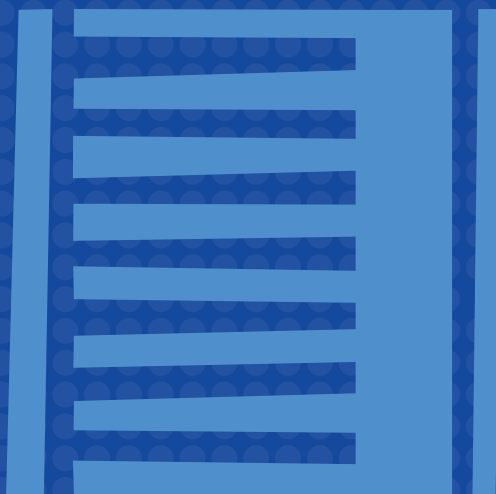


POWERING PAST THE PANDEMIC:
BOLSTERING TUVALU'S SOCIOECONOMIC
RESILIENCE IN A COVID-19 WORLD



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LIST OF ACRONYMS



APTC	Australia Pacific Training Coalition
AUD	Australian Dollar
BCP	Business Continuity Plans
COVID-19	Novel Coronavirus Disease
DWCP	Decent Work Country Programme
EEZ	Exclusive Economic Zone
FAO	Food and Agriculture Organization
FDI	Foreign Direct Inflows
FGM	Focus Group Meetings
GDP	Gross domestic product
GHSI	Global Health Security Index
GNI	Gross national income
HIES	Household Income and Expenditure Survey
ILO	International Labour Organization
IOM	International Organization for Migration
IT	Information technology
MTO	Money Transfer Operator
NEMA	National Emergency Management Agency
NCDs	Non-communicable diseases
NDP	National Development Plan
NGO	Non-governmental organization
NRTs	Non-resident Tuvaluans
NSSD	National Strategy for Sustainable Development
NTC	National Tripartite Committee
NTDS	National Tourism Development Strategy
NTO	National Tourism Office
NZD	New Zealand Dollar
PFIP	Pacific Financial Inclusion Programme
PHMCP	Population and Housing Mini-Census Preliminary Report
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Islands Private Sector Organisation
PLF	Pacific Labour Facility (Australia)
PLM	Pacific Labour Mobility (Visa Holders)
PLS	Pacific Labour Scheme (Australia)
PNA	Parties to the Nauru Agreement
PPP	Public-Private Partnership
RSE	Recognized Seasonal Employer scheme (New Zealand)

RSP	Remittance Service Provider
SIDS	Small island developing states
SOE	State of Emergency
SWP	Seasonal Worker Programme (Australia)
TA	Technical Assistance
TANGO	Tuvalu Association of Non-Governmental Organisations
TCRBP	Tuvalu Customs Revenue and Border Protection Department
TFA	Trade Facilitation Agreement
THAT	Tourism and Hospitality Association of Tuvalu
TKIII	Te Kakeega III (National Strategy for Sustainable Development 2016-2020)
TMTI	Tuvalu Maritime Training Institute
TNPF	Tuvalu National Provident Fund
TNPSO	Tuvalu National Private Sector Organization
TNLMP	Tuvalu National Labour Migration Policy 2015
TOSU	Tuvalu Overseas Seamen's Union
TP	Tuvalu Post
TPF	Trade Policy Framework
TPSDP	Tuvalu Private Sector Development Plan
TTC	Tuvalu Telecommunications Corporation
TvICT	Tuvalu Telecommunications and ICT Development Project
TVET	Technical and Vocational Education and Training
TSF	Survival Trust Fund
TTF	Tuvalu Trust Fund
UN	United Nations
UNDP	United Nations Development Programme
USD	United States Dollar
WHO	World Health Organization

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EXECUTIVE SUMMARY



The impact of the novel coronavirus pandemic (COVID-19) has escalated into a global humanitarian and socioeconomic crisis, driven largely by disruptions to supply and demand in numerous economies around the world. As a necessary measure to mitigate the spread of the virus, border closures and lockdowns have been in effect for many countries since March 2020. These actions, however, have had disproportionate consequences for vulnerable small island developing States (SIDS).

Like most developing countries, Tuvalu has limited capacity to manage threats such as pandemics and support its economy during external large-scale shocks. The 2019 Global Health Security Index (GHSI) ranked Tuvalu 181 out of 195 countries in its ability to respond to significant infectious disease outbreaks. While the 2019 GHSI found that there was fundamental weakness on the global level, the gaps for SIDS like Tuvalu was compounded by their limited resources and capacity – financial, technical and technological. Fortunately, the country has had no reported cases of COVID-19 till the date of publishing this report, due in large part to the Government of Tuvalu's commendable decision to close its borders and declare a state of emergency (SOE) in March 2020.

Tuvalu's response to COVID-19

Since the SOE was declared, Tuvalu's socioeconomic landscape has experienced significant impact, affecting businesses, jobs and more importantly food security. The potential effects were so significant that the Government was compelled to take some drastic measures such as (a) stockpiling three months of essential cargo including imported food and medicine supplies; (b) regulating and rationing sale, supply and pricing of essential commodities, and issuing food vouchers; (c) introducing a subsistence gardening programme through the supply of seedlings; (d) encouraging traditional food preservation techniques like drying fish and root crops, preserving breadfruit and storing coconuts; and (e) compulsory relocation of Tuvaluans from the capital, Funafuti to their villages, with the aim of stimulating the economy through local job creation and labour supply for rural industries like fishing and farming. The communal environment of villages also ensures people have access to traditional social support systems.

In response to the consequential economic crisis, a special COVID-19 fiscal stimulus package was announced by the Government of Tuvalu, which included: (a) cash support for all citizens of AUD 40 per month for the duration of the SOE; (b) access to pension accounts for affected employees up to AUD 500 for 3 months, particularly in the tourism, hospitality, marine and aviation sectors. Additionally, employees with reduced hours could access AUD 250 for 3 months; and (d) financial institutions have been invited to ease loan repayments and freeze interest incurred on credit facilities. Special support was also accorded by the Government to frontline workers in the health, marine and law enforcement sectors.

Pre-COVID-19 socioeconomic situation

Prior to COVID-19, Tuvalu's economy was characterized by a number of existing development constraints: (a) natural constraints of a widely scattered and sparsely populated island geography; (b) an undersized domestic market with little potential for economies of scale and scarce business opportunities; (c) limited natural resources; (d) high dependence on imports; (e) vulnerability to external economic shocks; (f) expensive access to global supplies as a result of high international transportation costs; (g) low capacity for major investment; and (h) social and governance constraints: a saturated public sector with low output, and a small, underdeveloped private sector; a restrictive land tenure system not optimized for commercial purposes; a disproportionately high unemployment rate of 30 per cent (including unemployed youth) unable to satisfy a growing labour force.

Over the years, Tuvaluans have sought employment abroad as seafarers, seasonal workers in agriculture, caregivers and workers in hospitality, trade, and tourism. It is estimated that around 20 per cent of the resident population have migrated to other countries, contributing significantly to the economy through remittances (USD 4.05 million or 8.6% of GDP in 2019).

The assessment

The primary objective of this socioeconomic assessment is to understand the effects of COVID-19 on Tuvalu's labour market, with specific analysis of the following fundamental factors: employment, business, and enterprise, labour mobility, remittances, household income and initiatives for remittance receiving households. The assessment was conducted under the project "Enhancing Food Security and Building Socioeconomic Resilience to Covid-19 in Tuvalu" supported by the United Nations (UN) COVID-19 Response and Recovery Multi Partner Trust Fund and delivered through a partnership of UN agencies: the International Organization for Migration (IOM) and the International Labour Organization (ILO).

The assessment was executed scientifically involving an approved process of sampling and methodology, field survey and focused group meetings in collaboration with the National Tripartite Committee made up of relevant Government departments, employers, and workers with the support of Government's Department of Statistics. The survey was conducted from 11 to 21 November 2020. The survey comprised of 32 businesses (comprising 10% of total businesses), 189 workers (20% of all workers), 23 laid-off employees (8% of all laid-off workers) and 87 households (comprising 10 % of households) on the main island of Funafuti based on the sampling and methodology approved by the National Tripartite Committee.

Key findings

The impact of COVID-19 on the Pacific region has been mixed, with a more substantial toll on tourism dependent countries. In Tuvalu, the survey results indicate that while the effects during the immediate SOE period have been marginal, the situation may deteriorate should the pandemic persist. This is owing to Tuvalu's dependence on external supplies and remittances from overseas Tuvaluans. Fortunately, because the Government and public sector are the principal employers, impact on the majority of the workforce has been minimal. A snapshot of key findings from four target groups (enterprise, workers affected and Laid-off and households) are provided below:

(a) Enterprise

- » Of the 32 businesses surveyed, 77 per cent are micro businesses, 13 per cent small businesses, 7 per cent medium and 3 per cent large business enterprises.
- » The three key sectors the business sample were involved in are: trade and commerce (32%), fuel for transport and marine sector (23%) and services (16%).
- » The five key types of assistance that businesses sought from Government included: (i) tax relief exemption; (ii) restoration of logistics and transportation channels; (iii) financial assistance; (iv) access to credit; (v) assistance in obtaining supplies. Twenty per cent of businesses were in a healthy position and did not require any assistance from the Government.
- » Approximately 87 per cent of those surveyed did not apply for government support. Of the 13 per cent who received assistance, 66 per cent expressed that the stimulus was effective, while the remaining 33 per cent felt the support was ineffective/insufficient.

» The impact of the SOE:

- i. Only 13 per cent of Tuvalu's businesses surveyed closed down during the SOE, 52 per cent retained normal working activity, and 35 per cent had partial working activity.
- ii. Around 61 per cent of businesses reported a reduction in their sales income, 48 per cent had decreased productivity, and 42 per cent experienced low profitability.
- iii. Businesses also reported increased expenditure on information technology (IT) (29%), business insurance (29%) and logistics (19%). However, despite the challenges, nearly one third of businesses contributed to social support for charities and the community.
- iv. The disruption to imported goods and services affected more than one third of Tuvalu's commercial enterprises significantly (38%), while 22 per cent were moderately hindered. Nearly 13 per cent of businesses reported no impact to their operations.
- v. Nearly 87 per cent of businesses did not require additional lending to maintain their operations, however, 61 per cent withdrew from the superannuation fund to remain open during the SOE.
- vi. At the prospect of the situation normalizing, 29 per cent of businesses indicated their intention of extending opening hours to recover lost business, while nearly 10 per cent stated they would be shutting down permanently. A tenth of businesses would review their future business and investment strategies before being able to make a final decision. Only 10 per cent indicated they would continue business as usual without any special measures required.

(b) Workers

- » The survey comprised of 189 employees (57% female and 43% male). Half of the workers interviewed were below the age of 35 (10% were less than 25 years old and 40% were between 25 and 35 years old). Twenty eight per cent ranged in age between 45 and 55 years old, while 7 per cent were above 55.
- » The SOE had negligible impact on workers. Nearly 97 per cent of employees stated their working hours were not reduced and 94 per cent mentioned their wages had not been affected.
- » The majority of workers had a good level of preparedness to manage the pandemic; 45 per cent were well prepared and 10 per cent were very well prepared. However, more than one third of workers were ill prepared with nearly 8 per cent being poorly prepared and 3 per cent having made no preparations.
- » Should the pandemic persist, most workers were contemplating an alternate source of income. One third (33%) had the option to be self employed, and 21 per cent were exploring other means of employment in a new field. Nearly 19 per cent stated they would consider going back to their villages for agricultural farming. Around 18 per cent had not made any alternate plans.
- » Even without any significant change to employee circumstances during the SOE, 20 per cent of workers stated they had received direct financial assistance in cash and school fees. Other support offered was in the form of paid time off and in-kind assistance. Almost one third of surveyed workers stated they did not receive any assistance during this period.

- » The five key challenges faced by employees during the SOE are: (i) access to adequate sanitizers and personal protective equipment (PPE); (ii) increased total working hours; (iii) difficulty in securing financing; (iv) access to internet; and (v) reduced wages.
- » More than two thirds of the 20 per cent who received stimulus funding were allotted less than AUD 50 per month, while the balance received support from the government ranging from AUD 50 to 500 per month. Nearly 75 per cent of the workers spent their financial support received on food and living expenses while 18 per cent spent this on settling bills and 9 per cent used this for education expenses for children.
- » Nearly 50 per cent of the labour force sought: extension of loan repayments to the Tuvalu National Provident Fund (TNPF); direct financial support; restoration of normal trading hours for businesses and supermarkets.
- » Over half the number of workers indicated that the circumstances arising from the pandemic had affected their health, while 44 per cent reported no specific health issues. A further in-depth medical evaluation of this sample segment will provide a better understanding of the state of health amongst the workers.

(c) Laid-off Workers

- » Of the 23 laid-off work force surveyed (overall less than 5% who were temporarily laid-off) 92 per cent were male, 50 per cent between the ages 30 to 40 years old and 17 per cent were under 30 years old.
- » Most affected workers were connected to the marine sector (fisheries observers 52%, seafarers 35%) and the remaining 13 per cent from other sectors.
- » Sixty seven per cent of laid-off workers in Tuvalu were unable to find alternate employment. The one third who managed to get re-employed did so in areas outside their primary skill set, largely in construction (50%), security (25%), and the remaining in casual jobs. In addition, the new jobs paid half the rate of their previous employment.
- » Fifty eight per cent of laid-off workers received cash redundancy packages. Of this, 60 per cent received a pay out between AUD100–300, 30 per cent above AUD 300, and 10 per cent less than AUD 100. A majority (88%) of laid-off workers had withdrawn money from the National Provident Fund.
- » Approximately 67 per cent of laid-off workers receive monthly government assistance under AUD 50. These funds are utilized on basic necessities such as food. The remaining 33 per cent of laid-off workers receive assistance between AUD 100 and 500.
- » Should the pandemic persist, nearly 42 per cent of laid-off workers were exploring new career options by developing new skills and 25 per cent were considering self employment. A quarter of laid-off workers said they would continue searching for alternate job opportunities.
- » A large proportion of laid-off workers requested repayment holidays on loans to the TNPF.
- » 63 per cent of laid-off workers stated their interest in migrating to Australia or New Zealand, finding employment in Seasonal Workers Programmes mainly in the agriculture sector.

(d) Households

- » A total of 87 households were covered by the assessment.
- » Tuvalu's households typically comprise of immediate family members and relatives. Of the households surveyed, apart from children and grandchildren (39%), extended relatives (23%) constitute the next major group of people living as one household. Around 53 per cent of households have men as the main breadwinner, and 47 per cent have women as the primary income earner. A quarter of the households have kids younger than 10 years old.
- » Nearly 40 per cent of households identified paid employment as the main source of income, while 25 per cent depend on self-employment. Only 8 per cent of households surveyed had a relative working overseas and therefore relied on remittances.
- » Nearly two thirds of households reported either no impact (39%) or slight impact (24%) on their incomes. Around 20 per cent reported significant impact on their incomes due to the pandemic mitigation measures put in place.
- » Despite the challenges of the pandemic, the state of food security in Tuvalu was encouraging, with most households (68%) stating little or no impact. Approximately 18 per cent, however, reported a significant impact on their food security by the SOE. As stated, 40 per cent of household incomes went towards food expenses, with cultural and family obligations taking up 17 per cent, followed by school related expenses (11%), transportation (8%) and church obligations (6%).
- » Nearly 89 per cent of households surveyed mentioned that family members working overseas would not be returning to Tuvalu. Only a small number of returnees had received repatriation support from the Government. However, more than two thirds of households were not aware of any government package for returning citizens
- » Fifty per cent of households expressed the need for financial assistance to meet daily food needs. On the other hand, 10 per cent of households were in a healthy position and stated that they do not require Government assistance.

Conclusions and recommendations

The conclusions and recommendations for this report are based on the policy response frameworks developed by IOM and ILO to address the economic and social impact of the COVID-19 pandemic, which have been localized to Tuvalu's context. In general, both IOM and ILO encourage the implementation of policies and programmes that can significantly mitigate the negative socioeconomic impacts of the crisis by promoting economic stimulus, supporting social cohesion, and addressing rising unemployment.

Recommendation 1: (a) Stimulating the economy and generating employment activities

- 1.1 Unleashing the potential of the Blue Economy: “Blue Economy” refers to sustainable ocean-based and maritime-related economic activity for the country. Like many small island developing States (SIDS), Tuvalu has an excellent opportunity to immediately adopt and leverage a “Blue Economy” policy for the benefit of all Tuvaluans. The Blue Economy policy model is being widely embraced by Tuvalu’s South Pacific neighbours with the support of international development partners and Tuvalu is perfectly suited to do the same. This will require a fundamental change in the way Tuvalu currently utilizes its vast EEZ and the renowned seafaring abilities of Tuvaluans. Beyond just a subsistence-based reliance on the ocean (fishing and boating), the country must explore options related to the Blue Economy and put in place educational and skills development programmes to support an empowered workforce.
- 1.2 Driving greater returns from Dot.TV: Though Tuvalu has gained prominence by monetizing country domain (.TV) with nominal royalty, its full potential has unfortunately not been realized. The country has an opportunity to change this and earn significantly more foreign revenue by renegotiating the .TV agreement in 2021. The renegotiation must also ensure that any future agreements include reinvestment in the country’s internet and telecommunications infrastructure, thereby giving the Government and the people reliable and cheaper connectivity. It also has the potential to create new businesses and employment opportunities.
- 1.3 Trending Tourism: Tuvalu has been the global face of the fight against climate change. It would be fair to surmise that there is reasonable demand from concerned global citizens to visit Tuvalu, not only as tourists but also as researchers and change advocates. There would undoubtedly be an appetite for such travellers to study, highlight the country’s plight and contribute towards evidence-based knowledge sharing and solutions. Tuvalu will need to revisit its tourism strategy with a more pronounced focus on climate change tourism. Tuvalu can promote this niche to specific target groups such as climate change students, activists, climate advocates, volunteers and adventure tourists. This strategy has the potential to increase tourist arrivals, provide local jobs and increase economic activity. It could also spur development and investment in tourism and travel infrastructure in the country.
- 1.4 Engaging the Tuvaluan diaspora: The Government of Tuvalu, in coordination with its overseas missions, could explore the potential of engaging the Tuvaluan diaspora and non-resident Tuvaluans (NRTs) to enhance remittances, invest through capital development or bring savings back home to boost much-needed foreign reserves, thereby contributing to the country’s socioeconomic resilience. The Government could create conditions conducive for such investment by NRTs as social entrepreneurs in climate change projects as well as for potential opportunities in the blue economy. Social entrepreneurship may align well with the interest of NRTs, as it is designed to improve the lives of Tuvaluans at home.

Recommendation 1: (b) Food security and creating jobs and incomes

- 1.5 Innovative food security policies as an alternative to food importation: With limited land mass and high soil salinity, Tuvalu is dependent on food importation, resulting in food security and health risks arising from non-communicable diseases (NCDs). In order to mitigate these risks, Tuvalu would need to stimulate its economy and support more food self-sufficiency initiatives, like the innovative “Tuvalu Food Futures” project. This project produces healthy food in small spaces by establishing highly productive, water-efficient food gardens with special compost recipes using local biomass to increase nutrients in the soil. The Government could encourage similar initiatives with attractive financial and technical support which will not only bring about a healthier population free from NCDs but save valuable foreign reserves in the process.

Recommendation 2: Supporting businesses, workers and households

2.1 Empowering Businesses

- (a) Tuvalu's private sector landscape comprises mainly of micro businesses. There is an urgent need to empower local businesses by having a national policy that defines micro, small, medium, and large businesses and offers a practical strategy for targeted interventions to reduce costs and increase the ease of doing business in the country.
- (b) Due to limited physical space, Tuvalu can explore the development of a small business incubator which can provide all business support services under one roof. Incubators empower businesses to innovate and improve the entrepreneurial ecosystem by providing access to basic business support services (registration, access to finance, workspace, expertise, and so forth), thus incentivizing youth start-up and encouraging expansion. This has the potential for scale and sustainability.
- (c) Tuvalu needs to unlock the potential of its youth by encouraging, developing, and building capacity for a new generation of social entrepreneurs and social enterprises, especially related to climate change mitigation, waste management and other intersecting themes.
- (d) While there has been no significant impact on businesses during the SOE, there will be severe cash flow challenges and business disruption should the pandemic persist globally. The Government of Tuvalu, in consultation with multilateral financial institutions can develop a second targeted stimulus package to address the potential cash flow issues and ensure that jobs in the private sector are protected.
- (e) Tax relief and rescheduling TNPF repayments will help businesses make better future business and investment decisions. A similar strategy has been used in several countries within and outside the region.
- (f) Capacity-building of tripartite partners (government, workers and employers) is key for the successful implementation of any initiatives. The current assessment has identified the need for applying the use of data from surveys to enhance internal institutional capacity and to meet the demands of their respective membership. Social partners have also expressed their interest in being actively engaged in the design and implementation of future surveys.

2.2 Supporting Workers

- (a) During the SOE workers opted to withdraw their savings from TNPF to meet urgent needs. However, these withdrawals are bound to affect their future retirement benefits. To avoid future dependence on this option there is a need for alternative initiatives such as employment insurance schemes to protect workers during difficult situations like natural disasters, health challenges and funerals. There can be a separate initiative within TNPF through a public private partnership with local or regional insurance providers. In fact, as a first initiative, the Government, in consultation with workers and employers associations, could explore the introduction of insurance schemes for overseas workers, particularly those in higher risk professions such as the marine sector.
- (b) While the vast majority of workers were not significantly affected during the SOE, the situation may change should the pandemic persist. In such a situation, Tuvalu could consult with workers unions on a preparedness strategy such as wage subsidy scheme. This could be a targeted short-term intervention for the most affected workers in key sectors.
- (c) Special social protection schemes for redundant workers could be introduced through social dialogue. ILO and other partners could help design and support these needs-based schemes, which will function as an economic cushion for workers especially during disasters.

- (d) The establishment of a Tuvalu Trade Union Congress as an umbrella organization will be of benefit to the commerce of the country and is highly encouraged.
- (e) Starting infrastructure projects that will employ a significant number of workers will go a long way towards mitigating job losses and can help provide immediate income support to families and communities. This will act as a small-scale economic stimulus resulting in increased consumer activity and business confidence.
- (f) Workers who have lost jobs or are at risk of job losses should be provided with options to develop new skills or to upgrade their existing skill set. This could be done in collaboration with the Tuvalu Maritime Training Institute (TMTI) (for seafarers), other non-governmental organizations (NGOs), as well as faith and community-based organizations.

2.3 Helping Households

- (a) Most Tuvaluans live in villages that have communal settings, and like many Pacific Islands, caring for and supporting the livelihoods of the community is part of Tuvaluan culture. Their needs extend to both moral and financial support during times of crisis like natural disasters and pandemics. Apart from financial support, most households requested for essential groceries to support all members of the household.
- (b) During the SOE, in addition to financial uncertainty, many households experienced emotional stress. The Ministry of Health could undertake a nation wide roadshow for physical and psychosocial counselling assistance, with the aim of creating awareness on managing stress, healthy living, and prevention of NCDs.
- (c) Short-term socioeconomic support programmes must be implemented to support remittance-dependent families faced with a sudden lack of income including women-headed households. These programmes could meet basic needs such as children's access to education and health services.

Recommendation 3: Migration and remittances-Making it relevant

3.1 Migration Governance and Policy-Expediting implementation

- (a) The IOM Report (2018) on Migration Governance in Tuvalu outlined specific measures to support migrants during crisis and post-crisis phases. The time is right for Tuvalu to expand those recommendations and make them relevant to the current crisis with an urgent implementation plan, with the technical and financial support of donors, if necessary.
- (b) The recommendations of the 2015 Tuvalu National Labour Migration Policy (TNLMP) contain all the key instruments applicable to pandemic crises and would need to be implemented with a practical action plan. Among the many recommendations that could be expedited is the strengthening of existing institutions to coordinate and support Tuvaluan workers. This needs to be institutionalized to gain maximum benefits. This can include assisting in negotiating with destination countries on issues relating to workers' rights; diversifying new labour markets; establishing a database of skilled workers and maintain records of all overseas workers. A strengthened institution could also be valuable in ratifying communication systems to receive information on the evolving nature of crises and how to access assistance.
- (c) The Government supported local financing mechanism called the Survival Trust Fund (TSF) could be extended to remittance depended on households who have been affected by the pandemic.

3.2 Promoting social cohesion and developing migration specific financial instruments

- (a) The survey indicated that only a small number of overseas based Tuvaluans intend to return home. It is important that these returning Tuvaluans be provided with a conducive environment to facilitate social and economic reintegration into the community. While the TNLMP recognizes this, special packages must be developed and put in place for these returnees if the social inclusion programme is to be successful. The Government, in collaboration with IOM, could design a reintegration framework focusing on starting small businesses with access to finance and business development services, supporting peer-to-peer exchanges, enabling skills circulation and transfer of knowledge from migrant workers.
- (b) New migration-specific financial instruments could be designed in collaboration with financial institutions to support savings and economic stabilization. This will meet the needs of the returnees, and contribute to the productive utilization of savings, as well as stimulation of local economic and labour market activity. Such incentives are particularly important in the current crisis as returnees may not have sufficient equity, capital or access to credit and grant programmes that can bridge this financial gap and offer them the security they need to develop longer-term livelihood plans.
- (c) An innovative savings scheme which will encourage overseas workers to contribute towards savings from remittances for constructive use in the future. Digital and financial training for overseas workers will empower them with valuable skills to make better decisions and investments with their money.

