

# Review of mainstreaming of climate change into national plans and policies:

## Tuvalu

November 2013

This summary is based on a consultancy report by **Planning 4 Sustainable Development**, and **The Four Assist Network of Experts**, commissioned by the Secretariat of the Pacific Community (SPC) through the Global Climate Change Alliance: Pacific Small Island States (GCCA:PSIS) project, funded by the European Union.

## Executive Summary

The purpose of this report is to summarise a review of the degree to which climate change has so far been mainstreamed in national strategic plans, policies and budgets, and – in a sectoral case study (presented in Annex 1) – the extent to which mainstreaming has translated to implementation.

Table 1 shows the criteria used in this review to assess the degree of mainstreaming of climate change, as well as some general remarks in relation to the review’s findings for Tuvalu.

**Table 1. Criteria for mainstreaming and general findings of this assessment**

Criteria	Overall assessment
<b>Objectives related to climate change</b> are present in national development and environment policies, as well as in key sectoral policies	In general, the various policies and plans place a strong emphasis on adaptation to the impacts of climate change, while various energy sector policies and plans include activities that are relevant for mitigation of GHG emissions.
<b>Responsibilities</b> for responding to climate change are clearly defined within government, and there are clear mechanisms for monitoring and reporting on progress	A stronger implementation and coordination mechanism may be needed. The Department of Environment has only three permanent staff with responsibility across MEAs and environmental management arenas.
<b>Specific climate-related activities</b> are outlined and planned for in these documents	The NSAP is intended to be a five year action plan, and it lists a series of actions against each of the Climate Change Policy strategies. Many of the sector plans required by the NSDD, with concrete actions, are yet to be finalised.
<b>Budgets</b> are clearly allocated for the above activities	Links of budget expenditures and estimates to plans, strategies and master plans need improvement.
<b>Monitoring and evaluation frameworks</b> are in place for following up on delivery of climate objectives and implementation of activities	Generally, monitoring and reporting processes are not clear.
The various policies and plans are <b>coherent</b> on the issue of climate change	The Climate Change Policy and NSAP link strongly to the NSSD, and future sectoral plans will need to build on this to maintain consistency.
The climate-related goals in these policies and plans have the <b>buy-in of different stakeholders</b> , meaning they are accepted, supported and promoted across government and within civil society and, ultimately, local communities	Not able to be determined

Mainstreaming of climate change is one of the key criteria set by the EU that must be met before countries might be able to access climate finance through the modality of budget support. Other important criteria relate to public financial management, specifically that countries have a stable

macro-economic framework, a public finance reform process underway, and a clear and transparent budget process. Annex 3 of this report therefore also very briefly discusses the status of, and expected milestones for, Tuvalu's public financial management roadmap.

## **Recommendations**

The following actions would improve mainstreaming efforts:

1. The climate change policies, strategies and plans at the national level and across the various sectors (including through the eventual master plans required by TKII) would benefit from being better aligned, with clearer, more easily measurable indicators and targets.
2. Ensure that the continuing development of sector strategies and master plans contain specific objectives related to climate change, as well as sound baselines and costed activities which contribute to measurable outcomes.
3. Prioritisation of technical assistance to establish an overall monitoring and reporting framework for plans, policies, strategies and implementation plans. This will initially require the cascading out of all actions and activities under the various climate change adaptation initiatives with the view to harmonising these and ensuring there is better alignment with sector and cross-sector master plans.
4. Several actions could help to improve tracking and forecasting of development assistance funds and to better coordinate monitoring and evaluation (M&E) processes. Firstly, operational contacts on development assistance matters could be centralised in the Planning and Budget Department of the Ministry of Finance and Economic Development, coinciding with continued support for development of the AIMS database. Secondly, development partners could provide clearer inputs, in a timely manner, to enable better forecasting and tracking of development assistance.
5. The budget and explanatory papers should eventually be merged with the narrative reports, and more closely tied to the actual capital, recurrent, direct budget support and project support. Budgets for climate change activities within ministry and sector budgets need to be aligned with the sector and cross-sector plans and strategies and incorporated in the mid-term budget framework. The narratives of business plans and budgets should demonstrate the aligning of development assistance agencies climate change funds with sector plans and strategies, and specifically tied to capital and recurrent budgets.
6. Capacity building is required at the Kaupule level to assist with the use of the Falekaupule Trust Fund (FTF). Technical capacity is specifically needed in the following areas: (i) identifying and characterising risk; (ii) plan development, including identification and prioritisation of adaptation options; (iii) management of existing and planned expenditure; and (iv) linking national and sectoral plans to budgetary processes.
7. Explore options for using existing trust fund mechanisms or establishing a separate trust fund for DRR and CCA. For the outer islands and Kaupule this work should investigate the use of the Special Development Expenditures (on-government measures) and the Falekaupule Trust Fund (off-government measures) to marshal adaptation responses at the sub-national level.

## 1. Assessment of climate change mainstreaming

This profile examines how climate change has been mainstreamed in national and sector policies, plans and strategies in Tuvalu. It explores the extent to which climate change objectives have been achieved, linkages between policies and climate change financing, and the extent to which policies are supported by institutional arrangements and financial and budget processes. It is based on publicly available reports and information that was availed by both regional and country representatives.

The following national plans and strategies were examined for this review:

- Te Kakeega II (TKII): National Strategy for Sustainable Development 2005–2015.
- Tuvalu Climate Change Policy 2012.
- Tuvalu National Strategic Action Plan for Climate Change and Disaster Risk Management (NSAP), 2012-2016.
- Tuvalu Infrastructure Strategy and Investment Plan (TISIP).
- National Action Plan to Combat Land Degradation and Drought 2005.
- National Energy Policy 2009.
- Master Plan for Renewable Electricity and Energy Efficiency in Tuvalu (REEE), Tuvalu Electricity Corporation, 2012.

The *National Water and Sanitation Policy* was not available for this review.

The summary below provides an overview of the degree to which climate change has been mainstreamed in these key documents, while further details are given in Annex 2.

### 1.1 Incorporation of climate change into national policy objectives

In general, the various policies and plans place a strong emphasis on adaptation to the impacts of climate change, while various energy sector policies and plans include activities that are relevant for mitigation of GHG emissions.

