



PACIFIC REGION — EUROPEAN COMMUNITY

**REGIONAL STRATEGY PAPER
AND
REGIONAL INDICATIVE PROGRAMME
FOR THE PERIOD 2008 – 2013**

GENERAL PROVISIONS

The Pacific region, represented by the Pacific Islands Forum Secretariat, and the European Commission hereby agree as follows:

- (1) The Pacific Islands Forum Secretariat (PIFS) (represented by Greg Urwin and Tuiloma Neroni Slade, respectively former and present Secretary-General, Iosefa Maiawa, Feleti Teo and Peter Forau, Deputies Secretary-General) and the European Commission (represented by Stefano Manservigi, Director-General for Development and Relations with ACP countries, Roberto Ridolfi and Wiepke Van der Goot, respectively former and present Head of the Delegation of the European Commission in the Pacific), hereinafter referred to as the Parties, held discussions in Suva from March 2006 to September 2008 with a view to determining the general direction of cooperation for the period 2008–2013. The European Investment Bank, represented by David Crush, Head of Division, Pacific and Caribbean, was consulted.

During these discussions, the Regional Strategy Paper, including an Indicative Programme of Community Aid in favour of the Pacific, was drawn up in accordance with the provisions of Articles 8 and 10 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 and revised in Luxembourg on June 2005. These discussions complete the programming process in the Pacific.

The Pacific region includes the following countries: Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Nauru, Niue, Marshall Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu.

The Regional Strategy Paper and the Indicative Programme are attached to this document.

- (2) As regards the indicative programmable financial resources the Community intends to make available to the Pacific for the period 2008-2013, an amount of €5 million is earmarked for the allocation referred to in Article 9 of Annex IV to the ACP-EC Partnership Agreement. This allocation is not an entitlement and may be revised by the Community following the mid-term and end-of-term reviews, in accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement.

- (3) Chapter 6 of the Indicative Programme concerns the measures funded under this allocation. It is intended to cover economic integration and trade support, sectoral policies, and programmes and projects at the regional level in support of the focal or non-focal areas of Community assistance. It does not pre-empt financing decisions by the Commission.

- (4) The European Investment Bank may contribute to this Regional Strategy Paper by way of operations financed from the Investment Facility and/or from its own resources, in accordance with paragraphs 2(c) and 3 of the Multi-Annual Financial Framework for the period 2008-2013 contained in Annex Ib to the ACP-EC Partnership Agreement.

- (5) In accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement, a mid-term and end-of-term review of the Regional Strategy Paper and the Indicative Programme will be undertaken in the light of current needs and performance. The mid-

- (5) In accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement, the signatories will undertake a mid-term and end-of-term review of the Regional Strategy Paper and the Indicative Programme in the light of current needs and performance. The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of each of these reviews, the Community may revise the allocation of resources in the light of current needs and performance. Without prejudice to Article 11 of Annex IV concerning reviews, the allocation may be increased pursuant to Article 9(2) of Annex IV to the ACP-EC Partnership Agreement in order to take account of new needs or exceptional performance.
- (6) The agreement of the Parties on the attached Regional Strategy Paper and Regional Indicative Programme will be regarded as definitive within eight weeks of the date of signature, unless either Party communicates the contrary before the end of this period.

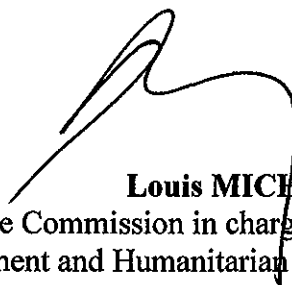
Done at Strasbourg on 15 November 2008.

For the Pacific Region



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For the European Commission



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LIST OF ACRONYMS

ACP	African, Caribbean and Pacific states
AFT	Aid for Trade
AIDS	Acquired immune deficiency syndrome
APSED	Asia Pacific Strategy for Emerging Diseases
CDE	Centre for the Development of Enterprise
CEDAW	Convention on the Elimination of Discrimination Against Women
CROP	Council of Regional Organisations in the Pacific
DRR&DM	Disaster Risk Reduction and Disaster Management
DWFN	Distant Water Fishing Nations
EFA	Education For All
EC	European Community
EDF	European Development Fund
EPA	Economic Partnership Agreement
EIB	European Investment Bank
EEZ	Exclusive Economic Zone
FBEAP	Forum Basic Education Action Plan
FCTC	Framework Convention on Tobacco Control
FEMM	Forum Economic Ministers Meeting
FFA	(Pacific Island) Forum Fisheries Agency
FICs	Forum Island Countries
FPAs	Fisheries Partnership Agreements
FSMed	Fiji School of Medicine
FVO	Food and Veterinary Office
GCCA	Global Climate Change Alliance
GEF	Global Environment Facility
GDP	Gross Domestic Product
GSP	Generalised System of Preferences
GWP	Global Water Partnership
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
ICT	Information and Communication Technologies
IHR	International Health Regulations
IPCC	Intergovernmental Panel on Climate Change
IUU	Illegal Unregulated & Unreported (fishing)
LDCs	Least Developed Countries
MCS	Monitoring Control System
MCP	Multi-Country Programming
MSG	Melanesian Spearhead Group
MFN	Most Favoured Nation
MRAG	Marine Resources Assessment Group
NAO	National Authorising Officer for the EDF
NZAID	New Zealand AID
NIP	National Indicative Programme
NSAs	Non-State Actors
PACER	Pacific Agreement on Closer Economic Relations
PACPs	Pacific ACP countries
PNA	Parties to the Nauru Agreement
PASO	Pacific Aviation and Safety Office
PATVET	Pacific Association of Technical and Vocational Education Training
PCCR	Pacific Climate Change Roundtable

PICTA	Pacific Island Countries Trade Agreement
PICTs	Pacific Island Countries and Territories
PIDP	Pacific Islands Development Programme
PIEP	Pacific Islands Environmental Programme
PIESD	Pacific Islands Energy for Sustainable Development
PIF	Pacific Island Forum
PIFS	Pacific Islands Forum Secretariat
PIFACC	Pacific Islands Framework for Action on Climate Change
PIFRAC	Pacific Islands Regional Action on Climate Change
PIPSO	Pacific Islands Private Sector Organisation
PNA	Parties to the Nauru Agreement
PNG	Papua New Guinea
PPA	Pacific Power Association
PPA	Pacific Platform for Action
PPAC	Pacific Plan Action Committee
PRAN	Pacific Regional Assistance to Nauru
PRIDE	Pacific Regional Initiative for the Delivery of basic Education project
RAMSI	Regional Assistance Mission to the Solomon Islands
RAO	Regional Authorising Officer for the EDF
RAP	Pacific Regional Action Plan on Sustainable Water Management
RIP	Regional Indicative Programme
RSP	Regional Strategy Paper
RTFP	Regional Trade Facilitation Programme
SIDS	Smaller Island Developing States
SOPAC	Pacific Islands Applied Geosciences Commission
SPBEA	South Pacific Board for Educational Assessment
SPC	Secretariat for the Pacific Community
SPIN	South Pacific Interconnectivity Network
SPREP	Pacific Regional Environmental Programme
SPS	Sanitary and Phyto-Sanitary (measures)
STI	Sexually Transmitted Infections
TBT	Technical Barriers to Trade
TDF	Trade Development Facility
TVET	Technical and Vocational Training
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
USP	University of the South Pacific
VMS	Vessel Monitoring System
WCPFC	Western and Central Pacific Fisheries Commission
WTO	World Trade Organisation

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EXECUTIVE SUMMARY

1. The Pacific ACP region consists of 15 small island states spread over an ocean area the size of the African continent. The total population of the region is 9.55 million. The Pacific has a unique combination of characteristics that cannot be found anywhere else in the world. In contrast to a land area of just 560,000 km², it is spread across 29 million km² of the Pacific Ocean with a combined Exclusive Economic Zone of well over 20 million km². The land area varies from 21 km² for small islands such as Nauru to 462,000 km² for Papua New Guinea. The marine environment is largely unexplored and has the most extensive and diverse reef systems in the world. The coastal areas are highly diverse but extremely fragile and vulnerable to climatic change. Forestry resources occupy 35 million hectares of the land area but are threatened by unsustainable land use and unregulated logging.
2. Fourteen of these ACP¹ States meet once a year with Australia and New Zealand as the *PACIFIC ISLANDS FORUM (PIF)*. A formal *Post Forum Dialogue* takes place with 14 external partners, including the European Commission, France, Italy and the United Kingdom. The Secretary General of the *Pacific Islands Forum Secretariat (PIFS)* is the Regional Authorising Officer (RAO) for the European Commission's *Regional Indicative Programme (RIP)* on behalf of the Pacific ACPs. Through the PIFS he provides technical support on the administration and implementation of the EDF. The Secretary General also provides technical assistance and advice to the Pacific ACPs, notably regarding trade issues such as the EPA negotiations. The PIFS also chairs the *Council of Regional Organisations in the Pacific (CROP)*, which includes ten other intergovernmental regional organisations².
3. Under the 2005 *Agreement establishing the Pacific Islands Forum*, currently under ratification, the PIF admitted New Caledonia and French Polynesia as Associate Members. Observer status is granted instead to Timor Leste, Wallis and Futuna, Tokelau as well as to the United Nations, the Commonwealth Secretariat, the Asian Development Bank and the Western and Central Pacific Fisheries Commission.
4. In the Auckland Declaration of April 2004, the Forum Leaders adopted the following vision in response to the many challenges facing Pacific islands countries:

“Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives. We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed. We seek a Pacific

¹ Cook Islands, Fiji, Nauru, Tonga, Samoa, Papua New Guinea, Solomon Islands, Vanuatu, Kiribati, Tuvalu, Republic of Marshall Islands, the Federated States of Micronesia, Palau and Niue.

² See membership table in *Annex 8*.

region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values and for its defence and promotion of human rights. We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all”.

5. Governed by the Leaders vision, the Pacific Forum agenda is set out in the *Pacific Plan for Regional Integration and Cooperation* (‘Pacific Plan’: 2006-2015), which includes an Economic Partnership Agreement (EPA) with the EU as one of its economic growth objectives. Timor Leste has declared its broad political support for the objectives of the Pacific Plan but has not so far participated in its implementation or in EPA negotiations with the EU.
6. The Pacific Plan defines regional cooperation and integration as:
 - (a) setting up dialogues or processes between governments,
 - (b) pooling national services (e.g. customs, health, education, sport, etc.) at regional level, and
 - (c) lowering market barriers between countries.
7. Central to the Pacific Plan are a number of ‘initiatives’ that have been identified as a way of furthering development across the region. These initiatives have been modelled around four ‘pillars’. Under *economic growth*, the Plan aims to increase trade and investment; improve infrastructure and service delivery; and increase private sector participation. Under *sustainable development*, it aims to reduce poverty; enhance natural resource and environmental management; improve health, education and training; improve gender equality; involve youth; and promote sports and cultural values. Under *governance*, the Plan targets improved transparency, accountability, equity and management efficiency. Under *security*, it aims to achieve improved political and social conditions for stability and safety.
8. As regards cooperation, for the past 33 years the Commission has focused a substantial share of its support on the areas of natural resource management and the environment, which remain important sectors not only for the region but also in terms of global challenges. The European Development Fund has also provided support for the region through its efforts to promote economic integration. Due to the differences between Pacific ACP economies, initiatives designed to integrate markets for goods and services have proved particularly challenging. While there has been some success in providing aviation and maritime services, safety and security and telecommunication infrastructure, much work still needs to be done to achieve full and equitable implementation of the regions’ trade agreements, as well as to establish sound economic policies and a fully functioning economic infrastructure, including information and communication technologies (ICTs), in support of development.
9. The 10th EDF response Strategy addresses the challenges of the Pacific ACP countries in the context of the *Pacific Plan* and the *EU Strategy for a Strengthened Partnership with the Pacific ACP* adopted in 2006. The amount provided for in the Regional Indicative Programme is €5 million. The EU Response strategy is based entirely on and aligned with the Pacific Plan and is consistent with the region’s commitment to liberalising trade and

consolidating economic integration. The first focal area of the 10th EDF RIP will be *Regional Economic Integration*, for which €45 million (47% of the RIP) will be set aside.

10. Agriculture and fisheries remain important sectors of the regional economy and the growing tourism sector is totally reliant on the natural environment. Climate change and its effects, in particular on the myriad of low-lying atolls in the Pacific, are of increasing concern and must be tackled in terms of both adaptation and mitigation. For these reasons, the second focal area of the 10th EDF RIP is the *Sustainable Management of Natural Resources and the Environment*, supporting the second pillar of the Pacific Plan – *Sustainable Development*. A total of €40 million (42% of the RIP) will be reserved for activities in this area.
11. The third and fourth pillars of the Pacific Plan — *Good Governance* and *Security* — will be supported through structured EU-Pacific ACP political dialogue and through mechanisms such as the Stability Instrument.
12. A non-focal area (€10 million — 10%) will be set aside to cover the participation of non-state actors, a technical cooperation facility and other capacity-building measures.
13. Other financial instruments will complement the Regional Indicative Programme. Country-specific needs will be financed from NIPs, and EDF intra-ACP funds can contribute to cross-cutting initiatives. The EIB and CDE can focus on private sector development. New initiatives such as the Global Climate Change Alliance may also provide additional resources. EU Member States may contribute bilateral funds, notably in support of collective commitments to developing countries and, last but not least, donor coordination led by Pacific partners can maximise aid effectiveness.

PART I

COOPERATION STRATEGY

CHAPTER 1: THE FRAMEWORK OF COOPERATION BETWEEN THE EC AND THE PACIFIC REGION

Article 1 of the ACP-EU Partnership Agreement — the so-called “Cotonou Agreement” — puts the main emphasis on the Millennium Development Goals, in particular the eradication of extreme poverty and hunger, and on the development targets and principles agreed in the United Nations Conferences. Cooperation between the EU and the Pacific aims to pursue these objectives, taking into account the fundamental principles laid down in Article 2 of the Agreement and the essential elements defined in Article 9.

Furthermore, in the tripartite Statement on EU Development Policy of 20 December 2005 — the European Consensus on Development — the Council of the European Union, the European Parliament and the European Commission emphasised that poverty eradication is the primary objective of EU development cooperation and that sustainable development includes good governance, human rights and political, economic, social and environmental aspects.

Article 18 of the Cotonou Agreement calls for development strategies and economic and trade cooperation to be mutually reinforcing, interlinked and complementary. The parties shall ensure that the efforts undertaken in both areas are mutually supportive.

Article 28 of the Agreement sets out the general approach to regional cooperation and integration: “*Cooperation shall provide effective assistance to achieve the objectives and priorities, which the ACP countries themselves have set in the context of regional and sub-regional cooperation and integration. In this context cooperation support shall aim (a) to foster the gradual integration of the ACP States into the world economy, (b) to accelerate economic cooperation and development both within and between the regions of the ACP States, (c) to promote the free movement of persons, goods, capital services, labour and technology among ACP countries; (d) to accelerate diversification of the economies of the ACP States; and coordination and harmonisation of regional and sub-regional cooperation policies; and (e) to promote and expand inter and intra-ACP trade and with third countries*”.

Cooperation in the area of regional economic integration and regional cooperation should support the main fields identified in Articles 29 and 30 of the Cotonou Agreement. Furthermore, Article 35 provides that “economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy”.

Articles 85 and 90 of the Agreement make specific reference to least developed, landlocked and island ACP states and make provision for them to receive special treatment to help them overcome the serious economic and social problems, natural and geographical obstacles and other challenges holding back their development. The Regional Indicative Programme will reflect these special provisions.

In 2006, the European Council adopted an EU strategy for the Pacific designed to strengthen EU ties with the Pacific ACP. This strategy aims to increase political dialogue on matters of common interest, make development action more focused, with greater emphasis on regional cooperation, and to improve the effectiveness of aid delivery.

The above objectives and principles, together with the region's own policy agenda — the Pacific Plan — and the EU strategy for the Pacific, constitute the starting point for the formulation of the RSP, in accordance with the principle of ownership of development strategies.

CHAPTER 2 — ANALYSIS OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION OF THE REGION

2.1 Introduction: The Pacific — a different kind of place

The Pacific is the largest geographical entity in the world. It is more accurately considered to be the aquatic equivalent of Eurasia or Africa or the Americas. This concept is important because it explains the asymmetries that must be considered when assessing the benefits and calibrating the expectations of Pacific regionalism.

For instance, at one third of the Earth's surface, in terms of physical geography, the Pacific is the largest entity in the world, but in terms of human settlement, it is by far the smallest, with less than 10 million inhabitants.

Achieving economies of scale in such an environment would require the world's most costly infrastructure (merchant ships, passenger and cargo planes, ports, airports, satellite or submarine telecommunications, submarine oil and gas pipelines, etc.). Add to this the effects of diversity: some countries are huge in comparison to others (PNG 462 000 km² versus Nauru 21 km²) and while some are resource-rich (PNG, Timor-Leste), the land area and resource base of others is very limited (Nauru, Kiribati, Tuvalu, and Marshall Islands). The region is also home to almost one-third of the world's languages. It should therefore not be surprising that what is known as 'Pacific Regionalism' is more concerned with cooperation in specific functional areas than with outright economic integration through the creation of a single market.

Despite these differences the Pacific group of countries do work well together whenever they can and whenever it makes sense. This is most clearly evident at political level — inter-state wars among the Pacific ACP have never occurred and what internal conflicts there have been have always been resolved in the '*Pacific Way*' — through consensus. Spiritual and cultural links, often expressed in terms of devotion, arts or in sports, are impressive.

The best way that the Pacific Islands can influence the international agenda in today's globalising world is through regional integration and cooperation. This is happening in the field of security and governance and in natural and human resource management. It is equally desired but more difficult in the *economic* field because of the distance/size/sovereignty dissymmetry already mentioned. The trade-off between scale benefits and distance costs effectively conditions the size and scope of economic integration. Nevertheless, the process of economic integration offers the best opportunities to reduce such costs, provided an enabling political context is in place. Pacific ACP progress towards economic integration uses a step by step approach and applies the subsidiarity principle³ in much the same way as has been increasingly done in the EU.

³ In the Pacific understood as intervening regionally only where there are significant economies of scale and avoiding intervention where there are significant costs associated with isolation.

2.2 Political situation

Most Pacific ACP States operate as multi-party democracies with freely elected governments. Being relatively young democracies, most of them face a wide range of development challenges, which include good governance and capacity development of public institutions in particular. There is still a need for enhanced political and social dialogue and consequently state consolidation.

Some constitutional arrangements are under revision (Solomon Islands), some have changed significantly with a high degree of devolution to the provinces (PNG) and some are in the process of democratic transition (Tonga). Timor Leste has defended (with the assistance of the international community) its democratic credentials despite major challenges.

2.2.1 *Peace and security*

The Pacific ACPs have been able to maintain satisfactory levels of national safety and security and to address on their own or by means of regional assistance and cooperation the instances of political instability and conflict that have occurred, notably since 2000.

The main causes of conflict in the region are often related to ethnic differences, land disputes, disparity of economic opportunity and a lack of confidence in the ability of central governments to resolve provincial differences satisfactorily.

Apart from the case of Timor-Leste, where a UN peace-keeping force has been deployed since October 1999, peace and security issues have always been dealt with internally by the region. A regional mechanism, referred to as the Biketawa Declaration, has been in force since the year 2000. Requests for assistance and mediation under the Biketawa Declaration have been taken up on two occasions: the Regional Assistance Mission to the Solomon Islands (RAMSI) following ethnic tensions in 2003 and the Pacific Regional Assistance to Nauru (PRAN) after near economic collapse in 2003/4. Election observer missions, Eminent Persons Groups and Good Offices Missions are also undertaken under the auspices of the Biketawa Declaration, as in the case of Fiji following the overthrow of the elected government in the December 2006 military coup.

Solomon Islands have gone through a period of ethnic tensions and in 2003 a regional mechanism — Regional Assistance Mission to Solomon Islands (RAMSI) — was put in place in order to restore law and order and is now focused on a programme of assistance to the justice system and the restoration of the economy and basic services. The country has taken steps to address the sources of the conflict by initiating a process of national reconciliation.

Nauru, once a country with the highest GDP per capita in the region, has found itself on the verge of collapse since the main source of revenues, phosphates, became depleted. In response, again a regional mechanism was set up: the deployment of Pacific Regional Assistance to Nauru (PRAN) has provided support for reforms to aid the economic recovery of the country.

Fiji suffered its fourth coup since independence in December 2006. The Pacific Islands Forum was central in the political process that followed, which resulted in Fiji's commitment, at the Forum meeting in Tonga in October 2007, to holding parliamentary elections by March 2009. The Forum and Fiji have established a high-level working

group, which was suspended, however, by Fiji in June 2008. By September 2008 Fiji had contacted the Forum chair with a view to reengaging, but the form is still to be worked out. As the interim Government indicated that it did not intend to keep its promise to the Forum regarding elections by March 2009, the Forum decided at its annual Leaders' meeting in August 2008 to threaten Fiji with suspension from the Pacific Islands Forum. The Forum will evaluate the situation in Fiji again in late 2008 and take a decision at an extraordinary meeting of its Leaders.

2.2.2 Governance and democracy

In the last few years there has been overall improvement in governance and democratisation in the region, including in the area of media ownership and control, the increased involvement of civil society and the participation of external observers in electoral processes. However, some of these changes have been top-down and the situation in Fiji, in particular, is extremely complex as regards a return to free elections. The low literacy levels and social vulnerability in the Solomon Islands leave room for the electoral processes to be manipulated. At the opposite end of the scale, in the highly literate Kingdom of Tonga, which experienced rioting in 2006, domestic legislation is ongoing to expand democratic suffrage. This was already part of the agenda at the April 2008 elections. All in all, the role of parliaments is being strengthened and the governance process is becoming more transparent.

2.2.3 Human rights and gender

Despite gender equality in lower levels of education in most Pacific ACPs, women remain under-represented in technical and professional education and are over-represented in low-paid informal sectors. They are also under-represented in decision-making bodies and high-level positions. Freedom of speech is generally the norm although government relations with the independent media are at times uneasy in Fiji. Delays in implementing UN human rights conventions and declarations have been reported.

All Pacific ACPs except Nauru, Niue, Palau and Tonga are signatories to the *Convention on the Elimination of Discrimination Against Women* (CEDAW) but only four have reported to the UNCEDAW committee (Cook Islands, Fiji, Samoa, Vanuatu). The Pacific has taken the lead in developing legislative compliance indicators for monitoring CEDAW progress in ten of the Pacific ACP States.

2.3 Economic and social situation

2.3.1 Economic situation

Macroeconomic performance

Pacific island countries' economies suffer from diseconomies of scale in production and exchange of goods and services, high vulnerability to natural disasters and remoteness from export markets. Most Pacific island countries have experienced low average growth in output during the past decade while their growth rates have shown large fluctuations. Trade deficits have been on the rise due to declining exports and increasing imports. The challenge of the global economy is particularly high for those countries with limited human resources and technology and poor management skills.

The region's combined GDP is projected to grow by 4.5 percent in 2008, up from an average of 2.8 percent between 2005 and 2007 (see *Annex 4b*).

Estimates are that the economies of Papua New Guinea (PNG), Vanuatu and Solomon Islands (which together comprise more than 70 percent of the Pacific ACP's population) are now growing at six percent. The current commodities boom is fuelling economic growth in PNG and Timor Leste, where growth is linked to government spending, while increased tourism has boosted growth in Vanuatu, Samoa and Palau. The rebound of the Solomon Islands' economy is more precarious, as it is driven by foreign aid and unsustainable logging. Good macro-economic policies are being increasingly applied in most countries, most notably in PNG. Responsible fiscal policies have reduced deficits and helped to keep inflation below 5 percent for the last four years.

With the exception of the Solomon Islands and Tonga, inflation is expected to remain in the low single digits. However, inflation remains a risk in the Melanesian countries due to the heavy inflows they are receiving: aid and forest revenue in the case of the Solomon Islands, commodity revenue for PNG and Timor Leste, and property investments for Vanuatu. The economies of Fiji and Tonga, on the contrary, have been contracting in the wake of political instability.

In Fiji economic growth actually declined by 4.4% in real terms in 2007 and the forecast for 2008 has been revised downwards from 2.7% to only 1.7%. The closure of the country's gold mine has played a part, but the weakening of the economy has been noticeable across all sectors. Meanwhile the country's population is growing steadily despite emigration and per capita incomes are lower than a generation ago. Loosening fiscal and monetary policy is not an option in the current debt and budget deficit situation, so poverty levels – and in the worst-case scenario, social and political instability – are long-term concerns, unless reforms can be put in place to generate sustained economic growth. Overall the decline in the Fiji economy will continue if the process of restoring democracy is delayed.

Smaller Island States⁴ (SIS) have seen their economies grow at less than 3 percent for the last three years, four of them at less than 2 percent. This relative stagnation reflects continued reliance on aid, remittances and Distant Water Fishing Nations (DWFN) fishing access fees. Palau is the relative exception, with 6% growth, mainly because of tourism. Several SIS are still facing fiscal problems, including Kiribati, Marshall Islands (as USA budget aid has been reduced) and Nauru, following prolonged mismanagement of its national wealth.

Public revenues across the region could be increased by tackling the underlying problem of tax competition, which is sometimes supported by the existence of an international financial services sector.

This average global pick-up in Pacific economies shows that faster growth is possible in several sectors. However, growth is volatile in the Pacific and it is by no means certain that this upswing will be sustained. It is estimated that economies will need to grow at about 7 to 8 percent per annum to create employment and improve livelihoods.

⁴ Tuvalu, Kiribati, Cook Islands, Niue, Nauru, Palau and RMI.



Key sectoral trends

The relatively faster growth shown by Timor Leste and Solomon Islands reflects rehabilitation of political stability in both countries. In PNG palm oil output continues to grow with strong profits and new investment. In Fiji, sugar productivity gains will need to be sustained over the long term as the country competes with other developing countries in the increasingly liberalised EU market. On the other hand, horticultural exports from Fiji, though on a much smaller scale, show rapid growth.

Tourism

This is the largest and fastest growing sector in the Pacific. It is conservatively estimated that the sector contributed €1 billion to the region's economy in 2004, excluding contributions from the cruise sector. This is the result of a 50 percent growth rate over the past five years. Assuming that this level of growth could be maintained, the tourism sector could net earnings of €1.3 billion per year by 2010. The surge in the price of oil and economic slowdown in some key markets could, of course, result in more time being required to reach this level.

Given the strong growth in cruise tourism (due to retiring baby boomer populations in key markets and the surging cost of oil), it is possible that within the next decade sea may once again overtake air as the preferred method of visiting the South Pacific islands. This is good news for Pacific islands that are not aviation hubs, as adequate capital investment could make them capable of catering for cruise visitors.

South Pacific tourism is dominated by Fiji, which receives about 40 percent of all visitors. It has traditionally also been a very important industry for the Cook Islands and for the 3 North Pacific states. Tourism contributes two thirds of Palau's economy, for example — the largest proportion in the Asia-Pacific region.

The sector has also enjoyed growth in recent years in Samoa, Tonga and Vanuatu. Tourism is even being embraced by the bigger 'land-resource states' of Solomon Islands and Papua New Guinea – which was the fastest growing South Pacific visitor destination in 2007.

Small island states, such as Kiribati, Tuvalu, Marshall Islands, Nauru and Niue, are extremely remote but may benefit from niche tourism development in areas such as fishing (e.g. Kiritimati island), diving and ecotourism.

Fisheries

Much of the nutrition, welfare, culture, recreation, government revenue and employment of the Pacific island countries is based on their fish stocks. Tuna fishery is by far the most valuable fishing activity, contributing more than 10% of GDP and over 50% of exports in some Pacific island countries.

The Pacific is the most important tuna fishing ground in the world. The region supplies an estimated one-third of all landed tuna, 40-60 percent of total supply to tuna canneries, and 30 percent of tuna to the valuable Japanese sashimi market. Over two million tonnes of tuna are caught annually in the Western Pacific tuna fisheries, with a landed value of over USD3 billion. Almost half of that catch is taken in the waters of Pacific island countries. However, only some 10% of the total catch is accounted for by Pacific island vessels, with distant water fishing nations such as Japan, Taiwan, Korea, China, the United States and the European Community providing the bulk of fishing effort, in return for licence fees. The greater part of fees is paid to the Micronesian and more western Melanesian countries. For the Micronesian countries, these fishing licence fees represent a significant proportion of government revenues – the last estimates suggest that payments are in the order of more than 30 percent of government revenues in the case of Kiribati and over 20 percent in the Federated States of Micronesia.

Although tuna stocks in the Western and Central Pacific Ocean are generally still in a healthier situation than in other areas of the world, sustainability of some offshore and coastal fisheries is at risk. Fisheries scientists have stated that the current level of fishing of big eye and yellow fin tuna is unsustainable and called for fishing to be reduced by 25% and 10% respectively compared to 2001-2004 levels. In fact, 2005 and 2006 saw the highest and second highest ever total tuna catch. Another threat to sustainability is illegal, unreported and unregulated (IUU) fishing. The level of IUU fishing in the area is estimated to reach up to 15 percent of the total catch in the PACP waters (valued at a little over USD 1 billion). This is not only an ecological problem at times of dwindling fish stocks but also an economic one, as Pacific islands states lose an estimated USD 150 million — about twice as much as what is received in licence fees. A recent global review of IUU fishing (MRAG 2008) found that Western Central Pacific tuna fisheries were one of the few areas where there has been a significant reduction in IUU fishing as a result of improved controls by coastal states, but major challenges still remain and these are expected to increase as a result of overfishing elsewhere in the world.

Coastal fisheries are a major source of national food security and small-scale livelihoods. Although reliable overview estimates are difficult to come by, it is likely that oceanic fisheries and coastal fisheries are currently approximately equivalent in economic importance to island countries, taking the island region as a whole, and counting benefits in terms of import substitution and livelihoods as well as cash. The main difference is that tuna fisheries are relatively new and still have considerable potential for further development — not so much in expansion of the total catch as in expansion of the Pacific Island share in the catching and processing sectors — while the coastal fisheries (apart from aquaculture) are age-old and do not, as a rule, have further commercial development potential. Aquaculture is a potential growth area that needs to be explored further.

Compliance with sanitary and phyto-sanitary (SPS) measures remains a challenge in the fishery sector in the region. The findings of the European Commission's Food and Veterinary Office inspections carried out in Fiji (in 2002, 2003 and 2007), Papua New Guinea (in 2007 and 2008) and the Solomon Islands (in 2007) confirm that more effort is needed to bring the region's SPS systems up to compliance with international standards.

The most common deficiencies relate to the legislative framework and standards, enforcement mechanisms, laboratories and other infrastructure. These are affecting the successful integration, diversification and competitiveness of the fisheries sector, and they could undermine the important contribution and role of fisheries as a whole towards rural development, and in turn growth and employment.

Forestry

Tropical hardwood forests abound on the main island of PNG and its island provinces. Botanically similar forests are found in the Solomon Islands and Vanuatu on a smaller scale. Despite government efforts, logging has preceded at rates well above the natural regeneration rates of the forests. Deforestation and land degradation has become part of the social and environmental cost. Current methods make it unlikely that much of the forest will ever regenerate to valuable timber stands, while soil degradation is reducing the productive potential of the land and nearby reefs. At current rates, logging cannot be sustained. However, the cessation of logging is likely to result in a significant drop in income. Reforestation or regeneration will take 30 to 40 years in areas which have been carefully logged. In others there has been widespread damage, with the result that reforestation or regeneration may take 45 to 200 years. Significant under-reporting of logged volumes and values has also reduced the returns in the form of royalties and export tax.

Some countries have increasingly effective systems of conservation areas and/or national parks to protect their forests but few have legislation prohibiting the cutting (or programmes promoting the replanting) of endangered tree species. The result is that forestry can no longer be considered as a potential engine for economic growth in Pacific ACP economies other than in carefully controlled niche modes.

Agriculture

The agriculture sector in Pacific ACP countries is largely subsistence in nature and employs approximately 40 to 80 percent of the labour force and contributes 20 to 30 percent of GDP. High population growth rates and increasing urbanisation on islands with limited land and water availability are a reality in the atolls and have serious implications for these fragile ecosystems. In the high volcanic islands farmers are moving away from shifting cultivation, where soil fertility was maintained and erosion controlled, to cropping plots of land every year. This intensified land use results in deforestation, soil erosion, declining yields and a decline in household food security.

In the past year global food prices have risen sharply forcing many poor rural people to reduce their consumption of basic foods. In addition, the increased cost of oil has eroded small farmers' ability to invest in food and agricultural production. In response, Pacific Forum leaders in 2008 committed their governments to immediate action to address food security issues through a range of measures across key sectors including agriculture and fisheries. Leaders also called on regional technical agencies to complement national capacity in these areas by assisting in research and the development of more robust national policies and practical responses, and directed the Forum Secretariat and the Secretariat of the Pacific Community (SPC) to explore avenues for intra-country trade in locally grown food commodities.

Remittances

Remittances play an increasingly important role in the economies of the Pacific countries, contributing towards economic growth and sustaining livelihoods, including meeting education and basic needs. Migration of labour to developed countries covers not only specialised skills such as doctors and engineers but also general trades, such as nurses, seasonal workers, care givers, etc. Consequently, the recipients of remittances form a broad spectrum of society, making them very effective in addressing poverty-related issues. There are a good number of Polynesians (predominantly from Tonga, Samoa, Niue and Cook Islands) who, due to historical and cultural ties, reside permanently or temporarily in New Zealand. More recently, a growing number of Fijians have taken security-related contract work. The smaller countries of Kiribati and Tuvalu have a number of seafarers working on marine vessels in Europe and Asia.

Following the New Zealand example, the Australian Government has started a Seasonal Labour Scheme for unskilled Pacific Islanders (e.g. for fruit picking), which could absorb the labour of those without access to or unable to complete education and training. Under the trial up to 2,500 visas will be available over three years for workers from Kiribati, Tonga, Vanuatu and PNG.

In 2007, Fiji was one of the top ten remittance earners in the East Asia and Pacific region, with an estimated €100 million. As a percentage of GDP this amounts to 5.8% compared to 32.3% for Tonga, 9.9% for Kiribati, 6.3% for Solomon Islands and 2.8% for Vanuatu. At an annualised average rate of increase of 36%, remittances in the Pacific may well outstrip external aid over the next decade.

Energy

For all Pacific island countries, energy (fossil fuels / petroleum products) remains one of the largest import components and is very significant in the overall balance of payments.

The Pacific region is particularly vulnerable in the context of energy supply where countries are predominantly reliant on the use of imported fossil fuels for their energy and transportation sectors. Currently the price of petroleum products in many of the Pacific island countries is amongst the highest in the world, and recent economic assessments have indicated that petroleum imports as a percentage of GDP on average are in the order of 18 percent across the region. The direct impact on national income as a percentage of GDP is a decrease of 1.5% for every US\$10 increase rise in the price of world crude oil prices.

On the other hand, in Timor Leste and PNG the challenge is about translating oil revenues into real growth opportunities. According to the World Bank, Timor-Leste's petroleum reserves are crucial to the country's prosperity and independence. Total petroleum savings amounted to US\$1.4 billion at end June 2007, with approximately US\$100 million in new revenues accruing each month.

In addition, countries in the region are further impacted by their relatively small storage capacities and the dispersed nature of relatively small islands within a large expanse of ocean, making transportation more complex and expensive. Rural and remote communities in the majority of Pacific island countries are even further disadvantaged due to their remoteness, where the increasing cost of petroleum products is directly reflected in the cost of transport, which then significantly impacts on the delivered cost of products and services. Therefore, energy issues and the energy sector do not stand alone

but are an integral part of daily living and can have both positive and negative economic implications.