3.3 Maximizing the Value of Remittances

Remittances from NRTs provide many Tuvaluan families meet their daily necessities, like food, bills and educational expenses. However, there is a need for local households and overseas Tuvaluans to gain important training in financial literacy including digital transfers in order to better manage remittances and money. Local financial institutions currently provide this awareness, however a more structured and formal system under a national financial task force, as done in other Pacific countries, will reap the most benefits. Families should be empowered to explore potentially cheaper channels, remittance transfer comparison services such as “sendmoneyPacific” or other transparency websites as tools. This may also be addressed and included in migration preparedness and pre-departure orientation trainings. During the current crisis many financial institutions across the Pacific have reduced the cost of money transfers. With remittances contributing 10 per cent of Tuvalu’s GDP, a public–private partnership programme with banks and money transfer agencies to reduce or remove the cost of sending and receiving remittances will be welcomed.

Recommendation 4: Addressing unemployment

Tuvalu has a challenge of high youth unemployment which can be addressed using innovative new approaches to education and training. Learning pathways should provide youth with skills that take into account emerging global labour market requirements by incorporating technological developments, effective curriculum and well-trained faculty. A public private partnership between the education department and industries can support these objectives.

4.1 Addressing emerging skills gaps

The Blue Economy has the potential of soon becoming the most prominent sector in the region, including Tuvalu, which creates an imperative for the country to increase its capacity for emerging blue skills. The TMTI, which already provides specialized training in maritime skills can pivot its curriculum, post pandemic, to include highly marketable niche blue skills for and business opportunities in the blue economy. These new skills lie in the areas of: offshore wind, ocean energy, marine biotechnology, aquaculture, deep sea exploration and surveillance, to name a few. In order to maximize opportunities for the people, TMTI can engage with overseas labour market researchers to promote the blue skills of the Tuvaluan people.

4.2 Apprenticeship and volunteers programmes

- (a) To prepare the youth of Tuvalu to meet market needs, an attractive apprenticeship programme through incentivized private and public sector participation could be introduced. Similar programmes have been implemented with great success in many Pacific Island Countries (PICs) including Fiji and Samoa. Training institutions like APTC and TMTI can partner with faith based vocational institutions to provide the necessary apprenticeship programmes.
- (b) Active engagement and participation of youth in volunteer programmes is important to create long lasting knowledge and contributions to Tuvaluan society. Such programmes that focus on important and topical subjects like climate change, environmental protection and waste management could be introduced within the formal education curriculum and extended to the community level. As an example, villages can commit 20 per cent of their youth for attachment with a nominal allowance for participation. This allowance could be funded by the local community and business partners.

The report concludes with a two phase strategy to implement the above recommendations. The first phase (12 months) suggests prioritizing the action plan for implementation. The second phase (12–24 months) focuses on adapting to the new normal to ensure judicious use of resources with a common goal of not only surviving the challenges of the pandemic but also thriving and building resilient institutions with smarter delivery options.

SECTION 1

THE ASSESSMENT – APPROACH, METHODOLOGY AND PROCESS



1.1 THE CONTEXT

The impact of the novel coronavirus pandemic (COVID-19) has escalated into a global humanitarian and socioeconomic crisis, driven largely by severe disruptions to supply and demand mechanisms in numerous economies around the world. Small and micro-Pacific Island Countries (PICs), namely Kiribati, Marshall Islands, Palau, Tonga and Tuvalu have suffered disproportionate consequences due in large part to their respective economies' reliance on external trade, tourism, remittances, and foreign aid inflow. The “great lockdown” since March 2020 as a global containment measure to curtail the spread of COVID-19 has had a substantial economic toll on vulnerable micro-PICs.

Like most developing countries, Tuvalu has limited capacity to manage threats such as pandemics, and support its economy during external large scale shocks. The 2019 Global Health Security Index (GHSI) ranked Tuvalu 181 out of 195 countries in its ability to respond to significant infectious disease outbreaks. While the 2019 GHSI found that there was fundamental weakness on the global level, the gaps for SIDS like Tuvalu were compounded by their limited resources and capacity—financial, technical and technological. Fortunately, the country has had no reported cases of COVID-19 till the date of publishing this report, due in large part to the Government of Tuvalu's commendable decision to close its borders and declare a state of emergency (SOE) in March 2020.

Under the project “Enhancing Food Security and Building Socioeconomic Resilience to Covid-19 in Tuvalu” supported by the United Nations (UN) COVID-19 Response and Recovery Multi Partner Trust Fund, the International Organization for Migration (IOM) and the International Labour Organization (ILO) alongside the Government of Tuvalu, workers and employers organizations sought to understand the impact of COVID-19 on Tuvalu's labour market and households. This section (I) focuses on the assessment objectives, methodology and the process of this research. Section II provides details on Tuvalu's pre-COVID-19 socioeconomic position and its response to the pandemic.

1.2 OBJECTIVES

The primary objective of this socioeconomic assessment is to understand the effects of COVID-19 on Tuvalu's labour market, with specific analysis of the following fundamental factors: employment, business, and enterprise, labour mobility, remittances, household income and initiatives for remittance receiving households.

The objectives of this study are to:

- » Study the impact of COVID-19 on Tuvalu's economy with a focus on building socioeconomic resilience.
- » Assess the impact of COVID-19 on businesses, jobs, and household incomes.
- » Provide empirical evidence from the field survey on how various initiatives and stimulus packages provided by government has supported businesses, workers, and citizens during the SOE and beyond.
- » Support the Government of Tuvalu, workers and employers to contribute to evidence based COVID-19 recovery policies and programmes on a national level.
- » Provide recommendations based on the findings for strategic policy level decisions on: (a) stimulating economic recovery and generating employment activities; (b) supporting businesses, workers and households; (c) protecting migrant workers in recipient countries and providing support for retuning migrants through economic and alternative income options; and (d) addressing unemployment.

1.3 METHODOLOGY

As a general overview, the methodology for this research and assessment focused on:

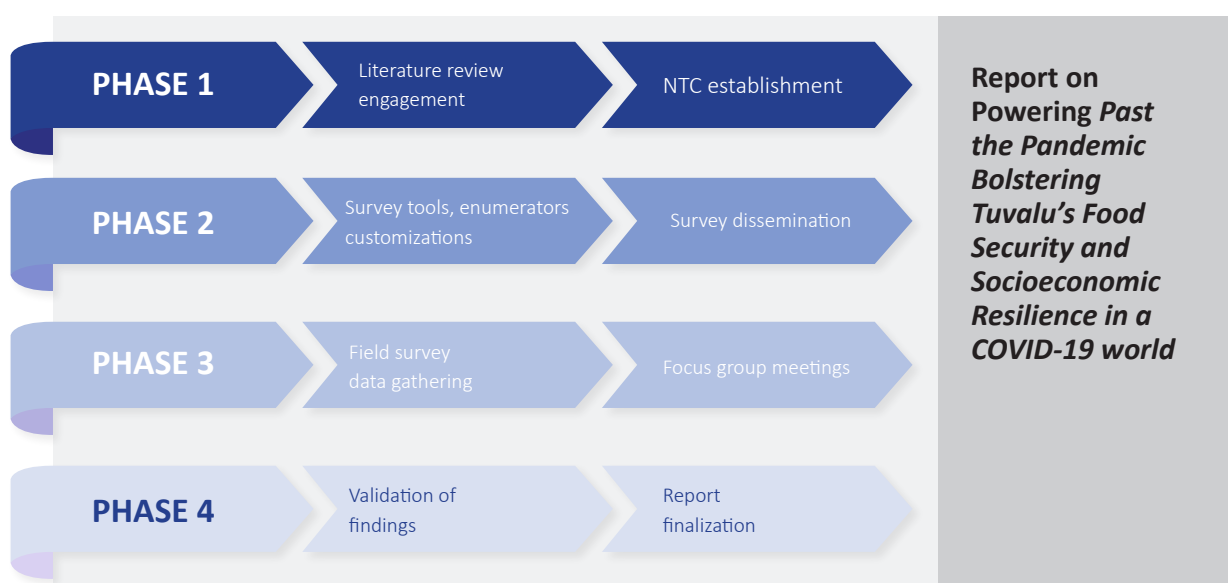
- (a) reviewing and analysing existing literature and secondary data;
- (b) conducting field research after finalizing questionnaires and sampling of different target groups;
- (c) organizing focus group meetings (FGM) to validate or clarify the information arising from the desk review and survey analysis;
- (d) triangulation of the data collected from both primary and secondary sources; and
- (e) report on findings.

Literature reviewed included academic papers, Government publications, and other relevant publications from research institutes, UN agencies, NGOs that have been written on the pertinent topics and appropriate livelihoods. The literature reviewed included an overview of:

- (a) Tuvalu's pre COVID-19 socioeconomic situation;
- (b) How the pandemic impacted the country;
- (c) How different sectors and segments were affected by the pandemic, including trends related to migration, labour mobility, remittances, food security, as well as household incomes dependent on remittances;
- (d) The income sources and levels of different livelihood groups (particular focus on agriculture, fisheries, tourism, and service sectors);
- (e) Actions being taken by government, organizations, or individuals to cope up with the impacts of the pandemic, including coping mechanisms by individuals and households.

Assessment methodology

Figure 1: Separate phases for the development of the Report



The assessment approach consists of:

i. National Tripartite Committee (NTC)

As a first step to initiate this assessment, a NTC was established to oversee the process, sample methodology, identify target groups and approve the findings and recommendations. The five-member committee was made up of the following:

- » Department of Labour, Government of Tuvalu
- » National Statistics Office, Government of Tuvalu
- » Tuvalu Overseas Seamen's Union (TOSU)
- » Tuvalu National Private Sector Organisation (TNPSO)
- » IOM
- » ILO

ii. Survey Target Groups

The target groups comprised of: (a) enterprises members and non-members of TNPSO; (b) employees from affected enterprises who are currently employed although with different working hours; (c) laid-off employees; and (d) households selected based on dependence on remittances, as well as households with laid-off family members.

All four groups received questionnaires common and specific questions for their respective survey groups.

iii. Sampling

- » A Modified Delphi Approach was adopted for the four different respondent groups with responses on a common issue reviewed by the panel. In addition, common issues were queried in different ways within the same group questionnaire with the aim of drawing out a shared set of challenges affecting all respondent groups and possible remedies from government, organizations, local and international NGOs, as well as development partners. These would be used for further in-depth discussions at the FGMs and analysis on the impact of COVID-19 in Tuvalu.

National survey: A mobile-based survey was administered to 32 enterprises, 189 employees, 23 laid-off employees, and 87 households on Funafuti. Sample size was selected based on the membership of employers organizations and trade unions. The survey consisted of four parts, each part focuses on the selected households, enterprises, employees in government, businesses and companies, and officers who have been laid-off due to COVID-19. The survey was conducted for 10 days from 11 to 21 November 2020 and covered different villages on the main island of Funafuti.

Table 1: Overview of the national survey

	Sample size	Total number	%
Household survey	87	874	10
Enterprise survey	32	159	20
Worker survey	189	2,335	8
Laid-off employee survey	23	115	20
Total	329	3,483	

iv. Questionnaires

- (a) Household questionnaire: designed to understand the impact of COVID-19 on general households, as well as households dependent on remittances, and how the impact from COVID-19 affected their access to medical services, facilities and other support.
- (b) Employee questionnaire: designed to collect information from union members and a few non-members on the impact of COVID-19 on their jobs and the support given by their respective employers, including workplace safety measures.
- (c) Laid-off workers questionnaire: focused on the conditions of those laid-off and how they coped during the COVID-19 period, including the support provided by government and their respective former employers.
- (d) Enterprise questionnaire: collected information on the status of businesses before and during the pandemic, and the impact of COVID-19 on different business operations. Information was also collected on any support they received from government and other sources.

v. Field Survey Enumerators and Scope

The field survey was led by the National Consultant and supported by six enumerators trained on the objectives of the assessment, the tools and process, methodology and administration of questionnaires. The importance of confidentiality of responses was also emphasized.

vi. Focus Group Meetings

Three FGMs were organized with five representatives from the various target groups in participation to get an understanding of the impact of SOE, issues and challenges faced, how and whether these challenges were handled. Further, the FGMs gathered practical recommendations on the way forward. Inclusivity and equal share of voice was one of the primary objectives for the FGMs. The FGMs were also an important forum to validate survey findings and fill gaps found in the analysis. Views and aspirations of these groups constitute the key recommendations of the assessment report. This process was applied to ensure national ownership of the findings, recommendations, and the proposed way forward.

vii. Survey Data Cleaning and Tabulation

The survey data was cleaned and entered into a database developed by the national consultant. The data was cleaned using a Horizontal Test (H-Test) to compare results presented by each respondent to different questions in the questionnaire. This includes both closed ended questions as well as comments offered by respondents. A Vertical Test (V-Test) was also conducted to compare ratios and responses between different respondents within the same group.

viii. Limitations

- (a) The assessment was undertaken during “in-crisis” situation which may or may not have changed since the survey was done.
- (b) Due to time constraints and travel restrictions to outer islands, survey scope was limited to Tuvalu’s main island of Funafuti.
- (c) Sampling was based on the list of members’ contacts provided by different organizations represented in the NTC.
- (d) The secondary data referred to in this study is based on the most recently available data, though in some instances it might be few years old.
- (e) Survey’s findings are reflections and views expressed by the respondents in the sample and not necessarily the views of the entire population.

SECTION 2

BEFORE COVID-19: THE SOCIOECONOMIC AND EMPLOYMENT SITUATION IN TUVALU

Prior to COVID-19, the socioeconomic landscape in the Pacific, including Tuvalu, has been inherently susceptible to disruptions like external economic and financial shocks, and natural disasters, directly impacting growth, livelihoods, and economic volatility. Such disruptions have a severe effect on PICs who rely on global partners, external trade, tourism, remittances, and foreign aid to drive their domestic economic growth.

Tuvalu's economy prior to COVID-19 was characterized by several development constraints which include:

- (a) “natural” constraints- a widely scattered and sparsely populated island geography;
- (b) an undersized domestic market with little potential for economies of scale and scarce business opportunities;
- (c) limited natural resources particularly land area;
- (d) high dependence on imports;
- (e) vulnerability to external economic and financial shocks;
- (f) expensive access to global markets as a result of high international and domestic transportation costs;
- (g) low capacity for major investment;
- (h) remittance as a key foreign exchange earner; and
- (i) social and governance constraints – (i) a saturated public sector with low output, and a small, underdeveloped private sector; (ii) a restrictive land tenure system not optimized for commercial purposes; and (iii) disproportionately high unemployment rate unable to satisfy a growing labour force.

Due to limited in-country opportunities and high youth unemployment of 20.6 per cent,¹ Tuvaluans have over the years opted to migrate for jobs as seafarers, seasonal workers in agriculture, caregivers and workers in hospitality, trade, and tourism to countries like Australia, New Zealand, the United States of America, and other PICs. There is an upward trend in the number of Tuvaluan workers participating in seasonal worker schemes in Australia and New Zealand. In fact, it is estimated that in 2018, around 20 per cent or one fifth of the resident population had migrated to other countries,² and in turn have contributed significantly to Tuvalu's economy through remittances.

Tuvalu's participation in various labour mobility programmes has contributed significantly to the steady inflow of remittances over the past five years and negative activity in international markets has the commensurate effect on these remittances. In 2019 remittances were around AUD 4.05 million (8.6% of GDP) compared to AUD 4.1 million in 2016 circa 11.1 per cent of Tuvalu's GDP.³ In 2017, remittances were received from the following countries in descending order: New Zealand (AUD 1.9 million), Kiribati (AUD 1.0 million), and the Russian Federation (AUD 0.7 million), followed by Australia and United States (AUD 0.2 million each). It is estimated that nearly 50 per cent of Tuvaluan households are dependent on remittances.

¹ ILO, 2020c

² Curtain, R. and M. Dornan, 2019.

³ Country Economy Database, Tuvalu: Migrant Remittance (accessed 15 December 2020).

PRE-COVID-19 SITUATION ANALYSIS

2.1 POPULATION, POVERTY AND INEQUALITY

According to the 2017 Population and Housing Mini-Census Preliminary Report (PHMCP), Tuvalu's total population was 10,645 of which 51.5 per cent were males and 48.5 per cent females. Nearly 63 per cent of the population lived on the main island of Funafuti, with the remaining 37 per cent spread out across the 8 outer islands.⁴ The population growth rate in 2018 stood at roughly 1.2 per cent.⁵

The most recent record of the basic needs poverty rate in Tuvalu was in 2010, which reported 26.3 per cent of the country's population lived below the poverty line.⁶ The continuing dependency on imported food (rice and sugar makes up 51% of food consumed) and fuel is an aggravating factor for Tuvalu's poverty levels. However, income poverty⁷ in Tuvalu in 2019 was estimated at 0.33 per cent⁸ showing a decline in the poverty rate over the years.

Another factor that increasingly threatens the standard of living in Tuvalu is "climate change poverty".⁹ The frequency of natural disasters affecting the region has resulted in not just economic impact, but degradation of the environment. With the highest point in Tuvalu being only 4.6 metres above sea level, saltwater intrusion due to climate change threatens the arability of the limited soil available. This consequently results in increased food imports. As an example, pulaka, a native fruit which is a symbol of Tuvaluan culture has been growing in decline, leading to increased importation of rice.

2.2 EMPLOYMENT

According to the 2017 PHMCP report,¹⁰ 71.43 per cent (7,143) of the total population (10,645) were in the working age group (15 years old and above). Of this, 3,518 were economically active, 2,517 were in some form of employment, and 1,001 were unemployed.¹¹ In 2016 Tuvalu's total labour force participation has been around 55 per cent with 70.5 per cent men and nearly 39 per cent women actively employed. Compared to global (60.5%) and the Pacific regional (62.5%) Tuvalu's labour force participation rate has been low with a decreasing trend from 59.4 per cent in 2012 to 49.3 per cent in 2017. This could be attributed to insufficient job opportunities and emigration.

Table 2: Labour Force Indicators 2012–2017

Indicators	2012	2017
Labour force participation rate	59.4	49.3
Employment population ratio	28.6	32.7
Unemployment rate	39.6	28.5

Source: Population and Housing Mini-Census Preliminary report 2017.

⁴ Government of Tuvalu, Ministry of Finance, 2017.

⁵ United Nations Population Division, Tuvalu: Population growth. Available at https://theglobaleconomy.com/Tuvalu/population_growth/2017.

⁶ Secretariat for the Pacific Community, PDH.STAT: Development Indicator Database. Available at <https://spc.int/nmdi/poverty> (accessed 15 December 2020).

⁷ Income poverty rates measure the share of people at the bottom end of the income distribution. Society's equity concerns are typically greater for the relatively disadvantaged. As a result, poverty measures often receive more attention than income inequality measures, with greater concerns for certain groups like older people and children, who have no or limited options for working their way out of poverty. Organisation for Economic Co-operation and Development. National Accounts data files. Available at <https://oecd-ilibrary.org/sites/8483c82f-en/index.html?itemId=/content/component/8483c82f-en> (accessed 15 December 2020).

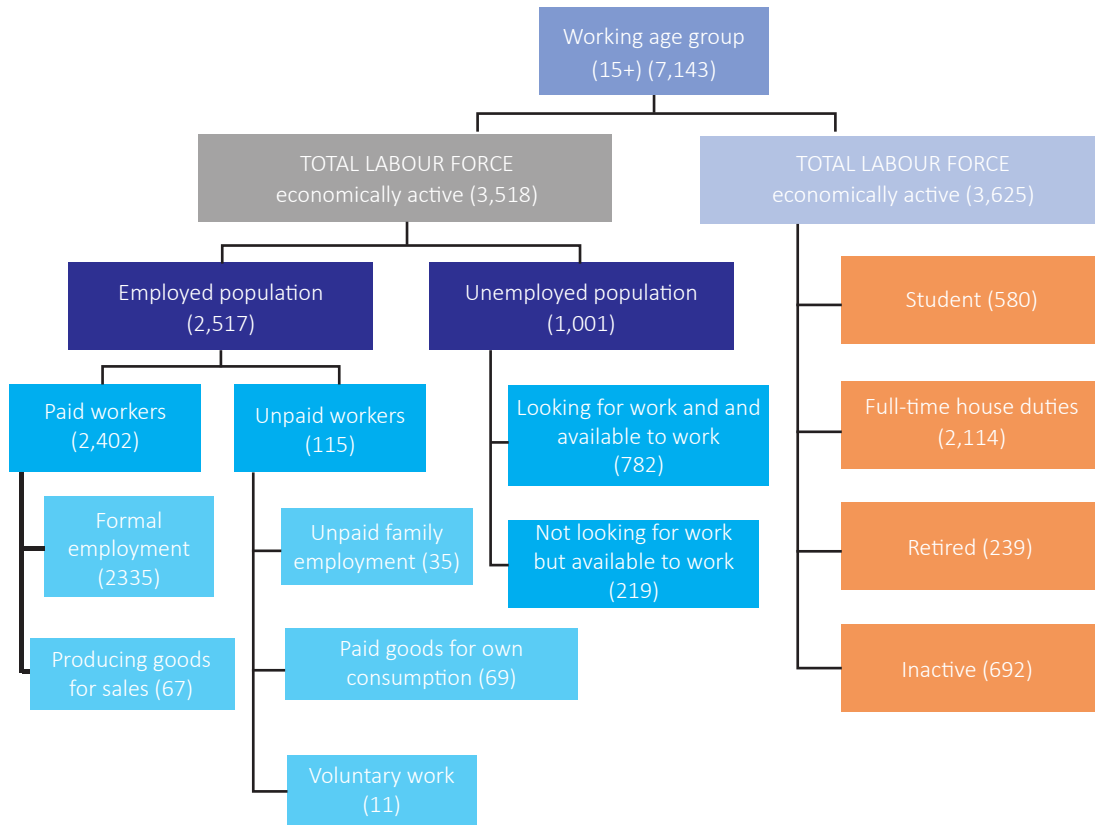
⁸ Trading Economics, 2020. Income Poverty. Available at <https://tradingeconomics.com/tuvalu/income-poverty-wb-data.html>.

⁹ Hinteregger, T., 2017. The Borgen Project Blog, Climate Change and the Tuvalu Poverty Rate.

¹⁰ Government of Tuvalu, 2017. Population and Housing Mini Census Preliminary Report.

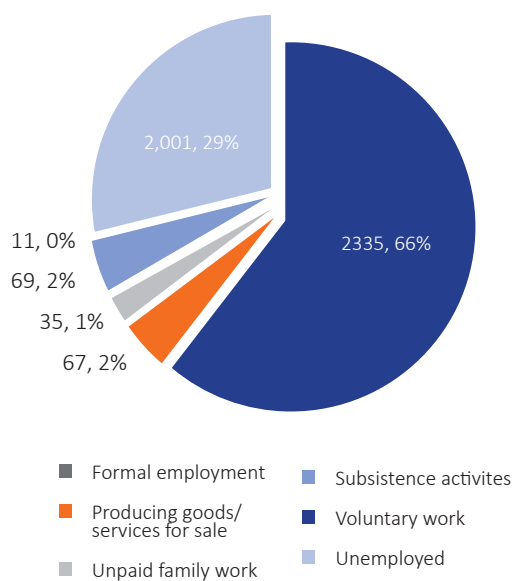
¹¹ ILO, 2020. Pacific Labour Market Review 2020, Pre-COVID-19 baseline labour market information for post disaster recovery, p 7.

Figure 2: Tuvalu Labour Force Framework, 2017



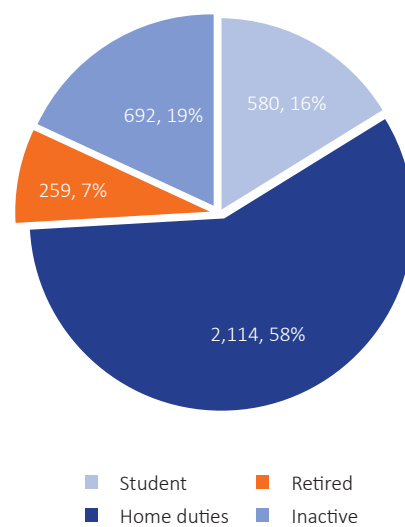
Source: Population and Housing Mini-Census Preliminary report 2017.

Figure 3a: Population categorized under Labour Force



Source: Population and Housing Mini-Census Preliminary report 2017.

Figure 3b: Population categorized under non-Labour Force



Source: Population and Housing Mini-Census Preliminary report 2017.

2.2.1 EMPLOYMENT CLASSIFICATION

Employment in Tuvalu can be classified into two broad categories: formal and subsistence (or informal) sectors.

The formal sector comprises of:

- » Government (civil service);
- » Public sector;
- » Private sector; and
- » Offshore employment including seafarers.

A. Formal sector

The public sector is the largest employer in Tuvalu, employing two thirds (66%) of paid workers in Tuvalu. Government employment is attractive primarily because of secure and attractive employment terms and remuneration packages.

