



Tuvalu International Airport

# Tuvalu

PACIFIC TOURISM SECTOR SNAPSHOT | NOVEMBER 2021

**DESTINATION INFORMATION AT A GLANCE**

**POPULATION:**  
10,600 (2020).\*

**CAPITAL:**  
Funafuti (Funafuti Atoll—approximately 1000 kilometers (km) north of Suva, 4,000 km northeast of Sydney).

**OFFICIAL LANGUAGES:**  
Tuvaluan (English is also spoken, though less commonly).

**CLIMATE:**  
Hot and humid equatorial climate, with year-round temperatures around 30°C. Rainfall of more than 3000 millimeters annually.

**CURRENCY:**  
Australian dollar (A\$). There are no ATMs in Tuvalu and credit cards are not accepted.

**ENTRY AND VISA REQUIREMENTS:**  
Visa not required. Entry permits of 30 days are issued on arrival for tourists with an onward ticket and proof of sufficient funds for their intended length of stay.

**GEOGRAPHY:**  
Nine low-lying coral atolls and reef islands, with a total land area of 26 square km.

\*Asian Development Bank. 2021. Key Indicators for Asia and the Pacific 2021. Manila.

## INTRODUCTION

Tuvalu has a small tourism industry that offers visitors the chance to experience unique marine biodiversity and traditional Polynesian life. Tuvalu attracts tourists interested in World War II history, birdwatching, local culture, and the sea life of the Funafuti Marine Conservation Area—home to tropical fish, endangered green sea turtles, and a breeding colony of black noddy terns.

Tourism’s contribution to Tuvalu’s economy is relatively small. The sector contributes an estimated 5.6% of Tuvalu’s gross domestic product (Pacific Tourism Organisation 2020). Just 87 Tuvaluans were employed in tourism in 2016—2% of the country’s total employment.<sup>1</sup> Tuvalu’s public sector is the main driver of economic growth, and the country derives income primarily from fishing license fees, trust fund investments, foreign aid, and remittances.

The Government of Tuvalu recognizes that the tourism sector offers perhaps the greatest potential for growth. But to realize this potential, ongoing constraints on the sector’s development must be addressed, including improving infrastructure and expensive international travel connections, and developing policies that encourage and enable private sector activity.

1 Estimates based on data from Pacific Tourism Organisation (SPTO) (2019 and 2020).



## TOURISM SECTOR OVERVIEW

Note: this overview compiles key tourism information based on the most recent available data. Due to the impact of coronavirus disease (COVID-19) on the tourism sector, some of this information has likely changed.

### TRANSPORT AND CONNECTIVITY

In 2019, Funafuti was connected by thrice-weekly services to Suva, Fiji. The service, operated by Fiji Airways, was increased from twice-weekly in 2014. The high cost of airfares—more than F\$2,000 return—made it difficult for Tuvaluans and Fijians to travel between the two countries frequently and discouraged tourism. Air Kiribati began a weekly flight between Funafuti and Tarawa in 2018, but ongoing technical issues and frequent cancellations—before its suspension due to COVID-19—leave its future uncertain.

**Tuvalu's only airport is Funafuti.** The airport is currently unsuitable for jet aircraft, as the narrow landing strip is only meters from the lagoon on one side and the South Pacific Ocean on the other. As a result, flights are primarily serviced by Fiji Airways ATR72 aircraft, which can carry a maximum of 74 passengers.

**Inter-island travel throughout Tuvalu is only possible by boat.** The inter-island vessels are in good condition, with air-conditioned cabins, and make at least one multi-island trip per week. Travel time between islands can be up lengthy—up to 24 hours. The services are predominantly used by Tuvaluan locals and business travelers visiting aid projects. There is minimal tourism beyond Funafuti.

**Tuvalu receives few cruise and yacht visitors compared to other Pacific countries.** An estimated three or four yachts moor in the country's waters each year. The most recent cruise arrival was in 2017, carrying around 200 passengers (various tourism stakeholders, consultations with author, 2020).

