Tuvalu Hand in Hand Initiative (HIH) Investment Plan

Hand-in-Hand Initiative Investment Forum 2025













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Objective: Seeking investment to transform Taro and Poultry sector for food and nutrition security and income generation for the people of Tuvalu.

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2 Enabling environment

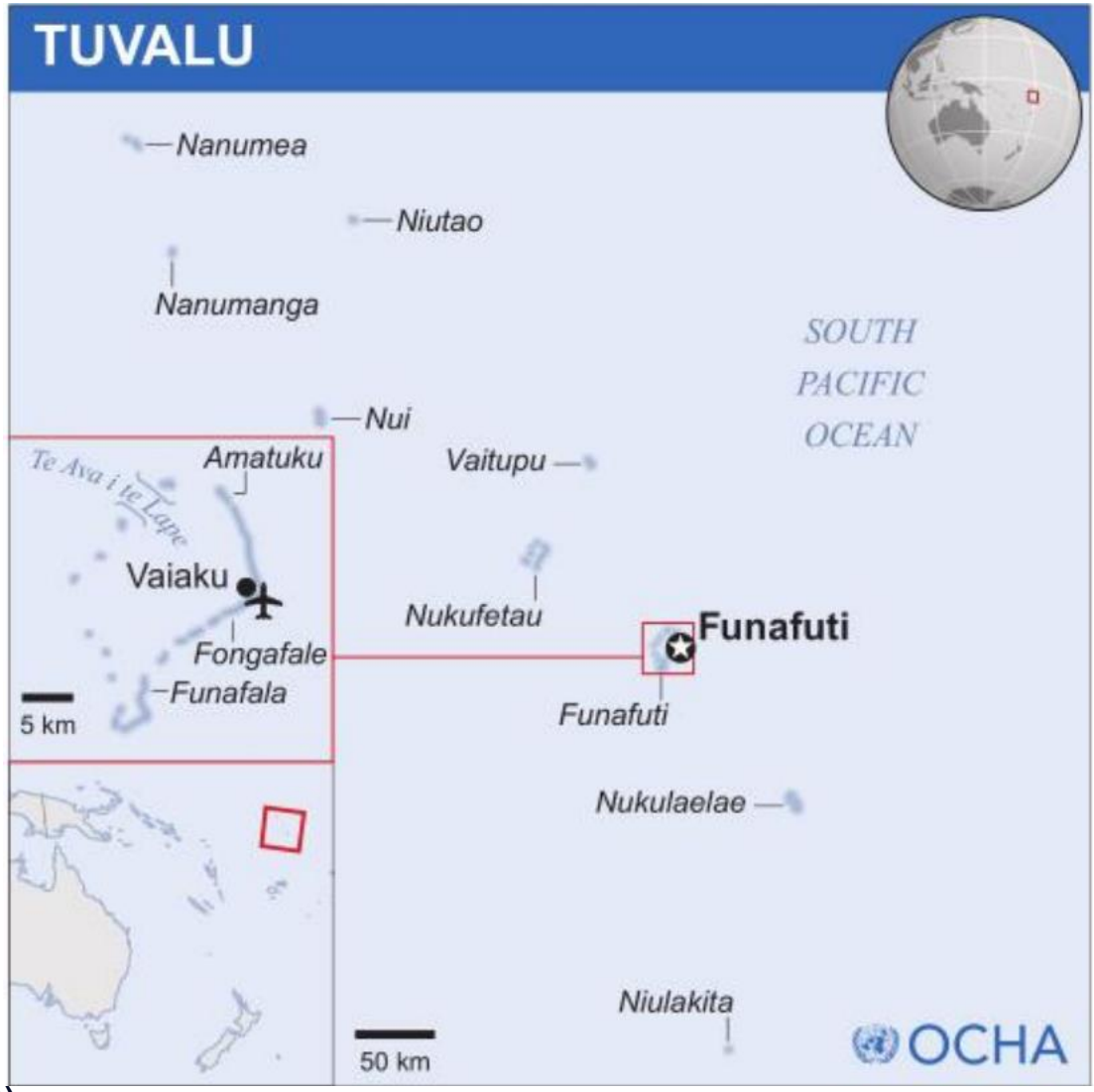
3 Investment plan and opportunity

SECTION 1:

