



# Presentation on Tuvalu's context, needs and expectation from P-CBA

# Tuvalu Context

- **Climate Change in Tuvalu:**
  - Development Issues
    - Infrastructure
    - Natural Resource Management
    - Food Security
  - Adaptation to Climate Change
    - Coastal
    - Agriculture
    - Water
    - Health
    - Fisheries
    - Disaster

# **Tuvalu current practices of economic analysis in supporting decision making processes**

The processes currently used in Tuvalu to appraise project/investment options are the;

1. National Budget process
2. Donor funded project proposal appraisal process

# Tuvalu current practices of economic analysis in supporting decision making processes..cont'd

- Who is involved in this process?

## 1. National Budget process

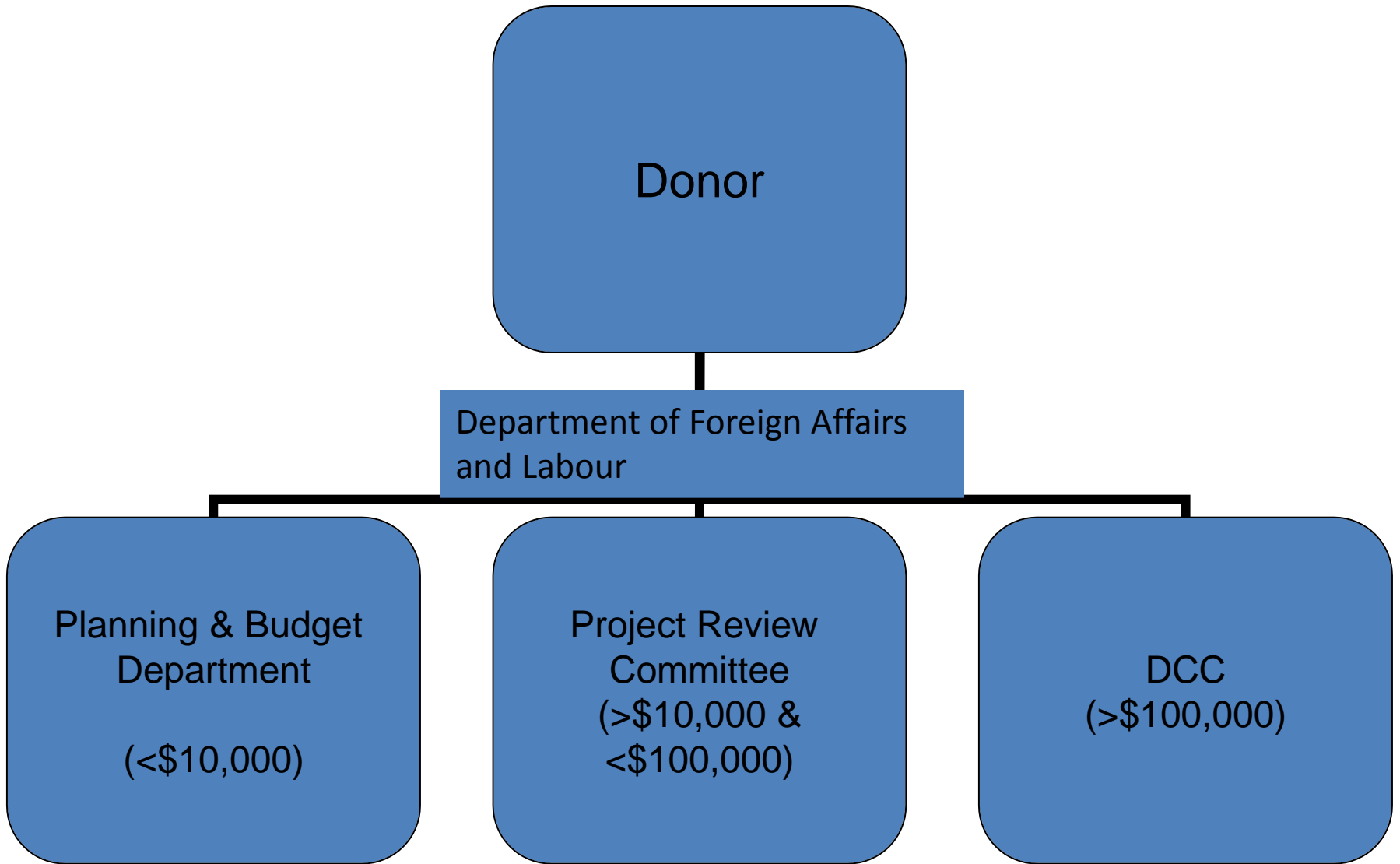
WHO	ROLE/RESPONSIBILITIES
Line Ministries	Prepare and submit annual budget submissions to MFED and conduct CBAs on their project proposals
MFED(Core Budget Team includes the Planning and Budget Department/line ministries)	Analyze the data and Reviews submissions/annual budget rounds
DCC	Review the analysis and MFED recommendations from budget rounds
Cabinet	Review and approves draft budget followed by submission to Parliament for debate and final approval
Parliament	To review and approve the Draft National Budget for finalization

# **Tuvalu current practices of economic analysis in supporting decision making processes...cont..**

## 2. Project proposal Channel

- all project within the government should get endorsement from their Permanent Secretary before submission to the Planning and Budget Department
- Under the PBD- there are 3 units namely; Planning Unit, Budget Unit and Aid Unit (which deals with the appraisal of all project proposals)

# Project Proposal Channel



# How does cost-benefit analysis fit into this process?

- During project preparation phase.
- For large scale projects – proposals should accompany a detailed CBA

# Examples of CBA guidelines being applied for decision making in Tuvalu

- The standard proposal format of the Government has a section which states “project viability” which is a comparison of costs and benefits.
- Concepts of CBA are used during annual budget preparations (during budget round stage) – but not in depth CBAs.
- Examples – PACCC CBA, Planning research- Time Punch machine and small scale CBA of Cement and height allowances



# Tuvalu Capacity in CBA

## Existing Constraints;

- Limited knowledge on conducting detailed CBAs
- “Detailed” are not systematically incorporated into the project appraisal process.
- Time constraint of doing CBAs on projects for the next budget cycle.
- Lack of detailed guidance
- Staff turnover e.g. Those that have been trained properly in undertaking CBAs have gone to other positions in other departments. Hence, the department is constrained due to other staff leaving and taking with them the corporate knowledge and skills of preparing a CBA

# Trainings programmes related to economic analysis capacities

- Previous Trainings
  - in-country CBA trainings- predominantly for the PBD staff
  - least cost analysis training
  
- Ongoing Trainings
  - PBD attend external donor funded training (don't provide in country training for the line ministries)

# Tuvalu Needs

Needs and opportunities:

- **practices-** more formalize CBA in the policy process (guidance notes, manual for line ministries)
- **capacities and training-** ongoing PBD training (both in-country and overseas training) on how to use CBA analysis & trainings for line ministries

# Tuvalu Expectations

The expectations from the P-CBA initiative are:

- better targeted use of public money
- Easier way of comparing benefits of different project proposals
- Improve decision making for policy makers and leaders
- Great understanding of the true cost of the projects
- Ensures that money invested in any project is being put to better use through carrying out proper CBA

THANK YOU

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