco-tourism, and improving hospitality operations and management.



Box 11.5 Key Policy Objective

- Increase the number of tourists arrivals.
- Support the development of an eco-tourism industry.
- Support and develop new private sector tourism-related enterprises.

While Tuvalu does not possess any special tourist attractions not present elsewhere in the region, except that it's small, isolated and parts of the country remain pristine. The Funafuti lagoon is the natural attraction that must form the basis for modest growth in the tourism industry. In Box 11.6 are the priorities and strategies for tourism from 2005 to 2015.

Box 11.6
Tourism: Priorities and Strategies 2005–2015

- Implement long-standing recommendations for tourism.
- Lease out or privatize management of the Vaiaku Lagi Hotel.

11.4 ENVIRONMENT

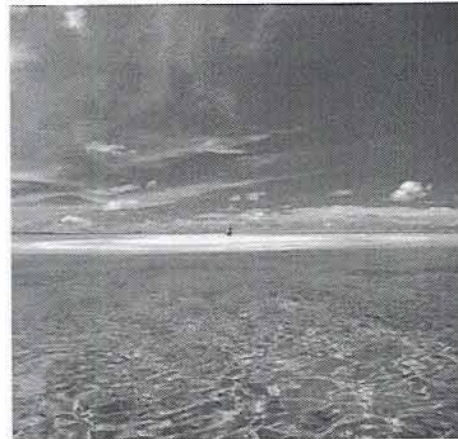
In Box 11.7 are the key environment policy objectives from 2005 to 2015.

Tuvalu is ranked one of the most environmentally vulnerable states in the region, largely because of its low relief and small land area. The key risks confronting the environment in are:

- sea level rise as a result of climate change;
- rising population density in Funafuti;
- decline in traditional resource management;
- unsustainable use of natural resources; and
- poor waste management and pollution control.

Waste management is one of the most pressing problems and has direct implications for human and ecosystem health, especially in Funafuti. If collected and disposed of properly, this will lead to less potential pollution of lagoon waters and less accumulation of waste that is a latent source of disease and other public health issues.

Environmental management must confront two key challenges: 1) the numerous issues arising from the growing urbanisation of Funafuti, and 2) the national impacts associated with climate change and sea level rise, specifically salt-water inundation of pulaka pits, coastal erosion and flooding, which are blamed either wholly or partly on global warming. In Box 11.8 are the priorities and strategies for the environment from 2005 to 2015.



Box 11.7
Key Policy Objectives

- Stop unregulated development and degradation of the environment—especially on Funafuti.
- Increase the number of marine and terrestrial conservation areas.
- Minimise climate change impacts.

Box 11.8
Environment: Priorities and Strategies 2005–2015

- Develop and implement an urban and waste management plan for Funafuti.
- Establish national climate change adaptation and mitigation policies.
- Encourage international adoption of Multilateral Environmental Agreements, including the Kyoto Protocol.
- Increase the number of conservation areas and ensure regulatory compliance.

11.5 PERFORMANCE MONITORING

Below are the indicators to monitor and measure performance in the four key areas in the natural resource sector (agriculture, fisheries, tourism, environment):

1. Agriculture and fisheries' real share of GDP (has it risen, remained flat, or continued to shrink?).

2. Government subsidies to CFCs and NAFICOT have declined or been eliminated.
3. Levels of commercial or concessionary credit extended to private agricultural and fisheries-based businesses has increased.
4. The result of higher levels of commercial or concessionary credit.
5. Intensity of tourism promotion and the development of tourism infrastructure, measured by tourist arrivals.
6. Environmental management has improved in general, and the progress made in urban planning, land reform, and waste management in Funafuti specifically, and to a relevant but lesser extent in the outer islands.
7. Tuvalu continues to be a major advocate on issues relating to climate change.
8. To the extent possible Tuvalu adopts national mitigation measures that offset the impacts of climate change and sea level rise.

12. Infrastructure and Support Services

In Box 12.1 are the key infrastructure and support service policy objectives from 2005 to 2015.