Overview

Tuvalu: overview

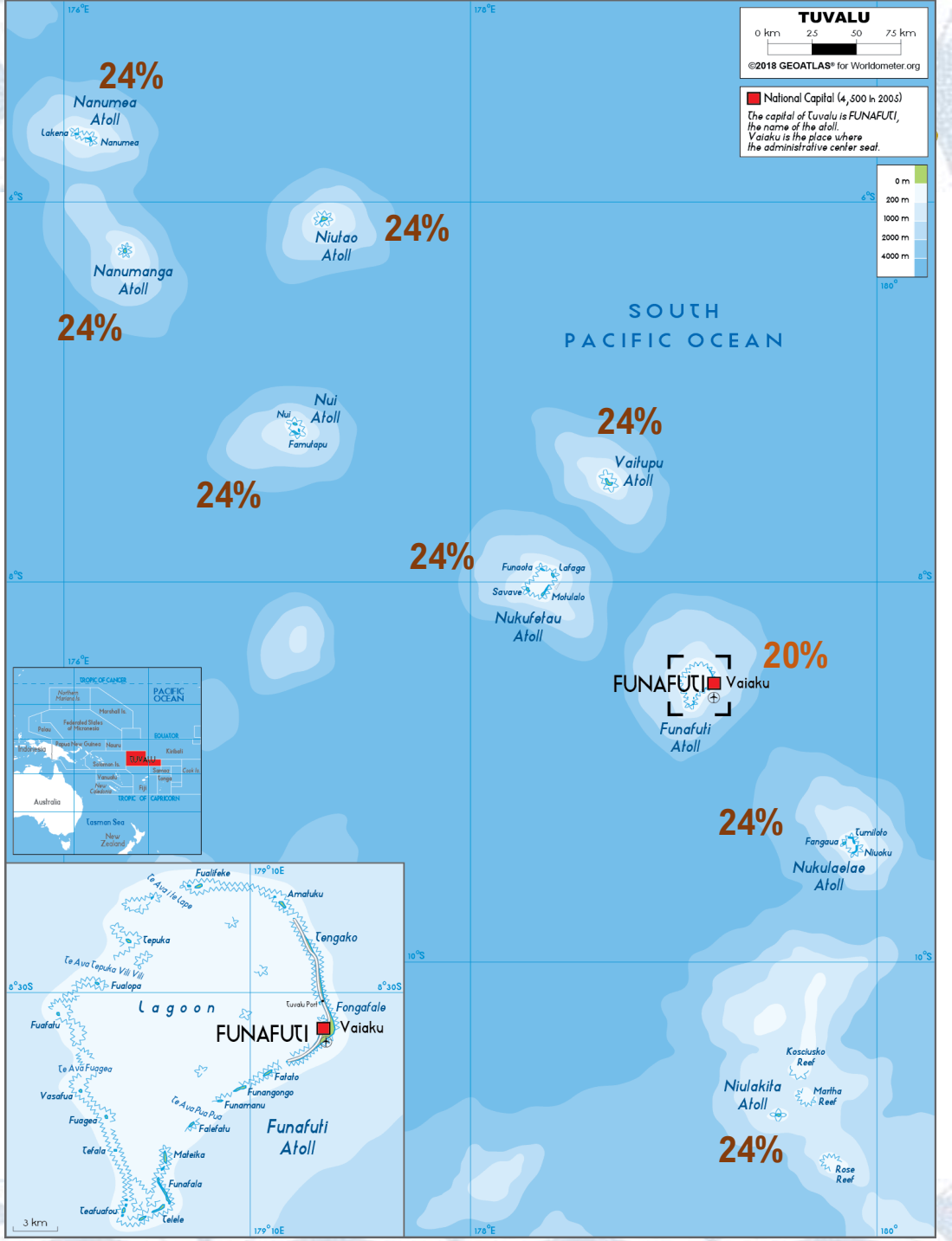
- **Country area**: 26 sq. km
- **Population**: 10, 941 (61% lives in capital city, Funafuti)
- **GDP:** $62.3 million USD (2023)
- **Poverty rate**: 21.5% [urban 20%, rural 24%] (HIES 2022)
- **Economic status:** Upper middle-income, GNI per cap. AUD 10,144
- **Cropland** Limited (not recorded), Land area: 26 sq km (HIES 2022)
- **Soil type**: Highly porous, nutrient deficient, alkaline soils
- **Natural Disasters:** Cyclones, Storm surges, Earthquakes, Tsunami
- **Climate**: tropical climate; warm temperatures, high humidity, and a distinct wet and dry season.
- **Farming systems:**
  - Subsistence agriculture
  - Local sales of surplus produce
- **Agriculture** made up to 18.7% of GDP (2017)
- **Land access:** % of land (was not recorded in the 2017 census)
- **Sectorial employment**: 10.7 % of working population in agriculture, forestry and fishing industry (2017)
- **Income from agri, fishing, livestock, & handicraft:** 3.2% (HIES 2022)



