



Tuvalu Annual Program Performance Report 2011

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Summary

This report summarises Australia's development assistance to Tuvalu in 2011 and updates progress under the Tuvalu–Australia Partnership for Development. Major achievements were supporting long-term financial sustainability by aligning the Government of Tuvalu's reform priorities and those of major donors under a joint economic reform program known as the policy reform matrix, and providing a humanitarian response to Tuvalu's drought crisis.

Context

Development context

Tuvalu has few development opportunities and is highly dependent on development assistance. The country is constrained by its small size and small population of approximately 10 000 people spread across nine islands—47 per cent of the population, 4500 people, reside on the main island of Funafuti.¹ Tuvalu is also limited by few opportunities for economic growth and distance from economic markets. Tuvaluans rely on the public sector as their principal source of employment and diaspora remittances also help to increase household incomes.

The country is vulnerable to climate change and susceptible to a high frequency of natural disasters.² On 28 September 2011, the Government of Tuvalu declared a state of emergency due to water shortages. This was the second worst drought on record for Tuvalu.

There are limited employment opportunities in Tuvalu. The country will participate in Australia's permanent Pacific Seasonal Worker Program from July 2012 which is expected to provide more opportunities for diaspora remittances.

Tuvalu demonstrated its commitment to the Pacific region's aid effectiveness agenda by participating in the Forum Compact on Strengthening Development Coordination peer review process. It also participated in the global aid effectiveness agenda by attending the Fourth High Level Forum on Aid Effectiveness in Busan, Korea in November 2011,³ and presented its perspective on aid fragmentation to forum participants.⁴ The government is committed to improving aid effectiveness and reducing the administrative burden associated with dealing with many donors, their different procedures and their separate aid projects (87 projects in 2011).⁵ In this regard, the Government of Tuvalu views a multi-donor policy-based budget support operation as a positive development in

¹ 2011 Pacific Regional MDG Tracking Report, PIFS, and Tuvalu MDGs Progress Report 2010–11, Government of Tuvalu, p.9.

² Climate Change in the Pacific Scientific Assessment and New Research Volume 2: Country Reports.

³ The Fourth High Level Forum on Aid Effectiveness was held in Busan, Korea, November 2011.

⁴ Tuvalu focused on the impact of multiple donor missions and projects on its capacity to lead and manage its own development and aid effectiveness agenda. Pacific Islands Forum Secretariat media release 'Tuvalu calls for harmonisation of development cooperation', 30 November 2011, www.forumsec.org/pages.cfm/newsroom/press-statements/2011/tuvalu-calls-for-harmonisation-of-development-cooperation.html

⁵ Tuvalu Finance Minister Metia quoted at the Fourth High level Forum on Aid Effectiveness in Pacific Islands Forum Secretariat media release 'Tuvalu calls for harmonisation of development cooperation', 30 November 2011, www.forumsec.org/pages.cfm/newsroom/press-statements/2011/tuvalu-calls-for-harmonisation-of-development-cooperation.html



improving aid effectiveness as well as helping address the government's fiscal issues.

Economic overview

Tuvalu's fiscal situation continued to deteriorate in 2011 due to a combination of poor domestic policies and expenditure decisions, and slow economic recovery from the 2008 global economic crisis. This depleted the Tuvalu Trust Fund reserves. Remittances were reduced by a sharp decline in the labour market for seafarers, and the country's small economy experienced low economic growth (GDP grew at 1.1 per cent in 2011 which was the first growth since the global economic crisis⁶) and reduced revenue.

Over 2011, the Australian dollar, which is the official currency of Tuvalu, experienced appreciation against the US dollar. While Australian official development assistance represents a large and significant funding source, fluctuations in the exchange rate resulted in under budgeting of revenue from other external sources denominated in the US dollar, such as the dot TV domain name, fishing licences and grants from development partners like Taiwan.