The *Climate Change Policy*, adopted in 2012, sets out a framework for adaptation actions, together with strategies such as increasing capacity and improving information and communications, ensuring adequate infrastructure, integrating climate change into development processes, improving energy security, better disaster planning and response, and ensuring Tuvalu's future security in the event that redefinition of boundaries or relocation is required. The Policy includes a number of strategies to strengthen institutional arrangements, including:

- Strengthening island governance and leadership;
- Improving financial management and procurement for climate change programs;
- Strengthening the co-ordination role of the Aid Coordination Unit, the National Climate Change Advisory Council (NCCAC) and the National Disaster Committee (NDC);
- Establishment of a National Trust Fund to support adaptation and mitigation actions to respond to climate change impacts and disaster risks; and
- Establishment of a ministry to encompass climate change, disaster risk management and meteorology planning.

In terms of key national plans, Tuvalu's *Te Kakeega II: National Strategy for Sustainable Development 2005–2015* (TKII) is a strategic development framework, with broad policy statements and strategies. It recognises environmental sustainability as crucial to meeting most if not all of the MDG targets. It also acknowledges that MDG trends could suddenly change due to climate events, which in turn could rapidly trigger severe shortages of food, water and shelter and a high vulnerability

to disease, and that additional funding and technical assistance will be needed to adapt to the impacts of climate change and sea level rise. It references climate change in relation to agricultural production and environmental protection, and in a commitment to developing national climate change adaptation and mitigation policies.

In sectoral plans:

- The *Tuvalu National Energy Policy* (TNEP) of 2009 includes three Principle Energy Policy considerations – supply, utilization and environment. Under the latter, the TEC aims to minimize the negative impacts of energy production, transportation, conversion, utilization and consumption of the environment. The Master Plan for Renewable Electricity and Energy Efficiency in Tuvalu was endorsed in 2013.
- The NSAP acts as the joint action plan for the National Disaster Management Arrangements (NDMA) under the National Disaster Act (2007), and aligns the policy context of climate change adaptation with assisting disaster management.
- The 4<sup>th</sup> National Report on the *National Biodiversity Strategic Strategy and Action Plan* recognises the synergy between climate change policies and the importance of empowering the Kaupule for sustainable management of marine resources.

## 1.2 Defined responsibilities for climate objectives

A stronger implementation and coordination mechanism may be needed. The Department of Environment has only three permanent staff with responsibility across MEAs and environmental management arenas.

All climate change programmes, projects and activities are being coordinated and implemented through the Department of Environment in the Ministry of Foreign Affairs, Trade, Tourism, Environment & Labour. The Department of Environment has two full-time staff who carry out functions relating to climate change, including enabling activities such as preparation of the country's second National Communication to the UNFCCC and the National Adaptation Programme of Action (NAPA). The Department also serves as a secretariat for the National Climate Change Committee. The two officers are supported by one administrator, and simultaneously have other roles and responsibilities across the environmental management spectrum including completing and administering EIAs.

The NSAP recommends the merging of the National Climate Change Advisory Committee and the National Disaster Committee to form a NSAP for Climate Change and DRM Steering Committee (NSAPCC). It also recommends that a new NSAPCC Management Team is established within the DOE consisting of a Coordinator, Technical Adviser, a Communication Officer and administration support.

The NSAPCC would be responsible for coordinating climate change and disaster risk management activities; developing funding proposals; liaising with donors, CROP agencies and UN agencies; assisting ministries to integrate climate change considerations into master plans and corporate plans; develop and implement a communications strategy; and, report on progress to the DCC, Cabinet, donors and development partners.

To implement the NSSD, each department is given responsibility for preparing sector master plans reflecting the national priorities and strategies, and linked to the national budget (its multi-year framework) and the Public Sector Investment Program (PSIP, which specifies available domestic capital and donor funding). Departments are also required to prepare a short-term three-year corporate plan, which includes a detailed description of how its roles, responsibilities and contributions link directly to the sector master plans and the NSSD.

### 1.3 Specific climate-related activities defined and planned for

The NSAP is intended to be a five year action plan, and it lists a series of actions against each of the Climate Change Policy strategies. Many of the sector plans required by the NSDD, with concrete actions, are yet to be finalised.

With the *Energy Master Plan* (REEE) there is evidence that climate change responses are cascading to the sector plans.

The *Tuvalu Infrastructure Strategy and Investment Plan* (TISIP) is a prioritized investment plan for economic infrastructure for the next 5-10 years in the sectors of: water, sanitation and solid waste management; electricity and energy; telecommunication and ICT; transport (air, road and maritime). Climate-related projects in the TISIP are primarily aimed at reducing Tuvalu's dependence on high priced fossil fuels, by increasing use of solar technology. Actions to reduce climate risks will be incorporated into the future design and development of projects. A project Adaptation Brief provides for a preliminary detailed assessment of the conditions that could affect new infrastructure projects in the future over and above current climatic conditions, as well as options available for modifying the proposal to ensure climate impacts are minimised.

The *NAP for Land Degradation and Drought 2005* emerged in response to Tuvalu becoming a member of the UNCCD in September 1998, following concern about degradation of its habitats and predicted water shortages as a result of increasing population and the effects of climate change. With regard to drought, the NAP emphasises the role of conservation and sustainable management of land cover for carbon sequestration and reducing carbon dioxide emissions. Many of the adaptation initiatives are linked to combating land degradation (including coastal erosion) and drought.

According to the Adaptation Partnership (2011)<sup>1</sup>, there are a moderate number of adaptation activities being carried out in Tuvalu relative to other countries in the region, predominantly through its involvement in regional climate change projects. Most of the programs focus on coastal zone management, agriculture and water, consistent with the country's top three priorities for adaptation. Tuvalu has also received funding from the Least Developed Countries Fund (LDCF) for its project 'Increasing Resilience of Coastal Areas and Community Settlement to Climate Change'.

### 1.4 Budgets for implementation of climate objectives

Links of budget expenditures and estimates to plans, strategies and master plans need improvement.

