



Pacific Trade Invest

# PACIFIC BUSINESS MONITOR 2021

## TUVALU FOCUS



PACIFIC ISLANDS  
FORUM SECRETARIAT

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# INTRODUCTION

## INSIGHTS INTO PACIFIC BUSINESSES

The COVID-19 pandemic has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

Key industries such as tourism, agriculture and production which are central to local Pacific economies, continued to be impacted by COVID-19 and corresponding border closures, shipping disruptions, and cashflow throughout 2021.

To understand the ongoing impacts of COVID-19 on the Pacific’s private sector, the Pacific Trade Invest (PTI) Network commissioned Fifth Quadrant, an independent research agency, to run a regular survey of SMEs across the Pacific region.

It has been a long road and the regular *PTI Pacific Business Monitor* surveys aim to provide governments, donors, and stakeholders with valuable data on how businesses in the Pacific are coping.

This report reviews the aggregated data collected from across the Pacific region in the eight waves of the surveys, conducted from 4 January–15 November 2021, to understand the impact COVID has had on businesses in Tuvalu.

# OBJECTIVES



## UNDERSTAND THE IMPACT OF COVID-19 ON SME'S IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

## IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



## UNDERSTAND HOW SME'S IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

## COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



# KEY INSIGHTS

## IMPACTS ON BUSINESSES IN THE PACIFIC

33%

**EXTENT AND SEVERITY OF COVID-19 WAS 33% LESS NEGATIVE IN TUVALU TOWARDS THE END OF THE YEAR THAN IN THE PACIFIC ISLANDS OVERALL.**

Throughout the year, Tuvalu businesses consistently reported facing less negative impact than the Pacific Islands overall. Towards the end of the year, only 41% of Tuvalu businesses reported a negative impact, compared to 74% for the Pacific Islands overall.

**NEGATIVE TOLL ON MENTAL HEALTH AMONG TUVALU BUSINESS OWNERS AND LEADERS WAS SIGNIFICANTLY LESS SEVERE THAN THE PACIFIC ISLANDS OVERALL, WITH 19% REPORTING A NEGATIVE IMPACT TOWARDS THE END OF YEAR, COMPARED TO 50% IN THE PACIFIC ISLANDS OVERALL.**

In line with increasing positivity, the negative impact on the wellbeing of the community in Tuvalu was 14% towards the end of the year, compared to 64% in the Pacific Islands overall.

19%

**THE OPERATIONAL STATUS OF TUVALU BUSINESSES REMAINED EXTREMELY HIGH THROUGHOUT THE YEAR, BOTH STARTING AND ENDING THE YEAR WITH 100% OF BUSINESSES REPORTED TO BE AT LEAST PARTLY OPERATIONAL.**

This is significantly higher than the rest of the Pacific Islands which saw only 84% of businesses partly or fully operational.

100%

### TOP 3 CHALLENGES

Tuvalu business consistently faced in 2021 as a result of COVID-19

- 1 Not knowing how long the crisis will last (-24% less than Pacific Islands overall)
- 2 Getting paid (-9% less than Pacific Islands overall)
- 3 Impact of closed international borders (-27% less than Pacific Islands overall)

### TOP 3 INITIATIVES

Tuvalu businesses consistently required assistance with in the second half 2021

- 1 Improve online-commerce capabilities (+15% more than Pacific Islands overall)
- 2 Review/update financial position (+10% more than Pacific Islands overall)
- 3 Access to new markets (equal to Pacific Islands overall)

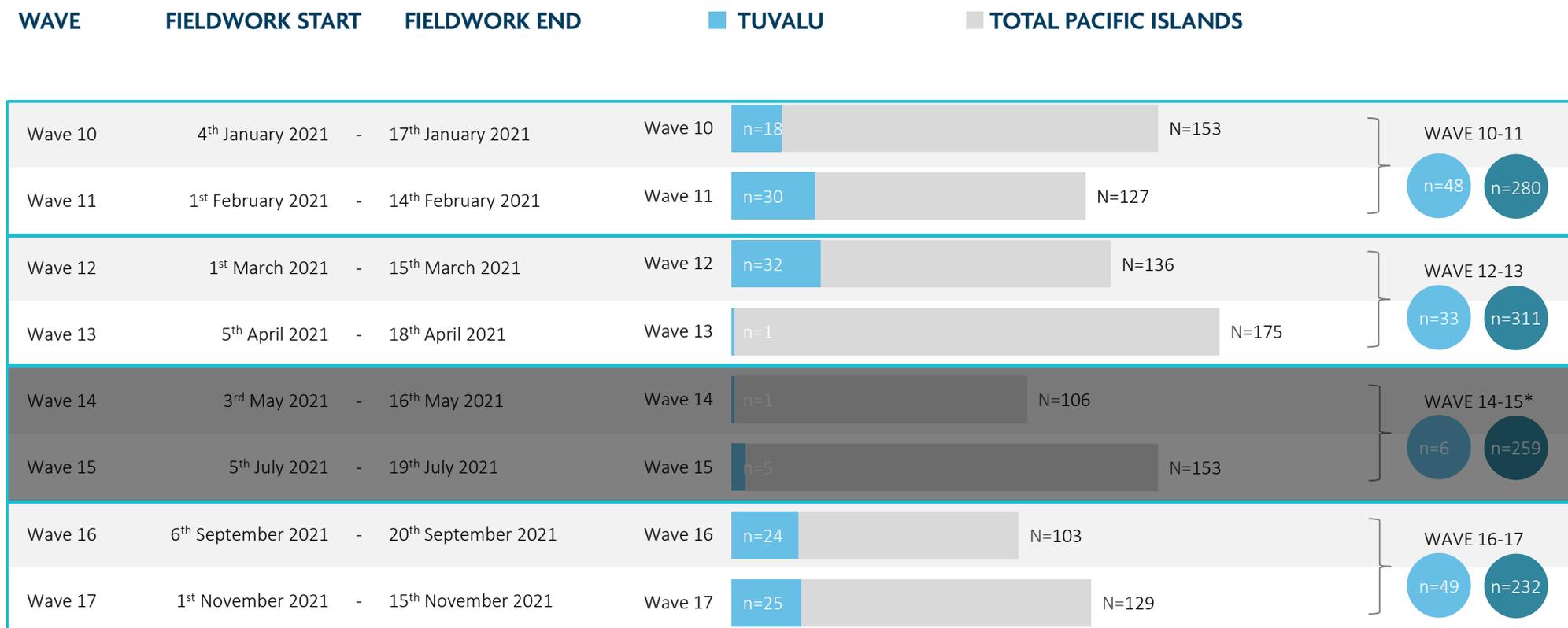
# SAMPLE PROFILE

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=100 for each wave in 2021 and a relatively consistent representation of businesses in Tuvalu across each wave.

	Wave 10	Wave 11	Wave 12	Wave 13	Wave 14	Wave 15	Wave 16	Wave 17
TOTAL PACIFIC ISLANDS	153	127	136	175	106	153	103	129
Cook Islands	23	16	6	28	19	12	5	11
Federated States of Micronesia (FSM)	0	0	1	1	2	0	0	0
Fiji	46	16	24	23	17	48	18	20
French Polynesia	1	2	2	23	0	1	2	3
Kiribati	0	1	0	1	1	1	1	2
Marshall Islands	0	1	0	0	0	0	0	1
Nauru	0	1	1	7	1	0	1	0
New Caledonia	2	3	3	24	3	6	2	3
Niue	21	26	26	12	22	29	22	32
Palau	8	3	2	4	1	3	2	3
PNG	6	6	6	10	15	12	4	4
Samoa	5	5	6	7	4	9	9	13
Solomon Islands	3	4	6	9	3	6	4	1
Tonga	9	9	15	12	5	10	4	5
Tuvalu	18	30	32	1	1	5	24	25
Vanuatu	11	4	6	13	12	11	5	6

# SAMPLE PROFILE

As the base sizes were low for some periods, waves were combined into two periods as shown below, to maximise the validity of the data and ensure reliable comparison of Tuvalu to the total Pacific Islands.