Tuvalu's exports remained limited and the country is heavily dependent on imports as its domestic production base is restricted to subsistence agriculture and fishing.⁷ Government expenditure also outpaced revenue in recent years, largely due to overspending on a medical referral treatment and a scholarship scheme, but also reductions in revenues which led to widening budget deficits. For example, the deficits for 2010 and 2011 are estimated at 38 per cent and 22 per cent of GDP respectively, compared to 1.5 per cent and 3.2 per cent in 2008 and 2009 respectively.⁸

Without interventions from development partners, Tuvalu's budget shortfall would have had a critical impact on government functions, including public service delivery. In July 2011, the government approached Australia for crisis budget support. Australia agreed to support Tuvalu through a multi-donor approach contingent on the Government of Tuvalu's commitment to difficult medium-term economic reforms. Work commenced on a reform agenda to improve the country's financial situation in August 2011, and positive progress has continued into 2012 (see 'Progress against objectives').

Political context

Tuvalu's recent fiscal crises have led to an unprecedented level of political instability. There has not been a stable majority government since the last national elections in September 2010. Fragmented political coalitions influence decision making at all levels of government. Prime Minister Telavi's government was in an

⁶ Concluding statement of the Tuvalu International Monetary Fund Article IV Mission 29 May to 5 June 2012, www.imf.org/external/np/ms/2012/060512.htm

⁷ Prices for imported goods fell in 2011 and reduced the inflation rate down to 0.5 per cent. Concluding Statement of the Tuvalu International Monetary Fund Article IV Mission 29 May to 5 June 2012, www.imf.org/external/np/ms/2012/060512.htm

⁸ Asian Development Bank estimates, 2011.



unstable position in 2011, with the balance of power at eight government seats to seven opposition seats. Attempts have been made since to destabilise the coalition government.

Donor landscape

Aid constitutes around 50 per cent of Tuvalu's gross domestic product (GDP).⁹ The national budget estimated that Tuvalu would receive A\$30.7 million in development assistance in 2011.¹⁰ Australia is one of Tuvalu's largest donors, with a bilateral budget of A\$7.49 million for 2010–11 and A\$7.48 million for 2011–12. The Department of Defence also provides approximately A\$0.26 million to operate and maintain a Pacific patrol boat, and Australian funding is also channelled through Pacific regional organisations, development banks and United Nations agencies. Australia's official development assistance totalled A\$11.7 million in 2011–12.

Taiwan is another large donor to Tuvalu, providing A\$6.5 million¹¹ in 2011 through grants to support priorities in the 2011 national budget. Other donors and partners that provided funding include Japan, New Zealand, the European Union, the Asian Development Bank, Republic of Korea, Cuba, India and some United Nations agencies. In 2010, Tuvalu joined the International Monetary Fund and the World Bank, and in 2011 the World Bank completed its first country assistance strategy for Tuvalu.

Australia's key partners working on Tuvalu's economic reform agenda are New Zealand, the Asian Development Bank and the World Bank. Australia works with the United Nations Development Programme on environment and climate change priorities and aid coordination and management, and with the United Nations Children's Fund (UNICEF) on education. Australia coordinates with Taiwan on its development assistance to Tuvalu.

Australia provides funding for the health sector through regional and multilateral organisations, including UNICEF, the United Nations Population Fund, the World Health Organization, and Secretariat of the Pacific Community. Other health sector assistance includes short-term training for health professionals through the Pacific Public Sector Linkages program and maintenance of biomedical diagnostic and laboratory equipment at Tuvalu's Princess Margaret Hospital.

In 2011, AusAID led high level donor coordination with Suva-based development partners and increased joint country missions between Australia, New Zealand, the Asian Development Bank and the World Bank. This addresses a recommendation of the Forum Compact Peer Review of April 2011. Australia,

⁹ Pacific Islands Forum Secretariat media release 'Tuvalu calls for harmonisation of development cooperation', 30 November 2011, www.forumsec.org/pages.cfm/newsroom/press-statements/2011/tuvalu-calls-for-harmonisation-of-development-cooperation.html

¹⁰ Tuvalu 2011 national budget speech by the Honourable Lotoala Metia, Minister for Finance and Economic Development, 14 April 2011, Government of Tuvalu, p.6.