The TISIP is a schedule of current and proposed future allocations of domestic capital and development assistance funding that is costed out and ranked by investment priority, which is consistent with the national capacity to finance, implement and manage. At this stage the PSIP forms the core of project planning, programming and aid coordination, and is linked with annual national budgets and the multi-year budget frameworks. Its purpose is to:

- provide a clear and broad overview of national development priorities and projects for donor consultations, which are linked with the national development strategy;
- provide a clear overview of current and planned public sector investments;
- set a realistic schedule of public sector investments over a three-year horizon, consistent with the multi-year national budget framework; and
- determine the resources needed to implement the PSIP annually and over a multi-year time frame.

Projects included in the TISIP are apparently selected using an appraisal process, including consideration of both the available funding (domestic and external) and the priorities and strategies in

<sup>1</sup> Adaptation Partnership (2011). Review of Current and Planned Adaptation Action: The Pacific – Tuvalu.

the TKII and the sector master plans. However as only three master plans have been completed it is unclear how the final investment priority is presently being determined. There is not a good alignment between the PSIP listing and the budget descriptions, and often what is contained within the listing only refers to the name of the development partner.

The Department of Planning and Budget indicate that it is difficult to assemble the details of all ongoing, planned and future project initiatives (i.e. development pipelines), including information about expected outcomes, outputs and overall achievements. It is hoped that with the development of their AIMS tracking system this shortcoming will be rectified. Presently two significant regional projects (PACC and IWRM) are not referring status and M&E reports to the Department for review.

The government's plan is for annual budgets and their multi-year budget frameworks to be linked with the sector priorities and strategies set out in the TKII, which in turn will link with each of the key policy objectives for each sector. Sector budget priorities and funding allocations within the framework of the national strategies will be agreed between the Ministry of Finance, who sets macroeconomic policy, and ministries and departments who set their own funding priorities. How the master plan process fits in with this process is unclear. In general budgeting terms, there is a mismatch between estimates and explanatory notes, the information in many of the plans and strategies, and activities currently underway.

The 2011 Peer Review<sup>2</sup> notes that the TISIP contains forecast investment from the government and from development partners. Although most investments to be externally funded identify a proposed source of funds, in practice the publication of the Plan is unpredictable and as stated above Tuvalu lacks complete information on both historical and forecast development assistance flows.

The overall indicative resource costs to implement the NSAP over the period 2012-2016 are estimated to be AUD 8 million. Of this, it is estimated that in-kind staff contributions would constitute 21 per cent of resource costs, while the financial costs account for 79 per cent and will be sought from development partners.

There is continuing heavy reliance on external project-based resources for almost all climate change-related activities. However Tuvalu have canvassed direct budget and sector budget support as a means to reduce transaction costs and be more harmonious with their limited human resource capacities.

Although the TTF and the Kaupule Trust are good practice models for providing budget support and outer island support, they are not presently used for climate change activities. It is unlikely that they could cater for delivering finance for climate-related activities under present rules of operation.

## 1.5 Frameworks for monitoring and reporting on implementation

Generally, monitoring and reporting processes are not clear.

Clear goals, objectives and outcomes are outlined in some key national platforms. For example, ambitious targets for renewable energy and energy efficiency are contained in the *Energy Policy* and NSAP, though these appear within the narratives rather than in strategic results frameworks (i.e. log frame form). On the other hand, indicators and targets for adaptation measures are primarily restricted to project-based log frames.

For the TKII, a National Task Force – comprising island leaders (Pule Fenua and Ulu Alik), government officials and representatives from civil society – is convened every two years to review the progress that individual sector plans have made towards the overall national development strategy. Annual progress reports are to be tabled at the budget session of parliament. However, the governance and performance review arrangements envisaged have not yet been effectively established, so the extent to which the TKII actually guides annual activities and budgets, or development assistance, is variable (PIFS, 2011).<sup>3</sup>

<sup>2</sup> PIFS (2011). Tuvalu Peer Review Report.

<sup>3</sup> PIFS (2011). Tuvalu Peer Review Report.

The implementation and coordination mechanics of the NSAP are unclear. The NSAP sets out a management structure for implementation, with recommendations for the merging of the NCCAC and DCC. It does refer to reporting responsibilities but is not conclusive. Timeframes are not nominated, nor are review processes. The NSAP also includes a plausible indicative costings schedule, which is supported by the energy sector master plan (REEE).

Many initiatives seem to be promulgated by project profiles such as those generated by the NAPA. Most key plans do not contain review or reporting procedures, or a mechanism for overall policy coordination, or master plan review. Many project design documents have monitoring and evaluation frameworks. With a multitude of these, there are high transaction costs across the project arena, with very limited human resources.

## **1.6 Policy coherence and consistency**

The Climate Change Policy and NSAP link strongly to the NSSD, and future sectoral plans will need to build on this to maintain consistency.

The TKII, Climate Change Policy, NSAP and NAPA provide continuity from policy to programming, although links between NSAP and NAPA could be clearer. The eventual production of sector master plans (as required by the TKII) should see programme planning conveyed to the implementation level.

In terms of donor activities, development assistance funds appear to be focused on delivering NAPA priorities rather than those of the NSAP.

## **1.7 Stakeholder support and ownership**

The degree of stakeholder ownership of climate response measures in policies and plans was not able to be determined.

The TKII, Climate Change Policy and NSAP were reportedly built on consultative mechanisms developed in the NAPA and the National Communication processes. Community engagement continues mostly through funded projects. There is an Awareness Raising and Communications Strategy as an important element of NSAP, although it is not clear how this is being implemented.



## Annex 1

### Sector Evaluation – Tuvalu Infrastructure Strategy and Investment Plan 2012

The *Tuvalu Infrastructure Strategy and Investment Plan* is effectively a programming document for the development of new infrastructure and maintenance of existing infrastructure. It is consistent with national climate change policy in that two of the eight major projects identified are for renewable energy development, and climate-proofing has been built in to project feasibility assessment.

Projects are costed and sequenced. Outcomes are linked to sector master plans (although these are still under preparation) and annual budget reporting. Co-ordination will be the responsibility of the Department of Planning and Budget (DPB) through the Infrastructure Advisory and Co-ordination Panel. It is not clear whether these arrangements in place.

However, the TISIP acknowledges that the great majority of funds for infrastructure will need to come from donors, and there is a significant degree of uncertainty about donor funding. It suggests the establishment of a climate fund.

