

FRAMEWORK for 2002 - 2007

**NEW ZEALAND - TUVALU
DEVELOPMENT COOPERATION
PROGRAMME**

'A galiga o fenua

The beauty of an island

Kote loto gatasi

Lies in the unity of hearts

Ke maopoopo tou maalosi

To put all our efforts together

I mea katoa tau o taa ola

For all the things we need in life

Ke lagona, kau lagona

You feel it, I feel it'

3. FRAMEWORK FOR NEW ZEALAND - TUVALU DEVELOPMENT COOPERATION PROGRAMME, 2002 - 2007

3.1 COUNTRY OVERVIEW

Tuvalu is a geographically remote chain of nine low-lying reef islands and atolls located north of the Fiji Islands. Apart from an abundant fisheries resource in the country's 900,000 square kilometre Economic Zone, the islands possess few natural resources. Exports of goods are virtually non-existent and the country remains dependent on aid, fisheries licenses, leasing of telephone lines and its internet root domain (.tv) name, and remittances. The Tuvalu Trust Fund remains a critical source of recurrent income for the Government.

The subsistence sectors provide around 70 % of employment, with the remainder largely in the government sector in Funafuti. With a large pool of lower skilled people who are under-utilised within the economy, overseas employment provides an important 'safety valve.'

The islands are vulnerable to natural forces, especially cyclones, tidal waves and storm surges. The prospect of rising sea levels as a result of global warming is a major concern.

3.2 POVERTY ANALYSIS

The United Nations Development Programme (UNDP) Pacific Human Development Report 1999 ranks Tuvalu with a human development index (HDI) of 0.583. This puts Tuvalu in the midrange when compared with a number of other Pacific island countries. The country has a human poverty index (HPI) of 7.3, placing it third (least poor) compared with poverty among other Pacific island countries, and 9th in the global ranking for developing countries.

A number of significant factors mitigate against poverty in Tuvalu, especially what is often termed 'absolute poverty.' These include the strength of community organisation, the tradition of reciprocity and a culture of sharing and caring, and good access to subsistence resources.

Noting that a major economic study looking at (inter alia) emerging poverty issues will be carried out by the ADB in the first half of 2002, the main manifestations of poverty in Tuvalu currently appear to be:

Poverty of opportunity, particularly in areas such as employment, credit, roads, electricity, markets for produce, education and training, water, sanitation, health services, and skills essential for work. Poverty of opportunity also encompasses issues related to the responsiveness of public sector services to the needs of the more disadvantaged in the Outer Islands. This includes accessibility to public services, information, and the social and institutional barriers to participation in political processes and local decision-making that result from status, age, and gender.

Vulnerability to poverty, arising particularly out of Tuvalu's exposure to such phenomena as natural disasters, economic shocks, and epidemics, as well as the fragility of internal and international transportation links.

Income distribution is uneven and differences in living conditions between Funafuti and the Outer Islands reflect inequitable development and concentration of economic activity on Funafuti. While the most vulnerable groups are located in the Outer Islands, (namely, the old, very young, and women) crowded housing conditions on Funafuti are becoming an increasingly serious issue.

3.3 TUVALU GOVERNMENT POLICIES AND PRIORITIES

The Government's over-arching goal is to provide an environment based on existing culture(s), within which the people of Tuvalu can strive to attain the highest possible standard of living. To support this goal, Tuvalu's strategic development framework sets out four key elements:

- improving the governance of life in Tuvalu;
- providing a climate for better economic performance;
- improving the provision of essential social services; and,
- distributing resources equitably among all Tuvaluans.