- i. In 2003, there were 856 civil servants, increasing to 1,105¹² in 2019/2020, with 300 contract officers.
- ii. There are ten State-owned enterprises which employ 281¹³ people. These enterprises are: National Bank of Tuvalu (61); Tuvalu National Provident Fund (29); Development Bank of Tuvalu (23); National Fishing Corporation of Tuvalu (3); Tuvalu Philatelic Bureau (10); Vaiaku Lagi Hotel Corporation (18); Tuvalu Electricity Corporation (45); Tuvalu Media Corporation (32); Tuvalu Telecommunications Corporation (38); and Tuvalu Maritime Training Institute (22).
- iii. Tuvalu National Provident Fund reported 4,763 active members and 93 employers (public and private)¹⁴ in 2019.
- iv. The total private sector employment numbers is estimated at 695¹⁵ people. It is difficult to estimate private sector employment, given the significant number of self-employed persons running small businesses of various kinds, particularly those in retail, restaurants, guest houses, mechanical repairs, construction and transport. Furthermore, some self-employed may not be members of the Tuvalu National Provident Fund. The extent of compliance by private-sector employers is difficult to gauge. In the context of this report, “private sector employment” covers a diverse range of activities including, non-governmental organizations, church groups, employees of aid agencies and international organizations, cooperatives (in particular, the sizeable Tuvalu Cooperative Society), and employment agencies (in particular for seamen).
- v. TNPSO has 50 active members and estimates around 300 micro-businesses operating around the country.

¹² Tuvalu Government, National Statistical Department field data collected on civil list, December 2020.

¹³ Murray, C.S., 2004

¹⁴ Tuvalu National Provident Fund, data available at <https://tnpf.tv/index.php> (accessed 2020).

¹⁵ Government of Tuvalu, 2012 census table.

Table 3: Industry group (percentage of total formal employment)

Sector	1991 ¹⁶ (in %)	2012 ¹⁷ (in %) latest data available
Agriculture	7.4	10
Administration	56.2	3
Utilities	0.9	7
Construction	2.2	9
Commerce	14.1	37
Transport	3.1	4
Finance	1.4	8
Manufacturing	2.2	9
Others (Community services)	12.5	12

vi. Offshore employment

- (a) Maritime Employment: As of mid-2003,¹⁸ industry sources estimated that around 450 Tuvaluans were working abroad in maritime (merchant marine) employment, an increase from 272 reported in the 1991 Census. Current estimates in 2018/2019 stand at 2300.¹⁹ Most Tuvaluan seamen are trained at the Tuvalu Maritime Training Institute (TMTI). Graduates are in demand internationally because of their recognized seafaring skills and aptitude, good command of English, and considered to be reliable and diligent workers.
- (b) Under the Pacific Labour Scheme (PLS), 32 Tuvaluans were working in Australia in May 2020, with New South Wales (14) and Queensland (12)²⁰ being two main centres.
- (c) Under Regional Seasonal Employment (RSE), 113 Tuvaluans were working in New Zealand²¹ in May 2020. This included 9 employed by New Zealand Fisheries.

B. Subsistence sector

The subsistence sector²² in Tuvalu plays a significant role in the economic structure of the country and provides an element of resilience for the national economy. All citizens effectively participate in some form of subsistence production and contribute to food security of the country. Subsistence farming also forms a part of the traditional economy of Tuvaluan culture, and nearly 75 per cent are engaged in some form of it as an alternative source of livelihood. The main types of subsistence activity in Tuvalu include fishing (in many forms such as ocean, reef, lagoon, and collection); agricultural activities including fruit and vegetable gardening; toddy (coconut tree sap) collection; copra production; livestock (chickens, ducks, and pigs); diverse handicrafts; house building; and various traditional food preservation activities.

¹⁶ Government of Tuvalu, 1991 census.

¹⁷ Government of Tuvalu, 2012 census.

¹⁸ Murray, C.S., 2004.

¹⁹ Tuvalu Overseas Seamen's Union database, 2020.

²⁰ IOM, 2020 *Rapid Assessment of the Socioeconomic Impacts of COVID 19 on Labour Mobility in the Pacific Region*, Fiji.

²¹ Ibid.

²² Subsistence sector also known as non-monetary economic activity refers to the production, consumption and transfer of goods and services outside the monetary system.

2.2.2 UNEMPLOYMENT, QUALITY OF JOBS AND VULNERABLE WORKERS

The ILO Pacific Labour Market review²³ has estimated unemployment rates in Tuvalu at around 8.5 per cent in 2016 while the women's rate of unemployment was almost four times that of the men's rate. Youth (15–24 years) unemployment was 20.4 per cent in the same period. In addition, Tuvaluans who were not in employment or education or in training (NEET), accounted for 29 per cent of which 37 per cent were female. The ILO review also assessed the quality of jobs and vulnerable workers across the Pacific, including Tuvalu. The 2020 review showed that, globally 45 per cent, and in the Pacific 22 per cent of workers were engaged in vulnerable work, which is characterized by inadequate earnings, low productivity and difficult work conditions that undermine workers' fundamental rights. Tuvalu has more than 60 per cent paid jobs with security and allowances, and therefore most of the workforce are not considered vulnerable workers.

2.2.3 YOUTH DEVELOPMENT

The Tuvalu National Youth Policy defines youth as a person in the age group between 15 and 35 years old.²⁴ According to the 2017 mini census, approximately 35 per cent of Tuvalu's population is classified as youth and round 39 per cent of are unemployed.²⁵ Some of the social challenges involving young people relate to criminal offences, tobacco smoking, alcohol abuse and benzene sniffing.

As the youth population expands, ensuring decent work opportunities for young workers becomes an increasingly prominent challenge. A broad measure of untapped youth potential is the rate of young people not in employment, education or training (NEET). NEET data reveals that large shares of youth are not in employment for reasons other than education in Tuvalu in 2016 was 29 % of which male 21.7% and female 37.4%.

Tuvalu's national youth policy, which was launched in 2015, provides a voice for youth and a framework for engagement, especially in the decision-making process both at the national and local level. While the Tuvalu National Culture Policy²⁶ Strategic Plan 2018–2024 does prolific work in encouraging the development of arts and entrepreneurship, and the enhancement of its cultural production to create employment opportunities for youth, access to resources remains the main challenge. Fortunately, a number of development partners have begun investing in youth skills development by providing standard skills training and qualification across a wide range of vocational careers that will enable Tuvaluan youth to participate in the skilled work across the Pacific.

¹⁶ ILO, *Pre COVID-19 baseline labour market information for post disaster recovery*, 2020.

²⁴ Government of Tuvalu, Ministry of Home Affairs and Development, 2015–2019.

²⁵ Tuvalu Mini Census, 2017. The high unemployment rate of youth can be explained by the fact that the persons in the age range of 15–18 are still in school and were registered unemployed.

²⁶ Government of Tuvalu, Tuvalu National Culture Policy Strategic Plan 2018–2024.

2.2.4 GENDER EQUALITY AND EMPOWERMENT OF WOMEN

In 2017, the male population made up the majority of Tuvalu's total population, estimated at 51 per cent to 49 per cent female.²⁷

In terms of economic activity, the participation of women in the labour force, either formal or informal, has declined from 51 per cent in 2012 to approximately 40 per cent in 2017. There is approximately a 17 per cent gap in the labour force participation between women and men, skewed towards the latter. This could be attributed to the cultural expectation for women to maintain domestic responsibilities. The Tuvalu Development Bank acknowledges that women are disadvantaged with respect to starting a business due to bank loan requirements depending on the husband's salary as loan security. Women are unable to offer land as financing collateral due to cultural land ownership and inheritance practices in Tuvalu.

Since 2011, only 1 of 16 parliament seats in Tuvalu was held by a woman. It is encouraging to note that women representation in local government Kaupule has improved from 1 out of 48 women members in 2015, to 5 out of 48 in 2016.²⁸ In 2017, there were two women who held the highest position of president of their Kaupule. In 2019, the Nukulaelae Kaupule (President) was headed by a woman. In 2017 Tuvalu appointed its first female ambassador. While women are elected to the Kaupule, traditional gendered roles make it difficult for them to actively engage in decision-making.²⁹

Furthermore, it is estimated that around 40 per cent of Tuvaluan women will experience physical and/or sexual violence in their lifetime.³⁰

Table 4: Labour force indicators by gender: 2012–2017

Employment indicators	2012	2017
Labour force participation rate	59.4	49.3
Male	67.6	58.5
Female	51.1	39.7
Employment population ratio	28.6	32.7
Male	40.1	40.0
Female	31.6	25.2
Unemployment rate	39.6	28.5
Male	40.7	27.2
Female	38.1	30.4

Source: Tuvalu Household and Population Census 2012; Tuvalu Household and Population Mini Census 2017.

²⁷ Pacific Women, Tuvalu case studies 2018.

²⁸ Ministry of Finance, Government of Tuvalu, Follow-up of the Implementation of the Istanbul Programme of Action for the Least Developed Countries, 2019.

²⁹ Pacific Women, Roadmap Report consultations.

³⁰ Pacific Women Tuvalu profile 2018.

2.3 THE ECONOMY

Despite the various development constraints highlighted, the Tuvaluan economy is resilient, and its proud citizens are effectively engaged to keep its economy moving through income derived from internal and external sources. The five main sources of externally derived income are:

- remittances from Tuvaluans working abroad;
- income from Dot.TV;
- income from Tuvalu's national reserves, in particular the International Tuvalu Trust Fund;
- international aid; and
- fishing license fees plus small exports, including commodity exports such as copra, philatelic products, tourism, foreign private investment, and various other minor sources such as international church and ecumenical groups.

2.3.1 GROSS DOMESTIC PRODUCT (GDP)³¹

Per capita of Tuvalu based on current prices or purchasing power parity (PPP) in 2019 was AUD 4,465 compared to AUD 4,046 in 2018; an increase of 10.4 per cent.³² Total GDP (current) in Tuvalu was AUD 47.2 million in 2019 compared to AUD 42.5 million in 2018,³³ while GDP growth rate (current) for 2019 was 9.76 per cent compared to 2.50 per cent in 2018; an increase of 7.26 per cent,³⁴ which was mainly due to an increase in government infrastructure spending and enhanced climate resilience projects, among other factors.

The Asian Development Bank forecast Tuvalu's GDP growth rate for 2020 at 2.0 per cent and 2021 at 2.5 per cent.³⁵

2.3.2 REMITTANCES

Sent by Tuvaluans are mainly from seasonal workers, seafarers and diaspora living in different countries. These funds contribute mainly to the household budgets, education and health costs. According to the 2012 census, approximately 423 households in Tuvalu received remittances from relatives in Australia, New Zealand, and those working on cargo ships. From these 423 households, 13 of them received remittances weekly, 45 fortnightly, 134 monthly, 66 every 2 months, 50 every 3 months, 32 every 4 months, 52 twice a year and 31 annually. Pre COVID-19 a total of 4,371 Tuvaluans are estimated to be living overseas, which includes workers and diaspora. Total remittances in 2019 were valued at AUD 4.1 million, which was 9.5 per cent of the national GDP. Average GDP/per capita remittances in 2019 was AUD 5,430.³⁶

³¹ GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current U.S. dollars.

³² The World Bank, GDP per capita – Tuvalu, Available at <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=TV> (accessed December 2020).

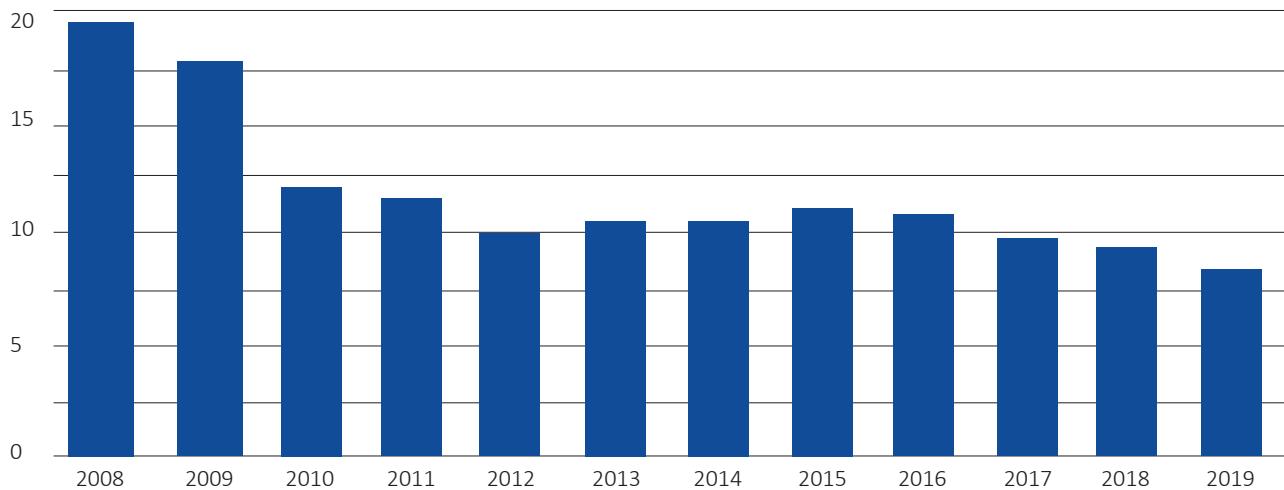
³³ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=TV>. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current U.S. dollars. Dollar figures for GDP are converted from domestic currencies using single year official exchange rates. For a few countries where the official exchange rate does not reflect the rate effectively applied to actual foreign exchange transactions, an alternative conversion factor is used.

³⁴ Ibid.

³⁵ ADB-Asian Development Outlook 2020 update (September 2020).

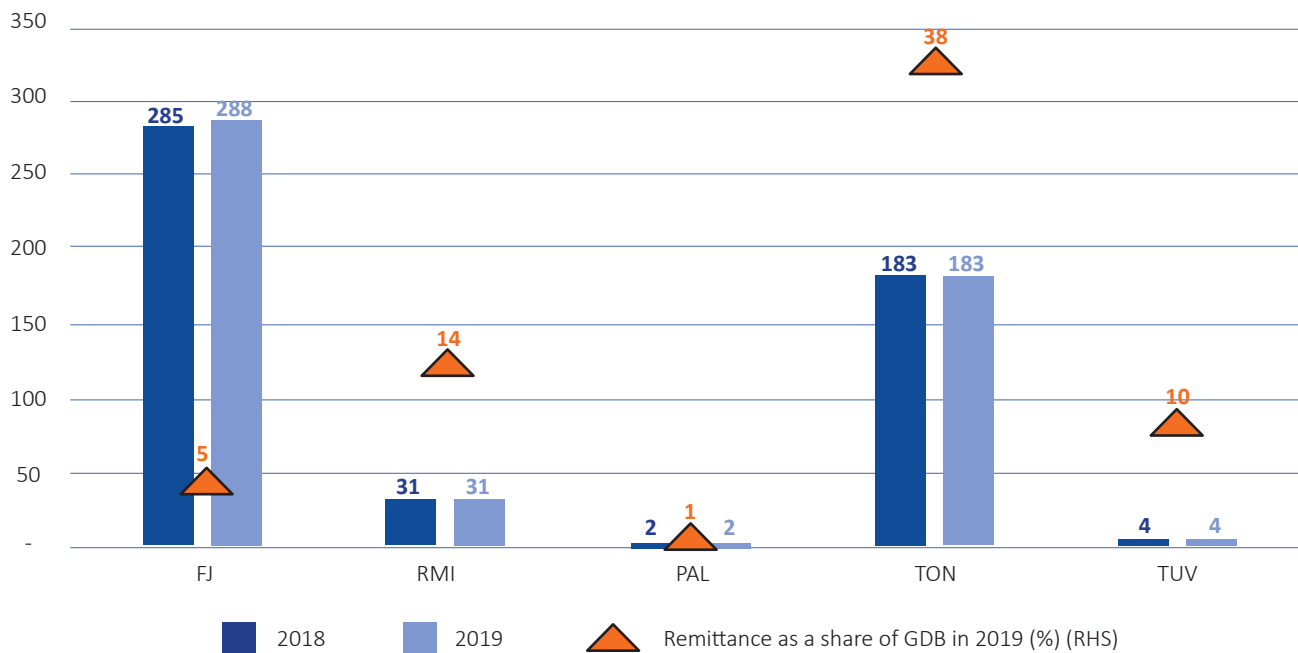
³⁶ Ibid.

Figure 4: Remittance rates and GDP in Tuvalu



Source: World Bank Remittance Data Base 2020 (in USD millions on left and percentage on the right side of the figure).

Figure 5: Comparison of remittances inflow in Fiji, RMI, Palau, Tonga and Tuvalu



Source: World Bank Remittance Data Base 2020 (in USD millions on left and percentage on the right side of the figure).

2.3.3 FISHERIES LICENCE

Under the Vessel Day Scheme (VDS) introduced in 2012 by the Parties to the Nauru Agreement (PNA) countries,³⁷ which includes RMI, Palau and Tuvalu, the fishing licence fees have significantly increased from an average of USD 1,350 per day in 2004 to around USD13,500 per day in 2014³⁸. In the region, Tuvalu and the Republic of the Marshall Islands (RMI), who have limited natural resource endowments apart from fishing, heavily depend on the fishing licence fees to support their economies and fiscal revenues. Fishing licence fees in Tuvalu contributed to 60 per cent of the total fiscal revenue and 50 per cent of the national GDP in 2017, an increase from 2011 levels which were at 15 per cent of GDP.³⁹ This further increased to around 80 per cent of GDP (or AUD 45m) in financial year 2018.⁴⁰

While fishing licence fees have remained stable after the introduction of the VDS, the actual yearly fee is dependent on certain market conditions, including negotiations with distant fishing water vessels and demand for tuna in the global market. Allotted Vessel days for 2020 were sold prior to the lockdown beginning in March 2020, therefore, the fisheries licence fees for Tuvalu may not reflect a sharp decline. However, negotiations for 2021 vessel days were held later in 2020 and could possibly impact 2021 licence fees because of decreased demand and quarantine restrictions.⁴¹

2.3.4 INCOME FROM DOT.TV

In 2011, the Government of Tuvalu signed an agreement with Virginia based network firm, Verisign, to monetize its country domain (.TV). Verisign pays Tuvalu USD 5 million per year (10% of total domestic revenue) to administer and use the .TV⁴² domain for entertainment marketing and commercial use. The agreement with Verisign expires in 2021, opening the door for renegotiation between Tuvalu and Verisign. With a perceived value of USD 1.2 billion annual revenue, (buoyed by the success of Twitch.tv and other platforms and thanks to a sustained increase in e-sports and video games streaming), an updated agreement to reflect the commensurate value of the domain could be a windfall for Tuvalu.

Some insights on .TV as reported on by *The Washington Post* are provided below:

“Verisign charges registrars an annual fee of \$7.85 for each .com domain in its registry. “Premium” top-level domains such as .tv are more expensive; the exact fee for .tv is not publicly available, but registrars reported a 12 percent price increase in 2017. One example, seen in a document obtained by The Washington Post, showed a site charged just over \$100 a year for the continued registry and maintenance of its .tv address. Experts have estimated that the operating cost of Verisign’s registry is \$1 per domain per year. In 2018, Verisign’s domain registry operation brought in a total of \$1.21 billion in revenue, according to its investor’s report.”

³⁷ To enhance the sustainability of skipjack tuna stocks in the PNA EEZ, the VDS work by limiting fishing efforts at the same time maximizing revenues from fishing licence fees. Under the VDS system, member countries of PNA establish a maximum number of days for fishing in PNA EEZ and then it’s allocated to each country based on historical fishing effort in their respective EEZ. Under this unique cap and trade approach, the countries can either sell their vessel days to distance water fishing fleets (subject to a minimum benchmark fee), or trade days with other members of PNA.

³⁸ The World Bank, – Pacific Possible – Tuna Fisheries, 2020. Available at <https://worldbank.org/en/who-we-are/news/campaigns/2017/pacificpossible> (accessed 1 December 2020).

³⁹ IMF, Article IV Report 2018 – Tuvalu (Washington, D.C. 2018).

⁴⁰ Ibid.

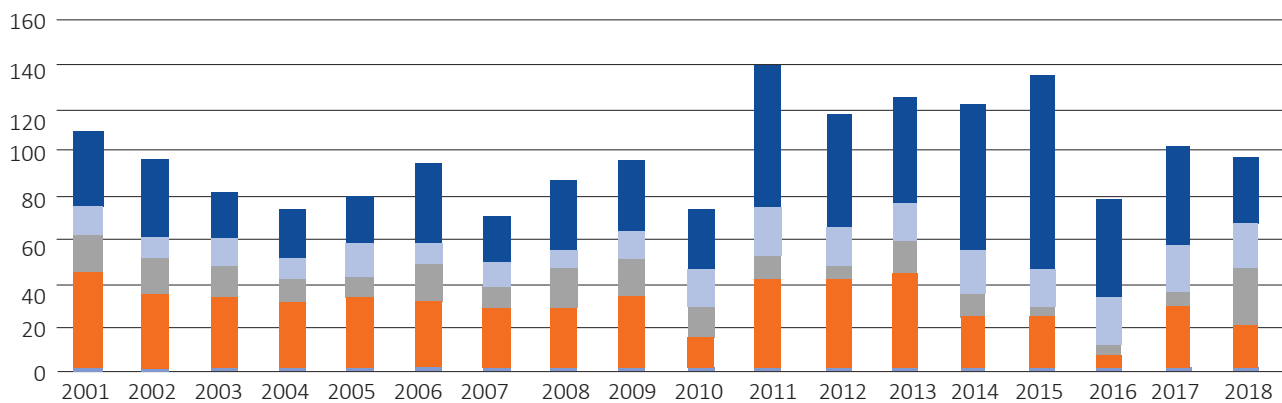
⁴¹ Transform Aqorau, COVID-19 and its likely impact on the tuna industry in the Pacific Islands. Dev Policy Blog, available at <https://devpolicy.org/covid-19-and-its-likely-impact-on-the-tuna-industry-in-the-pacific-islands-20200427-1/> (April 27).

⁴² Lee, A., Tuvalu is a tiny island nation of 11,000 people. It’s cashing in thanks to Twitch. The Washington Post, 24 December 2019. Available at <https://www.washingtonpost.com/video-games/2019/12/23/tuvalu-is-tiny-island-nation-people-its-cashing-thanks-twitch/>.

2.3.5 INTERNATIONAL AID

Foreign aid funding has been an important source of development finance for Pacific Islands like Tuvalu, due in large part to its contribution to: (a) economic and social infrastructure development; (b) adaptation to climate change and mitigation plans for natural disasters, and (c) support for long-term human capital investment and institutional development. The figure⁴³ below shows foreign aid flow (as a percentage of Gross National Income (GNI)) remains highest in Tuvalu (29% of GNI in 2018) followed by Marshall Islands (19% in 2018), Palau (28% in 2018) and Tonga (19% in 2018). Therefore, any reduction in foreign aid could have a detrimental impact on the economic growth in Tuvalu and other SIDS.

Figure 6: Net ODA Received by Selected PICs



Source: WBG Data and Macro economic impact assessment.

COVID-19 is not expected to see any reductions in foreign aid allocations to Tuvalu and PICs in 2020. However, donors may re-prioritize their foreign aid packages with specific focus on the health sector and response to COVID-19. In the short term, the extremely large contractions in major donor economies (Australia, China, New Zealand, the European Union and the United States) could lead to slower foreign aid disbursements by the donors, however, the foreign aid commitments of these countries is likely to remain intact. The foreign aid inflows will also depend on the absorptive capacity of these selected PICs, as (almost all) foreign aid inflows are linked to an outcome. Therefore, the PIC governments' institutional ability to implement these projects will be a fundamental factor to the level of foreign aid received in 2020 and 2021.⁴⁴

⁴³ Devi, A., 2020.

⁴⁴ Ibid.

2.3.6 TRUST FUNDS

The Tuvalu Trust Fund (TTF)⁴⁵ is a sovereign wealth fund established in 1987 to ensure long-term financial viability through an international agreement with Australia, New Zealand and the United Kingdom. The Government of Tuvalu uses the consolidated investment fund, which is an account associated with the TTF to mobilize resources for its domestic revenue. However, the consolidated investment fund only receives funding when the market value of the Tuvalu Trust Fund is larger than the benchmark value indexed to the Australian consumer price index.

The Tuvalu trust fund⁴⁶ was valued at AUD 175 million in 2017 and anticipated to reach AUD 186 million by 2020⁴⁷ (with the CIF for fiscal support to increase the fund from AUD 22 million to AUD 34 million in the same period). Total payments from TTF to the Government of Tuvalu over 30 years was AUD 101 million in absolute terms, or AUD 154 million in 2017-dollar terms, with AUD 11.5 million reinvested.

2.3.7 EXPORTS

Due to its limited resource base, Tuvalu is an import-dependent economy however, it does export fish and related products to Thailand, Japan and Australia. Tuvalu's key imports include food items (like rice and sugar), boats and other floating structures, fuel, furniture and machinery. Major import partners are Fiji, Japan, China, Malaysia, Australia and Singapore. Tuvalu is a member of the Pacific Island Countries Trade Agreement and the South Pacific Regional Trade and Economic Cooperation Agreement.