Hand-in-Hand Initiative Tuvalu Poverty Map

National Poverty rate- **21.5%** **(HIES 2022)**
Urban Area – 20%
Rural Area – 24%
Poverty headcount- **2,339** **(HIES 2022)**
Inequality: Gini index 0.294 (HIES 2022)

	Population	Proportion
Tuvalu	**10 875**	**100.0%**
Main island	6 710	61.7%
Outer islands	4 165	38.3%
Outer islands	**4 165**	**38.3%**
Nanumea	546	5.0%
Nanumaga	261	2.4%
Niutao	669	6.1%
Nui	481	4.4%
Vaitupu	1 062	9.8%
Nukufetau	740	6.8%
Nukulaelae	407	3.7%



Overview of Production and Agro Processing Facilities

Taro production in Tuvalu focuses on large excavated swamp areas filled with organic matter that help the plants thrive. It is a staple food mainly grown together with giant swamp taro (pulaka) in the pulaka pits to provide water access, which also helps protect from rising sea levels. For this initiative, taro production concentrates on both wetland and dryland.

Taro Value Chain at a glance

- 300 household (18.5%) of total household are involved in Taro production in Tuvalu (2017 Agri. Census)
- Seawater inundation and limited irrigation facilities in Pulaka pits affecting Taro production now a days
- Commercial farming opportunity of taro is limited due to limited land and small domestic market
- Limited post harvest processing facilities, storage, packaging, transportation options and limited private sector initiatives impedes the value addition and export

Poultry production in Tuvalu is primarily focused on chickens and, to a lesser extent, ducks, with the majority of production occurring on smallholder farms. While Tuvalu imports significant amounts of poultry products, local production is important for food security, livelihoods and household consumption.

Poultry Value Chain at a glance

- 682 (42%) and 150 (9.2%) household are involved in Chicken and Duck production respectively (2017 Agri. Census)
- The Tuvalu poultry market is segmented by broiler, eggs, and end-use applications such as food service and household consumption.
- Due to limited domestic production, Tuvalu imports a substantial number of poultry products which accounts for a significant portion of the country's imported food supply.
- Poultry products are distributed through traditional retail stores. And there is no local supply of improved poultry feeds
- Commercial farming of poultry is absent due to limited awareness, cooling system, soft credit, and vaccine availability

SECTION 2: ENABLING ENVIRONMENT

- Policy and governance factors
- Economic factors

Ease of Doing Business

Small Market Size: Tuvalu has a very small population and limited domestic market size, which can affect business viability.