Energy links strongly to sustainable development and more generally to the cross-cutting issues of climate change and climate variability. In addressing overall social, economic and environmental issues, the direct linkages between energy and food security are also real and growing challenges.

2.3.2 Social situation

Overview of progress towards the Millennium Development Goals

Progress towards the achievement of Millennium Development Goals has been made overall, but it remains uneven. In their Joint Communiqué issued after the first Ministerial Troika on 16 September 2008, EU and PIF Representatives noted that the Pacific region has to date shown mixed results against the MDGs and that poverty is growing in the region. They committed themselves to intensifying their efforts to make faster progress towards their achievement.

The most recent data suggest that at least three million people live in extreme poverty, with an overwhelming majority in PNG and Timor Leste (*Annex 4c*). Some countries have performed well in reducing poverty and in advancing primary education. For instance, Fiji, Kiribati, Marshall Islands, Palau, Samoa and Tonga have already achieved the goal of universal primary completion rate, while Vanuatu is likely to reach it by 2015. However, progress towards gender parity in secondary school is not as good.

Improvements have been slower in health, particularly in low income countries, as regards child and maternal mortality rates. HIV is low but increasing in many Pacific ACPs.

Education

Although the lack of data from some countries makes it impossible to undertake a thorough analysis of the situation of education in the region, the 'Education For All' (EFA) Global Monitoring Report 2008 carried out by UNESCO indicates mixed progress in achieving the MDGs for education. Participation in primary education is relatively high, with net enrolment rates varying from 63% to 98%, thus confirming that many Pacific countries have achieved universal access to primary education (EFA Global Monitoring Report 2008, UNESCO, Paris 2005, *Annex 4c*). There has been mixed progress, however, on increasing the number of children who complete school, with primary school completion rates declining most significantly in Papua New Guinea and Vanuatu, and to a lesser extent in Fiji, but improving in Samoa and Tonga (*Annex 4c*).

Gender parity in primary schools has improved in Tuvalu, Samoa, Niue, Kiribati and Solomon Islands, but slightly worsened in PNG and Tonga during 1999 – 2004 (*Annex 4c*). An emerging gender trend is that girls stay at school longer and are more successful than their male counterparts in external examinations. This is also reflected in the higher education level at USP, where the enrolment and programme completion rates for girls and women outdo those of their male counterparts.

Adult literacy in the Pacific remains a challenge in some of the very few countries in the region with available data, varying between 57 percent in Vanuatu and 99 percent in Tonga and Samoa (*Annex 4c*).

Health

Non-communicable diseases are the major cause of death in the Pacific (75% in 2002): mainly heart diseases, strokes and cancers. Twenty percent of deaths are by communicable diseases, mainly diarrhoeal diseases, tuberculosis, meningitis, malaria, and maternal and peri-natal deaths; and 5 percent caused by accidents. Environmental health is an issue in many parts of the region as sustainable access to improved water supplies and sanitation is not universal.

In the Pacific island countries the annual incidence of diarrhoeal diseases nearly matches the numbers of its inhabitants: 6.7 million cases of acute diarrhoea a year, responsible for annual deaths of 2 800 people, most of them children less than 5 years old (WHO, 2008). Recent country statistics reveal that, on average, only about half of the total population of Pacific island countries have any form of improved drinking water or sanitation. According to country coverage statistics provided by UNICEF and WHO (2008), the number of people in the Pacific island countries with access to some form of improved sanitation rose from 2.9 million in 1990 to 4.0 million in 2006. Despite this achievement, it still barely covered 48 percent of the overall population. The status of drinking water is not much different, with some 46 percent of people currently having any type of improved drinking water reaching, not to mention the fact that only 13 percent of the overall population has access to drinking water piped to the household through a reticulated distribution system. These statistics, coupled with less than optimum management of water resources, merely add to the gloomy outlook in the Pacific islands brought about by climate change.

The resources of health systems are skewed towards costly curative services rather than primary or environmental health. Capacity is limited in many countries and there is a chronic shortage of health care workers due to inadequate numbers being trained and migration.

High fertility rates in the region make reproductive health and family planning services regional priorities. While infant mortality has declined throughout the region and generally women have proper prenatal, intra-natal and post-natal care, some countries may not achieve their targeted MDGs by 2015. For instance, the under-five mortality rate in Papua New Guinea has decreased only slightly and remains very high at 93 per 1000 live births.

HIV is low but on the increase in many Pacific ACPs, with Papua New Guinea already reaching generalised epidemic rates.⁵ Between 50 000 and 150 000 people have HIV/AIDS region-wide. Prevention remains the first line of defence and is well established in countries such as Kiribati, with a large proportion of their young men working worldwide as seafarers on foreign vessels.

⁵ An epidemic is generalised when over 1 percent of the population is affected by the disease.

There has been progress in scaling up service provision, including having many people on anti-retroviral treatment; care and support arrangements are being implemented for people living with HIV/AIDS and second generation surveillance (mapping of risk and infection) has been undertaken in some Pacific ACPs.

2.4 Environmental situation

2.4.1 Environment and natural resources

The Pacific Ocean covers one-third of the earth's surface and is one of nature's greatest active carbon sinks, even more so than the Amazon forest. The Pacific Ocean also has an immense biodiversity, much of which is not yet known. It is estimated that as little as 20 percent of the Pacific Ocean's flora and fauna has been properly researched.

Agriculture and fisheries remain important sectors of the regional economy and the growing tourism sector is totally reliant upon the maintenance of the natural environment.

Pacific island countries and territories are characterised by extremes in physical geography, remoteness, exposure and vulnerability. Approximately eight million people live on small land masses dispersed over the large span of the Pacific Ocean. Socio-economic pressures, natural and human induced hazards have exacerbated the region's inherent vulnerabilities.

In a nutshell, the environmental profile of the region is characterised by:

- a) High degrees of endemism and levels of biodiversity, but relatively small numbers of species.
- b) A high degree of economic and cultural dependence on the natural environment.
- c) Vulnerability to climate change and a wide range of natural disasters.

Biological diversity

Soils and land resources are limited in capacity and ability to accommodate development pressures. Land degradation has emerged as a serious problem in many Pacific countries, with coastal land under increasing environmental stress, far more so than rural land away from the coasts. The threat of climate change to land productivity is expected to enhance the need for sustainable land management.

In the last century, forest degradation accelerated rapidly on most islands. The Pacific is now facing a rate of deforestation and forest degradation far exceeding the rate of reforestation. Coastal and lowland forests conversion into large-scale commercial coconut, cocoa and banana plantations has been hastening in parallel. Although some countries have put in place forestry reserves, conservation areas and national parks to protect their forests, few of them have legislation and effective systems promoting good forest governance based on social justice, equity, accountability and transparency. This phenomenon is threatening local and regional biodiversity.

With growing populations in the past century and progress made in resource extraction technologies, commercial threats to native biodiversity have increased dramatically. Despite having the world's highest proportion of endemic species per unit of land area/inhabitants, the biological diversity of the Pacific islands is among the most critically threatened at global level. Up to 50 percent of the region's total biodiversity is

at risk of becoming extinct — for some islands over 80 percent of species are endemic. Especially the smaller islands are ecologically fragile and effective conservation is put at risk by the introduction of exotic plant and animal species, unsustainable development, population growth and natural disasters.

Freshwater resources

The scarcity of fresh water resources poses several problems in the region. Despite high levels of total rainfall, water is sometimes not available in the high islands due to rainfall seasonality and inadequate storage. Localised pollution, excessive sedimentation due to uncontrolled watershed development and water wastage are common problems reported in Fiji, Samoa and Solomon Islands. Water shortages force some atoll communities to use polluted or salty groundwater for drinking and cooking, thus giving rise to serious health problems. The protection/conservation/management of supply/quality of water is expected to become an increasingly important issue in the Pacific given the impact of climate change in increasing rainfall variability.

Climate variability and change cause death and disease through natural disasters such as variable rainfall, cyclones, accelerating storm water runoff, floods, droughts and heat waves, which bring about a reduction in the availability of fresh water and a gradual decrease in water quality. This is especially exacerbated in the Pacific island countries due to the fragility and vulnerability of the water lenses in the countries' islands. Common vector-borne diseases such as malaria and dengue and other major killers such as malnutrition and diarrhoea are also likely to become even more serious if the climate change trends are confirmed over the forthcoming decades.

A policy brief by the Global Water Partnership (GWP) on climate change adaptation considers that the best approach to managing the impact of climate change on water is Integrated Water Resources Management (GWP, 2005). GWP recognises, for example, that, in addressing water shortages, as much attention should be given to managing demand as to increasing supply, by introducing more efficient technologies and promoting a culture of water conservation. The Pacific Regional Action Plan provides a holistic framework for an integrated approach that encompasses both coping with climate variability (flood and drought forecasting and management) and adapting to future climate change (planning). Drinking water safety planning and water quality monitoring are essential for climate adaptation (WHO, SOPAC, 2008).

Coastal environments

Given that most of the region's population is settled in coastal areas, changes in population density combined with new technology and changing development priorities have had a significant impact on coastal environments in the last decade.

Uses of the coastal zone and activities taking place within it (coastal construction, port development, sewage and waste disposal, coastal protection, fishing, sewage/waste treatment, agriculture, logging, mining, etc.) pose the following threats, amongst others, to marine and coastal resources: eutrophication, soil erosion, sedimentation, degradation and bleaching of coral reefs and mangroves, coastal erosion, physical environmental alterations, and overexploitation of fisheries.

Furthermore, the ocean environment, by far the greatest area in the western and central Pacific, supports the world's largest tuna fishery. Fishery resources clearly represent a major focus for the long-term economic development of the region. High rates of exploitation threaten the sustainability of Pacific fish stock, however, in particular the coral reef fisheries, which are a critical basis for subsistence fisheries. The Pacific region increased its fisheries exports from 1991 to 2001 by some 34% in volume and 56% in value from the previous decade.

Climate change and sea level rise

The Fourth Assessment Report of the Inter-governmental Panel on Climate Change (IPCC) identifies small island states as being among the most vulnerable countries of the world to the adverse impacts of climate change. Discussing the Pacific's observed climate, Hay et al. (2003) noted that, compared to earlier historical records during the twentieth century, the southern Pacific had experienced a significantly drier and warmer climate (by 15 percent and 0.8°C, respectively). The Central Equatorial Pacific is facing more intensive rain (about 30 percent) and a similarly hotter climate (0.6°C), and sea surface temperatures in both areas have increased by about 0.4°C. These conditions are linked to the increased frequency of El Niño episodes since the 1970s (without alternating La Niña events). Other studies show that climate projections for the South Pacific indicate warming of 0.8 to 1.8°C and rainfall changes ranging from -8 to +7 percent by mid-century (Ruosteenoja et al., 2003). By the end of the century, projected warming is 1.0 to 3.1°C and precipitation changes range from -14 to +14 percent. Projections of globally averaged sea level rise range from 0.18m to 0.58m in 2090-2099 compared with 1980-1999; while tropical cyclones are likely to become more intense, have higher peak wind speeds, and bring heavier rainfall (IPCC, 2007).

Climate change is already affecting the Pacific. Climate variations and extremes have disrupted food production, water supply and the economies of Pacific countries. Climate projections for the future, although coarse for islands, are bleak and indicate reduced food security, especially at household level. The primary food sources (agriculture, fisheries and forests) and water will all be impacted by climate change and, in most cases, these impacts will be negative. Strengthening the adaptation enabling environment (e.g. legislation and policy adjustments relating to food sources, coordination among and across key stakeholders and R&D) and implementing adaptation measures are considered to be absolute priorities, with the focus on win-win measures. Sea-level rise, increased climate-related natural disasters (storms, floods and droughts) and disruption to agriculture due to changes in temperature, rainfall and winds are considered to be the three greatest anticipated consequences of global warming in the region. Vulnerability to natural disasters is increasing as cyclones and storm surges become more frequent and as traditional lifestyles, practices and indigenous knowledge, once applied to mitigate the impact of disaster and to speed recovery, are eroded by social change.

Land and sea pollution

The main types of pollution within the region are shipping-related pollution, hazardous chemicals and hazardous wastes and solid waste management and disposal. The region's coastal and marine resources are threatened by introduced marine species, shipwrecks, marine accidents and spills, ships' waste and antifouling paints on vessels. Increasing quantities of solid waste, poor control of chemicals imported into the region and the lack of capacity to manage pollutants are primary problems.

All Pacific countries share the problems of waste disposal and pollution prevention. These problems have been exacerbated by the small size, remoteness and rapid urbanisation of many islands. Environmental contamination is a consequence of the increasing population pressures. The majority of household waste is recyclable material and organic waste. Unfortunately, only a very limited amount is recycled as there are very limited recycling operators and no market for recyclable material. Waste is generally burned or dumped into the sea or in mangroves. Incidents of dangerous illegal pollutants discharged have increased. Consequently, non-organic waste management is expected to become an ever more critical environmental challenge in the region. Water disposal and pollution is also impacting adversely on the region's health and tourism potential for sustainable economic development. The atoll nations of Tuvalu, Kiribati and the Marshall islands are particularly constrained by limited land area for use as landfill sites.

2.4.2 Natural disaster prevention, risk reduction and climate change

Pacific Island countries rank among the most vulnerable in the world to natural disasters. Since 1950, natural disasters have directly affected more than 3.4 million people and led to more than 1 700 reported deaths in the region, excluding PNG. In the 1990s alone, reported natural disasters cost the Pacific Island region USD 2.8 billion. Between 1950 and 2004, extreme natural disasters, such as cyclones, droughts and tsunamis, accounted for 65 percent of the total economic impact from disasters on the region's economies. Ten of the 15 most extreme events reported over the past half century have occurred in the last 15 years.

There is no doubt that disasters in the region are becoming more intense and probably more frequent. Certainly, the number of hurricane-strength cyclones has increased in the southwest Pacific in the past 50 years, with an average of four events now occurring each year. Significant wave heights of recent cyclones have exceeded even climate change model projections.

In its Fourth Assessment Report "Climate Change 2007", the Intergovernmental Panel on Climate Change (IPCC) confirmed the trend, stating that "impacts are very likely to increase due to increased frequencies and intensities of some extreme weather events". It concluded that "warming of the climate system is unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice and rising global average sea level".

Sea level rise is a particular concern for low-lying atoll nations such as Tuvalu, Kiribati and the Marshall islands. Two uninhabited islands in the Kiribati chain have already disappeared due to sea level rise. In early 2005 others were flooded by a high spring tide that washed away farmland, contaminated wells with saltwater and flooded homes and a hospital. The people of Funafuti in Tuvalu are lobbying to find new homes: saltwater intrusion has made groundwater undrinkable.

In a study on the economic and social implications of climate change and variability for selected Pacific islands, the World Bank found that, in the absence of adaptation, a high island such as Viti Levu in Fiji, could experience damages of USD 23-52 million per year by 2050 (equivalent to 2-3 percent of Fiji's GDP in 2002), while a group of low islands such as Tarawa, Kiribati, could face damages of more than USD 8-16 million a year (equivalent to 17-18 percent of Kiribati's GDP in 2002).

CHAPTER 3 — THE PROCESS OF REGIONAL INTEGRATION IN THE PACIFIC

3.1 The Pacific Regional Institutions

The *Pacific Islands Forum* (PIF) was founded in 1971 and comprises 16 independent states: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of Marshall Islands, Nauru, New Zealand, Niue, Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. All fourteen Forum Island Countries (FICs) plus Timor-Leste (which has been an observer to the Forum open session since 2002) constitute the Pacific ACPs.

The French Overseas Territories of New Caledonia and French Polynesia were granted Associate Membership of the Forum in 2006. Other observers are Wallis and Futuna, the New Zealand Territory of Tokelau, the United Nations, the Commonwealth Secretariat, the Asian Development Bank and the Western and Central Pacific Fisheries Commission.

The Forum is the region's premier political and economic policy organisation. Its mission is to implement the vision of the Leaders to improve the lives of the Pacific people through deeper and broader regional cooperation. Decisions by Leaders are reached by consensus.

In 2005, Forum leaders adopted an *Agreement establishing the Pacific Islands Forum* as an intergovernmental organisation in accordance with international law, opening the way for a more structured and formalised procedure. This accord is still in the process of ratification.

The *Pacific Islands Forum Secretariat* (PIFS), based in Suva, is the Forum's administrative arm. The Secretariat is funded by core contributions from member states. The Secretariat's overall objective is to service the annual Forum and to promote Pacific regional cooperation as directed by the Forum, particularly on political, economic and trade matters. The Secretariat also implements projects and programmes of assistance to developing Forum island countries in priority areas of the Pacific Plan, including trade and economic integration.

The Forum Secretariat is therefore the central body for regional coordination and cooperation (*Annexes 8 and 9*). As far as the EU is concerned, it also assumes the function of Regional Authorising Officer for the Pacific Regional Indicative Programme and provides technical and logistic support to the Pacific ACP for EPA negotiations. The PIFS has observer status in the UN.

3.1.1 *The Council of Regional Organisations in the Pacific (CROP)*

The CROP⁶ brings together the PIFS and ten other intergovernmental regional organisations in the Pacific. It is chaired by the Secretary-General of the PIFS. The eleven

⁶ Pacific Islands Forum Secretariat (PIFS), Pacific Islands Forum Fisheries Agency (FFA), Pacific Islands Development Programme (PIDP), Secretariat for the Pacific Community (SPC), Pacific Islands Applied Geosciences Commission (SOPAC), Pacific Regional Environmental Programme (SPREP), South-pacific.travel, University of the South Pacific (USP), South Pacific Board for Educational Assessment (SPBEA), Fiji School of Medicine (FSMed), Pacific Power Association (PPA).

organisations are technical in nature, with their own governing councils reflecting a range of membership (*Annex 8*).

The CROP is not a legally constituted body but exercises an advisory function on key policy and operational issues and aims to maximise opportunities for sharing and pooling the region's human, financial and natural resources. Coordination has been institutionalised through sectoral working groups.

Regional organisations are an extension of national capacity and often key in delivering services at national level. Boosting their technical and managerial capacities is essential to the Pacific Island Countries and Territories being able to continue to develop in a sustainable way and to fully ratify and implement the International Conventions they have joined.

3.1.2 Civil society

Civil society continues to be an important partner in the development of the region and there have been steps in recent years to develop the capacity of non-state actors in PICs, as well as to consolidate the regional representative body PIANGO (Pacific Islands Association of Non-Governmental Organisations). The PIFS recognises that civil society plays an important role in advocating for change, policy development and service delivery.

The 2004 Auckland declaration clearly states the Forum's commitment to strengthening its engagement with civil society. To this effect, the *Policy for Consultative Status and Accreditation* between PIF members and the Pacific Regional Non-State Actors allows consultative status for three years for any one application approved by Forum members.

3.2 State of play: achievements in the regional integration process

3.2.1 The Pacific Plan for Regional Cooperation and Integration

The *Pacific Plan for Strengthening Regional Cooperation and Integration* sets out the Region's comprehensive cooperation and integration goals from 2006 to 2015 (*Annex 5a*)⁷. The Plan, adopted in October 2005, outlines the benefits and costs of regionalism and types of regionalism (cooperation, provision of public goods and services, regional integration) and lays down three tests for taking a regional approach: no replacement of market provision of services; subsidiarity with national efforts; and preservation of sovereignty.

The Plan sets out political commitments to stimulate (1) *economic growth*, (2) *sustainable development*, (3) *good governance* and (4) *security*.⁸

Implementation of the Pacific Plan is given political oversight by Forum Leaders and a permanent body, the *Pacific Plan Action Committee* (PPAC), which is chaired by the

⁷ The Pacific Plan Progress report 2007 can be found at:
http://www.forumsec.org/UserFiles/File/SixMonthly_Pacific_Plan_Progress_Report_2007.pdf.

⁸ In 2006, *Energy Security and Water, Hygiene and Sanitation* were added.

Forum Chair-in-office and comprises representatives of all PIF countries. On a day-to-day level, implementation of the Pacific Plan is the responsibility of the PIFS, which has set up a dedicated implementation unit.

Regional Coordination (sometimes based on an agreed strategy), *Regional Provision of Public Services* (such as those provided by regional universities) and *Regional Economic Integration* are identified as the means of achieving regional outcomes.

The success of the Pacific Plan partly depends on an appropriate regional institutional framework for implementation. At the 2007 Forum, Leaders decided to rationalise the eleven CROP organisations around three pillars (political, technical and academic) and work has commenced on harmonising the activities of SPC, SPREP and SOPAC. At the 2008 Forum, Leaders indicated that SOPAC's functions will be streamlined into SPC and SPREP and that SPBEA will merge with SPC. Proposals to define the new institutional arrangements will be presented to Leaders at their 2009 meeting, with a view to implementation by 1 January 2010.

The Pacific Plan has four pillars and objectives for each:

- Under *economic growth*, the Plan aims to increase trade and investment; improve infrastructure and service delivery; and increase private sector participation.
- Under *sustainable development*, it aims to reduce poverty; improve natural resource and environmental management; improve health, education and training; improve gender equality; involve youth; and promote sports and cultural values.
- Under *governance*, it aims to improve transparency, accountability, equity and management efficiency.
- Under *security*, it aims to achieve improved political and social conditions for stability and safety.

The Forum Leaders' decisions to advance the Pacific Plan in 2008-09 are set out in **Annex 5b**.

3.2.2 Implementing the trade and economic integration agenda

Concerning trade and economic integration, the Pacific Plan recognises that 'diseconomies of isolation' in the Pacific context can be brought about by the need to move services and people over long distances and thus calls for economies of scale to be balanced against 'diseconomies of isolation'. It therefore accepts that optimal approaches may be sometimes sub-regional or built around a small group of countries.

The Pacific Plan's current economic cooperation and integration objectives are to:

- expand the regional market for trade in goods under the provisions of the *Pacific Island Countries Trade Agreement* (PICTA) and the *Pacific Agreement on Closer Economic Relations* (PACER) and with non-Forum trading partners such as the EU;
- integrate trade in services, including the temporary movement of persons into the PICTA and the EPA;
- implement the Australian/New Zealand Regional Trade Facilitation Programme (RTFP);

- support private sector mechanisms, including through the Pacific Islands Private Sector Organisation (PIPSO).

The Pacific ACP states therefore accept that integration into the world economy is their key collective strategy to achieve sustainable economic growth and poverty reduction and that trade and economic integration is a primary means of achieving that objective.

The regional trade initiatives currently being implemented are:

The Pacific Island Countries Trade Agreement (PICTA)

The PICTA aims to establish a free trade area between the 14 Forum Pacific ACP countries. It was formulated in 2001 to encourage the expansion and diversification of trade in the region, eliminate tariff and non-tariff barriers to trade in a gradual and progressive manner and ultimately create a single regional market among the Pacific Island economies. In June 2006, the Forum Pacific ACPs committed itself to gradually reducing tariffs to zero on practically all products traded over a ten-year period, i.e. by 1 January 2017; for goods of particular sensitivity, zero duties need not to be achieved until 2021. Of the 14 Forum Pacific ACP states, 11 have so far ratified the Agreement (namely Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) and six countries have announced that domestic regulations for trading under PICTA have been promulgated.⁹ No customs union is envisaged at this stage of PICTA. PICTA currently covers trade in goods, but in 2007 it was agreed to extend its provisions to services.

The Pacific Agreement on Closer Economic Relations (PACER)

The PACER is a Forum-wide framework trade agreement comprising the fourteen FICs plus Australia and New Zealand. PACER entered into force in 2003 and a total of eleven Forum members (Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands and Tonga) have ratified the Agreement. PACER sets out to promote regional economic integration and support the progressive integration of the Forum region into the international economy. While the entry into force of the framework agreement itself recognises the close economic relations in the Forum, a detailed trade agreement is required for liberalisation. Informal consultations on such an Agreement began in early 2008. Meanwhile, Forum Trade Ministers have agreed to look into the possibility of a more comprehensive framework for trade and economic cooperation, which would at the very least include trade in services, known as “PACER-Plus”. A key feature of PACER is the establishment of a “Regional Trade Facilitation Programme”, as trade facilitation is a prime requirement for Pacific ACP exports to Australia and New Zealand.

Economic Partnership Agreement (EPA) Negotiations with EU

In September 2004, the EU and 14 Pacific ACP countries opened negotiations on an Economic Partnership Agreement (EPA), which should eventually replace the preferential access scheme contained in Cotonou that expired at the end of 2007. These

⁹ Cook Islands, Fiji, Niue, Samoa, Solomon Islands and Vanuatu.

negotiations target an ambitious and development-oriented arrangement, which should promote regional integration and economic development, policy reform, and sustainable management of resources, such as fisheries, and thus also help to reduce poverty.

EPA negotiations entered a crucial phase during 2007, as the deadline jointly set by the ACP and EU in the Cotonou Agreement was approaching. Under time pressure, negotiations focused on preserving ACP market access and complying with the parameters for a WTO-compatible free trade area (as per Article XXIV of GATT). The two major non-LDC PACPs currently exporting goods to the EU (PNG and Fiji) were anxious to avoid trade disruption with the EU as of 1 January 2008 and to benefit from improved market access and rules of origin, as was the case for canned tuna. The six Pacific LDC PACPs could fall back on the “*everything but arms*” preferential access to the EU market (although this is a unilateral and not a contractual arrangement and does not contain improved EPA rules of origin) and the other eight non-LDC PACPs whose goods exports to the EU are relatively limited at present would be eligible for the EU’s GSP.

The thrust towards regional economic integration of the Pacific ACPs has already been accelerated by the interim EPA initialled with Papua New Guinea and Fiji, as some of its tariff concessions may exceed those made by these countries to one another under PICTA.

Both the PACPs and the EC recognise that significant progress has been made in recent negotiation rounds in a number of areas, including principles, trade in goods, fisheries, development cooperation and dispute settlement. They remain committed to building a long-term partnership and concluding a comprehensive EPA supportive of development and regional integration by the end of 2008.

World Trade Organisation (WTO)

Participation in the WTO process is part of the region’s overall response to globalisation. Four countries are members of the WTO (Fiji, PNG, Solomon Islands and Tonga) and two (Samoa and Vanuatu) are observers and at different stages of the accession process. Apart from Timor-Leste, the other eight countries may be too small to seek formal accession, but their trading future is greatly influenced by what happens in Geneva, and the establishment, with EU start-up finance, of the *Forum Representative’s Office in Geneva* in March 2004 has enabled all Pacific ACP countries to influence WTO processes. Alliances have been strengthened with the ACP Group, common positions have been developed and negotiating proposals have been tabled, taking into account the collective interest.

The Melanesian Spearhead Group (MSG) Agreement

The *Melanesian Spearhead Group (MSG) Preferential Trade Agreement* signed in 1994 is a trade treaty governing the four Melanesian states of Vanuatu, PNG, the Solomon Islands and Fiji. It was notified to the WTO under the ‘Enabling Clause’ in 1999. The MSG is intended to foster and accelerate economic development by trading in a genuine spirit of Melanesian Solidarity and on a Most Favoured Nation (MFN) basis. The mechanism for doing this is the gradual and progressive removal of tariff and non-tariff barriers between trading parties and ensuring that trade between parties takes place under conditions of fair competition. In a review of the Agreement in 2004, the

Melanesian countries agreed to an eight-year liberalisation schedule for all negative list items from 2005. The agreement covers both goods and services but the schedule to the Agreement covering trade in services has not been developed yet. Services will presumably start with Mode IV (temporary movement of workers) and then move on to trade in financial services, etc. MSG Leaders have stated that the final outcome of the MSG Agreement should be a customs union.

A formal constitution recognising the MSG as a sub-regional organisation was signed in March 2007. The MSG Secretariat was officially opened in Port Vila (Vanuatu) on 29 May 2008 and a Director-General was appointed.

3.2.3 Developing common sectoral policies for sustainable development

Some of the greatest gains for Pacific ACP countries in regional cooperation and integration have been in the areas of natural and human resource development.

The sectors that figure most prominently are:

Fisheries

Region-wide, three principal organisations are responsible for managing fisheries in the Western and Central Pacific Ocean:

- The Pacific Islands Forum Fisheries Agency (FFA) is the driving force for a regional approach to fisheries management. There are 16 country members and one territory member from the western and central Pacific region.¹⁰ The FFA has already developed several programmes for the sustainable use of fisheries resources, it runs a Vessel Monitoring System (VMS) covering the EEZs of member states and it administers the regional Vessel Register and a number of other regional arrangements. The FFA has worked consistently to help PACP countries increase the economic benefits derived from their tuna resources.
- The Secretariat of the Pacific Community (SPC) carries out scientific research on the state of fish stocks, traditionally targeting highly migratory oceanic resources (stock assessments on the four main tuna species), data collection and reporting on various databases and a range of capacity-building activities (observer training, stock assessment workshops, etc.).
- The multilateral Western and Central Pacific Fisheries Commission (WCPFC) has the responsibility for developing conservation and management measures for tuna stocks in accordance with the *Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean* ('the Tuna Convention'). It is responsible for developing compliance and enforcement mechanisms on the high seas. A major challenge is to secure its members'

¹⁰ Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

agreement on the reduction needed in tuna fishing. The European Community is a full member of the WCPFC.

FFA members and in particular the subset of *Parties to the Nauru Agreement* (PNA) have established a number of regional arrangements which reflect the fact that highly migratory species like tuna require special management considerations due to their movement between EEZs of coastal states as well as onto the high seas. The PNA is an alliance of Pacific island states whose EEZs account for a significant volume of the region's tuna catches and almost all of the purse seine catch.¹¹ For the past two decades the PNA have sought to coordinate management measures in an effort to enhance the economic benefits from the fishery. As part of this agreement, the Palau Arrangement sets limits on the total purse seine fishing effort in members' EEZs and adjacent high seas. Parties have recently introduced a new management scheme ("the Vessel Days Scheme"), to be administered by the FFA. The PNA have also tried, under the Federated States of Micronesia Arrangement, to harmonise access conditions to their fishery zones and to grant, by way of a regional licence, preferential access to vessels of the Parties in a bid to encourage the development of a locally-based purse seine fishing industry.

Another key regional initiative is the *Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific Region*. The Treaty was concluded as part of the FFA and entered into force in May 1993. It aims to foster regional cooperation in fisheries control matters to combat IUU fishing and provides for the possibility of extending fisheries surveillance and law enforcement activities to the territorial waters of another party.

Education

The provision of education services poses practical challenges to Pacific ACP with scattered islands and remote rural communities because of high costs and efficiency barriers. Common problems are: limited education budgets, children with special needs and non-formal education, untrained teachers, high attrition rates and slow progress with curriculum review and infrastructure development. There is a particular need for more non-formal education to cater for those who do not succeed in the formal school system. The establishment of the *Pacific Association of Technical and Vocational Education Training* (PATVET) as a peer network of regional training institutions is a good example of progress in this area. Meanwhile, impressive progress has already been made in higher education, which has been traditionally provided at regional level by universities¹² with highly evolved distance education facilities.

In 2001, the Education Ministers of PIF countries endorsed the *Forum Basic Education Action Plan*. It was developed within the context of the 'Education for All' initiative, with the goal of achieving universal and equitable participation and achievement in primary education in the Pacific region. The main vehicle for implementing the FBEAP has been the *Pacific Regional Initiative for the Delivery of Basic Education project (PRIDE)*, which is jointly funded by the EDF and NZAID. PRIDE has supported the

¹¹ Current PNA members are the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu.

¹² The Fiji School of Medicine and USP (which has campuses in all 12 member countries) and the University of Technology (UNITECH) and the University of Papua New Guinea (UPNG).

review and development of ten national education plans as well as four state plans for the Federated States of Micronesia. Additional assistance has been provided to Solomon Islands and Papua New Guinea to develop a collective total of 30 provincial education plans.

The FBEAB will be evaluated in 2008 with a view to formulating a revised and consolidated action plan together with options for a regional support mechanism for education.

Other regional initiatives are currently being implemented, such as the Regional Skills Development project, a Regional Qualification Register, a regional approach to non-formal education, and regional workshops on Early Childhood Care and Inclusive Education. Forum member countries have also agreed to set up a Technical Working Group to develop a Pacific Regional Action Plan for 'Education for Sustainable Development'.

Health

Provision of health services poses the same challenges to Pacific ACPs as education. Again the response is regional as far as possible, with telemedicine playing a prominent role. Pacific ACPs have endorsed the *Asia Pacific Strategy for Emerging Diseases (APSED)* and cooperate to meet the core capacity requirements for surveillance and response under International Health Regulations. They also participate in the Pacific Public Health Surveillance Network (PPHSN), which monitors communicable diseases in the region, particularly outbreak-prone diseases.

A regional strategy for combating HIV/AIDS and other sexually transmitted infections was adopted and is now being implemented by the Secretariat of the Pacific Community along with partner organisations, civil society and faith-based organisations. The mid-term review of the Pacific regional HIV strategy highlighted evidence of reduced risk behaviour in several countries. It further emphasised the need to scale up services for the prevention and treatment of other sexually transmitted infections, as these may contribute to a rapid spread of HIV. The review also recommended a more programmatic approach towards gender equality when implementing the Regional Strategy, as well as more effective coordination at regional level and an improved planning process. At the Pacific Islands Forum Summit in October 2007, Leaders endorsed the extension of the strategy for a further five years to cover 2009-2013.

As non-communicable diseases are the leading cause of death in Pacific Island countries and territories, accounting for approximately 75% of deaths annually (WHO Report 2002), SPC and WHO have developed the *Pacific Framework for NCD Prevention and Control* to underpin the development and implementation of comprehensive, multi-sectoral national NCD strategies by way of sustainable funding mechanisms, capacity building and better monitoring and surveillance systems.

All Pacific ACP countries have ratified the *Framework Convention on Tobacco Control (FCTC)*, and are currently implementing it, in particular through the sharing of technical, scientific and legal expertise within the region. National tobacco control strategies, plans and programmes are being established or consolidated.

Aviation

The Pacific Aviation and Safety Office (PASO) have been made operational with an office located in Port Vila, Vanuatu. PASO provides technical assistance to member states on aviation requirements and security based on international standards.

Tourism

The *Regional Tourism Strategy*, a strategy for growth developed by South-pacific.travel, covers key tourism development priorities and forms part of the Pacific Plan's pillar on Economic Growth. Related activities currently being implemented include the development of national tourism strategies, Regional Cruise and Green Tourism Strategies, online web development, and enhanced regional branding through marketing events such as trade shows, etc.

Climate change and environment

Although the Pacific island countries contribute only 0.03 percent of global emissions of CO₂ from fuel combustion, they are the most vulnerable to the impacts of climate change and adaptation and mitigation. In 2005, Forum Leaders endorsed the *Pacific Islands Framework for Action on Climate Change (PIFACC)* as a regional platform for deepening and broadening climate change cooperation. The Pacific Climate Change Roundtable (PCCR), consisting of Pacific countries and territories, regional organisations, NGOs, development partners, and other relevant stakeholders, will coordinate the implementation of the Climate Change Action Plan and will therefore allow countries to gauge the degree to which national and regional actions have adhered to the key principles under the Framework. The South Pacific Regional Environmental Programme (SPREP) is the CROP organisation leading on environmental and climate change issues. It is responsible for the PIFACC and chairs the PCCR.

The region has also adopted the *Pacific Islands Regional Oceans Policy* to improve the understanding of the oceans, to develop and manage the ocean resources sustainably and to maintain the health of the Pacific Ocean.