¹¹ 2011 Tuvalu national budget program estimates, Government of Tuvalu, and Tuvalu 2011 national budget speech by the Honourable Lotoala Metia, Minister for Finance and Economic Development, 14 April 2011, Government of Tuvalu, p.3.



New Zealand, Japan, the United Kingdom, United States and United Nations agencies also worked together to provide an effective response to Tuvalu’s 2011 drought emergency.

Performance against the Millennium Development Goals (MDGs)

Table 1: Progress towards the Millennium Development Goals in Tuvalu

Tuvalu has achieved mixed results against the MDGs. The 2011 Pacific Regional MDG Tracking Report¹² suggests that Tuvalu is off-track to meet MDG1 (poverty and hunger) based on a localised basic needs poverty assessment. However, the country is on track to meet MDG4 (reducing child mortality), and MDG5 (improving maternal health).¹³ The government’s current effort to review and revise its Tuvalu Medical Treatment Scheme is expected to enable a higher share of the health budget to be directed towards primary and preventative health care.

Tuvalu is close to achieving MDG2 (universal primary education), however the quality of education remains a challenge. The Ministry of Education data pass rates from secondary school are an average of only 50 per cent over the past three years, and a large number of students drop out after Year 8. There is a need to rebalance the government’s education budget towards basic education and less on scholarships.

Tuvalu is on track to achieve part of MDG3 (gender equality and empowering women) as progress has been made towards gender equality in education and employment. However there has been little progress towards women’s empowerment—there has been only one female Member of Parliament since 1993.¹⁴ Moreover, while women account for nearly half of the civil service, they hold only one fifth of the high-level positions in government and public corporations.

Program objectives and strategy

Key objectives for the 2011 Tuvalu program

Tuvalu and Australia signed a Partnership for Development in August 2009 which had a single priority outcome:

- support Tuvalu’s long-term economic prospects in line with Tuvalu’s national development plan *Te Kakeega II*.

¹² 2011 Pacific Regional MDG Tracking Report, PIFS, and Tuvalu MDGs Progress Report 2010–11, Government of Tuvalu.

¹³ 2011 Pacific Regional MDG Tracking Report, PIFS, and Tuvalu MDGs Progress Report 2010–11, Government of Tuvalu.

¹⁴ Tuvalu MDG Progress Report 2010–11, Government of Tuvalu pp.39-43.



The partnership also included a focus on helping Tuvalu increase its resilience to the impacts of climate change, and developing a skilled and educated workforce.

A formal review of the partnership in February 2011 determined that its framework should be restructured to reflect the key areas of Australian assistance, aligned to Tuvalu’s national development plan. At the annual Australia–Tuvalu Partnership talks in October 2011, three priority outcomes were agreed:

1. good governance, economic growth and stability
2. education and human resources
3. environment and climate change.

This APPR reports against the original partnership structure, as this was in place for the majority of 2011. The 2012 APPR will report against the new structure.

Priority outcome 1: Support Tuvalu’s long-term economic prospects in line with Tuvalu’s national development plan Te Kakeega II

Australia’s commitments under the partnership to support long-term economic prospects are to:

- provide annual contributions to the Tuvalu Trust Fund to build a long-term revenue source
- provide performance linked financial contributions to the Consolidated Investment Fund as an incentive for improved financial and economic management in Tuvalu. These incentives are linked to the need to underpin predictable budgets and support effective resourcing of core services
- provide technical assistance in areas essential for government functions (Ministry of Finance, Audit office and the Attorney General’s office)
- provide long-term scholarships in joint priority areas for Tuvalu citizens to study in Australia and the Pacific region, creating opportunities to access quality education, gain good qualifications and access employment opportunities.