# IMPACT OF COVID-19 ON BUSINESS

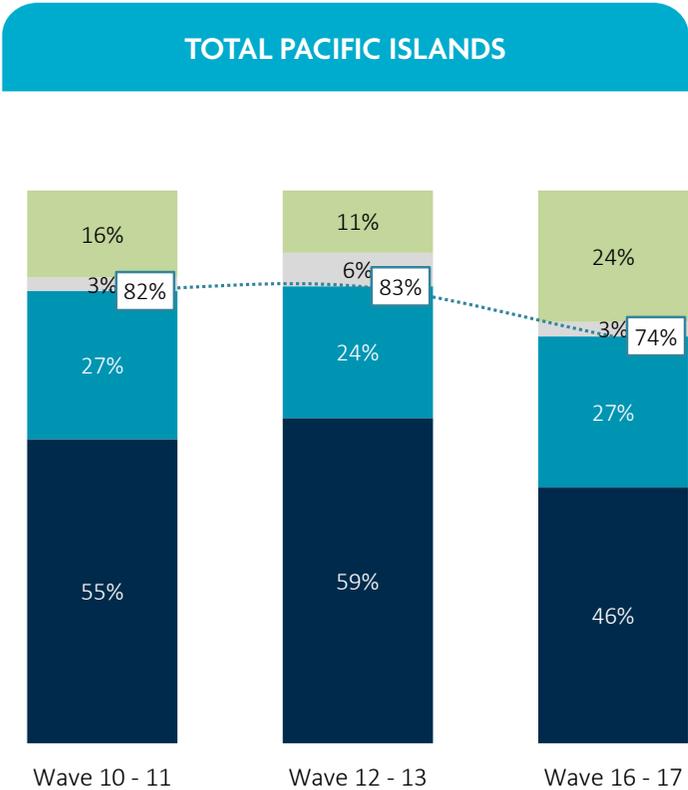
Businesses in Tuvalu have reported less negative impact caused by COVID-19 than the Pacific Islands overall.

Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

Total % negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



— — — % TOTAL NEGATIVE IMPACT ON BUSINESS

# IMPACT OF COVID-19 ON BUSINESS REVENUE

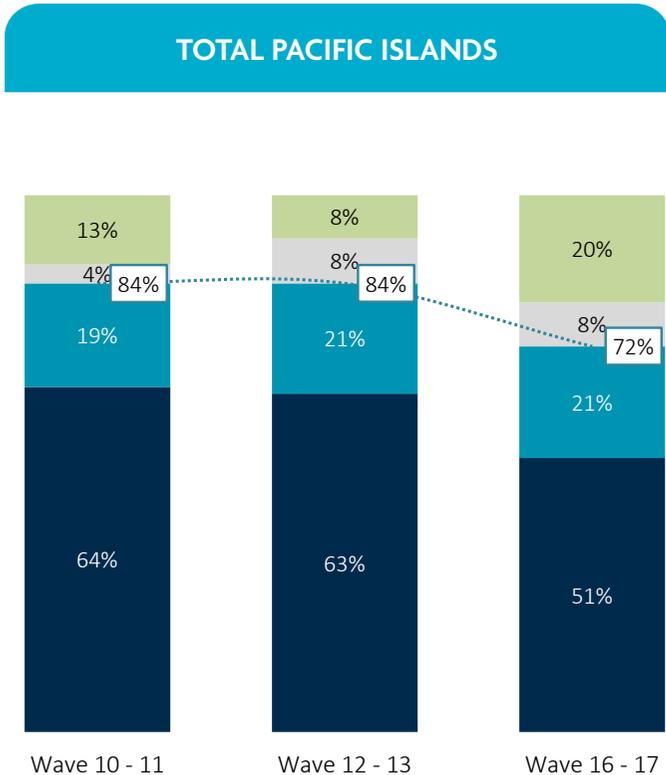
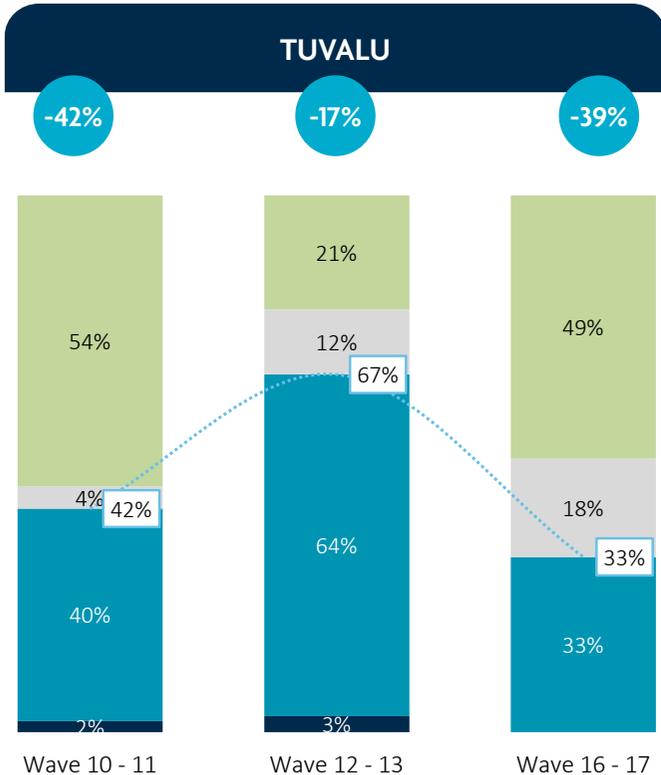
Businesses in Tuvalu have reported less negative impact on their business revenue than the Pacific Islands overall.

Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

Total % decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



--- % TOTAL NEGATIVE IMPACT ON BUSINESS

# IMPACT OF COVID-19 ON THE LOCAL ECONOMY

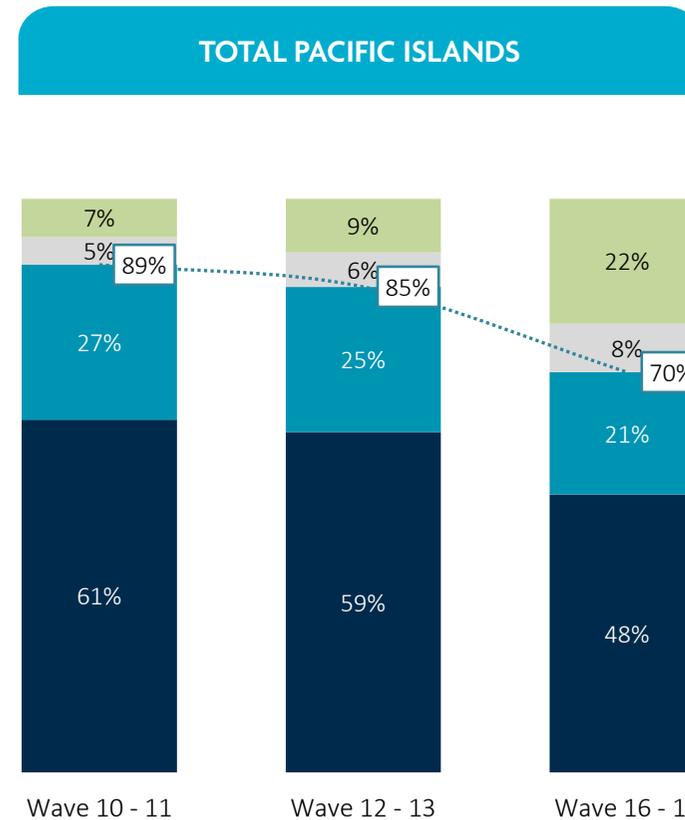
The perceived negative impact of COVID-19 on local economies declined sharply in Tuvalu across the year.

Q

WHAT IMPACT IS COVID-19 CRISIS CURRENTLY HAVING ON YOUR LOCAL ECONOMY?

Total % negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



— — — % TOTAL NEGATIVE IMPACT ON BUSINESS

# IMPACT OF COVID-19 ON WELLBEING

It appears COVID-19 impacted the wellbeing of business owners' communities, personal financial situations, and mental health less in Tuvalu than across the Pacific Islands overall.

