

**TUVALU COUNTRY PROGRAM REPORT**  
**PACIFIC REVIEW OF ADVISER POSITIONS FUNDED BY THE AUSTRALIAN AID**  
**PROGRAM**

## Overview

[A Joint Adviser Review Report](#) was released on 15 February 2011, which provided a synthesis of the findings and key recommendations from individual country reviews, including country specific adviser figures and narrative.

Australia worked bilaterally with a large number of partner country governments to review each adviser position. While the underlying Review methodology and the core content of country-specific reports is consistent across programs, in each case the final country-specific Review Report reflects decisions made by the joint Review teams as appropriate for the specific cultural and language context. As a result there are some presentational differences between reports.

This report presents the findings and recommendations of the joint Review process undertaken between the Governments of Tuvalu and Australia.

It is important to note that the Review process involved an assessment of the value and effectiveness of each adviser position – not the performance of individuals in those positions. The Review focused on the role of each position in meeting agreed country program objectives and development outcomes. On the basis of this assessment, the continued funding of adviser positions by AusAID was jointly considered and agreed with partner governments.

## 1. Executive Summary

Meetings with Ministers, Senior Government Officials and Counterparts all confirmed strong support for the roles of the current technical advisor positions provided to the Government of Tuvalu through the Australian aid program.

The Tuvalu Trust Fund (TTF) Board has also confirmed strong support for the technical assistance provided by the adviser to the Australian Director to the Board, who also serves on the Tuvalu Trust Fund Investment Committee. Similar comments were made with regards to the advisor provided to the Tuvalu Trust Fund Advisory Committee who advises the Australian Director and the Board on Tuvalu Government fiscal issues.

The Prime Minister, Minister of Foreign Affairs, Trade and Environment, Minister of Finance and Economic Development, Secretary to Government, A/g Attorney General, A/g Auditor General and A/g Government Accountant all confirmed their strong support for the three current and fourth approved Technical Advisor position. The TTF Board confirmed their support for the role of the adviser to the Australian Director, particularly the role that this adviser plays as a member of the Tuvalu Trust Fund Investment Committee. They were also of the view that the advisor to the Tuvalu Trust Fund Advisory Committee is essential in terms of providing information and advice on fiscal issues related to Tuvalu.

The four Technical Adviser positions based in Tuvalu are supporting the Government of Tuvalu address fundamental issues of skills and capacity building, policy and administration in core areas of government administration. These Technical Adviser positions provide advice to the Attorney General, Auditor General, the Minister of Finance and Economic Development and the Permanent Secretary of Finance (a Budget Management Specialist and a Government Accounting Adviser to be mobilised at the start of 2011). The Advisers to the Australian Director to the TTF and to the Tuvalu Trust Fund Advisory Committee (TTFAC) support the effective management of the TTF, which is valued by the TTF Board and the Government of Tuvalu. In particular the long term Advisers based in Tuvalu are a niche contribution by the Government of Australia to the Government of Tuvalu, which was re-affirmed as a highly valued joint priority of both governments in the Partnership for Development.

All long term positions based in Tuvalu have been formally requested by the Government of Tuvalu, and Government officials have approved their terms of reference, are involved in the selection of all advisers and approve regular assessments of the Adviser performance. Under the terms of engagement by the Australian Volunteers International Pacific Technical Advisor Mechanism (AVI PACTAM) scheme, the Advisers report to a Government of Tuvalu representative. The Government of Tuvalu pays a local salary for the positions, as a contribution to the role, and identifies a key counterpart for capacity building.

The Adviser Review was conducted with direct interviews with counterparts and senior government representatives, including relevant Ministers, during an in-country mission to Tuvalu, 11-18 November 2010.

In discussions with counterparts about the degree of ownership, it was clear that the Advisers were not only able to provide technical advice to their host agency, but also were a valued source of technical advice to other government departments, including other Ministers and Permanent Secretaries.

When the question of cost-effectiveness and value for money was raised, Government of Tuvalu representatives affirmed the benefits of these Technical Advisor roles. Government representatives stated that given the remoteness of Tuvalu, its geographic isolation from broader international institutions and limited opportunity for private sector engagement in these core areas, the on-ground day to day mentoring, skills development and accessibility of advice was greatly appreciated, particularly as advisers were able to build up an in-depth knowledge of Tuvalu. Advisers were also seen to bring with them additional information and contacts which would otherwise had been difficult to obtain. Representatives noted that if this technical expertise was sourced on an ad-hoc basis, it would need to be sourced off-shore, which counterparts expected would be more expensive, less responsive, and would struggle to be in sync with the needs of the government, as knowledge of context would be poor.