The *Pacific Islands Action Strategy for Nature Conservation* is a regional consensus of the priority concerns for conservation and the ways in which these can be addressed. Whilst acting as the coordination mechanism for the Action Strategy, the Roundtable for Nature Conservation also provides a forum where organisations working on nature conservation in the Pacific can improve their collaboration and coordination efforts and increase effective conservation action. The *Regional Strategy for Solid Waste*, adopted in 2005, provides a foundation for an integrated programme to address the problem of waste disposal while the *Pacific Regional Action Plan on Sustainable Water Management (RAP)* addresses the issue of access to clean water. This action plan is supported by the UN, AusAID, NZAID and the EU.

Finally the *Pacific Wastewater Policy and Framework for Action* (Majuro, Marshall Islands, 2001) outlines the guiding principles for protecting the health of the people and safeguarding the fragile islands environment through improved, effective and efficient management of wastewater.

Disaster risk reduction and disaster management

Pacific Leaders in 2005 also endorsed the *Pacific Disaster Risk Reduction and Disaster Management Framework for Action 2005 – 2015: Building the Resilience of Nations and*

Communities to Disasters. This framework outlines the major policy imperatives to support the management of disaster in the Pacific and emphasises the need for improved disaster risk management practices and policies to enhance the effort for sustainable development. At national level, efforts to implement the mainstreaming imperatives recommended in this policy framework are made by Pacific island governments and other national stakeholders with the assistance of regional and international organisations.

Until now The Pacific Islands Applied Geosciences Commission (SOPAC) has had the regional remit for coordinating disaster risk management capacity building, with a specific mandate on consolidating institutions, human resources and arrangements at national level. The PIF Leaders will decide new institutional arrangements at their 2009 meeting. Since 2005 the focus of SOPAC has been on spearheading efforts in support of the DRR&DM Framework at regional and national level. To this end, it works closely with the Pacific Disaster Risk Management Partnership Network, a network of international and regional agencies established in 2006 to support the development of in-country National Action Plans for disaster risk management. In addition, SOPAC coordinates specific sectoral activities that influence the likelihood of natural disaster, such as coastal management and sea level rise monitoring. The EC has supported SOPAC's action to reduce the vulnerability of Pacific islands through integrated management and planning in sectors subject to natural hazards.

When it comes to civil protection and community risk management, national response and mitigation responses are also assisted by the South Pacific Sea Level and Climate Monitoring Network, which uses sophisticated sea level monitoring gauges (fine resolution acoustic measuring devices) in 12 countries and territories across the Pacific, equipment stations and a *Pacific Tsunami Warning System*.

Energy

For the first time in 15 years, the Pacific Islands Energy Ministers (PEMM) met in 2007 to discuss energy security. The PEMM Communiqué outlined eleven priority areas consistent with the sectors in the regional *Pacific Islands Energy Policy* (PIEP) and also complementary to the three key areas included for implementation under the Pacific Plan: 1) bulk procurement of petroleum; 2) energy efficiency (demand-side and supply-side); and 3) renewable energy. The PEMM Communiqué stated that energy is a key driver of economic growth, with a significant bearing on education, environment, health and social welfare in Pacific nations. Energy and economic development need to be integrated and prioritised in national strategic development plans. PIEP has provided the basis for the bulk of the support provided to Pacific islands countries in the development of their national energy policy statements.

At the World Summit on Sustainable Development (WSSD) in Johannesburg, Pacific island countries launched a regional energy sector umbrella initiative, *Pacific Islands Energy for Sustainable Development* (PIESD). The main objective of the initiative was to align with the objectives of the *Pacific Islands Energy Policy* (PIEP), namely: i) the increased availability of adequate, affordable and environmentally sound energy for the sustainable development of all Pacific islanders; and ii) the accelerated transfer and adoption of clean and renewable energy technologies in the Pacific.

As a result of a partnership between the PIESD and the European Union Energy Initiative (EUEI), the Danish Government, through the UNDP in Samoa, has funded the PIEPSAP

Project. The project has contributed to energy policy development, regulation, best practices and governance in the energy sector.

Governance, security and gender

Issues of governance, including accountability, transparency in decision-making and levels of corruption in the public sector, are being addressed at regional level through the *Forum Principles of Good Leadership*¹³ and the *Forum Principles of Accountability*.

In law enforcement there has been enhanced cooperation on counter-terrorism. The *Pacific Islands Regional Security Technical Cooperation Strategy* has been finalised with the development of model legislation and the continued coordination of training.

Improved gender equality is another area for regional cooperation: all countries are party to the *Pacific Platform for Action for the Advancement of Women* (PPA). Commitments need to be followed up in four areas: social and political empowerment; gender equality in legal and human rights; gender equality in access to services; and gender equality in economic participation.

3.2.4 The status of political integration in the Pacific

A new *Agreement establishing the Pacific Islands Forum* was signed by all Forum members in 2005. It is now awaiting entry into force via ratification. It will establish the Forum as an international organisation consisting of member states and including all current Forum members and any Pacific states that may later accede to the Agreement with the approval of Forum Leaders. This changes the status of the Forum to a legal entity from its current status as an informal intergovernmental body.

The purpose of the Forum is to consolidate regional cooperation and integration, including through the pooling of regional resources of governance and the alignment of policies, in an effort to further Forum members' shared goals of economic growth, sustainable development, good governance, and security. The Forum Leaders' Meeting is entrenched as the pre-eminent decision-making body of the Forum, while a number of Ministerial meetings in various sectors also take place on an annual or biennial basis under the Forum's auspices.

The Pacific Islands Forum leaders meet annually to decide on collective responses to regional issues. Decisions are reached by consensus and are outlined in the *Forum Communiqué* from which policies and work programmes are developed. These decisions are not legally binding, although Forum member countries are expected to honour them out of moral obligation and commitment to the Forum's ideals.

Pacific Island intergovernmental politics is characterised by a special form of conduct, known as the "Pacific Way." It has its origins in the practice among Pacific people to resolve conflict through unanimous compromise although there have been occasions when Forum Leaders have voted on an issue or recorded decisions that do not reflect a consensual decision.

¹³ Adopted by the Pacific Islands Forum Leaders in Auckland on 16 August 2003.

The Pacific Islands Forum has enabled small island states to speak with one voice on major international issues, thereby amplifying their impact. Pacific common positions on nuclear testing, climate change, fisheries, and other security and/or environmental issues have been articulated and promoted in the international arena through the Forum.

The Forum has issued four major declarations on security and security cooperation. The 1992 *Honiara Declaration on Law Enforcement Cooperation* was the first. Its focus was on developing methods of cooperation to deal with transnational crime issues. The Declaration encouraged Forum members to step up law enforcement cooperation and enact legislation to combat transnational crime. It also recognised other issues related to law enforcement, such as environmental issues, terrorism and maritime surveillance.

Five years later, the 1997 Forum adopted the *Aitutaki Declaration on Regional Security Cooperation*, which recognised the need to take a more comprehensive approach to regional security, consistent with the principles of the United Nations' "Agenda for Peace".

The *Biketawa Declaration* adopted in 2000 commits the Forum member countries to a number of guiding principles and courses of action. These include:

- commitment to good governance;
- belief in the liberty of the individual and in equal rights for all citizens;
- upholding of democratic processes and institutions;
- recognising equitable economic, social and cultural development;
- respect for and protection of indigenous rights and cultural values, traditions and customs;
- recognising the vulnerability of member countries to threats to their security and the importance of cooperation among members in dealing with such threats; and
- recognising the importance of averting the causes of conflict and of reducing, containing and resolving all conflicts by peaceful means, including by customary practices.

Leaders, "while respecting the principle of non-interference in the domestic affairs of another member state", recognised "the need in time of crisis or in response to members' request for assistance, for action to be taken on the basis of all members of the Forum being part of the Pacific Islands extended family".

Under Article 2 of the *Biketawa Declaration*, the Secretary-General of the PIF is empowered in crisis situations to recommend to Leaders a series of targeted measures, including collective action to restore stability and law and order. Processes for assisting members may include the creation of a Ministerial Action Group; a fact-finding or similar mission; convening an eminent persons group; third-party mediation; support for appropriate institutions or mechanisms that would assist a resolution; and the convening of a special high level meeting of the Forum Regional Security Committee or an ad hoc meeting of Forum Ministers.

Biketawa has been invoked three times since its adoption in 2000, for Solomon Islands, Nauru and more recently, Fiji. Since the events of 5 December 2006 in Fiji, the Forum has demonstrated that it can play a strong and constructive leadership role in the international community when attempting to resolve crises within its region.

The fourth security declaration is the *Nasonini Declaration* of 2002 under which Leaders underlined their commitment to global efforts to combat terrorism and to implementing internationally agreed anti-terrorism measures.

The Pacific Plan's fourth pillar — Security — aims to uphold the conditions for a safe and stable environment within which the benefits of its other pillars can be sustained. Both 'state' security and 'human' security are considered, in order to enhance stability, safety, and opportunities for the Pacific people.

The future of regional political integration has entered a new era of opportunity with the commencement of the Pacific Plan, which specifically aims to gear up integration between Forum members in a range of areas. While implementation of the Pacific Plan is still at a fairly early stage, political integration is gaining enhanced momentum under the auspices of the Plan. Moves in this direction would be likely to promote deeper economic integration and bring the region closer to achieving a common market.

3.3 Challenges and next steps for deepening regional integration

3.3.1 Trade and economic integration

In the context of economic and trade cooperation, the ACP-EU Partnership builds on regional integration initiatives and regional and sub-regional integration processes which foster the integration of ACP countries into the world economy.

As regards trade in goods, most but not all of the PACPs have entered into commitments about regional free trade schemes, as set out above. PICTA is the most comprehensive FTA, now comprising 11 PACPs. Even though it provides for gradual trade liberalisation with relatively long transition periods, its significance should not be underestimated. PACPs view PICTA as a "stepping stone" towards more complete integration into the international economy in the future, both on a regional and multilateral scale. The investments and adjustments required to implement PICTA are to a large extent "one-off" and can be applied to wider liberalisation, which has the potential to bring greater economic and social welfare benefits.

PICTA will provide PACPs with experience in the operation of an FTA if it manages to help improve the trade performance of its members. In order to achieve this, some governments will have to begin implementing reforms, e.g. of revenue collection systems. Recently, more dynamic was introduced into the PICTA process by discussions about the inclusion of French and/or US Pacific territories should they wish to apply and meet the admission criteria and in particular by the launching in March 2008 of negotiations of a trade in services agreement as an extension to PICTA.

Implementation of PICTA, the MSG Trade Agreement and the future EPA is challenged by the limited capacity for trade policy and administration for most PACPs. The *Regional Trade Facilitation Programme*, funded by Australia and New Zealand, is one response to help overcome these capacity problems. The programme commenced in 2005 and will run for a period of five years. It consists of three components, i.e. customs, quarantine ("bio-security") and standards and conformance. It focuses on harmonisation of procedures, processes and policies affecting the movement of goods

across the whole Pacific region and is also intended to assist in efforts towards greater integration of the Forum Island Countries into the international economy.

In view of the limited trade implementation capacity of most PACPs, more assistance from donors is likely to be required to help them take full advantage of the potential of regional economic integration processes. PACPs need to set priorities based on trade facilitation needs assessments, which involve government and private sector input. In this regard special attention will need to be paid to customs reforms, in line with international standards (including World Customs Organisation instruments) and with EPA requirements. It will also be necessary to examine sub-regional and regional approaches to the delivery of customs services and economic regulations, which have been mandated by FEMM.

One area that can clearly be identified as needing particular attention is product safety and quality standards (SPS and TBT issues). Most PACPs do not have their own certification institutions and cannot assure the quality of many products that are potentially exportable. In addition, many PACPs have difficulties coping with the SPS requirements of their major trading partners, including the EU. A recent example is the deficiencies detected by the EC Food and Veterinary Office regarding SPS requirements for fishery products in certain PACPs (PNG, Fiji and Solomon Islands), which entailed removing one country from the list of third countries from which imports of fishery products into the EC are permitted and the temporary suspension of most imports from another country. Improving the infrastructure of food safety control systems, the capacity of competent authorities as and production conditions is an essential task, not least because the rules of origin for fishery products of both EPA and the Interim Partnership Agreement provide for a significant relaxation for PACPs, which could lead to considerable benefits for their fisheries processing sector if that potential could be used. Experts see major potential for synergy in a regional approach to food safety programmes, which could include harmonising procedures and legislative instruments, sharing laboratory analyses and controls through a network of regional laboratories and adopting a regional strategy for monitoring water quality and other compounds.

The extension of PICTA to cover services can be regarded as a major step towards regional economic integration. Negotiations for the gradual integration of services into PICTA started at the end of March 2008 and are scheduled to be concluded by October 2008. As services make up most of the GDP of all but one PACP for which there are data available, services liberalisation has the potential to generate significant welfare gains. In addition, growth in trade in services will make for higher revenue yield from indirect taxation on services and reduce dependence on import tariffs, in particular of small islands economies; and there is also potential for other benefits, such as an increase in foreign direct investment.

However, benefits from liberalisation do not come automatically. The development of regulatory frameworks, e.g. to stimulate competition and encourage investment in selected areas in accordance with national PACPs' country priorities, is equally important. That is why the negotiation of a PICTA trade in services agreement will be accompanied by regional work on investment, competition and intellectual property and traditional knowledge protection. Associated investments in infrastructure, such as the South Pacific Interconnectivity Network (SPIN), will both multiply the benefits of such agreements and contribute to the effectiveness of an EPA with the EU.

3.3.2 *Common sectoral policies*

Fisheries

Tuna fisheries underpin the region's main hope for future economic self-sufficiency. The region's dependence on tuna is unlikely to decrease in the foreseeable future. Fisheries policy in the Pacific will have to pursue the double objective of promoting sustainable management of tuna resources and ensuring maximum economic benefits for the region from these resources. Increasing local value added products means boosting the Pacific islands' own fishing capacity (e.g. tuna long-lining for sashimi or other high quality chilled tuna) and encouraging the development of domestic industry activities such as onshore processing or fisheries-related service industries.

In view of the worrying state of some of the most valuable tuna stocks, ensuring that adequate conservation and management measures are put in place and implemented is a key issue for the viability of the sector. Resource management means further emphasising the regional dimension given the Pacific ACP's size of their EEZs and the fact that tuna is a highly migratory species.

A regional approach is particularly necessary to effectively combat IUU fishing. The majority of IUU fishing in the Western and Central Pacific occurs in national waters of coastal states by fishing vessels from distant water fishing nations. Small islands states in particular have virtually no capacity to detect and stop IUU fishing in their vast EEZs. Although regional monitoring, control and surveillance (MCS) systems exist (such as the FFA VMS), there is a need to consolidate these systems to ensure that they are operating in the EEZs of all Pacific ACPs and to develop efficient IUU detection and interception capacities.

Fostering regional integration could also have positive effects on the implementation of coherent and mutually supportive national tuna management plans. It will help to sustain good governance and to fight against the corruption that leads to the over-granting of licences and therefore over-fishing of valuable resources.

Coastal fisheries also have a role to play in regional integration, as these are the resources that most Pacific Island people depend on for food. The sound management of inshore resources is essential, as is the need to land more tuna domestically to offset the growing demand for fish as populations increase. Aquaculture also has a part to play in addressing food security and small-scale livelihoods, and a regional approach will be essential to address any aquatic bio-security concerns with the movement of live product in the region. Most nations have extensive coral reef and mangrove systems. The traditional lifestyle and food security depend on the maintenance of these ecosystems.

There is no regional approach when it comes to managing inshore resources, although a standardised approach would benefit all countries involved. With the expected increase in population in the Pacific (50 percent by the year 2030), and the need for an annual increase of over 100 000 mt of seafood to maintain current annual consumption levels, a united approach to managing inshore resources is essential to maintain food security and small-scale livelihoods in the region.

Education and training

Following the positive experience in regionalising higher education in the Pacific, the next step is to replicate the experience and to regionalise vocational education institutions, such as marine schools, nursing schools and tourism institutes. There is a need to streamline and harmonise training provided in the region to facilitate an education/training staircase in the different areas and at different levels.

The recently launched Australia Technical Pacific College will also help Pacific Islanders to obtain Australian-standard qualifications, opening up opportunities in the Australian labour markets. The region also plans to establish a Regional Register of Qualifications. It will give credibility to mainly, but not exclusively, to Technical and Vocational Training (TVET) qualifications. This should enable students to move more easily from one level or type of education to another.

Education for all is important as one of the main building blocks for society and to achieve the education MDGs, but equally important is the need to invest in lifelong learning and skills to increase the ability of governments and the private sector to deliver basic services and to create a knowledge society to promote sustainable growth (DFID, 2006). Quality higher education and research institutions provide the critical mass of skilled and educated people needed to ensure genuine sustainable development.

Tourism

Developing the professional tourism skills needed to take advantage of market liberalisation is the major challenge faced by Pacific Government tourism institutions and SMEs. Particular areas where further capacity building work is needed for sustainable development, which South-pacific.travel undertakes at the regional level, are: (1) tourism strategy development on the basis of statistics and research; (2) branding, marketing and ICT development; and (3) planning for infrastructure development, particularly air and sea transport and associated tourism investment.

Environment

Reversing unsustainable trends in resource use and ecosystem health is an urgent priority and a critical requirement for sustainable development. It demands greater political commitment to putting into practice the concept of sustainable use of natural resources. It requires national governments to drastically improve their development policies and planning, and to coordinate and integrate more effectively the presently fragmented efforts of all agencies dealing with resource management, civil works and others.

Biodiversity conservation must be seen within the correct context as sustaining Pacific livelihoods and economies and maintaining essential ecosystem functions. Furthermore, up-to date information on the status of biodiversity is required to make decision-makers appreciate the environmental costs of development.

Pollution prevention needs to be addressed mainly at national and local levels, although there are also a number of regional and global aspects. At national level there are only a very few Pacific countries and territories with specific environment acts and associated regulations and even fewer with laws and regulations that deal with specific aspects of pollution, such as waste management. Most of the authority in this and other related areas comes from outdated and fairly generic legislation, such as the Health Act. More progress has been made in developing national policies and strategies to address issues such as waste management. However, much remains to be done to turn these into active

programmes that can achieve practical on-the-ground solutions. A related issue is often the lack of a clear and unified approach within the government systems, with responsibilities being spread across a number of agencies.

Climate change

Under the stewardship of the Secretariat of the Pacific Regional Environment Programme (SPREP), the region has translated the *Pacific Islands Framework for Action on Climate Change (PIFACC)* into an Action Plan, and will revitalise the Pacific Climate Change Roundtable to guide implementation of the plan and address funding gaps. The Action Plan identifies the key areas in FICs that will be impacted by climate change and provides a guide on climate change activities and planning. The key areas where adaptation will be required are food security and agriculture, health, coastal areas and infrastructure and water resources, as also highlighted by the IPCC. These key areas also impact on or influence the major economic sectors of the FICs such as agriculture, tourism and fisheries. Integral to this work are a number of major initiatives being undertaken by the region in conjunction with international partners, including the Global Environment Facility (GEF), which is worth USD 100 million over four years and addresses both mitigation and adaptation.

However, the region acknowledges that existing adaptation efforts are insufficient to cope with increasing vulnerability to future climate change challenges. There is a need to build on existing and past efforts and to take strategic and innovative national action to identify and implement effective measures to address vulnerability and improve resilience to these challenges.

Since the impacts of climate change will vary from country to country, comprehensive national strategies and action plans will have to be developed and supported by regional and international technical and financial assistance. Mainstreaming of climate change in national sustainable development policies will be crucial, given that climate change impacts so many if not all vital sectors of the Pacific economies. A good start has been made in the FICs with the country-team approach to UNFCCC National Communications and the various GEF climate change projects. These country teams need to be institutionalised and to be at a level where they can influence decision making.

The priority for the region continues to be adaptation primarily, but there are also country-specific issues and particular community needs. Mitigating greenhouse gas emissions has also been given political importance, from the point of view of the international message sent, but also from the perspective of fuel economy, energy independence and employment. There is also the recognised need to improve the climate change governance and knowledge base in the region, and to establish practical working alliances and partnerships.

Forum Leaders have highlighted a number of priorities, which include: improving the information base for assessing local and national vulnerability to climate change; including socio-economic vulnerability and traditional knowledge; designing and implementing better country-specific adaptation strategies and building resilience; and mainstreaming climate change into national development planning and budgetary processes. Given the limited national financial and technical capacity, development partners' assistance is crucial to helping the region accomplish these important initiatives.

Furthermore, the Forum Leaders have committed their governments to providing the necessary national resources and policy focus to address the challenges of climate change. They have called on SPREP and other regional agencies to support national efforts to address climate change, with a particular focus on: (i) pursuing and implementing mitigation and adaptation measures; (ii) mainstreaming human security issues; (iii) improving preparedness for the impacts of increasing disasters through the implementation of national action plans; (iv) addressing the vulnerability of the Pacific islands to climate change and subsequent impacts on people, water, food security, infrastructure, and natural resources; (v) continuing to work together to streamline the roles of the various regional organisations and to harmonise donor engagement; and (vi) enhancing the capacity of countries in the region to engage in the ongoing UNFCCC negotiations for a post-2012 global climate change agreement, which are scheduled to conclude in 2009. Regarding the vulnerability of Pacific Island Countries to climate variability and reduced freshwater resources, the required adaptation and coping strategies have been grouped under a specific theme in the *Pacific Regional Action Plan on Sustainable Water Management* (Pacific RAP), which resulted from the Pacific preparations for the 3rd World Water Forum. The RAP acknowledges that dealing with island vulnerability a paradigm shift from disaster response to hazard assessment and risk management, particularly in Integrated Water Resource Management (IWRM) and Drinking Water Safety Planning.

Specifically, a *Pacific Dialogue on Water and Climate* was initiated to improve the capacity in water resource management to cope with the impacts of increasing variability of the world's climate, by establishing a platform through which policy-makers and water resources managers have better access to, and make better use of, information generated by climatologists and meteorologists.

In view of the relevance of climate change to the future of the Pacific region and the importance of regional action to tackle this challenge, the enhanced political dialogue between the PIF and the EU has included this theme in its standing agenda. The first important political step in this context will be a joint EU-PIF Climate Change Declaration.

Environment monitoring and planning

The single most important challenge facing Pacific island countries and territories, and the CROP agencies that serve them, is rapid environmental change and resource depletion. For social and economic adaptation to this change to succeed, Pacific states need to measure environmental baselines and monitor the changes that are occurring and design fitting responses. All the CROP agencies hold environmental data in various forms and standards, especially SPREP, SPC, SOPAC and USP. However, currently there is no Pacific database to assist countries with environmental monitoring and sustainable development planning.

Most countries do not have adequate information about their national environments to provide a basis for effective environmental management and sustainable development planning; nor do many have access to the respective technology and skills. This also means that essential environmental monitoring is not routinely undertaken. Additionally, much of the work undertaken by SPREP and other CROP agencies is not based on state of the art. There is therefore a need to establish a system that actively gathers, collates, analyses and manages regional environmental data and makes it available to PICTs.

Energy — bulk procurement of petroleum

Specific emphasis has been placed on assessing and developing a strategy for the bulk procurement of petroleum products. There would be financial benefits in adopting a sub-regional approach to bulk procurement. In addition to the option of bulk fuel procurement, other alternatives such as fuel price hedging carried out in parallel offer further opportunities.

Reducing energy consumption from a demand and supply perspective offers some of the best benefits and rates of return on moderate investments, where consumers and utilities (power generators) alike should be encouraged to adopt energy-efficient and conservative approaches, whether voluntary or legislative.

More recently, there has been significant interest in developing bio-fuel resources. It focused initially on the use of coconut oil as a bio-fuel and was driven to some extent by low copra prices that have now shown a global upward trend, albeit moderate in comparison to the upward trend in the cost of fossil fuels. Consideration is being given to ethanol production from either sugar cane or other crops such as cassava (tapioca) or jatropha.

Governance and security

New initiatives to support governance in the region are being developed with assistance of the Australian Government through the *Pacific Leadership Programme* and the Commonwealth Secretariat *Governance Programme*.

Greater engagement with civil society organisations is planned, with dedicated regional programmes to ensure that organisations grow in the context of the evolving regional context.

CHAPTER 4 — OVERVIEW OF PAST AND ONGOING EC COOPERATION

4.1 Past and ongoing EC cooperation: Results analysis, lessons and experience

Since the commencement of cooperation between the European Union and Pacific Island Countries in 1975, the total level of EDF support for regional co-operation has amounted to €204 million. This figure excludes additional resources provided through the intra-ACP facility, the European Investment Bank and the EC budget.

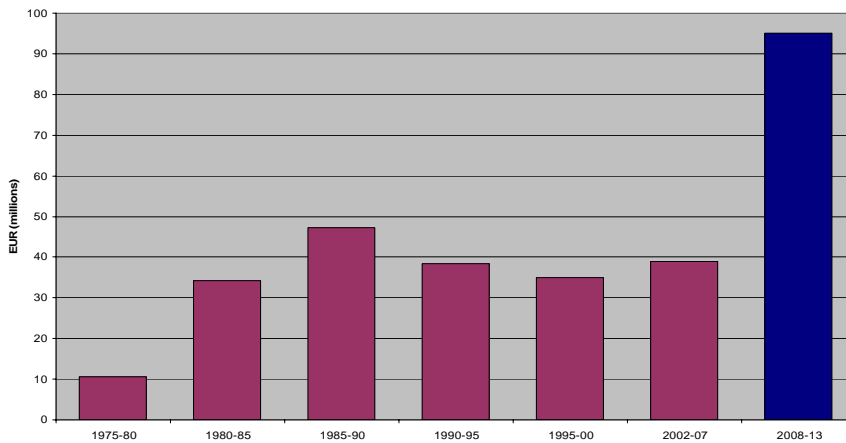
In the 1975-80 period, EDF assistance supported regional initiatives in telecommunications and HRD. Lomé II (1980-85) focused on developing regional transportation, energy and telecommunication infrastructure and training, and support for areas of comparative advantage, notably tourism. Lomé III (1985-90) extended infrastructure support in transport, energy and telecommunications, increased tourism development support, and at the same time provided funds for the productive sectors of agriculture and fisheries. In this period the initial RIP allocation was bolstered by *Article 100* trade funding, all of which went to support the tourism sector, in particular, the establishment of the Tourism Council of the South Pacific, now ‘South-pacific.travel’.

Under the first financial protocol of Lomé IV (1990-95) the double strategy of alleviating natural resource constraints and of supporting sectors of comparative advantage continued, while new areas of intervention, mainly HRD and the environment, also received support. Lomé IV (bis) continued support for HRD and for the sustainable development of natural resources.

In the 2002-2007 period¹⁴, the 9th EDF regional strategy and programme targeted three sectors: Regional Economic Integration, Human Resource Development and Fisheries. Following an assessment of performance and needs, the initial allocation of €29 million was increased by €10 million in 2005. The “land resources” sub-heading was the biggest recipient of regional resources (22%), followed by “marine resources” (14%), HRD (13%), tourism (12%) and telecommunications (10%). The “environment” at 4% understates the actual support received, as many projects in the other sectors, particularly in land and marine resources, had a strong environmental focus. The same is true of HRD, as all projects have had some degree of capacity building and training. This reflects the cross-cutting nature of the ‘environment’ and ‘HRD’ sectors (see *Annex 6*).

The graphic below shows the level of EDF regional resources allocated to the Pacific Islands Countries between 1975-2007.

¹⁴ Timor Leste ratified the Cotonou Agreement in December 2005 and could not access the 9th EDF regional allocation



The evaluation of Community support for the Pacific region was completed in September 2007¹⁵. One of the lessons learned was the importance of supporting the Pacific's regional organisations. The evaluation found that focusing on support for regional institutions was justifiable in view of the Community's small share of total ODA to the region and its remoteness. It was also commendable in terms of efficiency and proved to be a success factor where these institutions have strong capacity. EC support rightly focused on capacity-building for the coordination and management of regional cooperation and on promoting their willingness and ability to join international conventions and enforce them.

In terms of economic development, an important lesson learnt was that the Community's engagement with regional agencies was essential to the effectiveness of its strategies, while assistance provided on an all-ACP basis through agencies not in close contact with Pacific stakeholders did not lend itself particularly well to the regional context.

Community aid in regional integration and trade generally has helped to increase the trade-related capacities of regional bodies and to improve their cohesion on trade-related matters. Regional integration has also been fostered by the prospect of an EPA with the EU and the accompanying trade-related assistance provided by the EC. This will help to increase the Pacific region's capacity to complete negotiations around the EPA and other trade arrangements such as PICTA and PACER.

The Pacific region received trade-related assistance under the 8th EDF (*Economic Partnership Programme* – €0.75 million) and the 9th EDF (around €16.7 million for activities relating to the Pacific ACP's trade needs). While work continues, significant levels of trade assistance provided to the region over the last decade by the EU has greatly assisted Pacific Island Countries to develop trade policy and undertake trade-related negotiations in support of, in particular, the EPA, PICTA and WTO-related rules.

¹⁵ DRN-ADE, ECO, NCG, Ecorys Consortium, Evaluation of the Commission's support to the ACP Pacific region, final report, September 2007.

The Centre for the Development of Enterprise (CDE) has engaged with the region, although contributions to private sector development were considered limited by the evaluation. While looking to increase this engagement over the next few years, to date the CDE has started working with the regional *Pacific Islands Private Sector Organisations (PIPSO)* and *South-Pacific.travel*.

In the HRD sector, EC aid has made useful contributions to improving skills, motivation and capacity for flexible response by regional stakeholders, as well as to boosting the capacity of regional institutions. On the other hand, there has been no progress in evidence in the harmonisation of policies and standards for education.

The fisheries sector has seen increased participation in regional fisheries and their organisations, and more development of harmonised regulations and regional rules and procedures. Limitations persist, however, in the enforcement of regulations.

EC support for the sustainable management of natural resources has been in line with the Community's international commitments, including international conventions to which it subscribes. The evaluation recommended that efforts to help the Pacific region address environmental issues should be pursued and intensified. The Community's approach to addressing these issues both at local level and in the context of global governance of global public goods was considered commendable.

The Pacific receives assistance from the 9th EDF €21 million programme "Capacity Building related to Multilateral Environmental Agreements (MEA) in African, Caribbean and Pacific (ACP) Countries". The programme will back Pacific countries' efforts to comply with MEA provisions, addressing the adverse effects of climate change, loss of biodiversity, drought, land degradation, waste and other threats to the environment. In this context, SPREP's capacity will be reaffirmed as a lead regional technical resource for the Pacific, enhancing delivery of quality services to the Pacific Island countries, such as project management and proposal drafting skills, negotiations training and information management and exchange.

The Pacific region has also benefited from support from the EU Water Facility to improve the management and protection of freshwater sources.

In the EC experience, the institutional framework adopted for project implementation is a key influencing factor in terms of impact, generally with more positive outcomes and sustainability for projects put into effect by mandated regional bodies, given their capacity to deliver and their effective links with their own member states. The adoption of contribution agreements with CROP agencies for the implementation of the 9th EDF has further improved its delivery.

PIFS, SOPAC and SPC underwent an institutional assessment in order to prove their capability to implement the 9th EDF regional programme through the use of their own procedures and systems. The outcome was overall positive, and the organisations are following up on specific recommendations where weaknesses were identified: Institutional assessments are in the pipeline for other CROP organisations (SPREP; FFA and USP) that could be selected as implementing agencies under the 10th EDF RIP.

4.2 Programmes of EU Member States and other donors

Among the EU Member States, *France* is present in the region through its Overseas Countries and Territories and provides cultural cooperation and support to the health sector at regional level, beside country co-operation with PNG and Vanuatu. It has expressed its interest in cooperating with PACPs in specific areas such as improving regional interconnectivity. *Italy* became a Post-Forum Dialogue partner in 2007 and is committed to the sustainable development of the region with the focus of cooperation on food security through the FAO. Italy has committed €8 million, over the next three years, to key priority needs of the Pacific Island States for climate change and clean environment initiatives under Article 12 of the Kyoto Protocol including energy. Other countries such as *Austria* have also expressed an interest in participating in this initiative.

Portugal maintains strong bi-lateral cooperation with Timor-Leste, where it is the biggest EU donor, mostly active in governance, education and capacity building. *Ireland*, France and Spain are also present in the country. France and the UK are present in Papua New Guinea and the latter keeps a close contact with the Pacific through the Commonwealth. *Germany* is active at the regional level through a forestry project implemented by GTZ on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and has committed €1.1 million for a regional project on climate change (2009-2012).

Other donors in the immediate region include Forum members *Australia and New Zealand*. Both are significant partners and donors for all Pacific Island Countries and, along with all Forum members, committed to the ongoing implementation of the Pacific Plan. In the lead-up to free trade negotiations with the Pacific ACPs starting late 2008, Australia and New Zealand are funding a *Regional Trade Facilitation Programme*. Australia, New Zealand, the Asian development Bank and the UN are active in supporting law and justice and governance initiatives at regional level. More recently, the ADB, the WB, Australia and New Zealand have launched a major initiative for regional infrastructure, the *Pacific region Infrastructure Facility*. UNDP finances a Regional Energy Programme for Poverty reduction and a Programme under the GEF promoting environmentally sustainable transport in PICs. The ADB is about to launch a Regional Partnerships for Climate Change Adaptation and Disaster Preparedness.

Australia, the region's largest donor, continues to give Pacific Island Countries strong support in addressing current and emerging challenges. These include health issues, such as reducing the impacts of non-communicable diseases and preventing the spread of HIV and STIs, with support recently announced of AUD 30 and AUD 20 million respectively, raising standards of governance and leadership by way of better accountability and improved policy-making capacities, climate change adaptation and mitigation (AUD30 million for regional support) and fisheries, particularly in support of conservation and surveillance efforts. Work is currently underway to develop a new regional strategy to help advance these initiatives and, more importantly, continued implementation of the Pacific Plan.

New Zealand, another significant regional donor, provides assistance to the Pacific in the areas of education, health, environment, governance, fisheries, and trade and economic projects. NZ's total expenditure on regional programmes in the Pacific for 2006/07 was about €25 million. NZAID also funds a number of regional agencies and organisations such as the Pacific Islands Forum Secretariat and UNICEF Pacific. As already

mentioned, NZAID and the EC co-finance the *Pacific Regional Initiatives for the Delivery of basic Education* (PRIDE) programme through USP.

The *United States* and *Japan* continue to offer significant levels of assistance to countries across the region, while *China* and *Taiwan* are emerging donors (see *Annex 7* for donor support by sectors and financial levels of assistance). It is reported that China may actually contribute one third of overall assistance to the Pacific but reliable information is scarce in this regard.

4.3 Donor coordination and aid effectiveness in the Pacific

The Pacific Plan provides an example of good practice for country harmonisation of regional priorities, coordination and policy position. It lays the foundation for greater regional action in support of cooperation and integration. It incorporates performance indicators that provide a basis for regional management for development and is supported by a regular assessment of priorities with reporting to and direction on future work provided by Forum Leaders.

In adopting the Plan, Pacific Leaders recognised that aid effectiveness is paramount for planning and implementation. Five Pacific Island Countries, namely Fiji, Papua New Guinea, Solomon Islands, Cook Islands and Tonga, have signed up to the 2005 Paris Declaration on Aid Effectiveness.

In 2007, the Pacific Island Countries and Development Partners adopted the *Pacific Principles of Aid Effectiveness*, which draw heavily on the Paris Declaration. The Principles were adopted by the Forum of Economic Ministers Meeting. The Paris Principles that best reflect the Pacific region are those of Ownership, Alignment and Harmonisation, Mutual Accountability and Managing for results. These Pacific Principles serve as a guide for more effective aid management mechanisms. They also provide the Pacific Island states with indicators for monitoring. In this context the EC is the only donor providing fully fledged budget support to Vanuatu and supporting the PEFA framework in the Solomon Islands and Timor Leste with a view to future budget support. Samoa has passed a macroeconomic assessment and budget support should start in 2010.

