

Tuvalu-European Union Cooperation

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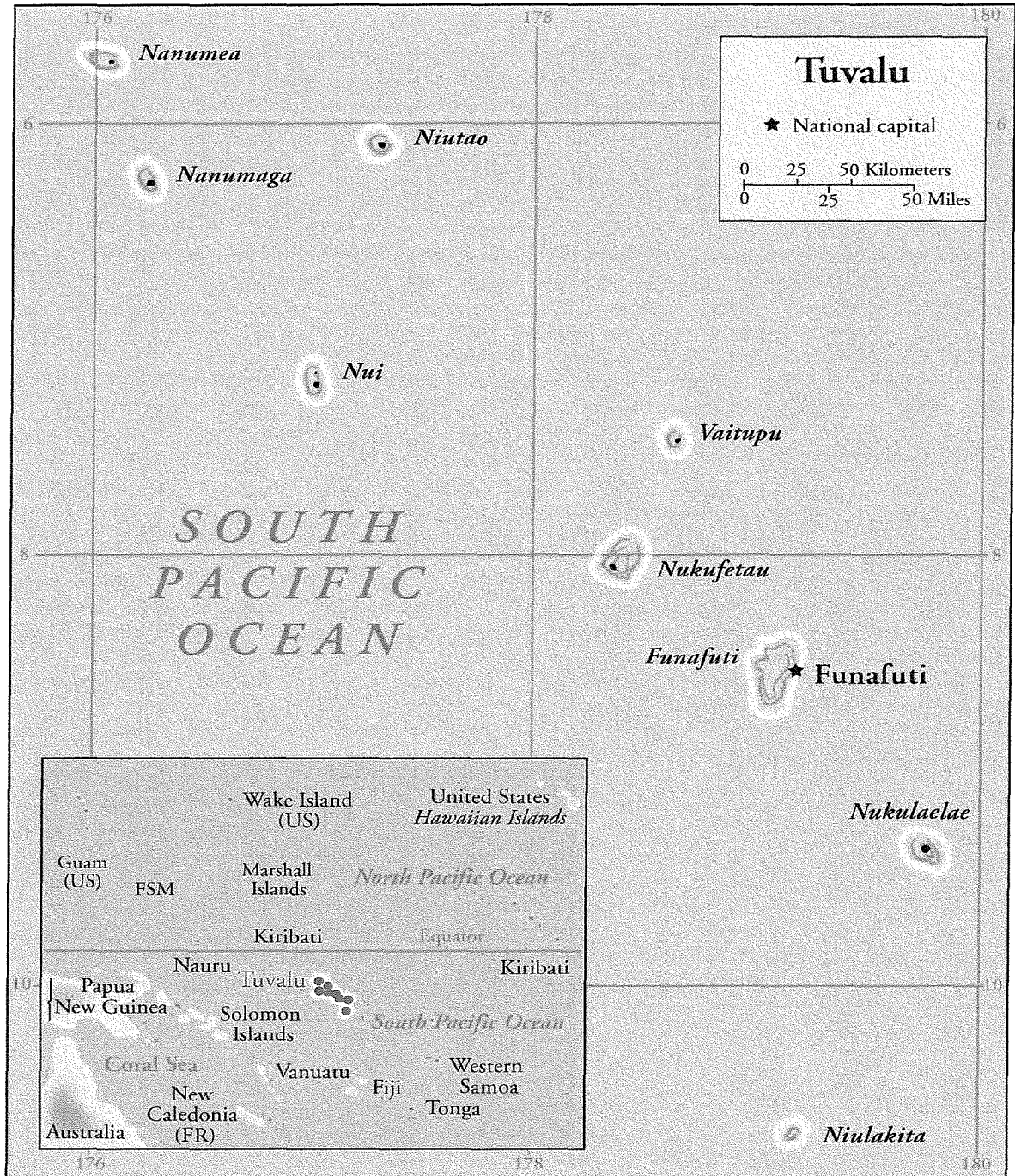


**Tuvalu Government  
European Commission**

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**2008 Joint Annual Report**

February 2009



**Map of Tuvalu**

Source: Asian Development Bank/Tuvalu Government (2005)

## 1. EXECUTIVE SUMMARY

**Political overview:** Tuvalu's political situation remains stable, and there has been no change in government since the general elections in August 2006. The next general election is tentatively scheduled for mid-2010. The current majority government consists of 10 MPs, as it did in 2007 – eight cabinet ministers, including the Prime Minister, Speaker, and MP backbencher without portfolio – with five MPs in opposition.

During 2008 no progress has been made regarding ratification of the core UN human rights conventions. Tuvalu has yet to ratify the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and the International Convention on the Elimination of All Forms of Racial Discrimination. The Government of Tuvalu is well aware of these conventions and, mindful of the reporting requirements to the treaty bodies established under these conventions and the significant resource implications associated with these reporting requirements for a small government and civil service, assesses the possibility to ratify those conventions on a continuing basis.