In 2018, Tuvalu exported⁴⁸ AUD 29.4 million and imported AUD 47.4 million, resulting in a negative trade balance of -AUD 18.1 million. In 2018, Tuvalu's exports per capita were AUD 2550 and its imports per capita were AUD 4,120. The top exports of Tuvalu were: (a) non-fillet frozen fish (AUD 27.9 million), (b) other sugars (487,000), (c) coin (AUD 202,000), (d) microphones and headphones (AUD 141,000), and (e) iron fasteners (AUD 62,000).

In 2018, Tuvalu export destinations were: Thailand (AUD 17.5 million), Philippines (AUD 503,000), Ecuador (AUD 2.9 million), Japan (AUD 2.1 million), and Nigeria (AUD 503,000).

The top imports of Tuvalu were:

- refined petroleum (AUD 13.0 million);
- cement (AUD 8.1 million);
- tugboats (AUD 3.6 million);
- fishing ships (AUD 2.8 million); and
- iron structures (AUD 2.2 million).

Tuvalu imports are mostly from Fiji (AUD 20.1 million), China (AUD 12.1 million), Japan (AUD 6.7 million), New Zealand (AUD 1.9 million) and the United States (AUD 1.2 million).⁴⁹

⁴⁵ Available at <https://tuvalutrustfund.tv/>.

⁴⁶ Ibid.

⁴⁷ IMF, Article IV Report – Tuvalu, (Washington, D.C. 2018).

⁴⁸ Available at <https://oec.world/en/profile/country/tuv>.

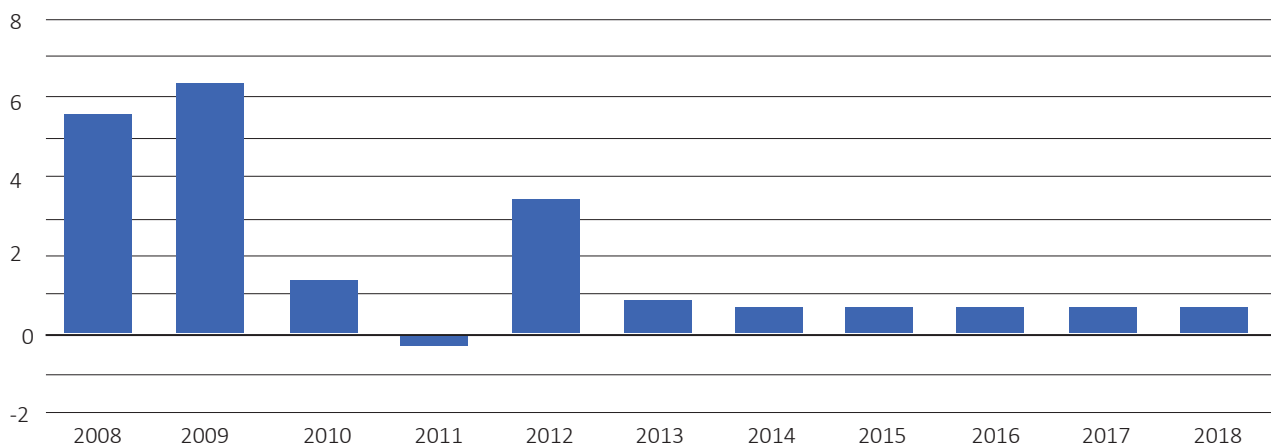
⁴⁹ Ibid.

2.3.8 FOREIGN DIRECT INFLOWS

Foreign direct inflows (FDI) include incomes derived from overseas and private sector investments across various sectors of the economy. Tuvalu's limited resource base and modest economy has not resulted in any major FDIs which have certain expectations in the country of investment, such as: institutional arrangements, certain level of infrastructure development, tax and financial structure, existing market size (or type), ease of doing business, connectivity to supply and demand chains, economic prospects, long term projections on the return on investment, and movement flexibility of financial capital and profits.

The latest net value for FDI in Tuvalu was AUD 299,000 (rounded up) as of 2018.⁵⁸ Since 2015 total FDI inflows have been around AUD 300,000 annually which included returns on foreign investments.

Figure 7: Foreign direct investments in Tuvalu



2.3.9 FUTURE OUTLOOK OF THE ECONOMY

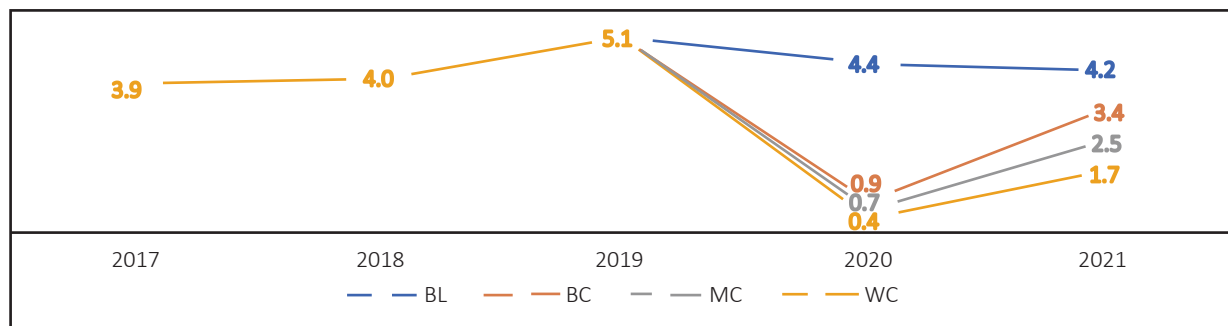
COVID-19 has had a significant impact on economies and livelihoods across the globe, and PICs are no exception. With no certain end in sight, the overall outlook⁵¹ for Tuvalu's economy for the short term is unclear. Tuvalu's economic projections, illustrated below, are expected to fluctuate between 0.4 per cent in a worst-case scenario, to 0.9 per cent in the best-case scenario, while the current deficit is expected to be between 4.2 per cent and 6.3 per cent of GDP. The potential economic risks for Tuvalu lies in the decline of remittances, reduced return on overseas investments, foreign exchange fluctuations, and an unprecedented increase in overseas workers returning home.

Another concern for the Tuvaluan economy is its high-risk rating due to debt overload as per the debt sustainability analysis produced by the International Monetary Fund and World Bank. The analysis determines there is limited capacity for Tuvalu to absorb any further debt, hence is considered at a high risk of debt distress.⁵²

⁵⁰ Index Mundi, Tuvalu – foreign direct investment. 28 December 2019. Available at www.indexmundi.com/facts/tuvalu/foreign-direct-investment. Definition: Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 % or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

⁵¹ Devi, A., 2020.

⁵² Ibid.

Figure 8: Tuvalu real gross domestic product scenarios

Note: BL: Baseline; BC: Best-case; MC: Moderate Case; WC: Worst Case.

Source: Devi, A., 2020.

Table 5: Tuvalu debt level and access to finance

Fiscal Response to COVID-19	Risk of Debt Distress	Access to International Capital Market	Access to MDBs Concessional Finance: IDA (WBG) and/or ADF (ADB)	Debt to GDP Ratios (Prior-COVID-19)	Net Fiscal Lending (+)/ Borrowing (-) 2020(f) (IMF, 2020)
<ul style="list-style-type: none"> Economic and Financial Relief Package announced on 6 May 2020 lays out: <ul style="list-style-type: none"> » measures to respond to the health and other risks and » reference for mobilizing external support for accessing the COVID-19 facilities. Coronavirus contingency fund on 24 March 2020. AUD 189,000 was allocated for specialized medical equipment, enhanced laboratory capabilities, upgrading of health facilities and increased surveillance measures to address the coronavirus threat. The contingency fund also provide support to the private sector of the capital and outer islands. Developed “Talaaliki Plan”, a contingency plan to address the worse-case scenarios of shortage or unavailability of food, fuel and other essential imported goods, and response to an outbreak in the country. 	HIGH	NO	IDA and ADF	28% (2018e) 22% (2019p) 17% (2020p)	-25.5

Source: Devi, A., 2020.

2.4 PRIVATE SECTOR LANDSCAPE IN TUVALU

Tuvalu has a small private sector and government expenditure is the main driver of economic growth. Majority of Tuvalu's businesses are micro-enterprise,⁵³ and others fall into small businesses, partnership or joint venture, public company or non-profit organization. Business activities includes selling of food, supermarket or related retail, construction and fishing or marine-related. The recent National Business Sector Survey 2019 identified 603 businesses, with more than half of the businesses located on the main island of Funafuti, while the remaining were distributed throughout the outer islands.

The Government-endorsed TNPSO is a private sector association which focuses on improving internal corporate governance and performance. TNPSO has 50 active members and intends to increase its membership base. According to the 2019 National Business Survey, major constraints faced by Tuvalu businesses included access to finance, limited supply and high cost of energy, skills gap, limited connectivity, high transportation costs, and lack of book-keeping and management training.

2.5 FOOD AND HEALTH SECURITY

Growing nutritious food in Tuvalu has become increasingly challenging due to unpredictable weather patterns, soil and water salinity and variable rainfall which is having devastating impact on its small agriculture base. Commonly farmed crops and trees include coconuts, breadfruit, pandanus, bananas, ground taro, and pulaka (swamp taro). However, domestic subsistence agricultural production has been declining in recent years with few people cultivating local produce, and a growing reliance on imported foods such as rice, flour and sugar. These processed foods have had a negative impact on the health of the population, which has experienced an increase in non-communicable diseases. A report published by the Hawaii Journal of Health and Social Welfare argues "some measures taken to fight COVID-19 are likely to increase the long-term risk of non-communicable diseases common across the Pacific, such as hypertension, diabetes, and heart disease".

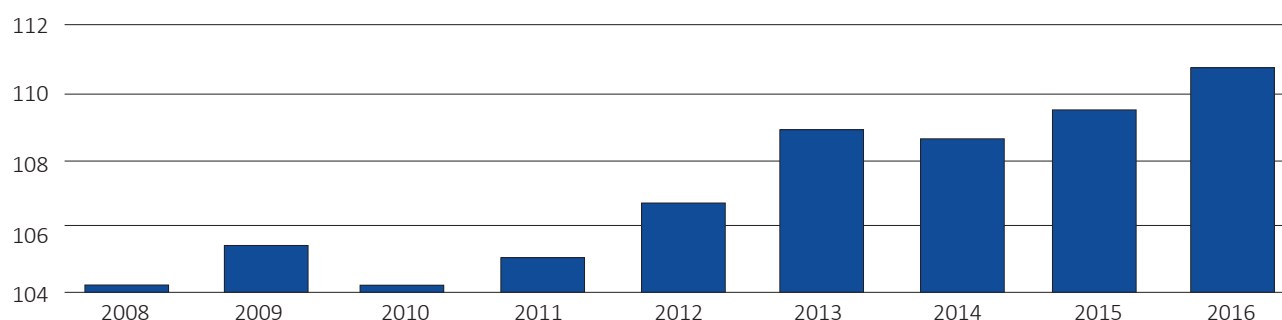
According to the Food and Agriculture Organization (FAO), 1 in 40 Tuvaluans are undernourished, and 51 per cent of the population are obese. The FAO reports that Tuvaluans generally do not consume enough fruits and vegetables: 102 grams of the recommended daily intake of 450 grams.⁵⁴ With Tuvalu's food security at risk, an innovative new project "Tuvalu Food Futures" produces⁵⁵ healthy food in small spaces by establishing highly productive, water-efficient food gardens which utilize special compost recipes using local biomass to increase soil nutrients. Tuvalu's food production index⁵⁶ below indicates that the small food crops produced in Tuvalu are considered edible and contain sufficient nutrients.

⁵³ According to UNCTAD Report 2019, a micro-enterprise is a sole trader having total assets of less than USD 5000.

⁵⁴ S.T.W. Tin, P. Vivili, E. Na'ati, S. Bertrand, I. Kubuabola, 2020 COVID-19 Special Column: The Crisis of Non-Communicable Diseases in the Pacific and the Coronavirus Disease 2019 Pandemic. *Hawai'i Journal of Health & Social Welfare*, 79(5):147–148. Available at <https://ncbi.nlm.nih.gov/pmc/articles/PMC7226311/?report=classic>.

⁵⁵ Reliefweb, Agricultural specialists team up to provide locally-grown food solutions for Tuvalu. 25 September 2019. Available at <https://reliefweb.int/report/tuvalu/agricultural-specialists-team-provide-locally-grown-food-solutions-tuvalu>.

⁵⁶ Trading Economics, Tuvalu - Food Production Index. February 2021. Available at <https://tradingeconomics.com/tuvalufood-production-index-2004-2006--100-wb-data.html>.

Figure 9: Tuvalu food production index

Source: FAO, 2020.

The urban Funafuti area is heavily dependent on imported foods such as meat, fruit, bread and cereals, root crops, fruits and vegetables (56% of food consumption), while the rural areas consume mainly fish and seafood.⁵⁷ The Department of Agriculture estimates that households in the outer islands produced or grew around half of the food they consumed while nearly 92 per cent of urban households purchase food they consume.⁵⁸

PICs are not adequately equipped to respond to major country-wide outbreaks due to the limitations of their health systems, making PICs some of the most vulnerable in the world to the effects of climate change and disasters. Annex to this section provides the Health indicators related to Tuvalu.

2.6 INFORMATION AND COMMUNICATION TECHNOLOGY

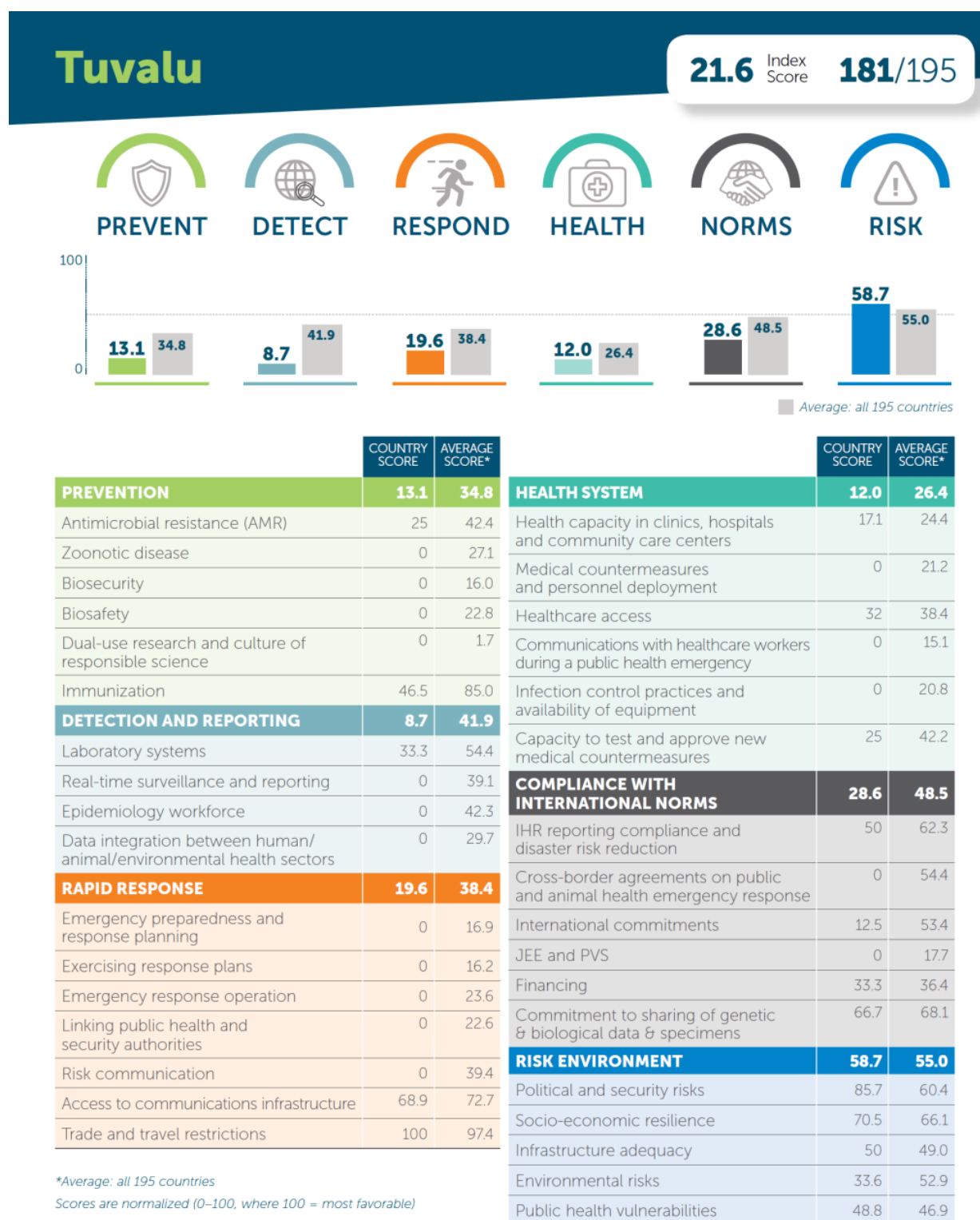
Access to quality connectivity remains a major challenge for Tuvalu, which was reported as one of the least connected countries in the Pacific region in 2018. Internet coverage in Tuvalu was estimated at around 57 per cent,⁵⁹ an increase from 35 per cent in 2014. Despite this progress, Tuvalu will not be able to meet the universal access to the internet goal (97%) for Least Developed Countries (LDC) by 2020.⁶⁰

In recent years, Tuvalu has made significant development in mobile broadband connectivity. However, in 2018, 4G mobile internet services and 3G mobile voice services were only accessible in Funafuti, while the remaining four islands could only access 2G service with intermittent operation and low quality.⁶¹ The government owned provider Telecommunication Corporation (TTC)⁶² provides fixed and mobile voice, fixed broadband, Wi-Fi hotspot and both 3G and 4G mobile internet services. This would also support digital remittance growth, mobile banking markets which is has significant uptake in other PICs.

⁶¹ Tuvalu Telecommunications Corporation (TTC).

⁶² TTC: All outer islands (except Niulakita – population 30) are served with fixed location services (i.e. customers must go to a dedicated location to use the service). Fixed voice services to individual premises are limited to two of the nine islands (Funafuti and Vaitupu).

Figure 10: Tuvalu Index Score



Source: GHSI, 2020.

SECTION 3

COVID-19: POLICY FRAMEWORKS AND RESPONSE



The socioeconomic crisis induced by the pandemic is still unfolding and negative impacts are likely to continue. Nevertheless, the global response to handle the situation has been quick and ably supported by various development and multilateral organizations.

This section focuses on the frameworks developed by ILO and IOM as well as the immediate response of the Tuvaluan Government to overcome the economic and social shocks of COVID-19. The section also provides a brief overview of the impact of the pandemic globally and regionally, while its impact on Tuvalu will be provided in the next section based on field assessments. Both ILO and IOM had developed a global policy framework for tackling the social and economic impact of COVID-19. It is based on the premise that the crisis has a human face, and as such, it calls for a human-centered response.

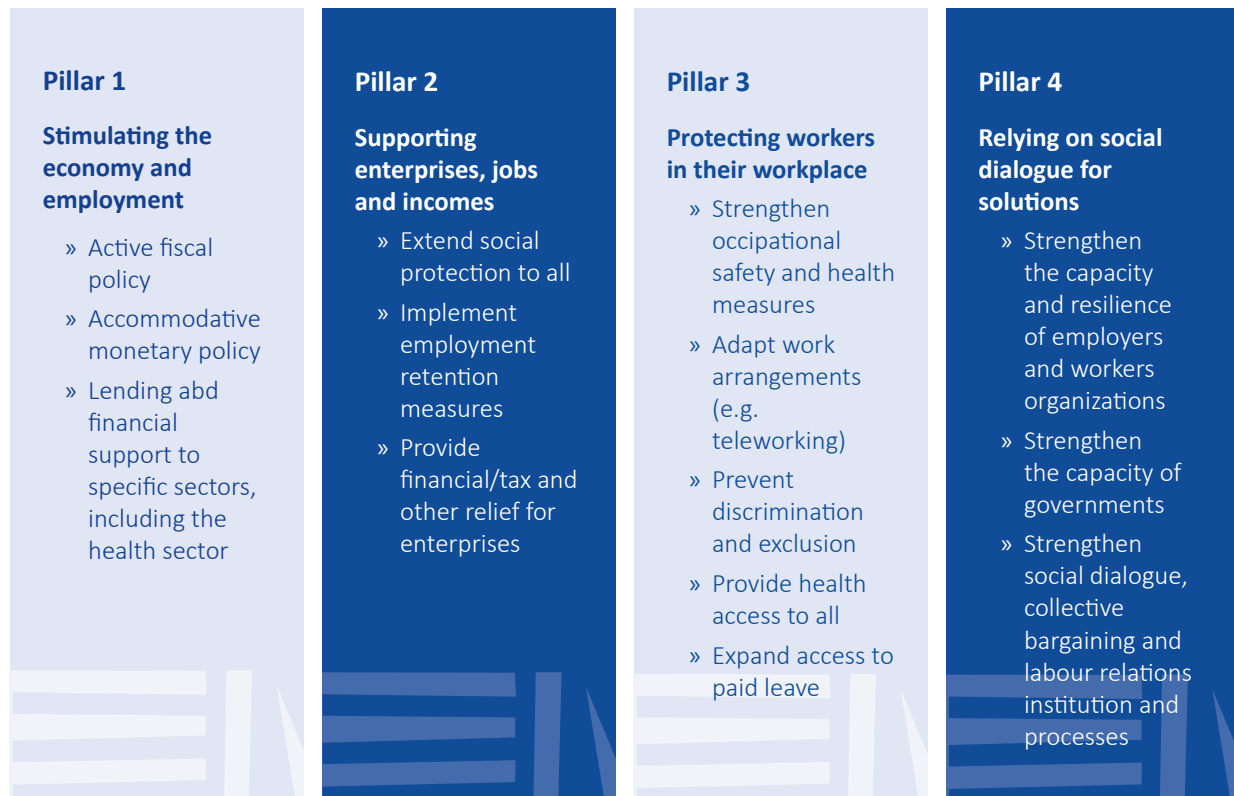
3.1 ILO POLICY FRAMEWORK FOR COVID-19 RESPONSE

As a response to the pandemic, the ILO has developed a policy framework for tackling the economic and social impact of the COVID-19 crisis and has structured its key policy messages for response to the crisis around four pillars. Like any solid foundation, each pillar complements the others in sharing the weight of the enormous load faced by countries. International labour standards provide a tried-and-trusted blueprint for policy responses designed to facilitate a recovery that is sustainable and equitable. These standards make up the pedestal on which the four pillars rest with the following principles: (i) balancing support for enterprises and workers and their families; (ii) not letting the crisis derail the normative framework, international labour standards, Decent Work Agenda and the 2030 agenda of SDGs; (iii) social dialogue remaining at the heart of policy making during the crisis, and (iv) continued global solidarity and partnerships with international agencies and financial institutions, donor countries to ensure the most vulnerable Member States are not left behind.

⁶³ International Labour Organization, A policy framework for responding to the COVID-19 crisis. Available at www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_739047/lang--en/index.html.

Based on the above broad principles, the policy framework has four pillars:

Figure 11: ILO pillars



3.2 IOM FRAMEWORK FOR COVID-19 RESPONSE

In responding to COVID-19, IOM recommended to governments and communities which are highly reliant on labour migration and remittances to implement policies and programmes that can significantly mitigate the negative socioeconomic impacts of the crisis by promoting economic stimulus, supporting social cohesion, and addressing rising unemployment.

A. Stimulating economic activity

Time-bound programmes can be designed to stimulate and incentivize the sending of remittances, reduce or eliminate the cost of sending remittances (through subsidies, for example), financial literacy/motivation programming, or incentivizing the use of remittances through matching-grant programmes at the individual or community level.

B. Supporting the inclusion of returnees or remittance-recipients

Develop migration-specific instruments that can support economic stabilization. This will contribute to the utilization of savings for productive ends, responding to the needs of returnees as well as stimulating local economic and labour market activity. Such incentives are particularly important in the current crisis as returnees may not have sufficient equity capital or access to credit and grant programmes that can help to bridge this financial gap and allow returnees to develop their longer-term livelihood plans.

C. Supporting social cohesion

Information campaigns and community programmes aimed at addressing stigma and negative stereotypes about returnees and promoting social interaction between returnees and the broader community are required. These will promote social cohesion and facilitate social and economic reintegration of returnees into the community. Media and communications campaigns that integrate behavioural insights, and community programmes supporting inter-group activities can serve to address stigmatization and promote social reintegration of returning migrants. Short-term socioeconomic support programmes must be implemented to support remittance-dependent families facing a sudden lack of income, particularly including women-headed households, with the aim of meeting basic needs as well as maintaining children's access to education and health services.

D. Addressing unemployment

Countries dependent on international labour migration suffer from poor labour market information systems, with employment opportunities largely relying on local social networks particularly for lower and semi-skilled occupations. Employment/Job Matching services are needed in communities of origin, linking returnees and others with opportunities not only locally but also in cities throughout the country. Parallel negotiations should be held with the governments in countries of destination to avoid reactionary measures that close their labour markets to foreign workers.