**There is only one bituminized road in Funafuti.** It takes about 15 minutes to drive the entire length. Car hire can be organized—this is usually done through guesthouses and involves informally renting the car of the accommodation provider for an agreed fee. Scooters and bikes are also available for hire.

### ACCOMMODATION

**Tuvalu has two hotels and six guesthouses.** The Funafuti Lagoon Hotel, formerly the Vaiaku Lagi Hotel, is the largest property with 20 rooms, and has been commercially operated by Tuvalu's National Provident Fund since 2016. There are six family-run guesthouses in Funafuti, as well as the locally-owned Esfam Hotel. The only accommodation on the outer islands is government-run housing with shared facilities, designed for public sector travel and aid workers.

**Tuvalu's accommodation is of moderate to basic quality.** The Funafuti Lagoon Hotel is considered two- to three-star quality. A study of hotel occupancy in 2014 found an average

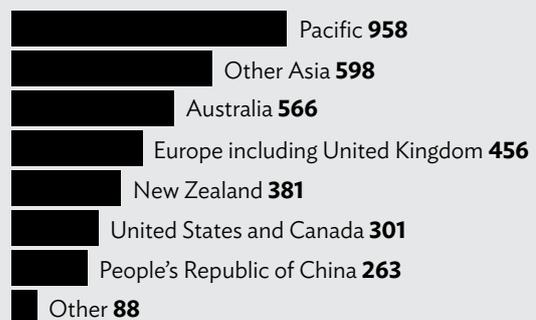
### Box 1: Tuvalu Key Visitor Statistics (Air Arrivals)

#### Air Arrivals (2019)

**3,611** visitors.

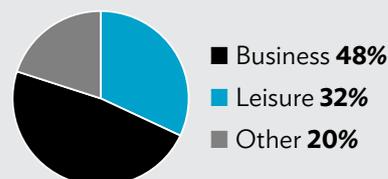
Source: Pacific Tourism Organisation.

#### Air Arrivals by Source Country (2019)



Source: Pacific Tourism Organisation.

#### Purpose of Visit (2018)



Source: Pacific Tourism Organisation. Note Tuvalu does not capture data for visiting friends and relatives.

#### Tourism Receipts (2018)

**\$2.4** million.

Source: Pacific Tourism Organisation. 2020. 2019 Annual Visitor Arrivals Report. Suva. (Estimate).

#### Visitor Spend (2015)

**A\$1,584** per person.

A\$132 per night based on an average 12-day stay.

Source: Government of Tuvalu. 2016. Tuvalu Diagnostic Trade Integration Study. Funafuti.

Source: Pacific Private Sector Development Initiative.

occupancy rate of 40% across all providers (Government of Tuvalu 2014). Accommodation owners were keen to upgrade their properties but felt unable to make investments until occupancy rates improved (Government of Tuvalu 2014).

## ORGANIZED TOURS

**Tours in Tuvalu are usually booked through guesthouses.**

Tours include island day tours, fishing trips, motorbike tours of the island, and visits to relics from World War II. Guesthouses usually rent out dive and snorkel equipment, and several offer car and scooter hire. The most popular tourist activity is a trip to the pristine Funafuti Marine Conservation Area. The cost of a half-day visit is more than A\$200, including a A\$70 entry fee, boat transport, tour guide, and the hire of snorkeling equipment.

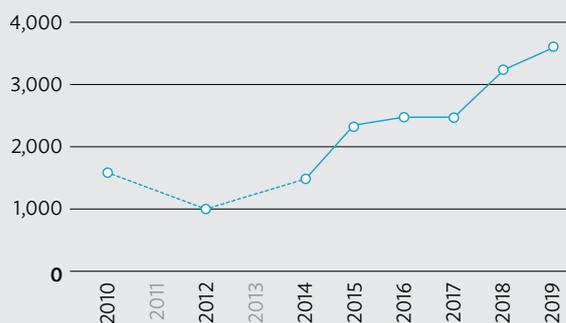
## EMPLOYMENT AND TRAINING

**Tourism is not a common profession in Tuvalu.** Tourism and management courses are available to Tuvaluans offshore, including through the University of the South Pacific, Fiji National University, and institutions in Australia and New Zealand. The government has highlighted a need for vocational training in tourism hospitality, operations, and management, to grow the industry (Government of Tuvalu 2014).