**Table A1. Review of sector plan**

Plan objectives and outcomes	
Are objectives clearly defined?	<p>The Tuvalu Infrastructure Strategy and Investment Plan (TISIP) represents a country led and prioritized investment plan for economic infrastructure for the next 5-10 years.</p> <p>It aims to improve coordination in planning and financing of infrastructure development and maintenance between national stakeholders and international development partners and to strengthen the capacity of the Government to plan and manage the development of its economic infrastructure.</p>
How do the objectives relate to national CC priorities as expressed in the national climate change policy (if applicable) and the national development plan?	<p>Tuvalu's Te Kakeega II: National Strategy for Sustainable Development (NSSD) 2005–2015 is a strategic development framework, with broad policy statements and strategies. It recognizes that environmental sustainability is crucial to meeting most if not all of the MDG targets, which in particular will require additional funding and technical assistance to adapt to the impacts of climate change and sea level rise. It also acknowledges that MDG trends could suddenly change due to climate events, which in turn could rapidly trigger severe shortages of food, water and shelter and a high vulnerability to disease.</p> <p>The Climate Change Policy, adopted in 2012, sets out a framework for adaptation actions, together with strategies such as increasing capacity and improving information and communications, ensuring adequate infrastructure, integrating climate change into development processes, improving energy security, better disaster planning and response, and ensuring Tuvalu's future security in the event that redefinition of boundaries or relocation is required.</p>
Does the plan contain CC-related outcomes, targets and/or indicators?	<p>Climate change-related projects in the TISIP are primarily aimed at reducing Tuvalu's dependence on fossil fuels using solar technology. There are three renewable energy projects in the priority list, including renewable energy for telecommunications. While the focus on RE and EE could be said to relate to Mitigation for climate change, Tuvalu sees the work needed for development purposes and increasing the resilience of infrastructure and means to respond to disasters.</p> <p>Climate change risk reduction processes are to be incorporated into project design and development processes. Each of the projects proposed in the TISIP will need to undergo a Project Adaptation assessment to develop options or solutions available for modifying the proposed project to ensure</p>

	<p>climate impacts are minimized, reduced, or addressed, on a least cost basis. There is no indication of how this decision mechanism relates to EIA requirements under the Environmental Protection (EIA) Regulations 2007.</p>
<p>Are actions prioritized, costed and sequenced?</p>	<p>A sector analysis across eight sectors compared performance with relevant plans and policy targets, as well as the projects identified to meet the shortfalls. A multi-criteria analysis was applied to the projects, ranking them against seven key selection criteria - policy, economic, financial, social, environmental, readiness, and maintenance. The Pacific Region Infrastructure Facility (PRIF) Taskforce undertook a final assessment, resulting in a final list of eight high priority actions and investments.</p> <p>The projects are costed, with a proposed timing for implementation. Funding sources are identified where possible.</p>
<p>Consistency of donor programs with plan objectives</p>	<p>Most of the programs focus on coastal zone management, agriculture and water, consistent with the country's top three priorities for adaptation. Tuvalu has also received funding from the Least Developed Countries Fund (LDCF) for its project 'Increasing Resilience of Coastal Areas and Community Settlement to Climate Change'.</p> <p>It is not known with the UNDP-LDCF project includes infrastructure provision.</p>
<p><b>Plan development</b></p>	
<p>Which ministries were involved in the development of the plan? Was the Ministry of Finance involved?</p>	<p>The TISIP was developed with the support of the Pacific Infrastructure Advisory Center (PIAC). Its preparation was managed by the Planning and Budget Division of the Ministry of Finance and Economic Development, and overseen by the PRIF Taskforce consisting of senior officials of each sector. There were a number of stakeholder workshops.</p>
<p><b>Implementation</b></p>	
<p>Is there an implementation plan? Which agency/agencies are responsible for implementation?</p>	<p>Implementation is to be via sector master plans. The Department of Planning and Budget (DPB), as secretariat to the PRIF, is responsible for coordination at the sector and sub-sector level. This includes co-ordinating development partner contact.</p> <p>The TISIP proposes that the PRIF Taskforce be sustained as an Infrastructure Advisory and Coordination Panel (IACP) as implementation commences, possibly as an adjunct to the official National Infrastructure Coordinating Committee (NICC). The current makeup of the IACP is not known. Why this should replace the NICC is not well substantiated.</p>
<p>How will the actions be financed?</p>	<p>The TISIP acknowledges that development partner countries will continue to be the major contributors to infrastructure development, and that any new infrastructure will require 100% funding from donors.</p> <p>The TISIP includes an estimate of demand for finance over a ten year period, averaging \$15.9m per annum, which approximates the indicative development partner funding envelope of around \$15 million per annum.</p> <p>The Falekaupule Trust Fund (FTF): The FTF was set up to provide a new source of development funds for the islands. Theoretically, the FTF should provide around \$140,000 (equivalent to 14 projects) per island per year for outer island development, although there have been no distributions over the last few years. It is unknown whether the 'rules of operation' of the trust fund (to be focused on assisting Kaupules) will enable use of the FTF for climate change adaptation financing. The status of the use of the FTF is unknown.</p>

	<p>The schedule does not take into account possible funding that could be available for renewable energy projects. The TISIP notes that it is unlikely that the target of 100% renewable energy by 2020 can be achieved without significant climate change funding.</p> <p>The TISIP proposes the establishment of a climate change fund using existing trust fund administration and processes. There was comment from the Planning and Budget department that this could not occur under present 'rules'.</p>
How is the plan aligned with the budget process? Is there an example of a relevant ministry operational plan?	<p>Government agencies and Public Enterprises are required to annually report project implementation progress and changes in sector performance as part of the annual budget process. This information will be fed back into future updates of the TISIP.</p> <p>There was insufficient information to determine whether this was working effectively.</p>
Is expenditure consistent with the plan?	<p>Operations and maintenance expenditure is monitored through annual budgets and outturns are consistently higher or equal to budgets (there is a question, however, as to whether the maintenance budgets are adequate).</p> <p>The major variation in total expenditure comes from variations in development partner funding, where the government consistently budgets on a higher level of revenue than is actually delivered.</p>
<b>Monitoring and evaluation</b>	
How are the outcomes monitored?	<p>The IACP would be responsible for monitoring progress of the TISIP, ensuring that it is regularly reviewed, and guide its integration with national planning and the annual budget process. Specialist sub-sector groups of the IACP would be tasked with developing sector master plans, overseeing complex infrastructure planning and development processes, and ensuring that sector baseline information and performance targets are collected and reviewed.</p> <p>The IACP and its relevant sector group would become the first contact for infrastructure matters by any development partner, consultants or researchers when they arrive in Tuvalu, thereby ensuring continuity and cooperation within the sectors. How this links to present governance arrangements through focal points for various thematic areas is not known (e.g. Foreign Affairs Division, UNFCCC Focal Point etc.).</p>
What are the reporting arrangements?	<p>Government agencies and Public Enterprises are required to annually report project implementation progress and changes in sector performance as part of the annual budget process.</p> <p>With limitations to this system as noted elsewhere, it is unknown how effective this process is. There are current mismatches between budget estimates and the budget descriptions (which are currently two different documents).</p>
How are the results communicated/publicised?	Not specified
How often is the plan reviewed, and how?	The TISIP proposes two yearly reviews.