3.3 GOVERNMENT OF TUVALU RESPONSE

Since March 2020, Tuvalu has been reeling from the impacts of COVID-19 affecting businesses, jobs and more importantly food systems where the Government had to take a number of drastic steps such as:⁶⁴

- (a) Stockpiling three months of essential cargo including imported food and medicines;
- (b) Regulating and rationing the sale, supply and pricing system of essential commodities and issue of food vouchers;
- (c) Supplying seedlings and encouraging home gardens;
- (d) Customary stockpiling techniques such as drying fish and root crops, preserving breadfruit and storing coconuts;
- (e) Compulsory relocation of people from the capital Funafuti to their homes in outer islands. The Tuvalu Government envisioned that this move would decentralize local job creation, boost economic development, harness traditional social support systems and increase labour supply for farming and fishing in rural areas.

The Government's COVID-19 stimulus package⁶⁵ included (among other actions):

- (a) Cash payments of AUD 40 per month to all citizens during the state of emergency (SOE);
- (b) Access to pension accounts for up to AUD 500 for three months for employees affected by downturns especially in the tourism and hospitality, wharf and aviation sectors;
- (c) Employees with reduced hours accessing AUD 250 for three months;
- (d) Working with banks to request easing loan repayment requirements and freezing interest incurred on personal, home and business loans.

⁶⁴ ILO, 2020b.

⁶⁵ Farbotko, C. and T. Kitara, 2020.

The following is the complete stimulus package response by the Government of Tuvalu.⁶⁶

Table 6: Stimulus package by Government of Tuvalu

Policy responses	
Containment	<ul style="list-style-type: none"> » Declaration of state of emergency (20 March) » Border closure » Travel bans » Social distancing rules » Closure of public spaces » Schools closure » Punishment for violation of isolation orders
Fiscal	<p>Out of the total AUD 18.9 million under the first supplementary budget for 2020 approved by Parliament on 24 March 2020, a total amount of AUD 10.5 million (17.8% of GDP) was for COVID-19 response. It includes:</p> <ul style="list-style-type: none"> » AUD 5.7 million allocated to the Ministry of Health and Social Welfare for the procurement of personal protection equipment, ventilators, COVID-19 testing equipment and other essential specialist equipment in response to the COVID-19. » AUD 4.9 million allocated for the relocation to outer islands, repatriation of Tuvalu students studying abroad, maintenance of relevant infrastructure for quarantine purposes, improving broadband for internet connectivity, additional police personnel and a grant to assist the private sector. » AUD 300,000 allocated under the Ministry of Finance for a grant to assist the private sector respond to the impact of COVID-19. This grant was provided to the Development Bank of Tuvalu. » AUD 200,000 was allocated to the Ministry of Finance and approved under the Supplementary Appropriation Fund to finance other relevant COVID-19 measures across the Government. <p>The Government reprioritized the amount of AUD 4 million which was approved under the 2020 National Budget for island development. The money would be redeployed to assist each island (AUD 500,000) to finance their COVID-19 preventive measures and maintain the welfare of families.</p>

⁶⁶ Tuvalu National COVID-19 Economic and Financial Relief Package, Government of Tuvalu, April 2020.

	<p>An additional financing for AUD 9.96 million is estimated to be required for new relief measures from other sources.</p> <p>The following relief measures were implemented under Alert Level 3 of the Tuvalu National COVID-19 Preparedness and Response Plan:</p> <ul style="list-style-type: none"> A. Cash payout of AUD 40 per person per month to all citizens currently living in Tuvalu. The payout is applied retrospectively to the commencement date of Tuvalu's national response to COVID-19. The payout will cease upon the lifting of the SOE. The resident population of Tuvalu based on the 2017 Population and Housing Mini-Census is around 10,507 people. (The amount of AUD 40 per person is based on Tuvalu Poverty Line of AUD 1.47 per day per adult equivalent. This is the value in monetary terms of a basket of food to achieve the WHO minimum dietary intake of 2,400 kilojoules per day. The Tuvalu Poverty Line is based on the Household Income and Expenditure Survey with research and studies from the World Bank (unpublished 2019)). B. The total amount of relief measures for Tuvalu students studying overseas is equivalent to AUD 310,200. C. Unaccompanied students who are sponsored either by the Government or by development partners are to receive AUD 100 per month per student, regardless of where they are studying. About 151 unaccompanied students are expected to benefit from this relief policy measure. D. Accompanied students who are sponsored either by the Government or by development partners are to receive AUD 150 per month per student, regardless of where they are studying. About 43 accompanied students are expected to benefit from this relief policy measure. E. Private students will receive AUD 200 per month per student. Private students living with their parents overseas (and who are students themselves) are not entitled to this relief measure. About 200 private students (most of whom are studying in Fiji) are expected to benefit from this relief policy measure. F. A total of AUD 315,900 was allocated to affected civil servants who are stationed in Tuvalu but went on leave and duty travel.
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	<p>G. Civil servants who went on leave but could not travel back to Tuvalu because of the lock-down will receive FJD 120 per day per person. These civil servants will receive their fortnightly pay and need to meet their daily outputs as required by the ministries. About 39 civil servants are expected to benefit from this relief measure.</p> <p>H. The same level of the allowance will be applied to those civil servants who went on duty travel but cannot make it back to Tuvalu because of the lock-down (FJD 120 per person per day). One civil servant falls under this category.</p> <p>I. Civil servants who went on medical leave , either as a patient or caregiver will not receive any additional benefits other than allowances provided under the medical scheme.</p>
	<p><u>Risk Allowance</u></p> <p>Tuvalu National COVID-19 Economic and Financial Relief Package estimated for risk allowance for front line workers around AUD 1.7 million.</p> <p>A risk allowance is provided to front-line workers during the repatriation of students and civil servants, vessels and an oil tanker. Medical professionals, police, stevedores, airport staff are all expected to receive a risk allowance. About 74 civil servants will benefit from policy measure. The Ministry of Health will provide the list of front-line workers with the approval of the Co-Chair of the National COVID-19 Taskforce.</p>

3.4 REGIONAL IMPACT – A SNAPSHOT

Although the number of cases across the Pacific remains low and several countries in the region remain COVID-19 free, strict border closures and travel restrictions remain in place. As a result, tourism and import-dependent economies are being severely impacted. Fiji's Prime Minister Voreqe Bainimarama referred to the pandemic as the "job-killer of the century". He explained: "You can't suddenly work from home when you earn your pay cheque as a scuba instructor, or in a garment factory dependent on regional supply chains, or as a handicraft maker who usually sells to tourists. These are the faces behind the dismal figures for employment, the high human cost of this pandemic, mounts by the day."⁶⁷

In Polynesia, Cook Islands Deputy Prime Minister Mark Brown said the pandemic lockdowns are an "economic tsunami" for the archipelagic nation. The country's Finance Ministry estimates that tourism makes up 65 per cent of the Cook Islands' economic activity.

⁶⁷ Doherty, B., 2020.

Tourism, which contributes 40 per cent (Fiji, Vanuatu and Niue) to 87 per cent (Cook Islands) to the national GDP, seems to most impacted. A study released by the South Pacific Tourism Organisation (SPTO)⁶⁸ estimated the potential direct financial impact due to loss of visitor income across the seven target countries surveyed, to be more than NZD 3.1 billion over 12 months. Compounding factors like disruption to crucial trade logistics and transportation, fear of declining remittances and foreign aid, and potential climate-change induced disasters, have exacerbated the situation making the Pacific one of the world's most vulnerable regions.

The IOM Rapid Assessment of the socioeconomic impact of COVID-19 on labour mobility in the Pacific region had several findings, some of which are:

- Pacific governments and Pacific migrants' destination-country governments have put in place general and specific measures to support temporary and seasonal workers, diaspora communities and Pacific Islanders overseas. Fiji, the Marshall Islands, Tonga, Vanuatu and Tuvalu have each announced their own economic and social stimulus packages worth over USD 500 million.
- There was initially no specific financial socioeconomic support for seasonal workers who were abroad and unable to return home.
- The Marshallese people despite having the right to live, work, study and pay taxes in the United States, are denied a range of benefits, including Medicare/Medicaid coverage.
- Fiji, the Marshall Islands, Tonga, Tuvalu and Vanuatu recorded a remittance inflow of over USD 500 million in 2019 alone. However, the value (the total currency amount) of the remittances sent is reportedly falling during the period of the strictest lockdowns. The drop in value of the remittances reflects the unemployment and reduced hours amongst Pacific diaspora and seasonal workers.
- All PICs have also been exploring opportunities to repatriate their citizens home, including seasonal workers. Many seasonal workers in countries of destination have been redeployed and have had visas extended, while some, including those whose contracts have ended and are awaiting departure, do not receive support.
- RSE workers continue to work with alternative employers and half of these have full-time employment opportunities. Around 300 workers have been prioritized for repatriation, while an additional 1,000 seasonal workers are not working. These workers got limited support from the recipient country.

The ILO has undertaken a Rapid Assessment (RA) on employment and business in the Pacific. Initial findings in Fiji and Samoa are provided below while the other five countries (Palau, RMI, Tonga, Solomon Islands and Vanuatu) are in varying stages of assessments.

⁶⁸ South Pacific Tourism Organisation (SPTO)- Press release on Pacific tourism impact report, 7 May 2020. Available at <https://corporate.southpacificislands.travel/spto-releases-pacific-tourism-impact-report/>.

Table 7: Overview of Rapid Assessment conducted in Fiji and Samoa

	Fiji	Samoa
Businesses affected	70% of businesses surveyed were affected with the most affected being in Construction, Wholesale and Retail, Tourism and Hospitality.	56% of Samoan businesses had been severely impacted, and 52% had no insurance.
Business working options	5% of businesses surveyed reported introducing teleworking. The majority, particularly those in the manufacturing and wholesale and retail sectors, indicated that the majority of their workers were not able to telework.	
Cash flow issues	58% of businesses indicated adequate cash flow for only up to 6 months, with manufacturing and wholesale and retail sectors having major cash flow challenges. 41% of businesses surveyed indicated they were operating partially and risk shutting down resulting in further job losses.	70% of businesses surveyed indicated adequate cash flow for only up to 3 months. 86% of Samoan businesses reported a decline in income and 55% reported difficulties paying wages
Businesses at risk of closing down	41% of businesses surveyed indicated they were operating partially and risk shutting down resulting in further job losses.	45% of businesses indicated they were operating partially and risk shutting down resulting in further job losses. 61 businesses have closed.
Stimulus package to help businesses	74% cent of businesses surveyed indicated that they did not benefit from the government stimulus package. Micro, Small and Medium Enterprises (MSMEs) benefited the least.	
Businesses opting for diversification	70% of the business reported difficulty in diversifying to respond to changes resulting from COVID-19. These were mainly large businesses with already significant capital investments. However, MSMEs reported ease of diversification through the production of a new variety of products utilising existing investment	

Reskilling and skill- upgrading	In Fiji, 3 out of 10 enterprises reported needing new skills from workers due to operational changes resulting from COVID-19.	
Business Continuity Plan and COVID-19 related business practices	87% of businesses reported practicing social distancing, providing PPE and hygiene products to workers. The majority also reported having Operational Health and Safety (OHS) policies, COVID-19 preparedness plans and business continuity plans (BCP). The majority of businesses that reported to not practice or have the above-mentioned were micro and small enterprises.	

3.5 GLOBAL IMPACT – AN OVERVIEW

According to the World Bank, the damage from the largest economic shock the world has experienced in decades is already evident, with human, health and financial casualties' mount. The World Bank reports "the pandemic is expected to plunge most countries into recession in 2020, with per capita income contracting in the largest fraction of countries globally since 1870."⁶⁹

The ILO Monitor (January 2021): COVID-19 and the world of work (seventh edition)⁷⁰ provides the following latest updates on the global situation.

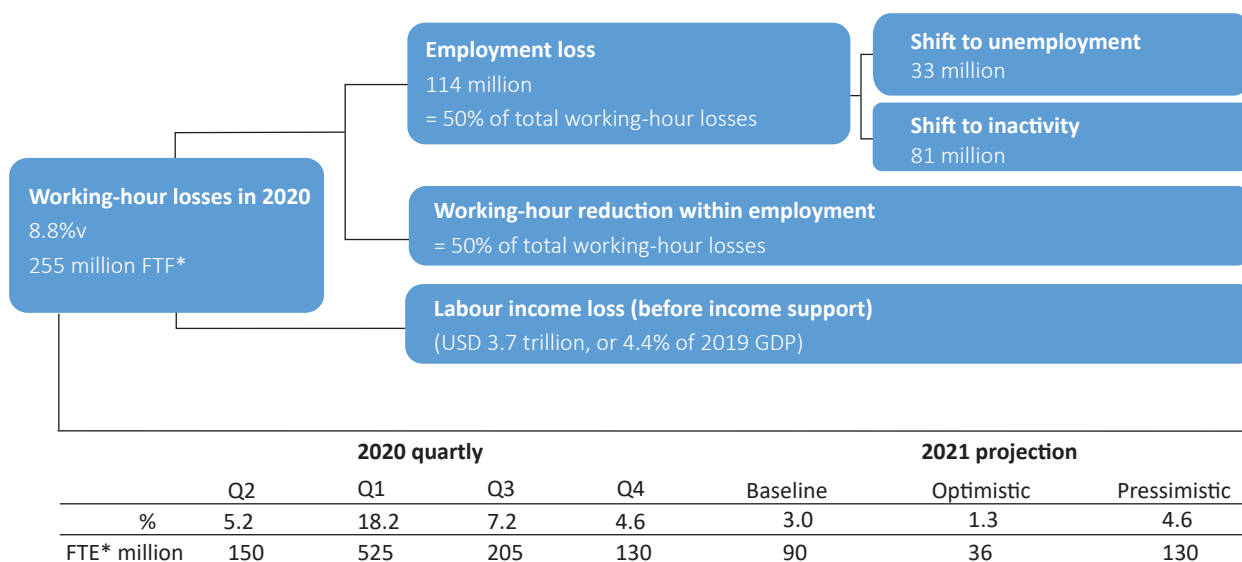
⁶⁹ World Bank, 2020a.

⁷⁰ ILO, 2021.

- (a) The share of workers living in countries with COVID-19 related restrictions has remained high, with 93 per cent of the world's workers residing in countries with some form of workplace closure measures in place in early January 2021.
- (b) In 2020, 8.8 per cent of global working hours were lost relative to the fourth quarter of 2019, equivalent to 255 million full-time jobs. Working-hour losses were particularly high in Latin America and the Caribbean, Southern Europe and Southern Asia. Working-hour losses in 2020 were approximately four times greater than during the global financial crisis in 2009.
- (c) Globally, the decline in working hours in 2020 translated into both employment losses and a reduction in working hours for those who remained employed, with significant variation across regions. Employment losses were highest in the Americas, and lowest in Europe and Central Asia, where job retention schemes have supported the reduction in working hours, especially in Europe. In total, there were unprecedented global employment losses in 2020 of 114 million jobs relative to 2019.
- (d) In relative terms, employment losses were higher for women (5.0%) than for men, and for young workers (8.7%) than for older workers. Employment losses in 2020 translated mainly into rising inactivity rather than unemployment. Accounting for 71 per cent of global employment losses, inactivity increased by 81 million,² which resulted in a reduction of the global labour force participation rate by 2.2 percentage points in 2020 to 58.7 per cent.
- (e) Global unemployment increased by 33 million in 2020, with the unemployment rate rising by 1.1 percentage points to 6.5 per cent.
- (f) Global labour income (before considering income support measures) in 2020 is estimated to have declined by 8.3 per cent, which amounts to USD 3.7 trillion, or 4.4 per cent of global gross domestic product (GDP).³ The largest labour income loss was experienced by workers in the Americas (10.3%), while the smallest loss was registered in Asia and the Pacific (6.6%).
- (g) Projections for 2021, while there are expectations that a robust economic recovery will occur in the second half of 2021 with the roll out of vaccination against COVID-19, the global economy is still facing high levels of uncertainty and there is a risk that the recovery will be uneven.
- (h) The latest projections indicate a persistent work deficit in 2021. Drawing on, inter alia, the International Monetary Fund's economic forecasts from October 2020, the baseline scenario projects a continued loss in working hours of 3.0 per cent in 2021 relative to the fourth quarter of 2019, which corresponds to 90 million full-time equivalent jobs. In the pessimistic scenario, working-hour losses in 2021 will remain at 4.6 per cent, or 130 million full-time equivalent jobs, relative to the fourth quarter of 2019. Even in the optimistic scenario, which assumes more favourable conditions, a loss of 1.3 per cent of global working hours (or 36 million full time jobs) is still expected in 2021 relative to the fourth quarter of 2019.
- (i) Disproportionate impact and uneven recovery. The latest labour force survey data (up to the third quarter of 2020) reveal the contrast between massive job losses in hard-hit sectors (such as accommodation and food services, arts and culture, retail, and construction) and the positive job growth evident in a number of higher skilled services sectors (such as information and communication, and financial and insurance activities). This divergence will tend to increase inequality within countries.
- (j) Similarly, evidence from available country data shows that the impact of the crisis on "post-support labour income" (which includes the income support received by workers) was uneven across different parts of the workforce, although income support measures have mitigated the impact. Overall, losses in post-support labour income were relatively larger for young workers, women, the self-employed, and low- and medium-skilled workers. Often, job destruction has disproportionately affected low-paid and low skilled jobs. All this points to the risk of an uneven recovery, leading to still greater inequality in the coming years.

The figure below from the ILO Monitor January 2021 edition⁷¹ provides a snap shot of “estimates of the working hours, employment and labour income lost in 2020 and projections for 2021.

Figure 12: Estimates of working hours, employment and labour income lost in 2020 and projections for 2021



FTE*; Full-time equivalent jobs (assuming a 48-hour working week)

Source: ILO, 2021.

The IOM COVID-19 response brief⁷² estimated that a decline in remittances 75 per cent of which goes towards essential needs such as day-to-day expenses, health care and education will have a significant impact on recipient families and households. The brief highlights several concerns, as follows:

- » Declining remittances will result in many households falling back below the poverty line as well as cutting back on expenses, including health care and education, with female-led households particularly at risk.
- » Globally, the World Bank projects a decline of 20 per cent in remittances sent to lower and middle-income countries in 2020, representing USD 109 billion.
- » Returning migrants will have limited opportunity and run the risk of facing long term unemployment, resulting in a depletion of any savings achieved while abroad and weak social reintegration in their communities.
- » The COVID-19 outbreak has placed many internal migrant workers in a dire situation, with many losing their (mostly informal) jobs and unable to return home due to disruption to public transport services and movement restrictions. This is the reality for most migrant workers, especially those working in the informal sector and living in overcrowded slums.
- » In 2019, remittance flows to Lower- and Middle-Income Countries (LMICs) became larger than foreign direct investment (FDI), an important milestone for monitoring resource flows to these countries. Recent data reveal that in 2019⁷³, remittance flows to LMICs reached USD 554 billion, slightly higher than our earlier projection (USD 551 billion) published in October 2019. This is expected to decline by 20 per cent, hitting migrant workers and families hard.

⁷¹ ILO, 2021.

⁷² IOM, 2021. COVID-19 Response, Issue Brief – Migration related socioeconomic impacts of COVID-19 on developing countries,

⁷³ The World Bank Group, KNOMAD. COVID-19 Crisis through a migration lens: migration and development Brief 32. April 2020.

Apart from ILO and IOM, several assessments have been undertaken by different organizations in the Pacific. The International Finance Corporation and the World Bank are assessing the impact on the private sector and tourism, commercial banks are in the process of assessing the impact on their clients, tourism organizations like the South Pacific Tourism Organization have been assessing impact on their membership, and multiple UN agencies were actively engaged with their respective constituents on impact and remedial measures. The exact picture on the impact and the success of response will emerge only after the region opens its borders and tourism returns. This in turn will depend on the success of vaccination efforts to address the pandemic as well the overall confidence of travellers post-event.

SECTION 4

IMPACT OF COVID-19: FROM THE PERSPECTIVE OF TUVALUANS SURVEY FINDINGS

This section focuses on the field survey and its findings. It is divided into four sub-sections; (a) Enterprise, (b) Employees currently employed but were affected, (c) Laid-off workers, and (d) Households.

4.1 ENTERPRISES

4.1.1 SIZE AND SECTORS

As in other Pacific Island Countries, Tuvalu's private sector comprises mostly of micro-businesses owned either by an individual or family. A total of 32 businesses were surveyed under this assessment. The survey respondents comprised of 77 per cent micro, 13 per cent small business, 7 per cent medium and 3 per cent large businesses. The three key sectors these businesses operate in are Trade and Commerce (32.3%), Fuel for transport and marine sector (22.6%) and Services (16.1%).

Figure 13a: Business data from national survey in Tuvalu.

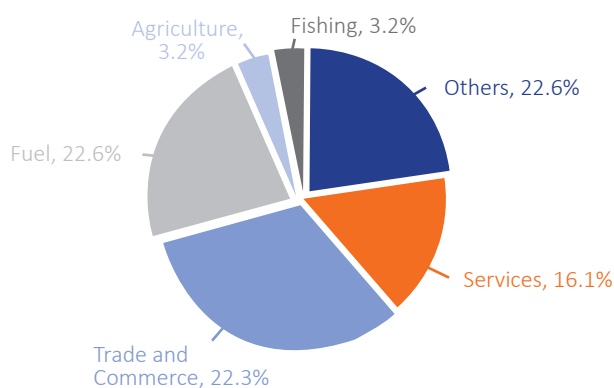
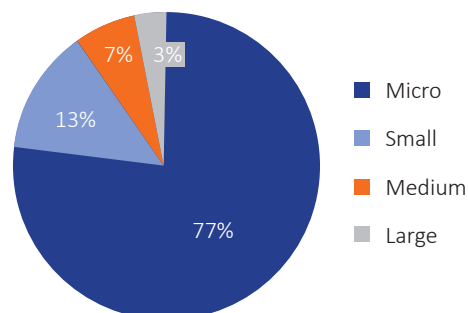


Figure 13b: Type of businesses in Tuvalu by percentage



4.1.2 EMPLOYMENT

Among the businesses surveyed, Trade and Commerce employed the most persons (66%), followed by Fuel (16%). Women constituted 43 per cent and youth made up 47 per cent of the total persons employed in Tuvalu's biggest private sector – Trade and Commerce.

Table 8: Breakdown of Tuvalu's private sector

SECTOR	Male	Female	Total Employees	Youth Employee	People with Disability (PwD):
Trade and commerce	78	63	144	67	0
Fuel	28	8	36	4	0
Fishing	5	1	6	3	0
Services	4	9	13	3	0
Agriculture	0	4	4	0	0
Manufacturing	0	0	0	0	0
Others	7	3	13	4	0

There have not been any significant changes in full time or part-time employment numbers in the current crisis compared to the pre-COVID period. While there has been significant drop in sales, businesses in Tuvalu have not reduced wages and salaries. Statistics show a slight increase in wage payments in 2020 compared to 2019. One of the main reasons for wages remaining stable of the employment source - most workers are employed by the Government and public sector.

Figure 14a: COVID-19 hit on employment levels

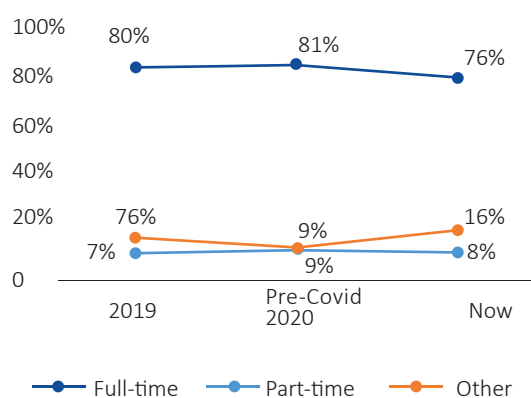
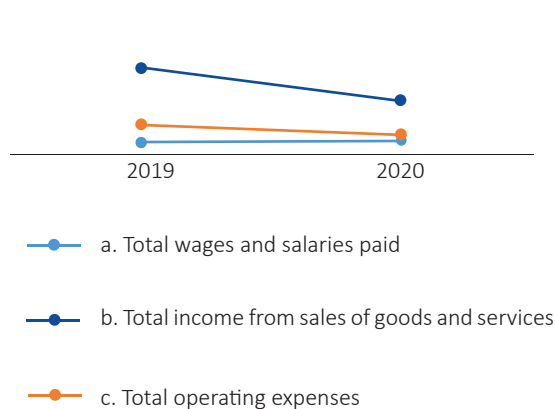


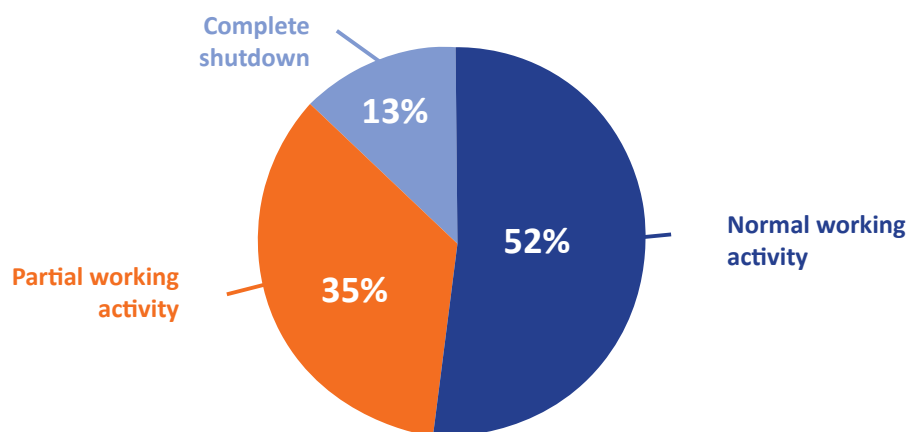
Figure 14b: Businesses: sales, wages and expense



4.1.3 IMPACT ON BUSINESS WORKING HOURS

Figure 15: Impact of business working hours

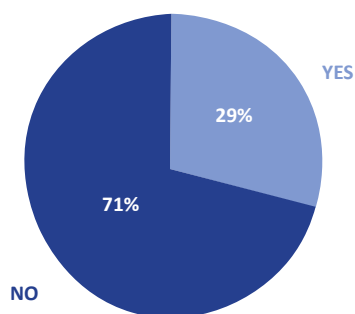
Only 13 per cent of businesses surveyed were shut during the SOE, with 52 per cent reporting normal working activity and 35 per cent partial working activity. Micro-businesses were the most affected during SOE.



