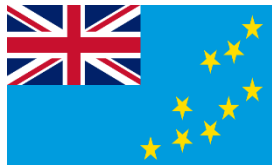




Australian Government



TUVALU COVID-19 DEVELOPMENT RESPONSE PLAN

- Through our new High Commission, Australia is working closely with Tuvalu to implement its COVID-19 blueprint for action (the Talaaliki Plan) and National Strategy for Sustainable Development (Te Kakeega III).
- Tuvalu responded early to COVID-19 and has not recorded any cases. Despite this, the global economic lockdown has had a direct impact; Tuvalu's economy is dependent on imports to secure food, medicine and fuel.
- Australia is focusing on health and education systems support, as well as investing in food security, climate resilient economic reform and maritime security, including fisheries, to support a resilient recovery in Tuvalu.

Australia's relationship with Tuvalu is strong and long-standing, and has been further strengthened through the Pacific Step-up. Tuvalu's role as Chair of the Pacific Islands Forum has been extended to 2021 and we will continue to support its regional leadership role. As one of only two diplomatic missions on the ground (alongside Taiwan), Australia's new mission, established in 2018, will play an important role in coordinating support from likeminded partners. Australia is working with Tuvalu to secure essential supplies and develop and implement priority reforms key to service delivery throughout and beyond the COVID-19 crisis.

COVID-19 SITUATION ANALYSIS

Tuvalu's decision to introduce control measures and close its borders early has, to date, been successful in keeping COVID-19 out of the country. Tuvalu's remoteness, susceptibility to extreme weather events and limited natural resources contribute to its vulnerability to external health and economic shocks. Its small population of around 11,000 people is reliant on imports and open connections that are being impacted by COVID-19.

Should a COVID-19 outbreak occur, impacts could be severe due to Tuvalu's isolation, health system constraints and high rates of non-communicable diseases and co-morbidities. Recognising this risk, the Government of Tuvalu declared a national emergency on 20 March and locked down its borders.

A National COVID-19 Taskforce undertook a full assessment and developed Tuvalu's *Talaaliki Plan* (worst-case scenario) to provide a 'blueprint for action'.

Tropical Cyclone Tino caused extensive damage to Tuvalu's islands in January 2020, compounding the effects of COVID-19. Tuvalu accessed \$16.7 million in funding from the World Bank Catastrophe Deferred

Drawdown Option mechanism, and the Asian Development Bank's emergency fund, to respond to the disaster.

To date, the economic impacts of COVID-19 are less severe in Tuvalu relative to other Pacific countries. The Asian Development Bank forecast in June 2020 that Tuvalu's GDP would grow by 2 per cent in 2020 (down from their 4.1 per cent pre-COVID forecast for 2020), before rebounding to 2.5 per cent in 2021. At the same time, it predicted that Tuvalu would have a fiscal deficit of 28.6 per cent of GDP in 2020, reducing to 7.9 per cent in 2021. In July 2018, a Debt Sustainability Assessment undertaken by the World Bank/IMF, who assessed that Tuvalu was at high risk of debt distress.

Since March 2020, Tuvalu has passed a supplementary COVID-19 budget (31 per cent of GDP) and released an economic recovery package, which was supported by funding contributions from partners including Australia. The supplementary budget included funding for equipment for the main hospital and for quarantine facilities. The economic package introduced a number of measures to ease economic impacts, including temporary social welfare payments for eligible citizens.

Tuvalu is highly reliant on imports and is at risk of disruptions to supply chains, affecting the transportation of essential goods including food, medicine and fuel. Although shipping freight services continue, the frequency has reduced and wholesale trade and construction activity is expected to decline. There is a single inter-island vessel connecting Tuvalu's islands.

Fishing licences and marketing of Tuvalu's internet domain name '.tv' are the highest contributors to government revenue. Tuvalu does have some fiscal resilience to economic downturn, with several years of budget surpluses prior to 2019. Financial reserves are

valued at \$77 million (117 per cent of GDP), and financial assets at \$220 million (333 per cent of GDP).

Market Value of the Tuvalu Trust Fund (at 31 March 2020) was \$171.33 million, while Maintained Value was \$184.92 million. The Government of Tuvalu has indicated it will draw down from its Consolidated Investment Fund to cover the budget deficit.