Pacific Regional workshops on aid effectiveness take place regularly. The latest was held in April 2008 in Fiji and was organised by UNDP, ADB and the Pacific Islands Forum Secretariat. Its objective was to review progress in the implementation of the Pacific Aid Effectiveness Principles and to prepare for the Accra High Level Forum on Aid Effectiveness (see *Annex II*).

Ad hoc donor coordination initiatives exist for specific topics, such as oil and food prices under WB leadership, risk prevention and disaster preparedness under the UN OCHA leadership, and informal donor coordination groups on education, health and human resources development. Donors with similar practices, such as Australia and New Zealand, have agreed to delegate lead/management roles regarding aid.

Climate change is becoming an increasingly important topic that all major donors are integrating in their programmes. In 2008, all donors with climate change related projects in the Pacific decided to meet on a regular basis. The European Commission is taking an active role in this coordination effort.

At country level, Papua New Guinea adapted the Paris Declaration to its local context through the conclusion of the *Kavieng Declaration* (recently renamed *the PNG Commitment on aid effectiveness*), which is a joint statement of principles and actions between the Government of PNG and Development Partners. In Samoa complementarity is increasing thanks to bi-annual aid reporting that aligns with the National Development Strategy. The Pacific Regional Assistance in Nauru (PRAN) will allow access for information on experts from other Pacific Island States. In Fiji the interim government is looking at donor coordination mechanisms around the use of basket funding in order to improve aid predictability. Tuvalu and Vanuatu are getting technical assistance in the areas of planning and budgeting. In Vanuatu the School of Tourism built with 9th EDF funds is also being used by the Australian Technical and Vocational Training programme for the country.

4.3 Policy coherence for development and complementarity of interventions

In terms of EU policy coherence, the link between trade and development needs to be emphasised because of the ongoing EPA negotiations. The formulation of the 9th and 10th EDF RSPs/RIPs is a demonstration of this principle.

In the area of fisheries, the EC has signed bilateral Fisheries Partnership Agreements with Kiribati, Solomon Islands and FSM. These three agreements not only provide access for the EU fishery industry, but also foresee support to define and implement sectoral fisheries policy, with a view to enhancing sustainable and responsible fishing.

Recent developments in the context of the Common Agriculture Policy and, in particular, in relation to the reform of the sugar sector, are encouraging Fiji to restructure and diversify. Again, EU development finance is being used to assist in this essential process.

The environment and climate change are issues of national survival, particularly for the smaller island states. The EU's strong support for the Kyoto Protocol has therefore been much appreciated by the Pacific ACP. The Global Climate Change Alliance adopted by the EU will provide further opportunities for dialogue and exchange as well as practical cooperation to support international negotiations on an ambitious post-2012 climate change agreement.

The linkages between humanitarian aid and development assistance will be extended to cover all aspects of disaster risk preparedness, in line with the forthcoming Commission proposal on an EU Strategy on Disaster Risk Reduction in developing countries. The disaster risk reduction project financed under the 9th EDF B allocation of eight PACPs will also provide opportunities for complementarity between national and regional action.

At local level, NIP-RIP complementarity is seen from two distinct perspectives: some countries prefer their NIPs to focus on areas other than those covered by the RIP, on the principle that this strategy will allow them to cater for wider needs. In other cases a sector is focal both at regional and at national level. Review of past experience has shown that the two levels need to join up better in order to reap the full benefits of regional and country response strategies, therefore their complementarity will be promoted in the identification and formulation phases of the 10th EDF RIP.

Synergies will be sought with Overseas Countries and Territories (OCTs) and relevant regional interventions will be developed under their 10th EDF Single Programming Documents (SPD), when feasible and relevant to both regional groupings. Climate change and the sustainable management of oceanic resources as well as regional telecommunications, are examples of topics that could benefit from a stronger link between the ACP regional programme and the OCT's 10th EDF programming, building on the OCT's participation in some regional PACP programmes under the 9th EDF, focusing on plant protection, sustainable agriculture and oceanic and coastal fisheries.

EU-Pacific external relations have now reached a stage of political maturity. The EU has become an important regional partner. The potential for productive dialogue and policy support will be further deployed, as will the EC's substantial financial assistance, which is welcomed by countries throughout the region.

CHAPTER 5 — THE RESPONSE STRATEGY FOR A PARTNERSHIP ON REGIONAL INTEGRATION

5.1 Putting the Response Strategy in context

5.1.1 *The EU Strategy for the Pacific*

In 2006, the EU adopted its first ever comprehensive strategy for the Pacific: *A Strategy for a Strengthened Partnership* in response to the Pacific Plan and the deepening of regional cooperation and integration within the Forum and within the EU.

This strategy aims:

- (1) to enhance political dialogue on matters of common interest ranging from political and security issues to economic, trade, social, environmental and governance issues, thus enhancing the visibility and political profile of the EU-Pacific partnership on both sides;
- (2) to make development more focused, with greater emphasis on regional cooperation, enhance regional governance and facilitate cross-fertilisation. This enhanced cooperation is guided by a central “blue-green” theme, drawing particular attention to the sustainable management of natural resources and tackling global environmental challenges;
- (3) to improve the effectiveness of aid delivery, including greater use of budget support and closer coordination with other partners, in particular Australia and New Zealand.

5.1.2 *Other strategic elements of the EC response*

The Global Climate Change Alliance

Climate change is of key interest to both the EU and the PIF states, particularly in the run-up to the 2009 UN Conference on Climate Change in Copenhagen. In November 2004, the EU adopted a Climate Change Strategy and Action Plan in the context of Development Cooperation, which seeks to help developing countries to meet the challenges posed by climate change, and in particular to implement the United Nations Framework Convention on Climate Change (UNFCCC).

In 2007, the European Commission launched the Global Climate Change Alliance (GCCA) initiative between the European Union and developing countries. With the GCCA, the EU intends to deepen political dialogue and step up cooperation with those developing countries that are most vulnerable to climate change. Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are typically the ones who are hit earliest and hardest by the effects of climate change and have the least capacity to react.

The GCCA will provide a platform for political dialogue between the EU, LDCs and SIDS at global, regional and national level. While political dialogue will take place outside the context of international negotiations, it will nonetheless help to advance

implementation of the UNFCCC and related agreements. This dialogue aims to create the conditions for an ambitious outcome of the UN negotiations for a post-2012 climate agreement. In parallel, the GCCA will provide concrete support for adaptation and mitigation measures — wherever they can help achieve poverty reduction objectives — and for the integration of climate change into poverty reduction strategies.

Integration of cross-cutting themes

In the European Consensus on Development, the EU identified a number of themes that should be fed into the mainstream of its institutional practices and development cooperation. These are:

- Democracy, Good Governance, Human Rights, the Rights of Children and of Indigenous People
- Gender Equality
- Environmental Sustainability
- Combating HIV/AIDS

These cross-cutting themes share a number of common features: first, they all reflect fundamental values in their own right. The EU has set itself the challenge of promoting respect for these values and enhancing their legitimacy. Second, they are also instrumental for achieving the overall objective of poverty reduction and other development goals.

These values are not necessarily firmly anchored either in partner country societies, or in partner governments' — or regions' — policy agendas, but they can be promoted through wider political, social and economic processes. Therefore, pursuing these objectives requires a proactive advocacy approach and can best be done through political dialogue and support to locally owned institutions and processes that seek to advance these values while keeping account of the cultural context.

Participation of non-state actors

The EU supports the broad participation of all stakeholders in the development of partner countries and encourages all sectors of the civil society to take part, as underlined in the European Consensus on Development.

The response strategy therefore will seek to promote this participation under the two focal areas and in the integration of cross-cutting themes, with a view to strengthening the voice of the civil society in the development process and to encouraging the interaction between state and non-state actors.

5.2 The Response Strategy

On the basis of the strategic context set out above, the Response Strategy proposes to place greater emphasis on support for regional cooperation and integration, including by considerably increasing 10th EDF regional funding compared to previous RFPs.

The Response Strategy is aligned with the key priorities of the region, as defined in the Pacific Plan, i.e. the ‘four pillars’ of economic growth, sustainable development, good governance and security.

Successful implementation of the strategy depends on sounder and more comprehensive political dialogue between the EU and the Pacific region, on progress towards economic and trade integration and on the effective use of the funding provided for under the Regional Indicative Programme and other financing instruments.

5.2.1 The Enhanced Political Dialogue

The enhanced EU-PIF political dialogue, launched in October 2007 through the Nuku’alofa Declaration, also covers the third and fourth pillars of the Pacific Plan — Good Governance and Security. The agreed standing agenda includes issues such as regional security and governance, economic stability and growth, international trade, the environment, development cooperation and, by consensus, any other item of topical interest, such as gender issues and governance in the tax area.

The political dialogue consists of triennial meetings of a Ministerial Troika and annual troika meetings of Senior Officials in Fiji at the headquarters of the PIF Secretariat. The inaugural Troika took place in Brussels in September 2008 and was regarded as a success by all participants.

The Troika makes for structured interaction between the EU and the Pacific region at political level, increases the visibility and political profile of the EU-Pacific partnership on both sides of the planet and could make a valuable contribution to peace, stability, democracy and prosperity in the Pacific. A strengthened partnership and enhanced political dialogue between the Pacific ACP countries and the EU will also help to support joint action in multilateral forums (thirteen Pacific ACP countries are UN members and they often act as a group), where the two regions often share interests in improved global governance, for instance, on climate change.

In this context, the EU and the Pacific are finalising a joint declaration on climate change. This text contains a shared vision and immediate priorities for joint action in response to the needs and concerns of the Pacific, particularly in the area of adaptation.

5.2.2 Trade and development

Economic Partnership Agreement

Pacific EPA negotiations aim to use trade as an instrument for development as set out in the Cotonou Agreement. This will be through integrating trade in goods and services and the relevant trade-related rules in a comprehensive WTO-compatible trade agreement. EPA will be reciprocal but asymmetric in favour of the ACP. The EU offers immediate duty-free and quota-free market access to Pacific ACP products while the region will also benefit from the possibility of exempting products from liberalisation and long transition periods. As regards sugar, the quota for non-LDC countries in the Pacific region is

increased for the period until October 2009, when new measures for EU sugar market access will be applicable.'

Eleven percent of Pacific ACP countries' trade is with the EU. This is a substantial share when considering the physical distance between the Pacific and Europe, but not large in absolute terms. This makes it realistic to expect that the coming benefits from trade in goods under an EPA will flow mainly from a number of specific products. Additional benefits could, however, be forthcoming if areas such as services, investment and trade-related rules formed part of the EPA. The Pacific Plan already proposes to integrate trade in services in the EPA and PICTA and PACER negotiations.

A comprehensive EPA with the EU is expected to have an important catalytic effect on Pacific regional cooperation and integration. It stimulates regional cooperation because it encourages Pacific ACP countries to negotiate as a group and to open markets among themselves. The EPA should also institutionalise stronger regional governance in terms of peer reviews and conflict resolution mechanisms.

In order to maximise the desired effect of the EPA, it is crucial that the negotiations and outcome should be closely coordinated with programming and implementation of development assistance, at both regional and national levels, in order to harness synergies. Of particular importance are trade-related assistance and capacity building, socio-economic, financial and tax governance, as well as targeted support measures, including compliance with international customs standards and trade facilitation, private sector and human resource development.

Trade-related assistance

In 2007, the EU adopted its Strategy on Aid for Trade (AfT), a pillar of which is 'building upon, fostering and supporting ACP regional integration processes'. In this strategy the EU reaffirms its 2005 pledge to increase its collective expenditure on trade-related assistance, i.e. trade policy and regulations and trade development, to €2 billion a year from 2010 – 1 billion in Community aid and 1 billion in bilateral aid from the Member States. Approximately 50 percent of the increase will be available for ACP needs.

The funding allocation will reflect policy and programming decisions at regional level. The EU will participate on a voluntary basis in regionally-owned funding mechanisms and step up efforts to formulate joint response strategies relating to AfT during the period up to 2010. If, therefore, a Pacific Trade and Development Fund is established and if it meets international standards for management, accounting, audit and procurement, it could be used to channel EC and EU Member States' resources into this RSP, in parallel with contributions from other interested donors.

5.2.3 Financing instruments

The Regional Indicative Programme

The 10th EDF Regional Indicative Programme (RIP) will be the main financing instrument for implementing the Response Strategy.

Based on the previous assessment of major regional integration challenges, especially in the area of trade, and given the EU's recognised experience in the areas of natural resource management/disaster preparedness and education/training and assistance from other major donor in the region, financial cooperation will mainly target two focal areas.

- Reflecting the Pacific Plan's commitment to liberalise trade and step up economic integration, the first focal area will be allocated to **Regional Economic Integration**. This amounts to €45 million (47 percent of the RIP envelope);
- The second focal area of intervention under the RIP is the **Sustainable Management of Natural Resources and the Environment**, thus lending support to the second pillar of the Pacific Plan — Sustainable Development. A total of €40 million (42 percent of the RIP) will be set aside for the second focal area.

Likely interventions under the two focal areas are detailed under chapter 6 and in the Intervention framework (*Annex I*)

- Direct funding of non-state actors should help to consolidate democratic systems rooted in the people. Technical assistance and a technical cooperation facility will enhance institutional capacity, particularly of regional organisations. The non-focal area of *organisational strengthening and civil society participation* will be allocated €10 million from the RIP.

The 10th EDF will build on the good results obtained so far and provide further needed support to regional organisations, in line with the evaluation of EC assistance to the Pacific region. Working with the CROP also guarantees complementarity with other donors' regional programmes, as most of the funds are being channelled through the same bodies.

Risk analysis

The increased EDF allocation to the regional programme is substantial, amounting to €56 million or 143 percent more than allocated under the 9th EDF. There is some risk that the absorptive capacity of the regional institutions to utilise this level of funding will be stretched. However, this risk will be reduced by increasing the pool of possible implementing agencies to include non-CROP agencies and international organisations active in the region. At the same time, the office of the Regional Authorising Officer will be strengthened in line with the increased funding.

The planned reorganisation of some CROP organisations may impact negatively on the performance of the RIP, especially in the early stages of reform. It is also possible that organisations having already undergone the institutional assessment may have to repeat it, in order to give assurance about the conformity of their systems and procedures further to the planned institutional reforms. However, any initial underperformance or institutional weakness should be offset by efficiency gains once the benefits of reorganisation take effect.

Both the regional programme's implementing agencies and the national stakeholders will need to make efforts to actively engage and join up forces, keeping into account that

regional initiatives should provide added value compared with national action; but also that national administrations eventually determine the scope and speed of regional integration and ultimately its effectiveness and success.

The successful and timely delivery of the first focal area's objectives will depend to a large extent on progress made on EPA, PACER and PICTA negotiations and their final outcomes. It is not excluded that major disbursements will be made after the mid term review. However, spreading interventions over a range of trade instruments should help reduce risks of delays. Timor Leste's ability to benefit from the regional programme will depend on the establishment of an adequate institutional arrangement with the RAO and other Pacific regional organisations.

Other financial and technical assistance

Other financial instruments will complement the RIP and help to implement this response strategy. Country-specific needs will be financed from National Indicative Programmes, and *Intra-ACP funds* will contribute to cross-cutting issues.

Implementing the EPA will challenge Pacific ACP private enterprise competitiveness and require adjustments. The Centre for the Development of Enterprises (CDE) is committed to broadening its range of services to help mobilise investment and strengthen existing enterprises. The CDE can also play an important role in building partnerships with other financial institutions, such as the European Investment Bank.

The new generations of *Fisheries Partnership Agreements* (FPAs) are an important milestone. They provide for close cooperation to promote responsible fishing and ensure conservation and sustainable use of the fishery resources of the partner countries concerned in exchange for regulated access to fishing opportunities for European vessels.

Additional financing, in particular for climate change adaptation and mitigation (e.g. those available for the GCCA) and for disaster risk reduction efforts, could also be made available in the future, including from the relevant EC budget lines.

Where appropriate, additional sources of funding, available for example under the Stability Instrument or the new thematic programme for Human Rights and Democracy, will be used to help the Pacific ACPs explore options for improved collective security and governance.

Finally, EU Member States may contribute with bilateral funds, notably in support of collective commitments to developing countries. In this regard, ownership and leadership by the Pacific region will be essential if aid effectiveness is to be maximised.

5.2.4 Conclusion

The EU's strengthened partnership with the Pacific will thus focus on regional economic integration, sustainable management of natural resources, governance and security.

In this way, it is hoped that the EU can contribute to the well-being of the Pacific people and that their ocean environment can be safeguarded for future generations, in accordance with the Auckland Declaration of April 2004, in which Pacific Leaders called

for “a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives”.

PART II
REGIONAL INDICATIVE PROGRAMME

CHAPTER 6 — PRESENTATION OF THE INDICATIVE PROGRAMME

6.1 Indicative allocation

Within the general framework of this Regional Strategy paper, and in accordance with the provisions of Article 10 of Annex IV to the Cotonou Agreement, the parties have agreed on the main priorities for cooperation and on the areas on which to concentrate support. A detailed Regional Indicative Programme is presented in this chapter. Annexes 1, 2 and 3 respectively outline the intervention framework for each focal area, an activity pipeline chronogramme and indicative commitment and expenditure schedules. Interventions and activities are indicative and will be agreed during the identification and formulation phases.

The amounts mentioned in this chapter indicate the global distribution of funds between focal areas and the non focal area. This distribution can be altered in the context of mid- and end-of-term reviews.

The total indicative allocation for the RIP of the Pacific region amounts to €5 million. This allocation will be distributed as follows:

Focal Area 1	Regional Economic Integration	€5 million
Focal Area 2	Sustainable Management of Natural Resources and the Environment	€40 million
Non-Focal Area	Organisational strengthening and civil society participation	€10 million

6.2 Other financial instruments

Specific activities may be supported by external actions funded by the general budget of the European Community and carried out under the financial framework for 2007-2013, subject to special procedure and availability of funds, and out of the own resources of the EIB.

Actions funded by the general budget include programmes funded under the Development Cooperation Instrument, such as the thematic programmes “investing in people”, “non-state actors in development”, “migration and asylum”, “environment and sustainable management of natural resources” and “food security”, plus projects funded from other instruments, such as the Stability Instrument, the Instrument for the Promotion of Human Rights and Democracy or the Instrument for Humanitarian and Emergency Assistance. In the concerned countries, actions undertaken in the frame of the RSP/RIP shall be compatible with those undertaken in the frame of accompanying measures for ACP Sugar protocol countries.

For Sugar Protocol countries benefiting from accompanying measures, the actions envisaged in that context shall be complementary to the above financial instruments.

6.3 Focal Area 1: Regional Economic Integration

The specific objective is to *enhance sustainable livelihoods by making the most of economic opportunities through regional cooperation and economic integration in Pacific ACPs*. This will be achieved by way of regional economic initiatives designed to build the human capacity needed to provide services and investing in other productive sectors of regional importance.

The following results will be pursued:

- a) Assist the region in meeting its regional economic integration objectives, particularly by facilitating regional trade arrangements and integrating into the world economy, notably through the EPA.
- b) Assist the region in developing its economic resource base in key productive sectors.
- c) Create an enabling environment and expand the region's export sectors to help them respond to the opportunities provided by the regional and international trade arrangements.
- d) Contribute to the region's efforts to develop a skilled labour force, capable of adapting to rapidly changing regional and global markets and services.

Likely areas of intervention will include:

Economic integration and trade (1.1 & 1.2 of logframe)

- Providing support for negotiation on EPA and its implementation
- Providing support for implementation of PICTA and other existing or future free trade agreements

Support for private sector (1.3)

- Support private sector mechanisms, including through the Pacific Islands Private Sector Organisation (PIPSO)
- Enhanced development of priority productive sectors, such as fisheries and tourism
- Support niche markets and innovative products
- Improvement of the economic infrastructure, including ICT interconnectivity in conjunction with the EIB
- Improving the range and quality of goods and services, including marketing, to make use of the region's trade opportunities
- Promoting entrepreneurship and business development service

Enabling environment (1.4)

- Development of government mechanisms for economic growth, trade opportunities and building partnerships with key stakeholders, including support for economic regulations in the areas of fair trading, consumer protection, SPS measures, competition, ICT and trade facilitation such as a regional customs service

- Investments in trade and development for EPA implementation
- Strengthening national capacity to comply with international and other relevant standards

Human resources (1.5 & 1.6)

- Development of integrated educational and training programmes
- Improvement of access, quality, relevance and delivery of technical and vocational education and training
- Consolidating regional cooperation arrangements between the Pacific ACP states, CROP agencies, NSAs, private and public networks and communities

Assistance in the productive, human resources and services sectors will be designed to maximise possible synergies with EPA or other trade schemes. Specific policy measures to be implemented by the region will be identified during the preparation of concrete programme(s). When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out.

6.4 Focal Area 2: Sustainable Management of Natural Resources and the Environment

The specific objective is to *ensure that economic growth, food security and small-scale livelihoods are sustainable and will not deplete natural resources and the environment, and that thus both are preserved for future generations of Pacific Islanders*. This objective will be achieved by promoting the sustainable development and management of marine, land and water resources, including ecosystems, through governance, practices and capacity building at all levels.

The following results will be pursued:

- a) Assist the region in developing cost-effective solutions for the sustainable management of marine and land-based natural resources.
- b) Address vulnerability issues in the Pacific, in particular fragile ecosystems, waste management, water resources management and supply, sanitation services, disaster risk reduction and disaster preparedness and adaptation to climate change.

Likely areas of intervention will include:

Climate change and disaster risk reduction (2.1 of logframe)

- Strengthening regional capacity to support national goals in renewable energy and energy efficiency technologies, possibly by establishing a Centre of Excellence in renewable energy
- Enhancing the regional capacity to support and implement national adaptation measures designed to build resilience to climate change
- Provision of adequate additional technical and financial support to ensure that climate change policies, in particular for adaptation, are fully operational in all PICs
- Promoting the sustainable management of water resources

- Supporting initiatives addressing disaster risk reduction and disaster management to reduce the overall vulnerability of the Pacific to both natural and other hazards and to increase community safety and resilience against the impact of disasters
- Supporting initiatives addressing security / potential conflicts linked to natural disasters / climate change

Sustainable management of marine resources (2.2 & 2.3)

- Improving the sustainable use of resources, planning and management systems / frameworks and production practices at all levels
- Promoting ecosystem-based management, emphasising ecological, social and economic linkages
- Promoting greater regional integration of the fisheries sector
- Increasing the efficiency and competitiveness of local tuna fishing and processing operations
- Supporting sustainable aquaculture
- Promoting and supporting initiatives to ensure food security and small-scale livelihoods for Pacific people
- Strengthening the region's capabilities to fight illegal, unreported and unregulated (IUU) fishing, including stock assessment, a more comprehensive monitoring, control and surveillance strategy and certification procedures aimed at attesting the legality of catches harvested and processed in the region
- Improving collection and quality of data of fishing stocks
- Increasing exchange of information, cooperation and institutional capacities to fight IUU fishing

Sustainable management of land resources (2.4)

- Supporting the development and implementation of national land use policies, plans and sustainable land management National Action Programmes (NAPs)
- Increasing the regional capacity to support and implement sustainable land management
- Supporting and promoting community-based initiatives on integrated land resource management
- Promoting and supporting initiatives to ensure food security and small-scale livelihoods for Pacific people
- Supporting improved, sustainable land management and production systems for greater economic returns
- Promoting sustainable forest management, including by developing reliable systems that can promote legal production
- Enhancing the competitiveness of legitimate forest industry operations
- Building capacity to fight unsustainable logging practices

Ecosystems and biodiversity (2.5)

- Supporting initiatives to protect the environment and terrestrial and marine biodiversity
- Supporting a regional approach to aquatic bio-security
- Promoting the conservation, management and utilisation of terrestrial biodiversity

Waste and pollution (2.6)

- Supporting regional initiatives to address waste and pollution issues by means of a whole-of-government approach, including by promoting public-private partnerships and using economic instruments for integrated waste management

Environmental monitoring and information management (2.7)

- Promoting an integrated and comprehensive Pacific environmental database to assist countries in national environmental monitoring and sustainable development planning.

Assistance will be designed to maximise possible synergies or to challenges, as far as possible, arising from EPA or other trade schemes. Specific policy measures to be undertaken by the region will be identified during preparation of the concrete programme(s). When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out.

6.5 Non-focal area: Organisational strengthening and civil society participation

An indicative amount of €10 million has been set aside for organisational strengthening and civil society participation. This amount will be used to finance a Technical Cooperation Facility project (€3 million) and Technical Support for the RAO (€7 million).

Funds will also be committed to finance non-state actor activities (€4 million). The beneficiaries will be selected on the basis of their ability or potential to participate in a dialogue at regional level, on the provision of capacity-building in the two focal areas as well as in the integration of cross-cutting issues, and finally on their expertise and experience as service providers.

6.6 Integration of cross-cutting themes in the RIP

The integration of gender issues in regional interventions will be an important element of the RIP. During the identification and formulation phases of regional interventions, attention will be paid to specific activities aimed at mainstreaming gender equality in both focal areas. Indicators will provide gender-disaggregated data when possible and relevant.

Environmental sustainability is the subject of the second focal area, while the specific objective of the first focal area is economic growth in a context of sustainability of interventions. Provision is also made for environmental assessments when needed.

6.7 Implementation modalities

For the purpose of coordination of this indicative programme the duly mandated regional organization is the Pacific Islands Forum Secretariat, which is the Regional Authorising Officer. For Timor Leste to benefit from the RIP, special arrangements will be made to ensure that its institutional relationship with the RAO¹⁶ can accommodate its full participation in the Pacific regional programme. The specific mandate of the Regional Authorising Officer is to coordinate, administer and manage the programming and implementation of the Regional Indicative Programme. The functions of the Regional Authorising Officer are similar to the functions of the National Authorising Officers (NAOs) in the Cotonou Agreement (Annex IV, Articles 14.3 and 35).

In the event that the Trade Development Facility (TDF) is set up to which the Pacific ACPs belong, and that there is agreement between the RAO and the EC that this Facility would be a more efficient channel for financing certain of the RIP activities set out above, funds for the implementation of such activities will be channelled through the TDF.

All implementation modalities will be considered, in particular financing agreements with the RAO and contribution agreements with international organisations, provided that an institutional assessment has been carried out and has given positive results.

The Pacific Islands Forum Secretariat can delegate all or some of the functions of the Regional Authorising Officer to any of the National Authorising Officers or to other competent regional bodies, which will also extend their services to Timor-Leste as appropriate, in view of the fact that the latter is not a CROP member

The RAO should ensure the involvement of programme beneficiaries and coordinate with the NAOs concerned. The RAO can also sub-delegate sub-regional activities to the NAOs concerned.

The RAO's co-operation with other countries or regions, as well as with Overseas Countries and Territories, could be considered to help implement projects in the context of this Regional Indicative Programme.

Whenever possible; the participation of Regional Organisations in the activities of other regions, notably neighbouring regions, will be promoted. Adequate funding for this participation may be made available in the framework of this RIP. The region itself may take part in intra-ACP cooperation schemes, including those involving non-ACP developing countries.

6.8 Monitoring and evaluation

The results and impacts of individual activities (programmes, projects, sectors) under this Regional Strategy Paper and Regional Indicative Programme will be monitored and evaluated in accordance with the Technical and Administrative Provisions attached to the relevant legal documents. Regular monitoring of individual operations will be done through Results Oriented Management missions.

¹⁶ Timor-Leste is not a full member of the PIFS but it has special observer status.

The results and impact of Community cooperation with the Pacific region under the RIP and other external actions funded by the general budget of the European Community will be assessed by an independent external evaluation. This regional level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

The mid-term evaluation of the RIP will take place in 2010 and the end of term evaluation in 2012.

PACIFIC REGION – EUROPEAN COMMUNITY

Regional Strategy Paper

for the period 2008 - 2013

ANNEXES

- Annex 1: Intervention framework**
- Annex 2: Indicative chronogramme of activities**
- Annex 3: Indicative timetable for commitments and disbursements**
- Annex 4: Context of the region: a) Political; b) economic; c) social and d) environmental (REP)**
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- Annex 8: Pacific regional organisations**
- Annex 9: PIFS organisational chart**
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- Annex 12: Map of the Pacific Region**

PACIFIC RIP INTERVENTION FRAMEWORK

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Overarching Objective: Contribute to Pacific Leaders vision for a region of peace, harmony, security and economic prosperity where all its people can lead free and worthwhile lives				
Programme Objective: Support implementation of the Pacific Plan for Regional Cooperation and Economic Integration				
<p>Focal Area 1: REGIONAL ECONOMIC INTEGRATION</p> <p>Specific Objective: enhance sustainable livelihoods by exploiting economic opportunities through regional cooperation and economic integration in Pacific ACPs and integration into the world economy</p> <p>Result: Human capacity for provision of services strengthened and trade opportunities better exploited in productive sectors of regional importance.</p>				
1.1 Expansion of the regional market for free trade in goods and services	1.1.1 Support integration objectives including through PICTA (Pacific island Countries Trade Agreement) and PACER (Pacific Agreement on Closer Economic Relations)	<ul style="list-style-type: none"> ▪ Increase in volume of trade within the region ▪ Number of countries implementing free trade agreements 	<ul style="list-style-type: none"> ▪ Signed agreements on regional integration ▪ Progress reports on implementation of above ▪ Exports/imports statistics 	<ul style="list-style-type: none"> ▪ Continued Political commitment to progress in the regional economic integration ▪ Availability and quality of statistics
1.2 Enhanced integration into the world economy	1.2.1 Support negotiation on EPA	<ul style="list-style-type: none"> ▪ Comprehensive EPAs signed and implemented 	<ul style="list-style-type: none"> ▪ EPA 	<ul style="list-style-type: none"> ▪ Continued political support for

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	1.2.2 Strengthen institutional support for EPA implementation and investments in trade			comprehensive EPA
1.3 Production diversification, greater competitiveness of firms and improved access to regional and international markets	1.3.1 Support private sector mechanisms, including through the Pacific Islands Private Sector Organisation (PIPSO) 1.3.2 Support priority economic sectors such as fisheries and tourism 1.3.3 Support niche markets and innovative products 1.3.4 Promote entrepreneurship and business development services 1.3.5 Improve the economic infrastructure	<ul style="list-style-type: none"> ▪ Increase in the overall volume of exported goods ▪ Improved performance of priority economic sectors (share of GDP and share of employment) ▪ Regional and sub-regional marketing strategies and brands for major international tourism markets in place and in use. ▪ Number of new businesses ▪ Reduced unemployment rates ▪ Maintenance / rehabilitation of harbours ▪ Number of commercial flights / cargo ▪ Number of new ICT connections with OCTs co-financed by EIB 	<ul style="list-style-type: none"> ▪ Statistics on major economic sectors annual growth, creation of new businesses, employment rates in productive sectors, etc. ▪ Exports/imports statistics 	<ul style="list-style-type: none"> ▪ Governments and Stakeholders take implementing action as required. ▪ The Region will provide financial support for business development programmes and the promotion of innovative products. ▪ Pacific ACPs are given fair access to the international market ▪ Availability and quality of statistics
1.4 Improved Government mechanisms to support economic growth	1.4.1 Develop and strengthen the enabling environment 1.4.2 Support policy-making for economic regulations on fair trade,	<ul style="list-style-type: none"> ▪ Increased number of operationalised policy and legislative investment frameworks 	<ul style="list-style-type: none"> ▪ Pacific plan reports ▪ National reports ▪ PFTAC reports 	<ul style="list-style-type: none"> ▪ Governments willing to take necessary steps and decisions

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	consumer protection, SPS measures, competition and trade facilitation services 1.4.3 Strengthen national capacity to comply with international and other relevant standards	<ul style="list-style-type: none"> ▪ Increased volume of investment ▪ Number of PPP (public private partnership) created ▪ Increased FDI 		
1.5 Human Resources and Capacity to implement regional economic development strategies enhanced.	1.5.1 Develop integrated programmes at tertiary, technical/vocational, undergraduate and post-graduate level. 1.5.2 Strengthen cooperation arrangements between Pacific ACP States, CROP agencies, NSAs, private and public networks and communities	<ul style="list-style-type: none"> ▪ Number of new educational programmes developed ▪ Consultation processes defined, agreed and implemented 	<ul style="list-style-type: none"> ▪ Financing Agreements and project monitoring and progress reports ▪ Pacific Plan reports ▪ CROP reports ▪ EFA reports ▪ Independent studies 	<ul style="list-style-type: none"> ▪ PIF Member States will agree on priorities.
1.6 Labour force capable and flexible to changing circumstances in markets and services	1.6.1 Improve access, quality and delivery of technical and vocational training	<ul style="list-style-type: none"> ▪ Regional qualification register established ▪ job uptake by school leavers increased ▪ participation in non-formal education increased 	<ul style="list-style-type: none"> ▪ National reports ▪ Institutional reports ▪ NSA reports ▪ Special surveys ▪ National education statistics 	<ul style="list-style-type: none"> ▪ National commitment through budgetary allocation
<p>Focal Area 2: SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES AND THE ENVIRONMENT</p> <p>Specific Objective: ensure that economic growth, food security and small-scale livelihoods are sustainable and will not deplete natural resources and the environment, so that both are preserved for future generations of Pacific Islanders</p> <p>Result: Enhanced regional capacity to manage and preserve marine and land resources, including ecosystems, to address vulnerabilities and to prepare for climate change</p>				

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
2.1 The region is better prepared to face consequences of climate change	<p>2.1.1 Support initiatives addressing the region's vulnerability through natural hazard mitigation and man-made disaster risk reduction</p> <p>2.1.2 Strengthen regional capacity to support national goals in renewable energy and energy efficiency technologies</p> <p>2.1.3 Strengthen regional capacity to support and implement national adaptation measures designed to build resilience to climate change</p> <p>2.1.4 Promote the sustainable management of water resources and</p> <p>2.1.5 Support initiatives addressing security / potential conflicts linked to natural disasters / climate change</p> <p>2.1.6 Develop and implement national action plans reflecting the Pacific Islands Regional Ocean's Policy</p>	<ul style="list-style-type: none"> ▪ Improved systems for disaster risk reduction and disaster management ▪ Improved land based adaptation and mitigation ▪ Number of cost effective energy initiatives promoted ▪ Number of renewable energy projects/programmes implemented region-wide ▪ Percentage of electricity produced through renewable energy ▪ Number of adaptation initiatives implemented region-wide ▪ National Action Plans for climate change adaptation developed and mainstreamed into development planning and decision-making processes ▪ Implementation of the Pacific DRR and DM Framework for Action 2005-2015 	<ul style="list-style-type: none"> ▪ Annual CROP reports ▪ National and regional reports ▪ Pacific Plan report; DRM reports. Annual Reports to SOPAC Governing Council ▪ Donor studies 	<ul style="list-style-type: none"> ▪ Forum Leaders committed to strengthening cooperation ▪ Improved collaboration between partner organisations in support of the regional and global frameworks; improved DRM leadership by relevant national authorities