Current supervisory arrangements provide management advice in terms of the administration of the deployment, but does not provide technical assessments of the quality of the advice provided by the advisers.

The issue of capacity building was discussed very openly. Tuvalu is very dependent on the skills of individuals, and within the public service capacity in technical areas is limited and with requirements to participate in regional and international forums overseas, key individuals can be away for long periods of time, impacting significantly on the basic functions of their department.

During the discussions with the Government of Tuvalu, it was clear that Australian advisers are highly valued. The Government has strong support for the work of those advisers currently in place. We should expect further requests from the Government of Tuvalu for Technical Assistance.

## **2. Introduction/Background**

The Tuvalu-Australia Partnership for Development, signed in August 2009, commits to make progress towards attainment of the Millennium Development Goals (MDGs) and has a single priority outcome (Priority Outcome 1), to support the long term economic prospects of Tuvaluans. The Partnership identifies joint commitments to support the Tuvalu Trust Fund (TTF) and incentive payments to the Consolidated Investment Fund (CIF) which are linked to budget apportioning, particularly increased non-salary spending in the education and health sectors. There is the risk

of the fungibility of these incentive payments however the effectiveness of these incentives can be assessed by the TTF Board. The Partnership also identifies the use of technical advisory support to key oversight institutions.

The key mechanism used to procure the in-country based technical advisors is the Pacific Technical Advisory Mechanism (PACTAM). The PACTAM is an Australian Government, AusAID initiative (managed by Australian Volunteers International) that responds to requests for technical assistance from Pacific governments and agencies by recruiting professionals from Australia and other countries for assignments that cannot be filled locally. PACTAM deployees work with Government Ministries, Statutory Authorities and Pacific regional organisations. PACTAM proposals are required to be approved by Partner Government's Aid Coordinating Authority (or similar) before submission to AVI and AusAID for funding approval.

In the Tuvalu program, the non-resident technical advisers were procured through sourcing of individual specialists using AusAID's standard procurement processes, incorporating assessment of cost, expertise and availability.

Advisors are primarily meant to be providing capacity building and advisory roles to counterparts. Due to the lack of capacity in Government, advisors engaged in the Tuvalu program are currently providing more than what is specified in the Terms of Reference. For example, advisors are playing more in-line positions and also provide mentoring to counterparts and other staff.

The Counsellor and Program Manager (Tuvalu) visited Tuvalu on 11-18 November 2010. During this visit Government officials, particularly counterparts and supervisors, were consulted on the roles of advisers.

To ensure that there was an open and unrestricted discussion, the following people were consulted in one-on-one discussions: Secretary to Government, Minister for Foreign Affairs, Trade and Environment, A/g Attorney General, A/g Government Account and the Senior Accounting Officer, A/g Auditor General, Minister of Finance, Secretary of Finance and the Tuvalu Trust Fund Secretariat. These discussions were held separately to discussions with the in-country based advisors. The Australian Director on the Tuvalu Trust Fund Board and Tuvalu Trust Fund Board Chair were also asked to provide inputs on the value of the Advisers to the TTF.

### **3. Review Findings**

There is strong support from the GOT for the small number of Technical Advisers provided by Australia to improving core governance functions within the Government of Tuvalu.

#### **3.1. Relevance - current use of Advisers in the Tuvalu Program**

##### **General Issues**

Advisers resident in Tuvalu do not sit in-line positions, however all Advisers are undertaking in-line duties as part of their role. They report to a Government of

Tuvalu counterpart, and provide capacity building assistance to staff within the office.

There are currently four technical advisers based in Tuvalu, three current placements and a fourth which will commence in early 2011. These advisers are based within key areas of core government functions, where specialist technical skills are required. The Advisers are based in the Office of the Attorney General, Office of the Auditor General, Department of Finance and Economic Planning, and Treasury.

In general, while there is some variation between agencies capacity within the counterpart areas is weak, with formal qualifications limited, and low levels of confidence of the staff in addressing the complex tasks required. In some areas, notably the Treasury, where the adviser position is yet to commence, this is stark.

For the PACTAM program, a recurrent theme in discussions about long term positions based in Tuvalu, was the benefit of the PACTAM Support Fund. In addition to the technical services provided by the Adviser, the small additional funds were able to support initiatives within their departments that made tangible and direct improvements in operations. One initiative within the Auditor General's office had been to network all computers to a shared server, which had given the government the ability to develop and maintain a central electronic archive system of all advice and audits. Another initiative within the office of the Attorney General had been to develop and provide a staff uniform, which given low levels of public sector remuneration, and the comparatively high workloads within the office, had served to build and promote Attorney General office staff professionalism within the office and across the public service and in doing so, build the staff morale.