Expenditure

Table 2: Estimated expenditure in 2011–12

Objective	A\$ million	% of bilateral program
Priority outcome 1:		
Support Tuvalu’s long-term economic prospects in line with Tuvalu’s national development plan	\$5.04	67
Other program priority area:		
Education and scholarships	\$1.64	22
Other program priority area:		
Environment and climate change	\$0.8	11
Total of all program	\$7.48	100

Source: AidWorks.



Progress against objectives

Priority outcome 1: Support Tuvalu’s long-term economic prospects in line with Tuvalu’s national development plan Te Kakeega II

Table 3: Ratings of the program’s progress towards the objectives

Priority Outcome	Current rating	Relative to previous rating
> Priority outcome 1: support Tuvalu’s long-term economic prospects in line with Tuvalu’s national development plan <i>Te Kakeega II</i>	■	Unchanged

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Contributions to the Tuvalu Trust Fund

Under the partnership, Australia’s contribution to the Tuvalu Trust Fund¹⁵ is a key feature of Australia’s ongoing commitment to building a financial asset for Tuvalu and providing the government with a revenue stream to fund its recurrent budget expenditure. Australia has good oversight of the Tuvalu Trust Fund, and sits on the board along with representatives of the governments of New Zealand and Tuvalu.¹⁶ The Asian Development Bank is also a regular observer at board meetings.

Australia contributed \$4 million to the Tuvalu Trust Fund in 2010–11. Australia also contributed \$4 million into the Consolidated Investment Fund in 2011–12 to assist Tuvalu to finance its 2011 budget. This was needed because the global recession had an adverse impact on the fund. There have been no distributions to the Consolidated Investment Fund since 2008, and no further distributions are expected until 2013–14. With the introduction of the economic reform program in 2011, budget support from harmonised donors including Australia to the Consolidated Investment Fund is conditional on the government meeting its agreed performance linked aid benchmarks.

Incentivising economic reform

Performance linked aid was integrated into the Tuvalu bilateral program in 2007. At the partnership talks in October 2011, it was agreed that Australia would pay \$4 million if Tuvalu met economic and fiscal benchmarks on basic education and health. The Tuvalu Trust Fund Advisory Committee assessed the benchmarks and

¹⁵ The Tuvalu Trust Fund is an offshore sovereign wealth fund set up in 1987 to provide a safety net against fluctuations in government income. The global recession reduced government revenues and resulted in budget reliance on withdrawals from the trust. Returns from the trust are transferred to the Consolidated Investment Fund, a holding account where the money sits until it is required to be drawn down into the budget. A distribution from the trust to the Consolidated Investment Fund is only permissible when the market value of the fund exceeds the maintained (real) value. Withdrawals from the fund are at the discretion of the Ministry of Finance guided by the protocol on use of the Consolidated Investment Fund and the Tuvalu Trust Fund Advisory Committee recommendations on the sustainable amount to be withdrawn every financial year.

¹⁶ In addition, the Tuvalu Trust Fund Advisory Committee provides independent economic and financial advice to the Board and government with members appointed by countries represented on the Board.



concluded that Tuvalu met these in April 2012, and Australia released its funding in May 2012.

Australia is working with Tuvalu, New Zealand, the Asian Development Bank and World Bank to develop a single, multi-donor policy reform matrix to identify key reform actions.¹⁷ The matrix is a set of initiatives and reforms to help Tuvalu improve its financial management and fiscal position, as well as strengthen its public administration to deliver efficient social services to the people of Tuvalu. The Government of Tuvalu has shown good leadership and ownership in developing the matrix. This coordinated action is intended to progress Tuvalu's economic reform program and will be linked to predictable aid transfers.