**Tourism could generate additional employment opportunities for Tuvaluans.** Many returning Tuvaluan graduates take jobs for which they are overqualified (Government of Tuvalu 2016), as the number of overseas graduates is generally higher than the employment capacity of Tuvalu's domestic economy. Increased tourism, which would mean more job opportunities, is therefore

### Box 2: Tuvalu Visitor Arrival Trends

#### Arrivals (2010-2019)



Source: Pacific Tourism Organisation.

viewed positively. Previous studies have found strong support for the development of Tuvalu as a holiday destination (Prideaux and McNamara 2013).

## TOURISM GOVERNANCE, PLANNING, AND POLICY

**The Government of Tuvalu is keen to grow tourism.** The National Strategy for Sustainable Development 2016–2020, known as Te Kakeega III, states that “tourism probably has the highest growth potential of any industry in Tuvalu.” The strategy acknowledges the country has a small and undeveloped tourism

Tuvalu House, Funafuti.



industry, and relatively minor changes to policy or improvements in infrastructure or investment could enable tourism growth.

**Tuvalu’s Ministry of Transport, Energy and Tourism is responsible for tourism policy, planning, and marketing.** A Department of Tourism sits under the ministry and is staffed by three tourism officers and supported by the Ministry’s Assistant Secretary. Limited staff, coupled with a small budget, restrict the department’s ability to undertake significant product development and marketing.

**The 2014 National Tourism Development Strategy is Tuvalu’s current tourism sector strategy.** The strategy outlines seven core priorities, which include improvements to human resources, niche markets, online marketing, access, accommodation, and

cleaning up the local environment. The most ambitious priority is the establishment of a new waterfront marina. A new National Tourism Policy is being developed.

**The National Tourism Development Strategy proposes modest arrivals growth of 10% a year over 5 years.** This target was exceeded between 2014 and 2018, with total arrivals increasing by almost 130%. While business arrivals had the highest rate of increase, leisure arrivals also rose by 144%, albeit from a low base.<sup>2</sup> However, this growth is unlikely to be the result of planned tourism development or promotion. The strategy outlines a 5-year timeline for completion of the proposed initiatives, but only a few had commenced by the end date of 2019.

2 Author’s calculations based on SPTO, unpublished data.

Sporting activities on the runway, Funafuti International Airport.



## TOURISM MARKETING

### Tuvalu is primarily marketed through its website

“Timeless Tuvalu.”<sup>3</sup> The site was developed in collaboration with Pacific Trade Invest and the Pacific Tourism Organisation (SPTO). Destination marketing of the country is limited and primarily involves the development of promotional materials for international trade shows.

## PRIVATE SECTOR ORGANIZATION

### Small private sector operators dominate tourism in Tuvalu.

They are supported by the Tourism and Hospitality Association of Tuvalu, which includes membership from accommodation providers, tour operators, handicraft vendors, and car rental outlets. Private sector support is also available through Tuvalu’s National Private Sector Organisation and the Tuvalu Chamber of Commerce.

## TOURISM SECTOR CHALLENGES AND OPPORTUNITIES

### ENVIRONMENT AND INFRASTRUCTURE

**Tuvalu is highly vulnerable to the effects of climate change and disasters arising from natural hazards.** These include rising sea levels, king tides, storm surges, tropical cyclones, and drought. Rising sea levels have already eroded Tuvalu’s coastline and resulted in seawater intrusion, inundation, and loss of land. The highest point in Tuvalu barely exceeds two meters above sea level, creating vulnerability to wave damage and infrastructure loss (Towner and Taumoepeau 2019).