## **Specific Issues**

### ***Budget Management Specialist/ Adviser in the Ministry of Finance and Economic Development***

Australia has provided Technical Advice to the Ministry of Finance and Economic Development since 2005. At the request of the former Minister of Finance and Permanent Secretary, the position was extended for another two years in 2010. In particular the assistance to produce credible and prioritised budgets is highly appreciated, due to weak skills across Ministries, limited recording or monitoring of expenditures, poor accounting and supervision of donor-funded activities, capacity constraints in Ministries preparing sector plans with financial forecasts, and legacies of past policy decisions. This is particularly the case at the present time, where Tuvalu is facing a significant budget crisis, and the Ministry is reliant upon the ability of the Technical Adviser to support the inline work required to provide accurate financial projections and recommendations to Cabinet.

The number of staff with the technical knowledge and experience in overseeing budget preparation and execution is very small. The staff who do have these skills are in senior roles with significant representational and broader policy and management responsibilities, and are frequently required to travel. An issue raised

was that some improvements could be made in the area of more structured approaches to capacity building. The current two year extension has amended the terms of reference to include more specific capacity building outcomes, which will now be built into the annual plan for the Technical Adviser and the quarterly progress reports which are approved by the Government of Tuvalu.

#### ***Adviser to the Attorney General***

The current placement as a Technical Adviser in the Office of the Attorney General has recently been extended for another two years. The staff within the Office of the Attorney General have limited experience to manage the breadth of roles and responsibilities required, including managing the advice to government on legislation and complex negotiations. Counterparts spoke very positively about the role, in particular about the continuity of a longer term Technical Adviser who is aware of the legislative environment, the public sector context and cultural issues, all of which are influencing factors on the effectiveness of the office of the Attorney General. There are currently 7 staff in the Attorney General's Office, including the Technical Adviser. There are 3 staff with legal qualifications, but most have very limited experience and a number are new or very recent graduates.

Counterparts stated that other options for accessing technical advice had been considered, including increased overseas training to strengthen the qualifications of staff in the office. Their view was that the long term placement provided significant local capacity building benefits and mentoring, which then made a broader range of opportunities to enhance staff skills by providing, for example, advice to staff who were undertaking online and distance education studies. By supporting staff to enhance their qualifications through a distance education program, this is addressing a common issue in Tuvalu, the need for overseas training leading to key individuals being out of the country for significant periods of time. Staff who compared an online mentoring pilot program to having an incountry based Technical Adviser found that accessing information and seeking advice on complex legal issues was easier with an incountry based Technical Adviser. Not only did this assist progressing key tasks required of the Office, but it also ensured that the Technical Adviser experienced and appreciated first hand some of the challenges facing staff in carrying out their duties.

#### ***Adviser to the Auditor General***

The current placement is the second long term Technical Adviser to be placed in the Office of the Auditor General. A key driver behind the initial and subsequent request for TA is the small number of staff with appropriate qualifications in the office. There are 11 staff in the Office, three have formal accounting qualifications, and one staff member is currently overseas on scholarship to obtain an appropriate accounting qualification. This lack of appropriate skills impacts on the ability of the office to conduct audits effectively, and conduct an increased number of audits with in-house capacity.

An example of skills capacity building currently underway with TA assistance is the involvement of all staff in the preparation of an audit plan and documenting the

government approval systems in advance of the forthcoming whole of government accounts audit under the Audit Act. This audit is a major output of the office, and is required as a report to Parliament. This is the first time that all staff are involved in preparing this plan and documenting these systems, and is demonstrating the value of “knowing the client” in advance of starting the audit, which assists the auditors to conduct and complete the audits both quicker and more effectively. This is a practical example of on-the-job mentoring and training integrated within the work requirements of the Office. The Auditor General signs off on the work plan and all quarterly reports on TA activity. There is interest from the staff in having these reports circulated more broadly, so all staff are aware of the approved plans for TA activity.

#### ***Adviser to the Government Accountant***

This request came to the Government of Australia formally in November 2009. It was a direct response to the emergence of a major capacity gap within the Treasury when the only trained accountant in the Treasury was awarded a scholarship to study in New Zealand. The significance of the capacity gap that emerged in the Treasury was highlighted by the Tuvalu Trust Fund Advisory Committee’s assessment presented to the Board in May 2010, and again in November 2010.