Reliable and competitively priced economic infrastructure and utilities are essential for sustainable development. Without them it will be impossible to attract investment, create employment, generate new wealth and opportunities. Issues relating to poor transport and communications, high costs, inefficient utilities, delivery of economic services, and poor maintenance of infrastructure assets were cited as priority concerns at the NSSD.

The key issues and challenges facing Tuvalu to provide public infrastructure, public utilities and support services are both physical and structural. For example:

- The islands are small, lightly populated (apart from Funafuti), and distant from each other.
- The cost of providing communications, power, and transport infrastructure in such circumstances is high and the economies of scale small.
- Operations and management of public infrastructure and public utilities is generally weak.
- Public infrastructure (e.g., shipping), utilities (e.g., power), and support services are unprofitable and heavily subsidised.



Box 12.1 Key Policy Objectives

- Provide commercial, quality, efficient, and competitively priced infrastructure and support services.
- Corporatise, and where possible privatise, government functions.
- Minimise subsidies paid to public utilities.
- Provide more economic infrastructure and support services.

Additional and more cost effective and efficient infrastructure, utilities and support services will support the strategies, while providing satisfactory standards of service nationwide.

12.1 PRIORITIES AND STRATEGIES

In Box 12.8 are the priorities and strategies to provide competitively priced, cost-effective and efficient infrastructure, utilities and support services.

Box 12.2 Infrastructure and Support Services: Priorities and Strategies 2005–2015

- Improve management, operation and maintenance of infrastructure and support services.
- Provide additional infrastructure where it's economically viable.
- Lower or eliminate subsidies to public utilities.
- Seek out alternative providers of infrastructure and utilities within the private sector to create competition.
- Improve quality, frequency and cost-effectiveness of transport services to the outer islands.
- Improve international air service links.
- Improve ICT services and extend ICT service nationwide, especially to schools, clinics and Kaupule.
- Expand collection and storage of water for housing, businesses and other structures (especially in Funafuti).
- Promote water conservation through education and awareness programmes.

12.2 PERFORMANCE MONITORING

Performance monitoring will use indicators such profitability of public utilities and (or) subsidy reductions in shipping and public utilities, the rate of increase in power consumption and telecommunications traffic, both domestic and international, and Internet access nationally.

13. Implementation and Monitoring

13.1 IMPLEMENTATION

The *Te Kakeega II* sets out the long term Vision from 2005 to 2015. The ten-year Vision will, barring major catastrophes, remain unchanged. The Vision, strategic directions (summarised in Chapter 4: Strategic Framework), key sector policy objectives, and the summary priorities and strategies comprise the National Development Strategy (NDS). Each of the strategic directions have a shorter horizon than the Vision (e.g., 2 to 3 years). The sector priorities and strategies set out under the eight strategic directions summarise the key areas of development identified by the NSSD.

Sector Master Plans. Each department will prepare sector master plans that should directly key off the priorities and strategies contained in *Te Kakeega II*, detailing specific initiatives which are linked to the national budget, its multi-year framework, and the PSIP (which specifies available domestic capital and aid funding).

Departmental Corporate Plans. Each department will prepare a short-term three-year corporate plan, which includes a clear Mission Statement that describes what the department stands for and a detailed description of how it roles, responsibilities and contributions link directly to the sector master plans, *Te Kakeega II* and the Vision.

Public Sector Investment Programme. The PSIP is a schedule of current and proposed future allocations of domestic capital and aid funding that is cost out and ranked by investment priority, which is consistent with the national capacity to finance, implement and manage. This PSIP forms the core of project planning, programming and aid coordination, and is linked with annual national budgets and the multi-year budget frameworks. Its purpose is to provide:

- a clear national development priorities and projects for donor consultations, which are linked with the national development strategy;
- a clear overview of current and planned public sector investments;
- a realistic schedule of public sector investments over a three-year horizon, consistent the multi-year national budget framework; and
- the resources needed to implement the PSIP annually and over a multi-year time frame.

Projects included in the PSIP will be selected using an appraisal process, within the available funding (domestic and external), and as determined by the sector priorities and strategies in *Te Kakeega II* and the sector master plans.