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
2.2 Marine resources supporting food security and small-scale livelihoods in a sustainable manner.	2.2.1 Improve sustainable use of resources, planning and management systems/frameworks and production practices at all levels	<ul style="list-style-type: none"> ▪ Prioritised national action plans and/or programmes on sustainable coastal resource management developed and implemented ▪ Key marine species harvested within agreed biological reference points ▪ Number of communities actively managing natural resources in a sustainable way ▪ Number of initiatives implemented to ensure food security ▪ Number of sustainable aquaculture projects established • No. of marine reserves increased 	<ul style="list-style-type: none"> ▪ Reports and assessments from ▪ CROPs and other stakeholders's reports including NSA ▪ National and regional reports 	<ul style="list-style-type: none"> ▪ Beneficiaries willing to consider recommendations
	2.2.2 Promote greater regional integration of the fisheries sector			
	2.2.3 Promote eco-system-based management emphasizing ecological, social and economic linkages			
	2.2.4 Encourage community-based management of marine resources			
	2.2.5 Increase efficiency and competitiveness of local tuna fishing and processing operations			
	2.2.6 Promote and support initiatives to ensure food security and small-scale livelihoods for Pacific people			
	2.2.7 Support sustainable aquaculture and mariculture initiatives as alternative income generation activities			
2.3 The region is more capable of assessing fishing stocks and of fighting Illegal, Unreported and Unregulated fishing	2.3.1 Reinforce and implement a comprehensive monitoring, control and surveillance strategy	<ul style="list-style-type: none"> ▪ Number of training events to enhance regional capacities to fight IUU fishing. ▪ Areas under effective conservation management increased 	<ul style="list-style-type: none"> ▪ Western and Central Pacific Fisheries Commission, Forum Fisheries Committee and country reports ▪ Reports on regional capacities and 	<ul style="list-style-type: none"> ▪ Specialised institutions will cooperate. ▪ Member States will cooperate. ▪ National and regional law
	2.3.2 Improve the collection and quality of data on fishing stocks			
	2.3.3 Increase exchange of information,			

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	cooperation, and institutional capacities on IUU fishing	<ul style="list-style-type: none"> ▪ No. of arrests of illegal vessels 	<ul style="list-style-type: none"> cooperation to disrupt IUU ▪ Statistics on fishing stocks and catches ▪ FFA/ SPC reports 	enforcement agencies and training institutions agree to cooperate.
2.4 Land-based resources are used in a sustainable way	<p>2.4.1 Support the development and implementation of national land use policies, plans and sustainable land management National Action Program (NAP)</p> <p>2.4.2 Support/Promote community – based initiatives on integrated land resource management</p> <p>2.4.3 Support the establishment and implementation of improved land management and production systems for greater economic return</p> <p>2.4.4 Promote and support initiatives to ensure food security and small-scale livelihoods for Pacific people</p> <p>2.4.5 Strengthen regional capacity to support and implement sustainable land management</p> <p>2.4.6 Promote sustainable forest management by developing reliable systems that can promote legal production</p> <p>2.4.7 Build capacity to fight unsustainable logging practices</p>	<ul style="list-style-type: none"> ▪ Prioritised national action plans and /or programs on sustainable land-based resource management developed and implemented. • Increased application of participatory approaches and models. ▪ Improved production and land management systems with increased economic returns. ▪ Reduced land based pollution. ▪ Number of fully fledged GIS established in PICTs. ▪ Revenue from log exports ▪ Limited unsustainable logging practices • Increased legal returns from domestic and export trade in agricultural and forest products. 	<ul style="list-style-type: none"> ▪ Programme reports. ▪ National reports and assessments. ▪ CROP reports. ▪ Pacific Plan report 	<ul style="list-style-type: none"> ▪ Government commitment to fight unsustainable practices

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	2.4.8 Enhance competitiveness of legitimate forest industry operations			
2.5 The ecosystems and terrestrial and marine biodiversity are preserved	2.5.1 Support initiatives to protect the environment and the terrestrial and marine biodiversity 2.5.2 Support a regional approach to aquatic bio-security 2.5.3 Promote the conservation, management and utilisation of terrestrial biodiversity	<ul style="list-style-type: none"> ▪ Reduced coastal and ocean pollution ▪ Halt or reverse in biodiversity loss of key reference species ▪ Regional aquatic and terrestrial biosecurity plan developed ▪ Number of national aquatic biosecurity plans developed and implemented ▪ Percentage increase in the area of ecosystems under conservation management. 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪
2.6 The region is able to deal cost effectively with the waste and pollution issues in an integrated manner	2.6.1 Support initiatives to address waste and pollution issues through adopting a whole-of-government approach, including promoting public-private partnerships and the use of economic instruments	<ul style="list-style-type: none"> ▪ Number of successful integrated waste management initiatives implemented region-wide ▪ Number of private sector and economic instruments involved in waste management initiatives 	<ul style="list-style-type: none"> ▪ National and regional reports 	<ul style="list-style-type: none"> ▪ Waste management issues are accorded priority in national resource allocation
2.7 The region is able to measure environmental	2.7.1 Support the establishment and implementation of a system and	<ul style="list-style-type: none"> ▪ integrated and comprehensive Pacific 	<ul style="list-style-type: none"> ▪ National and regional reports 	<ul style="list-style-type: none"> ▪ Adequate resources (financial, human &

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
baselines, monitor changes and design appropriate measures	process that actively gathers, collates, analyses and manages regional environmental data and makes it available on an interactive basis to PACPs.	environmental database established and operational		technical) are made available to maintain the database once established
<p>Non Focal Area: ORGANISATIONAL STRENGTHENING AND CIVIL SOCIETY PARTICIPATION</p> <p>Specific Objective: Broaden and deepen the Pacific Islanders' understanding of and support for regional cooperation and integration as a tool for growth, development, peace and security</p> <p>Result: Increased capacity and visibility of regional organisations and engagement of non-state actors</p>				
3.1 Regional Authorising Officer equipped for managing / implementing the RIP	<p>2.7.2 Establish a Technical Cooperation Facility for programme design, training, etc.</p> <p>2.7.3 Provide technical support to RAO and other agencies implementing the RIP.</p>	<ul style="list-style-type: none"> ▪ TCF established and running by set timeline ▪ Number and quality of training and capacity building programmes ▪ Regional projects/programmes implemented efficiently and within timelines ▪ Commitment/disbursement rates of RIP 	<ul style="list-style-type: none"> ▪ Project Monitoring and Performance Reports 	
3.2 Regional Non-state actors more engaged in and supportive of regional integration objectives	<p>2.7.4 Institutional strengthening, networking and exchange programmes.</p> <p>2.7.5 Finance NSA activities in line with RIP objectives</p>	<ul style="list-style-type: none"> ▪ Level of participation of NSA in public consultations ▪ Increased involvement of NSAs in policy planning and implementation 	<ul style="list-style-type: none"> ▪ Delegation annual reports ▪ NSA reports 	<ul style="list-style-type: none"> ▪ Regional NSA platform supportive of regional integration agenda

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS

ANNEX 2

PACIFIC RIP

Indicative chronogramme of activities

ACTIVITIES	INDICATIVE ALLOCATION	2008		2009		2010		2011		2012		2013	
		SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS		
	EURO (M)	1	2	1	2	1	2	1	2	1	2	1	2
<u>GLOBAL LINE</u>			RSP approved		AAP/FD		AAP/FD		AAP/FD		AAP/FD		
<u>Focal area 1</u>													
Regional Integration Economic	45												
• Economic Integration & Trade					IF	AF	FA						
• Support for Private Sector						IF/AF	FA						
• Enabling environment						IF/AF	FA	F/AF	FA				
• Human Resources					IF	AF	FA						

Focal area 2													
Sustainable management of Natural Resources and the Environment	40												
• Climate change and disaster risk reduction.				IF	AF	FA	IF	AF	FA				
• Sustainable management of marine resources.			IF/AF	FA				IF/AF	FA				
• Sustainable management of land resources.			IF/AF	FA									
• Ecosystem & biodiversity					IF/AF	FA							
• Waste and pollution.								IF/AF	FA				
• Environmental Monitoring & Information Management.					IF/AF	FA							

ACTIVITIES	INDICATIVE ALLOCATION	2008		2009		2010		2011		2012		2013	
		SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	SEMESTERS	
	EURO (M)	1	2	1	2	1	2	1	2	1	2	1	2

<u>GLOBAL LINE</u>				AAP/FD		AAP/FD		AAP/FD		AAP/FD		
<u>Non-Focal Area</u>												
Organizational Strengthening and Civil Society Participation	10											
• TA Support to RAO			IF/AF	FA					IF/AF	FA		
• TCF			IF/AF	FA					IF/AF	FA		
• Regional Non-State actors			IF/AF	FA								
Total Commitments	95											

IF: Identification Fiche

AF: Action Fiche

FA: Financing Agreement

AAP/FD: Annual Action Programme / Financing Decision

PACIFIC RIP

Indicative timetable for Commitments and Disbursements

	Amount	2009	2010	2011	2012	2013	2014
Areas of Concentration:	EUR Millions	Q3-4					
Focal area 1	Commitments	0.00	20.00	25.00			
Regional Integration	Economic Disbursements	0.00	5.00	15.00	10.00	10.00	5.00

Focal area 2	Commitments	12.00	15.00	13.00			
Sustainable Management of Natural Resources and the Environment	Disbursements		3.00	7.00	10.00	15.00	5.00
Non-Focal Area	Commitments	2.00	3.00	3.00	2.00		
	Disbursements		1.30	2.70	2.00	3.00	1.00
Total Commitments		14.00	38.00	41.00	2.00		
Total Disbursements			9.30	24.70	22.00	28.00	11.00

ANNEX 4

**POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTEXT
OF THE PACIFIC REGION**

Political and security context

The Political and Security Programme

In April 2004, Forum Leaders identified good governance and security as two of the four key goals of the Forum. The Political and Security programme works on a range of issues in pursuit of these goals.

To be sustainable, development must occur within an environment of regional security and political integrity to ensure that the impact of development policies effectively leads to free and worthwhile lives for the people of the region.

The Political and Security programme promotes Forum interests and positions in the international arena and provides policy advice and technical assistance to members on international relations, law enforcement cooperation, political, legal and security issues.

The main focuses of the programme includes:

- Legal matters, especially legal sector cooperation and the implementation of the legislative priorities of the Honiara Declaration on Law Enforcement Cooperation and the Nasonini Declaration on Regional Security, Auckland Declaration and Kalibobo Roadmap in accordance with the Pacific Plan. The programme provides legal drafting assistance to Forum Islands countries to help them implement the legislative priorities;
- Monitoring of regional political developments in member countries, building capacity in conflict prevention and response, and conducting election observer missions to Forum Island Countries. Most recently, observer missions were deployed to the Solomon Islands and Fiji general elections in 2006;
- Biketawa Declaration: signed in Biketawa, Kiribati in 2000, the Biketawa Declaration is a security framework building on a number of other frameworks dating back to the Honiara Declaration of 1994. There are several key features of the Biketawa Declaration that make it unique to the region. These include its commitment to upholding democratic processes and good governance, its recognition of indigenous rights and cultural values and the process for addressing crises in the region. Three successful election observer missions in the region - Bougainville, Solomon Islands and Fiji - have also been undertaken under this framework;

- Building the capacity of law enforcement agencies to combat transnational crime such as border management issues, data collection and anti-money laundering mentoring.
- Implementation of the Pacific Islands Regional Security Technical Cooperation Strategy.
- Supporting the annual meeting of the Forum Leaders and other high level meetings involving Forum Leaders;
- Supporting the Forum Regional Security Committee annual meeting, last held in June 2006, and implementing the recommendations of this meeting.

The Political and Security Programme is comprised of the Manager, Legal Adviser, Regional Security Adviser, Law Enforcement Capacity Development Adviser, Political Issues Adviser, Legal Drafter, Legal Drafting Officer, Coordinator of the Pacific Anti-Money Laundering Programme (PALP), the Legal and Law Enforcement Mentors under the PALP, Political Research Assistant, Law Enforcement Support Officer and two Programme Assistants. The Programme will also be gaining the services of a Peace Building Conflict Prevention Technical Specialist.

Regional Cooperation in the Legal Sector

The Forum Secretariat works with Forum member countries to provide legal assistance and enhance legal cooperation in the Pacific region in various ways. Through the Pacific Plan, the Secretariat is working to explore opportunities for enhanced legal sector cooperation including the sharing of judicial resources and legal institutions at a regional level. The Legal Adviser also works with other areas of the Secretariat as well as other regional and international organisations to provide advice and help coordinate regional action on international legal issues of interest to members.

Through the assistance of its legislative drafters, the Secretariat also provides a resource to members for the preparation, enactment and implementation of legislation in areas designated as regional priorities.

In recent years the Secretariat has undertaken a large amount of legal assistance work in the areas of security, transnational crime and anti-terrorism, in accordance with the Forum's Honiara Declaration and Nasonini Declaration on Regional Security.

Agreement Establishing the Pacific Islands Forum / Secretariat

The constitutive treaty for the Pacific Islands Forum Secretariat currently in force is the Agreement Establishing the Pacific Islands Forum Secretariat, done at Tarawa on 30 October 2000.

In 2004, as part of a range of recommendations to reform the Forum, Leaders directed that its constitutive Agreement be reviewed to reflect the new purposes and functions of the Forum.

The resulting new Agreement was opened for signature on 27 October 2005, and has been signed by all Forum members. The new Agreement will enter into force when it is ratified by all sixteen Forum members.

Treaty Depositary Function

The Secretary General of the Pacific Islands Forum is the nominated depositary for nine Pacific regional treaties (including one Memorandum of Understanding with legal status), as follows:

- Memorandum of Understanding on the Establishment of the Pacific Forum Line Limited, done at Suva, 1977
- South Pacific Regional Trade and Economic Cooperation Agreement, done at Tarawa 1980, and 1989 Amendments (SPARTECA)
- South Pacific Nuclear Free Zone Treaty, done at Rarotonga, 1985 and Protocols 1, 2 and 3 done at Suva, 1986 (SPNFZ, or Treaty of Rarotonga)
- Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, done at Noumea 1986 (Noumea Convention)
- Protocol for the Prevention of Pollution of the South Pacific Region by Dumping (original Dumping Protocol)
- Amended Dumping Protocol (not yet in force)
- Protocol Concerning Co-operation in Combating Pollution Emergencies in the South Pacific Region (Emergencies Protocol)
- Protocol on Hazardous and Noxious Substances Pollution preparedness, response and cooperation in the Pacific Region (not yet in force)
- Protocol on Oil Pollution preparedness, response and cooperation in the Pacific Region (not yet in force)
- Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region, done at Waigani, 1995 (Waigani Convention)
- Pacific Agreement on Closer Economic Relations, done at Nauru, 2001 (PACER)
- Pacific Island Countries Trade Agreement, done at Nauru, 2001 (PICTA)
- Pacific Islands Air Services Agreement, done at Auckland, 2003 (not yet in force) (PIASA)
- The Pacific Islands Civil Aviation Safety and Security Treaty, done at Apia, 2004 (PICASST)

Pacific Islands Law Officers' Meeting

The Pacific Islands Law Officers' Meeting (PILOM) is an annual meeting of senior government law officers from Pacific countries, most often Attorneys-General, Solicitors-General and senior Crown Counsel. While PILOM is generally attended by all Forum member countries, it is not a Forum body but a stand-alone entity supported by its own Secretariat within the University of the South Pacific. The Forum Secretariat enjoys observer status within PILOM.

Pacific Anti-Money Laundering Project

PALP stands for the Pacific Anti-Money Laundering Project which was launched in September 2006 at the Pacific Islands Forum in Fiji. PALP is a joint initiative between the Pacific Islands Forum, the United Nations Office on Drugs and Crime (UNODC), and the US State Department. The PALP is to run for a period of 4 years and is funded by the US State Department.

PALP is a regional technical assistance and training programme designed to assist Forum countries in establishing and/or enhancing their anti-money laundering (AML) and counter terrorism financing (CTF) regimes to comply with international standards of the Financial Action Task Force (FATF), relevant UN Conventions and Security Council Resolutions.

PALP plans to provide targeted regional training initiatives for law enforcement law enforcement officials, prosecutors, members of the judiciary and relevant financial institutions in PIF member countries.

PALP does not offer capital or direct funding. The delivery of assistance is advisory, training and capacity building in nature.

The PALP differs from other similar programmes in that it has adopted a decentralised approach in delivering technical assistance to PIF by placing resident mentors with some PIF member countries. This will give PIF member countries ownership of the PALP and also enable PALP to have the benefit of having a close working relationship on the ground with stakeholders in AML & CTF regimes.

In responding to requests from PIF member countries, the PALP resident mentors are able to provide on-site mentoring on a long term basis by staying up to 4-6 weeks at a time, or even longer if necessary.

PALP seeks to coordinate efforts with other donor agencies to avoid duplication of efforts. In this regard, it has already sought to cooperate and coordinate efforts by maintaining close contact with the Asia Pacific Money Laundering Group (APG), the Australian Anti-Money Laundering Team (AMLAT), the Commonwealth Secretariat, IMF, World Bank and the UNODC. PALP continues to provide and share relevant information with these donor agencies.

Economic context

Growth in GDP at constant prices in the Pacific, 2002 to 2008

Region / Country	2002	2003	2004	2005	2006	2007	2008
The Pacific	0.4	1.8	3.6	2.6	2.6	3.2	4.5
Melanesia & East Timor							
Fiji	3.2	1.0	5.3	0.7	3.4	-4.0	1.5
Papua New Guinea	-0.2	2.2	2.9	3.4	2.6	6.2	6.6
Solomon Islands	-1.6	6.4	8.0	5.0	6.1	6.3	5.7
Vanuatu	-7.4	3.2	5.5	6.5	7.2	6.6	5.7
Timor Leste ¹⁷	-6.7	-6.2	0.3	2.3	-1.6	8.0	6.5
Polynesia							
Cook Islands	2.6	8.2	4.3	0.1	0.8	2.5	3.5
Samoa	1.0	3.1	3.4	5.2	2.6	3.1	3.5
Tonga	3.0	3.2	1.4	2.3	0.7	-3.5	0.1
Tuvalu	5.5	4.0	4.0	2.0	3.0	2.5	2.5
Micronesia							
Kiribati	2.7	-1.5	2.3	2.5	1.1	1.0	1.0
Marshall Islands	3.8	3.4	5.6	1.7	1.3	2.5	3.0
Micronesia, Fed. States of	1.4	3.3	-4.3	1.5	-0.7	1.0	1.5
Palau	-3.5	-1.3	4.9	5.5	5.7	5.5	4.8
Nauru	0.1	-6.3	1.2	1.4			

¹⁷ Timor-Leste's GDP is non-oil GDP – figures are from ADB Outlook 2008 update, September 2008

Sources: Asian Development Bank (2007c); World bank (2008b); IMF (2008); national sources

(from "Pacific Economic Survey" published by AusAID in March 2008 (© Commonwealth of Australia 2008))

Economic Profiles

	CURRENCY	GDP (US \$)		EXPORT BY PRINCIPAL COMMODITY				TRADE AS % OF GDP (at current market prices)		VISITORS (Number)	DEBT SERVICE (% of Exports)	GOV'T SPEND as % of GDP at current market prices
		Total	Per Capita	Import	Export							
COOK ISLANDS	NZ \$	286,712,000	14,194	Fish	Pearls	Fruits/Vegetables	Clothing & footwear	-82.7	2.42	88,405	3.5	32.36
		(2007)	(2007)					(2007)	(2007)	(2005)	2001	(2007)
FEDERATED STATES of MICRONESIA	US \$	235,850,000	2,183	Fish	Betel nuts	Kava	Garments	-58.5	5.48	18,958	9.0	64.54
		(2007)	(2007)					(2007)	(2006)	(2005)	(2006)	(2007)
FIJI ISLANDS	Fiji \$	4,647,700,000	6,610	Sugar	Fish	Garment	Molasses	-53.9	23.4	502,765	1.00	29.5
		(2006)	(2006)					(2006)	(2006)	(2004)	(2006)	(2006)
KIRIBATI	Australian \$	81,911,200	869	Copra	Fish	Seaweed		-1.02	10.22	2,004	7.9	204.5
		(2006)	(2006)					(2006)	(2006)	(2006)	(2001)	(2006)
NAURU	Australian \$	26,000,000	3,064	Coconut				-99.1	14.7	--	13	--
		(2007)	(2007)					(2005)	(2005)	--	(2000)	--
NIUE	NZ \$	17,252,000	10,048	Agricultural products	--	--	--	-35	3	2,793	--	102.6
		(2003)	(2003)					(2000)	(2000)	(2005)	--	(2003)
PALAU	US \$	164,289,000	8,133	Fisheries				-72.32	9.22	86,375	--	63.3
		(2007)	(2007)					(2005)	(2005)	(2006)	--	(2007)

PAPUA NEW GUINEA	Kina	18,550,900,000	2,930	Gold	Crude Petroleum	Cooper	Agricultural products		-40.98	74.75	56,282	10.77	35.3
		(2007)	(2007)						(2007)	(2007)	(2003)	(2005)	(2007)
MARSHALL ISLANDS	US \$	149,194,280	2,850	Fish	Crude coconut oil	Copra			-47.07	9	7,022	57.9	66.96
		(2007)	(2007)						(2006)	(2000)	(2004)	(2000)	(2007)
SAMOA	Tala	1,372,050,000	7,623	Fresh fish	Coconut cream	Beer	Garments	Taro	-43.27	2.63	115,882	19.9	32.9
		(2007)	(2007)						(2007)	(2007)	(2006)	(2006)	(2007)
SOLOMON ISLANDS	Solomon \$	3,436,000,000	6,735	Timber	Fish	Palm Oil	Cocoa	Copra	-53.44	37.4	9,400	2.0	36.3
		(2007)	(2007)						(2007)	(2007)	(2005)	(2006)	(2007)
TIMOR-LESTE	US \$	395,500,000	377.5	Coffee					-50.6	2.0	--	--	39.1
		(2007)	(2007)						(2007)	(2007)	--	--	(2007)
TONGA	Pa'anga	505,679,000	4,987	Fish	Squash	Vanilla beans			-55.58	3.12	41,208	2.7	31.2
		(2007)	(2007)						(2007)	(2007)	(2004)	(2006)	(2007)
TUVALU	Australian \$	31,868,680	3,249						-58.06	0.38	1,085	5.9	74.3
		(2007)	(2002)						(2007)	(2007)	(2005)	(2002)	(2007)
VANUATU	Vatu	45,901,000,000	205,374	Copra	Cocoa	Beef	Timber		-38.65	8.89	68,179	1.5	20.6
		(2006)	(2006)						(2006)	(2006)	(2006)	(2005)	(2006)

Sources: www.adb.org/statistics; www.spc.int/prism; -- not available

Economic Performance

COUNTRIES	REAL GDP GROWTH (%) change)					CONSUMER PRICE INDEX (% annual change)					MERCHANDISE EXPORTS (%) annual change)					BALANCE OF PAYMENTS (%) GDP)				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
COOK ISLANDS	8.16	4.32	0.23	1.39	0.38	2.00	0.88	2.45	3.36	2.41	33.49	(26.17)	(31.14)	(26.92)	28.25	-43	-40	-41	-53	-80
FED STATES MICRONESIA	2.87	(3.28)	(0.56)	(2.30)	(3.16)	0.13	2.34	4.31	4.68	--	26.07	(23.09)	(7.27)	--	--	-44	-53	-50	--	--
FIJI ISLANDS	1.1	5.4	0.7	3.6	--	4.2	2.8	2.3	2.5	4.7	12.1	(5.0)	(1.1)	0.8	0.7	-27	-32	-36	-41	--
KIRIBATI	(1.1)	(1.7)	1.6	(5.2)	--	1.8	(0.9)	(0.4)	(1.5)	--	(29.3)	(24.9)	68.0	48.4	--	-83	-88	-119	-93	--
NAURU	--	--	(14.5)	6.3	(27.3)	--	--	--	--	--	160.9	(54.5)	(74.8)	--	--	--	-12	-84	--	--
NIUE	--	--	--	--	--	1.1	3.8	0.0	4.1	--	--	--	--	--	--	-20	--	--	--	--
PALAU	--	--	--	--	--	0.9	5.0	3.9	4.4	3.3	(58.7)	(30.1)	128.1	--	--	-65	-76	-63	--	--
PNG	--	2.7	3.4	2.6	6.2	14.7	2.2	1.7	2.9	0.5	22.8	7.6	20.5	25.4	8.7	-29	-30	-36	-39	-34
MRI	3.4	5.6	1.7	1.3	2.0	(1.77)	2.37	6.18	2.57	4.67	--	--	--	--	--	--	--	--	--	--
SAMOA	3.1	3.3	4.1	1.9	6.1	0.1	16.3	1.9	3.8	5.5	(4.3)	(25.2)	(1.9)	(11.6)	25.9	-36	-38	-41	-46	-41
SOLOMON IS.	6.5	8.0	5.0	6.1	--	10.0	7.1	7.2	11.2	7.7	48.1	28.1	23.0	9.4	48.9	-11	-13	-26	-20	-16
TIMOR-LESTE	0.1	4.2	6.2	(5.8)	7.8	--	--	1.8	4.0	8.7	85.2	(26.0)	(58.9)	--	--	-27	-13	-20	--	--
TONGA	3.4	1.1	(3.3)	4.4	(0.3)	6.8	11.8	9.9	7.3	5.1	13.4	(11.5)	(35.3)	(3.8)	(17.1)	-45	-45	-51	-45	-52
TUVALU	--	--	--	--	--	3.3	2.8	3.2	3.8	3.3	(46.7)	23.4	(55.7)	61.7	(7.7)	-84	-53	-56	-58	-58

VANUATU	3.2	5.5	6.5	7.2	--	1.1	3.2	1.2	2.1	3.7	25.5	28.2	(1.0)	(1.1)	(25.5)	-28	-28	-30	-30	--
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Source: www.adb.org/statistics

and

www.spc.int/prism/statistics

Trade imports and exports profiles

COUNTRY		1999	2000	2001	2002	2003	2004	2005	2006	2007
Cook Islands	Ex	6,739	19,967	16,132	10,928	14,588	10,771	7,417	5,420	6,951
	<i>(000 NZD)</i> Im	78,637	111,703	111,616	101,673	121,021	114,378	115,255	153,576	237,124
Fiji	Ex	1,215.70	1,154.80	1,221.30	1,132.20	1,269.20	1,205.50	1,192.60	1,201.60	1,209.80
	<i>(million FJD)</i> Im	1,838.30	1,822.20	2,017.10	1,970.00	2,284.70	2,501.60	2,722.80	3,124.30	2,890.10
FSM	Ex	2,128	16,788	18,401	14,441	18,206	14,003	12,984	--	--
	<i>(000 USD)</i> Im	123,281	106,760	113,834	104,290	117,924	132,696	130,214	137,993	--
Kiribati	Ex	13,568	6,178	8,715	6,322	4,470	3,358	5,643	8,374	--
	<i>(000 AUD)</i> Im	62,818	67,924	78,856	91,585	79,496	80,753	100,081	84,223	--
Nauru[^]	Ex	55.80	48.30	25.10	16.60	43.20	19.70	5.00	--	--
	<i>(million AUD)</i> Im	20.10	46.60	40.60	46.00	37.20	24.30	33.70	--	--
Niue	Ex	279.97	643.041	348.875	99.441	182.997	264.240	--	--	--
	<i>(000 NZD)</i> Im	4,466.63	4,215.187	4,598.780	3,850.844	3,659.665	11,858.738	--	--	--
Palau[^]	Ex	7,296	11,508	16,567	20,345	8,411	5,882	13,414	--	--

<i>(000 USD)</i>	<i>Im</i>	134,600	127,127	99,869	96,712	88,244	107,280	105,179	--	--
PNG	<i>Ex</i>	5,006	5,813	6,105	6,387	7,842	8,437	10,168	12,752	13,866
<i>(million KINA)</i>	<i>Im</i>	2,760	2,779	3,165	4,197	4,231	4,703	4,732	6,084	7,603
RMI	<i>Ex</i>	7,662	9,124	--	--	--	--	--	--	--
<i>(000 USD)</i>	<i>Im</i>	68,935	54,724	--	67,250	75,235	67,658	68,490	67,735	--
Samoa	<i>Ex</i>	54,735	44,808	52,566	46,284	44,271	33,127	32,506	28,746	36,187
<i>(000 TALA)</i>	<i>Im</i>	348,381	297,504	416,167	436,185	381,754	431,628	507,710	607,809	593,639
Solomon	<i>Ex</i>	607,367	331,302	248,685	338,354	501,126	642,117	789,815	863,681	1,285,651
<i>(000 SID)</i>	<i>Im</i>	532,400	469,900	431,937	466,563	704,407	908,738	1,393,699	1,392,943	1,836,334
Timor-Leste	<i>Ex</i>	--	--	4.00	77.10	142.70	105.70	43.50	--	--
<i>(million USD)</i>	<i>Im</i>	--	--	253.40	316.20	222.00	146.10	109.10	--	--
Tonga	<i>Ex</i>	19,984	16,065.00	14,376	30,432	34,522	30,556	19,759	19,018	15,768
<i>(000 PAANGA)</i>	<i>Im</i>	116,466	123,144.00	155,092	195,130	199,214	206,380	234,512	235,693	281,032
Tuvalu	<i>Ex</i>	177	17	32	276	147	182	80	130	120
<i>(000 AUD)</i>	<i>Im</i>	12,466	8,883	6,725	20,362	24,043	15,499	16,908	17,903	18,503

Vanuatu	Ex	3,327	3,622	2,895	2,590	3,252	4,168	4,126	4,079	3,038
<i>(million VATU)</i>	Im	12,451	12,315	13,118	12,433	12,703	14,306	16,315	17,744	20,578
Source:		www.adb.org/statistics								
Note:		Export = fob								
		Import = cif								
		-- = not available								

Export Profiles by country share

SHARE OF EXPORTS (%)	Other Asia-Pacific DC		JAPAN		USA		EUROPEAN UNION		AUSTRALIA / NZ		OTHER	
	2002	2005/2006	2002	2005 / 2006	2002	2005 / 2006	2002	2005 / 2006	2002	2005 / 2006	2002	2005 / 2006
COOK ISLANDS	0%	0%	49%	47%	12%	3%	0%	0%	40%	50%	0%	0%
FED STATES MICRONESIA	7%	0%	33%	0%	60%	100%	0%	0%	0%	0%	0%	0%
FIJI ISLANDS	16%	23%	8%	8%	32%	24%	14%	20%	30%	26%	0%	0%
KIRIBATI	21%	8%	71%	18%	4%	30%	3%	35%	0%	10%	0%	0%
NAURU	67%	44%	1%	6%	0%	0%	1%	15%	24%	6%	6%	29%
NIUE	--	--	--	--	--	--	--	--	--	--	--	--
PALAU	0%	1%	100%	99%	0%	0%	0%	0%	0%	0%	0%	0%
PAPUA NEW GUINEA	16%	16%	18%	15%	6%	2%	14%	11%	46%	54%	0%	2%
MARSHALL ISLANDS	12%	11%	7%	11%	67%	62%	0%	0%	14%	16%	0%	0%
SAMOA	4%	39%	4%	1%	11%	4%	3%	1%	78%	55%	0%	0%
SOLOMON ISLANDS	73%	83%	26%	11%	0%	0%	0%	5%	1%	1%	0%	0%

TIMOR-LESTE	--	8%	--	0%	--	25%	--	7%	--	56%	--	3%
TONGA	3%	18%	45%	29%	43%	42%	0%	0%	5%	11%	4%	0%
TUVALU	10%	8%	0%	0%	0%	0%	90%	88%	0%	4%	0%	0%
VANUATU	63%	65%	13%	12%	0%	0%	5%	3%	9%	1%	10%	18%

Source: Asian Development Bank; --= not available

The following countries only have to 2005 data available: Kiribati, Nauru, Timor-Leste and Tuvalu while rest are 2006 data

SOCIAL CONTEXT

Progress on Millennium Development Goals

The latest evidence indicates that the Pacific region is significantly off-track in its path to achieve the MDGs in 2015.

The situation is worst in Papua New Guinea, Solomon Islands and Timor-Leste, countries that account for three-quarters of the region's population.

Out of a total population estimated to be around 9.8 million at least three million people are living in extreme poverty.

As many as one million school-age children are out of school. Up to 18,000 children die each year mostly from preventable causes and around 150,000 people are living with HIV/AIDS.

Forum position

The Forum Communiqué of 19-20 August 2008 reports that:

"Leaders noted that the international community is approaching the mid point in its commitment to achieve the Millennium Development Goals (MDGs) by 2015. Leaders noted that the Pacific region has to date shown mixed results against the MDGs and committed themselves to redouble their efforts to make faster progress towards their achievement. Leaders noted that Australia had redefined its commitment to the MDGs through the March 2008 Port Moresby Declaration and was giving effect to this through a major new programme of Pacific Partnerships for Development with Pacific Island Countries."

Analysis of progress on selected MDGs

- Extreme poverty (MDG1)

It has increased remarkably over the last decade. At least 3 million people live in extreme poverty, the overwhelming majority in PNG (40% of people below 1 dollar a day line). The incidence of

poverty is highest in PNG and Kiribati (38%). Timor Leste also has high and rising poverty (from 40% in 2001 to 45% in 2007).

▪ Universal primary education (MDG 2):

The target of universal completion of primary education will not be met in Melanesia despite the reported high net enrolment rates at the start of the school year in most countries, due to high drop-out rates.

PNG, Solomon Islands and Timor-Leste are off-track, with primary completion rates of 54%, 72% and unreported respectively).

Samoa, Tonga and Fiji are progressing well (close to or above 100%).

Secondary school enrolments are low in most countries (30% in Solomon Islands and Vanuatu.

▪ Child and maternal mortality (MDG 4 and 5):

Progress towards the health MDGs in the Pacific region is also off-track.

PNG is a particular concern: the figures for child mortality at 74 per thousand live births and for maternal mortality at 300 per 100,000 births are especially striking. Timor-Leste presents a similar picture with a rate of child mortality of 52 per 1000 live births and 660 (!) maternal deaths per 100,000 births. This is progress compared to extremely high levels of 1990s (133/1000 for children and 850/100,000 for maternal mortality in 1995).

(N.B for Australia the indicator is 6/1000 for child mortality and 8/100,000 for maternal mortality).

▪ HIV/AIDS, malaria and TB (MDG 6)

Between 50,000 and 150,000 people live with HIV/AIDS, of whom three quarters in PNG. This country has a lower proportion of people receiving anti-retroviral treatment than most African countries.

Malaria remains a significant problem with 230,000 cases annually and more than 800 deaths. Incidence is worst in the Solomon Islands (13%) but in terms of the number of people infected, PNG accounts for nearly half the region's cases.

Tuberculosis kills at least 4000 people each year, mostly in PNG. Prevalence is highest in Timor Leste (7%) and high in Kiribati, PNG and Tuvalu (above 4%)

Statistical database

There is an acute shortage of reliable and accurate statistical data. According to the WB statistical capacity indicator, even the best countries in the Pacific region lag behind the African and low-income country averages.

Tracking the progress of the region and of individual countries towards the MDG targets is extremely difficult. Given the small size of many of the Pacific Island States this is clearly an area where a regional approach would yield significant benefits. Recognising this, statistics has been included in the Pacific Plan with the South Pacific Commission being mandated to take the lead on data dissemination and survey data analysis.