As a result, substantial progress was made in the area of public financial management reform over 2011. The government took difficult and commendable steps to reduce its expenditure on its Tuvalu Medical Treatment Scheme costs (which provides critical medical care overseas if it is not available in Tuvalu). It also cut back significantly on the number of scholarships funded in 2011, from 70 to eight. These cost reductions, together with the remaining balance in the Consolidated Investment Fund, improved tax compliance by the private sector, and Australian performance linked aid funding will be adequate for the government to finance its budget deficit in the short term.

Strengthening Tuvalu's capacity for economic and social reform

In 2011, support for long-term economic management in Tuvalu was complemented by the provision of four in-line technical advisers deployed through the Pacific Technical Assistance Mechanism (PACTAM). These advisers address key capacity gaps and build local skills and capacity through training and improved government operations in central economic and oversight institutions. Their work includes:

- training local staff on auditing procedures, conducting audits and writing audit reports
- providing advice to the Attorney General on contracts and other government initiatives to identify and avoid commercial risks
- representing the government in important civil cases, and advising on enforcing government claims¹⁸
- providing two budgets each year, and providing technical support to develop the policy reform matrix
- providing whole-of-government financial reporting each month, preparing daily bank reconciliations, and monitoring and forecasting monthly cash flows to the secretary and Minister of Finance.

¹⁷ This work commenced at high-level dialogue on Tuvalu's policy reform matrix for budget support in December 2011 and was progressed in Funafuti on 20 and 23 April 2012.

¹⁸ This has been carried out by upholding the rule of law to prosecute serious criminal cases such as extradition of a sexual offender, and a fisheries case that led to the successful prosecution of an illegal fishing vessel which was fined \$2 000 000.



Australia also funds an adviser for the Australian Director to the Tuvalu Trust Fund and another to the Tuvalu Trust Fund Advisory Committee. A 2010 review concluded that these advisory positions in key oversight institutions are good value for money as the technical expertise they provide supports outcomes of the Australia–Tuvalu Partnership for Development, and is valued by the board and the government.

Australia has also provided financial support to Tuvalu to implement a mid-term review of its national development strategy *Te Kakeega II*. This enabled effective consultation with outer island communities, including influential traditional leaders, to provide views on development challenges and ways to address these as a community. The review also resulted in an action plan being developed which will guide the government’s development policies and development partners’ assistance from 2012 to 2015.

Other priority areas under the partnership

Education and human resources

The quality of education remains a challenge. Pass rates from secondary school have been only 50 per cent or less over the last decade. There is also a high failure rate for students undertaking Year 8 (the last year of primary school), and many repeat or drop out. During 2011, AusAID worked with the Government of Tuvalu and UNICEF to design a program to improve primary education, including through better teacher training. This program will commence in 2012 and will run for four years.

As well as Australia’s support to design a comprehensive education program, we have supplied approximately 31 300 essential textbooks, basic school supplies and teaching materials to all primary schools and early childhood centres, including those on the outer islands. This was a one-off initiative to address a gap in vital resources for increasing numeracy and literacy. Ongoing support for school supplies is built into a multi-year education program with the Government of Tuvalu and UNICEF.

In 2011, 16 Australia Awards were awarded to build Tuvalu’s human resource capacity. Awards included Australian Development Scholarships, which support long-term study in Australia, and Australian Regional Development Scholarships, which provide opportunities for Tuvaluans to study at selected education institutions in the Pacific Region. Of those scholars due to complete their programs in 2011, there was a 100 per cent completion rate. Students graduated in the fields of commerce (business studies), fisheries, education and health, and all have since returned to Tuvalu.

Environment and climate change

Climate change impacts are already being experienced in Tuvalu and the region. Satellite data for example, indicate that the sea level has risen near Tuvalu by about five millimetres a year since 1993, or a total of nine centimetres over this period.



desalination units were also provided, one jointly funded with the United States and United Kingdom, to supply potable water.

Program quality

Given the small size of the Tuvalu bilateral aid program, most initiatives are too small to require Quality at Implementation (QAI) reports. Three QAI reports were completed in 2011 for the Tuvalu Trust Fund Initiative, the Tuvalu–Australia Scholarships 2011 intake, and the Pacific Technical Assistance Mechanism initiative.