This framework is underpinned by a policy focus in five main areas of investment that are designed to yield the greatest increases in living standards, while keeping costs to a minimum. The five main areas are:

- human resources development
- public sector reforms
- private sector development
- Outer Islands development
- infrastructural development

3.4 GOAL OF NZ -TUVALU DEVELOPMENT COOPERATION

To contribute to the efforts of the Tuvalu Government and people to achieve equitable and sustainable development

3.5 CROSS-CUTTING THEMES

The following key themes will be reflected as appropriate in each of the Priority Focus areas identified below, including in the criteria for revised Short-Term Training Programme:

- application of international human rights standards and obligations, including gender equality and participation of women
- positive impact on Outer Island development
- promotion of Good Governance
- sustainability, including environmental
- enhancement of local capacity
- New Zealand comparative advantage, especially where NZ services and consultants are directly involved

3.6 PROGRAMME OBJECTIVES AND PRIORITY FOCUS AREAS

OBJECTIVE I

To promote self-reliant local development on the Outer Islands of Tuvalu

3.6.1 Priority focus areas

3.6.1.1 FINANCIAL AND TRAINING SUPPORT TO FALEKAUPULE TRUST FUND:

- Provision of training in each island in Project and Financial Management, including participatory appraisal, design, monitoring, evaluation and assessment of impact
- Annual contribution to Trust Fund

The above combination of an annual contribution alongside support for project cycle and financial management training are envisaged as a complementary package. Local community and government leaders, staff and volunteers from each of Tuvalu's islands

will be involved in the training activities, which will be held on the Outer Islands themselves and in the Tuvaluan language to the greatest extent possible.

It is noted that there are issues currently under discussion within the fund's governing board with respect to the distribution formula and the eligibility of certain activities for support, and considered that it is important that these be resolved to ensure maximum and equitable benefit from the New Zealand contribution. NZODA would be open to an invitation to provide advisory support to the fund on a similar basis to that provided to the Tuvalu Trust Fund.

A particular priority in this context is to ensure full and equal access to the Trust Fund by women and their organisations.

Delivery mechanism: Management Services Consultancy Team (with Tuvaluan participation) to work with Ministry for Local Government to assess local training needs and appropriate methodologies, and carry out training activities on each island. Envisaged as two-year process including follow-up visits to assess progress and identify lessons and training of local people to carry the programme forward. Capacity building support for the Ministry itself will be part of the process.

Note: All references in this report to use of MSC services envisage a team arrangement with Tuvaluan involvement. The external element of any team may consist of NZ and/or expertise from elsewhere in the **region**.

3.6.1.2 POSSIBLE CONTINUATION OF REEF CHANNELS PROJECT, SUBJECT TO PLANNED SPECIALIST REVIEW AND INVOLVEMENT OF SOPAC TO ASSESS ENVIRONMENTAL IMPACT AND MITIGATION MEASURES

Provision for a specialist review of previous such projects funded by NZODA is already included in the budget for the 2001/02 New Zealand financial year. If the review recommends that the NZ Reef Channel Project continue as a necessary contribution to Outer Islands development, it is proposed that further activities be conditional on SOPAC involvement from the beginning.

Delivery Mechanism: Review team consultants, working in close collaboration with SOPAC. If it is agreed by the Tuvalu and NZ Governments that the project should continue, it is envisaged that a Management Services Consultant would be employed to work with the Ministry of Works, local island authorities and SOPAC in designing and implementing the agreed ongoing work.

OBJECTIVE II

To support Human Resource Development within Tuvalu by:

- **working with the Tuvalu Government and other donors to develop a sector-wide approach, led by the Government, in the formal education sector**
- **supporting specific strategic education and training initiatives at national and local levels**
- **strengthening Tuvalu's capacity to meet selected strategic human resource needs in the healthcare area**

3.6.2 Proposed priority focus areas

3.6.2.1 PARTICIPATION IN THE DEVELOPMENT OF SECTOR-WIDE APPROACH IN FORMAL EDUCATION SECTOR

Subject to the outcomes of the National Education Conference in March 2002, NZODA will work with the Tuvalu Government and other donors to develop a coordinated sector-wide approach encompassing all levels of the formal education system (including vocational and technical training). Such an approach would be led by the Tuvalu Ministry of Education and include AusAID, the EU, Canada Fund, NZODA and other key stakeholders.