(source: AusAID, Tracking development and governance in the Pacific, August 2008)

MDGs matrix for Pacific Island Countries

	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6	Goal 7
	Universal Primary Education	Gender equality	Child mortality	Maternal health	HIV/AIDS malaria and other diseases	Environmental sustainability
	<i>Primary completion rate (% of relevant age group)</i>	<i>Secondary school enrolment ratio</i>	<i>Deaths per 1000 live births (children < 5)</i>	<i>Deaths per 100.000 births</i>	<i>Prevalence of TB /per 100.000 people</i>	<i>% population with access to improved water source</i>
Melanesia + Timor-Leste						
Fiji	104	1.07	18	75	30	93
PNG	54	0.79	74	300	475	39
Solomon Islands	72	0.83	29	130	201	30
Vanuatu	87	0.86	38	32	84	75
Timor-Leste	-	1.48	52	660	88	77
Polynesia						
Cook Islands	88	1.02	20	-	26	94
Niue	81	0.95		-	87	100
Samoa	96	1.12	29	15	27	88
Tonga	107	1.08	24	78	32	100
Tuvalu	103	0.93	38	-	495	100
Micronesia						
FSM	-	1.07	42	56	123	94

Kiribati	129	1.13	65	-	426	65
Marshall Islands	125	1.05	58	-	269	87
Nauru	75	1.07	30	-	156	-
Palau	115	1.08	11	-	61	85

* Figures in bold show divergences from MDG target path

(source: AusAID, Tracking development and governance in the Pacific, August 2008)

Regional groups on and off track for the MDGs

Goal	1		2		3			4		6			7								
	\$1/day poverty	Underweight children	Primary enrolment	Reaching grade 5	Primary completion rate	Gender primary	Gender secondary	Gender tertiary	Under-5 mortality	Infant mortality	HIV prevalence	TB prevalence rate	TB death rate	Forest cover	Protected area	CO2 emissions	ODP CFC consumption	Water urban	Water rural	Sanitation urban	Sanitation rural
Asia-Pacific	▲	■	▲	■	▲	●	▲	▲	■	■	●	●	●	▼	●	▼	●	▼	▲	■	■
Excluding China and India	●	■	■	■	■	▲	▲	▲	■	■	▼	●	●	▼	●	▼	●	▼	■	■	■
South-East Asia	●	■	▼	■	▲	●	●	●	▲	■	●	●	●	▼	●	▼	●	▼	▲	▲	■
South Asia	■	■	▲	▲	■	▲	▲	■	■	■	●	●	●	▲	●	▼	▼	▲	▲	■	■
Excluding India	▲	■	■	▼	▼	▲	▲	■	■	■	▼	●	●	▼	●	▼	▼	■	■	■	■
Pacific Islands				▼	■	■	▲		■	■	▼	●	●	▼	●	●	●	▼	▼	▼	▼
CIS in Asia	●		▲	●	●	●	●	▲	■	■	▼	▼	▼	▼	●	●	●	●	▼	■	■
LDCs Asia-Pacific	■	■	▲	■	▼	▲	■	■	■	■	●	●	●	▼	●	▼	●	■	■	■	▲

(Source. The Millennium Development Goals. Progress in Asia and the Pacific 2007. Asia – Pacific MDG Study Series.ST/ESCAP/2465)

Pacific countries on and off track for the MDGs

Goal	1	2	3	4	6	7
	\$1/day poverty Underweight children Primary enrolment Reaching grade 5 Primary completion rate		Gender Primary Gender secondary Gender tertiary	Under-5 mortality Infant mortality	HIV prevalence TB prevalence rate TB death rate	Forest cover Protected area CO2 emissions ODP CFC consumption Water urban Water rural Sanitation urban Sanitation rural

Country Specific Comments

Fiji - Education

Fiji is close to the MDG of full primary education for all boys and girls. Net enrolment is practically 100 %, but not all children complete their primary schooling (survival to grade 5 is 88.5 %). Fiji has also one of the best adult literacy rates in Asia and the Pacific (only Samoa and Tonga have better figures) with an overall rate of 93% (94.5% for men and 91.4% for women). Youth literacy (15-24-year-olds) is even better at over 99 % for both men and women.

Two factors - the current population growth and the internal migration from rural to urban areas - are putting the education system under pressure. This is apparent in the disparities in the pupil-teacher ratios between in rural (with a ratio of 1:20) and urban Fiji (ratio 1:42) indicating a clear need to scale up the education system in urban Fiji. Equity is an issue in the basic education system in Fiji: there seems to be a difference between the two main ethnic groups in terms of access to services: ethnic Fijians have slightly better enrolment, literacy etc. indicators than Indo-Fijians.

The biggest challenge for Fijian education system is responding to the needs of the changing economy and adapting the workforce to these changes, i.e. to more service oriented sectors.

Solomon Islands - Education

International databases do not give much information on Solomon Islands. The only data available is the gross enrolment rate in primary education, which was 71.6 % in 2002/03. This is even below the sub-Saharan average of around 90 %.

There are, however, country statistics for 2004 (see table below), which give a much more positive picture of progress towards the MDG of universal primary education: net enrolment ratio for the age cohort 7-13 years of age is over 85%. This bears evidence that the education system is improving after the deterioration during the unrest and that Solomon Islands is getting back on track.

Abolishing school fees in 2004 has had a positive effect on primary enrolments. However from a gender perspective there is clearly room for improvement with girls' enrolment lagging behind that of boys.

Solomon Islands “Primary School Enrolment by age and population – 2004”

Age	Total primary enrolment by age				Total population by sex			Proportion attending school		
	Boys	Girls	Total	Sex ratio	Boys	Girls	Total	Boys	Girls	Total
Total	46,346	41,424	87,770	112	60,405	55,399	115,804	76.7	74.8	75.8

Source: Implementation and planning Unit, Ministry of Education
<http://www.spc.int/prism/country/sb/Stats/Social/primary.htm>

Timor-Leste - Education & Health

Achieving the education MDG will be a challenge for Timor Leste. The current net enrolment is 73%; however only 47% of the children starting in grade 1 reach grade 5! The gender index is not as good as the other Melanesian countries but 0.91 is not alarming. The Government of Timor Leste has education as one of their main development goals and significant progress has been made since independence. However it will be important to set realistic targets for 2015 and not expect Timor Leste to reach the un-reachable.

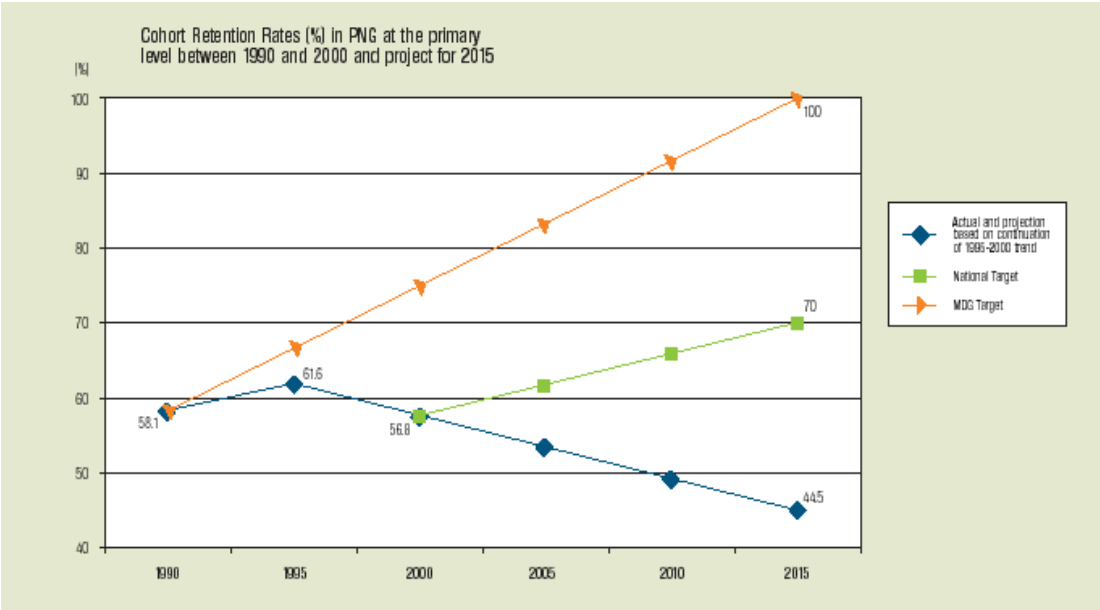
With an infant mortality of 87 per 1000 and a child mortality of 124 per 1000, Timor Leste has the lowest child survival statistics in the region. Maternal Health is in an equally poor state, with a maternal mortality rate of 660 maternal deaths per 100,000 births. The fact that only 24% of births are attended by a skilled attendant and measles coverage is 60% are symptomatic of a poorly developed healthcare infrastructure in need of significant investment. Given the much better health status in most of the other countries of the region, the potential significant benefits of increasing investment in health services should be apparent.

Papua New Guinea - Education & Health

Papua New Guinea is by far the region’s largest and most populous country with vast natural resources with challenges to match. The education indicators are the lowest in the Pacific. Both net and gross enrolments are around 74%: just 7 out of every 10 children attend primary school. There is also a big problem of children dropping out before finishing primary school: the survival rate to grade 5 is only 54%, i.e. only 5 out of 10 in the cohort that started school finish grade 5.

However, a number of quick wins would be possible. School attendance levels in remote and disadvantaged areas could be improved through special measures to recruit teachers to those areas (salary incentives and housing provision etc.). Stimulating the demand for education, e.g. by providing support to girls education, would help accelerate progress towards the education MDGs.

The graph below (PNG MDG progress report 2004, Gov. of PNG, p 16) based on the trend 1995-2000 illustrates very clearly that PNG is seriously off track with regard to the MDG.



PNG has the poorest health indicators in the Pacific Region and progress towards the MDGs is slow. Although overall levels of health investment per capita are in line with the average for the region, and relatively high for a developing country at \$136 per capita, access to services remains limited for the poorest, discrimination on grounds of gender represents a significant barrier to women’s uptake of health services and, consequently, levels of maternal, neonatal and child health remain poor. Immunisation coverage low and access to skilled attendance at birth low (53%).

Vanuatu - Education

While Vanuatu’s net enrolment rate is as high as 94%, the survival rate (pupils starting and reaching grade 5) is only 72%, which is a clear indication of systemic problems. These problems can be of different character from poor quality of education to the affordability of education by poor households, e.g. primary school fees, which are usually one of the main obstacles to children’s school attendance, are charged in Vanuatu.

Pacific region – Education sector indicators					
	NER : Net enrolment in primary education (2005)	Survival rate to last grade (2004)	Gender parity index (ratio of girls to boys) in primary education (2002-2003)		Adult literacy rate (2004)
			NER	GER	
Cook Islands					
Fiji	96	96	1	1	<u>92,9</u>
Kiribati		<i>81</i>		1,16	
Marshall Islands	<i>90</i>		0,99	0,93	
Nauru					
Niue				0,94	
Micronesia					
Palau	<u>96,1</u>		0,92*	0,93*	
PNG	<u>73</u>	<u>58</u>	0,9*	0,9	57
Samoa	90	<u>93,8</u>	0,98*	0,97*	99
Solomon Islands	63				
Timor Leste	98	<u>47</u>	0,91		
Tonga	95		1	0,97	99
Tuvalu				1,13	
Vanuatu	94	71	1,02*	1	74

Data underlined are for 2001/2002. Data in italics are for 2003. Data in bold italics are for 2004. Data in bold are for 2006.

N.B. Data are for the most recent year available. No data is provided for Cook Islands and Nauru; and very little data for Kiribati, Niue, Salomon Islands and Tuvalu in the international databases.

Sources: EFA Global Monitoring Report 2008 (<http://unesdoc.unesco.org/images/0015/001572/157275E.pdf>); UNDP Timor Leste MDG Report (http://www.undg.org/archive_docs/5382-Timor-Leste_MDG_Report_2004_-_Timor-Leste_MDG_Report.pdf); CRS Online Database (OECD-DAC 2007); UNESCO Institute of Statistics (*) (<http://www.uis.unesco.org/TEMPLATE/pdf/RegionalReports/SEAsiaENG.pdf>)

Gross enrolment in primary school (GER): total enrolment in primary school, regardless of age, expressed as a percentage of the population in the official age group.

Net enrolment in primary school (NER): enrolment of the official age group in primary school as a percentage of the population in that age group.

PACIFIC REGION – HEALTH INDICATORS (source: http://hdr.undp.org/statistics/data/rc_2005.cfm)

	One-year-olds fully immunized against measles (%)	Births attended by skilled health personnel (%)	HIV prevalence (% ages 15-49)	Infant mortality rate (per 1,000 live births)		Under-five mortality rate (per 1,000 live births)		Maternal mortality ratio adjusted (per 100,000 live births)
	2003	1995-2003 ^a	2003 ^b	1970	2003	1970	2003	2000 ^c
HDI rank								
High Human Development								
	99	92	..	..	15	..	19	..
54 Tonga								
Medium Human Development								
	99	100	..	106	19	160	24	130
74 Samoa (Western)								
	91	100	0.1 [0.0 - 0.2]	50	16	61	20	75
92 Fiji								
	48	89	..	107	31	160	38	130
118 Vanuatu								
	78	85	..	71	19	99	22	130
128 Solomon Islands								
	49	53	0.6 [0.3 - 1.0]	106	69	147	93	300
137 Papua New Guinea								

	60	24	..	..	87	..	124	660
140 Timor-Leste								
Without HDI Rank								
	88	85	..	..	49	..	66	..
Kiribati								
	90	95	..	..	53	..	61	..
Marshall Islands								
	91	93	..	..	19	..	23	..
Micronesia, Fed. Sts.								
	40	..	..	..	25	..	30	..
Nauru								
	99	100	..	..	23	..	28	..
Palau								
	95	99	..	..	37	..	51	
Tuvalu								

Education and Human Development profile

	ADULT LITERACY		GROSS SCHOOL ENROLLMENT		ACCESS TO SAFE WATER	ECONOMICALLY ACTIVE (% population > 15)			HUMAN DEVELOPMENT INDEX	HUMAN POVERTY INDEX
	M	F	M	F	% Population	M	F	Subsistence Agriculture		
COOK ISLANDS	100	99%	84%	86%	100%	79%	39%	48%	0.822	6.1
FEDERATED STATES of MICRONESIA	92.9%	91.9%	71%	71%	59%	67.2%	50.1%	10%	0.569	26.7
FIJI ISLANDS	94.5%	91.4%	84%	83%	65%	92%	33%	--	0.758	21.3
KIRIBATI	93%	95%	67%	69%	64%	86.1%	76.1%	74%	0.52	12.7
NAURU	95%	95%	79%	80%	100%	---	---	2%	0.663	12.1
NIUE	98%	97%	81%	87%	100%	75.3%	48.7%	22%	0.774	4.8
PALAU	97%	88%	83%	84%	95.4%	74.9%	58.1%	--	0.861	10.8

PAPUA NEW GUINEA	71.1%	57.7%	42%	35%	41%	68.4%	66.7%	--	0.542	37.0
MARSHALL ISLANDS	79%	69%	72%	72%	85%	66.3%	35.4%	15%	0.563	18.7
SAMOA	98.9%	98.4%	63%	67%	90%	67.5%	73%	--	0.769	---
SOLOMON ISLANDS	84.0%	67%	38%	31%	71%	87%	85%	--	0.624	---
TONGA	98.8%	98.9%	82%	84%	97%	73%	41%	28%	0.787	5.9
TUVALU	95%	95%	74%	75%	100%	85%	86%	13%	0.58	7.3
VANUATU	37%	30%	60%	55%	88%	89%	79%	--	0.570	---

Sources: UNDP, Human Development Report 2004, UNDP, Pacific Human Development Report 2001

WHO, Report of the Regional Director WPRO, 2002 – 2003; ADB Statistics 2000/ PRISM – Population and Demographic Indicators 2000

Population of Pacific Islands Countries

Country	Year	Estimated Population
Cook Islands	2007	20.200
Fiji	2007	834.000
Federated States of Micronesia	2007	108.030
Kiribati	2007	95.500
Nauru	2007	8.800
Niue		1.444
Palau	2007	20.200
Papua New Guinea	2007	6.331.000
Marshall Islands	2007	52.340
Samoa	2007	180.000
Solomon Islands	2007	510.170
Timor-leste	2007	1.047.632
Tonga	2007	101.406
Tuvalu	2007	9.810
Vanuatu	2007	229.400
Total estimated population		9.549.932

(Source: www.adb.org/statistics except Niue, CIA World Factbook)

REGIONAL ENVIRONMENTAL PROFILE (REP)

The natural resources of the Pacific region

1.1.1. Geography

Pacific island countries exhibit a unique combination of geographical, biological, sociological and economic characteristics that can be found nowhere else in the world. The 22 countries and territories occupy a vast area of the Pacific. They consist of 550 000 km² of land with nearly 8.5 million inhabitants spread across 29 million km² of the Pacific Ocean. Their Exclusive Economic Zones occupy 15 million km². There is great geographic, demographic and developmental diversity in the region. Great differences in climate, geological resources, topographical features, soil types, mineral and water availability, extent of coral reefs and diversity of terrestrial, freshwater and marine flora and fauna are also found in the area.

1.1.2. Population

Population densities range from just over 1 person per km² for Pitcairn Island to almost 300 or more for Nauru, Chuuk and Tuvalu. If the "most populous islands" are considered, the figures rise to over 100 per km² for four islands, over 200 for 3 islands, and 421 for Koror in Palau, 757 for Funafuti in Tuvalu, 1179 for Majuro in the Marshall Islands, and 2190 for Tarawa in Kiribati. The estimated population for Betio Islet of Tarawa atoll was 40,000 in the year 2000, which will give it a population density rivaling the population densities of Hong Kong and Singapore.

1.1.3. Economic development

In terms of current level of development and potential for modern economic development, although some of the larger island groups, with significant mineral, forestry, fisheries and agricultural land resources, have some potential, for most Pacific Island states and territories and smaller outer islands and isolated rural communities do not. Because of small size, geographic isolation and extremely limited natural resources the options for modern economic development are extremely limited. Consequently, most island countries, territories and local communities will, for the foreseeable future, have to depend on the sustainable use of their local resources as a basis for their survival and development.

Small island ecosystems are by nature, highly fragile and vulnerable to external disturbances. Add to this the increasing human consumption on limited natural resources, impacts of human induced activities and alien invasive species – the potential for severely degraded island ecosystems bordering on the margins of ecological collapse is very real.

In the last 20 years, many coastal areas have been heavily modified and intensively developed, significantly increasing their vulnerability to natural climatic variability and extreme events and to the adverse effects of climate change. Efforts in environmental

monitoring, provision of data, environmental assessment and decision making therefore need to concentrate on the pressures on the coastal systems and communities.

The inevitable pressures on resources and the natural systems from increasing populations and their uncoordinated concentrations on many PICs give urgency to considerations to sustainable natural resource management. Pressures for global market economies have seen significant commercial harvesting of natural resources as well as subsistence harvesting.

1.1.4. Nature conservation and species

Total land in the Pacific makes up less than 2 percent of a region that includes over 7500 small volcanic islands and coral atolls. The huge expanse of ocean supports the most extensive and diverse coral reefs in the world, the largest tuna fishery, the deepest oceanic trenches and the healthiest and in some cases, largest remaining populations of many globally rare and threatened species including whales, sea turtles, dugongs and saltwater crocodiles.

The Pacific is home to a high proportion of endemic and threatened flora and fauna; up to 50% of the region's total biodiversity is at risk – for some islands over 80% of species are endemic. However, Pacific island biodiversity is under intense pressure from natural and human-induced disturbance, alien species introductions, population growth and other factors, and its flora and fauna are among the most highly threatened in the world. Furthermore, the small size and isolated nature of our islands makes them extremely vulnerable to these threats. Many of these endemic and threatened species are of material resource or spiritual/cultural significance to Pacific people.

1.1.5. Ecological context

The ecological stability of island ecosystems is directly related to ecological diversity. The more diverse, the more complex consequently the more stable. The loss of species and the destruction of habitats and ecosystems reduce this diversity, and in turn undermine the resilience of islands and their ability to withstand or to recover from severe disturbances.

All Pacific Island Countries and Territories (PICTs') suffer from the over-exploitation of coastal and marine resources and ecosystems, none more so than the low-lying atolls and smaller high islands where entire populations rely for their livelihoods on goods and services provided by coastal habitats and resources. Coastal resources of higher islands such as PNG and Solomon Islands share the same condition, but further compounded by the negative impacts of upstream activities such as poor agricultural and logging practices and indiscriminate land clearing for settlements, infrastructure and other economic activities.

Reversing unsustainable trends in resource use and ecosystem health is an urgent priority and a critical requirement for sustainable development. It demands greater political commitment to putting into practice the concept of sustainable use. It requires of national governments to drastically improve development policies and planning, to better coordinate and integrate the presently fragmented efforts of all agencies dealing with resource management, civil works, and others.

1.1.6. Marine resources

The diversity of coral reef mangrove and marine resources is extremely high. The marine environments contain an enormous and largely unexplored resource, including the most extensive and diverse reef systems in the world, the highest global diversity of mangroves (in Southern Papua New Guinea), the largest tuna fishery, the deepest oceanic trenches and the healthiest remaining populations of threatened species of whales, sea turtles, dugongs and saltwater crocodiles. In many cases the potential of marine resources to contribute to economic growth has yet to be fully explored. The importance of coral reefs and mangroves is paramount. Coral reef and mangrove systems, through their functional connectivity, play a central role in maintaining precious beach and coastal land levels against the eroding forces of storms and rising seas, and they provide essential resources in terms of construction materials and habitat for marine species and important for both subsistence and commercially. Through their natural beauty and species diversity, they also provide a central attraction for the tourist industry. Conversely, the threats to the coral reef from climate change and land-based pollution could completely undermine this vital contribution to so many economic sectors in PICTs.

Integrated coastal management

The intersection of aquatic and terrestrial ecosystems at the shoreline brings together two very different, complex and yet highly interrelated ecosystems. Unfortunately, these ecosystems are increasingly subject to a range of human activities which pose very significant threats to their long-term sustainability. The most serious of these issues are the loss of biodiversity, solid and liquid waste management, over-exploitation of living resources and destructive harvesting practices, introduction of alien species and destruction of habitat and coastal degradation due to poor land practices that lead to pollution and siltation.

The multitude of natural and human processes occurring in the same location requires solutions that have a diverse combination of activities. Integration of management and decision-making processes with traditional marine/land tenure systems, where appropriate, into coastal management activities will assist in developing ownership and ensuring sustainability of activities.

Climate change, variability and sea level change

The Intergovernmental Panel on Climate Change projects that unless drastic action is taken, global temperatures will continue to rise and extreme events will become more frequent and intense. Most governments in the world are making efforts to reduce the production of greenhouse gases, even though fossil fuels will remain the mainstay of energy production well into the 21st century. Governments are also looking for ways to remove the excess carbon dioxide that is already in the atmosphere, but the amounts are so huge this may not be practical. This has serious implications for the fragile and vulnerable islands of the Pacific, already witnessing the negative impacts of climate change as sea levels rise.

1.1.7. The danger in the Pacific

Many Pacific islands are extremely vulnerable to climate change, climate variability, and sea level rise and will be among the first to suffer the impacts of climate change and

among the first to be forced to adapt or abandon or relocate from their environment. The islands are low lying or have coastal features and characteristics that make them particularly vulnerable to climate change, variability and sea level change. In addition to significant coastal impacts climate change will affect biodiversity, soils and the water supplies of small islands. Most small island states will find it extremely difficult to adaptation to these changing conditions. The impacts will be felt for many generations because of the small island states' low adaptive capacity, high sensitivity to external shocks and high vulnerability to natural disasters.

The region is taking action because of the recognition of the dangers of climate change. It could be said that the basic rationale is to avoid the unmanageable and manage the unavoidable. However, there is only so much that the region can do in isolation, given the enormity of the impacts faced and the lack of wherewithal to finance adaptation. For PICs, the need for adaptation has become increasingly urgent. Long-term climate change, including the increasing frequency and severity of extreme events such as heat waves, high rainfall intensity events, summer droughts, tropical cyclones, windstorms, storm surges, and El-Nino-like conditions are affecting the lives and livelihoods of people in PICs. Coupled with overexploitation of resources, increasing urbanization and population increase, the compounding effect has caused considerable and widespread damage and threatens development in the region. For the low lying atolls, the likely economic disruption could be catastrophic, even to the extent of requiring population relocation into other islands or adding numbers to the Pacific Diaspora, with the subsequent social and cultural disruption having unknown proportions. Failure to reduce vulnerability could also result in loss of opportunities to manage risks in the future when the impacts may be greater and time to consider options limited.

Today, roughly 1 million people live on coral islands worldwide, and many more millions live on low-lying real estate vulnerable to the rising waves. At risk are not just people, but unique human cultures, born and bred in watery isolation. Faced with inundation, some of these people are beginning to envision the wholesale abandonment of their nations. These islands could be rendered uninhabitable by other effects of climate change. Floods and rogue waves raise the saltwater table underlying the atolls, poisoning the staple crops of our atoll societies. Already some farmers have been forced to grow their taro in tin containers, and already some of the smaller islands in the atolls have lost their coconut palms to saltwater intrusion.

Since the impacts of climate change will be varied from country to country, comprehensive national strategies and action plans, supported by regional and international technical and financial services, will have to be developed. Mainstreaming of climate change in national sustainable development policies will be crucial, given that climate change impacts so many if not all vital sectors of the Pacific economies. A good start has been made in the PICs with the country-team approach to FCCC National Communications as well as towards the various GEF climate change projects. Such country teams require being institutionalised and at an appropriate level so as to be able to influence decision making.

The priorities for the region continues to be adaptation primarily, but there are also country specific issues and particular community needs. Mitigating greenhouse gas emissions has also been given political importance, from the point of view of the international message sent, but also from the perspective of fuel economy, energy independence and employment. There is also the recognized need to improve the climate

change governance in the region, to establish practical working alliances and partnerships, and to improve the climate change knowledge base in the region.

Failure to adapt to climate change now could lead to high social and economic costs in the future. For the low lying atolls, the economic disruption could be catastrophic, even to the extent of requiring population relocation into other islands or increasing the number of people emigrating from the islands. Some areas of coral reefs, may be so enfeebled by overfishing that they may not be able to recover from bleaching events in the future. In recent years, the health and coverage of Pacific mangroves has been declining, mainly from land based pollution, urban expansion and coastal developments. According to a recent study by UNEP (2006) Pacific Island mangroves could experience serious problems due to rising sea level where some islands in the region could see over half of their mangroves steadily lost by the end of the century, with the worst affected being American Samoa, Fiji, Tuvalu, and the Federated States of Micronesia. Public pressure is mounting for action on adaptation. There is growing community and government concern about the need to reduce the islands' vulnerability and manage the risks posed by extreme events and long-term change.

Pollution in the Pacific

Pollution is a major threat to sustainable development in the Pacific islands region. The increase in the sources and extent of pollution are threatening the Pacific islands' efforts to maintain healthy societies, to stimulate development and new investment and a sustainable future for its people. The main types of pollution within the region are shipping-related pollution, hazardous chemicals and hazardous wastes and solid waste management and disposal. The region's coastal and marine resources are threatened by introduced marine species, shipwrecks, marine accidents and spills, ships' waste and antifouling paints on vessels. Increasing quantities of solid waste, poor control of chemicals imported into the region and the lack of capacity to manage pollutants are primary problems.

The limited land area of many of the islands combined with a lack of appropriate technology for waste recycling has resulted in a proliferation of plastics, paper, glass, metal and even drums of hazardous chemicals. Much of this rubbish slowly breaks down and leaches into the soil and into drinking water. What does not break down takes up space. The foul-smelling organic wastes attract disease-carrying pests such as mosquitoes, rats and flies. Piles of household rubbish may develop on beaches and in mangrove swamps.

Tourism, a key money-earner for some Pacific island countries, is also starting to be affected by the spread of litter. The region used to have a competitive advantage over other tourist destinations because of the reputed beauty of its lagoons and beaches. But that advantage is shrinking under the weight of solid waste piling up around shorelines and waterways alike.

1.1.8. Economic effects

Environmental pollution can have direct and indirect linkages to poverty. Poor people are the most vulnerable to losses of basic food supplies for subsistence or income earning due to contamination of land or marine resources. They are also vulnerable to harmful pollutants and the associated health problems.

Discharges of pollutants into the environment usually represent wasted resources. For example, smoky vehicle exhausts mean that fuel is being wasted through inefficient

combustion. Some of the materials thrown away as rubbish represent lost resources when they could be used in other ways, for example using green waste as compost. The recovery of some of these materials can have direct economic benefits, like collecting aluminium cans to resell and using waste oil as a fuel substitute.

Pollution can reduce land value and productivity due to contamination, direct effects on fish and other marine resources. Export markets are also potentially at risk as many developed countries continue to tighten their monitoring and control of contaminated foods.

Effective pollution prevention brings many benefits. In the manufacturing and energy sectors this can include reductions in raw material costs (including fuel) and increased processing and operating efficiencies. Reducing packaging will reduce the cost of packaged goods. The marketing advantages of "pollution-free" products are now being widely recognised, especially in the tourism sector and for organic agricultural produce. And waste recovery and recycling operations represent potential business opportunities for both the public and private sectors.

1.1.9. Tackling pollution

Pollution prevention is something that needs to be addressed mainly at national and local levels, although there are also some regional and global aspects. At a national level, there are only a very few Pacific countries and territories with specific environment acts and associated regulations. And there are even fewer with laws and regulations that deal with specific aspects of pollution, such as waste management. Most authority in this and other related areas comes from outdated and fairly generic legislation, such as the Health Act. More progress has been made in developing national policies and strategies to address issues such as waste management. However, much work remains to be done to turn these into active programmes that can achieve real on-the-ground solutions. A related issue is often the lack of any clear and unified approach within the government systems, with responsibilities being spread across a number of agencies.

Environmental Governance

The effective and sustainable management of the natural resources and the environment requires strengthening the environmental governance at all levels of decision-making. This involves mainstreaming environmental considerations into national development planning; enhancing capacity for environmental assessment, monitoring and reporting; and establishing and implementing legal and regulatory frameworks for environmental enforcement and compliance.

ANNEX 5

REGIONAL INTEGRATION COMMITMENTS



PACIFIC ISLANDS FORUM SECRETARIAT

THE PACIFIC PLAN

*FOR STRENGTHENING REGIONAL
COOPERATION AND INTEGRATION*

The Pacific Plan was endorsed by Leaders at the Pacific Islands Forum meeting in October 2005. It is a 'living' document ensuring flexibility so that the Vision of the Leaders and the goal of regional integration extend far into the future. This revised version of the Pacific Plan follows decisions taken by Leaders at the Forum meeting in October 2006 where they welcomed the considerable progress made in implementing the Pacific Plan, noted the key challenges that need to be overcome in order for the Plan to continue to be effectively implemented, and agreed on a number of key commitments in order to move the Plan forward.

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I. INTRODUCTION

Through the Auckland Declaration of April 2004 to strengthen regional cooperation and integration, and in response to the many challenges facing Pacific islands countries, Forum Leaders adopted the following Vision:

Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives. We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed. We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values and for its defence and promotion of human rights. We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all.

2. Leaders agreed to give effect to their Vision through a Pacific Plan to:

- i. promote economic growth, sustainable development, good governance and security;
- ii. strengthen regional cooperation and integration in areas where the region could gain the most through sharing resources of governance, alignment of policies and delivery of practical benefits;
- iii. strengthen support for current programmes, develop new initiatives and advocate for the needs of the Smaller Island States, particularly given their limited capacity and fragile and vulnerable environment, including to climate change;
- iv. promote and protect cultural identity, regional inclusiveness, sub-regional representation, human rights, gender, youth and civil society;
- v. reform the Forum and the regional institutional mechanism;
- vi. clarify Members' own understanding and appreciation of regionalism with a clear perception of the benefits and costs; and
- vii. build strong partnerships between Member countries, Pacific territories, regional and international organisations and non-state organisations.

3. With these decisions in mind, the Pacific Plan identifies initiatives within an implementation framework that extends to 10 years. Some of this work is already underway. The Plan provides a framework for effective and enhanced engagement between Forum countries and Pacific territories and with their non-state actors and development partners. It does not limit the sovereign right of Forum Member countries to determine their own national goals and priorities. It may also guide but does not restrict bilateral development programmes and activities.

II. GOAL AND OBJECTIVES

4. Based on the Leaders' Vision and other decisions relating to its implementation, the Goal of the Pacific Plan is to: **Enhance and stimulate economic growth, sustainable development, good governance and security for Pacific countries through regionalism.** To meet this goal, the Pacific Plan's strategic objectives are:

Economic Growth¹⁸

1. Increased sustainable trade (including services), and investment
2. Improved efficiency and effectiveness of infrastructure development and associated service delivery
3. Increased private sector participation in, and contribution to, development

Sustainable Development¹⁹

4. Reduced poverty
5. Improved natural resource and environmental management
6. Improved health
7. Improved education and training
8. Improved gender equality
9. Enhanced involvement of youth
10. Increased levels of participation and achievement in sports
11. Recognised and protected cultural values, identities and traditional knowledge

Good Governance²⁰

12. Improved transparency, accountability, equity and efficiency in the management and use of resources in the Pacific

Security²¹

¹⁸ Defined as sustainable, pro-poor economic growth.

¹⁹ Defined as the integration and mutual reinforcement between the three pillars of economic development, social development, and environment conservation (where conservation is defined as wise use, including protection, in some circumstances). Essential requirements for sustainable development include active stakeholder participation, poverty eradication, changing unsustainable patterns of production and consumption and managing and conserving the natural resource base for economic and social development, while maintaining the underlying ecological processes.

²⁰ Defined as the transparent, accountable and equitable management of all resources. Good governance is a prerequisite for sustainable development and economic growth.

²¹ Defined as the stable and safe social (or human) and political conditions necessary for, and reflective of, good governance and sustainable development for the achievement of economic growth.

13. Improved political and social conditions for stability and safety

5. Annual priority outcomes from these goals and objectives are outlined in the Kalibobo Roadmap at [Attachment C](#) and the Nadi Decisions at [Attachment D](#).

III. REGIONALISM

6. The Pacific Plan is based on the concept of regionalism: that is, countries working together for their joint and individual benefit. Regionalism under the Pacific Plan does not imply any limitation on national sovereignty. It is not intended to replace any national programmes, only to support and complement them. A regional approach should be taken only if it adds value to national efforts.

7. The Plan depends on support for regional approaches by Forum Member countries, civil society and private sector organisations, development partners and other stakeholders. That support can only come from an informed constituency. There needs to be a high level of awareness of the benefits²² and costs of regionalism, and the different forms it can take.

Benefits and costs of regionalism

8. Regionalism can reduce the costs of providing a service if the number of people benefiting from the service is increased. These 'economies of scale' can occur in both the public and private sectors. On the other hand, regionalism can also increase costs: for instance, by requiring the movement of goods, services and people over long distances. These increased costs, or 'diseconomies of isolation', are particularly relevant in a vast area such as the Pacific.

9. When countries work regionally to achieve a goal – for instance, better health surveillance – economies of scale must be balanced against diseconomies of isolation. The best approach may in some instances be sub-regional or a grouping of a few countries to deliver a service.

²² An attempt has been made to estimate the possible benefits or gains from some of the initiatives in the Plan. The results, showing good potential, are summarised in [Background Paper No 5](#).

Types of regionalism

10. The wish by Forum Leaders to strengthen regional cooperation and integration in the Pacific involves considering several quite different concepts of regionalism:

Regional Cooperation: Setting up dialogues or processes between governments. Regional cooperation means services (eg. health, statistics, audit, etc) are provided nationally, but often with increased coordination of policies between countries. This is either based on an agreed strategy – such as the Forum Principles on Regional Transport Services – or arranged through a coordinating body, such as the Oceania Customs Organisation.

Regional Provision of Public Goods/Services: Pooling national services (eg. customs, health, education, sport, etc) at the regional level. Governments are freed from daily management of some services and can concentrate on service delivery in other areas and on policy development. For example, by providing tertiary education through the University of the South Pacific (USP), Pacific Island governments can focus more on ensuring their individual primary and secondary education systems cater to their unique national needs.