4.1.4 BUSINESS CONTINUITY PLANS

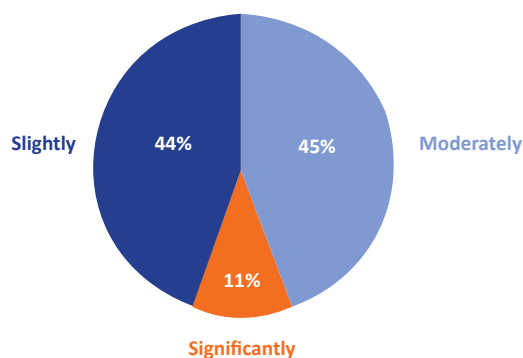
The survey revealed that 71 per cent of Tuvalu's businesses contacted had no continuity plan before the COVID-19 crisis. Of the 29 per cent of businesses that had a continuity plan, 11 per cent reported that the business continuity plan (BCP) helped significantly, 45 per cent stated that it helped "moderately", and 44 per cent said that it helped "slightly". This indicates that businesses need more awareness on the usefulness of BCP and training on tools and applications to make them effective.

Figure 16a: Business continuity plans



Before the COVID-19 crises, did the enterprise have a written business continuity plan?

Figure 16b: How businesses are managing



To what extent is it currently helping the enterprise manage the impacts due to the COVID-19

4.1.5 IMPACT ON BUSINESS OPERATIONS

As Tuvalu's businesses depend significantly on the importation of goods and services, more than one-third of businesses reported that supplies were significantly hindered (38%), while 22 per cent were moderately hindered. Almost 13 per cent noted that this was not applicable.

Businesses admitted to being completely caught off guard (46%) with the pandemic because of inadequate planning, with 25.8 per cent facing short-term disruptions and 19.4 per cent facing long-term disruptions.

Figure 17: Impact on business supplies

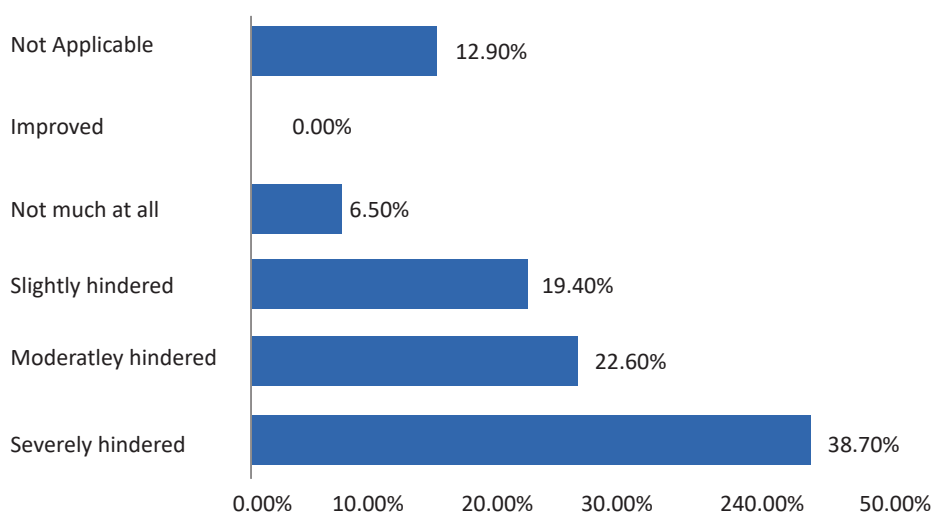
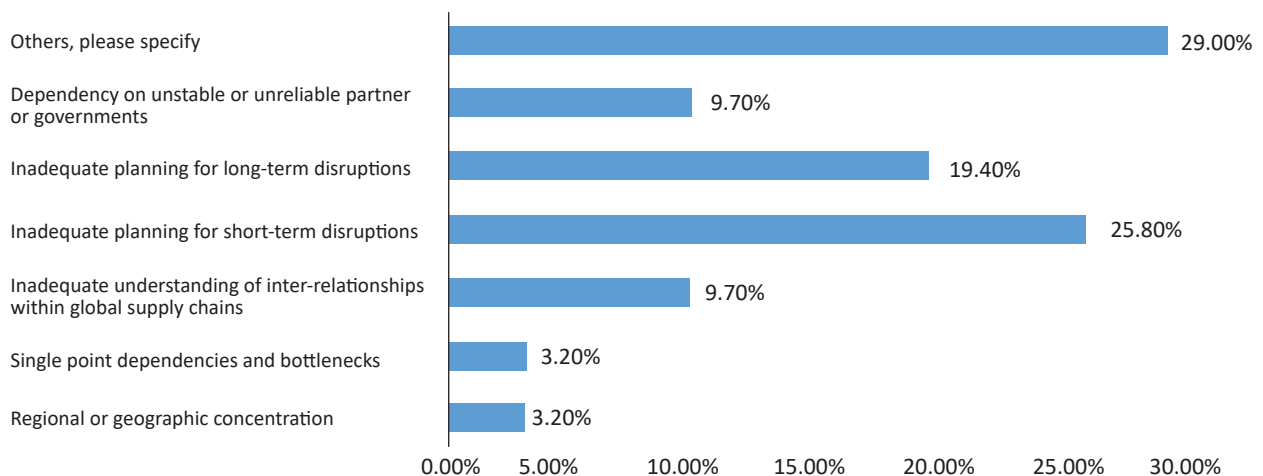


Figure 18: Vulnerable areas to the business sector



The three main impact area for businesses due to the SOE (for pandemic prevention and control measures) are as follows:

- » The decrease in the number of persons employed (25.8%)
- » Reduction in the number of working hours (22.6%)
- » Lack of customers (9.7%)

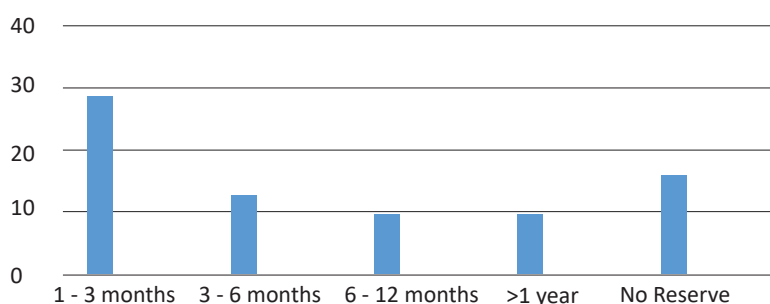
4.1.6 GOVERNMENT SUPPORT FOR BUSINESSES

The survey highlighted that 87 per cent of businesses did not apply for Government support. Of the remaining 13 per cent who applied for support, two thirds (66%) stated that the government stimulus was effective while one third stated the support was not effective.

4.1.7 CASH FLOW CRUNCH FOR MANY BUSINESSES AFFECTING OPERATIONAL SUSTAINABILITY

Under the current situation, 58 per cent of businesses in Tuvalu report having cash flow issues. Nearly 16 per cent report having no cash flow reserve, 29 per cent have reserves that could last between 1-3 months, and 13 per cent of businesses have funds that could last up to 6 months. Around 10 per cent have reserves to survive for six months to one year, while another 10 per cent have reserves for more than a year

Figure 19: Cash flow for businesses



4.1.8 CHANGES EXPERIENCED BY BUSINESSES

From the expected impact of the COVID-19 and resultant prevention and control measures on businesses, below are the top five increases and decreases experienced by businesses:

Table 9: Sales and profit during COVID-19

	Increase (in business costs)
Income from sale of goods and services (61.3%)	Social contributions (e.g. specific community enhancement projects, charity contributions or support (32.3%)
Turnover (54.8%)	Expenditure on Information Technology (IT) (29%)
Productivity (48.4%)	Access and cost of business insurance (29%)
Profitability (41.9%)	Backlog or stockpile of goods (19.4%)
Range of goods or services offered (35.5%)	Logistics costs (19.4%)

4.1.9 WORKING ARRANGEMENTS

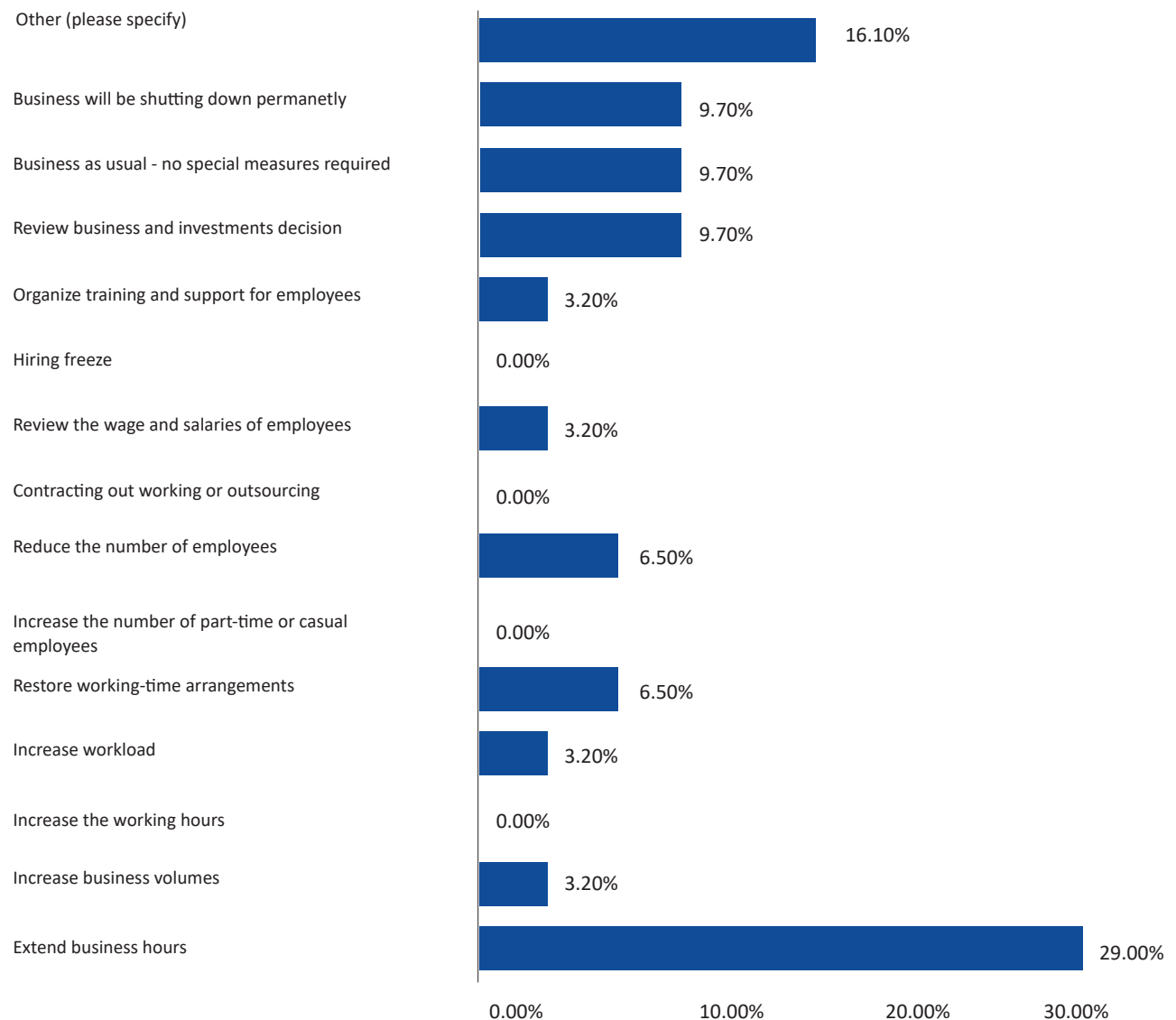
During the SOE, 29 per cent of businesses provided flexible working arrangements, 36 per cent did not offer any flexible working hours and 10 per cent offered remote working or working from home options to employees.

4.1.10 POST STATE OF EMERGENCY PLANS BY BUSINESSES

When normalcy returns (post SOE), 29 per cent of businesses plan to extend business hours to recover lost business, while nearly 10 per cent of businesses plan to shut down permanently. Another 10 per cent of businesses will review their future business and investment decisions.

Only 10 per cent indicated continuing business as usual without any special measures.

Figure 20: Measures being taken to resume business operations



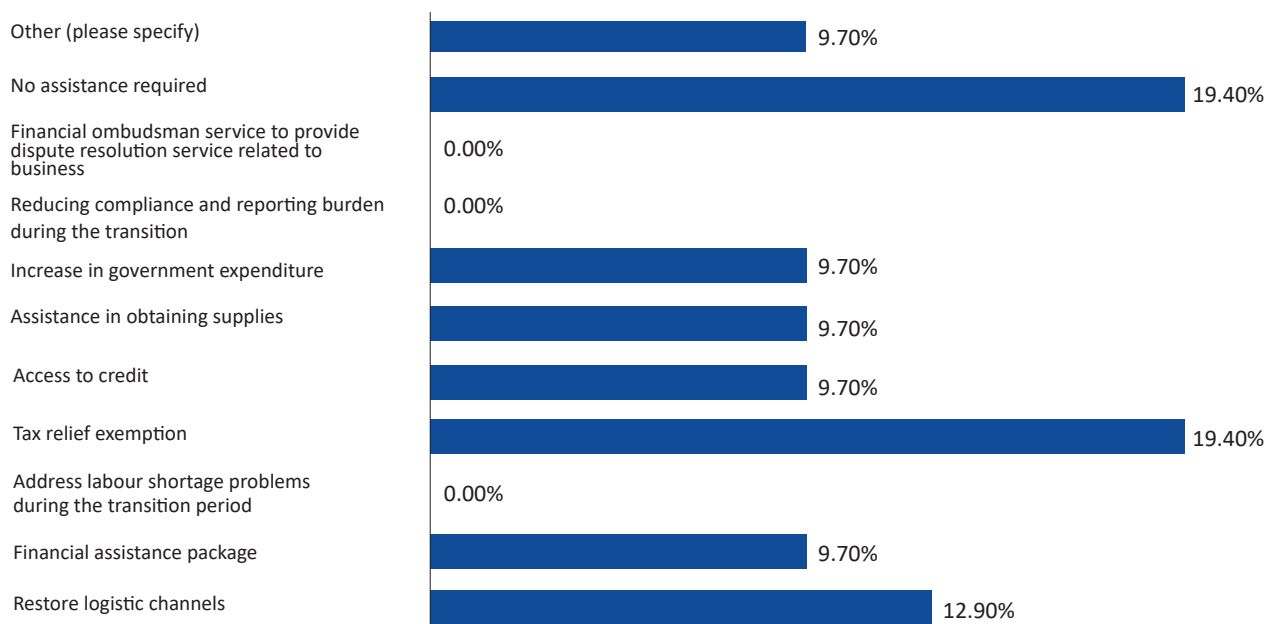
4.1.11 ASSISTANCE REQUIRED TO RESTORE BUSINESS OPERATIONS

The top five key areas of assistance that businesses require from the Government post-SOE are as follows:

- » Tax relief/exemption
- » Restoration of logistics and supply channels
- » Financial assistance packages
- » Access to credit
- » Assistance in obtaining supplies

Interestingly, 20 per cent of businesses stated that they do not require assistance from the Government.

Figure 21: Type of assistances required from Government



4.1.12 BORROWINGS DURING STATE OF EMERGENCY

The survey revealed that 87 per cent of businesses in Tuvalu did not borrow or take a bank loan to keep their operations open during the SOE. However, 61 per cent of businesses confirmed withdrawing from superannuation/pension funds to remain open. Business opted to use their own pension funds to stay afloat to avoid high cost of loans and debt servicing especially in an environment of low sales and income.

Enterprise Story (from local handicrafts to local foods): Tumu Toma



Caption: Tumu Toma ©IOM 2020/Seluselu VAGUNA.

“We used to sell our local Niuan Fans with my husband every week near the airport on Tuesday and Thursday when the plane comes from Fiji. Or sometimes we just sell them direct to the government who may gift them to their Consultants who are leaving the country. We usually collect around AUD 100-150 a week just from selling our local Niuan fans. So when all flights from Fiji were cancelled due to COVID-19, we lost one of the incomes for our family. We continue (to sustain ourselves) by selling local foods during the Tau Maketi function. The tau Maketi was an opportunity created by the Business Department to enable us small businesses to generate income for our family. I thank the Government through the Business Department for the opportunity.”

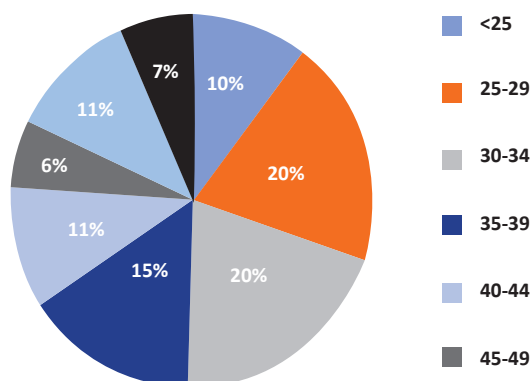
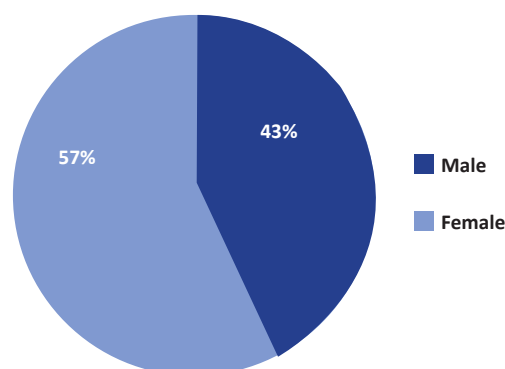
4.2 EMPLOYEES CURRENTLY WORKING BUT AFFECTED DURING STATE OF EMERGENCY

Across the Pacific region, the impact of COVID-19 result in severe economic downturn for tourism-dependent countries. In Tuvalu, the survey results indicate that the impact has been marginal in the immediate term (the “in-crisis” period). The situation is likely to change given Tuvalu’s dependency on external factors.

4.2.1 EMPLOYEES’ PROFILE

The survey comprised of 189 employees of which 57 per cent were female and 43 per cent were male. In terms of age group, half of the workers are below the age of 35 (10% of the workers were under 25 years of age and 40% were between the ages of 25 and 35 years). About 28 per cent of the workers were in the 45–55 years age group, while 7 per cent were over 55 years of age.

The survey data clearly indicates that Tuvalu has significant younger working population whose potential may not be fully realized or utilized.

Figure 22a: Employees age groups**Figure 22b: Employees gender**

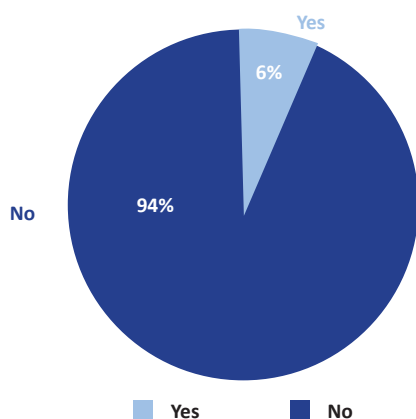
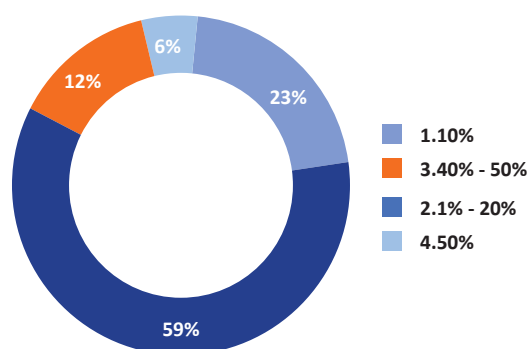
4.2.2 EMPLOYEES WORKING AGREEMENTS

Nearly 60 per cent of employees had employment agreements while 40 per cent worked without any formal agreement. On the other hand 97 per cent of employees are working eight hours per day.

4.2.3 IMPACT OF THE STATE OF EMERGENCY ON EMPLOYEES

Similar to responses from the business survey, the impact of SOE had a negligible impact on working hours. Nearly 97 per cent of employees indicated that the working hours were not reduced and another 94 per cent stated that their wages were not reduced. Of the 3 per cent who indicated reduction in working hours, 25 per cent reported having five hours reduced per week, 42 per cent reported having between 5 to 10 hours reduced per week, and another 25 per cent reported having 20 hours reduced per week. Most of these impacted employees were working in the hospitality sector.

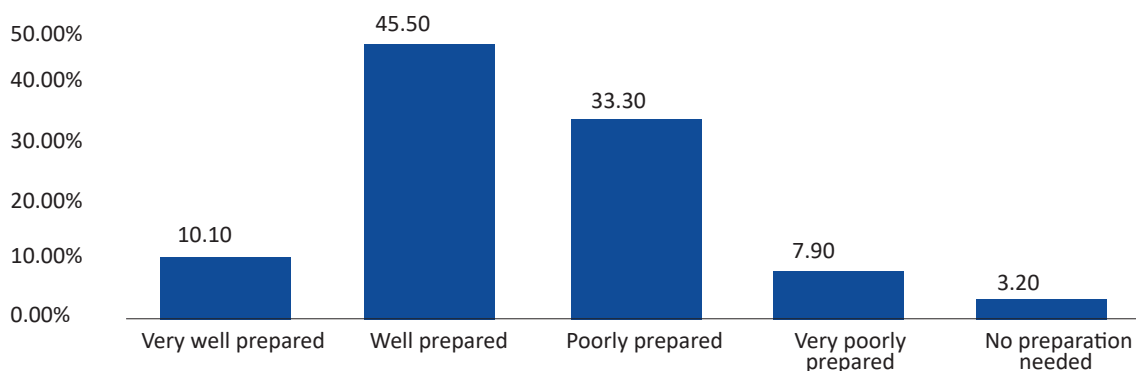
Of the few employees (6%) who had their wages reduced, nearly a quarter of them reported wage reduction by 10 per cent, while more than half of them indicated a wage reduction by 10 to 20 per cent. Around 12 per cent reported a wage reduction by 40 to 50 per cent, and 6 per cent indicated a reduction in wages by more than 50 per cent.

Figure 23a: Reduction of wages due to COVID-19**Figure 23b: Workers working on reduced wage**

4.2.4 WORKERS PREPARED TO MANAGE CURRENT SOE AND SOURCE ALTERNATE INCOME SHOULD PANDEMIC CONTINUE

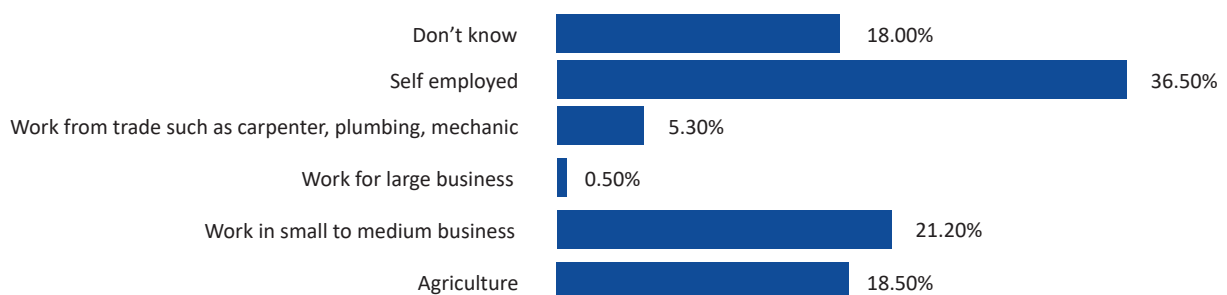
Tuvalu workers who have lived through natural disasters and other external shocks have shown responsibility and maturity handle future disasters. When asked about the current pandemic 45.5 per cent of workers stated they were “well prepared” and another 10 per cent stated they were “very well prepared”. More than a third of workers indicated that were “poorly prepared”, with another nearly 8 per cent stating they were “very poorly prepared” and 3 per cent indicated they had no preparation.

Figure 24: Workers prepared to manage current impacts of COVID-19



Most workers are contemplating alternate source of income or jobs should the pandemic persist. One-third of workers had an option of getting into self-employment, while 21 per cent will opt for jobs in in other small businesses. Nearly 19 per cent would consider returning to their villages for agriculture and farming, while 18 per cent had not planned on any alternate source of income.