There are currently no trained accountants working in the Treasury, it does not appear that there are regular reconciliations of expenditure to budget, those that do occur are late and do not provide for controls for officials to ensure that Ministries are not overspending against their allocations. There are significant errors in data entry in the financial management system, and complete financial accounts for 2009 have still not been prepared. Government of Tuvalu officials have recognised the seriousness of this situation for their financial management, and the Advisor position will work with officials to improve basic procedures to provide accurate and timely reports on expenditure.

This position and capacity gap was recognised by other development partners. The New Zealand Aid Program has now provided in-principle commitment to co-fund this position.

#### ***Adviser to the Australian Director on the Tuvalu Trust Fund***

The Adviser to the Australian Director on the Tuvalu Trust Fund provides specialist technical actuarial advice on the performance of the TTF to the Australian Director, to assist Australia in the discharge of our duties as a member of the Tuvalu Trust Fund Board. It is a long term appointment, with discrete short term inputs on a fee for service basis. This structure enables strong knowledge of the TTF investments and longer term monitoring of the portfolio performance. This Technical Adviser position enables direct policy dialogue between official representatives of the Governments of Australia and Tuvalu as Directors of the Tuvalu Trust Fund, supported by the required technical advice. In contrast, the New Zealand Director is an actuary from the private sector, who is contracted on a consultancy basis to perform this role and the New Zealand Director on the TTF Board is not an official representative of the New Zealand Government. The Adviser to the Australian



Director also provides technical advice to the Board as a whole, as a member of the Tuvalu Trust Fund Investment Committee. In the latter role, the Adviser provides direct advice to the Board on the monitoring, management and performance of the assets in the Tuvalu Trust Fund. This Adviser position was established in 2006, and the technical actuarial advice is greatly appreciated by the Australian Director by the Tuvalu Trust Fund, as well as by the broader TTF Board. Given the highly technical specialist expertise provided by the Adviser on investment management, it is not intended that it have capacity building outcomes.

### ***Tuvalu Trust Fund Advisory Committee Member***

The establishment of the Tuvalu Trust Fund Advisory Committee (TTFAC) is a requirement under the TTF International Agreement. The TTFAC advises the Board on the performance of the Fund and provides recommendations for the Board to consider with regards to ensuring a stable budget and fiscal status for Tuvalu. The current composition of the TTFAC consists of an adviser each appointed by the governments of Australia, New Zealand and Tuvalu. Australia's adviser to the TTFAC specifically reports to the Board on the budget and fiscal situation of government particularly budgetary, economic and public-sector management performance issues. Furthermore, the adviser provides valuable advice to the Australian Director on the performance of the Fund.

The Technical Adviser's services are required on a periodic basis only - to attend the TTFAC meetings and, only when required, the Trust Fund Board meeting. The TTFAC meets 2 times a year which involves incountry visits to assess Government's budget and fiscal situation. The adviser also participates in the TTFAC meetings which occur twice every year.

The Board and the TTF Secretariat value the Technical Adviser's contribution to the TTFAC. The incumbents wealth of knowledge of the TTF and capacity to work with the local staff ensures that there is ease with extracting important financial information from the Ministry of Finance and Economic Development. The ability of the Technical Adviser to be forthright with government officials and the TTF Board adds on to the advisers value on the TTFAC.

## **3.2. Efficiency and Effectiveness**

The efficiency and effectiveness of the long term resident Technical Adviser positions are fundamentally affected by Tuvalu's context. Tuvalu is a small island state, with a population of under 10,000 people, and all formal specialist qualifications need to be obtained through overseas study. A consistent theme of discussions is the lack of formal skills, qualifications and experience within the Government of Tuvalu. Given the size of the public sector and its departments, a down side of the interest to build up Tuvalu's technical skills through the provision of scholarships means that key individuals can be absent for years at a time. Another feature of the context within government is the significant travel requirements for official representation in meetings and forums overseas, in a country where travel arrangements can be difficult and at times erratic. This can lead to the situation where key staff are absent

from Tuvalu for extended periods, which impacts on the ability of other counterparts to have continuity of leadership, direction and advice.

Related to this, frequent absences by senior counterparts do lead to high levels of informal tasking to Technical Advisers to complete in-line duties, and a potential reliance on the Technical Adviser role to complete required tasks. All advisers are providing both in-line assistance to complete tasks required of their host agency, as well as providing daily specialist technical advice. Related to this, to date all deliverables and key outcomes are measured predominantly on technical advice responsibilities rather than capacity building outcomes. During 2010, as positions have come up for renewal, clear capacity building outcomes have been included into the terms of reference for the long term resident Technical Adviser positions. This has been supported by Government of Tuvalu representatives when these terms of reference have been approved, and will now be integrated into the annual plans and quarterly reports, which provides a stronger platform for assessments of capacity building outcomes. Given the entrenched issues outlined above, and high level of absences, realistic assessments of these outcomes will be required.