Dependence on External Aid: The economy is heavily reliant on external aid, remittances, and revenue from fishing licenses, which can impact business stability and growth.

Simplicity in Business Registration: Process for registering a new business in Tuvalu is relatively straightforward & cost is low

Licensing and Permits: While regulations exist, the overall bureaucratic burden is lighter than in many larger economies.

Transport: Tuvalu's isolation and the condition of transport networks can pose challenges for importing goods and services. Regular transport to outer island is very limited.

Banking Sector: The banking sector in Tuvalu is relatively small where digital transaction and ATM facility is rare, and access to financing can be challenging for new businesses.

Skilled Workforce: Tuvalu has a small labor pool, and while many locals are skilled, there is a need for additional training in specialized activities.

Geographic Isolation: Being a remote island can limit trade and access to markets but can also create unique business opportunities from SIDS and agro-ecotourism context

Tuvalu investment climate

- Relatively **low corporate & income taxes**
- **Free repatriation** of capital and profits
- **Tax incentives, breaks, and exemptions** available upon request that the government provide some form of exemption or special dispensation or relief from the laws or regulations of Tuvalu for the purpose of carrying out a business activity in Tuvalu (Foreign Direct investment Act 1996)

- Low government involvement in private sector for **foreign investors**.
- Better market access to overseas markets through existing **trade agreements**
- Tuvalu is highly dependent on foreign aid, remittance and fishing revenues

- **Customary minimum wage practice,** earnings vary depending on the employer, private, public or project funded.
- **Experienced labor force:** Majority of workers are in medium-skilled occupations like agriculture, crafts, service and sales or clerical workers.
- **Skilled workforce** consists of seafarers and English language proficiency, seasonal labor mobility schemes demonstrating skills in agriculture, fisheries and hospitality
- **Compliance with international standards:** Employment conditions are regulated under the Labour and Employment Relations Act 2013

- Tuvalu is a member of the PIFA, SPARTECA, PICTA, ACP Group, and PACER Plus
- **Lands are leased** from traditional owners with varying



Government Priorities

- **Government Priorities Align with Investment Areas**: Tuvalu's agriculture and poultry sector transformation aligns with government priorities to boost local production of coconut, taro, breadfruit and improving interisland shipping services

- **Market Demand and the need for Improved interisland shipping services** : The increasing market demand for locally produced coconut, breadfruit taro and poultry drives the govt's focus on enhancing value chains and export potential.
- Increasing production is essential to meet market demand of Taro and poultry

- **Support for Sustainable Practices**: The government's strategies include promoting climate smart and sustainable agricultural practices and traditional knowledge, ensuring the long-term viability of coconut, breadfruit, taro and poultry production.

- **Enhancing Market Access**: Investment areas are designed to strengthen market access for coconut, breadfruit and taro both locally and internationally, contributing to Tuvalu's economic growth.
- Interisland Vessel fleets

- **Empowering Local Farmers:** By focusing on the commercialization of agriculture and poultry, the government supports local farmers in increasing their productivity and income through improved resources and infrastructure.

- **Climate-Resilient Agriculture:** The government prioritizes building climate-resilient agricultural practices for coconut, breadfruit and taro, ensuring that these crops can withstand environmental shocks.

Development Planning Framework and Sectoral Strategy

Te Kete – Tuvalu National Strategy for Sustainable Development 2021-2030



This document is the overarching policy document in which all subordinate island strategic plans, sector plan and corporate plans and budgets are aligned so they follow the path towards achieving the national vision.