Figure 25: Workers considering alternative source of income



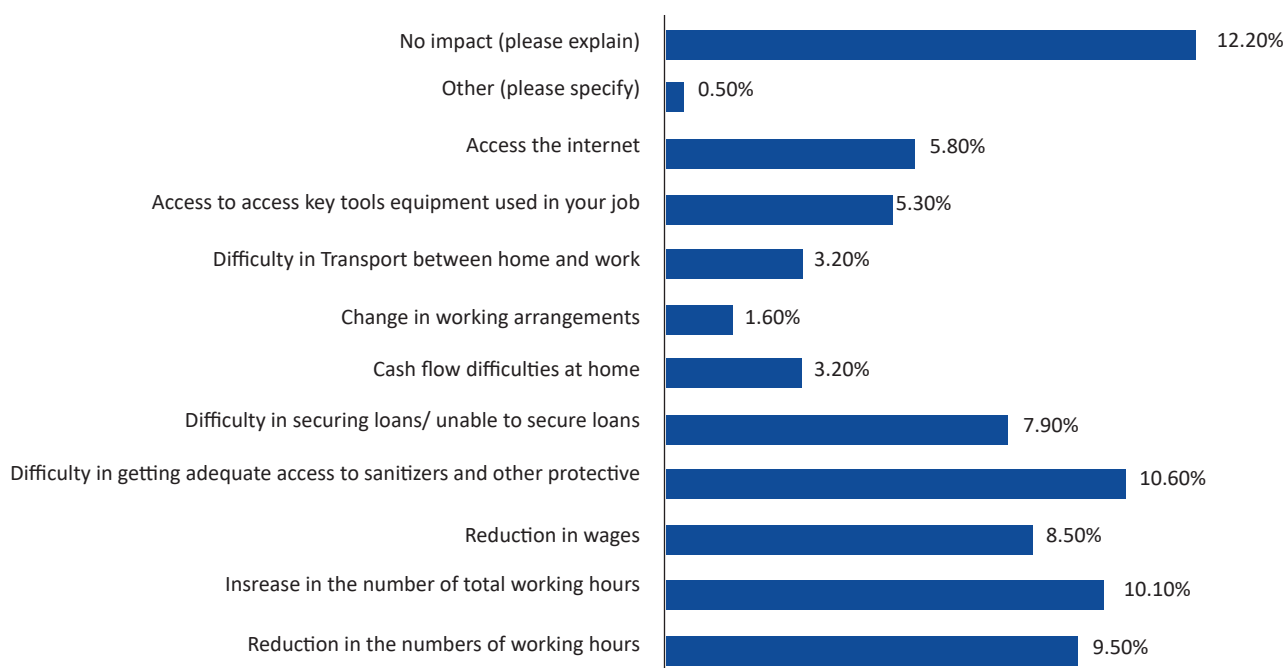
4.2.5 IMPACT OF STATE OF EMERGENCY ON EMPLOYEES

The COVID-19 prevention measures affected workers differently, and many experienced extremely opposite impact. The top five impact areas highlighted in the survey were:

- » Difficulty in getting adequate access to sanitizers and other protective equipment
- » Increase in the number of total working hours
- » Reduction in working hours and wages
- » Difficulty in securing or unable to secure loans (mainly due to low wages and ability to service the debt)
- » Difficulty of access to the internet

Nearly 12 per cent of employees stated that the SOE had no impact on them. because of the SOE. The table below highlights 12 different areas of impact

Figure 26: Impacts of COVID-19 on employees



Employee story (hotel workers to sewing business): Magao Eliu



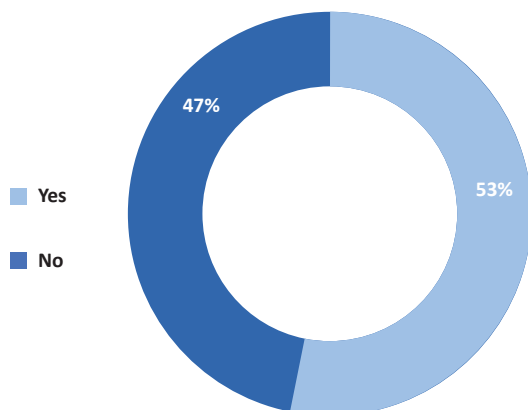
“When our borders closed, no one from overseas like tourists, international consultants who were coming to work with the Government required use of our service at the Funafuti Lagoon Hotel anymore. We were then informed about the reduction of our working hours as well as our pay. Luckily, my husband is also working, as a Police Officer, so we share the rent and our electricity bills. My mum who is also staying with us contributed to our family by in buying food from the money she collected through her shirt sewing business. She managed to earn good money from her customers, using which she meets our other family expenses.”

Caption: Magao Eliu ©IOM 2020/Seluselu VAGUNA.

4.2.6 WORKERS POSTPONED PERSONAL OR FAMILY DECISIONS

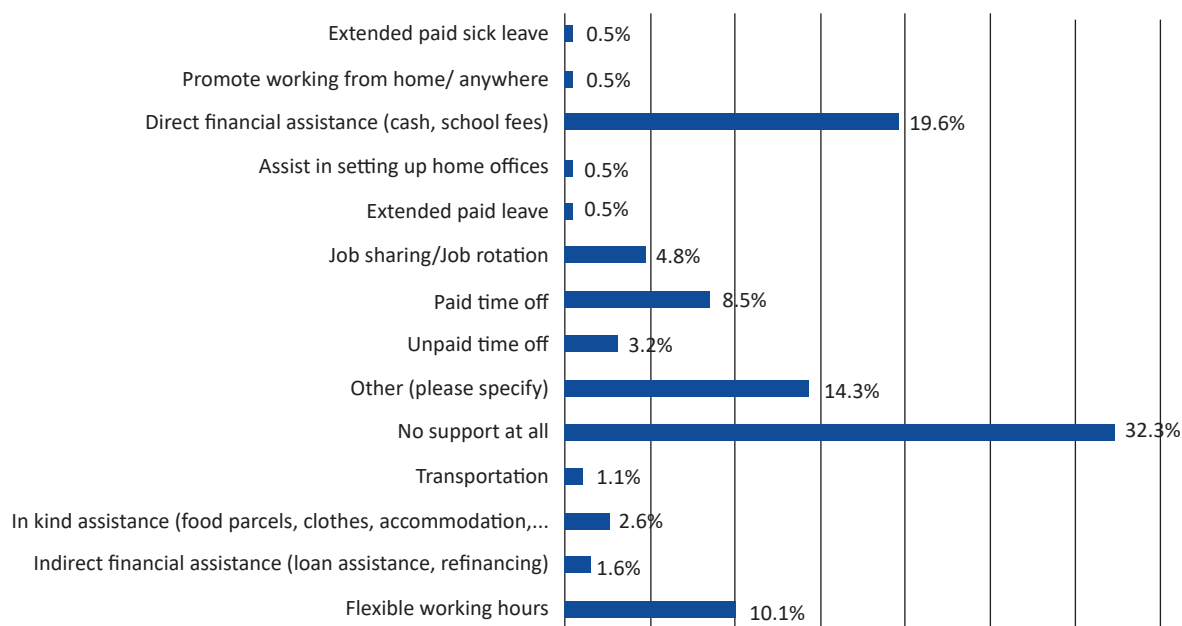
Close to 53 per cent of workers attributed the reason for postponing family or personal decisions to the SOE, while 47 per cent continued their planned personal/family activities regardless of the prevailing situation in the country.

Figure 27: COVID-19 impacting households decisions



4.2.7 EMPLOYERS SUPPORT FOR WORKERS DURING THE STATE OF EMERGENCY

Nearly one-third of the workers surveyed informed that they did not get any support during the SOE, while 20 per cent received direct financial assistance in cash and school fees. Other support extended was by way of paid time off and in-kind assistance.

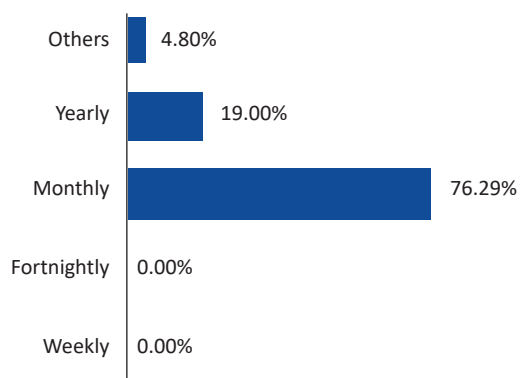
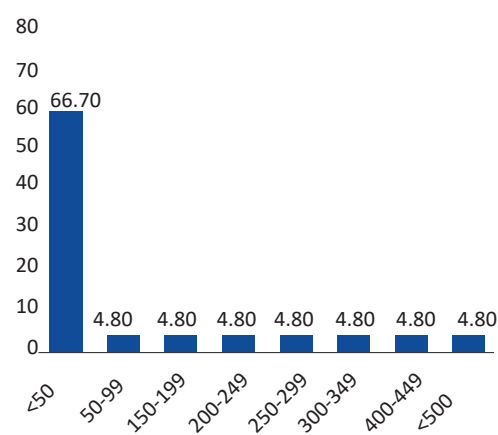
Figure 28: Employer support during COVID-19

4.2.8 ASSISTANCE EXPECTED FROM GOVERNMENT BY WORKERS

When workers were asked about the kind of assistance they expected, majority (50%) sought a combination of extending loans payment to the TTNPF and restoring normal trading hours for businesses and supermarkets. Around 29 per cent were keen for restoration of supermarket trading hours, while 12.5 per cent wanted non-payment of loans given by TNPF to be extended for two to six months.

4.2.9 DIRECT SUPPORT GIVEN TO WORKERS BY GOVERNMENT

More than two-third of the workers have received financial support from the Government of less than AUD 50, while the balance (one-third) had received support ranging from AUD 50 to 500. More than 76 per cent of workers received monthly support.

Figure 29a: Frequency of financial support**Figure 29b: Amount of financial support**

Note: legend (%)

4.2.10 WORKERS' FINANCIAL PRIORITIES AND FAMILY COMMITMENTS

Family commitments (73%) was the largest expense workers had used to spend from the financial support received. This is followed by settling of various bills (18%) and education expenses for children (9%).

Tuvaluans normally have close-knit family groups, hence the number of dependent members is usually large. Among the surveyed workers, nearly half (46%) had six to eight dependent family members and 21 per cent had three to five dependent family members. Only 17 per cent had less than three dependent family members.

Figure 30a: Three main areas that workers spent the financial support

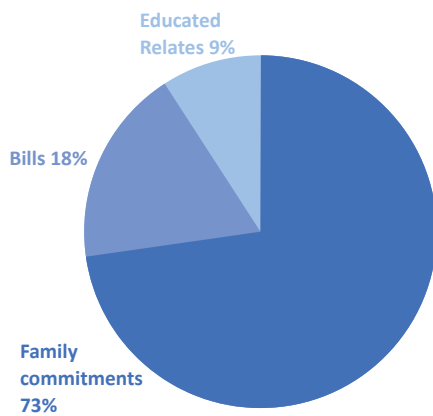
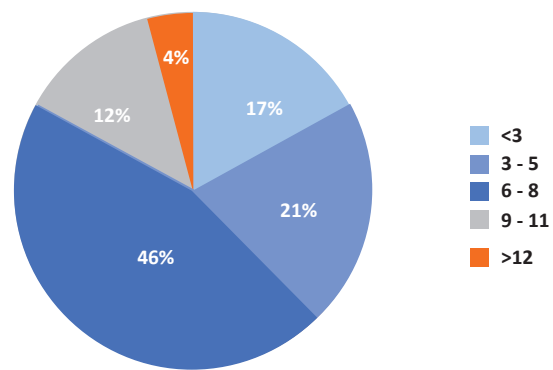


Figure 30b: Dependent family members



4.2.11 HEALTH OF WORKERS DURING STATE OF EMERGENCY

COVID-19 has had a severe impact on the physical and mental health of the global population. In Tuvalu, 56 per cent of workers indicated that SOE and pandemic affected their health, especially for those with NCDs, while 44 per cent stated that they had no specific health issues. A further in-depth medical evaluation of the workers will be helpful in diagnosing any prevalent physical and mental health issues.

4.3 WORKERS LAID-OFF DURING STATE OF EMERGENCY

As is the case throughout the world, some Pacific countries have forced businesses to scale back or shut down operations and lay off workers temporarily or even permanently. In Tuvalu, the SOE had disrupted normal business operations resulting in an estimated five per cent of the total workforce being laid-off temporarily (i.e. 115 workers laid-off out of a total workforce of 2,335).

4.3.1 PROFILE OF LAID-OFF WORKERS

Of the 23 laid-off workers revealed that 92 per cent were male, and 50 per cent were in 30 to 40 years age bracket while 33 per cent above 40 years of age. Only 17 per cent of the younger workforce (15–35 years of age) was laid-off temporarily.

Next to 62 per cent of laid-off workers had contributed to the TNPF when they were employed. Most affected workers were connected to the marine sector (Fisheries Observers 52%, Seafarers 35%, and Cleaners and others 13%).⁷⁴

Figure 31a: NPF Contributions by Laid-off Workers?

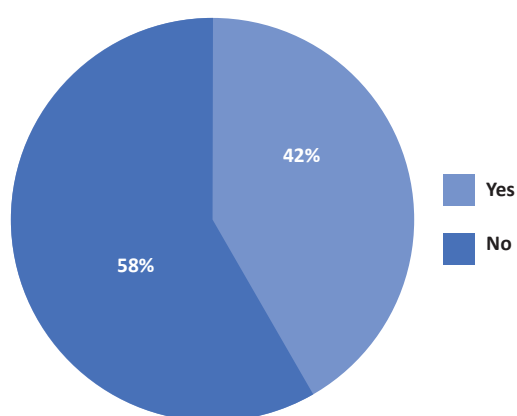
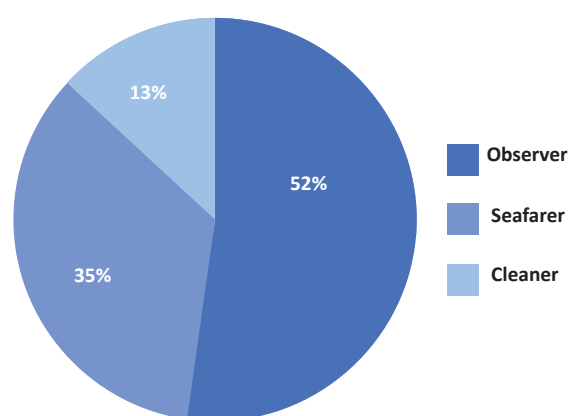


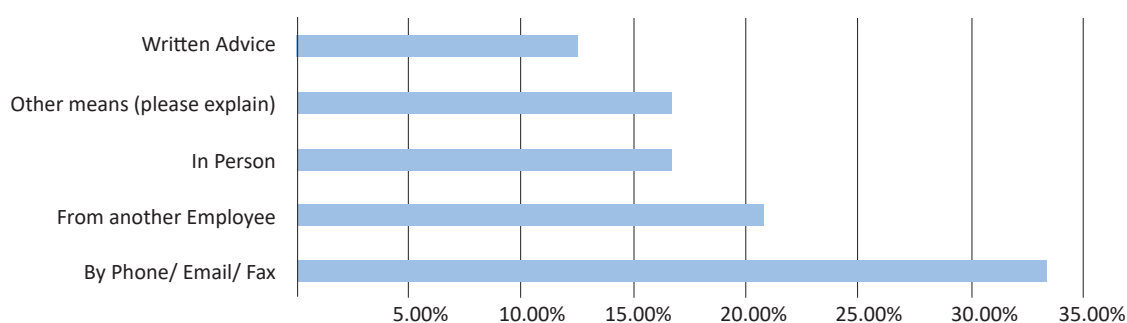
Figure 31b: Top 3 skills categories affected



4.3.2 PROCEDURE FOR LAYING OFF WORKERS

Most of the workers were informed of the laying off by telephone or email (33%), 21 per cent were informed through another employee, and 17 per cent informed directly in person. Only 13 per cent of the workers were given written advice.

Figure 32: Lay-off procedures



⁷⁴ Data obtained from Trade Unions.

4.3.3 IMPACT ON LAID-OFF WORKERS

In addition, 67 per cent of workers laid-off were earning more than AUD 800 per week. Most of the laid-off workers had many dependent family members; 46 per cent with six to eight dependents and 21 per cent with three to five dependents. Another 12 per cent of laid-off workers had between nine to dependent family members while 4 per cent had more than 12. 70 per cent of laid-off workers indicated that SOE had significant impact which resulted in postponement of personal and family decisions.

Figure 33a: Gross Income for laid-off workers

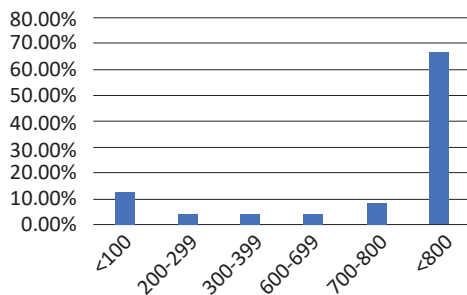
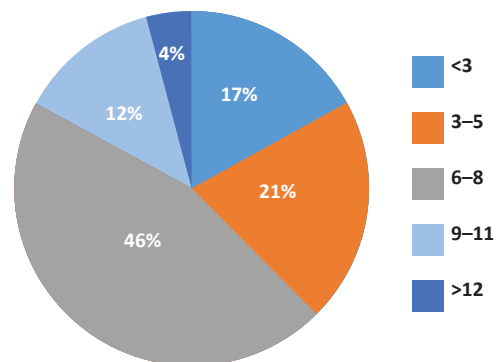


Figure 33b: Dependent family members



4.3.4 STATUS OF WORKERS POST LAY-OFF

The survey showed that 67 per cent of laid-off workers in Tuvalu were unable to find alternate jobs and the one third who did were working in areas which did not necessarily match their skills. Most of these workers have opted to work as construction workers (50%) and security (25%), while the balance are working at available casual jobs. Most of these workers are earning 50 per cent less in these alternate jobs compared to their previous employment.

Moreover, 58 per cent of laid-off workers received redundancy packages, and of those, 60 per cent received cash payouts between UD 100–300, while 30 per cent received more than AUD 300 and 10 per cent received less than AUD 100. In addition, 88 per cent of laid-off workers had withdrawn money from the TNPF.

Figure 34a: Laid-off workers with alternate jobs

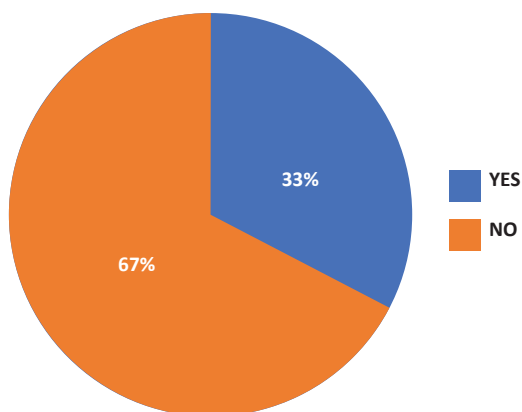
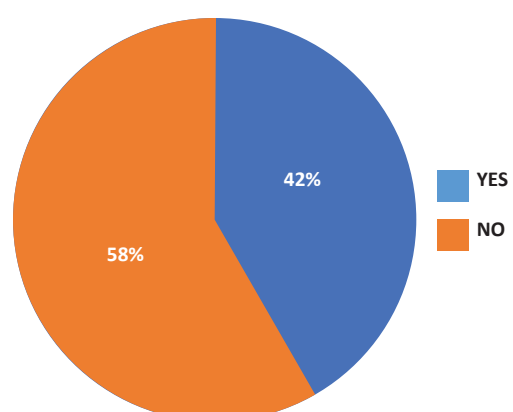


Figure 34b: Receiving redundancy package



4.3.5 GOVERNMENT SUPPORT RECEIVED BY LAID-OFF WORKERS

Nearly 67 per cent of laid-off workers received government assistance of less than AUD 50 on a monthly basis, which is being spent mainly on food and family commitments. Another one-third of laid-off workers are receiving assistance ranging from AUD 100 to 500.

4.3.6 LAID-OFF WORKERS PLANNING FOR THE FUTURE

Though most of the workers expressed surprise at being laid-off, 50 per cent laid-off workers were well prepared but nearly one-third were poorly prepared. Should the pandemic persist, nearly 42 per cent of laid-off workers plan to develop and work in life or trade skills such as carpentry, electrical works, plumbing, and mechanical works. 25 per cent of laid-off workers plan to venture into self-employment, while another 25 per cent plan to find jobs in other small businesses if available. Additionally, the laid-off workers request postponement of repayment of loans to the National Provident Fund.

If given an opportunity, 63 per cent of laid-off workers plan to migrate and work in different areas including Seasonal Worker Programmes in Australia and New Zealand.



WALTER GOKRUN (FISHERIES OBSERVER)

Mr Walter Gokrun is from Vaitupu, an island in the central group of Tuvalu. He is a married man with two children. Walter started his career as a Fisheries Observer in 2017. His last contract from one of the purseiners ended in December 2019. He had another assignment at the beginning of 2020 on another purseiner but unfortunately could not take it up because of border closures in place to safeguard Tuvalu from the COVID-19 pandemic.

Caption: Walter Gokrun ©IOM 2020/Seluselu VAGUNA.

“Prior to COVID-19, Observers like myself spent little time with our family, because of the demand for Observers in the Pacific to work on purseiners licensed to fish in our waters. We used to get good money when you spend three to four months contract out at. Upon our return, we usually submit our reports for ‘check and marking’. Once these have been marked, we can receive our money,” said Walter, who is now laid-off.



Caption: Walter Gokrun ©IOM
2020/Seluselu VAGUNA.

He supports wife, children as well as his parents. Walter experienced financial difficulties at the beginning of this year when border closures were implemented. “When we heard about it, people had already started buying foods in preparation for the lockdown. This is when we faced financial challenges because we spent most of the money on buying enough food for our family, before considering other important family expenses like our monthly rent, bills, etc.”

Since that time, Walter has started a small garden at home where he grows pawpaw, cabbage and cucumber for his family’s needs. He then started to sell curry to his friends and other relatives to meet family expenses. During the first repatriation flight to the country, he registered his interest at the Tuvalu National Private Sector to provide private catering services to incoming Tuvaluans who are in quarantine for 14 days. He is now also being invited by Government officials to cater for workshops with his famous curries. While the work is welcome, Walter clearly misses life out at sea. “I am hoping that we back to normal early next year so that I can go back to work,” he admitted.

4.4 HOUSEHOLDS

4.4.1 HOUSEHOLD PROFILE

A total of 87 households in the capital of Tuvalu (Funafuti) were covered by the assessment. Tuvalu’s households typically comprise of immediate family members and relatives. Apart from children and grandchildren (39%), relatives (23%) constitute the next major group of people living in a household. Approximately 53 per cent of the households are headed by male and 47 per cent by females. A quarter of the households have children under than 10 years of age.

Majority of the households have not indicated disabilities or special needs among household members. According to information collected in this area, 91 per cent of households report having no mobility challenges, 87.5 per cent report having no visual / eye-sight challenges, 87.5 per cent without auditory challenges, and 95.3 per cent have no memory challenges.

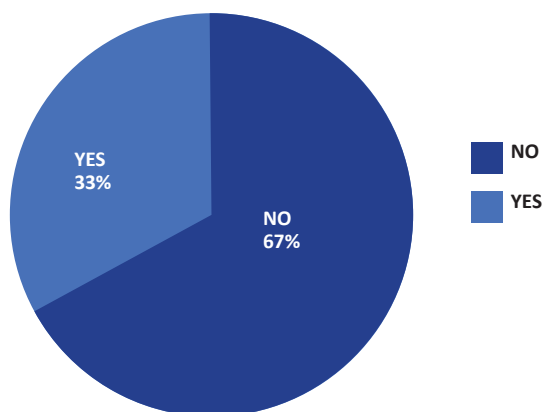
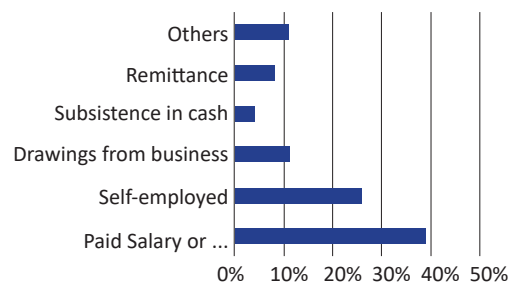
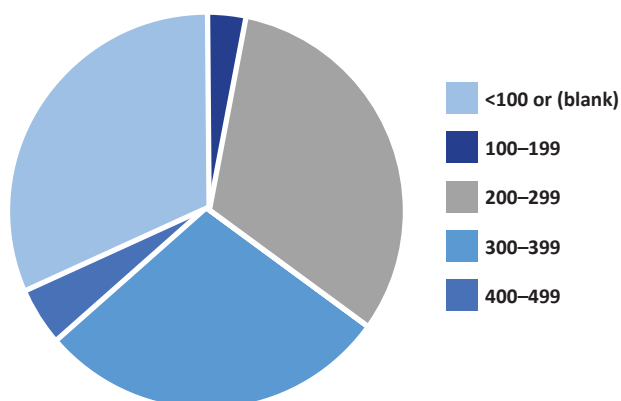
4.4.2 SOURCE OF INCOME

Nearly 83 per cent of households with four or fewer people living in the household have more than one source of income. Nearly 40 per cent of households’ source of incomes are from paid jobs/employment, while a quarter of the households depend on self-employment.