**Sea temperature rises are causing coral bleaching and marine biodiversity loss.** It is estimated that with a 2°C temperature rise, the reef structure will degrade by 2050–2100 (Government of Tuvalu, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour 2016). Extreme weather, rising sea levels, and rising sea temperatures are significant and growing issues for Tuvalu, and—among other serious consequences—are predicted to reduce tourist demand.

**Increasing urbanization adds pressure to already-struggling infrastructure.** More than half of Tuvalu’s population lives in Funafuti, where solid waste management is inadequate, and burning and illegal dumping are common (Asian Development Bank [ADB] 2014). There is significant floating waste in parts of Tuvalu, particularly along the coastal lagoon in Funafuti (European Commission 2014). These factors all lead to public health risks and marine and environmental degradation.

### Unreliable water supply limits tourism development.

Surface water tends to be brackish and unusable as drinking water. Tuvalu’s main water source is collected rainwater, and severe droughts have led to critical shortages. Around half the population has access to safe drinking water and only 6% has

### Box 3: Tuvalu Key Attractions

- **Funafuti Marine Conservation Area**—Comprising 33 square kilometers of reefs, lagoons, and islets. The Conservation Area is home to many species of coral, invertebrates, and tropical fish, a nesting site for the endangered green sea turtle, and has a breeding colony of black noddy terns.
- **Experience the traditional way of life**—At Funafala, an islet of Funafuti, it is still possible to see Polynesian-style thatched houses, traditional boats and fishing methods, and traditional and cultural ceremonies performed in local “Maneapa” (town halls).
- **Historic and unique attractions**—Visitors can explore Tuvalu’s role in World War II and see the Tuvalu Philatelic Bureau’s famous stamps.
- **“Voluntourism”**—Tourists can participate in coral and mangrove planting to support Tuvalu as it rises to the challenge of climate change.

Source: Pacific Private Sector Development Initiative.



access to safe sanitation (World Health Organization 2017). Aside from the impact on those directly affected, these issues threaten Tuvalu’s appeal as a tourist destination and could be exacerbated if tourist arrivals increase.

### VISITOR DEMAND AND DESTINATION EXPANSION

**Tuvalu’s limited tourist numbers constrain private sector growth.** While the cost of airfares is high and tourism is limited, many locals have no interest in opening tourism-related ventures (Prideaux and McNamara 2013). A previous study found private sector businesses that might usually cater to a tourist audience—such as handicraft stores—sell primarily to locals who buy for departing family and friends. Clothing and grocery stores also tend to offer products tailored to locals (Prideaux and McNamara 2013).

3 <https://www.timelesstuvalu.com>

## Box 4: Impact of COVID-19 on Tuvalu's Tourism Sector

**The Government of Tuvalu declared a state of emergency on 20 March 2020.** Borders were closed to all flights and vessels, except those carrying essential supplies, with medical checks on arrival and mandatory 14-day quarantine. Borders remained closed in July 2021—with quarantine for approved exemptions—and a state of emergency was extended until September 2021 (UN Economic and Social Commission for Asia and the Pacific [UNESCAP] 2021). At the end of July 2021, Tuvalu remained coronavirus disease (COVID-19)-free (World Health Organization n.d.). Tuvalu had already been impacted by Tropical Cyclone Tino's associated "convergence zone" in January 2020, when waves of up to 8 meters struck the nation's low-lying atolls, causing catastrophic flooding and uprooting crops. When declaring a state of emergency on 24 January 2020, the government estimated about half the nation had been "severely affected" (Radio New Zealand 2020).

**Tuvalu's economy is projected to grow in 2021 and 2022.** This reflects the country's relatively low reliance on tourism, the hardest-hit sector across the world. The Asian Development Bank (ADB) (2021a) reports gross domestic product rose by an estimated 0.5% in 2020, and projects further rises of 2.5% in 2021 and 3.0% in 2022. However, job losses were expected for seafarers and seasonal workers, in construction as well as tourism (ADB 2020a). A December 2020 survey found that accommodation providers, with a combined staff of 56, had laid off 15 employees and reduced the hours of a further 5. Of the 26 handicraft vendors who participated in the survey, 15 were earning no income because of border closures (Government of Tuvalu, Ministry of Finance 2020).