3.6.2.2 STRATEGIC INTERVENTIONS WITHIN FORMAL EDUCATION SECTOR

Development and implementation of a National Preschool Project as part of sector-wide approach

- Curriculum development linked to Primary School Syllabus
- Pre-service and in-service training of staff
- Possible assistance in the area of equipment and resources

Support for the development of pre-school education in the above areas will be the major new component of New Zealand's engagement within the formal education sector of Tuvalu. This project will be developed and implemented over a five-year period.

Delivery mechanism: Management Services Consultancy Team (with Tuvaluan participation) working with the Ministry of Education, Kaupule, local pre-school centres and parents. Recognising the importance of developing working relationships based on trust, the possibility will be investigated of carrying out this project through a long-term in-country placement (volunteer or technical advisor). It is proposed that the project be overseen and guided by a Project Coordinating Committee involving representatives of all the primary stakeholder groups.

Secondary scholarship programme

- Provision of a limited number of scholarships for study at secondary schools in New Zealand and the Pacific region as preparation for tertiary level study

Improvements to the quality of sixth form education and the re-introduction of seventh form education in Tuvalu will be closely monitored with a view to reducing (and possibly phasing out) secondary level scholarships over the five-year period if and when local capacity of sufficient quality has been developed.

Delivery mechanism: Tuvalu Ministry of Education, National Manpower Planning and Scholarships Committee, selected secondary schools in New Zealand and the Pacific.

3.6.2.3 STRATEGIC INTERVENTIONS WITHIN THE POST-SECONDARY EDUCATION SECTOR

Vocational education and training

- Subject to the outcomes of the National Education Conference, the provision of strategic support to the development and delivery of vocational education and training programmes in selected areas of identified need

Noting that this area has been formally designated by the Tuvalu Government as a possible focus of attention for NZ, space will be retained within the new programme framework for a negotiated strategic input over five years, subject to the outcomes of the National Education Conference.

Delivery mechanism: The choice of delivery mechanism will depend on the outcome of the Tuvalu Government's proposed scoping study of needs and options in this area, and of the National Education Conference. Two possibilities are likely: the first is a Management Services Contract

arrangement; the second is a direct funding arrangement via the Ministry and/or Department of Education, or other appropriate local body.

Short-term training programme

- Provision of in-country training, with a focus on workplace and community-based provision, including in the Outer Islands
- Support for attachments and placements with relevant organisations and institutions within the Pacific region for periods between two weeks and 12 months

All existing NZODA training programmes will be consolidated into one streamlined scheme which will operate in close collaboration with the National Manpower Planning and Scholarship Committee and other providers of short-term training to ensure that areas of national priority are targeted and that there is maximum complementary between existing programmes. Depending on anticipated demand, there may be scope for the budget to be increased over the five-year period of the new framework. The new consolidated scheme will be governed by a revised set of criteria which reflects the cross-cutting themes outlined above and will include provision for mentoring and exchange activities such as the current relationships between New Zealand and Tuvalu in the areas of meteorology services and statistics.

Noting concerns about the lack of impact of many of the training workshops conducted at national level within Tuvalu, the Short-Term Training Programme will place priority on work place and community-based training, including in the Outer Islands.

Delivery mechanism: Management Services Consultancy Team (with Tuvaluan involvement) working with the relevant Tuvaluan Ministries and the National Manpower Planning and Scholarship Committee to assess current programmes; design a consolidated/streamlined scheme; negotiate with other providers to ensure complementarity; and manage the new scheme with a mid-term review to be conducted after three years.

Tertiary scholarship programme

- Provision of tertiary level pre-service scholarships for study in New Zealand and the Pacific in areas of national priority

In line with the emphasis being placed by the international community, the Tuvalu Government and NZAID on the importance of good quality basic education as an essential foundation for national development, it is proposed that the level of funding in this area be reduced on a negotiated basis over the five-year period in order to release funds for the development and implementation of the new pre-school and possible

vocational training programmes, and for the expansion, if necessary and agreed, of short-term training initiatives.

Study to degree level at the USP Extension Centre in Tuvalu will be eligible for support, subject to verification that the necessary capacity and programme quality exists.