## Annex 2

### Evaluation of policies, plans and strategies

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
<b>Te Kakeega II: National Strategy for Sustainable Development (NSSD) 2005–2015</b> Eight strategic areas: Good Governance; Macroeconomic Growth and Stability; Social Development; Outer Island and Falekaupule Development; Employment and Private Sector Development; Human Resource Development; Natural Resources: Agriculture, Fisheries; Tourism, and Environmental Management; Infrastructure and Support Services.					
Mitigate climate change-related agricultural impacts Minimize climate change impacts on the environment	No specific CC strategy Establish national climate change adaptation and mitigation policies.	Tuvalu continues to be a major advocate on issues relating to climate change To the extent possible Tuvalu adopts national mitigation measures that offset the impacts of climate change and sea level rise	None	Not specified	Strategies and targets very broad
<b>Tuvalu Climate Change Policy 2012</b>					
Strengthening adaptation actions to address current and future vulnerabilities Improving understanding and application of climate change data, information and site specific impacts assessments Enhancing Tuvalu's governance arrangements and capacity to access and manage climate change and disaster risk management finances	Health and socio-economic implications (inclusive of gender) of climate change and disaster risks informing appropriate health and socio-economic adaptation programmes for each island. Assessment and analysis of salt and/or heat tolerant food crops (e.g. pulaka) and tree species for coastal protection Integrated and coordinated water resources (including desalination) planning and management including preparedness and response plans for each island Coordinated planning and	Resilience and livelihoods strengthened. Increased awareness of the costs and implications of climate change and disaster risks. Gender disaggregated data and information are available for development planning. Improved food security Coastal protection through re-planting programmes and other appropriate schemes Water security (adequate water quality and quantity). Preparedness for droughts and other extreme events	The NSAP includes a list of actions against each of the CC Policy strategies, together with the agencies responsible The Te Kaniva implementation, monitoring and evaluation arrangements are presented in detail in the National Strategic Action Plan for Climate Change and Disaster Risk Management (2012–2016), (NSAP). A mid-term review of the policy should be carried out in 2016.	NSSD -TKII National Strategic Action Plan for Climate Change and Disaster Risk Management Energy Policy 2010 Master plan for Renewable Energy and Energy Efficiency, 2012. National Energy Policy	

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
Developing and maintaining Tuvalu's infrastructure to withstand	<p>management of marine, coastal and land resources and systems (Whole Island Systems Management/ ecosystem base management)</p> <p>Capitalizing on recent studies on predicted migratory species movement due to climate change</p> <p>Awareness and empowerment programmes for each island on climate change impacts and disaster risks in each sector</p> <p>Legislation and policies to govern sustainable resource management, (marine, coastal and land) in the context of climate change impacts</p> <p>Appropriate insurance arrangements to address loss and damage from the impacts of climate change</p> <p>Upgrading the capacity of the National Meteorology Services (NMS) including stations on the outer islands.</p> <p>Reliable telecommunications with outer islands for weather and climate information</p> <p>Climate change and disaster risk management information incorporated into school curriculum</p> <p>Site specific studies and assessments</p> <p>National capacities in</p>	<p>Recognition of inter-linkages of systems and adaptations and disaster risk reduction activities strengthened resilience and adaptability of these inter-linkages (ecosystem based management)</p> <p>Marine and coastal resources are sustainably managed in the context of climate change</p> <p>Economic security, food and species diversity</p> <p>Appropriate technology transfer and capacity building</p> <p>Climate change adaptation integrated into planning and development decision making</p> <p>Improved coordination driven by relevant policies.</p> <p>Threats and impacts of climate change and disaster risks on biodiversity minimized</p> <p>Cost of re-building from the impacts of climate change are primarily borne by major GHG producing countries</p> <p>Strong NMS with legislation, relevant policy and protocols for data sharing and usage are available and implemented</p> <p>Sufficient capacity</p> <p>Old equipment replaced</p> <p>Improved public awareness</p>		2010	

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
<p>climate change impacts, climate variability, disaster risks and climate change projection</p> <p>Ensuring energy security and a low carbon future for Tuvalu</p> <p>Planning for effective disaster preparedness, response and recovery</p> <p>Guaranteeing the security of the people of Tuvalu from the Impacts of climate change and the maintenance of national sovereignty</p>	<p>international negotiations are strengthened</p> <p>Climate change and disaster risk management aspects are incorporated into NSSD, budgetary planning and into sector policies and plans.</p> <p>Island governance and leadership (Kaupule) strengthened.</p> <p>Robust financial management procedures and procurement policy for CC programs</p> <p>Enabling policies and tools to strengthen the coordination role of the Aid Coordination Unit, the National Climate Change Advisory Council (NCCAC) and the National Disaster Committee (NDC).</p> <p>A National Trust Fund to support adaptation and mitigation actions to respond to climate change impacts and disaster risks</p> <p>Strengthen institutional arrangements for climate change, disaster risk management and meteorology to enhance coordination</p> <p>Climate proof and secure key infrastructure against climate change impacts, climate variability and disaster risks</p> <p>Physical planning and development control for</p>	<p>Inter-island communication improved</p> <p>High level of awareness in school age children</p> <p>Informed adaptation and mitigation programs</p> <p>Tuvalu continues to be visible and have an impact in international negotiations.</p> <p>Capacity to achieve this; CC considerations incorporated into sector policies and plans, and development programs</p> <p>Island governance effective and responsive in relation to CC</p> <p>Increased donor confidence</p> <p>Professional financial management and reporting</p> <p>National policies and by-laws enforced</p> <p>Effective co-ordination across government agencies</p> <p>High level of awareness of CC finance</p> <p>Development of NIE</p> <p>Sustainable and predictable funding available</p> <p>Improved coordination, sharing of expertise, data and information</p> <p>Dissemination of best practice</p> <p>A ministry to encompass climate change, disaster risk</p>			