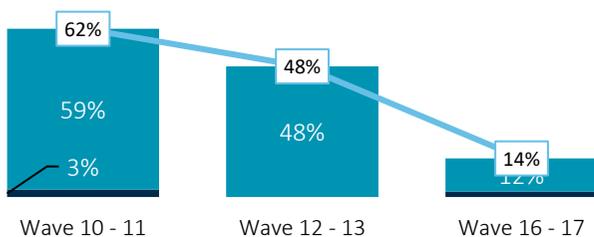


WHAT IMPACT IS COVID-19 CRISIS CURRENTLY HAVING ON THE FOLLOWING?



## THE WELLBEING OF YOUR COMMUNITY

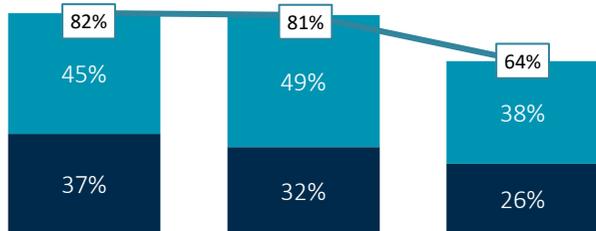
■ Slightly negative ■ Very negative



Wave 10 - 11 Wave 12 - 13 Wave 16 - 17

**-20%** **-33%** **-50%**

■ Slightly negative ■ Very negative

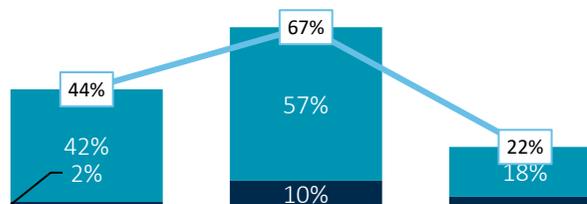


Wave 10 - 11 Wave 12 - 13 Wave 16 - 17



## YOUR PERSONAL FINANCIAL SITUATION

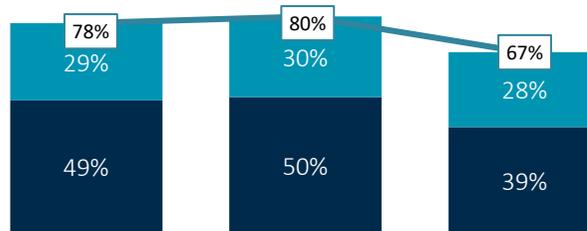
■ Slightly negative ■ Very negative



Wave 10 - 11 Wave 12 - 13 Wave 16 - 17

**-34%** **-13%** **-45%**

■ Slightly negative ■ Very negative

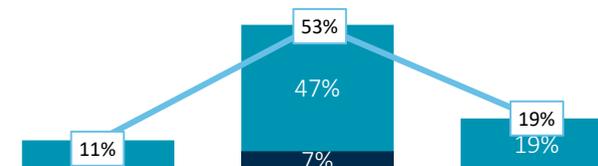


Wave 10 - 11 Wave 12 - 13 Wave 16 - 17



## YOUR MENTAL HEALTH

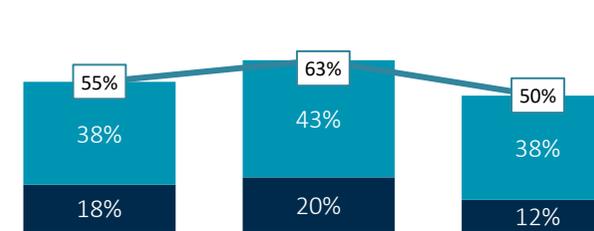
■ Slightly negative ■ Very negative



Wave 10 - 11 Wave 12 - 13 Wave 16 - 17

**-44%** **-10%** **-31%**

■ Slightly negative ■ Very negative



Wave 10 - 11 Wave 12 - 13 Wave 16 - 17

TUVALU

% TOTAL NEGATIVE GAP TO TOTAL

TOTAL PACIFIC ISLANDS

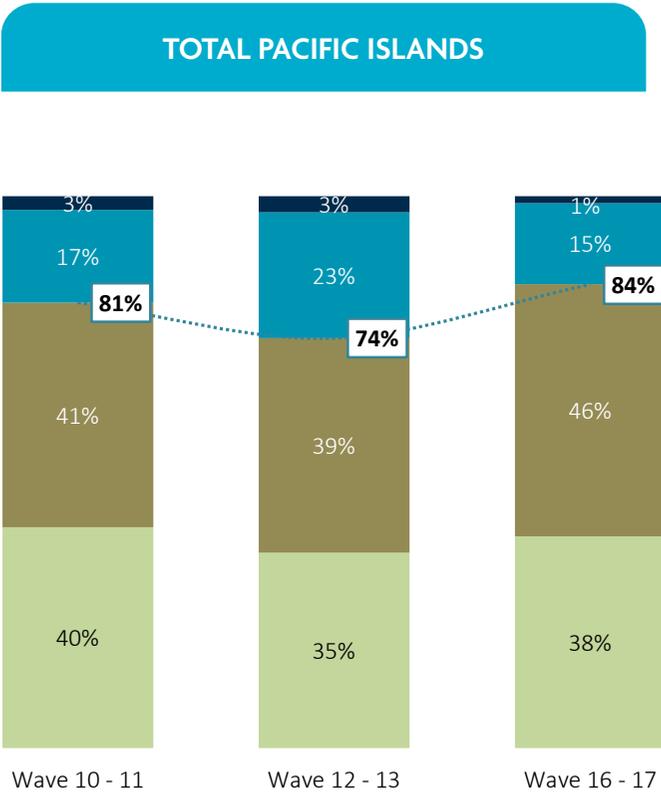
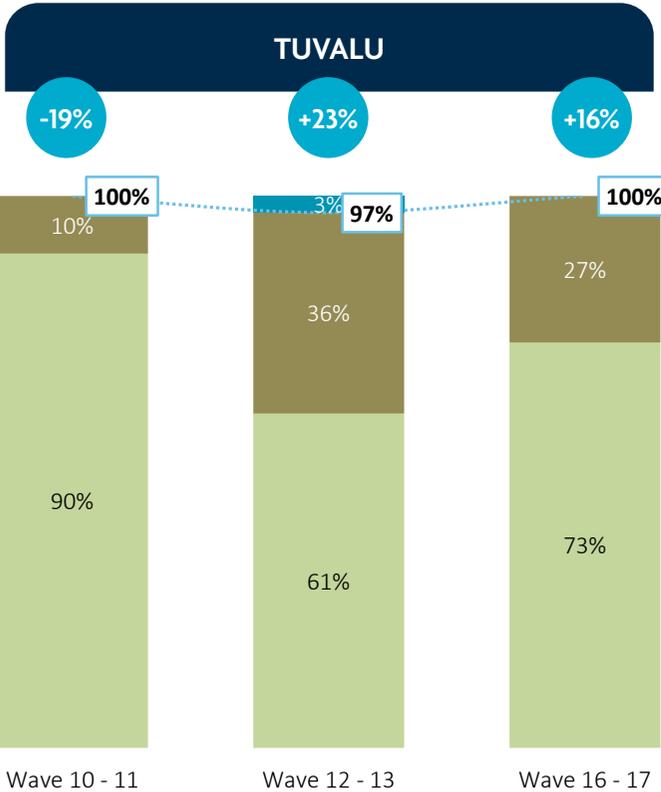
# CURRENT BUSINESS STATUS

The ongoing impacts of COVID-19 did not significantly disrupt operations in Tuvalu across 2021.