Table 2: 2011 Quality at Implementation data

Initiative name	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Tuvalu Trust Fund Initiative	Green	Yellow	Green	Green	Green	Orange
Tuvalu–Australia Awards 2011 intake	Green	Green	Green	Green	Yellow	Yellow
Pacific Technical Assistance Mechanism–Tuvalu	Green	Green	Green	Green	Yellow	Orange

Definitions of rating scale

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality	3	Less than adequate quality; needs significant work
5	Good quality	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

The only new design in 2011 was for an education program in partnership with UNICEF for its ‘Achieving Education for All in Tuvalu’ program 2012–2016. The initiative was given the following Quality at Entry ratings:



Table 3: 2011 Quality at Entry data

Initiative name	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Learning and analysis
Tuvalu –UNICEF Achieving Education for All 2012–2016							

In 2011, the priority for the Tuvalu aid program was assisting the country to improve its financial situation and enabling government to deliver core services. The economic reform program is expected to benefit all Tuvaluans and is intended to be a platform upon which to later build other programs targeting disability and gender. For example, the UNICEF-AusAID Achieving Education for All in Tuvalu program, which commenced in early 2012, encourages inclusive education and aims to achieve gender equality by improving learning outcomes for boys and girls. The Australia Awards program is close to achieving gender parity in awarding scholarships. AusAID supports gender equality and women’s empowerment in Tuvalu through the United Nations Women’s Gender Equality in Political Governance Programme, which equips women with the skills needed to gain political or community leadership roles.²⁰

Development coordination

Tuvalu participated in the Forum Compact’s²¹ peer review process which included a review of its national development strategy, *Te Kakeega II*, by a team of representatives from Tonga, Vanuatu and the United Nations Economic and Social Commission for Asia and the Pacific. The peer review found that Tuvalu receives much of its aid in forms that it cannot manage. This affects the country’s capacity for medium-term planning.²²

Subsequent to the review, Tuvalu identified a number of priority actions to implement, which include:

- undertaking a mid-term review of *Te Kakeega II*
- re-establishing a donor roundtable meeting supported by quarterly coordination meetings with development partners
- strengthening the role of Tuvalu’s Development Coordination Committee in monitoring implementation of *Te Kakeega II*
- ensuring political leadership takes a central role in monitoring progress
- developing an aid policy to steer direction of development assistance.

²⁰ In 2010 AusAID supported the establishment of Tuvalu’s first women’s crisis centre which provides counselling services and safe shelter for survivors of violence.

²¹ Tuvalu has endorsed the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact). The Compact is designed to improve aid coordination and aid effectiveness in the Pacific region.

²² 2011 Peer Review of Tuvalu’ summary document, Pacific Island Forum Secretariat, www.forumsec.org/resources/uploads/attachments/documents/2011_Peer_Review_Tuvalu_Summary.pdf, 21 May 2012.



Tuvalu and other Pacific Posts on their country economic reform programs, particularly small programs with limited capacity.

The Applied Geoscience and Technology Division of the Secretariat of the Pacific Community has played a significant role in providing development partners with technical input and advice on the needs of the drought affected population. The United Nations Office for the Coordination of Humanitarian Affairs played a valuable role in coordinating donor meetings.

Only the United Nations Development Programme and New Zealand have an ongoing, in-country presence in Tuvalu.

Risk management

In 2011, AusAID undertook an assessment of national systems to determine the level of risk associated with using Tuvalu's government systems to deliver Australian aid, and to identify opportunities to strengthen those systems and manage risks.

The assessment of national systems concluded that there were risks around using Tuvalu's procurement system, which was assessed as weak. This will be addressed, with AusAID support, by developing a procurement policy and guidelines to improve the government's procurement practices.