Health services in Tuvalu are limited and stretched. There is one public hospital (50 beds) on Funafuti while nursing clinics service the outer islands. Patients requiring clinical care that cannot be delivered in-country are normally referred to hospitals overseas, at the Government's expense. However, referrals are being impacted by the lack of air links. Tuvalu's population is highly vulnerable to a possible outbreak of any infectious disease, including COVID-19. The leading causes of morbidity and mortality are NCDs, and other co-contributing risk factors such as weight, smoking and alcohol abuse remain high.

Development partners, including Australia, are helping to address Tuvalu's shortage of funding, infrastructure, medical supplies and equipment, as well as facilitating in-country testing and upskilling the local workforce in the use of specialised medical equipment.

With the support of Australia, the World Health Organization and other donors, the Tuvalu Ministry of Health, Social Welfare and Gender Affairs has worked on improvements to its laboratory and a small isolation ward at the Princess Margaret Hospital, and procuring essential supplies. Tuvalu has prepared quarantine facilities and standard operating procedures.

AUSTRALIA'S RESPONSE

Through our development, diplomacy, trade and security partnerships, Australia will actively support COVID-19 preparedness, response and recovery in Tuvalu. Our response directly supports Tuvalu's *Te Kakeega III* (development) and *Talaaliki* (COVID-19 preparedness and response) Plans. Consistent with Australia's Pacific Step-up agenda, and together with Defence, AFP, Home Affairs, CSIRO, ACIAR and private partners, we will continue to support economic stability and growth, and strengthen capacity across the health, education and security sectors.

Over the next two years, in line with Partnerships for Recovery, we will refocus our support to:

1. Strengthen the preparedness, resilience and responsiveness of Tuvalu's health system to

respond to COVID-19 and to manage future outbreaks of disease;

2. Support Tuvalu to maintain stability, promote social cohesion and ensure vulnerable people have access to essential goods and services; and
3. Support Tuvalu to mitigate and recover from the economic impacts of COVID-19 and to enhance its resilience to withstand future shocks (see Table 1).

Australia is working closely with key regional organisations on a coordinated response across the Pacific. Tuvalu's role as Chair of the Pacific Islands Forum (PIF) has been extended to 2021 and we will continue to support Tuvalu in this important role. As a major contributor to the PIF and the Pacific Community (SPC), Australia will facilitate access to essential medical supplies and personnel, including through our support for the Pacific Islands Forum's Pacific Humanitarian Pathway for COVID-19. We will also support longer-term solutions for Pacific aviation. Tuvalu will benefit from the substantial policy support the SPC provides across multiple areas including health, economic policy, agriculture, food supply, fisheries and gender.

Health Security

Australia's support to Tuvalu's health sector will pivot and increase substantially to support stronger systems and meet Tuvalu's needs for essential equipment, medicines and supplies. We will respond to emerging health priorities, including the impacts of COVID-19 and climate change. We will provide technical expertise to strengthen critical care capacity and surveillance systems, improve water, sanitation and hygiene facilities, and support procurement of medicines and supplies. We will support equitable access to safe and effective COVID-19 vaccines in Tuvalu through multilateral and regional initiatives to finance, assess, deliver, and monitor COVID-19 vaccines.

The Indo-Pacific Centre for Health Security will provide assistance, advice and support, drawing on Australian expertise, including deploying an infection and disease prevention and control adviser to work directly with Tuvalu's Ministry of Health. The Centre is also supporting premier Australian medical institutions, such as the Doherty Institute, to provide technical input on the Tuvalu laboratory re-design. We will assist Tuvalu to maximise access to regional training, supplies and material, particularly through our regional funding to the World Health Organization Pacific response.

Australia recognises robust quarantine arrangements are crucial to the ongoing movement of people in the region.

We will continue to work with Tuvalu on COVID-19 risk mitigation procedures for incoming passengers, and ongoing support for the procurement and distribution of GeneXpert COVID-19 testing cartridges will bolster in-country testing capability.

Our bilateral development assistance will be complemented by regional and global initiatives. Through the Australian NGO Cooperation Program, volunteer programs and the Australian Humanitarian Partnership, we will provide more funding to local NGOs to educate and support communities through water and sanitation programs to promote health and hygiene and lower transmissible disease.