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
	<p>Funafuti and the Outer Islands</p> <p>Reduce reliance on fossil fuels by providing opportunities for RE.</p> <p>Promote energy efficiency and conservation programs.</p> <p>Energy legislation and regulations promoting and supporting EE and RE.</p> <p>Mitigation plans for the agriculture and waste management sectors</p> <p>Strengthen the coordination, operational arrangements for disaster management</p> <p>Enhance preparedness to disaster risks.</p> <p>Effective disaster response system capability.</p> <p>Strengthen disaster recovery systems</p> <p>Secure the EEZ of Tuvalu, regardless of any loss of coastal areas or islands due to impacts of climate change such as sea level rise.</p> <p>Ensure that Tuvalu continued to have the capacity to remain as a nation.</p> <p>Special Pacific Access Category (PAC) for Tuvaluans considering climate change vulnerability and forced climate migrants.</p>	<p>management and meteorology</p> <p>Planning</p> <p>Key infrastructure secure and functional at all times</p> <p>Improved physical planning, integrated into the Island Strategic Plan</p> <p>Building code enforced</p> <p>Increased awareness of CC impacts on properties</p> <p>Best practice coastal protection and causeway construction</p> <p>100% of electricity generation through renewable energy technologies</p> <p>Improved co-ordination at all levels</p> <p>The needs of the most vulnerable groups are given priority</p> <p>Constitution amended and boundaries finalized</p> <p>A resilient, habitable Tuvalu</p> <p>Establishment of international legal framework for the resettlement and recognition of Tuvalu within another country as a sovereign state if Tuvalu islands disappear because of sea level rise</p> <p>Tuvaluans have a secured place to live</p>			

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
	Climate change migration/resettlement plan for each island in view of climate change impacts worst case scenario.				
<b>Tuvalu National Strategic Action Plan for Climate Change and Disaster Risk Management 2012-2016</b>					
<p>Strengthening adaptation actions to address current and future vulnerabilities</p> <p>Improving understanding and application of climate change data, information and site specific impacts assessment to inform adaptation and disaster risk reduction programs</p> <p>Enhancing Tuvalu's governance arrangements and capacity to access and manage climate change and disaster risk finances</p> <p>Developing and maintaining Tuvalu's infrastructure to withstand climate change impacts, climate variability, disaster risks and climate change projection</p> <p>Ensuring energy security and a low carbon future for Tuvalu</p> <p>Planning for effective disaster preparedness, response and recovery</p>		<ul style="list-style-type: none"> <li>-Resilience and livelihoods strengthened</li> <li>-Increased awareness of the costs and implications of climate change and disaster risks</li> <li>-Gender disaggregated data available for development planning</li> <li>-Food security</li> <li>-Coastal protection through re-planting programs and other schemes</li> <li>-Water security</li> <li>-Preparedness for droughts and other extreme events</li> <li>-Recognition and adaptability of the inter-linkages of systems</li> <li>-Marine and coastal resources are sustainably managed</li> <li>-Economic security, food and species diversity</li> <li>-Appropriate technology transfer and capacity building</li> <li>-Climate change adaptation integrated into planning and development decision-making</li> <li>-Improved co-ordination driven</li> </ul>		<p>NSSD -TKII</p> <p>National Climate Change Policy, 2012.</p> <p>Energy Policy 2010</p> <p>Master plan for Renewable Energy and Energy Efficiency, 2012.</p>	



CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
<p>Guaranteeing the security of the people of Tuvalu from the impacts of climate change and the maintenance of national sovereignty</p>		<p>by relevant policies</p> <ul style="list-style-type: none"> <li>-Impacts of CC on biodiversity minimized</li> <li>-Costs of re-building from the impacts of cc primarily borne by major GHG-producing countries</li> <li>Strong NMS with legislation, relevant policy and protocols for data sharing and usage are available and implemented</li> <li>Capacity for CC monitoring in meteorological services</li> <li>Old equipment replaced</li> <li>Improved public awareness and inter-island communications</li> <li>High level of awareness in school children</li> <li>Tuvalu continues to be visible and have an impact in international negotiations</li> <li>CC and DRM integrated into polices and plans, including island plans, and budgetary processes</li> <li>Donor confidence</li> <li>Professional financial management</li> <li>National policies and by-laws enforced</li> <li>Strong co-ordination of planning, M&amp;E</li> <li>Sustainable and predictable funding</li> </ul>			

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
		<p>Improved data co-ordination and dissemination of best practice</p> <p>Ministry to encompass CC, DRM and meteorology</p> <p>Key infrastructure secure and functional at all times</p> <p>Physical planning integrated into ISP and building code enforced</p> <p>Coastal protection and causeways follow best practice construction</p> <p>Realize target of 100% electricity generation through RE technologies</p> <p>Maximize GHG reduction from local energy sources</p> <p>Well-coordinated disaster management; advanced preparedness; priority to vulnerable groups</p> <p>Constitution and legislation amended to take into account CC impacts on EEZ</p> <p>Preparedness for migration or displacement</p> <p>Tuvaluans have a secure place to live</p>			
<b>Tuvalu Infrastructure Strategy and Investment Plan</b>					
A prioritized investment plan for economic infrastructure for the next 5-10 years. The plan identifies the needs and priorities for investments	Multi-sector needs analysis and plan, each sector (other than population) with corresponding 'strategy':		Via Sector Master Plans, as per TKII. Only one relevant master plan developed:	Tuvalu's Te Kakeega II: National Strategy for	