Delivery mechanism: The National Manpower Planning and Scholarship Committee, Ministry of Education and selected tertiary education institutions in New Zealand and the Pacific.

Tuvalu Maritime Training Institute

- Support for staff development to meet international IMO standards and requirements
- Cessation of the current salary supplement for the Captain-Superintendent

Noting both that the ADB plans to provide support for staff education/training and the upgrading of facilities, and the urgency of carrying out the required improvements with IMO spot-checks a distinct possibility, NZODA will retain a commitment to the institute. An appropriate level of support for staff development will be negotiated to address areas of priority need not able to be covered by ADB funding.

As the current provision by NZODA of a salary supplement is not considered to be a sustainable arrangement, NZODA support in this area will be quickly phased out on the basis that this cost would best be met on a long-term recurrent basis by the Tuvaluan Government. The level of NZ support for staff development will be phased down (possibly completely) over a five-year period, with short-term training needs picked up under the revised Short-Term Training Programme.

New Zealand's approach in this area should be considered within a regional context, with due attention to links and synergies with regional training initiatives and support provided to other such Pacific country institutions. This should be done with a view to seeking rationalisation of resources and mutual reinforcement where-ever possible.

Delivery mechanism: The Marine Department, The Tuvalu Maritime Training Institute and training consultants as appropriate

3.6.2.4 MEDICAL TREATMENT AND HEALTHCARE PROGRAMME

- Include the local government Medical Treatment Scheme in the Tuvalu section of the planned regional review of the current NZODA Medical Treatment Scheme, and (inter alia) consider the desirability and feasibility of reducing/phasing out the New Zealand scheme over the next five-years.
- Depending on the outcomes of the above review, redirect any funding no longer required for the New Zealand Medical Treatment Scheme into the development of in-country healthcare capacity in selected priority areas

A regional review of the NZODA Medical Treatment Scheme is to be conducted on a back-to-first-principles basis in the 2001/02 financial year. The Tuvalu aspect of this review will be carried out jointly with a review of the Tuvalu Government's own medical treatment programme, with a view to assessing the need for two parallel schemes and recommending ways of developing a more streamlined and cost-effective approach. This aspect of the review will also:

- specifically examine the desirability and feasibility of reducing (or even phasing out) NZ support in this area on the basis that Tuvalu has demonstrated its own ability to provide locally generated resources
- recommend priority areas for redirection of any funds released by a reduction or phasing out of the current NZ scheme – with a focus on meeting selected priority human resource needs in strengthening Tuvalu's own in-country healthcare system. Possibilities for the redirection of such funds might include strengthening neo-natal care at the central hospital and boosting the capacity of Outer Island health clinics. It is envisaged that such support will be provided within the existing framework of the Tertiary Scholarship and Short-Term Training Programmes rather than through the establishment of a new parallel programme.

Delivery mechanisms: Regional review team consultants (including Tuvaluan counterpart). Appropriate delivery mechanisms to support any agreed capacity building initiatives will be negotiated between NZAID and the Tuvalu Ministry of Health.

OBJECTIVE III

To assist Tuvalu in generating revenue on a long-term basis to meet recurrent national costs

3.6.3 Proposed priority focus areas

3.6.3.1 TUVALU TRUST FUND

- Continued advisory support to the Tuvalu Trust Fund Board and Advisory Committee

The current level of support to the Board and Advisory Committee (NZ \$ 70,000 per annum) will be retained as a strategic input into assisting the Tuvalu Government to secure funds to meet budgetary requirements in areas of national priority.

Delivery mechanism: New Zealand representatives on the Trust Fund's Board and Advisory Committee

3.7 SMALL GRANTS FUND

The current Head of Mission Fund (HOMF) will be retained as a small grants fund, aligned to the objectives of the overall New Zealand-Tuvalu Development Cooperation Programme through the joint development of appropriate criteria and procedures, and increased to support small equipment grants and other once-off payments which may have been covered by the Miscellaneous Technical Assistance and Capital Grants item in the previous programme. Close monitoring of anticipated and past use of the fund will be necessary to set appropriate annual allocation levels.