**Medical preparedness and food security are priorities in Tuvalu.** In March 2020, the Government of Tuvalu approved a supplementary budget worth A\$18.9 million—31% of 2019 gross domestic product (ADB 2020b)—to fund essential medical equipment, enhanced laboratory capabilities, and upgraded health and quarantine facilities. The budget also provided grants of up to A\$7,000 to agriculture and food security businesses, and emergency basic income

supplements (UNESCAP 2021). As part of its food security program, the government is providing seedlings for home gardens and encouraging landowners to stockpile supplies by drying fish and root crops, preserving breadfruit, and storing coconuts (Farbotko and Kitara 2020). In May 2021, Tuvalu signed a \$1.5 million grant agreement with ADB to support the rollout of vaccines (ADB 2021c). Additional vaccine supplies have come from the governments of Australia and New Zealand. At the end of July 2021, more than 40% of the eligible population had received a first vaccine dose (ADB 2021b).

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Source: Pacific Private Sector Development Initiative.

Aerial view, Tuvalu.





**Tuvalu's major tourism attractions are undeveloped and underpromoted.** There is no tourist information center, the Marine Conversation Area—a highlight of tourism in Funafuti—is not actively promoted, and information is limited on the area and visitation opportunities. Boat tours do not always adhere to minimum safety standards, such as providing lifejackets, and snorkeling and dive equipment often need to be hired separately. The Tuvalu Tourist Survey (Government of Tuvalu, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour 2016) found daily visitor spend is primarily on accommodation and food, with very little spent on recreation, shopping, or tours.

**Tuvalu's wharf facilities limit increasing yacht and cruise visitation.** The wharf in Funafuti is often occupied by the country's inter-island vessels. This restricts sea access for larger ships and can also deter yacht visitors (Government of Tuvalu, Department of Tourism, consultations with author, 2020).

## ECONOMY, POLITICS, AND GOVERNMENT

**Tuvalu's private sector faces significant constraints on development.** These include unreliable and costly cargo shipping and a shortage of trained staff. These difficulties are compounded by Tuvalu's underdeveloped infrastructure and dependence on its large and inefficient public sector, which crowds out investment (Government of Tuvalu 2016).

**The cost of doing business in Tuvalu is high.** Utility costs—such as internet and power—tend to be higher in Tuvalu than in neighboring Pacific islands. For example, a regional comparison of water supply found 1,000 liters in Tuvalu costs A\$20–\$24, compared to A\$5 in Kiribati and A\$0.31 in Fiji (Government of Tuvalu 2018). This undermines the profitability of small to medium-sized tourism enterprises, particularly accommodation providers.

**Small and medium-sized tourism businesses face additional challenges.** The National Tourism Development Strategy suggests that the small size and limited capacity of Tuvalu's private sector is a constraint to tourism. A 2016 study from the Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour suggested that the government needs to address the ongoing constraints on the sector's development—including the standard of tourism infrastructure, international air access, and enabling policy—for tourism businesses to grow (Government of Tuvalu, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour 2016). Another recent study of the tourism industry identified issues with air services, including limited capacity and

high pricing, as the key barrier to tourism development in Tuvalu (Towner and Taumoepeau 2019).

**Access to finance for small- to medium-sized enterprises is limited and costly.** Interest rates available from the Development Bank of Tuvalu and the National Bank of Tuvalu are often prohibitively high—usually upwards of 9%—as loan defaults are not uncommon. Tuvalu's communal lifestyle means social obligations will often take precedence over the settlement of business loans (Government of Tuvalu 2018).

**Foreign investment in Tuvalu's tourism industry is limited.** Access to land for tourism infrastructure, such as hotels or guesthouses, is difficult to secure. Investment laws allow foreign investors to own no more than 40% of shares, with a Tuvaluan business partner owning at least 60% (Government of Tuvalu, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour 2016). Given the limited capital in the local economy, meeting this condition is difficult, and could discourage foreign investment.

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