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
in economic infrastructure and assesses the financial resources to support implementation. The TISIP aims at improving coordination in planning and financing of infrastructure development and maintenance	A. Population B. Water and Sanitation C. Solid Waste Management D. Power & Energy E. Information and Communication Technology F. Civil Aviation G. Roads and Public Works H. Maritime		Master Plan for Renewable Electricity and Energy Efficiency in Tuvalu (TEC), 2012 (endorsed in 2013?)	Sustainable Development (NSSD) 2005–2015; National CC Policy, 2012	
<b>National Action Plan to Combat Land Degradation and Drought 2005</b>					
The vision for this NAP is to be consistent with the country vision statement -to achieve sustainable development and all activities to be oriented to strengthening sustainable land management and utilisation of natural resources to meet the demands of social development at an appropriate level. (Generated before TKII)	Coordinating the implementation of UNCCD, CBD and UNFCCC activities to ensure synergy and effectiveness  Priority Programme Activities -Providing enabling activities - Land Degradation Inventory and Monitoring - Prevention of Land Degradation - Rehabilitation of Degraded Land - Establishment of Sustainable Land Management Plans - Monitoring and Mitigating the Impact of Drought - Integrating of traditional knowledge into modern ways	Project Profiles developed as part of the NAP, but there is no indication: a) Of how their delivery may link to work of the Ministry or other sectors b) How the Dept of Environment incorporates the initiatives within their business plans/budgets.  Profiles: - Water Management – Rainwater catchments; -Community Tree Care -Developing National Env Protection Legislation -Water catchment development -Funafuti (airstrip) -Protected Area Survey	Under the established national planning process, strategies or Masterplans for each sector are to be generated. Only three sectors have accomplished this to date. SLM not included!  Project profiles are costed and could be seen to act as implementation mechanisms, although many were commenced as part of the SLM project, or have been integrated with other ‘project’ initiatives.	Links to the TKII	The relationship between climate change and land degradation is also recognised. Climate change contributes to desertification and deforestation though changes in temperatures which adversely affects the respiration rate of vegetation. Deforestation releases carbon dioxide & reduces sequestered carbon in biomass and soils. Many of these adaptation strategies are

CC specific objectives	Strategies	Outcomes/results	Implementation plan	Links to other plans re CC	Commentary
		-Integrated Solid Waste Management			linked to combating land degradation and drought.
<b>Energy Policy</b>					
<p>3 Principle Energy Policy considerations:</p> <ul style="list-style-type: none"> <li>a) Supply</li> <li>b) Utilization</li> <li>c) Environment.</li> </ul> <p>Under the third, the TEC aims to minimize the negative impacts of energy production, transportation, conversion, utilization and consumption of the environment</p>	<p>Guiding principles established.</p> <p>Key Strategic Areas (KSAs): Three of seven are relevant:</p> <ul style="list-style-type: none"> <li>5. Renewable Energy</li> <li>6. Conservation and Efficiency</li> <li>7. Environment</li> </ul> <p>Policies are established for each of these</p>	<p>No evidence of review although some actions were to be followed through the TISIP and the REEE master plan generated as per the TKII.</p>	<p>Master Plan for Renewable Electricity and Energy Efficiency in Tuvalu</p>	<p>Vision ties to TKII, as does the Goal.</p>	<p>The vision and goal is strongly linked to climate change via reference to the TKII objectives. It is therefore inherent in the flow of the Policy that CC is central to many KSAs.</p>
<b>National Water and Sanitation Policy</b>					
Not available					

## Annex 3

### Public financial management roadmap: summary of the progress of PFM systems

In addition to mainstreaming of climate change, three other criteria are important as precursors to being considered for budget support by international development assistance partners, namely a stable macro economic framework, a public finance reform process underway, and a clear and transparent budget process. These all relate to public financial management.

Fiscal policy is the principal tool available to the Tuvaluan Government to provide macroeconomic stability. The reduction of fiscal deficits is required to restore stability. The Government has adopted a policy of taxation reform to increase revenue and is required to adhere to the expenditure budget in order to build fiscal buffers against shocks to the economy. The stock of debt is high but specific management issues associated with it have not been identified.

Government policy specifically identifies investment in education and human resources to provide skills from which economic expansion can occur. It was not possible to determine from the published information the extent to which policy was directed towards wealth and job creation or the current access to services in the country.

A public expenditure and financial accountability (PEFA) assessment, conducted by the Asian Development Bank in 2011, found that, in relation to policy-based budgeting:

- The budget calendar is comprehensive, well organized and widely understood;
- Cabinet oversees the budget formulation process through approving global and ministry ceilings at an early stage, and later considering a draft budget, but that the budget was generally not well communicated; and
- The Medium-term Fiscal Framework (MTFF) accompanying the budget provides a forward picture of budget aggregates and identifies emerging issues.

However, while forward projections of ministry and program allocations are prepared as a basis for setting expenditure ceilings, they are not at this stage published in the budget as part of the MTFF. The report suggested that expansion of the published MTFF to include ministry and program allocations would assist in stimulating debate on resource allocation. It also found that management of budget execution has not been as has been enacted and is handicapped by the lack of regular in-year and delayed end-of-year reporting against the budget. The Ministry of Finance and Economic Development requires strengthening, particularly in Treasury management. Auditing of the accounts is undertaken efficiently however it is delayed by their protracted production.

With respect to donor support, it found that although there is a good working relationship between donors and Government in addressing Tuvalu's development needs, information flows between donors and the Government (and vice versa) could be improved. These information flows tend to revolve around the aid programming cycles of donors, rather than the budget cycle of the government. The use of national procedures in the delivery of aid is rather low, being confined mainly to aid provided as direct budget support or via transfers to the Tuvalu Development Fund.

It concluded that there is a need for careful targeting and phasing of priority reforms to PFM systems, with appropriately structured technical assistance support, to ensure that absorptive capacity is not overstretched.