3.8 LINKS TO INTERNATIONAL HUMAN RIGHTS STANDARDS

The New Zealand - Tuvalu Development Cooperation Programme directly addresses a number of internationally recognised Human Rights as set out in core international documents, including the following:

- the International Bill of Rights comprising the Universal Declaration of Human Rights, the Covenant on Economic, Social and Cultural Rights and the Covenant on Civil and Political Rights
- other treaties, including the Convention on the Elimination of All Forms of Racial Discrimination (CERD); the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); the Convention on the Rights of the Child (CROC) and the Convention Against Torture (CAT).

In particular, this programme addresses the following Human Rights:

- the right to education
- the right to a standard of living adequate for health and well-being of the individual and their family, including food, water and housing, and the right to continuous improvements in living standards
- the right to the highest attainable standard of physical and mental health
- the right to participate in the political process.

The New Zealand-Tuvalu Development Cooperation Programme recognises and incorporates the basic Human Rights principles of universality and indivisibility, equality and equity, accountability, empowerment, inclusion, non-discrimination and participation. The programme further recognises that:

- these principles operate within an international framework which is firmly grounded in agreed obligations, international law and consensus between states.
- achieving international consensus and applying agreed principles and standards is a complex process involving interaction with customary law and perspectives, and involvement of a wide range of stakeholders including civil society and indigenous groups.

3.9 NZODA MANAGEMENT OF PROGRAMME

NZAID management of the programme will have three main aspects as follows:

In-Country Aid Coordinator

This position is responsible for on-the-ground coordination; everyday liaison with Tuvalu Government counterparts and with other representatives of Tuvaluan society; monitoring the implementation of activities within the framework of this Development Cooperation Programme; and assisting with arrangements for reviews, design and implementation missions and discussions of ODA matters between the New Zealand and Tuvaluan Governments. The Aid Coordinator will also act on behalf of the EU in Tuvalu and liaise closely with other donors.

The Aid Coordinator will visit a selection of Outer Islands at least twice in each calendar year.

High Commission in Suva

Wellington-based Country Programme Manager

These positions will maintain an overview of the development of the programme; monitor progress and address issues as they emerge; negotiate implementation arrangements; commission reviews; liaise with other donors based in Suva and Wellington; and represent NZAID in high-level relations with the Tuvalu Government.

Further clarity and detail about the respective roles of NZAID staff with respect to management and oversight of the New Zealand-Tuvalu Development Cooperation Programme will follow the completion of the 2002 NZODA/NZAID review of off-shore staffing requirements.

3.10 RISK ASSESSMENT AND MANAGEMENT

Potential risks in the implementation of this programme include:

Economic instability

- instability in returns from overseas investments (affecting Tuvalu and Falekaupule Trust Fund income)
- variability of income from licensing fees (especially fisheries)
- external shocks arising from regional and/or global factors beyond Tuvalu's control or influence
- fluctuating overseas commodity prices for copra
- pressures caused by migration to Funafuti from Outer Islands
- reliance on fossil fuel-fired generators to meet the country's electricity requirements
- continuing core budget deficits which could put pressure on GOT reserves.

Natural disasters

- cyclones, tidal waves and drought

Environmental issues

- particularly the potential of future rising sea levels as a possible result of global warming

Lack of skills

- loss of essential skills due to migration to other countries, especially to New Zealand
- unavailability of key personnel (especially in government) due to international travel and training, causing loss of institutional memory and continuity

National infrastructure

- difficulties in ensuring reliable and good quality transportation and communications between Tuvalu and the outside world, and within Tuvalu itself

NZAID

- problems in appointing and retaining an Aid Coordinator with the necessary skills, experience and credibility
- communication difficulties between Tuvalu and NZAID officers in Suva and Wellington.

The key strategy for managing risk will be to ensure that such factors are identified at the beginning of all project implementation cycles, and are closely and jointly monitored by both NZAID and Tuvaluan counterparts. The presence of the Aid Coordinator will help ensure regular communication and direct contact with NZAID-funded activity as it develops.