Regional Integration: Lowering market barriers between countries. These barriers may be physical (eg. borders) or technical (eg. quarantine measures, import taxes, passport requirements, etc). Regional integration can improve access for Pacific businesses to consumers, increasing economies of scale and, therefore, reducing prices and making more goods available.

11. The path almost any regional initiative takes usually begins with regional cooperation. Whether the best approach may then be a move towards regional integration, or regional provision of services, or both – depends on an assessment of obstacles to development and consideration of benefits and costs. *In the Pacific, regional approaches to overcoming capacity limitations in service delivery at a national level, and increasing economic opportunities through market integration are expected to provide the highest gains.*

Tests for regional approaches

12. There are three ways of testing whether regionalism can add value to an initiative:

Market Test: Is the market providing a service well? If so, involvement by national governments and/or regional bodies should be minimal.

Subsidiarity Test: Can national or local governments provide the service well? If so, involvement by regional bodies should be minimal. For example, primary and secondary education is generally managed by local and national governments, but for small Pacific Island states a regional university such as USP is an ideal initiative.

Sovereignty Test: Does the proposed regional initiative maintain the degree of effective sovereignty held by national governments? Regional initiatives should shift only the management of services to regional bodies, not policy-making as well. Countries, not regional bodies, should decide priorities.

IV. INTERNATIONAL CONTEXT OF THE PACIFIC PLAN

13. “The Pacific Plan reflects the region’s priorities which are in line with and support the implementation of international frameworks such as the *Barbados Programme of Action* and *The Mauritius Strategy of Implementation*. As such, the Pacific Plan provides a solid platform for regional cooperation guiding collective positions through the Commission on Sustainable Development and other international forums that advocate the ‘special case’ of Small Island Developing States (SIDS). The collective position of Pacific Islands Forum members in the international arena is a significant tool in garnering support for Pacific Island Countries individually and as a group and is recognised and valued by other United Nation members.”

V. REGIONAL PRIORITIES

14. The Pacific Plan identifies a wide range of regional initiatives for the first three years (2006-2008) based on alignment and consistency with: (a) the Leaders’ Vision and related decisions and the Strategic Objectives; (b) priorities identified by Members and other stakeholders in the course of Pacific Plan consultation; and (c) the regional approach outlined above. These initiatives are detailed at Attachment A according to the Strategic Objective they are expected to meet and their degree of readiness for decision and action. Those that are underway - ready for Immediate Implementation - are mostly grounded in current activities or mandates. Those requiring Agreement in Principle are priorities requiring the development and approval of a full proposal. Remaining priorities require Further Analysis to establish whether a regional approach is appropriate. In addition to the following initiatives, there are other agreed strategic policies and initiatives already in place which require strengthening (see Background Paper 2B). While these initiatives are not specifically identified in the Pacific Plan list of regional priorities, they are complementary to them.

For immediate implementation (2006-2008)

Economic Growth

- Expansion of market for trade in goods under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER), and with non-Forum trading partners
- Integration of trade in services, including temporary movement of labour, into the Pacific Island Countries Trade Agreement (PICTA) and the Economic Partnerships Agreement (EPA)
- Timely and effective implementation of the Regional Trade Facilitation Programme (RTFP)
- Investigation of the potential impacts under the Pacific Agreement on Closer Economic Relations (PACER) of a move towards a comprehensive framework for trade (including services) and economic cooperation between Australia, New Zealand and the Forum Island Countries
- Maximise sustainable returns from fisheries by development of an ecosystem-based fishery management planning framework; encouragement of effective fisheries development, including value-adding activities; and collaboration to ensure legislation and access frameworks are harmonised
- Intensified development of proposals or strategies for regional bulk purchasing, storage and distribution of petroleum
- Implementation of the Forum Principles on Regional Transport Services (FPRTS) including development of the Pacific Aviation Safety Office (PASO) and intensify focus on enhancing shipping services for Smaller Island States
- Intensified implementation of a regional digital strategy for improving information and communication technology (see Background Paper 3)
- Support of private sector mechanisms including through the Pacific Islands Private Sector Organisation (PIPSO)

Sustainable Development

- Development and implementation of National Sustainable Development Strategies (NSDS), including the mainstreaming of regional policy frameworks or actions plans and using appropriate cross-cutting and Pacific relevant indicators in line with the Millennium Development Goals (MDGs)
- Development and implementation of national and regional conservation and management measures for the sustainable utilisation of fisheries resources.
- Development and implementation of policies and plans for waste management
- Intensified implementation of the Pacific Islands Energy Policy and associated Strategic Action Plan to provide available, reliable, affordable, and environmentally sound energy for the sustainable development of all Pacific island communities
- Development and implementation of the Pacific Regional Action Plan on Sustainable Water Management
- Facilitation of international financing for sustainable development, biodiversity and environmental protection and climate change in the Pacific including through the Global Environment Facility
- Harmonisation of approaches in the health sector under the *Samoa Commitment*, including: implementing the HIV/AIDS and STI Strategy; a stronger focus on non-communicable diseases; and agreement on health worker recruitment
- Investigation of potential for expanding regional technical and vocational education training (TVET) programmes (including establishment of an Australian Pacific Islands Technical College in the Pacific region) to take advantage of opportunities in health care, seafaring,

hospitality/tourism, peacekeeping, etc; for enhancing and standardising regional training programmes; and ensuring the portability of technical qualifications

- Enhancement of advocacy for and coordination of youth programmes and monitoring of the status of youth
- Enhancement of regional sporting networks to support the developmental role of sport

Good Governance

- Regional support to consolidate commitments to key institutions such as audit and ombudsman offices, leadership codes, anti-corruption institutions and departments of attorneys general; including through judicial training and education.
- Regional support to the Forum Principles of Good Leadership and Accountability
- Enhancement of governance mechanisms, including in resource management; and in the harmonisation of traditional and modern values and structures
- Upgrade and extension of country and regional statistical information systems and databases across all sectors
- Where appropriate, ratification and implementation of international and regional human rights conventions, covenants and agreements and support for reporting and other requirements
- Development of a strategy to support participatory democracy and consultative decision-making (including NSAs, youth, women and disabled), and electoral processes

Security

- Development and implementation of strategies and associated legislation for maritime and aviation security and surveillance
- Implementation of the Pacific Islands Regional Security Technical Cooperation Strategy in border security, including for trans-national crime, bio-security, and mentoring for national financial intelligence units
- Strengthening of law enforcement training (e.g. regional policing initiative), coordination and attachments
- Development and implementation of policies and plans for the mitigation and management of natural disasters
- Development of plans for urbanisation, bio-security and safety and expanded focus on broader political and human security issues

For agreement in principle

Economic Growth

- Implementation of the regional tourism marketing and investment plan

Sustainable Development

- Continuation of development of adaptation and mitigation efforts linked to the Pacific Climate Change Framework 2006-2015 and the Pacific Disaster Risk Reduction and Disaster Management: Framework for Action 2006-2015; including public awareness, capacity building and improving governance, risk and vulnerability assessments, and, should a genuine need arise, consideration of measures to address population dislocation
- Harmonisation of approaches in the education sector including: upgrading secondary curricula and examination systems (including for vocational training); standardising a regional leaving certificate; coordinating support for basic education through the Forum Basic Education Action Plan (FBEAP); and using the Pacific Regional Initiatives for the Delivery of basic Education (PRIDE) as a model
- Delivery of specific studies and scholarships on regionalism, pro-poor economic growth, peace and conflict, traditional structures, leadership, gender-specific indicators, and cultural policy to support regional cooperation and integration
- Development of a strategy to maintain and strengthen Pacific cultural identity

Good Governance

- Development of common approaches to financial regulation, including through alignment of legislation and/or pursuit of common prudential capacities

For further analysis

Economic Growth

- Development of proposals or strategies for regional bulk purchasing, storage and distribution of key import commodities, such as pharmaceuticals, etc

Sustainable Development

- Investigation of potential for expanding regional technical and vocational education training (TVET) programmes to take advantage of opportunities in health care, seafaring, hospitality/tourism, peacekeeping, etc, and enhancing and standardising regional training programmes (*further analysis required for some areas*)
- Creation of a regional sporting institute
- Creation of an institution to advocate for and protect traditional knowledge and intellectual property rights

Good Governance

- Establishment of an accountable and independent macro-economic and micro-economic technical assistance mechanism (including statistics), to strengthen treasury and finance functions and provide economic analysis
- Establishment of a regional customs revenue service, initially focussing on training and development of national services and information transfer

- Establishment of a regional ombudsman and human rights mechanisms to support implementation of Forum Principles of Good Leadership and Accountability, etc
- Establishment of a regional audit service to support integrity and oversight

The Smaller Island States

15. The special needs of Smaller Island States (SIS) will be supported through the Pacific Plan by the establishment of a unit in the Forum Secretariat, tasked with ensuring that the SIS perspective is represented; that they fully benefit from the Plan as it develops; and that practical support and advice is provided to SIS on the implementation of their commitments under the Plan. This will include the provision of in-country capacity to allow SIS to further realise the benefits of current and future regional assistance in areas such as employment, aviation, shipping, tourism (including product development), and investigation of the feasibility of establishing an alternative soft loan financing facility.

Other identified regional initiatives

16. A range of other initiatives emerged from the consultation process. Some are new and some are grounded in ongoing activity. While more time is required for information gathering, analysis and consultation, these provide a potentially rich resource on which to draw for on-going development of the Pacific Plan into the future as the Plan evolves. These other identified regional initiatives are detailed in Background Paper 2.

The future of regional integration

17. The Leaders' long-term goal is to move progressively towards a comprehensive framework agreement amongst all Forum members that includes trade (and services) and economic cooperation. This goal is reflected in the Forum Economic Ministers' identification of stronger regional economic integration, starting with trade, as a key element for economic growth and building a relationship with the rest of the world. In developing a policy environment supportive of regional economic integration, Ministers recognised, among other things, the need for further examination of Pacific labour market issues, including the issue of labour mobility through the region and beyond. Forum leaders have therefore agreed to continue to consider the issue of labour mobility in the context of Member countries' immigration policies. The Leaders' goal of regional integration also finds expression in the decision of Forum Trade Ministers to commission a joint study to investigate the potential impacts of a move towards a comprehensive framework for trade and economic cooperation between Australia, New Zealand and Forum Island Countries. As successful regionalism requires larger markets to stimulate growth, partnership with Australia and New Zealand is crucial for Pacific regionalism to be viable.

VI. IMPLEMENTATION STRATEGIES

18. The successful implementation of the Pacific Plan is dependent on the support and commitment of Member countries, development partners and other stake-holders. As stronger regional cooperation and integration is a means to deliver national development objectives, the *development and implementation of national policies and strategies on regionalism* is a critical Strategic Objective of the Pacific Plan. These strategies will include clear statements of national interests as they relate to regionalism and the establishment of appropriate mechanisms and processes for the use of regional approaches at the country level.

19. Pacific Leaders have stated that the ‘paramount [challenge of the Pacific Plan] is that of fully translating the regional initiatives being developed into plans and follow-up actions at the national level’²³. Leaders have, therefore, committed their governments to take responsibility for implementing and reporting on the Pacific Plan, and to ensure that national policies and mechanisms on regionalism are in place by the 2007 Forum meeting. They have directed that regional policy frameworks or action plans are mainstreamed at the national level under National Sustainable Development Strategies (NSDS) or similar processes, and that regional organisations and development partners work within such a framework. Leaders have also committed their governments to pursuing national interests in ways that complement or support the overall interest of the region as well. To achieve this, they have called on CROP agencies and member countries to develop detailed frameworks for intensifying regional cooperation including initial action steps for 2007, with a progress report to Leaders at the 2007 Forum. As well, Leaders have tasked the Forum Secretariat to establish regional offices or the placement of staff members in each member country to ensure that the best possible connections are made between and national processes and regional decisions.

20. At the regional level, implementation of the Pacific Plan is, in the first instance, the responsibility of the Pacific Islands Forum Secretariat. This is consistent with the 2004 decision by Leaders that the primary functions of the Secretariat are to provide policy advice, coordination and assistance in implementing their decisions.

21. Political oversight and guidance to the Secretariat is provided, during the year, by a *Pacific Plan Action Committee (PPAC)*, chaired by the Forum Chair and comprising representatives of all Pacific Island Forum Countries and Pacific territories. The Forum Chair (as Chair of the PPAC), will report to Leaders on the implementation of the Plan on a six-monthly basis, focusing on the benefits and outcomes for Pacific countries. A small implementation unit (the Pacific Plan Office), reporting directly to the Deputy Secretary General, has been established in the Secretariat to support the PPAC and coordinate implementation and reporting on the Plan.

²³ *Pacific Islands Forum Communiqué*, 2006, p1.

22. Overall implementation of Pacific Plan initiatives will be reviewed annually by Leaders who will receive a report, prepared in consultation with members of the PPAC, from the Chair and the Secretary General prior to the Leaders' meeting. The report to Leaders will include recommendations on future directions for the Plan.

23. Given the central role regional organisations play in the implementation of the Pacific Plan, a regional institutional framework that is appropriate to the development of the Pacific Plan will be established. A Regional Institutional Framework Taskforce will further develop this framework and report to Leaders at their 2007 meeting.

24. A key implementation strategy and Strategic Objective for the Pacific Plan is the *building of strong partnerships* with national and regional stakeholders. Specific initiatives are outlined in Attachment A to strengthen relationships with Pacific territories, NSAs, civil society and development partners. These include: establishing regional volunteer schemes and other forms of regional exchanges for capacity building; improving aid effectiveness; and an annual outcomes-oriented process with non-state representatives from the business sector, academia, media and civil society organisations to provide feedback to the Leaders and a platform for wider debate on Pacific regionalism and the longer term direction of the Pacific Plan.

VII. MONITORING AND EVALUATION

25. The progress of the Pacific Plan will be measured by monitoring and evaluation of initiatives in meeting the Plan's Strategic Objectives (Monitoring and Evaluation Framework at Attachment B). Success indicators have been developed and will be further refined to suit the Pacific regional context, as well as to allow for the measurement of nationally and globally agreed targets, such as the Millennium Development Goals (MDGs). The Secretary General will convene a reference group, including non-state representatives, to provide independent feedback and advice on progress. Additionally, an independent comprehensive review of progress will be conducted every three years.

26. While the Pacific Plan has a general timeframe of ten years, it ensures flexibility so that the Vision of the Leaders and the goal of regional integration extend far into the future. It provides a mechanism as a 'springboard' for discussing and shaping the region's longer-term future in an open and inclusive manner. The Pacific Plan is a living document that will continue to draw inspiration from Leaders, and from the people whom they serve, now and in the years to come.

LEADERS' DECISION TO ADVANCE THE PACIFIC PLAN IN 2008-09²⁴

In order to advance the Pacific Plan over the next twelve months, Leaders:

Food Security

- acknowledged the high importance of food security as an emerging issue which poses challenges for the future well being of people across the region;
- recognised the opportunities that high food prices offer to increase Pacific food production and called on all countries to give priority to increasing this production;
- called on all countries to maintain open markets and, where possible, to increase the production and supply of healthy food, noting the particular relevance of the early successful conclusion of the Doha Round in this regard;
- committed their governments to immediate action to address food security issues nationally and where possible regionally through a range of measures across key sectors such as agriculture, fisheries, trade and transport;
- called on regional technical agencies to assist in supplementing national capacity in these areas by assisting in research and the development of more robust national policies and practical responses;
- called on Forum Economic Ministers to consider the most appropriate national and regional responses to rising global food prices at its 2008 meeting; and
- called on the Forum Secretariat and the Secretariat of the Pacific Community (SPC) to explore avenues for intra-country trade in locally grown food commodities.

Fisheries

- reaffirmed the 2007 Vava'u Declaration on Pacific Fisheries Resources as providing a comprehensive framework to address the region's priority to secure the long-term flow of

²⁴ Annex A of the Forum Communiqué of 19-20 August 2008

benefits from conservation efforts and sustainable management of the region's fisheries resources in accordance with the precautionary approach and existing international commitments;

- recognised the special requirements and development aspirations of smaller island developing states and the need to ensure that conservation and management measures do not result in transferring, directly or indirectly, a disproportionate burden of conservation action onto smaller island developing states;
- reaffirmed the central importance of regional solidarity in achieving long-term effective fisheries management of the tuna resources in the Western and Central Pacific Fisheries Commission (WCPFC) and encouraged Forum members to adopt a coordinated approach in their negotiations in the WCPFC;
- committed their governments to provide sufficient national resources to the fisheries sector, continue to support the direction offered by the Forum Fisheries Committee over 2008, adhere to their commitments under relevant international instruments, and called on the Pacific Islands Forum Fisheries Agency (FFA) and SPC to supplement national capacity and support regional action with a particular focus on:
 - developing effectively managed and sustainable national tuna industries;
 - implementing with the assistance of FFA, a comprehensive fisheries conservation measures to protect stock levels in their coastal and exclusive economic zones and on the high seas, commended the initiative the Parties to the Nauru Agreement took in adopting strong measures through the 3rd Implementing Arrangement and noting the call by PNA Leaders for full implementation, without delay of the 3rd Implementing Arrangement including the Additional Terms and Conditions of Access to the EEZ of the Parties;
 - expediting improved regional monitoring, control and surveillance;
 - supporting the sustainable and effective management of national coastal fisheries and stock assessments and the expansion of aquaculture for future food security;
 - continuing to press distant water fishing nations to comply with all relevant national and international laws and conventions to ensure the long-term sustainability of tuna stocks;
 - progressing urgent efforts to delineate extended Continental Shelves and prepare submissions to the UN Commission on the Limits of the Continental Shelf by May 2009 and urge member States to delimit their maritime boundaries for improved governance and management of ocean resources; and

- progressing collectively, while also seeking to engage the USA and France, strengthened mechanisms to protect regional fisheries via new multilateral Pacific regional arrangements patterned on the Niue Treaty Subsidiary Agreement model for exchange of fisheries law enforcement data, cross vesting of enforcement powers and the use of fisheries data for other law enforcement activities.

Energy

- acknowledged the high importance of energy security as a regional priority in light of the continuing and rapid rise of global fuel prices, as an issue which poses challenges for the future well being of people across the region;
- invited Forum Economic Ministers to consider adopting, as the theme for their meeting which Vanuatu has offered to host in the week commencing 27 October, the impact of and responses to rising global commodity and energy prices;
- committed their governments to provide sufficient national resources and policy focus to the energy sector and called on appropriate regional bodies, including the 12 Pacific Power Association, Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC) and Secretariat of the Pacific Regional Environment Programme (SPREP) to supplement national capacity and support regional action, with special attention to continuing the implementation of the Pacific Islands Energy Policy and Pacific Energy Ministers' 2007 Communiqué and in particular:
 - strengthening and implementing robust national energy policies;
 - taking immediate steps to achieve greater supply-side and demand-side energy efficiency;
 - supporting the adoption of a whole-of-region approach towards appropriate renewable energy alternatives, infrastructure and capacity including seeking access to multi-lateral sources of funds and expertise;
 - increasing the technical capacity of power utility staff and management;
 - progressing the initiative on bulk procurement of petroleum as a matter of urgency;
 - tasking the Forum Secretariat and SOPAC to develop a regional energy project to be funded under the EDF10 Regional Indicative Programme.

Economic Integration and Trade

- reaffirmed the continuing importance of pursuing greater economic integration and trade as a regional priority;

- endorsed the outcomes of the Forum Trade Ministers Meeting in Cook Islands on 22 July and in particular:

- the need for officials to formulate a detailed road map on PACER Plus, with the view to Leaders agreeing at the 2009 Forum to the commencement of negotiations;
 - the strong shared desire and agreement to move forward with PACER Plus by commencing work to build national negotiation capacity of Pacific Islands Countries with support from Australia and New Zealand, recognising the priority placed by Pacific Island Countries on the early appointment of a Chief Trade Advisor.
- committed their governments to provide sufficient national resources and policy focus to support better economic integration and trade and called on appropriate regional organisations, including the Forum Secretariat and south-pacific.travel, to supplement national capacity and support regional action with a particular focus on:
 - progressing the implementation of regional trade agreements and the continued attention on trade in services and labour mobility more generally;
 - strengthening private sector participation in economic development through the creation of the necessary enabling environments;
 - continuing to strongly support tourism industries through work to access potential markets, build the region's 'brand' name and better plan infrastructure to support air and sea tourist arrivals and improve research and collection of statistics;
 - continuing the implementation of the economic reform programme promoted and regularly reviewed by the Forum's Economic and Finance Ministers;
 - supporting liberalisation of international agricultural markets to address distortions that impede production and inflate prices; and
 - supporting strategies to address revenue implications of trade liberalisation agreements and developing export orientated industries.

Climate Change

- reaffirmed the continuing urgency of addressing the challenges posed by and the impacts of climate change as a regional priority;

- called on SPREP to urgently carry out a comprehensive review of regional meteorological services, reporting intersessionally to Leaders as soon as practicable on all options, including building on existing arrangements and consideration of other service providers;
- committed their governments to provide the necessary national resources and policy focus to addressing the challenges of climate change and called on appropriate regional bodies, including SPREP, SOPAC, SPC and the University of the South Pacific to support national efforts and take a leadership role in supporting and implementing relevant regional actions to address climate change, with a particular focus on:
 - pursuing and implementing mitigation and adaptation measures;
 - mainstreaming human security issues;
 - improving preparedness for the impacts of increasing natural disasters through the implementation of national action plans;
 - addressing the vulnerability of Pacific Islands to climate change and subsequent impacts on people, land, water, food security, infrastructure, and natural resources;
 - continuing to work collaboratively to rationalise the roles of the various regional organisations and to harmonise donor engagement; and
 - improving the capacity of countries in the region to engage in the ongoing United Nations Framework Convention on Climate Change negotiations for a post 2012 global climate change agreement which are scheduled to conclude in 2009.
- appreciated Australia's commitment to the Kyoto Protocol and welcomed Australia's announcement of a AUD150million climate adaptation programme with a focus on the Pacific; and
- welcomed New Zealand's announcement that it would step up financial support for climate change adaptation.

Transport

- reaffirmed the continuing importance of transport as a regional priority;
- welcomed the benefits that have flowed to the region from the liberalisation of aviation and encouraged further movement down this path;

- encouraged member countries, where they have not already done so, to sign and ratify the Pacific Islands Air Services Agreement;
- welcomed the commencement of the Pacific Aviation Safety Office's full operations and urged members to make use of its services where possible and consider more appropriate and sustainable funding options;
- committed their governments to provide sufficient national resources and policy focus to improve transport and call on SPC and other regional bodies as appropriate to supplement national capacity and support regional action with a particular focus on:
 - improving air and maritime services, safety and security, ensuring all necessary international standards and requirements are met and sustained; and
 - expediting efforts to resolve impediments to the region's smaller island states enjoying better and more reliable air and in particular, maritime services.

Information and Communications Technology

- reaffirmed the continuing importance of information and communications technology as a regional priority;
- welcomed the benefits to the region of telecommunications deregulation and encouraged its continuation among members; and
- committed their governments to provide sufficient national resources and policy focus to improve ICT and called on SPC and USP to supplement national capacity and support regional action in the ICT sector with a particular focus on the continued implementation of the digital strategy.

Land

- welcomed the work undertaken by the Forum Regional Security Committee on issues related to customary land administration and conflict minimisation, and lessons learnt from the Pacific and globally, and in accordance with its recommendations, endorsed the importance of addressing these issues as a region-wide priority at the national level by:
 - recognising that land management is a national responsibility;
 - adopting the Land Management and Conflict Minimisation principles and guiding framework (attached) where appropriate;
 - developing a regional initiative under the Pacific Plan to support members in progressing land management and conflict minimisation efforts within respective national development contexts while taking account of capacity constraints; and

- recognising the complex nature of land issues within member countries and their connection to a range of broader security concerns, including migration, urbanisation, increasing numbers of disenfranchised youth and population displacement caused by climate change and natural disasters.

Health

- reaffirmed the continuing importance of health as a regional priority;

- committed their governments to provide sufficient national resources and policy focus to the health sector, continue to support the direction offered by the Region's Ministers of Health, and called on SPC to supplement national capacity and support regional action with a particular focus on:
 - the continued implementation of the *2007 Vanuatu Commitment* and especially action to:
 - mitigate non-communicable diseases and communicable diseases including HIV and sexually transmitted infections;
 - support work on human resources for health and health system strengthening; and
 - address emerging challenges impacting on health such as climate change and environmental and food security.

Education and Human Resource Development

- reaffirmed the continuing importance of education as a regional priority;

- committed their governments to provide sufficient national resources and a policy focus to the education sector, continue to support the direction offered by the Forum Education Ministers, and called on the Forum Secretariat, South Pacific Board for Educational Assessment, USP and SPC to supplement national capacity and support regional action with a particular focus on:
 - supporting the rationalisation and harmonisation of education initiatives across the region;

 - supporting the training of people and their possible pursuit of economic opportunity across the region including through improved quality and access to technical and vocational education and training;

 - improving the quality of education through better teacher training and up skilling, more adequate resources and the use of assessment;

 - promoting greater attention to building life skills and other forms of formal and non-formal education to assist Pacific Island children prepare for their futures;

 - working to improve access to education opportunity particularly through distance and flexible learning for the region's youth and disadvantaged groups;

- supporting the implementation of the Pacific Regional Framework and Action Plan coordinated by the Pacific Centre for Environment /USP in collaboration with regional and international organisations for Education for Sustainable Development; and
- reaffirming the importance of higher and tertiary education as complementing efforts to strengthen national development.

Governance

- reaffirmed the continuing importance of achieving good governance as a fundamental regional priority;
- committed their governments to provide sufficient national resources and policy focus to achieve the highest standards of governance and called on appropriate regional bodies, in particular the Forum Secretariat and SPC to supplement national capacity and support regional action with a particular focus on:
 - improving standards of accountability and integrity and welcomed:
 - the work of key partners, including the region’s Auditor-Generals, the Pacific Association of Supreme Audit Institutions Secretariat (PASAI) the Asian Development Bank and the International Organisation of Supreme Audit Institutions in supporting the development of the Pacific regional audit initiative;
 - PASAI’s decision to substantially strengthen its Secretariat in this respect through enhanced regional cooperation in support of training and advisory services;
 - initiatives to assist in implementing sub-regional responses as in Kiribati, Nauru and Tuvalu and to design and implement region-wide performance audit work and capacity building programmes;
 - building demand for better governance and supporting increased levels of participation in political and democratic processes;
 - continuing to support the strengthening of leadership, through training and
 - enhancing other governance mechanisms; and
 - giving high priority to reform, better coordination and strengthening of statistical capabilities to improve evidence based government planning, decision making and service delivery.

ANNEX 6

**MAIN ONGOING PROJECTS AND PROGRAMMES
FINANCED BY THE EUROPEAN COMMUNITY IN THE PACIFIC**

Summary of 9th EDF projects

All regional projects under the 9th EDF have been signed and implementation is ongoing.

Several regional projects will come to an end in 2008 and for others a no cost time extension has been requested.

9 ACP RPA 1 – PRIDE (Pacific Regional Initiative for the Development of basic Education) – (Commitment 8M €, Contribution agreement signed with USP for 7.8M €, spent: 4M €, RAP: 3.8M €)

The 5th workshop of National Project Coordinators (NPCs) was held in April 2008. It provided an overview of the progress in the different Key-Result-Areas (KRA) of the PRIDE project.

- In KRA 1 (Elaboration of comprehensive Strategic Plans)) PRIDE has provided support in the review and development of ten national education plans as well as four state plans for the Federated States of Micronesia. Additional support has been provided to Solomon Islands and Papua New Guinea to develop a collective total of 30 provincial education plans.
- Under KRA 2 (Implementation of Strategic Plans) tremendous progress has been achieved in the development and implementation of 142 subprojects in the region across all levels of basic education (early childhood, primary, secondary) and in the formal and non-formal sectors. These subprojects have focused on the following areas: curriculum, policy, resources, TVET, teacher education, and capacity building training for a broad spectrum of educational professionals, including teachers, principals and administrators. Now all efforts concentrate to achieve a 100% implementation rate of all sub-projects,
- Under KRA 3 (Strengthening regional capacity to support planning) the development of the PRIDE online resources centre and publication of the PRIDE Pacific Education Series are two other major achievements and are reflective of the philosophy of sharing best practice The Monitoring and Evaluation Handbook has been ratified by the last Project Steering Committee meeting in November 2007 and is mandatory to be used for reporting in the countries.

Efforts to strengthen the capacities of the Institute of Education at USP continue. So far eight regional thematic workshops have been organised by PRIDE, resulting in four publications, the latest two have been launched by the EC and NZ Aid in March this year. Three more publications are planned for 2008, resulting out of workshops on TVET (Technical & Vocational Education & Training), inclusive education and Early Childhood Education.

The current review of FBEAP (2008) will give some direction for the future of PRIDE.

9.ACP.RPA.005: Reducing Vulnerability of Pacific ACP States II – (Commitment: 2.55 M €, Contribution agreement signed with SOPAC for 2.5M €, spent: 1.6M €, RAP: 0.9M €)

- Project is now entering the last few months of implementation. Transfer of data to countries and final reporting has commenced.
- Major work during the early 2008 include Marine Survey of Aitutaki Lagoon and approaches completed;
- GIS workshops (capacity building) were undertaken in FSM, Palau, Marshall Islands, Cook Islands and Niue;
- Rainwater harvesting asset inventory and GIS – fieldwork completed in Nauru and Coastal hazard mapping work undertaken in Niue.

9.ACP.RPA.002: Development of Sustainable Agriculture in the Pacific ACP States (DSAP) II – (Commitment 2 M €, Contribution agreement signed with SPC for 1.95M €, spent: 0.95M €, RAP: 1M €)

- Using participatory methods the project continues to increase sustainable agricultural production of targeted farm families in participating countries. With the sharp rise in global food prices the project's relevancy is higher now than when first conceived. An expansion of the project under the 10th EDF is a distinct possibility.

9.ACP.RPA.03: Extension of Plant Protection in the Pacific project to 6 ACP states (PPP) – (Commitment 1.5 M €, Contribution agreement signed with SPC for 1.5M €, spent: 1M €, RAP: 0.5M €)

- An extension and budget reallocation of the 9th EDF PPP project was approved to 31st December 2008;
- Project continues to facilitate suitable and sustainable production and trade of agricultural produce by minimizing pests in Cook Islands, FSM, Marshall Islands, Nauru, Niue and Palau;
- Assisted in the establishment of effective and sustainable quarantine services in all six PACP states;
- Assisted six PACPs in adopting improved pest management practises by farmers.

9.ACP.RPA.004: Pacific Regional Coastal Fisheries Development Programme (COFISH) – (Commitment 2M €, Contribution agreement signed with SPC for 2M €, spent: 1.6M €, RAP: 0.4M €)

- Preliminary regional data analysis underway with early results presented to the Forum Fisheries Committee Officials and Ministerial meetings in Palau, with positive feedback
- Policy Brief produced on a regional approach to invertebrate export fisheries as well as an article published in Islands Business covering the beche-de-mer fishery across the region based on results of survey work
- Invertebrate export fishery assistance (trochus and beche-de-mer) to the Federated States of Micronesia with a focus on fishery surveys in Kosrae and Pohnpei, with training of fisheries officers from all four States.

- Socioeconomic workshops held in Noumea using the newly published manual for collecting a minimum data set
- Preparation for conducting four finfish underwater visual census (UVC) workshops completed with first workshop to commence in mid-June.

9.ACP.RPA.008: Development of Tuna Fisheries in the Pacific ACP Countries (DEVFISH) – (Commitment 3M €, Contribution agreement signed with FFA for 2.8M €, spent: 1.8M €, RAP: 1M €)

- The project is due to finish Dec. 08. A twelve-month no cost extension for the 9th EDF component has been requested. Assuming approval is granted the operational phase of the 9th EDF component will end in Dec. 09. A mid-term review in 2007 concluded that the project ranked highest compared with other fisheries projects in the region over the past 20 years. An expansion of the project under the 10th EDF is a distinct possibility.
- A proposed framework for the development of the longline fishery was completed and discussed at the subregional committee on tuna and billfish fishery;
- A strategy for the development of the surface fishery and downstream processing was developed and considered by the subregional Parties to the Nauru Agreement;
- A workshop on fisheries access negotiations was held in Honiara with participation of nine countries (all those with bilateral agreements) – jointly funded by DevFish and FFA;
- A fisheries development master plan for Tuvalu was completed and approved by Cabinet;
- A pilot project for small scale pole and line fishing in Solomon islands was designed and presented to stakeholders – funding is now being sought;
- The final report of a study on gender issues in the tuna industry was completed, following extensive revision;
- Support for a number of national fishing industry associations was continued;
- An ice machine for small scale fishermen in Samoa was installed and handed over;
- Third project steering committee meeting held in Palau.

9 ACP RPA 12 - Facilitating Agricultural Commodity Trade – (Commitment 4 M €, Contribution agreement signed with SPC for 3.9M €, spent: 0.8M €, RAP: 3.1M €)

- The Financing Agreement has been signed by the Parties in October 2007. The Contribution Agreement between the Forum Secretariat and the Secretariat of the Pacific Community has been endorsed by the Head of the Delegation in December 2007. The First Annual Work Programme for 2008 has been endorsed by the Delegation with following forecasted intermediate results: identification of existing constraints to agricultural commodity trade; increase range of more competitive export products for the existing farmers; preparation and dissemination of case studies/success stories. The recruitment plan for the Project has been also accomplished.

9 ACP RPA 013 - Scientific Support for Oceanic Fisheries Management in the Western and Central Pacific Ocean – (Commitment: 4M €, Contribution agreement signed with SPC for 4M €, spent: 1M €, RAP: 3M €)

- The Financing Agreement has been signed by the Parties in December 2007. A Contribution Agreement has been concluded between the RAO, the Secretariat of the Pacific Community. First Annual Work Programme has been endorsed by the Delegation starting in February 2008. First Project Steering Committee met in Palau in May 2008.
- The project recently started its implementation with approved Work Plan and Budget for 2008. By now all administrative matters associated with establishing the Project in the areas of staff recruitment and finance have been accomplished. Five of the six professional positions have been recruited, with the sixth not scheduled until 2009. In terms of results of the SCIFISH the focus of the 2008 work plan will be a series of observer training workshops, and the development of Competency Based Training (CBT) standards and providing capacity to countries to undertake their own accredited training.

ANNEX 6b

Fiche: **Pacific Regional Program**

updated on 30/07/2008

9th EDF

- The **RSP** focuses on Regional Economic Integration (9 M€), Human Resources Development (8 M€) and Fisheries (5M€) and non focal sector (7M€).
- The **MTR** did modify the financial envelope with a top up of 10 M€ (total RIP 39.640 including transfers of previous EDF), of which 2 M € top up on regional integration 9 PACREIP project) , 4M€ on agricultural development (FACT project) and 4M€ on fisheries (SCIFISH).
- The **ETR** envelope was of 40.585.996, including transfers from previous EDF has slightly reduced the total allocation to 24.6 million € (Envelope A: 23.5 million € and Envelope B: 2.1 million €).
- All 9th EDF committed within the ETR deadlines. The introduction of contribution agreement with regional agencies since 2002 has helped to ease the implementation of the RSP.