**Economic overview:** In recent years Tuvalu's rate of economic growth has been relatively slow and unstable. In 2008 (as in earlier years) there have been few new employment-generating activities or employment opportunities outside the public service. With stagnant, or possibly declining income from seafarer remittances, a reduction in public capital expenditure and continued budget tightening, it is unlikely that Tuvalu experienced any economic growth in 2008.

Tuvalu was not immune from high fuel and food prices. The cost of both, which remained at record highs through much of 2008, began to decrease slightly in the last quarter of 2008, that followed price trends around the world. Combined with the above, it is probable that Tuvalu's economy shrank in 2008, though no such data currently exists to support an assumption of negative growth.

**Global economic crisis:** Tuvalu has not escaped the global economic downturn. Preliminary evidence suggests that poverty levels could be rising due to reduced remittances from seafarers, other temporary overseas workers, and permanent migrants. The decline in global stock markets has had its most intense effect on the Tuvalu Government. The market value of the Tuvalu Trust Fund (TTF) declined nearly 25% by year-end 2008. Since a large part of government revenue is derived directly from annual distributions from the TTF, the government finds itself in a precarious financial position in 2009. In late 2008, Australia and New Zealand agreed to inject A\$1.25m and A\$3.7m respectively into the Consolidated Investment Fund to help improve the government's cash flow.

**Tuvalu Trust Fund:** The Maintained Value of the TTF as at 30 September 2008 was A\$109,035,849. The Market Value of the TTF as at 30 September 2008 was A\$94,500,064, which is 13.3% (A\$14.5 million) lower than the maintained value. The market value's decline from its peak in September 2007 is a direct result of the current financial crisis gripping international markets. The TTF's market value is not expected

to recover, i.e., overtake the TTF's maintained value producing an automatic distribution, before the TTF fiscal year-end 2010, at the earliest.

There were two 9<sup>th</sup> EDF-related contributions to the TTF made by the Tuvalu Government in respect of the OISDSP, in accordance with the mechanism prescribed in the Financing Agreement:

- A\$1,021,872 (January 2008); and
- A\$1,042,302 (January 2009).

This brings the total contributions to the TTF in respect of the 9<sup>th</sup> EDF to **A\$3,297,183**, covering the 2003 AWP, 2004 AWP/PE1, PE2 (2005), PE3 (2006), Tuvalu-Nauru Repatriation Exercise (2006-07), and PE3 Extension (2007).

**Governance:** Implementation of the Governance Action Plan (see 10<sup>th</sup> EDF CSP/NIP, Annex 3B: Government Commitments).

- The first report under CEDAW was submitted to the UN in late 2008. A government delegation will orally present the report before the UN in March 2009.
- A draft first report under the CRC will be prepared in February 2009, with a planned submission to the UN by mid-year.
- The government ratified PICTA on 4 April 2008. Legislation to amend Tuvalu's income and customs tax regimes for regional harmonisation is awaiting its third reading in Parliament, but should pass in the next session scheduled for June 2009.
- Under the 10<sup>th</sup> EDF, comprehensive waste legislation will be drafted in March-April 2009 and, barring unforeseen complications, enacted by parliament at its June 2009 session.
- Other 10<sup>th</sup> EDF government commitments are in various stages of development, or have not yet begun.

**Tuvalu-EC relations, development partners, NSA, and donor coordination:** Throughout 2008 the Tuvalu Government and EC Delegation have continued to engage in regular formal and informal coordination with Tuvalu's principal development partners AusAID, NZAID, ADB, Japan, and Republic of China (Taiwan), as well as with UN agencies and Non-State Actors. Tuvalu hosted its annual Donor Roundtable Meeting in Suva in July, which further enhanced aid effectiveness, including discussions on the final draft of a Development Partners Declaration, modelled on the Paris Declaration but specifically adapted to Tuvalu's development partnerships and circumstances.

The Suva-based EC Head of Delegation for the Pacific presented his credentials to Tuvalu's Governor General on 15 July 2008. Meetings with the Prime Minister, Cabinet Ministers, the Speaker of Parliament and Non-State Actors, as well as a visit to the Tuvalu Maritime Training Institute formed part of his visit.

Non-State Actors remained involved in reviewing EC cooperation in Tuvalu in 2008, through regular consultations with the NAO and staff, and the EC Delegation.

## 2. OVERVIEW OF PAST AND ON-GOING CO-OPERATION

**Past co-operation:** The 9<sup>th</sup> EDF Outer Island Social Development Support Programme (OISDSP) completed its operational phase on 9 September 2007. As expected, the 9<sup>th</sup> EDF Financing Agreement created a very efficient framework which produced a high rate of EDF commitment/utilisation of EU assistance. The operational phase of the 9<sup>th</sup> EDF began in December 2003. Over 95% of funding was utilised, including that of the Mid-Term Review increase, in just under four years (i.e., 46 months), much faster than expected.