**Q** WHAT IS YOUR CURRENT BUSINESS STATUS?

Total % operational gap to Total Pacific Islands

- Permanently closed
- Temporarily closed
- Partly operational e.g. with reduced staff/hours
- Operational



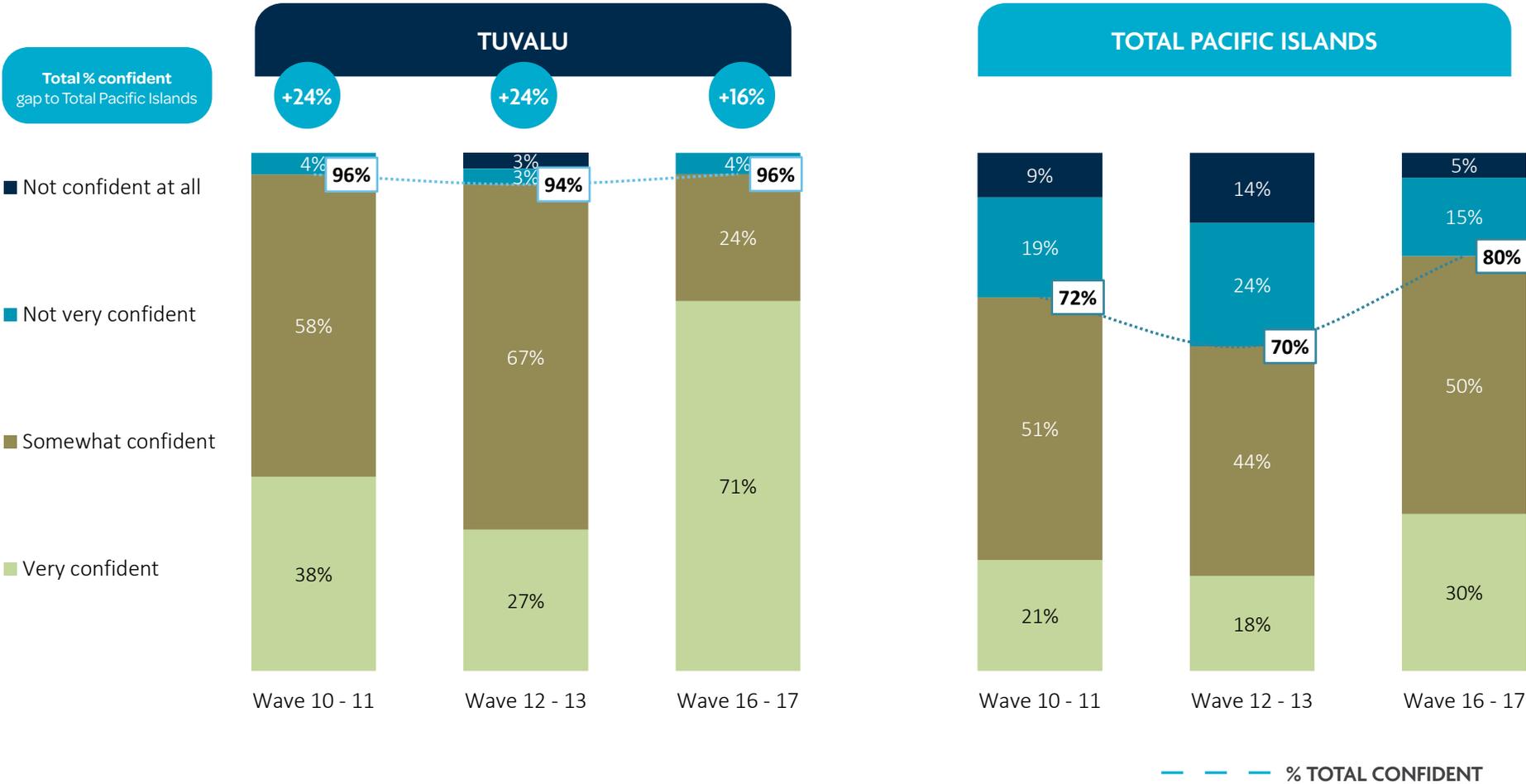
— — — % TOTAL OPERATIONAL

# CONFIDENCE IN BUSINESS SURVIVAL

Confidence in business survival remained high in Tuvalu across 2021.



HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

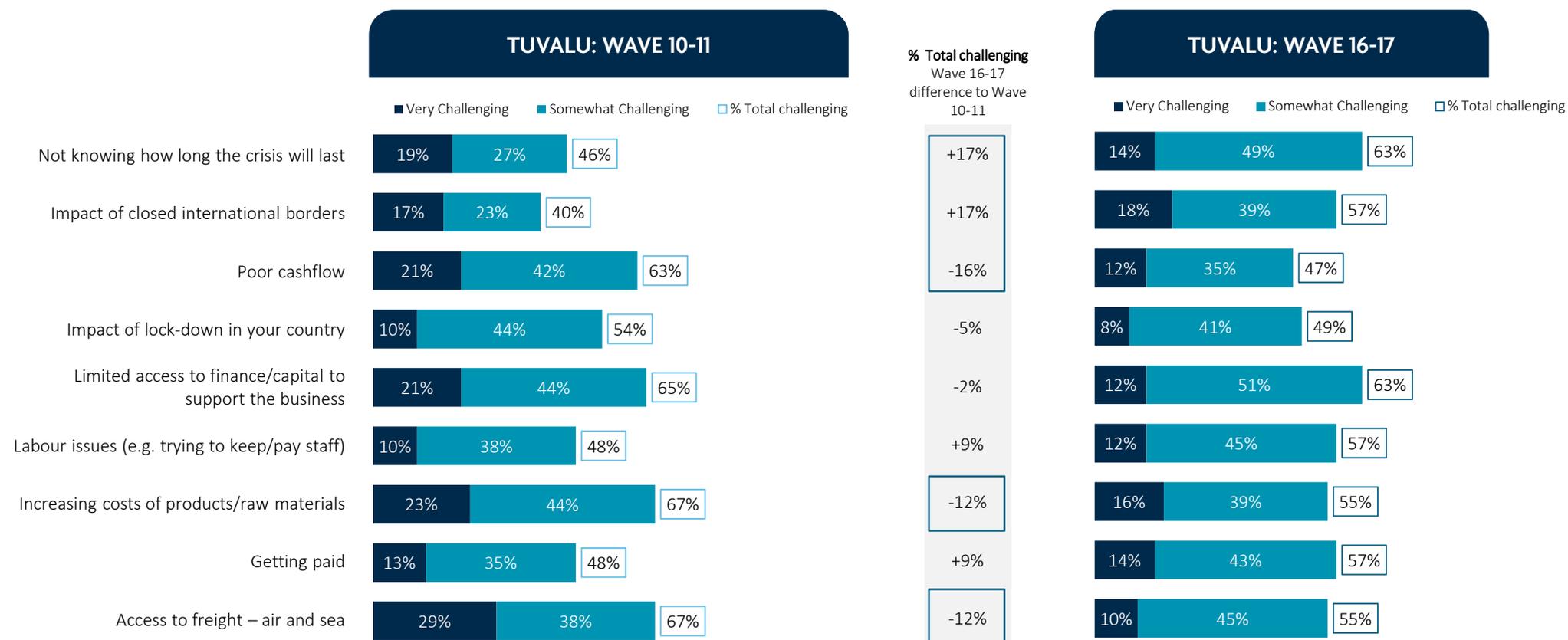


# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Comparing the first half the year to the second, businesses in Tuvalu increasingly found not knowing how long the crisis would last and international border closure to be a challenge.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