Separate to the PFM Roadmap the Government has been involved with a development assistance agency lead Policy Reform Matrix for Budget Support 2012 (September, 2012). This was recently revised through a Development Partners forum in August and now is referred to as the 'Revised Policy Reform Matrix'. From the deliberations in August targets were set for December 2013 in a number of strategic areas:

- Sound macro-economic and fiscal management;
- Exert fiscal discipline;

- Strengthen public administration;
- Strengthen and improve Public Enterprise Management;
- Provide Tuvaluans with the highest attainable standard of health;
- Improve management of the education system;
- Provide quality public service and create more opportunities for sustainable development of Outer islands (very weak);
- Provide commercial, quality, efficient and competitively priced infrastructure and support services (very weak);

While there is some synergy with the PFM Roadmap the tie to key policy platforms, plans and strategies in terms of actions - is a little weak

#### *Modalities*

A Peer Review, conducted in 2011, noted that Tuvalu has received increasing quantities of aid in recent years, equating to between 30% and 60% of GDP in the last ten years. Single projects can thus make total aid flows quite volatile.

It notes: ‘Development partners have provided flexible support through the establishment of the Tuvalu Trust Fund, payments direct to the Consolidated Investment Fund, and grants direct to the budget. But the most frequently used aid modality is the ‘project’. Tuvalu had 105 separate lines of development partner funded activity in the 2010 budget. This is leading to disproportionate effort on project administration, distortion of the labour market and lack of coherence in the management of investment programs, as well as discouraging medium term planning.’

The peer review recommended:

- Centralizing operational contacts on aid matters in the Planning and Budget Department of the Ministry of Finance and Economic Development;
- Developing a short development cooperation /aid policy summarizing the direction in which the government wishes to take development aid, as the basis for discussion at the 2011 donor roundtable;
- Supplementing infrequent round table discussions with more collective meetings (including meetings in Tuvalu) with development partners and their representatives;
- Immediate mobilization of planned technical assistance for aid coordination; and
- Establishment of a system, with stronger development partner inputs, for forecasting and tracking aid.

The Tuvalu Trust Fund is seen as a good example of how the Trust Fund concept for support to a national budget can have very positive benefits for a small state that lacks the resources and capacity to develop the economy by itself (UNDP, 2012).

The TTF contributes around 20 per cent budget revenues. The initial value of the Fund was A\$27.1 million, contributed by Tuvalu, Australia, New Zealand, the United Kingdom, Japan and South Korea and has now grown to A\$127 million.

The TTF has an innovative binary trust fund structure, consisting of an endowment fund and a revolving fund. The trust fund model has also provided a conduit through which development partners have been able to provide budget support by making contributions to the revolving Consolidated Investment Fund, which development partners are then drawn-down into the budget over a multi-year period. The main trust fund account has enabled development partners to make additional contributions to the capital of the fund.

However, the TTF has not been used to provide budget support for climate change funding, and the rules of operation may currently restrict its use for such purposes.

The Falekaupule Act of 1997 put in place the devolution of financial and development planning to the Kaupules setting the platforms for participatory development planning. Island Strategic Plans (ISP) that identify locally-specific development priorities need to be generated. The Act also saw the generation of two financial mechanisms to assist with governance transfer to the outer islands: the Special Development Expenditures (on-government measures) and the Falekaupule Trust Fund (off-government measures). These are to be used to meet the nominated priorities of the Kaupules. Much capacity building is required in this arena: to identify and characterize risk; plan development – sieving of priorities; identifying adaptation options; management of existing and planned expenditure; linking plans to budgetary processes (Kaupule and national levels).

A summary of the progress of PEFA assessments, reviews and PFM Roadmaps is presented in the table below.

PEFA & PFM Roadmaps/status	Reviews/outcomes	Progress/proposed actions
<p>PEFA assessment 2011</p> <p>Peer review 2011</p> <p>Joint policy matrix under development</p> <p>The budget calendar is comprehensive, well organized and widely understood;</p> <p>Cabinet oversees the budget formulation process through approving global and ministry ceilings at an early stage, and later considering a draft budget; and</p> <p>The Medium-term Fiscal Framework (MTFF) accompanying the budget provides a forward picture of budget aggregates and identifies emerging issues.</p>	<p>PEFA assessment 2011:</p> <p>While forward projections of ministry and program allocations are prepared as a basis for setting expenditure ceilings, they are not at this stage published in the budget as part of the MTFF. The report suggested that. It also found that management of budget execution is handicapped by the lack of regular in-year reporting against the budget.</p> <p>With respect to donor support, it found that although there is a good working relationship between donors and Government in addressing Tuvalu’s development needs, information flows between donors and the Government (and vice versa) could be improved. These information flows tend to revolve around the aid programming cycles of donors, rather than the budget cycle of the government. The use of national procedures in the delivery of aid is rather low, being confined mainly to aid provided as direct budget support or via transfers to the Tuvalu Development Fund.</p> <p>Peer review 2011:</p> <p>Tuvalu has received increasing quantities of aid in recent years, equating to between 30% and 60% of GDP in the last ten years. Single projects can thus make total aid flows quite volatile.</p> <p>It notes: ‘Development partners have provided flexible support through the establishment of the Tuvalu Trust Fund, payments direct to the Consolidated Investment Fund, and grants direct to the budget. But the most frequently used aid modality is the project. Tuvalu had 105 separate lines of development partner funded activity in the 2010 budget. This is leading to disproportionate effort on</p>	<p>PEFA assessment 2011:</p> <ul style="list-style-type: none"> <li>-Expansion of the published MTFF to include ministry and program allocations would assist in stimulating debate on resource allocation</li> <li>-Need for careful targeting and phasing of priority reforms to PFM systems, with appropriately structured technical assistance support, to ensure that absorptive capacity is not overstretched.</li> </ul> <p>Peer review 2011:</p> <ul style="list-style-type: none"> <li>-Centralizing operational contacts on aid matters in the Planning and Budget Department of the Ministry of Finance and Economic Development;</li> <li>-Developing a short development cooperation /aid policy summarizing the direction in which the government wishes to take development aid, as the basis for discussion at the 2011 donor roundtable;</li> <li>-Supplementing infrequent round table discussions with more collective meetings (including meetings in Tuvalu) with development partners and their representatives;</li> <li>-Immediate mobilization of planned technical assistance for aid coordination; and,</li> <li>-Establishment of a system, with stronger development partner inputs, for forecasting</li> </ul>

	project administration, distortion of the labour market and lack of coherence in the management of investment programs, as well as discouraging medium term planning.'	and tracking aid.
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