National Budget. Annual national budgets and their multi-year budget frameworks will be linked with the sector priorities and strategies set out in *Te Kakeega II*, which in turn link with each of the key policy objectives for each sector to attain the long term Vision. Sector budget priorities and funding allocations within the framework of the national strategies will be agreed between the Ministry of Finance, who sets macroeconomic policy, and ministries and departments who set their own funding priorities.

13.2 PERFORMANCE MONITORING

Any progress made toward the NSSD Vision must be measurable. A guide to specific performance indicators is listed at the end of each chapter addressing the eight strategies. Each indicator is a measure to monitor performance, and are based on regularly collected data or other information, including periodic MDG reporting and analysis, as the MDGs relate to the eight strategies.

DCC and National Task Force. Implementation of *Te Kakeega II*, the national development strategies contained therein, and sector master plans (to be developed) will be coordinated and

monitored by 1) the Development Coordinating Committee (DCC), and later 2) by a National Task Force (to be established) comprising island leaders (*Pule Fenua and Ulu Alik*i), government officials, and representatives from civil society, which will be convened every two years to review the progress that has been made to date.

In mid-2006 the National Task Force will begin review of the national development strategies. Each sector (represented by the relevant ministry or department) will submit progress reports to the Task Force, backed by key performance indicators. These will be tabled, along with Task Force findings and recommendations, at the parliamentary session for the 2007 budget. The 2006 review will provide the basis to determine the need for a new series of consultations that that would lead to a second national summit to be held in mid-2007, during which the revised priorities and strategies for 2008 to 2010 would be agreed.

Annual Government Progress Report. Each year at the budget session of parliament, government will table a progress summary that highlights national and sectoral strategies that have been implemented in the preceding calendar year (based on the performance indicators in *Te Kakeega II*) and how they link to *Te Kakeega II* and attaining the Vision.

Annex 1

Text of the *Malefatuga* Declaration



NATIONAL SUMMIT ON SUSTAINABLE DEVELOPMENT
Funafuti, Tuvalu, 28 June – 9 July 2004

Malefatuga Declaration*

We, the representatives at the Tuvalu National Summit for Sustainable Development; comprising of all island Head Chiefs and Presidents of Island Councils, Cabinet Ministers and Members of Parliament, representatives of the civil society and private sector, government ministries and departments, development partners and Tuvalu expatriates;

Recognizing the importance of sustainable development – development without compromising the ability of future generations to meet their needs – and *endorsing* the Vision of “By 2015, guided by strong spiritual values enshrined in its motto – ‘Tuvalu mo te Atua’ – we will have achieved a healthy, educated, peaceful and prosperous Tuvalu”;

Believing that the development of our National Sustainable Development Strategy will significantly contribute to the attainment of a vibrant, secure and prosperous Tuvalu;

Deeply concerned with the critical challenges facing the people of Tuvalu as caused by the lack of resources and opportunities, isolation and vulnerability, and compounded by the effects of climate change and sea level rise;

Guided by the eight themes and strategic actions identified during the Summit including good governance; strengthening macroeconomic stability; improving the provision of social services; improving outer islands development and Falekaupule; creating employment opportunities and enhancing private sector development; improving capacity and human resource development; developing Tuvalu’s natural resources; and, improving the provision of support services; and mainstreaming of women in development;

Reaffirming as well our commitment to achieving sustainable development in line with the United Nations Millennium Development Goals and international sustainable development agenda;

Hereby commit, regardless of political change, to the full implementation of the strategic priorities and key actions (as appended) and as adopted through the following resolutions,

- Adopting and promoting good governance;
- Ensuring macroeconomic stability and economic growth;
- Improving the quality of life for every Tuvaluan;
- Ensuring the equitable development of all Islands;
- Providing an enabling environment for employment and private sector development;
- Strengthening capacity through the development of human resources and quality education;
- Ensuring sustainable management and conservation of Tuvalu’s natural resources and protection of the environment; and,
- Providing adequate infrastructure and support services to underpin development.

Commit also to ensuring the effective monitoring of the implementation and assessing its impact.