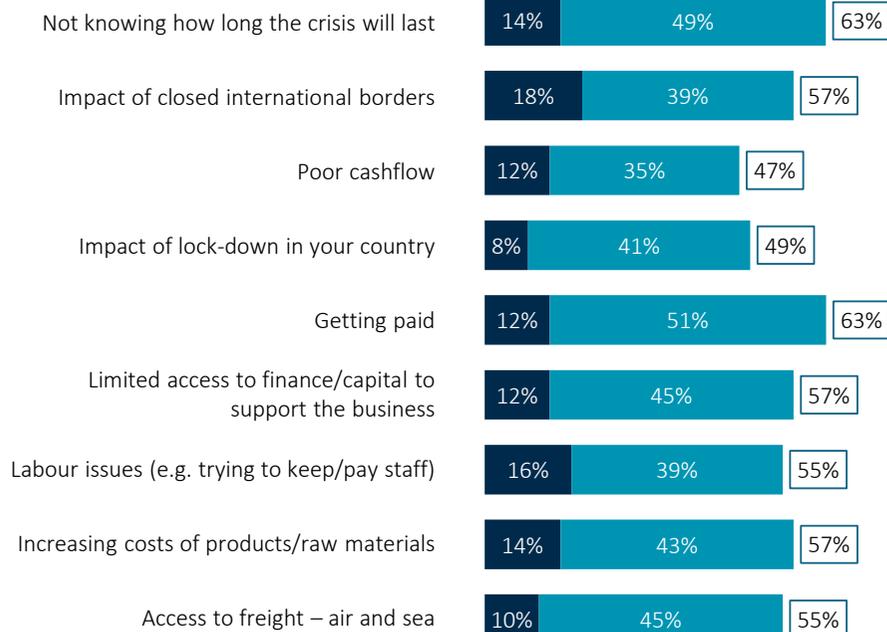
All business challenges appeared less concerning in Tuvalu than the Pacific Islands overall.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## TUVALU: WAVE 16-17

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

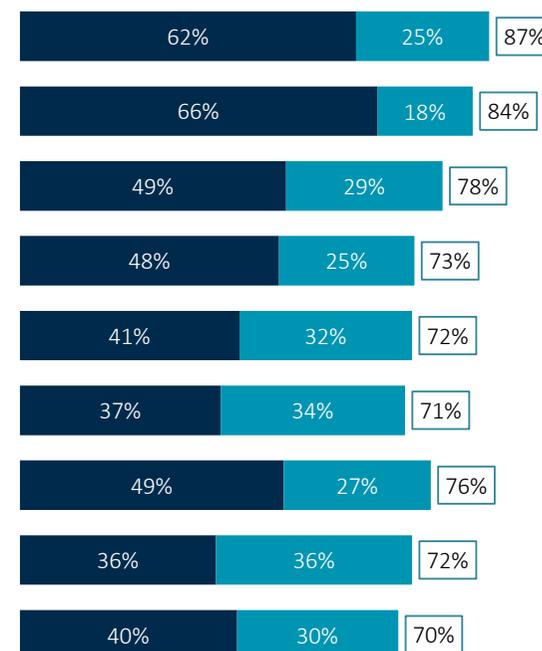


% Total challenging  
Wave 16-17 gap to  
Total Pacific Islands



## TOTAL PACIFIC ISLANDS: WAVE 16-17

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

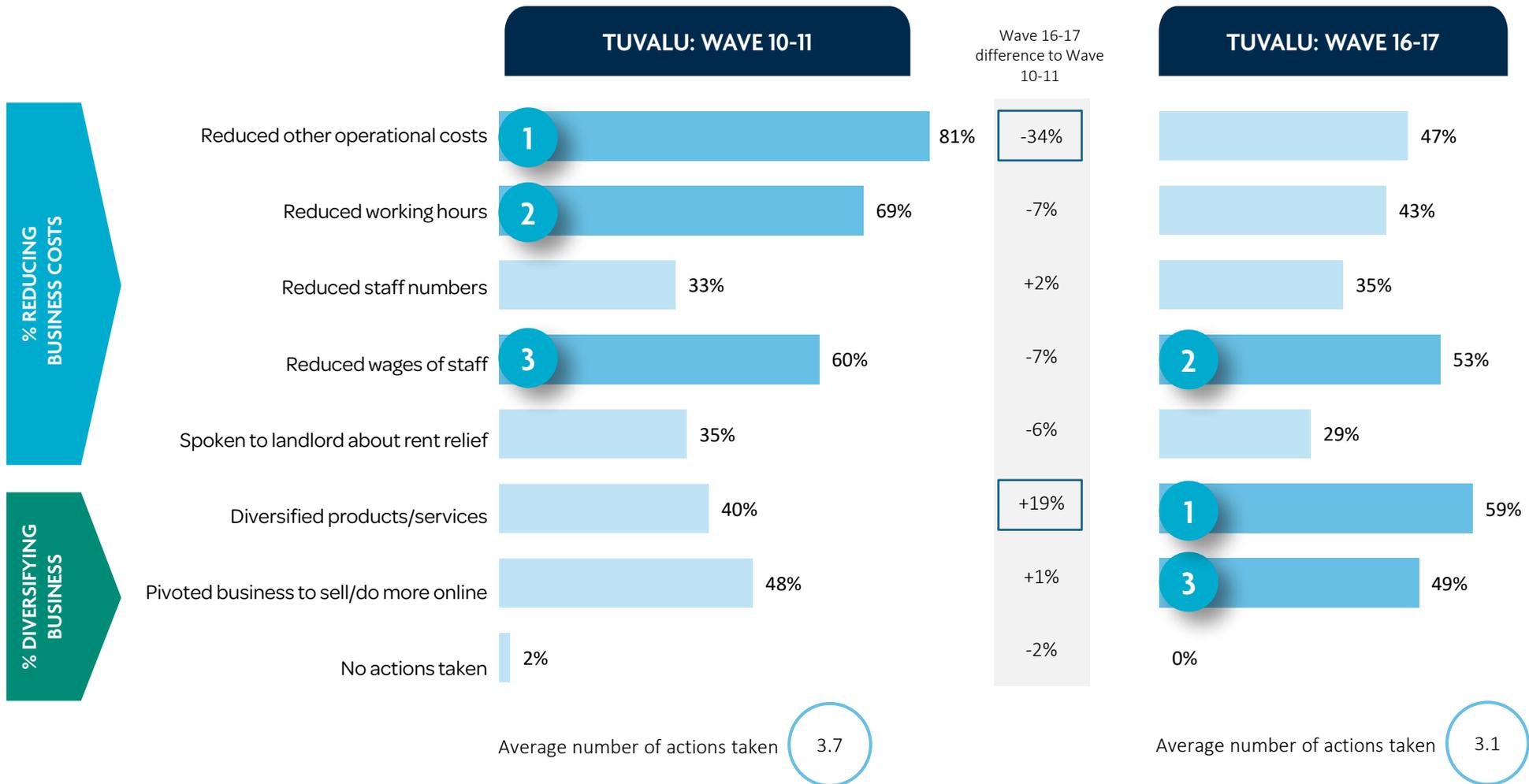


# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19 : DIVERSIFICATION VS. COST REDUCTION

Comparing the first half the year to the second, businesses in Tuvalu increasingly diversified products and services in order to reduce cost and damage to their business, while reducing operational costs decreased significantly.



INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

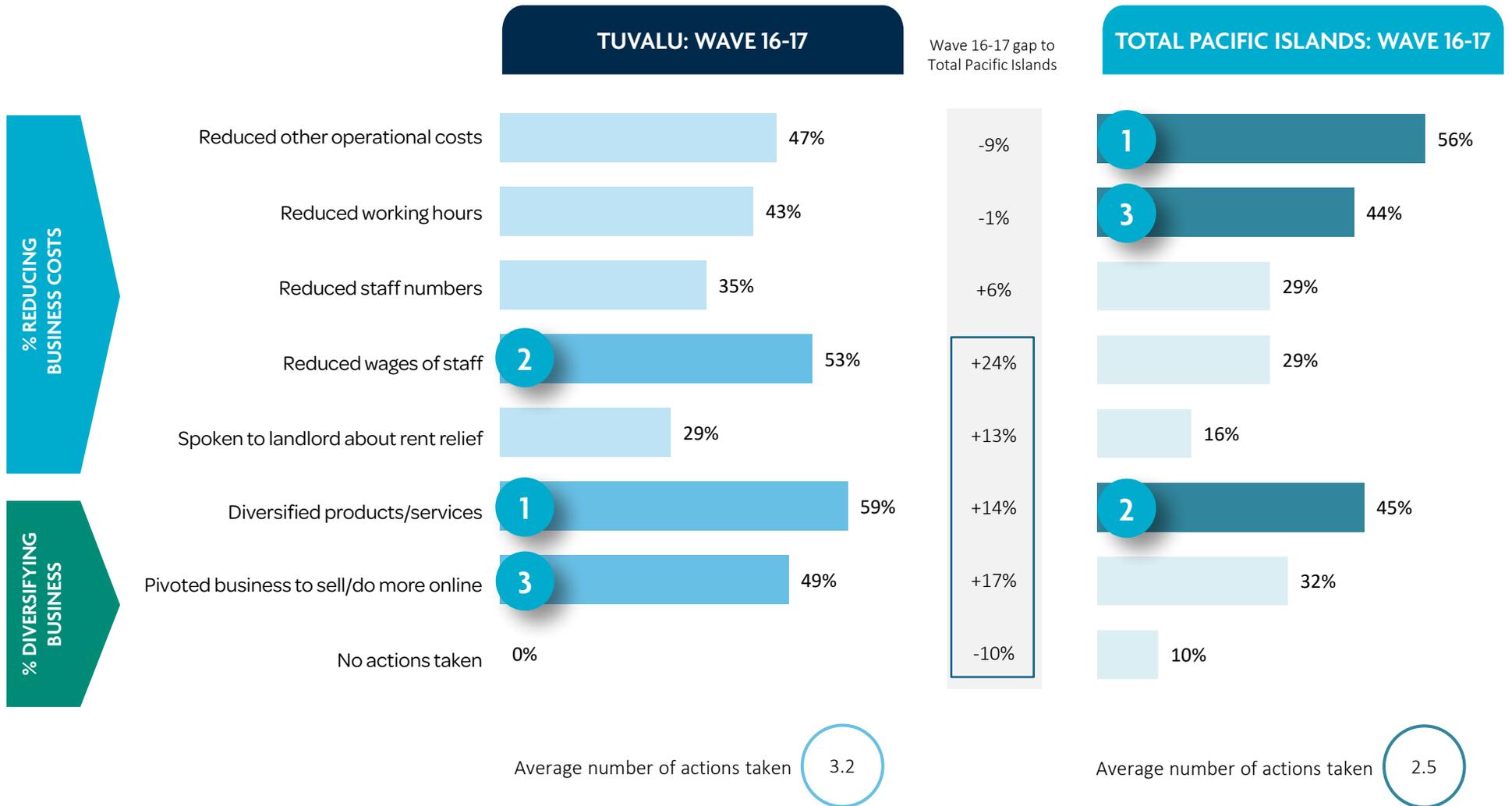


# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19 : DETAILED

In comparison to the Pacific Islands overall, more businesses in Tuvalu appeared to reduce staff wages, diversify products and services and pivot to sell and do more online.



INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

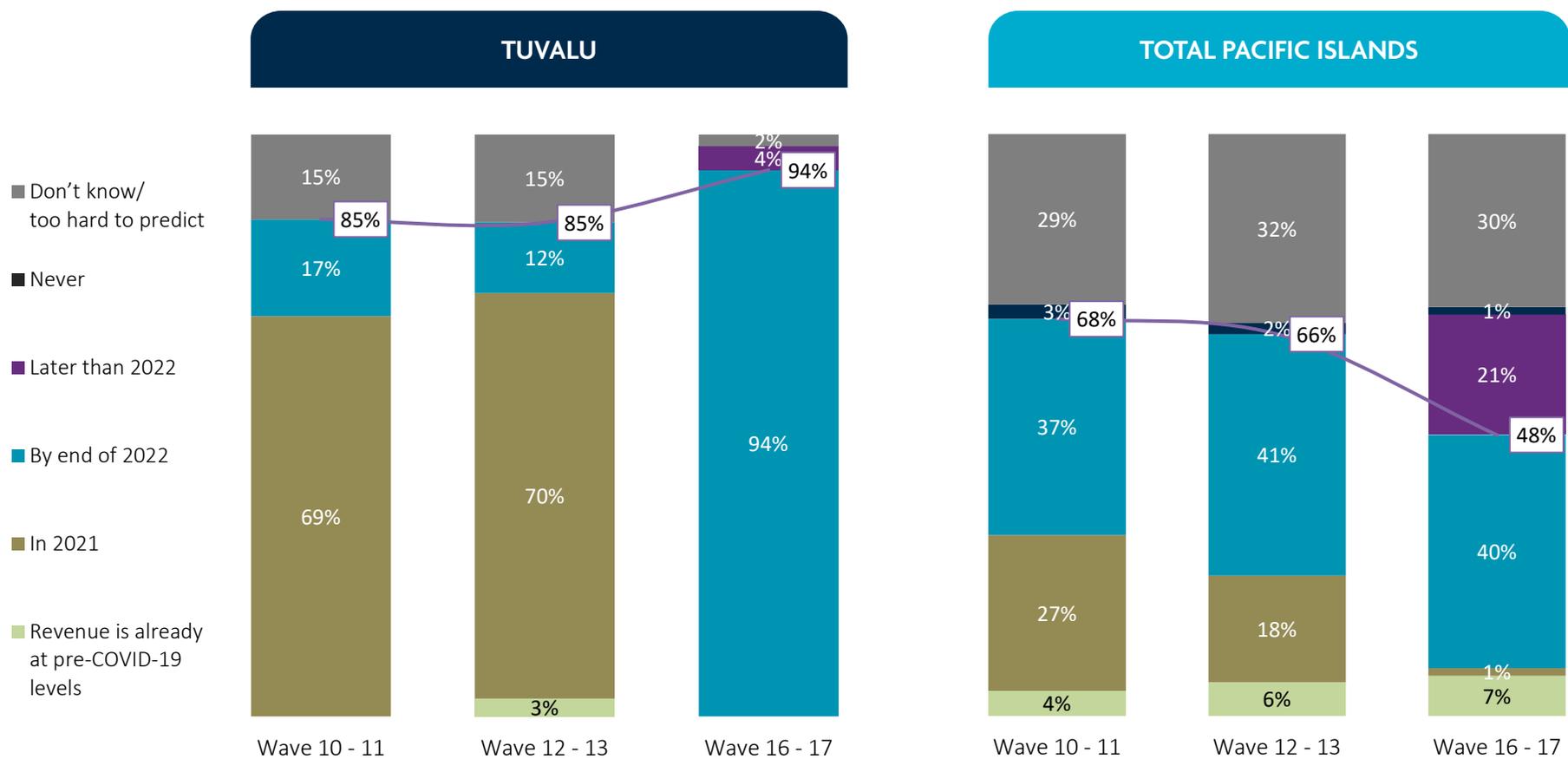


# TIME FRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Time frame expectations for returning to business as usual, are significantly shorter in Tuvalu than the Pacific Islands overall.

Q

WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?