**On-going co-operation:** Below summarizes the major elements of 2008 Tuvalu-EC cooperation:

- External audit of the 2007 9<sup>th</sup> EDF PE3 extension, completed and approved in the second quarter of 2008. The audit found no significant irregularities. Minor unaccounted for, or unauthorised expenditures were deducted from the final 9<sup>th</sup> EDF payment
- 10<sup>th</sup> EDF Financing Agreement: Technical Cooperation Facility (TCF), submitted to Brussels in January 2008, was signed in October and November 2008.
- 10<sup>th</sup> EDF TCF Programme Estimate No. 1, submitted in August 2008, was endorsed in November 2008 and signed 10 December 2008, one of the first EU-ACP contracts concluded under the 10<sup>th</sup> EDF.
- Pacific Head of Delegation, Ambassador Wiepke van der Goot, presented his credentials to Tuvalu's Governor-General during a visit in July 2008.
- Discussions on the water and waste management/sanitation elements of the 10<sup>th</sup> EDF were held throughout 2008, between Tuvalu officials and EC staff.
- 10<sup>th</sup> EDF bank accounts (EURO Currency Transit, EDF Technical Cooperation Facility) were opened, 10<sup>th</sup> EDF signature cards processed.
- Except for the final external evaluation, the 9<sup>th</sup> EDF was closed.
- 10<sup>th</sup> EDF TA to NAO recruited in August; contract signed 10 December 2008.

### **Financial performance of EDF resources**

All disbursements under the 9<sup>th</sup> EDF were completed in 2008 following the external audit of the PE3 Extension. The only outstanding contract under the 9<sup>th</sup> EDF concerns the final evaluation of the OISDSP. A service contract will be concluded with an international consultant in the first half of 2009 consuming all uncommitted, recovered and unpaid amounts. It's possible that all activities including the final evaluation will lead to a 100% utilization of the 9<sup>th</sup> EDF A-envelope. There is no risk of losing 9<sup>th</sup> EDF funds. The first contract under the 10<sup>th</sup> EDF was signed on 10 December 2008, with the advance payment on this contract made in late December. At present none of the earmarked funds under the 10<sup>th</sup> EDF are at risk.

### **General and sector budget support**

There was no EU-funded general or sector budget support in 2008.

### **Projects and programmes in the focal and non focal areas**

In 2008, there were no EU-funded projects (or programmes) in the focal or non-focal sectors, under the 9<sup>th</sup> (or 10<sup>th</sup>) EDF A-envelope.

The only EU-funded project in 2008 was the 9<sup>th</sup> EDF B-envelope household rainwater tank project (see below). This project is a forerunner of the water sector project under the 10<sup>th</sup> EDF (A-envelope), which will extend the manufacture and supply of household water tanks to Tuvalu's eight outer islands.

### **9<sup>th</sup> EDF: short- and long-term results**

A first assessment of the short- and long-term term results of the OISDSP, using the criteria set out in the Tuvalu-EC 9<sup>th</sup> EDF Financing Agreement and subsequent EC-dictated instructions were first reported in:

- *Joint Annual Report 2006: Tuvalu-European Commission* (May 2007; endorsed October 2007);
- *Final Report: Programme Estimate No. 3* (July 2007); and
- *Final Report: Extension of Programme Estimate No. 3* (December 2007).

These assessments were later revised and updated in:

- *Joint Annual Report 2007: Tuvalu-European Commission* (March 2008; endorsed June 2008).

Further assessment of the results achieved against the identified targets, their impact, identification of major obstacles, possible remedial actions required, and potential sustainability will await the outcome of the independent final evaluation of the 9<sup>th</sup> EDF OISDSP, to be carried out in the second semester of 2009.

### **3. OTHER CO-OPERATION**

Tuvalu benefits from a number of on-going 9<sup>th</sup> EDF regional initiatives funded through the Pacific Regional Indicative Programme. These initiatives include:

- PACREIP and FACT (trade);
- PRIDE (education);
- DSAP and PPP (agriculture);
- COFISH, DEVFISH and SCIFISH (fisheries); and
- REDUCING VULNERABILITY (risk reduction, water and aggregates).