Lead: Ministry of Finance (MoF)

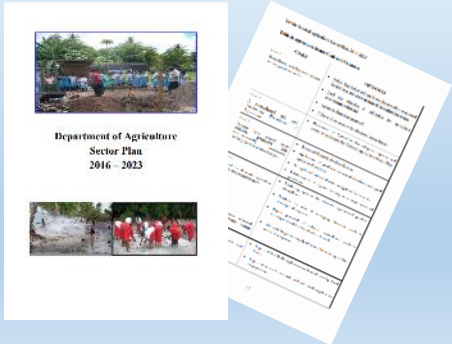
Tuvalu National Trade Development Strategy 2022-2026



The TNTDS aims to mainstream trade into national strategies, build capacity to trade in priority sectors, support trade promotion and marketing activities in the island.

Lead: Ministry of Fisheries & Trade (MFT)

Department of Agriculture Sector Plan 2016-2023



The NASP provides a more detailed and longer-term strategic guidance for the Agri sector with the aim to achieve TK111 strategy 1. Enabling environment for agriculture development.

Lead: Ministry of Agriculture and Fisheries (MAF)

Tuvalu Agriculture Strategic Marketing Plan 2016-2025



This document is to revive domestic and international trade of locally produced agricultural products through domestic activities and trade arrangements.

Lead: The Government of Tuvalu

Infrastructure Development

- **Shipping**: Tuvalu has two wharves located in its main port in Funafuti. These are concrete and 'L-shapped jetties" one is 50m and the other 80m wide.
- **Energy**: 100% of Tuvalu's population has electricity, the country's energy supply is dependent on diesel, solar power and biomass.
- **Roads:** The only tar sealed roads are in Funafuti, most roads are unpaved
- **Communication among the islands:** The communication facilities are very limited specially island to island transport






Left to R: Fig 1. Harbour on Niutao Island; Fig 2. Funafuti wharf; Fig 3. Solar photovoltaic panels Funafuti; Fig 4. Road in front of National Bank of Tuvalu, Funafuti.

SECTION 3: INVESTMENT PLAN & OPPORTUNITIES

- Poultry Value Chain
- Taro Value Chain

Poultry Value Chain

Current Industry Situation

- 2 poultry farmers (Layers)
- Department of Agriculture & Taiwan mission, and
- Private business
- DoA & Taiwan mission production level around 200 eggs a day
- High demand for eggs

Key Bottlenecks

- Expensive feeds (rely on imports) & Laboratory facilities
- Limited water supply, transportation, cooling system, and Poultry shed/slaughterhouse
- Lack of packaging, disease control
- Limited resource capacity for large scale commercial farming and Phytosanitary standard

Existing Poultry Value Addition

- Domestic value addition is rare as the sector is import dependent



Market and Opportunity

- **Domestic:**
  - Import substitution, feed factory, poultry layer sheds, lab facilities, commercial farming
  - Inter-island transport, storage and cooling system
- **International**
  - Niche market/unique case of Tuvalu

Poultry Sector Investment

Investments

Investment Pillars	Investment (USD)	NPV	IRR
Increase Production. Eggs production 43 units (200 layers hens) (pest and disease control,	1,882,581	112,378,105	12%
Post-Harvest. Cold storage unit (2 unit)	100,000		
Training. Training across the 9 islands: 20,455 USD			
Market Access: Training on the Egg standards and Piloting small scale pelletizing machines (4 units): 5,500/unit, 22,000 USD in total			

TOTAL REQUIRED INVESTMENT: 2.03 million USD

Impacts

- Beneficiaries: 159 households
- Annual increase in income from unit: 48,435 USD
- Develop local business around locally grown eggs and meat
- Access to fresher, higher-quality eggs and meat
- Reduce import dependency
- Emission reduction
- Using chicken manure as fertilizer reduces waste and promotes a circular economy
- Other positive externalities include nutrition benefits and associated lower health care costs, improved food sovereignty and therefore improved food security

Risks & Mitigation

Key Risks

- Risks of pest and disease
- Extreme weather events like storm and cyclone may affect the production system

Mitigation

- Promote environment friendly pest and disease control mechanism
- Production facility needs be in low-risk zone with improved storage facilities