3.11 MONITORING, REVIEW AND EVALUATION

In line with the NZAID Monitoring and Evaluation Framework, monitoring, review and evaluation will be an integral element of the New Zealand - Tuvalu Development Cooperation Programme. This requires that provision is made for monitoring, review and evaluation at the beginning of all project implementation cycles, with local partners involved at all stages, including in the initial setting of performance indicators. It is recognised that specific support may be necessary to strengthen local capacity to effectively engage in these processes

There will be a mid-term 'stock-take' at a mutually-agreed time of progress in implementing this programme. This process will involve independent review/evaluation expertise and propose changes in programme direction and content based on experience to date.

A full Strategic Review of the programme will be carried-out after five years. As well as assessing the implementation of the current programme and identifying lessons for future reference, this Review will propose strategic directions for the following five-year period for agreement between the New Zealand and Tuvalu Governments.

Assessing progress in implementing the programme, and making adjustments as necessary, will be a standard item on the agenda of High-Level Talks between the New Zealand and Tuvalu Governments.

3.12 DONOR COORDINATION

NZAID will support initiatives taken by the Tuvalu Government to establish processes, whether based on Suva or Tuvalu, to encourage more effective and regular coordination between donors, within the framework of Tuvalu's own development strategies and priorities.

NZAID will also pro-actively develop its own relationships with other donors to ensure complementarity and mutual reinforcement, and the sharing of lessons and experience.

A particular focus during the timeframe of this programme will be the development of a sector-wide approach led by the Tuvalu Government in the area of education, especially within the formal education sector.

3.13 LINKS TO REGIONAL ORGANISATIONS AND PROGRAMMES

In implementing the priorities set out in this programme, due account will be taken at all times of programmes carried out by regional agencies in order to ensure complementarity and mutual reinforcement where-ever possible. Relations with regional agencies will be an important aspect of NZAID's own efforts to ensure a high degree of donor coordination.

It is recognised that there will be occasions when particular aspects of this programme would be best addressed through regional processes rather than within the framework of the bilateral relationship. Maritime training and environmental impact studies are two particular such areas identified elsewhere in this document. The Tuvaluan Government and NZAID will pro-actively liaise over such possibilities.

3.14 LINKS WITH OTHER RELEVANT BILATERAL PROGRAMMES

Where-ever relevant and possible, links will be made with other NZAID bilateral programmes in countries addressing similar issues and implementing similar programmes (eg - in Tokelau and Kiribati), in order to encourage mutually beneficial exchange of information, skills, experience and lessons.

3.15 PRINCIPLES FOR NEW ZEALAND – TUVALU RELATIONS

The following principles will apply at all times to the New Zealand-Tuvalu Development Cooperation Programme

Partnership - a relationship based on mutual trust, openness, respect and mutual accountability.

Protecting and Promoting Human Rights - a commitment to protecting and promoting fundamental human rights - civil, political, economic, social and cultural - as set out in the Universal Declaration of Human Rights, the Convention on the Elimination of Discrimination Against Women (CEDAW) and the other core international human rights treaties.

Sustainability - a commitment to ensuring and assessing the sustainability of development benefits over time.

Equity - a commitment to achieving equitable development benefits for women and men, girls and boys.

Participation - recognising the right of women, men, girls and boys to participate in decision-making and other decisions which affect their lives, including a commitment to ensuring the participation of all people, especially marginalised and disadvantaged groups, in self-identification of the causes and consequences of poverty, and in the identification, planning, implementation, assessment and evaluation of development activities.