#### **Debt relief and FLEX**

**Debt relief:** In 2008, Tuvalu did not receive, nor did it seek out EDF debt relief.

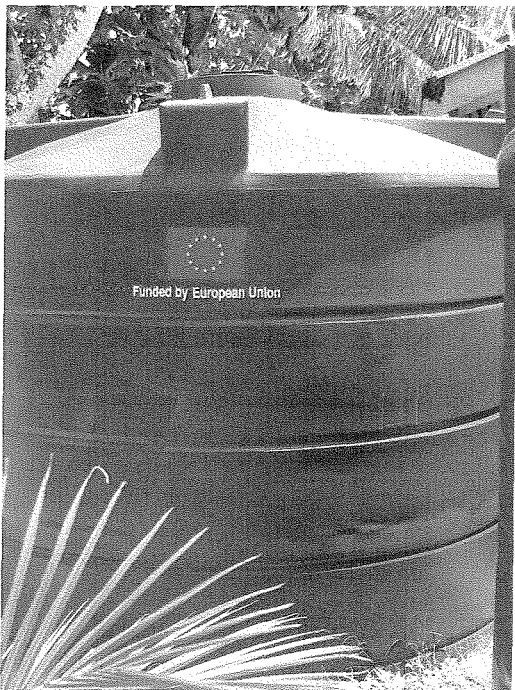
**FLEX:** Tuvalu is a non-exporting country, except in labour, mainly merchant marine seafarers. Tuvalu doesn't access the FLEX (balance-of-payments) mechanism.

## 9<sup>th</sup> EDF B-envelope

In 2007, Tuvalu joined eight Pacific ACPs in a multi-country approach to utilise 9<sup>th</sup> EDF B-envelope funding, under the umbrella “Regional Programme in Disaster Preparedness/Risk Management.”

Managed by SOPAC, the project included drafting and/or completing “Strategic National Action Plans”. The intention of combining the B-envelopes was to implement each participating country’s top priority that emerged from its national action plan. Tuvalu’s top priority was to expand both residential and municipal rainwater catchment and storage (see coherence with the 10<sup>th</sup> EDF CSP/NIP).

In June 2008, the local manufacture and distribution of 310, 10,000 litre plastic water tanks began, 302 of which were destined for residential households with the remaining tanks installed at the eight Funafuti *Falekaupule* (island community meeting halls). The overall project had an estimated cost of €595,000, with tank construction costs estimated at €350,000. Tank production was completed in January 2009.



One of 310 10,000 litre tanks financed by the EU

Approximately 85% of the tanks are in use, outfitted with down-pipes, interconnected with pre-existing household tanks, or installed with new gutters, pipes, brackets, and other assorted hardware as required. Tuvalu’s Public Works Department handled tank transportation, excavation and/or site preparation, tank installation, and hook up. The project has increased Funafuti’s residential rainwater storage capacity (and freshwater supply when full) by 3.1 million litres, substantially reducing the threat posed by periods of low rainfall, or worse, drought. Household access to more clean water should have a measurable impact on public health. The project was implemented with unusual speed and proved to be a noteworthy success. Experience and lessons learned will be applied to the 10<sup>th</sup> EDF water component.

### Humanitarian or emergency assistance

Tuvalu did not receive, nor did it require humanitarian or emergency assistance from the EU, funded through the 9<sup>th</sup> EDF B-envelope, or ECHO.

### EIB interventions

There were no EIB interventions in Tuvalu in 2008

#### 4. POLICY COHERENCE FOR DEVELOPMENT (PCF)

Environmental protection in general and the threats posed by climate change in particular are issues of major concern in Tuvalu, the latter posing threats to the country's long-term survival. Tuvalu appreciates the EU's strong support for the Kyoto Protocol, and future global climate initiatives. The Global Climate Change Alliance adopted by the EU will provide further opportunities for dialogue and exchange, as well as practical cooperation to support international negotiations on an ambitious post-2012 international climate change agreement.


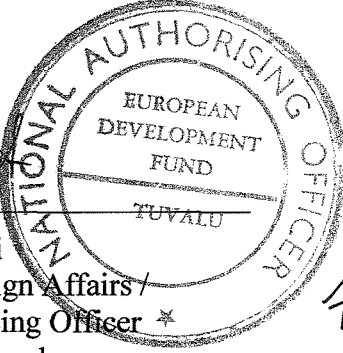
As a member of the Pacific Islands Forum, Tuvalu was consulted on the PIF-EU Joint Declaration on Climate Change. The Declaration outlines shared concerns about global warming and a desire to reach a far reaching post-Kyoto climate treaty. Negotiations were completed in Strasbourg in November 2008 where the Declaration was signed by the chair of the Pacific Islands Forum, the Premier of Niue, and the European Commissioner for Development.

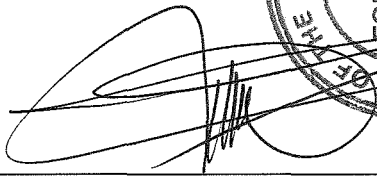
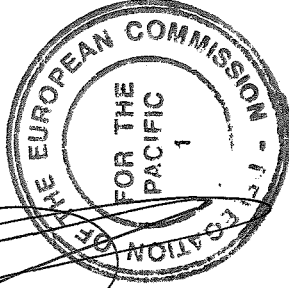
Tuvalu continues to be involved in negotiations for a Pacific Economic Partnership Agreement, within the framework established by the Pacific Islands Forum.