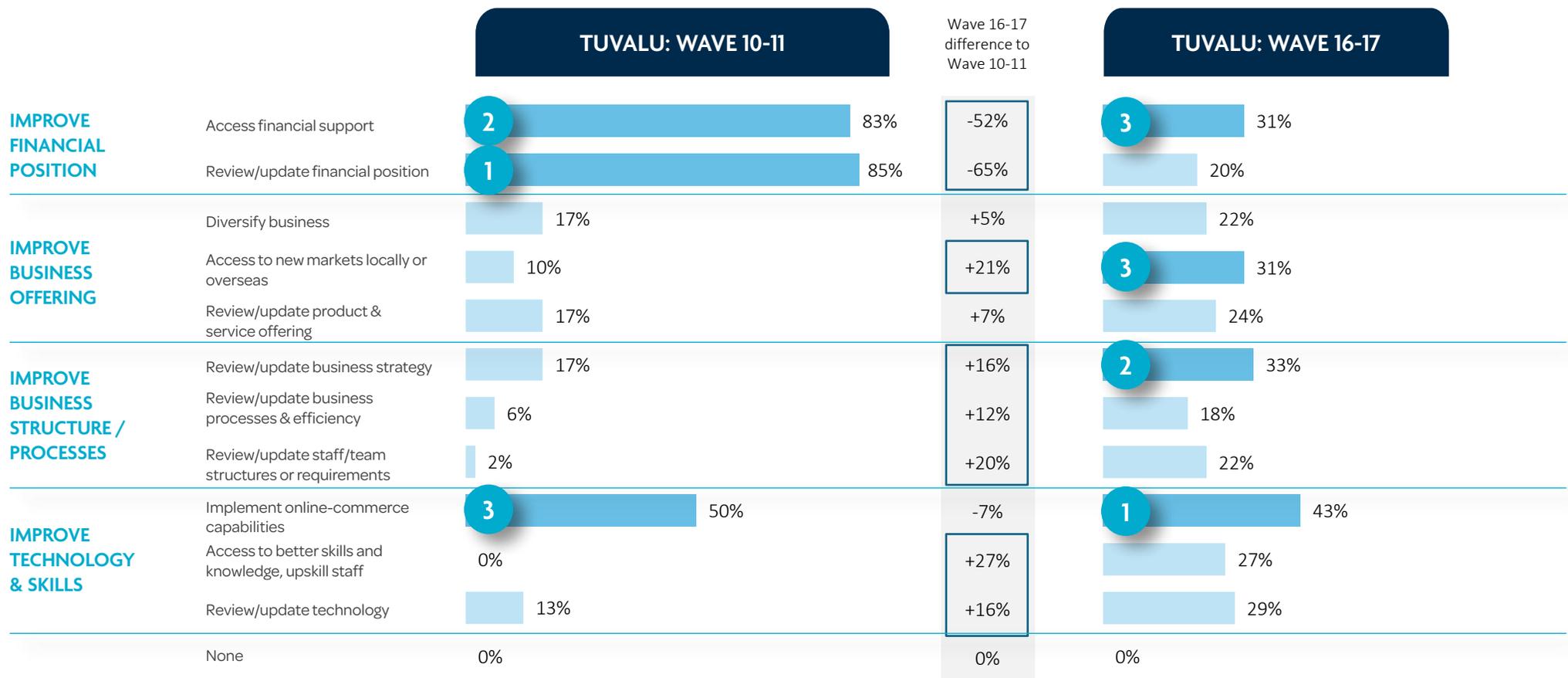
— % TOTAL LIKELY TO RETURN TO PRE-COVID LEVELS BY END OF 2022

# TOP INITIATIVES NEEDED TO SUPPORT BUSINESS

Comparing the first half the year to the second, businesses in Tuvalu decreasingly called for support in financial support and reviewing and updating financial positions.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

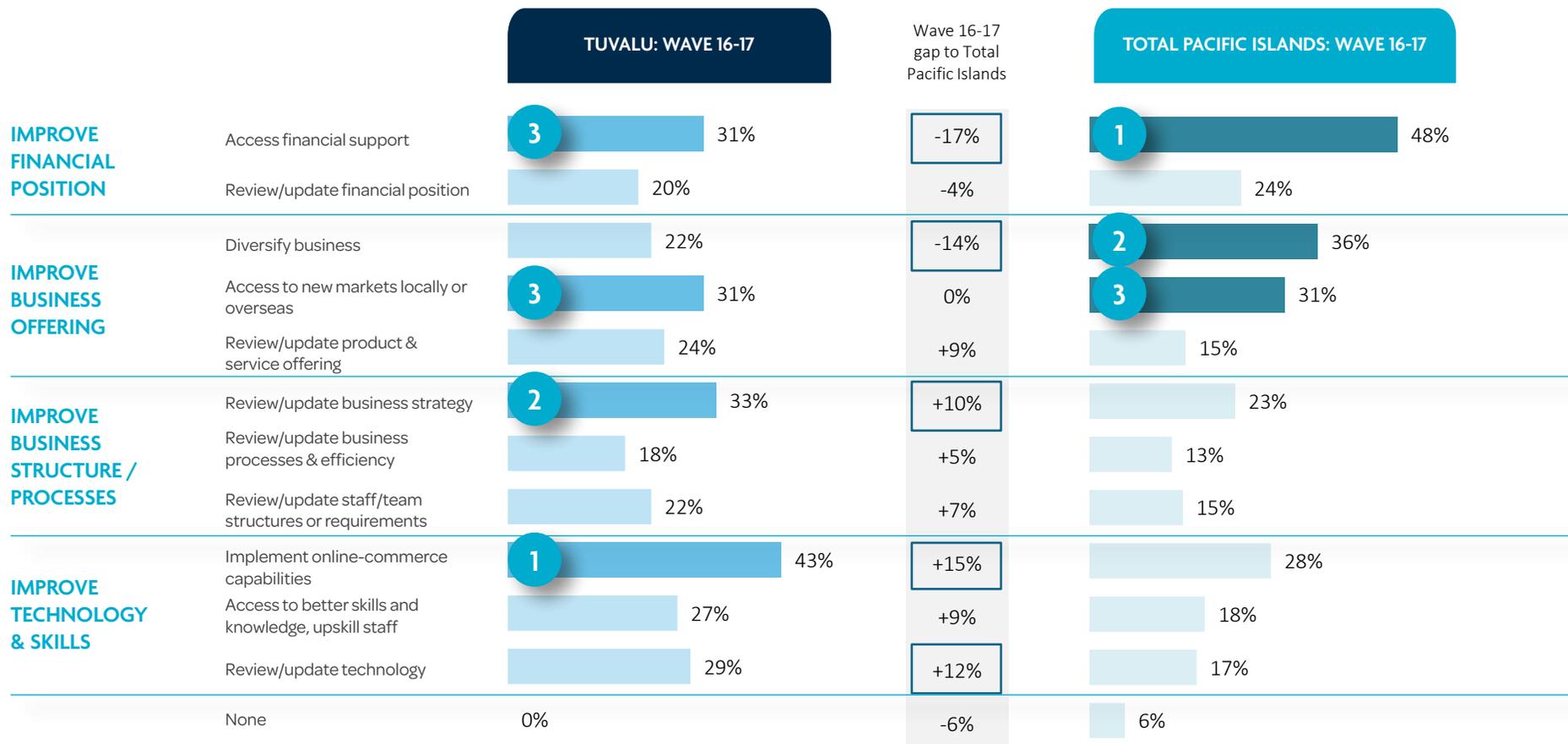


# TOP INITIATIVES NEEDED TO SUPPORT BUSINESS

In comparison to the Pacific Islands overall, more businesses in Tuvalu called for support to improve and implement online-commerce capabilities and to review and update technology.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?



# BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in Tuvalu facing barriers to action initiatives, appears to be significantly lower than the Pacific Islands overall.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

% YES



Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

## LACK OF RESOURCES/ INFORMATION (N=6)

“Lack of appropriate support in terms of advisor, coordination, and involvement in key decision making.”

– **Administrative & Support Services, Tuvalu**

“Access to online banking operation in Tuvalu are very limited”

– **Manufacturing, Tuvalu**

“I do not know where to get help from. Who is providing the knowledge/skills that I need?”

– **Administrative & Support Services, Tuvalu**

## LACK OF KNOWLEDGE / SKILLS (N=7)

“We need more training on e-commerce and online marketing.”

– **Retail Trade, Tuvalu**

“Need more awareness on how to use e-commerce.”

– **Retail Trade, Tuvalu**

## LACK OF GOVERNMENT SUPPORT (N=5)

“Last time the banks issues cash for private sector borrowing related to COVID-19 was in April 2020. Since then there has not been additional capital available to banks for businesses to then be able to borrow.”

– **Healthcare & Social Assistance, Tuvalu**

“We need more government support in the private sector”

– **Construction, Tuvalu**

## LIMITED FINANCIAL ASSISTANCE (N=2)

“Need more financial incentives from financial institutions.”

– **Tourism, Tuvalu**

“More financial support is needed from financial institutions.”