Stability

Australia's support to Tuvalu will reorient to maintaining stability and access to essential goods and public services. We will ramp up support to the education sector to enhance access to quality education, with a focus on education and employment pathways in the region. Our engagement in strengthening the core education system with the Ministry of Education, Youth and Sports will continue, and we will assist the Tuvalu Government to pursue more investment through the Global Partnership for Education.

We will refocus bilateral education efforts to assist Tuvalu to address the impacts of COVID-19. Our support will focus on enduring education challenges including access to schools, particularly for girls, climate resilient infrastructure, as well as supporting options for distance and remote learning capabilities.

Under the Australia-Tuvalu Security Partnership and our Defence Cooperation Program, we will continue to assist the Government of Tuvalu to build its capability to patrol its borders and secure its exclusive economic zone, including fisheries. The 2020 Defence Strategic Update provides for enhanced support to respond to national and regional crises and natural disasters, such as pandemics. Australia's support to the Pacific Islands Forum Fisheries Agency (FFA) is assisting to secure sustainable fish stocks, along with helping to tackle illegal, reported and unregulated fishing.

Australia is committed to supporting Tuvalu to effectively mitigate the impacts of COVID-19-generated malicious cyber activity and ongoing cyber threats through the Cyber Cooperation Program. The Pacific Fusion Centre has refocused its efforts to provide an online repository of COVID-19 analysis, information and tools. Pacific secondees at the interim Centre in Canberra will continue to develop analytical products, which respond

to the needs of the region, including security analysis exploring the nexus between COVID-19 and other *Boe Declaration* security priorities.

The Australian Federal Police has ramped up engagement through the Pacific Police Development Program (Regional), the Pacific Islands Chiefs of Police and the Tuvalu Transnational Crime Unit to support Tuvalu to maintain stability and promote social cohesion.

COVID-19 has highlighted the vulnerability of Tuvalu's food system which is heavily reliant on imports. Australia's Food Futures Initiative will partner with the Tuvalu Government and local community organisations to develop innovative solutions to address the constraints on local agricultural production. The CSIRO and ACIAR will continue to play an important role in food security through support for agricultural research. We will closely monitor Tuvalu's transport connectivity and supply chains and focus on practical measures to facilitate the movement of essential people and goods between Australia and Tuvalu.

Addressing the needs of vulnerable populations, and promoting gender equality and women's empowerment is an important and ongoing focus of all of our programs. Gender equality considerations will be effectively mainstreamed across the partnership, and we will strengthen our support for women's leadership. Our NGO partnerships will provide support to women and families who face increased risks of domestic violence and livelihood insecurity during COVID-19.

Economic Recovery

Our initial economic response package of \$3 million in the first half of 2020 assisted Tuvalu to roll out its economic and financial relief package, and we will engage with the Government of Tuvalu and provide policy advice on implementation of the package. Through our participation in the multi-donor budget support operation (Policy Reform Matrix), we will collaborate with partners to assist Tuvalu to develop policies that support its priority economic, social and fiscal reforms. This is particularly important to ensure efficient effective public service delivery continues throughout and beyond the COVID-19 crisis.

Our ongoing contributions to the Tuvalu Trust Fund will help enable Tuvalu to finance chronic budget deficits, underpin economic development and achieve greater financial autonomy to ensure equitable development outcomes for the most vulnerable members of the population. We will assist Tuvalu to grow its sovereign wealth fund to mitigate future fiscal crisis and secure

financial stability for future generations. We will explore options to enable private sector development, including through implementation of the Pacific Agreement on Closer Economic Relations (PACER) Plus, with improved access to finance and appropriate regulations.

Climate change undermines economic, social, and stability efforts, and remains a fundamental cross-cutting issue that will be addressed across our investments. We will explore opportunities for high-quality, climate-resilient telecommunications, energy, transport or water infrastructure activities to be funded through grants from the Australian Infrastructure Financing Facility for the Pacific (AIFFP), supporting sustainable economic growth. In order to be sustainable, sound macro-economic management and evidence-based fiscal planning should take account of the long-term impacts of climate change. Analysis from the Australia Pacific Climate Partnership may support this work, including by working directly with the Tuvalu Government.