#### SIGNATURES

**National Authorising Officer**

**Head of Delegation**

  
  
Aunese M. Simati  
Secretary of Foreign Affairs /  
National Authorising Officer \*  
Government of Tuvalu

  
  
Wiepke van der Goot  
Ambassador /  
Head of Delegation  
European Commission for the Pacific

Date: 27<sup>th</sup> JULY, 2009

11.08.09



## ANNEX 1

*Note to readers:* Annex 1 and 3 contain country performance indicators. Some data overlap; some data contained in the more detailed MDG Annex 3 is superseded by more recent data compiled in Annex 1, which was compiled and updated specifically for the 2008 JAR. All three annexes attempt to comply with the data requirements noted in the “simplified” reporting guidelines for small island countries. Tuvalu has not updated major macroeconomic indicators (e.g., GDP, balance of payments) since 2002. All three annexes are built on available data. Some data is recent; some of it much more recent than other data. The “Most Recent Status” under the MDG indicators (Annex 3) have been updated where there is new data.

### Monitoring Country Performance (1) Select macro indicators: population, income, health, mortality, education

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Total population (enumerated) <sup>1</sup>	na	na	9,561	na	na	na	na	9,681	na
- Funafuti	na	na	4,492	na	na	na	na	na	na
- Outer islands	na	na	5,069	na	na	na	na	na	na
2. GDP (market prices, A\$ '000)	24.04	26.41	27.79	na	na	na	na	na	na
3. GDP per capita (market prices)	2,116	2,529	2,875	na	na	na	na	na	na
4. Prevalence of underweight children (under age five)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5. Life expectancy (M/F)	62/65 <sup>2</sup>	62/65	62/66	62/66	62/66	na	na	na	na
6. Infant mortality rate (per 1,000 live births)	34.6	25.4	25.3 <sup>3</sup>	21.0	42.3	17.4	23.4	na	na
7. Primary school enrolment <sup>4</sup>	1,965	1,798	1,693	1,955	2,032	2,010	2,068	2,049	1,989
8. Primary completion rate	100%	100%	100%	100%	100%	100%	100%	100%	100%
9. Ratio of females to males in:									
- Primary education	.88:1	.92:1	.92:1	.93:1	.94:1	.92:1	.88:1	.91:1	.94:1
- Secondary education <sup>5</sup>	.89:1	.93:1	.96:1	1.06:1	.91:1	na	1.32:1	1.19:1	na
- Tertiary education <sup>6</sup>	1.10:1	.86:1	na	.46:1	.92:1	.69:1	1.36:1	1.33:1	1.19:1
10. Literacy rate (age 15-24)	99%	99%	99%	99%	99%	99%	99%	99%	99%
11. Birth rate attended by skilled health personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%
12. Immunization coverage rate against tuberculosis/hepatitis B	100%	100%	100%	100%	100%	100%	100%	100%	100%
14. New HIV/AIDS cases <sup>7</sup>	0	2	7	0	0	0	1	0	0
15. Population access rate to safe drinking water	90%	90%	91%	91%	92%	92%	93%	93%	94%
16. Access to a road network: <sup>8</sup>									
- Funafuti	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Outer islands	100%	100%	100%	100%	100%	100%	100%	100%	100%
17. Household electrification rates:									
- Funafuti	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Outer islands	35% <sup>9</sup>	50% <sup>10</sup>	65%	80%	80%	80%	80%	80%	80%
18. Elec. Tariffs/kWh (all islands):									
- Residential	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34	
- Commercial/government	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	
- Residential (2008-present)									
< 50 kWh									\$0.30
51-100 kWh									\$0.39
> 100 kWh									\$0.56
- Commercial/government									\$0.56

*Source:* Statistics Division, Ministry of Finance; Department of Education, Ministry of Education, Youth and Sports; Department of Personnel and Training, Office of the Prime Minister; Department of Health, Ministry of Health; Tuvalu Electricity Corporation (TEC); Asian Development Bank (ADB).

<sup>1</sup> 2002 National Census (2007=est.). Total population is up from 9,043 in 1991, representing an annual growth rate of 0.5%. Funafuti's population is up from 3,839 in 1991 (+17.0%), while the outer islands population is down from 5,204 in 1991 (-2.6%).

- <sup>2</sup> Up from 57/60 for males and females, respectively, in 1990.
- <sup>3</sup> Down from 43.5 per 1,000 live births in 1990.
- <sup>4</sup> 2003-2005 figures include approx. 160 students enrolled at the SDA primary school.
- <sup>5</sup> 2003-2004 figures include, respectively, 99 and 183 students enrolled at Fetuvalu Hugh School.
- <sup>6</sup> Based on Tuvalu Government 'In-Service Scholarships' awarded between 2000-05. 2006-08 ratios include AusAID and NZAID-funded scholarships. 2003-2004 estimates are incomplete.
- <sup>7</sup> Of the ten cases reported, nine are male and one female. Three have died.
- <sup>8</sup> Tar sealed (Funafuti) and unsealed roads (outer islands), including unsealed paths in the outer islands.
- <sup>9</sup> Through 2000, nearly all outer island electricity was supplied by small household solar PV systems (approx. 350 households had operating systems at the time, down from a high of over 400).
- <sup>10</sup> Beginning in 2001, TEC began installing centralized, grid-based diesel power stations on all the islands (except Niulakita). The last outer island power stations were completed in 2002-03.