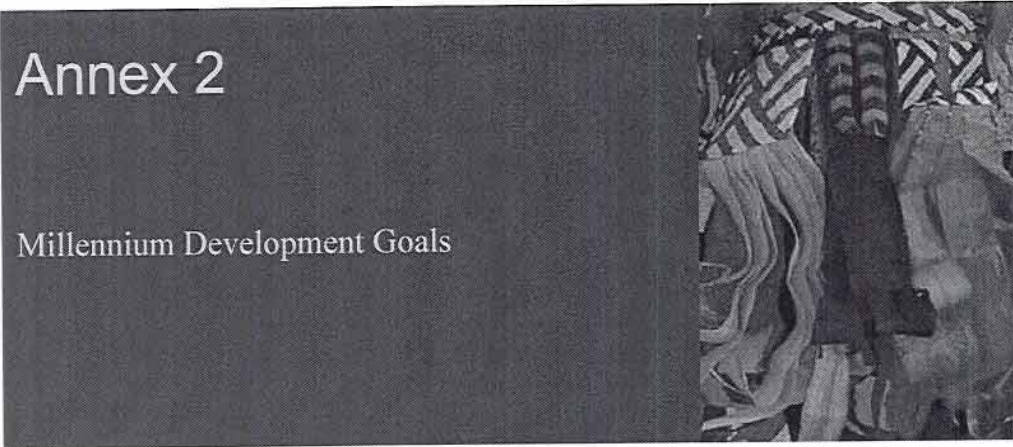
Seek to work more closely at all levels with the international community to promote cooperation and partnerships towards the achievement of the Vision, goals and objectives identified in the National Sustainable Development Strategy (Te Kakeega II), whilst acknowledging the invaluable support of our traditional development partners.

Express our sincere appreciation to the Government of Tuvalu for the organization of the Summit and our development partners including Australia, New Zealand, the Republic of China, the Republic of Ireland, the Governments of Italy and the United Kingdom for their financial support, and the United Nations Development Programme, United Nations Economic and Social Commission for Asia and the Pacific, the Asian Development Bank, the Council of Regional Organisations of the Pacific, and Tuvaluan expatriates for their technical support.

Declare our endorsement of the Malefatuga Declaration through our signatures below. **

* Reformatted to fit on one page.

** On 9 July 2004 the *Malefanuga* Declaration was signed by the Rt. Hon Bikenibeu Paeniu, Minister of Finance, Economic Planning and Industries (NSSD Co-Chair, MP, Nukulaelale); Hon Kamuta Latasi (NSSD Co-Chair, MP, Funafuti); Mr. Iliala Lima (Nanumea Island Chief); Mr. Talivai Sovola (Nanumaga Island Chief); Mr. Iosefa Lagafaoa (Niutao Island Chief); Mr. Falani Mekuli (Nui Island Chief); Mr. Londoni Panapa (Vaitupu Island Chief); Mr. Valoaga Fonotapu (Nukufetau Island Chief); Mr. Siaosi Finiki (Funafuti Island Chief); and Mr. Aifou Tafia (Nukulaelac Island Chief).



Millennium Development Goals: Targets 1–18 and Progress To Date

GOAL 1: Eradicate Extreme Poverty and Hunger

Target 1: Halve between 1990 and 2015, the proportion of people living in poverty.

Progress: To be determined.

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Progress: There is no information on this target, but available evidence suggests that malnutrition is not widespread. But there is some risk to 'food security' in the outer islands as populations decline.

GOAL 2: Achieve Universal Primary Education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Progress: Tuvalu is consistently in the upper end in regional comparisons of literacy, with 95% of its population literate. Tuvalu has achieved the MDG target in net enrolment in primary education, achieved the MDG target of equality of opportunity at primary and secondary levels for boys and girls, and balance has all but been achieved at tertiary level too. Progress remains to be made in educating and training the population in technical and vocational skills.

GOAL 3: Promote Gender Equality and Empower Women

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

Progress: The ratio of girls to boys in primary, secondary and tertiary education is about equal. Tuvalu has met and will continue to meet the MDG target. The share of women in wage employment in non-agricultural sector jobs is growing and now stands at 44% of the labour market (2002), with some qualifications. Apart from one ministerial seat held by a woman in the late '80s and early '90s, no women have been elected to parliament, though several have stood for election.

GOAL 4: Reduce Child Mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under five mortality rate.