### **Operational issues**

Tuvalu has no resident diplomatic representation from Australia, and no local country office representatives. Monitoring on the performance of advisers is provided as part of the management services provided by the managing contractor for the PACTAM scheme, AVI, and that undertaken by AusAID staff missions, generally three to four visits per annum. The technical assessment and appraisal of the quality of adviser inputs is based on the views of senior counterparts, given the highly specialist nature of their fields of expertise.

Current process for engaging long term advisers resident in Tuvalu is in response to a direct request from the Government of Tuvalu. This process will continue. All requests will be provided through the Ministry of Foreign Affairs, and copied to the Ministry of Finance and the Aid Coordination Unit, and the Secretary to Government. As part of all future requests the Government will need to articulate the length of placement, the benefits of the adviser placement, the capacity building outcomes required, and an assessment of the cost-effectiveness of accessing this form of aid.

Tuvalu Trust Fund Board agrees all nominations and recommendations for membership to the Tuvalu Trust Fund Advisory Committee and the Tuvalu Trust Fund Investment Committee. The tradition over the last twenty three years since the TTF was established has evolved that each party to the International Agreement (Australia, New Zealand, Tuvalu) appoints and funds a member of the Advisory Committee. There are no imperatives to alter this current informal arrangement.

## **4. Recommendations**

### **4.1. Commitment to adviser positions**

All placements were identified as high priority placements, providing critical technical advice to core functions of the Government of Tuvalu. These placements are highly valued by the Government of Tuvalu and by other development partners. The long term nature of these deployments is supported, as it ensures that the Technical Adviser's knowledge of Tuvalu is built up so the Advice is responsive and tailored to Tuvalu's needs. Importantly, the long term nature of the deployments provide for longer-term mentoring and on the job capacity building.

### **4.2. Implications**

- Continue all placements
- Consider each placement as a long term placement to build relationships, country knowledge, expertise and influence and most importantly, to build capacity of counterparts within respective offices.
- Ensure each placement has clear capacity building outcomes integrated into the terms of reference and outcomes expected of the position
- The use of AVI deployments is well-suited to the local environment and should be continued, with the emphasis on building relationships and trust required for promoting incremental reforms
- A mechanism to obtain independent technical appraisal of the quality of adviser inputs should be identified with the Government of Tuvalu, and AVI PACTAM. This could usefully be an assessment that provides feedback and advisory support to the deployees, and links them to similar deployees in other countries across the Pacific region.

### **4.3. Agreed process/mechanism for discussing and managing future requests for advisers**

All Technical Adviser placement requests are signed and approved by the Secretary to Government, a constitutional appointment who acts as head of the public service in Tuvalu, and is an appointed member of Cabinet. The Secretary to Government approves all requests for Technical Advice. This has been re-endorsed by the Minister for Foreign Affairs, Minister for Finance and the Secretary to Government as appropriate oversight of requests and approvals by the Government of Tuvalu.

It is suggested that Technical Adviser positions, both the roles, requests, adviser performance and the percentage of TA as part of the overall aid program, will be a set topic for discussion as part of the annual Partnership for Development discussions.

## 5. Next Steps

The recommendations of the review will be implemented by May 2011, in time for informal bilateral discussions between Australia and Tuvalu alongside the mid-year Tuvalu Trust Fund Board Meeting.

## 6. Lessons Learned

In a vulnerable small island state, the degree of reliance on overseas TA in specialised areas is high. The Government has made specific requests for this technical advice, and highly values this small number of long term deployments provided by Australia. It is recognised by development partners and by the Government itself, that the Government benefits from this assistance provided by Australia to support core functions of Government.

The long term resident TA positions, particularly in a country without resident diplomatic representation, play an important role in maintaining the positive relationship between the Government of Tuvalu and the Government of Australia.

The volunteer-style deployments provide an appropriate match to Tuvalu, where they are not highly paid consultants, receive a Government of Tuvalu salary (with supplementation) and live in equivalent government housing to their counterparts.

The structures built into managing contractor's request and approval processes require senior government approval and endorsement of all placements, including the request and the terms of reference. The TA all report to directly to the Government of Tuvalu counterpart, and the quality of their advice is not independently assessed. This could be of value, and integrated into the broader management of the AVI PACTAM placements.