## ANNEX 2

### Multi-Year Budget Framework 2007-2011: Revenue, income, expenditure, payments, grants, aid (A\$)

	2007 Budget	2007 Revised	2008 Budget	2008 Revised	2009 Framework	2009 Budget	2010 Forecasts	2011 Forecasts
<b>Revenue and Regular Grants</b>								
<b>Taxation</b>	<b>5,709,375</b>	<b>6,241,071</b>	<b>6,772,300</b>	<b>6,330,647</b>	<b>6,688,137</b>	<b>6,701,443</b>	<b>6,976,930</b>	<b>7,364,974</b>
Income tax	2,008,500	2,114,462	2,008,500	1,983,881	2,079,931	1,817,963	2,195,575	2,317,649
Company tax	725,000	1,100,980	1,054,350	722,015	800,000	954,350	844,600	891,686
Sales tax	360,000	368,375	380,000	449,552	200,000	200,000		
TCT					225,000	200,000	475,020	501,431
Import duties	2,357,500	2,352,431	2,900,000	2,849,133	2,303,806	2,450,000	1,688,960	1,782,866
TCT (on imports)					300,000	300,000	633,360	668,575
Excise duties					300,000	300,000	633,360	688,575
Other taxes	258,375	304,824	429,450	326,067	479,400	479,400	506,055	534,191
<b>Dividends, Interest, Rents</b>	<b>150,000</b>	<b>341,052</b>	<b>150,000</b>	<b>1,370,057</b>	<b>933,340</b>	<b>933,340</b>	<b>614,894</b>	<b>439,254</b>
<b>Government Charges</b>	<b>8,352,745</b>	<b>8,576,134</b>	<b>9,867,582</b>	<b>8,437,913</b>	<b>10,549,730</b>	<b>11,139,730</b>	<b>11,326,403</b>	<b>11,523,455</b>
Fish licences	3,120,000	4,396,725	4,100,000	4,100,000	5,582,300	5,582,300	5,582,300	5,582,300
Marine Department	1,345,700	1,237,266	1,819,387	1,321,932	1,572,100	1,572,100	1,659,509	1,751,777
Telecom licences								
Other charges	1,247,045	654,843	1,419,457	861,381	1,195,330	1,785,330	1,884,594	1,989,378
iv	2,640,000	2,287,300	2,528,738	2,134,600	2,200,000	2,200,000	2,200,000	2,200,000
<b>Total Domestic Revenues</b>	<b>14,212,120</b>	<b>15,248,258</b>	<b>16,789,882</b>	<b>16,138,618</b>	<b>18,171,207</b>	<b>18,774,513</b>	<b>18,918,227</b>	<b>19,327,683</b>
<b>Grants</b>	<b>19,751,354</b>	<b>19,593,558</b>	<b>28,567,342</b>	<b>26,905,210</b>	<b>23,896,538</b>	<b>23,445,550</b>	<b>18,100,000</b>	<b>18,100,000</b>
EU	2,241,609	1,315,562	808,000	769,160	0	0	0	0
ROC	2,666,667	4,203,918	4,216,867	4,244,173	6,200,000	6,200,000	6,200,000	6,200,000
Japan (fuel grant)	259,000		900,438		950,988	500,000	600,000	600,000
ADB (ADF grant)			2,461,000	1,364,000	2,200,000	2,200,000		
Other grants (AusAID)	800,000	290,000	600,000	100,000				
Donor specified (XB)							11,300,000	11,300,000
Donor unspecified (XB)	13,784,078	13,784,078	20,389,037	20,389,037	14,545,550	14,545,550		
<b>Total Revenue and Grants</b>	<b>33,963,474</b>	<b>34,841,816</b>	<b>45,357,224</b>	<b>43,043,828</b>	<b>42,067,745</b>	<b>42,220,063</b>	<b>37,019,227</b>	<b>37,427,683</b>
<b>Expenditure</b>	<b>22,080,228</b>	<b>23,702,105</b>	<b>24,341,261</b>	<b>26,877,056</b>	<b>29,470,330</b>	<b>28,250,556</b>	<b>27,716,029</b>	<b>28,488,517</b>
Staff	10,079,973	9,935,863	10,469,231	10,469,231	11,335,296	11,335,289	11,632,530	11,937,559
Travel and communications	932,672	989,840	955,800	671,183	1,016,005	1,016,004	1,056,645	1,098,910
Maintenance	1,417,271	1,643,023	1,453,196	720,295	1,160,075	1,160,075	1,242,673	1,331,151
Goods and services	2,226,608	3,944,299	3,458,403	5,518,048	5,631,679	5,131,679	5,331,814	5,331,814
Grants and subsidies	1,489,345	2,307,377	1,719,345	2,389,082	2,265,607	1,721,980	2,356,231	2,450,480
Scholarships	2,771,172	2,347,514	2,524,851	2,593,682	2,772,837	2,772,838	2,883,752	2,990,102