Progress: The under five mortality rate dropped from 59 in 1991 to 32 in 2003, and the infant mortality rate decreased from 41 to 21, indicating Tuvalu is on its way to achieving the MDG target. Immunisation coverage for one-year olds is almost 100%, hitting the MDG target.

GOAL 5: Improve Maternal Health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.

Progress: Tuvalu has achieved the lowest possible level of maternal mortality and nearly 100% of births are attended by health personnel, reaching the MDG target.

GOAL 6: Combat HIV/AIDS, Malaria and Other Diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.

Progress: Based on current health practices, public awareness and action, Tuvalu should be able to achieve the MDG target combating the spread HIV/AIDS.

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Progress: Malaria does not exist in Tuvalu. The rate of new tuberculosis cases is decreasing, and 92% of new cases are successfully treated, but the rate of new infections is still high, and much progress remains before the MGD target is reached. Coverage for Rubella vaccinations is 95-100%, to be reached in 2005.

GOAL 7: Ensure Environmental Sustainability

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Progress: * Although almost half of Tuvalu is covered by forest, an assessment of the forest area will provide an indication of the relative importance of forests, and if the natural forest coverage is being maintained or declining over time. The area of 'official' protected reserves is very small; but this excludes community managed conservation areas or marine reserves. A comprehensive 'stock take' of community reserves is required to accurately measure this target.

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

Progress: Tuvalu is well on track to achieve the target for access to safe drinking water. Tuvalu is well on track to achieve the target for access to sanitation, although progress has been slower in the outer islands than on Funafuti.

Target 11: By 2020, have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Progress: Although the concept of 'slum' does not apply, in Funafuti temporary squatter-type housing is increasing, and the continuing urbanisation of Funafuti raises many serious issues for government in respect of urban planning and management, land and waste management, and overall urban health.

GOAL 8: Develop a Global Partnership for Development**

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.

Progress: No progress to date.

Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.

Progress: No progress to date.

Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications.

Progress: Access to information communication services have expanded over the last ten years. Internet access (in Funafuti only) was established in 1998, with significant service upgrades in 2001 and 2004, which will continue on a regular basis as the domestic network is upgraded. Wireless Internet access was established in 2003, as was the government computer network. Mobile telecommunications was also introduced in 2004.

* The definition of 'forest' used by the UN is not particularly suitable for Tuvalu since the number of forest types and land uses that are of significant importance (such as mangroves, coconuts and agroforestry) are not included.

** Targets 12–15 (and progress against each) were not yet included in the draft *National Millennium Development Goals Report: Tuvalu*.

<back cover>



WE, the representatives at the Tuvalu National Summit on Sustainable Development, comprising all island Head Chiefs and Presidents of Island Councils, Cabinet Ministers and Members of Parliament, representatives of civil society and the private sector, government ministries and departments, development partners and Tuvalu expatriates;

RECOGNISE the importance of sustainable development—[that is] development without compromising the ability of future generations to meet their needs—and endorse the Vision of “By 2015, guided by strong spiritual values enshrined in its motto—‘Tuvalu mo te Atua’—we will have achieved a healthy, educated, peaceful and prosperous Tuvalu.”

REAFFIRM...our commitment to achieving sustainable development in line with the United Nations Millennium Development Goals and [the] international sustainable development agenda.

The Malefanuga Declaration was signed by the Rt. Hon Bikenibeu Paeniu, NSSD Co-Chair (MP, Nukulaelae), Hon Kamuta Latasi, NSSD Co-Chair (MP Funafuti), Mr. Iliala Lima (Nanumea Island Chief), Mr. Talivai Sovola (Nanumaga Island Chief), Mr. Iosefa Lagafaoa (Niutao Island Chief), Mr. Falani Mekuli (Nui Island Chief), Mr. Londoni Panapa (Vaitupu Island Chief), Mr. Valoaga Fonotapu (Nukufetau Island Chief), Mr. Siaosi Finiki (Funafuti Island Chief), and Mr. Aifou Tafia (Nukulaelae Island Chief)

July 2004



Ministry of Finance, Economic Planning and Industries
Tuvalu Government
Cover photograph: Peter Bennetts
Back cover photographs: James M. Conway (top) Peter Bennetts (bottom)