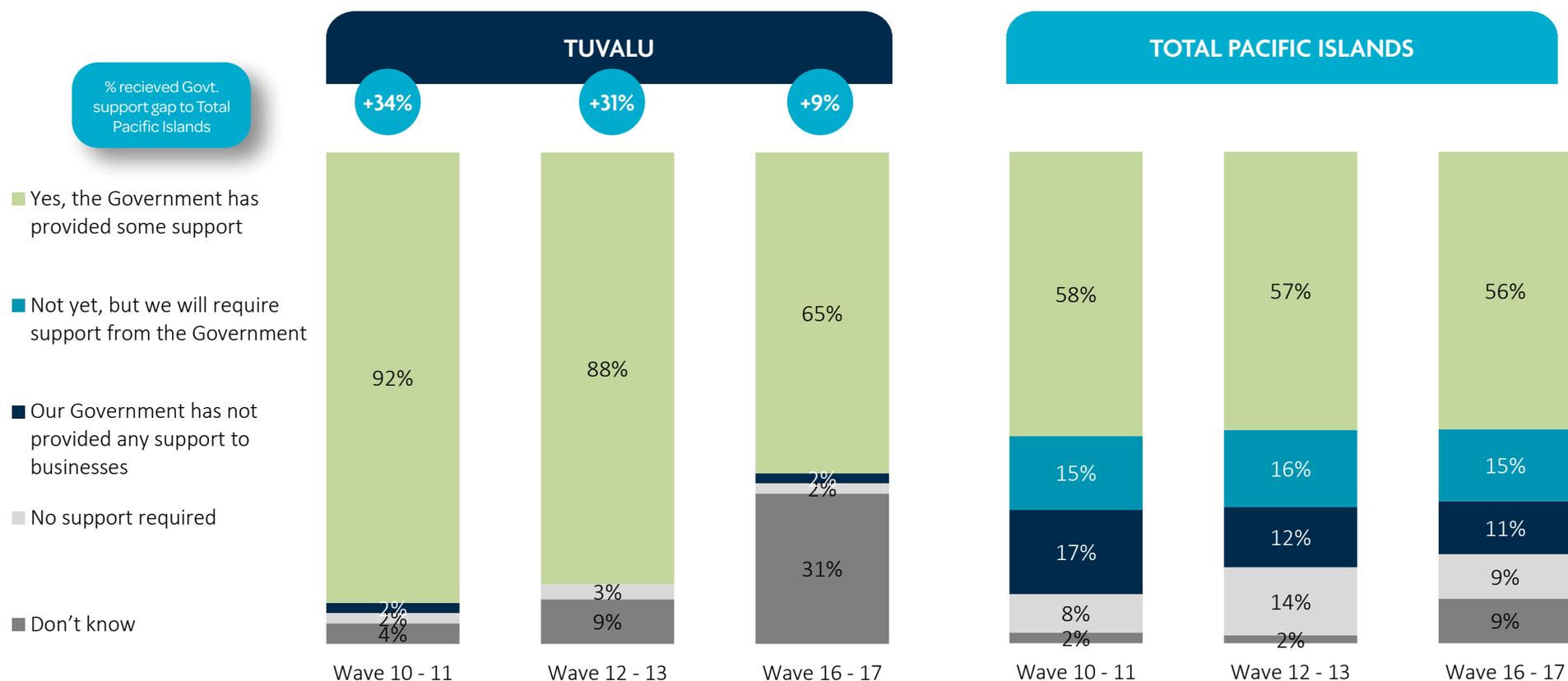
– **Retail Trade, Tuvalu**

# ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

It appears a higher proportion of businesses in Tuvalu have received support from the Government, compared to the Pacific Islands overall.

Q

HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?

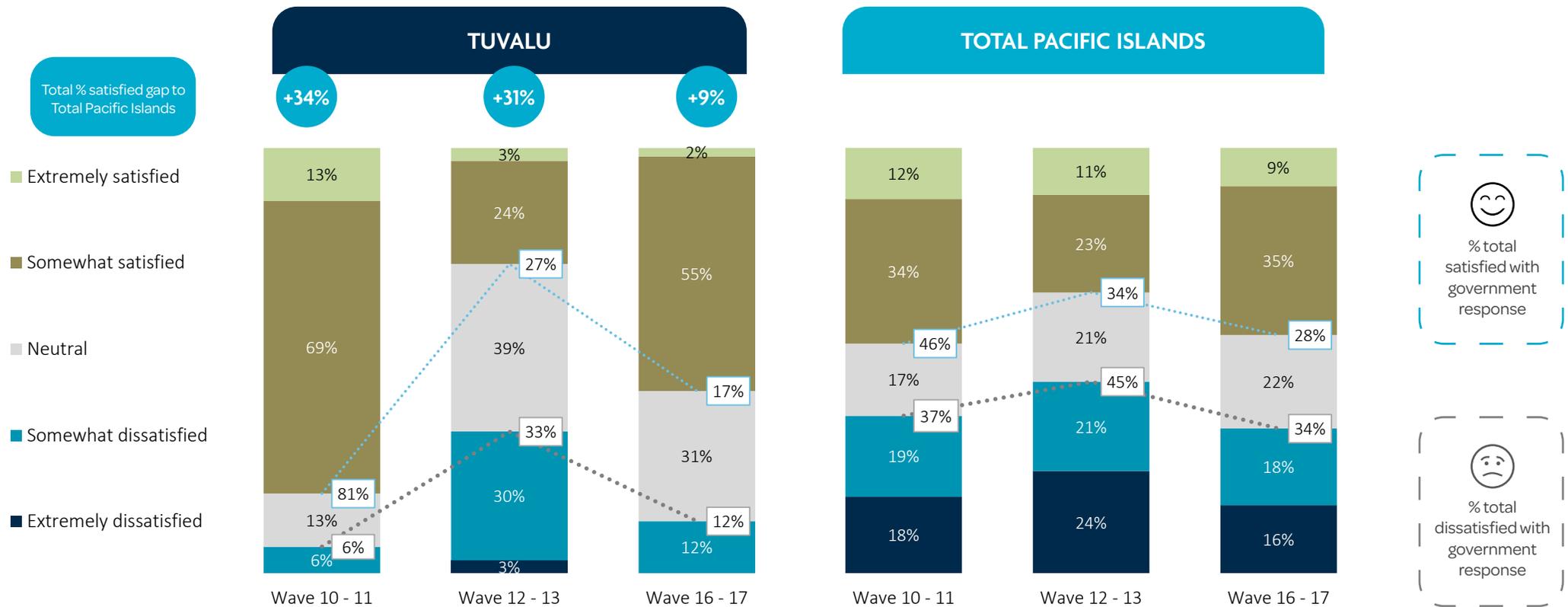


# SATISFACTION WITH GOVERNMENT SUPPORT

Satisfaction with the government response is higher among businesses in Tuvalu compared to the Pacific Islands overall.

Q

HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



# RESEARCH METHODOLOGY



## WHO DID WE SPEAK WITH?

MORE THAN  
**100** COMPLETED SURVEYS PER WAVE

All respondents are key influencers or decision-makers in their business. All businesses are based in the Pacific Islands.



## HOW DID WE SPEAK WITH THEM?

**8** QUANTITATIVE ONLINE SURVEYS  
MINUTE

Survey invitations were sent out and distributed by Pacific Trade Invest Australia. Respondents could also opt in to receive the survey each wave.



## WHEN DID WE SPEAK WITH THEM

**8** IN 2021  
WAVES

Online responses were collected over eight waves 4 January–15 November 2021.



**N=136**

TOTAL COMPLETED SURVEYS FROM NIUE

## PACIFIC TRADE INVEST

The PTI Network is an agency of the Pacific Islands Forum Secretariat and is the Pacific's leading trade and investment promotion agency. With offices in Australia, China, Europe and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

## ACKNOWLEDGEMENTS

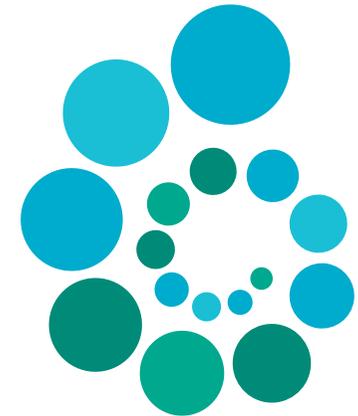
The PTI Network would like to thank all the Pacific businesses that took part in the *Pacific Business Monitor* surveys, and on-the-ground partners for their ongoing support sharing the surveys through their networks.

## DISCLAIMER

The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 4 January–15 November 2021.

## FOR FURTHER INFORMATION

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# Pacific Trade Invest