Other expenses	1,541,185	948,928	2,061,164	1,693,443	2,601,675	2,425,535	2,705,742	2,813,972
Capital	147,000	14,954	100,831	63,986	33,156	33,156	34,482	34,482
Loan repayment	375,000	548,415	514,000	356,002	454,000	454,000	472,160	491,046
OISDSP payment to the TTF	1,100,000	1,021,891	1,084,440	1,042,321	0	0	0	0
ADB (ADF grant – SDE)				1,364,000	2,200,000	2,200,000	0	0
SDE	3,117,487	3,114,048	2,195,986	1,464,444	4,764,961	4,764,961	3,300,000	3,300,000
XB	13,784,078	13,784,078	20,389,037	20,389,037	14,545,550	14,545,550	11,300,000	11,300,000
Total Expenditure	38,981,791	40,600,231	46,926,284	48,730,537	48,780,841	47,561,069	42,316,029	43,088,517
Underlying recurrent surplus/(deficit)	(5,018,317)	(5,758,415)	(1,569,060)	(5,686,710)	(6,713,096)	(5,341,004)	(5,297,802)	(5,660,834)
TTF sustainable distribution (4% of TTF Maintained Value)	3,841,640	3,841,640	3,989,786	3,989,786	4,361,434	4,361,434	4,535,891	4,717,327
Adjusted recurrent surplus/(deficit)	(1,176,677)	(1,916,775)	2,420,726	(1,969,924)	(2,351,662)	(979,264)	(761,910)	(943,507)
Balance of TTF distribution	3,095,360	3,095,360	4,511,794	4,511,994	(4,361,434)	(4,361,434)	(4,535,891)	0
Final surplus/(deficit)	1,918,683	1,178,585	6,932,520	2,814,870	(6,713,096)	(5,340,698)	(5,297,802)	(943,507)
Automatic distribution: TTF to CIF	6,937,000	6,937,000	8,501,580	8,501,580	0	0	0	4,717,327

Source: 2009 National Budget, Ministry of Finance and Economic Planning, Tuvalu Government.

### ANNEX 3

*Note to readers:* The MDG data contained in this Annex were first developed in 2005, and later refined in 2006. The UN-funded Tuvalu MDG report was published in 2007. The 2005 MDG data informed *Te Kakeega II – Tuvalu’s 2005- 2015 “National Strategy for Sustainable Development,”* published in November 2005. This led – thus far – to the 2006, 2007 and 2008 *Kakeega Matrix*, a development aid tool, updated yearly. The *Kakeega Matrix* defines and updates what every aid donor is currently doing, plans to do, or might do at some undetermined future date. 10<sup>th</sup> EDF cooperation between Tuvalu and the EU was (in part) built on *Te Kakeega II*, and subsequent *Kakeega* development matrices (e.g., see 10<sup>th</sup> EDF CSP/NIP).

#### Monitoring Country Performance (2): Millennium Development Goals

No.	Indicator	Tuvalu Baseline	Most Recent Status	2015 Target
	<b>TARGET 1: Halve, between 1990 and 2015, the proportion of people living in poverty.</b>			
1	Proportion of population below \$1 (PPP)/day	1994 Funafuti: 9% Outer islands: 23% National: 17%	No recent data available	8% 11% 5%
1a	Poverty headcount ratio (%of population below the national poverty line, household expenditure, needs poverty.	1994 Funafuti: 24% Outer islands: 23% National: 29%	No recent data available	
2	Poverty gap ratio (PGR) [incidence x depth of poverty], household expenditure.	1994 Funafuti: 24% Outer islands: 23% National: 29%	No recent data available	5% 5% 6%
3	Share of poorest quintile (20%) in national consumption household expenditure.	1994 National: 7%	2005 HIES National 10%	3%
	<b>TARGET 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.</b>			
4	Prevalence of underweight children under five years of age.	1997 0%		0%
5	Proportion of population below minimum level of dietary energy consumption.	2004 0%		0%
	<b>TARGET 3: Ensure that by, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</b>			
6	Net enrolment in primary education.	1992 98%	2002 99.9%	100%
7	Proportion of pupils starting Grade 1 who reach Grade 5.	1993 96%	2002 99.7%	100%
8	Literacy rate of 15-24 year olds.	1991 95%	2002 99%	100%
	<b>TARGET 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.</b>			
9	Ratio of girls to boys in primary, secondary and tertiary education.	1991 Primary: 0.87 Secondary: 1.05 Tertiary: 0.37	2003 Primary: 0.97 Secondary: 0.96 Tertiary: 1.08	1.0 1.0 1.0
10	Ratio of literate women to men: 15-24 year olds.	1991 38%	2002 1.00	1.0
11	Share of women in wage employment in the non-agricultural sector.	1991 38%	2002 44%	100%
12	Proportion of seats held by women in the national parliament.	1990 8%	2008 0%	50%
	<b>TARGET 5: Reduce by two-thirds, between 1990 and 2015, the under five mortality rate.</b>			
13	Under five mortality rate (per 1,000 live births).	1991 5	2003 32	20
14	Infant mortality rate (per 1,000 live births).	1991 41	2003 21	14
15	Proportion of one-year-olds immunised against measles.	1990 90%	2002 99%	100%