4.4.3 REMITTANCES

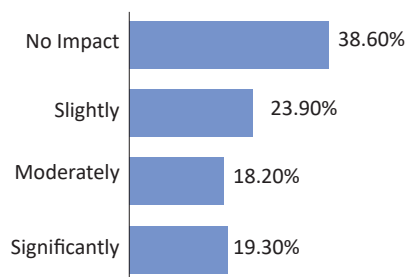
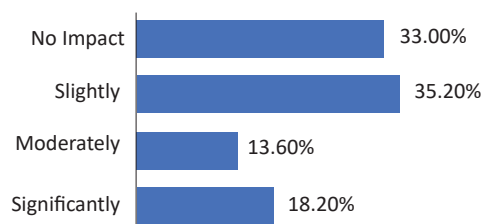
Of the households surveyed, 93 per cent had no one working overseas or were not dependent on remittances. Of the households who did report family members working abroad, two thirds did not receive any remittances.

One-third of the remittance recipient households received between AUD 200–250 a month, while nearly 28 per cent received between AUD 300–350, and 17 per cent received more than AUD 400.

Figure 35a: Households receiving support from overseas**Figure 35b: Source of household income****Figure 36: Remittance received from family overseas**

4.4.4 IMPACT OF COVID-19 ON HOUSEHOLDS

Nearly two-third of the households reported either no impact (39%) or slight impact (24%) on their incomes. However around 20 per cent reported significant impact on their incomes due to SOE's prevention and control measures. In terms of food security, 68 per cent of the households reported the SOE having slight or no impact, while around 18 per cent stated that SOE had significant impact.

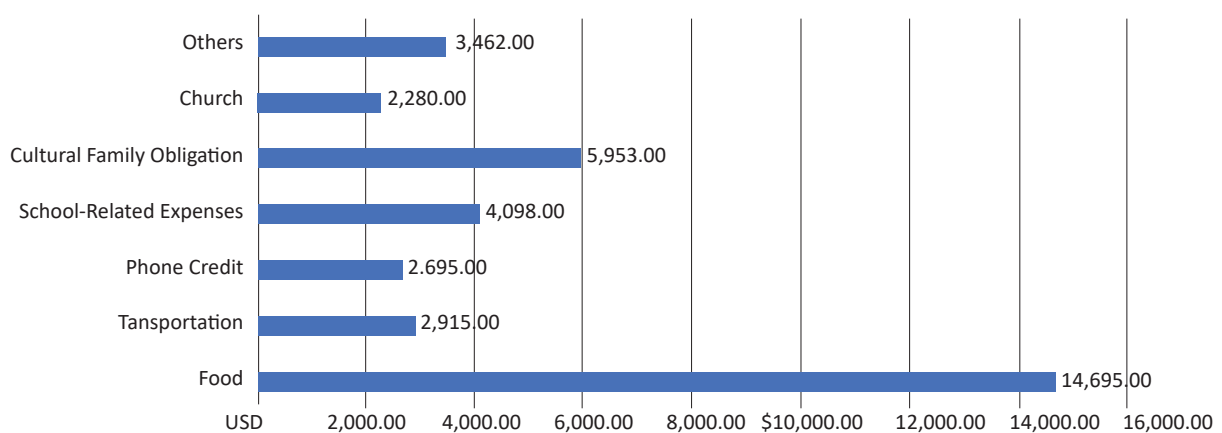
Figure 37a: Impact of COVID-19 on household income**Figure 37b: Impact of COVID-19 on household food security**

Around 40 per cent of households' income was spent on food expenses and the next highest expense borne by the households was on cultural and family obligations (17%). This was followed by education-related expenses (11%) and transportation (8%) and church obligations (6%).

Head of households outlined their top three concerns if the pandemic persists:

1. Increase in prices of goods
2. Repatriation of their relatives to the outer islands
3. Stopping of the medical scheme due to border closures

Figure 38: Summary of Household Expenses



Household story (fishing helps family overcome job losses): Saloa Lii



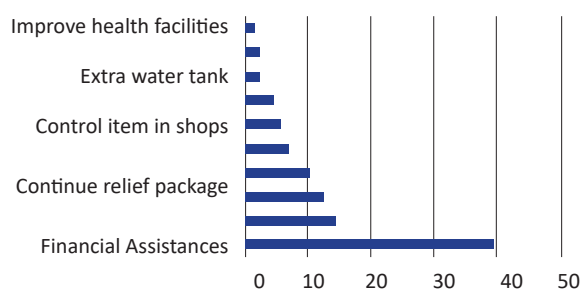
Caption: Saloa Lii ©IOM 2020/Seluseluv VAGUNA.

"I have two sons who worked as stevedores at the Funafuti Port. We depended quite a lot on them in terms of financial support for the family. Before COVID-19, my two sons used to get good pay from their overtime. When the Government put in place prevention measures for COVID-19, overtime pay for my sons stopped. I do not know why but I believe the Government has committed to COVID-19 related projects. My sons and I started to go out fishing, and we sell out to our neighbours. I also receive a bit of money from my massage clients. From these activities, we manage to buy food for our family and pay for our monthly electricity bills."

4.4.5 SUPPORT TO HOUSEHOLDS

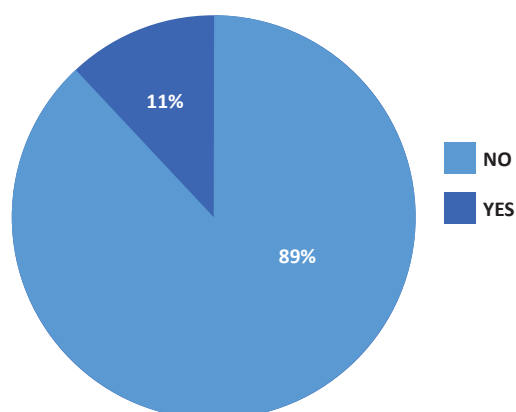
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Figure 39: Types of assistance needed by households (%)



In terms of the types of assistance households need, more than 50 per cent wanted financial assistance to meet their daily needs including food expenses. Only 10 per cent of the households mentioned that they don't need any support from the government.

Figure 40: Family returning to Tuvalu



Nearly 89 per cent of households mentioned that their family members working overseas will not be returning to Tuvalu. Those who did return or are planning to return admitted that Government supported their repatriation. However, 89 per cent of the households mentioned that there is currently no government package to migrants returning to the country.

SECTION 5

CONCLUSIONS AND RECOMMENDATIONS



The conclusions and recommendations found in this report are based on a scientific assessment involving an approved process and methodology, field surveys and focused group meetings in collaboration with the National Tripartite Committee, including Government officials, employers and workers.

Additionally, recommendations are contextualized and localized on the policy response frameworks developed by IOM and ILO for tackling the economic and social impact of the COVID-19 crisis. Broadly, both IOM and ILO advocate implementing policies and programmes that can significantly mitigate the negative socioeconomic impact of the crisis by promoting economic stimulus, supporting social cohesion and addressing rising unemployment.

These include:

- Balancing support for enterprises and workers and their families;
- Supporting the inclusion of returnees or remittance-recipient households;
- Stimulating and incentivizing remittances by reducing its cost;
- Not allowing the crisis to derail the normative framework, international labour standards, Decent Work Agenda and the 2030 agenda of SDGs;
- Social dialogue remaining at the heart of policy making during the crisis; and
- Continued global solidarity and partnerships with international agencies, financial institutions and donor countries to ensure the most vulnerable Member States are not left behind.

RECOMMENDATIONS

Recommendation 1: (a) Stimulating Economy and Economic Activities

Tuvalu, like most SIDS, faces a number of economic challenges. Despite these, a number of real opportunities for growth exist which the country can take leverage and take advantage of using available resources and capacity.

- 1.1 Unleashing the potential of “Blue Economy”: Tuvalu’s land mass may be small (at 29 sq kms) but the country has a significantly large exclusive economic zone (EEZ) of approximately 900,000 sq kms at its disposal. Like many small island developing States, Tuvalu has an excellent opportunity to immediately adopt and leverage a “Blue Economy” policy for the benefit of all Tuvaluans. Blue economy refers to sustainable ocean-based and maritime-related economic activity for the country. This policy model is being widely embraced by Tuvalu’s South Pacific neighbours with the support of international development partners, and Tuvalu is perfectly suited to do the same. This will require a fundamental change in the way Tuvalu currently utilizes its vast EEZ and the renowned sea-faring abilities of Tuvaluans. Beyond just a subsistence-based reliance on the ocean (fishing, observing and boating), the country must explore options related to the Blue Economy and put in place educational and skills development programmes to support an empowered workforce.

Blue economy holds the greatest promise promoting social inclusion and gender equality across Tuvalu’s maritime and outer islands. This post COVID-19 strategy could also be used to create more jobs among the youth and coastal communities. In addition to the broad policy, Tuvalu could also design a time-bound strategy and an institutional framework to make the blue economy agenda a reality with the support from multilateral financial institutions and donors.

- 1.2 Driving greater returns from Dot.TV: Though Tuvalu has gained prominence by monetizing country domain (.TV) with nominal royalty, its full potential has not been realized, nor has it contributed to Tuvalu's coffers in any meaningful way. The country has an opportunity to change this and earn significantly more foreign revenue by renegotiating the .TV agreement that is due in 2021. The renegotiation must also ensure that any future agreements include reinvestment in the country's internet and telecommunications infrastructure, thereby giving the government and the people reliable and cheaper internet access. At present, Tuvalu receives a paltry USD 5 million annually from .TV agreement, while Verisign's domain registry, which operates '.TV', earned a total revenue of USD 1.21 billion in 2018. This means Tuvalu's share of the income is only 0.4 per cent.
- 1.3 Trending Tourism: Tuvalu has been the global face of the fight against climate change. It is usually high on the global news agenda when it comes to coverage of the climate change crisis. Concerned global citizens are likely to visit Tuvalu, not only as tourists, but also as researchers and change advocates. There would undoubtedly be an appetite for such travellers to study, highlight the country's plight and contribute towards evidence-based knowledge sharing and solutions. Tuvalu could revisit its tourism strategy and introduce a focus on "Climate Change Tourism" as a niche. Tuvalu can promote this niche to specific target groups such as climate change students, activists, climate advocates, volunteers and adventure tourists. Destination Tuvalu could be promoted in universities and educational institutions in the United States, Canada, Europe, Japan, the Republic of Korea, Taiwan Province of the People's Republic of China as well as Australia and New Zealand. This strategy has the potential to increase tourists' arrivals, provide local jobs and increase economic activity. It could also spur development and investment in tourism and travel infrastructure in the country.
- 1.4 Engaging the Tuvaluan diaspora: The Government of Tuvalu, in coordination with its overseas missions, explore the potential of engaging and enabling the Tuvaluan Diaspora and non-resident Tuvaluans (NRTs) to enhance remittances, or invest – through capital development or bringing savings back home – to boost much-needed foreign reserves, thereby contributing to the country's socioeconomic resilience. The Government could create conditions conducive for such investment by NRTs in Tuvalu as social entrepreneurs in climate change projects as well as for potential opportunities in the Blue Economy. Social entrepreneurship may align well with the interest of NRTs as it is designed to improve the lives of Tuvaluans at home.

Recommendation 1: (b) Food Security and creating jobs and incomes

- 1.5 Innovative food security policies as an alternate to food importation: With limited land mass and high soil salinity, Tuvalu is dependent on food importation, resulting in food security and health risks arising from non-communicable diseases (NCDs). In recent years, there have been some innovative initiatives such as "Tuvalu Food Futures"⁷⁵ to produce healthy food in small spaces by establishing highly productive, water-efficient food gardens with special compost recipes using local biomass for increasing nutrients in the soil. Moreover, according to the global food production index⁷⁶ the small food crops produced in Tuvalu are considered to be edible and to contain sufficient nutrients. The Government could use this concept to stimulate the economy and support more food self-sufficiency initiatives, with attractive financial incentives and technical support. This would not only bring about a healthier population free from NCDs, but also save valuable foreign reserves in the process. Additionally Tuvaluans could be encouraged to grow crops such as breadfruit, bananas and pandanus.

⁷⁵ <https://reliefweb.int/report/tuvalu/agricultural-specialists-team-provide-locally-grown-food-solutions-tuvalu>

⁷⁶ <https://tradingeconomics.com/tuvalu/food-production-index-2004-2006--100-wb-data.html>

Recommendation 2: Supporting Businesses, Workers and Households

2.1 Empowering businesses

- (a) As Tuvalu's private sector landscape comprises mainly of micro businesses, there is an urgent need to empower local businesses by having a national policy that defines micro, small, medium and large businesses, with a practical strategy for targeted interventions to reduce cost and ease of doing business in the country.
- (b) Due to limited physical space, Tuvalu can explore the development of a small business incubator, which can provide all business support services under one roof. Incubators empower businesses to innovate and improve the entrepreneurial ecosystem by providing access to basic business support services (registration, access to finance, workspace, expertise, etc.), thus incentivizing youth start-up and encouraging expansion. This has good potential for scale and sustainability.
- (c) Tuvalu needs to unlock the potential of its youth by encouraging, developing, and building capacity for a new generation of social entrepreneurs and social enterprises, especially related to climate change mitigation, waste management, and other intersecting themes.
- (d) While there has been no significant impact on businesses during the state of emergency (SOE), there will be severe cash flow challenges and business disruption should the pandemic persist globally. The Government, in consultation with multilateral financial institutions and partners, could develop a second stimulus package to address the cash flow issues and protect jobs in the private sector.
- (e) Tax relief and rescheduling Tuvalu National Provident Funds repayments will help businesses to make future business and investment decisions. A similar strategy has been used in a number of countries within and outside the region.
- (f) Capacity-building of tripartite partners (government, workers and employers) is key for the successful implementation of any initiatives. The current assessment has identified the need for applying the use of data to enhance internal institutional capacity and meet the demands of their respective membership. Social partners have also expressed their interest in being actively engaged in the design and implementation of future surveys (as opposed to being passively provided data).

2.2 Supporting workers

- (a) During the SOE, workers opted to withdraw their savings from the NPF to meet urgent needs, and these withdrawals are bound to affect their future retirement benefits. To avoid future dependence on this option, there is a need for alternative initiatives, such as Employment Insurance Scheme to protect workers during difficult situations like natural disasters, personal health challenges, and funerals. There can be a separate initiative within the TNPf through a public-private partnership with local or regional insurance providers. In fact, as a first step, the Government, in consultation with workers and employers associations, could explore the introduction of insurance schemes for overseas workers, particularly those in higher risk professions such as the marine sector.
- (b) While many workers were not significantly affected during the SOE, the situation may change should the pandemic persist. In such a situation, Tuvalu could consult with workers unions on a preparedness strategy such as a wage subsidy scheme. This could be a targeted short-term intervention for the most affected workers in key sectors.

- (c) Special social protection schemes for redundant workers could be introduced through social dialogue. The ILO and other partners help design and support these needs-based schemes that will act as a cushion for workers especially during disasters.
- (d) The establishment of a Tuvalu Trade Union Congress as an umbrella organization will be of benefit to the commerce of the country and is highly encouraged.
- (e) Employment intensive infrastructure schemes will go a long way to mitigate job losses and can help provide immediate income support to families and communities. This will also result in increased consumer activity and boost business confidence.
- (f) Workers who have lost jobs or are at risk of job losses should be provided with options to develop new skills or to upgrade their existing skillset. This could be done in collaboration with the TMTI (for seafarers), other non-governmental organizations (NGOs) as well as faith and community-based organizations.
- (g) The development of curriculum to train and upskill seasonal and fisheries workers in areas such as financial literacy, business for beginners and innovative pathways in Tuvalu would help ensure concepts like remittances, savings and investments are fully utilized.

2.3 Helping households

- (a) Tuvaluans live in communal households as part of an extended family setting, and like many Pacific Islands, caring for and supporting the livelihoods of the community is part of Tuvaluan culture. Their needs extend to both moral and financial support during times of crisis like natural disasters and the pandemic. Apart from financial support, most households requested for essential groceries for their members.
- (b) During the SOE many households were under emotional stress. The Ministry of Health could undertake a nation-wide road show for physical and psychosocial counselling assistance, with the aim of creating an awareness on managing stress, healthy living, and prevention of NCDs.
- (c) Short-term socioeconomic support programmes must be implemented to support remittance-dependent families who are facing a sudden loss of income including, particularly, for women-headed households. These programmes could be targeted to meet basic needs such as children's access to education and health services.

Recommendation 3: Migration and remittances making it relevant

3.1 Migration governance and policy- Expedite its implementation

- (a) The IOM Report on Migration Governance (2018) in Tuvalu had outlined specific measures to support migrants during crisis and post-crisis phases in the country. This is an opportune time for Tuvalu to expand those recommendations and make them relevant to the current crises with an urgent implementation plan and, if necessary, with the technical and financial support of donors.
- (b) The recommendations of the 2015 Tuvalu National Labour Migration Policy (TNLMP) have all the key instruments applicable to pandemic crises and need to be implemented with a practical action plan. Among the many recommendations that can be expedited is the strengthening of existing institutions to coordinate and support Tuvaluan workers. While this is currently being done in a selective basis, it needs to be institutionalized. This can include assisting in negotiating with host countries on issues relating to workers' rights, diversifying new labour markets, establishing a database of skilled workers, and maintain records of all overseas workers. A

strengthened institution could also be valuable in ratifying communication systems to receive information on the evolving nature of crises and how to access assistance. The local financing mechanism called the Survival Trust Fund (STF) could be extended to finance remittance dependent households affected by the pandemic.

3.2 Promoting social cohesion and develop migration specific instruments

Though the survey indicated that not many Tuvaluans intend to return home, the few who are planning to return should be provided with a conducive environment which facilitates the social and economic reintegration of returnees into the community. While the TNLMP recognizes, special packages need to be developed for returnees to make the social inclusion successful.

New migration-specific instruments must be designed in collaboration with financial institutions to support economic stabilization. This will contribute to the utilization of savings for productive ends, meet to the needs of returnees and stimulate local economic and labour market activity. Such incentives are particularly important in the current crisis as returnees may not have sufficient equity capital or access to credit and grant programmes that can help to bridge this financial gap allowing them to develop long-term livelihood plans.

3.3 Utilising remittances effectively with training

- (a) Presently, most of the remittances are used to meet the daily food expenses, bills and educational needs of children. There is also a need, however, for financial literacy around managing and productively utilizing remittances. While local financial institutions are providing some awareness, this needs to be a formal, structured initiative under a national financial task force as is the case other Pacific countries.
- (b) During the current crisis many financial institutions across the Pacific have reduced the cost of money transfer. There is a need in Tuvalu to design special public-private partnership programmes with banks and money transfer agencies to incentivize, reduce or even eliminate the cost of sending remittances. This could be done through subsidies, financial literacy/motivation programming, or incentivizing the use of remittances through matching-grant programmes at the individual or community level.
- (c) The Government in consultation with social partners and financial institutions could introduce innovative schemes to encourage savings habits among overseas workers for future productive use.

Recommendation 4: Addressing Unemployment

With its high youth unemployment needs, Tuvalu needs a multi-pronged approach to address the skills gap between education/training offered and emerging labour market needs. Technological developments and innovation demand new curriculum and trained faculty which can be achieved through public-private partnerships between education and industry actors.

4.1 Addressing emerging skills gaps

With the potential of the blue economy to become the most prominent sector in Tuvalu and the region soon, it is important to meet the demand of new emerging “Blue Skills”. The TMTI is known for producing graduates with high quality and specialized maritime skills. In the new normal and post pandemic, TMTI can reconfigure or realign their existing training programme and curriculum with the emerging blue economy’s niche blue skills for blue jobs and blue business opportunities. Some of the blue skills opportunities are: offshore wind; ocean energy; marine biotechnology; aquaculture; deep sea exploration and surveillance, to name a few.

4.2 Apprenticeship and volunteers programmes

- (a) To prepare the youth for market needs, Tuvalu could introduce apprenticeship programmes with attractive private and public sector participation and incentives. Many PICs including Fiji and Samoa have successfully implemented such a programme. In Tuvalu, APTC, TMTI and other faith based vocational institutions can play critical role in providing training in partnership with the private and public sector.
- (b) Youth could also be actively engaged in volunteerism, a special Volunteer Service programme that can be introduced in the school system. In addition to creating proactive awareness of this initiative, community and villages could encourage active participation by nominating at least 20 per cent of their youth to such a programme. A small stipend could be given with local community and business support. Initially youth volunteer programmes could focus on localizing climate change issues, environment protection, waste management and other pressing local issues.

SECTION 6

THE WAY FORWARD



As the pandemic continues to engulf the globe, strangle economies and stifle livelihoods, there is growing realization that damage caused by COVID-19 cannot be resolved through short-term prescriptions. Changes have to be adopted as part of the “new normal”. Many countries, including Tuvalu, have responded swiftly to the new normal with stimulus packages, prioritizing these over other approved annual plans and budgets. Many countries have shifted their focus immediately, and are assessing their readiness by:

- Transforming their practices and adapting to changing technology-driven work / business practices;
- Reviewing institutional architecture;
- Exploring partnerships and engagements to ensure judicious use of resources with a common goal of not only overcoming the disruptions caused by the pandemic, but also building resilient institutions with smarter delivery options.

Though the impact of COVID-19 in Tuvalu has not been significant in the immediate term, the potential exists for a “hard landing” should the pandemic and state of emergency continue. As a way forward, Tuvalu needs smart and strategic solutions. A two-phase strategy is suggested as a solution to address the fast-changing socioeconomic landscape in the current and post-pandemic situation.

Phase 1 (12 months)

- To avoid further financial strain on Tuvalu’s financial resources, it can undertake a diagnostic assessment of the development finance landscape and align different financial flows to development priorities and results. The Government of Tuvalu could seek the support of UNDP’s Asia Pacific Development Effectiveness Facility to undertake this initiative. Many PICs have utilized this support and are in the process of streamlining their development finance flows, gaps and potential areas for resource mobilization. This will help realign current institutions and systems to the new normal and ensure management of different sources of finance within a coherent framework.
- Among the recommendations suggested for economic stimulus, the Government of Tuvalu can prioritize different interventions. These could include:
 - Renegotiating the Dot.TV agreements and contracts with professional experts. The Government of Tuvalu can approach International Finance Corporation (IFC) of the World Bank to provide technical support in this negotiation.
 - Extending the local financing mechanism called the Survival Trust Fund (STF) to finance remittance-dependent households who have been affected by the pandemic.
 - Supporting households to produce healthy food in small spaces by establishing highly productive, water-efficient food gardens with special compost recipes using local biomass for increasing nutrients in the soil. The Government of Tuvalu can seek technical and financial assistance from tFAO, Secretariat of the Pacific Community (SPC) and other development partners to implement this initiative.

- iii. The Government of Tuvalu in collaboration with IOM, UNCDF, ADB and World Bank can expedite the implementation of the international agenda: “Call to Action Remittances in Crisis: How to Keep them Flowing” which focuses on:
 - Recognizing the provision of remittances as an essential service;
 - Economic support for migrants and remittance service providers;
 - Supporting digital remittance channels;
 - Recommendations for regulators to ensure remittance service providers continue to service clients and for service providers to reduce costs, invest in financial education and awareness, promote and establish migrant-centric financial products.
- iv. Reconfiguration of programmes/projects to the new normal. IOM and ILO can work with the Government of Tuvalu to make their respective on-going or proposed programmes relevant to the new normal in Tuvalu. Similarly, the Government can initiate discussions with ADB and other multilateral financial institutions to reconfigure their respective programmes/projects to meet changing needs and embed within the “new normal” settings.
- v. In consultation with development partners and donors, Government of Tuvalu can examine a targeted second stimulus package to support businesses, workers and households.
- vi. A tripartite national strategy on post disasters and pandemic recovery could be developed. This is critically essential in driving the economy forward by responding to the “new normal” employment and business environment. This strategy could be a major component of the Decent Work Country Programme (DWCP).
- vii. IOM could support to expedite the implementation of TNLMP as well as IOM (2018) report on Migration Governance.

Phase 2 (12–24 months)

- i. The Government of Tuvalu in collaboration with PIFS and SPC can design and implement Blue Economy framework.
- ii. TMTI in collaboration with APTC and other regional and national technical institutions design and deliver “blue skills”, apprenticeship, and volunteers’ programmes. In fact, TMTI has the potential to become a regional hub for blue skills programmes.
- iii. TNPSO could seek the support of ADB’s Private Sector Development Initiative to design and implement the project on small business incubators, business mentoring and business development services including access to finance at lower cost.
- iv. Certain provisions of employment and business laws may not be conducive to the “new normal” brought about by COVID-19. There needs to be a thorough review, through tripartite social dialogue, where agreed amendments protect the rights of workers and sustainability of current and new businesses.
- v. Workers opted on their savings for relief from Tuvalu’s National Provident Fund to meet their urgent needs, but these withdrawals are bound to affect their future retirement benefits. To avoid future dependence on this option, there is a need for alternative initiatives such as employment insurance schemes to protect workers during difficult situations like natural disasters, health issues, and funeral obligations. This can be a separate initiative within TNPF or a public–private partnership.
- vi. IOM among its various initiatives in Tuvalu should support in strengthening data collection on migrants and remittances to gain further insight on remittance trends and flows.

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