AusAID's current programs include strengthening the budget formulation process, implementing the recent tax reforms and public enterprise regulatory regime, and strengthening treasury functions. By the end of 2011, progress on implementing these reforms was mixed. There were improvements to budget formulation processes and treasury functions, and many weaknesses identified in the Public Expenditure and Financial Accountability assessment were largely rectified. However, challenges remain to implementing the regulatory regime imposed by the *Public Enterprise Act 2009*.

In relation to the comprehensive economic reform program, the government and donors identified and agreed to milestones and benchmarks contained in the policy reform matrix, which Tuvalu must meet to receive budget support.²⁵

The risk that the government may not remain committed to implementing Tuvalu's comprehensive economic reform program is mitigated by the fact that the government has the incentive to meet agreed benchmarks or it will not receive budget support.

Management consequences

²⁵ The draft policy reform matrix includes reform actions relating to various key areas public financial management (including budget, treasury and external audit improvements), good governance (including public service issues and public enterprise reform), and social sectors (including education, training and health care).



A summary of the responses to 2010's management consequences can be found at attachment A. Following is a set of proposals for AusAID's consideration in the coming year to address issues raised in this report.

1. As an incentive to improve financial and economic management—and before providing planned performance linked aid—work with the Asian Development Bank to provide technical assistance to help Tuvalu develop a procurement policy framework.
2. Encourage all donors in Tuvalu to align their development assistance to the economic reform objectives of Tuvalu's policy reform matrix to support the country's long-term economic prospects.
3. Manage risks identified in the assessment of Tuvalu's national systems by closely monitoring progress on economic reforms in the policy reform matrix and using performance linked aid tied to reforms to incentivise progress.
4. To optimise overseas remittances, scope further options for enhancing labour mobility opportunities for the Pacific Seasonal Worker Program, in addition to building capacity of the labour department sending unit through the World Bank.
5. Identify opportunities to progress climate change adaptation and disaster risk reduction and produce more tangible results.
6. Undertake a tracer study of students who have received Australian scholarships. The study would assess the impact of the Australian Awards in Tuvalu and also assess the extent to which the Awards are contributing to the human resource needs of Tuvalu in support of its long-term development.
7. Monitor the United Nations Development Programme's performance on working with Tuvalu to implement the National Adaptation Plan of Action, with an emphasis on ensuring activities are achieved on the ground. This will include additional input from Suva and Canberra-based staff and management if required.



Attachment A: response to 2010 management consequences

Number	Management consequence	Who	Progress status	Comments
1	Review the Partnership for Development and restructure the implementation schedule.	Post and Canberra	Achieved	Partnership reviewed in February 2011. Restructure of implementation schedule agreed at October 2011 Tuvalu-Australia partnership talks.
2	Identify opportunities to increase visible and tangible assistance, including on the outer islands, in collaboration with other donors.	Post	Achieved (ongoing)	In 2011, Australia replenished essential school supplies and textbooks on outer islands. Australia also provided 150 water tanks for all the outer island primary schools and the one high school. Australia also provided assistance to the outer islands during the 2011 drought response.
3	Develop a partnership with UNICEF Pacific to increase assistance to the education sector in Tuvalu, in concert with discussions about UNICEF's programs in other small island states, Kiribati and Nauru.	Post and Canberra	Achieved	Partnership with UNICEF developed in 2011. AusAID signed a formal four-year agreement with UNICEF in March 2012.
4	Given the declining financial situation in Tuvalu, work with other donors to monitor the situation and develop appropriate responses with the Government of Tuvalu. This could include an assessment of national systems, building on the medium-term expenditure framework and costs of services analysis, to identify possible options for targeted budget support in the education sector.	Post and Canberra	Achieved (ongoing)	Australia closely monitored Tuvalu's financial situation in 2011 and commenced working with other donors to develop a single, multi-donor policy reform matrix. An assessment of national systems was completed. The medium-term expenditure framework helped Tuvalu to reprioritise its budget allocations for primary education (and primary health care), and enabled a performance linked aid grant to be paid to the government.