Taro value chain

Current Industry Situation

- Individual households
- Used for Family and community obligations
- More than 90% Import
- Very low production on outer islands
- Only 18.5% HH are involved in Taro production

Key Bottlenecks

- Taro Pest – Biocontrol and salinity intrusion in Taro patches
- Require lots of compost
- High maintenance demand (in local method0
- Intensive labour (traditional method)
- Post harvest problem (shelf-life)
- Lack of water irrigation
- Taro local price is very high
- Poor packaging from outer islands

Existing Taro Value Addition



- Local dishes
- Nepo taro
- Suasua taro
- Taro chips






Market and Opportunity

Domestic Market:

- High demand, Low supply, and High import
- Improve local food market (Suasua, Nepo), and enhance processing, packaging, storage facilities
- Promote compost production, improved varieties, Bucket irrigation, with extra tanks for Taro, bio-control in organic method, and concrete Swamp Taro (pulaka) pits

International

- No export

Taro Sector Investment

Investments

Investment Pillars	Investment (USD)	NPV	IRR
Increase Production in 16 hectares. Increase production of taro with improved cultured tissues, raised beds and improved pest and disease control	703,794	38,164,947	44 %
Post-Harvest. Solar Powered Cold storage (3 unit)	133,340		
Training. Across the 9 islands: 18,900 USD			
Market Access: Market Access and processing and improvement in value addition (Local dishes Nepo taro, Suasua taro, Taro chips)– 240,000 USD			

TOTAL REQUIRED INVESTMENT: USD 1.1 Million

Impacts

- Beneficiaries: 2,300 (20% of total population)
- Annual increase in HH income per beneficiary/unit : 314 USD
- Access to better quality Taro
- Reduce dependence on external food sources and markets
- Reliable market opportunity for locally grown Taro
- Increased potential for value addition
- Taro farming practices, like intercropping, can support biodiversity
- Taro farming can enhance cultural traditions, and preserving local knowledge and practices

Risks and Mitigation

Key Risks

- Extreme events like sea storm surge, high tide and cyclone may inundate the Taro field and damage the crop
- Risks of pest and disease

Mitigation

- Increase the height of the Taro pits can reduce the risk of crop damage from inundation
- Promote environment friendly pest and disease control technologies/practice

Tuvalu Investment Summary

Summary

US$1 million Govt. Budget for 15 Years	**US$ 3.12 million** Total Investment Required	**12-44%** Overall - Average EIRR	**1,959** Direct Beneficiaries	**US$ 314 to 48,435** Annual Income Increase per Household/ egg production unit	**5'724tCO2-eq** Total Emission Potential in 20 years

KEY INVESTMENTS

Intervention

Poultry Sector 1

Cost –1,882,581

IRR - 12%

NPV – US$ 112,378,105

Additional investment in:

Post Harvest – US$ 100,000

Training – US$ 20,455

Market Access – US$ 22,000

TOTAL – $ 2.03 million USD

Sustainability Benefits

Direct beneficiaries: 159

Indirect beneficiaries: 100

Annual increase in income from unit: 48,435

Emission per unit : 133 tCo2eq (including reduction of emissions from imports)

Additional benefits in terms of nutrition benefits and associated lower health care costs, improved food sovereignty and therefore improved food security

Intervention

Taro Sector 2

Cost – US$ 703,794

IRR - 44%

NPV – US$ 38,164,947

Additional investment in:

Post Harvest - US$ 133,340

Training - US$ 18,900

Market Access and improved processing – US$ 240,000

TOTAL – $ 1.1 million USD

Sustainability Benefits

Direct beneficiaries: 1,800

Indirect beneficiaries: 500

Annual increase in HH income from project : 314

Emission reduction per ha: 8 tCo2eq (including reduction of emissions from imports)

Enhance cultural traditions, and preserving local knowledge and practices including food security