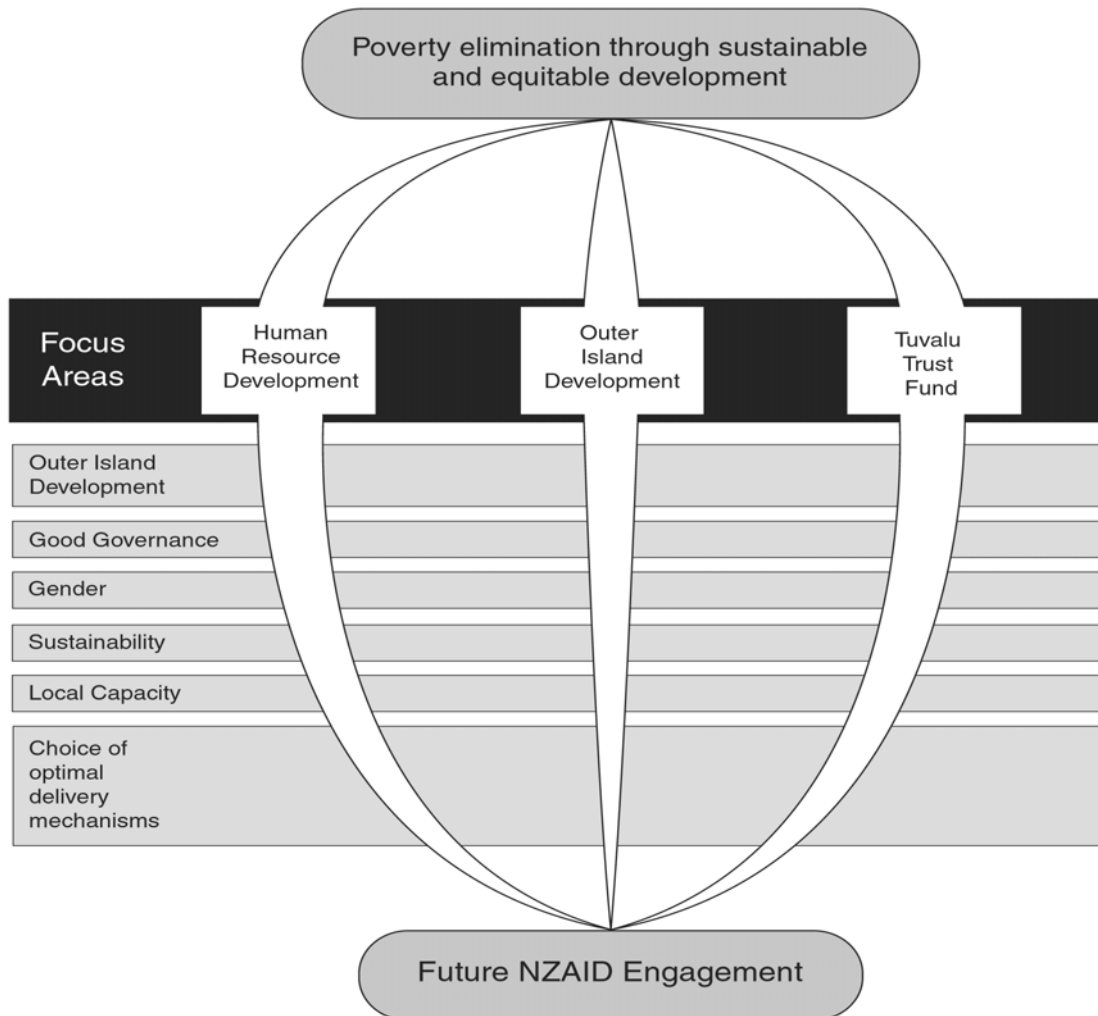
Coordination - ensuring coordination between the Tuvaluan Government, donors, regional organisations and other players in ways which allow Tuvalu to own, control and achieve it's development goals.

It is recognised that this programme exists within a broader framework of foreign relations, trade, immigration and other policies. Every effort will be made to ensure coherence and complementarity between these various policy and programme areas.

Regular formal talks will be held between NZAID and the Tuvalu Government at times agreed by the respective parties. Ways of enabling input into these processes by other Tuvaluan stakeholders, including Falekaupule and civil society representatives, will be discussed by NZAID and the Tuvalu Government.

3.16 DIAGRAM OF STRATEGIC FRAMEWORK

for New Zealand – Tuvalu Development Cooperation Programme



3.17 DIAGRAM OF OPERATIONAL FRAMEWORK