We will support inclusive skills development through the Australia Pacific Training Coalition and will play a key role in Tuvalu's recovery by providing tertiary education and training. We will explore remote learning and in-country short courses to deliver targeted training to upskill workers.

Remittances will play an important role in the recovery of the region. We will explore new pathways to safely re-establish labour mobility schemes to enable Tuvaluans to take full advantage of work opportunities in Australia.

Australia will provide COVID-19 supplementary funding

of \$304.7 million as part of a COVID-19 Response Package. This package will provide support to the Pacific and Timor-Leste to deliver critical, temporary, economic support to address pandemic impacts; this targeted, temporary (ODA) funding is for two years and is in addition to Australia's \$4 billion ODA program.

HOW WE WILL WORK

Australia's High Commission in Funafuti commenced operations in November 2018 and Australia is well placed to support Tuvalu in its preparedness and response to COVID-19. Border closures and restricted travel, however, will necessarily change the way we work.

Australia will navigate the new world in partnership with Tuvalu, through advances in technology, remote specialist expertise as well as investing in government and local community organisations. We will continue to assist the Government of Tuvalu to leverage relationships with multilateral organisations and international partners.

Australia will seek to enhance coordination with development partners, including the World Bank, Asian Development Bank, European Union, International Fund for Agricultural Development and World Health Organization, as well as New Zealand, Taiwan, the US and Japan.

Inbuilt flexibility will be a cornerstone of our future development assistance. We will build responsive, flexible partnerships, while fostering a culture of open and honest review. This will allow our partners to navigate changing needs and adjust strategies to respond to a constantly evolving global situation.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Response Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	Tuvalu's health systems are stronger with increased preparedness for health emergencies. (SDGs 1,3, 5)	Australia contributed to Tuvalu's stability through its security partnerships and sustained work to improve education and gender outcomes. (SDGs 1,2, 4,5,16)	- Tuvalu has the ability to mitigate fiscal crisis, achieve greater financial autonomy, and manage its budget with efficiency, fiscal discipline and transparency for the benefit of all Tuvaluans. (SDGs, 8, 9, 13, 16, 17)
Key Results	<ul style="list-style-type: none"> - An Australian Health Sector Support program designed and closely aligned with Government of Tuvalu's priorities. - Improved evidenced-based policy and decision-making, including for planning, budgeting and strengthened preparedness for disease threats. - Number of new or improved therapeutics, diagnostics, vaccines and additional equipment to which Australia has contributed that are accessible in Tuvalu (ie PPE, GeneExpert COVID-19 cartridges). <p>Evidence that partner countries have improved responses to health security threats.</p>	<ul style="list-style-type: none"> - Number of teachers trained per year for professional development. - Examples of improved services for women and girl survivors of violence. - Increased access to sufficient, safe and nutritious food. <p>Enhanced sea-days on the Guardian-class Patrol Boat conducting maritime security patrols.</p>	<ul style="list-style-type: none"> - Government of Tuvalu achieves greater financial autonomy in the management of its budget. - Improved governance including specific measures to manage economic slowdown and to support longer-term economic recovery*. - Improved donor coordination and planning with integrated donor financing. - Annual Australian contributions to an effectively administered Tuvalu Trust Fund (target: \$1 million per year). <p>Funding provided to support climate resilient infrastructure.</p>
Supporting Investments	<ul style="list-style-type: none"> - Tuvalu Health Sector Support Program (currently investment concept) - Technical Advisory Support COVID-19 health direct funding - WHO - UNFPA <p>TGA: Medicines Testing Program</p>	<ul style="list-style-type: none"> - Tuvalu Education Program - Australia Pacific Training Coalition - BRIDGE Program - Pacific Women Shaping Pacific Development - Food Security Partnership in Tuvalu (SPC, ACIAR, CSIRO and regional) - Australian Technical Advisor support (GPB support) - Defence Cooperation Program - Australian Federal Police ANCP - AVI - Pacific Fusion Centre - Pacific Maritime Security Program; - Australia Pacific Security College <p>New Colombo Plan</p>	<ul style="list-style-type: none"> - Governance Partnership comprising the Tuvalu Trust Fund; Policy Reform Matrix and Assessment of National Systems - Technical Advisory Support - Pacific Labour Mobility - AIFFP - APTC - Essential Services and Humanitarian Corridor - PACER Plus implementation