	<b>TARGET 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.</b>			
16	Maternal mortality (MM) ratio.	1990 230 births: 1 death 2000 156 births: 1 death	2003 1 death in previous 5 yrs	Achieve lowest possible MM level.
17	Proportion of births attended by skilled health personnel.	1990 > 95%	2008 100%	100%
	<b>TARGET 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.</b>			
18	HIV prevalence among 15-24 year old pregnant women.	1990 0.0%	2008 Not publicly available.	
19	Condom use rate of the contraceptive prevalence rate.	N/A	N/A	N/A
19a	Condom use at last high risk sex.	1990 Unknown	2006 Non- commercial: 33.3% Commercial: 87.5% (sample of 209 seafarers)	N/A
19b-1	Percentage of women and men aged 15-24 who know that a person can protect themselves from HIV infection by consistent use of condoms.	1990 Unknown	2006 85.2% (sample survey of 305 youth)	N/A
19b-2	Percentage of women and men aged 15-24 who know that a healthy-looking person can transmit HIV,	1990 Unknown	2008 Unknown	N/A
19c	Contraceptive prevalence rate.	1990 39%	2008 Unknown	N/A
20	Number of children orphaned by HIV/AIDS.	1990 0	2008 0	0
	<b>TARGET 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.</b>			
21	Prevalence and death rates associated with malaria.	Malaria is not endemic to Tuvalu.		N/A
22	Proportion of population in malaria risk areas using effective malaria prevention and treatment measures.	Malaria is not endemic to Tuvalu.		N/A
23	Number of Tuberculosis (TB) cases, new cases, and death rates associated with TB (not reported per 100,000 population because of Tuvalu's small population).	1990 Total cases: 23 New cases: 7 Deaths: N/A 2002 Total cases: 13 New cases: 0 Deaths: 0	2004 Total cases: 16 New cases: 0 Deaths: 0	N/A
24	Proportion of TB cases detected and successfully treated under directly observed treatment short course (DOTS).	2004 Detected: 100% Success: 92%	N/A	N/A
	<b>TARGET 9: Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources.</b>			
25	Proportion of land area covered by forest.	1996-2003 43%	N/A	N/A
26	Ratio of area protected to maintain biological diversity to surface area.	1990 0	2003 0	N/A
27	Energy use (kg oil equivalent) per \$1 DG (PPP)	1993 0.2	1999 0.2	N/A
28	Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tons).	1993 0.2	1999 0.2	
29	Proportion of households using solid fuels.	1991 70%	2002 32%	
	<b>TARGET 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.</b>			
30	Proportion of households with sustainable access to water sources, urban and rural.	1991 Funafuti: 90% Outer islands: 98% National: 93%	2002 Funafuti: 93% OIs: 98% National: 94%	97% 99% 95%
31	Proportion of households with sustainable access to improved sanitation, urban and rural.	1991 Funafuti: 84% Outer islands: 74%	2002 Funafuti: 92% OIs: 83%	92% 87%

		National: 77%	National: 87%	89%
	<b>TARGET 11: By 2015, have achieved a significant improvement in the lives of at least 100 million slum dwellers.</b>	N/A	N/A	N/A
32	Proportion of households with access to secure tenure.	<b>2008-2015</b> N/A	N/A	N/A
	<b>TARGET 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.</b>			
45	Unemployment rate of 14-24 year-olds, each sex and total.	<b>1991 (all adults)</b> Male: 4% Female: 1% National: 3%	2002 Male: 18% Female: 30% National: 24%	2% 2% 2%
	<b>TARGET 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.</b>			
47	Telephone lines and cellular subscribers per 100 population.	N/A Cell service was introduced in Mar. 2004, discontinued in July 2007.	N/A	N/A
48	Telephones per 100 households.	<b>1990</b> 4	<b>2002</b> 5	N/A
49	Personal computers in use per 100 population and Internet users per 100 population.	N/A	N/A	N/A
50	Computers use per 100 households.	<b>2002</b> 6	N/A	N/A

Source: UNDP/Tuvalu Government. 2007. Report 2006: Millennium Development Goals. Noumea: Secretariat of the Pacific Community (SPC).