9th EDF Project summary sheet

Title	Amount	Status	Comments
Technical Assistance to the RAO - II	€1.265M	ongoing	Objectives: to administer, coordinate and monitor EDF funded projects. The project has benefited of a ceiling increase in 2007.
Regional Economic Project (PACREIP) – 9.ACP.RPA.06	€11.2 M	ongoing	Implementing Agencies: Pacific Islands Forum Secretariat, SPTO, SPC Objectives: to sustain regional economic integration of the Pacific ACP countries through the support to the establishment of a free trade area and the strengthening of wider involvement in regional and global processes)
Extension of the Plant Protection in the Pacific to 6 New Countries ADDPIC(PPP) – 9.ACP.RPA.03	€1,512,000	ongoing	Implementing Agency: SPC Objectives: Development of suitable and sustainable production and trade of agricultural produce by minimizing pests; assistance in adopting improved pest management practises by farmers; adequate quarantine services for addressing increased trade and tourism.
Development of Sustainable Agriculture in the Pacific	€1,981000	ongoing	Implementing Agency: SPC

(DSAP II) – 9.ACP.RPA.02			Extension to 6 new PACPS countries. Objective: to increase the farming households' production and productivity
Pacific Regional Coastal Fisheries Development Programme (COFISH) – 9.ACP.RPA.04	€1,997 476	ongoing	Implementing Agency: SPC Extension to 6 new PACPS countries Objectives: to contribute to the long term sustainable management of fisheries resources.
Reducing Vulnerability of Pacific ACP States II – 9.ACP.RPA.05	€ 2.55M	ongoing	Implementing Agency: SOPAC Extension to 6 new PACPS countries Objective: vulnerability reduction through the development of an integrated planning and management system in the sectors impacting on hazards, aggregates for construction and water and sanitation.
Pacific Regional Initiatives for the Delivery of Basic Education (PRIDE) – 9.ACP.RPA.01	€ 8 M	ongoing	Implementing Agency: University of South Pacific Objective: to improve the quality of basic education strengthening the education planning and implementation process in each PACP
Development of Tuna Fisheries in the Pacific ACP Countries (DEVFISH)– 9.ACP.RPA.08	€ 3 M	ongoing	Implementing Agencies: FFA & SPC Objective: sustainable development of highly migratory oceanic living resources, particularly tuna fisheries.
Pacific Environmental Information Network (PEIN II) – 9.ACP.RPA.09	€560,000	ongoing	Implementing Agency: SPREP Extension to 6 new PACPS countries Objective: improvement in access to environmental information within member countries, by strengthening the capacity of national environment agencies to identify, collect, organise and disseminate environmental information

Facilitating Agriculture Commodity Trade (FACT) – 9 ACP RPA 13	€4 M	ongoing	Implementing Agency: SPC Objectives: to promote trade by the sustainable increase of quality and range of agriculture and forestry export products
Scientific Support for oceanic Fisheries management (SCIFISH) – 9 ACP RPA 13	€ 4 M	ongoing	Implementing Agency: SPC Objectives: to strengthen the conservation and optimum exploitation of fish stocks by promoting regional cooperation and coordination of policies aimed at eradicating poverty and securing maximum benefits for the people of the Region.

9th EDF INTRA ACP PROJECTS summary sheet

Title	Amount	Status	Comments
Strengthening Fisheries management in ACP countries (FISH II) – 9 ACP RPR 128	€ 30 M (global)	ongoing	Implementing Agency: consultancy firm and Coordination Unit in Brussels Objectives: to promote the sustainable management and exploitation (economic, social and environmental) of aquatic resources and the equitable distribution of benefits, thus leading to poverty alleviation and improving food security
Disaster facility – 9 ACP RPR 138	€ 12 M (global) € 1.868 m RPA-003-06rev	ongoing	Implementing Agency: SOPAC Objectives: to reinforce SOPAC initiatives in the field of disaster risk management, specifically, to enhance the human safety level of the populations and to reduce the social, economic and environmental costs of natural disasters in the Pacific region
Water Facility Pacific Hydrological Cycle Observing System (HYCOS) – 9 ACP RPR 39/24	€ 3,5 (EU contribution € 2,5 M)	ongoing	Implementing Agency: SOPAC Objectives: to improve management and protection of the fresh water resource; to establish and reinforce on a national level human and technical capabilities in data collection and management and water resources assessment
Pacific Integrated Water Resources Management Planning programme – 9 ACP RPR 101/8	€ 3,8 M (EU contribution € 2,8 M)	ongoing	Implementing Agency: SOPAC Objectives: to enable PACP countries to draw up national Integrated Water Resources Management policies and water strategies, endorsed by both governments and civil society stakeholders, and integrated into the national sustainable development

			strategies
Capacity Support for sustainable Management of Energy resources in the pacific region (PPA) – 9 ACP RPR 169	€1,2 M	ongoing	Implementing Agency: Pacific Power Association (PPA) Objectives: to improve energy services in the PACP countries with a focus on energy efficiency, development of renewable and sustainable sources of electricity production and reduction of fossil fuel usage (according to the aim of the EU Energy Initiative). Pacific Power Utilities are the primary targets of the initiative
All ACP Agricultural Commodity Programme – RPR/010/06	€ 45 M (global)	ongoing	Implementing Agency: Coordination Unit (centralised management) and joint management (contribution agreements) with World Bank, FAO, UNCTAD, International Trade Centre, Common Fund for Commodities Objectives: to improve incomes for producers and reduce income vulnerability at both producer and macro level

9th EDF B envelope ²⁵

Title	Amount	Status	Comments
Disaster risk reduction in 8 Pacific ACP states - 9 ACP RPA/002/06rev	€9,260,000	ongoing	Implementing Agency: SOPAC Objectives: To reduce vulnerability and increase resilience in FSM, RMI, Nauru, Palau, PNG, Solomon Island, Tuvalu

²⁵ Funded from NIPs.

ANNEX 7A

PACIFIC REGION DONOR MATRIX

Donor matrix by area / sector of intervention and contributions (% of regional budget)

Areas / sectors of intervention		Civil Society (including churches and NGOs)	Private Sector	Multilateral and Bilateral Institutions	Regional Budget (%)
Natural Resources	Agriculture & Forestry			EU, FAO	6.5
	Marine			EU, ADB	5.81
	Environment			ADB, Aust, Canada, France, NZ, UNDP, EU	8.88
HRD and Social Development	Governance			Aust, NZ, UNDP	2.3
	Law & Justice			Aust, NZ, UNDP	3.52
	Disaster Mitigation			EU	7.69
	Health			Aust, EU, France, Japan, NZ, UNDP	12.77
	Culture			EU, France	0.38
	Community Development			Canada	1.37
	Basic Education			EU, NZ	3.78
	Secondary Education				0
	Tertiary Education			Aust, EU, Japan	5.17
	Non-Formal Education			Aust, NZ	2.03
Other	Core CROP			Aust, NZ	19.4
	Miscellaneous			Aust, Canada, NZ	4.13
Economic and Private	Private Sector			ADB, Aust, NZ, UNDP	1.78

Sector	Tourism			EU	0.33
	Industry & Trade			Aust, EU, FAO	5.95
	Energy			Aust	5.33
	Transport & Communications			ADB, EU	0.34
	Economic Reform & Finance			ADB, Aust, UNDP	2.81

Source: PIFS 2006

(shading indicates action by civil society or the private sector)

ANNEX 7b

Donor matrix by sectors of intervention and total financial contributions

Original Sectors	OECD-DAC Sectors	Australia	Canada	France	Germany	Japan	NZ	USA	AsDB	AsDF	EC	UNDP	Totals	Excl EC
		(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)
Agriculture/Forestry	Agriculture	7,048717	0	0,150277	0	3,184615	1,759982	0	0	0	2,160934	0	14,304525	12,143591
	Forestry	1,408812	0	0	8,400000	0,383386	0,000987	0	0	0	0,592747	0	2,385932	1,793185
Marine Resources	Fishing	4,940681	0	0	0	23,353555	0,96595	0	0	0	3,824816	0	33,085002	29,260186
Environment	General Environmental Protection	4,014924	0	0,644381	0	1,293866	2,43765	3,1	0	0	1,183584	0	12,674405	11,490821
Disaster Mitigation	Disaster Prevention & Preparedness	0,049573	0	0	0	0	0,067141	3,119	0	0	0	0	3,235714	3,235714
Private Sector	Business & Other Services	7,562426	0	0,053041	0	0,315112	0,777979	4,401	0	0	0	0	13,109558	13,109558
Tourism	Tourism	0,000079	0	0	0	0,432681	0,526428	0	0	0	1,052857	0	2,012045	0,959188
Industry & Trade ⁸⁰	Industry	0,20102	0	0,020272	0	1,704881	0,534625	0	0	0	6,475045	0	8,935843	2,460798
	Trade Policy & Regulations	0,062284	0	0	0	0,354343	1,02651	0	0	0	0	0	1,443137	1,443137
Energy	Energy	6,600581	0	0	0	12,864635	1,172884	0	0	0	0,516021	0	21,154121	20,6381
Transport/Communications	Transport & Storage	24,435521	0	0,122792	0	9,228626	5,658678	0	0	0	6,494942	0	45,940559	39,445617
	Communications	0,44215	0	0	0	2,147328	0,02511	0,15	0	0	0	0	2,764588	2,764588
Governance	Government & Civil Society	279,900966	0	0,025175	0	5,738146	15,206067	0,308	0	0	8,946645	0	310,124999	301,178354
Economic Reform/Finance	Banking & Financial Services	0,118974	0	0	0	0,156701	2,76086	0	0	0	0	0	3,036535	3,036535

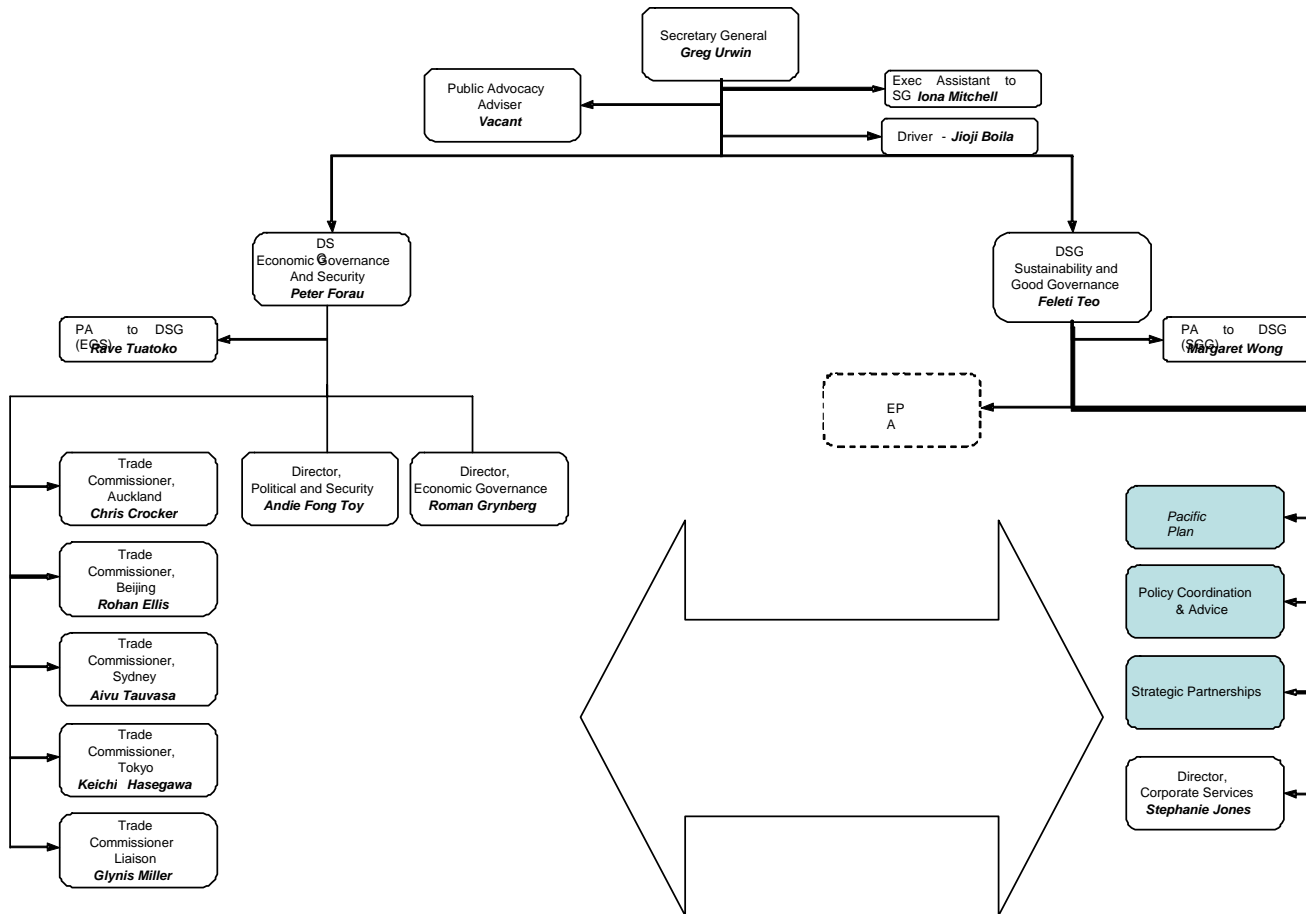
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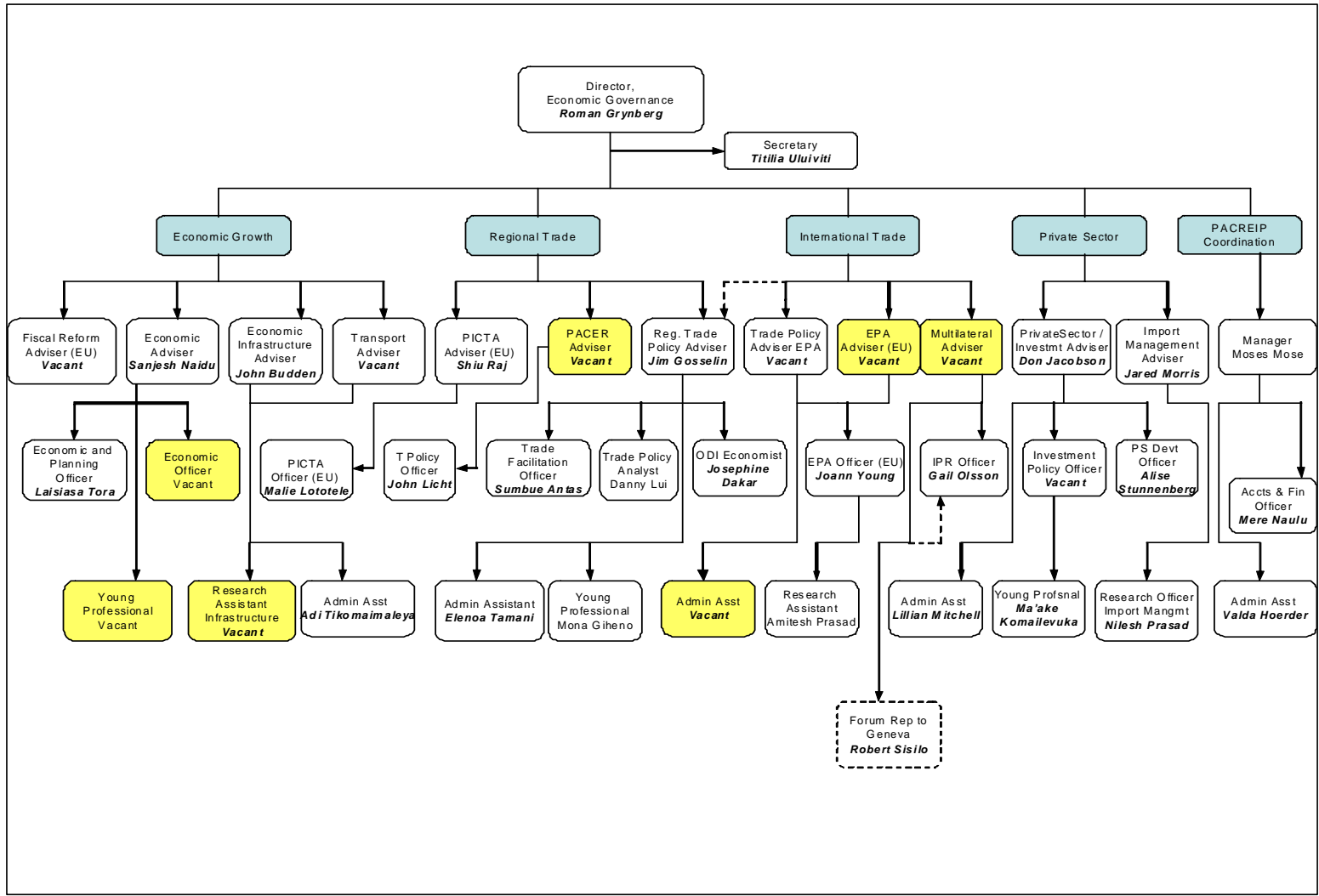
Law & Justice	**					0							0	0
Health	Health	60,277001	0	1,310578	0	6,553477	11,318293	23,988	0	0	2,241361	0	105,68871	103,447349
Culture	**												0	0
Community Development	**												0	0
Basic Education	Basic Education	10,585381	0	0,210227	0	3,815448	13,750614	0	0	0	2,658245	0	31,019915	28,36167
Secondary Education	Secondary Education	1,482501	0	0,333421	0	3,97353	1,846056	0	0	0	1,94953	0	9,585038	7,635508
Tertiary Education	Post-Secondary Education	2,977523	0	2,06552	0	0,486831	13,704344	0	0	0	6,64902	0	25,883238	19,234218
Non-Formal Education	Education, Level Unspecified	32,13618	0	0	0	3,733375	1,741041	38,066	0	0	7,571112	0	83,247708	75,676596
Core CROP	**													
Miscellaneous		106,67869	0,016134	3,596101	0	19,267652	33,67283	113,827	0	0	31,51857	0		
TOTAL	TOTAL	550,923984	0,016134	8,531785	0	8,400000	98,988188	108,954029	186,959	0	0	83,835429	0	

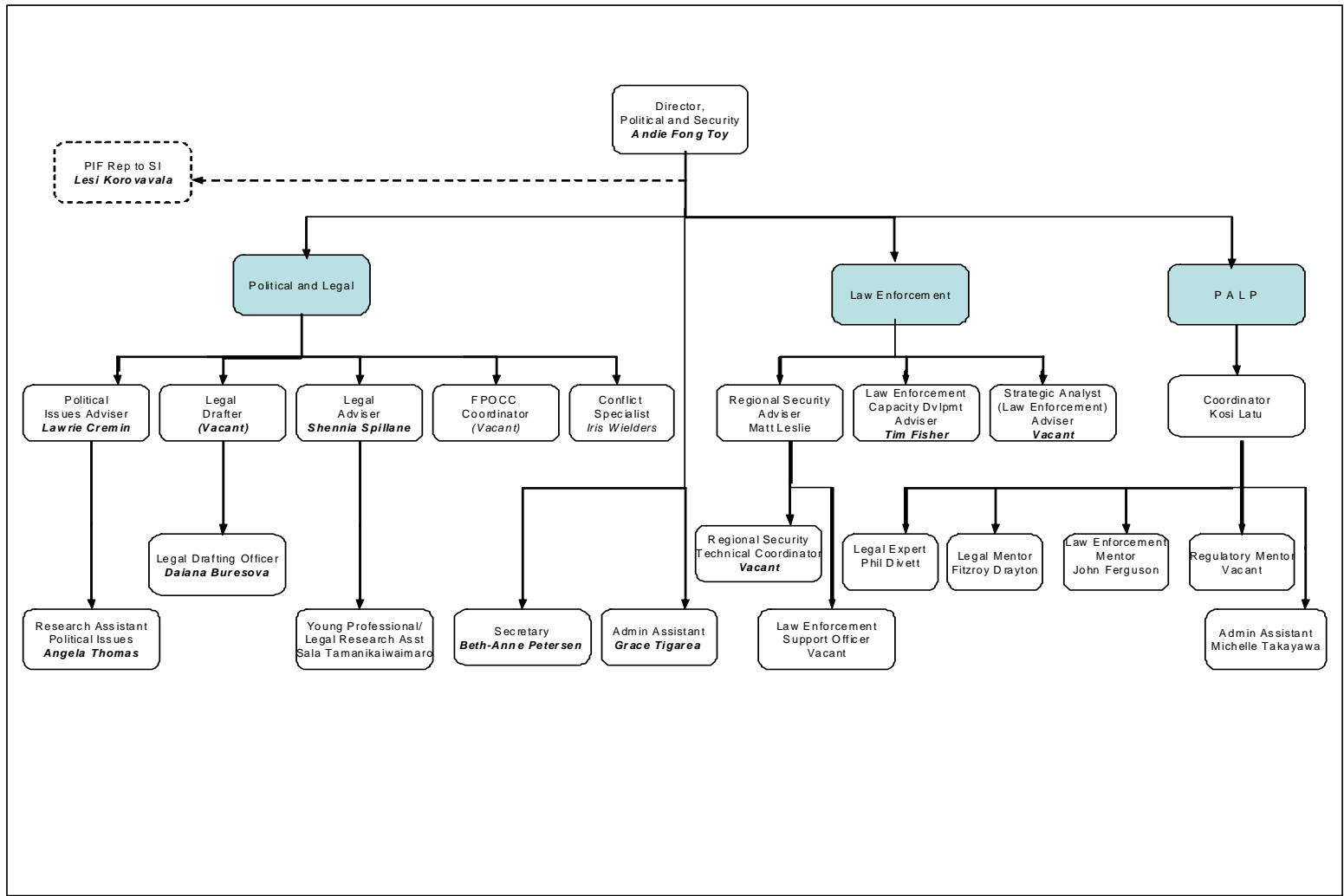
Source: www.oecd.org

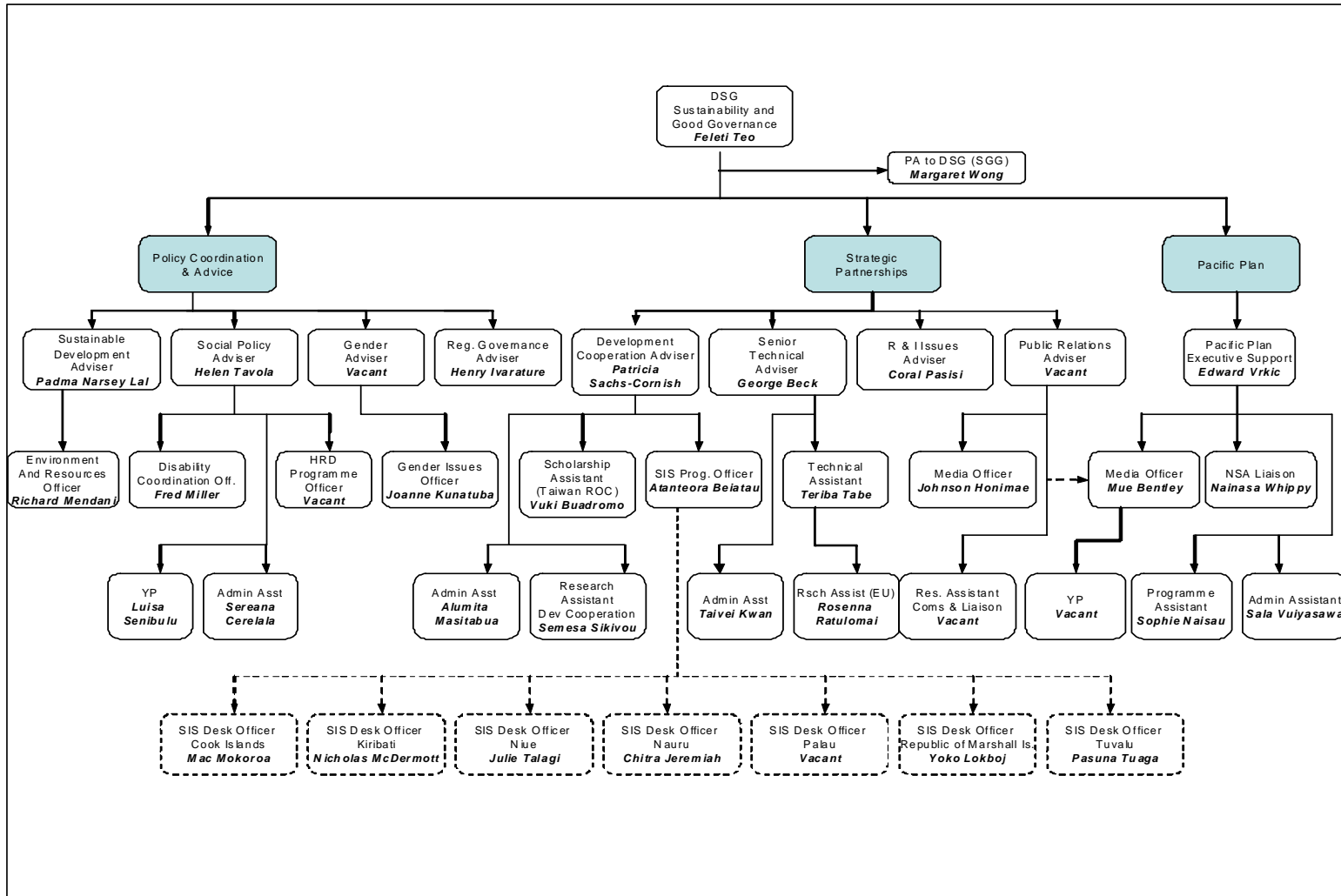
Data as of 2006 latest available

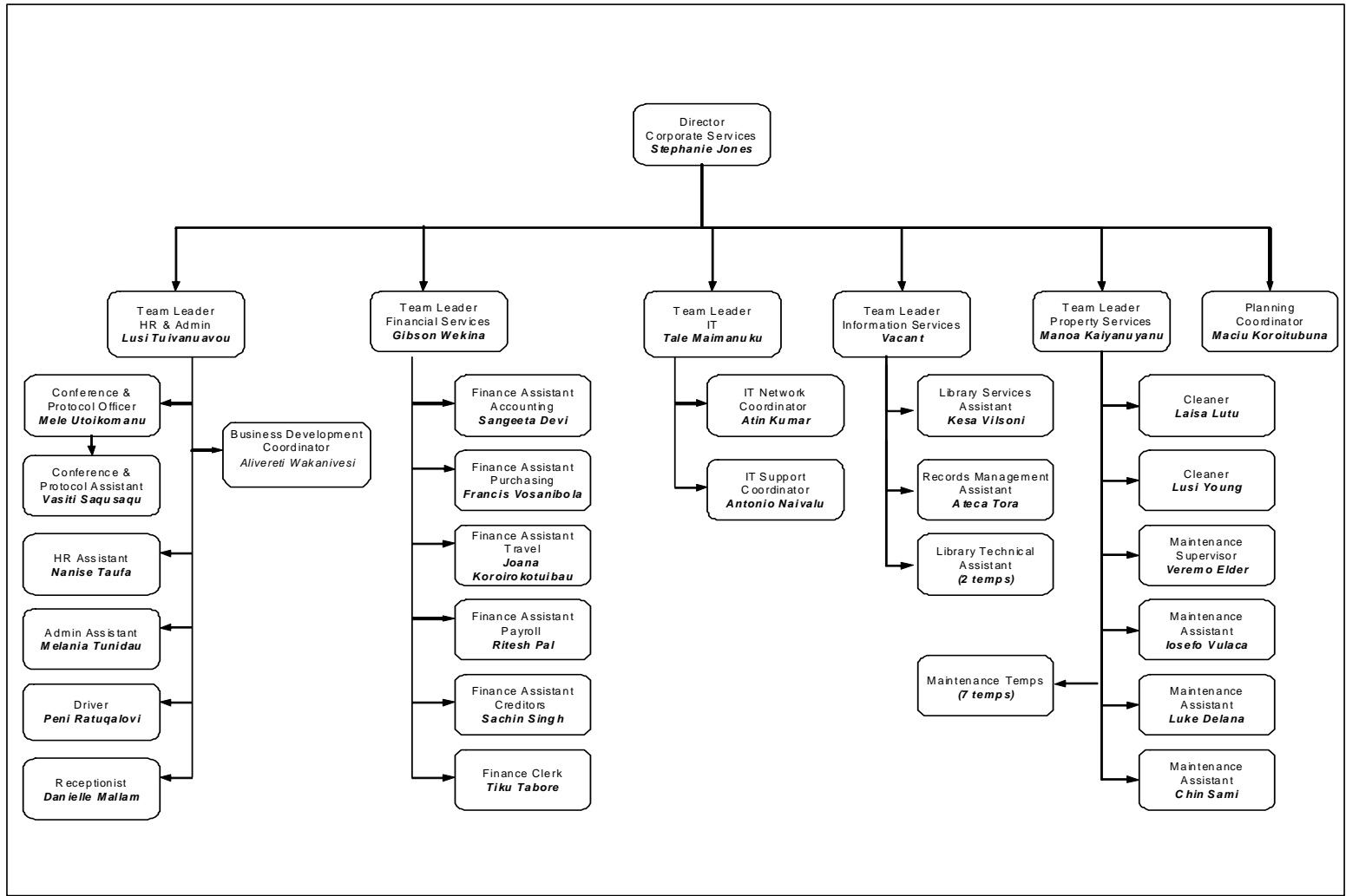
Annex 8 - Forum Secretariat Structure
as at 9 June 2008











PACIFIC REGIONAL ORGANISATIONS

The Council of Regional Organisations in the Pacific (CROP)

- Pacific Islands Forum Secretariat (PIFS)
- Pacific Islands Forum Fisheries Agency (FFA)
- Pacific Islands Development Programme (PIDP)
- Secretariat for the Pacific Community (SPC)
- Pacific Islands Applied Geosciences Commission (SOPAC)
- Pacific Regional Environmental Programme (SPREP)
- South-Pacific.Travel (SPTO)
- University of the South Pacific (USP)
- South Pacific Board for Educational Assessment (SPBEA)
- Fiji School of Medicine (FSchM)
- Pacific Power Association (PPA)

CROP Memberships

	FSchM	FFA	PIDP	PIFS	SPC	SOPAC	SPBEA	SPREP	SPTO	USP	PPA
American Samoa			X		X			X	X		X
<i>Cook Islands</i>		X	X	X	X	X		X	X	X	X
<i>FSM</i>		X	X	X	X	X		X			
<i>Fiji Islands</i>	X	X	X	X	X	X	X	X	X	X	
French Polynesia			X	*	X	*		X	X		X
Guam			X		X	X		X			X
<i>Kiribati</i>		X	X	X	X	X	X	X	X	X	X
<i>Republic of the Marshall Islands</i>		X	X	X	X	X	X	X		X	X
<i>Nauru</i>		X	X	X	X	X	X	X		X	X
New Caledonia			X	*	X	*		X	X		X
<i>Niue</i>		X	X	X	X	X	X	X	X	X	X
Northern Mariana islands			X		X			X			
<i>Palau</i>		X	X	X	X			X			X
<i>Papua New Guinea</i>		X	X	X	X	X		X	X		X
Pitcairn Island					X			X			

<i>Samoa</i>		X	X	X	X	X	X	X	X	X	X
<i>Solomon Islands</i>		X	X	X	X	X	X	X	X	X	X
Tokelau		X	X		X			X		X	
<i>Tonga</i>		X	X	X	X	X	X	X	X	X	X
<i>Tuvalu</i>		X	X	X	X	X	X	X	X	X	X
<i>Vanuatu</i>		X	X	X	X	X	X	X	X	X	X
Wallis and Futuna			X	**	X			X			X
<i>East Timor</i>				**							
Australia		X		X	X	X	X	X			
France					X			X			
New Zealand		X		X	X	X	X	X			
USA					X			X			

N.B. ACPs in bold italics; * = associate member; ** = observer

Mandates and activities of CROP members

ORGANISATION	MANDATE/MISSION/MAIN ACTIVITIES	WORK PROGRAMMES
Pacific Islands Forum Secretariat (PIFS)	To service the annual Forum meeting of the heads of Government of the independent and self-governing countries of the Pacific, and to foster regional cooperation and integration, particularly on economic and trade matters, as directed by the Forum.	Economic Policy Regional Policy Coordination Donor Coordination International & Political Issues Legal and Law Enforcement Trade, Private Sector and Investment Policy Support Export Development & Marketing Economic Infrastructure Policy
Fiji School of Medicine (FSchM)	To provide quality health professional education, training and research for the Pacific. It offers academic programmes in medicine, dentistry, environmental health, radiography, medical laboratory technology, nutrition and dietetics, pharmacy and public health.	Academic Teaching Academic Support Services Distance Learning Dissemination of Knowledge by Teaching General Education Programme Information and Research Regional Centre for Excellence
Forum Fisheries Agency (FFA)	To collect and disseminate to its members countries information and advice on the living marine resources of the region, including the management, exploitation and development of these resources, and to coordinate and provide technical assistance to its members on request.	Tuna Industry Policy Regional Tuna Management Economics & Marketing Legal Services Monitoring & Surveillance Information Technology Corporate & Treaty Services
Pacific Islands Development	To contribute to the processes of sustainable development through research, education and	Professional Services and Research

Programme (PIDP)	dialogue and advance cooperation and understanding between Pacific islands and Pacific rim nations.	Development-Related Services Education and Training Pacific Islands Report Promote Economic Relations between U.S and PICs.
Pacific Islands Applied Geo-science Commission (SOPAC)	To assist its member countries in identifying, assessing and developing the mineral and non-living resource potential of the extensive marine resource jurisdiction as declared under the United Nations Convention on the Law of the Sea (UNCLOS).	Applied Environmental Geoscience Natural Resources Development Non-Living Resources Reducing Vulnerability and Risk Management Ocean and Island Ecosystems Sustainable Water and Sanitation Services Resource Asset Management
Pacific Power Association (PPA)	Enhance the performance of power utilities in the region through a cooperative effort by maintaining a partnership among the Active Members.	Regional Training Technical Cooperation for Sharing Utility Experience Regional Power Sector Database Annual Trade Exhibition Renewable Energy & Energy Efficiency

ORGANISATION	MANDATE/MISSION/MAIN ACTIVITIES	WORK PROGRAMMES
Secretariat of the Pacific Community (SPC)	To provide service to its members countries and cooperation with other regional and international organisations with the aim of improving economic, social and environmental qualities of the region, with an emphasis on activities conducted in rural areas and at the grass roots level.	Agriculture and Forestry Programmes Plant Protection, Quarantine, Animal Health & Trade Facilitation Public Health, Veterinary Services, Resource Economics Coastal, Oceanic Fisheries and Maritime Programme Nutrition, HIV Programmes, Culture & Statistics Programmes IPR, Renewable Energy, Health Issues.
South Pacific Board for Educational Assessment (SPBEA)	To provide quality service to its members, promote self reliance in the area of educational assessment and to encourage members countries to keep abreast with current developments in the area of educational assessment.	Assessment Support Assessment Training Examination Services Information Technology, Research and Special Services
South Pacific Regional Environment Programme (SPREP)	To promote cooperation in the South Pacific region and to provide assistance in order to protect and improve its environment and to ensure sustainable development for present and future generations.	Environment Management Conservation and Ecosystems Management Species Protection Pollution Prevention & Waste Management Climate Change and Variability Sustainable Development Sea Level Rise and Vulnerability Integrated Environment & Development Communications and information Traditional Resource Management
South Pacific .Travel	To provide service to its members countries and promote cooperation in the marketing and development of Tourism in the South Pacific .	Regional Cooperation on Tourism Marketing & Promotional Activities Eco-Tourism

		<p>Research & Development</p> <p>Promoting Cultural identities</p>
<p>University of the South Pacific (USP)</p>	<p>To provide for the Pacific region's need for cost effective and internationally recognised higher education and training at all levels; and</p> <p>To ensure that such education and training is sensitive and relevant to the diverse island cultures and environment; and</p> <p>to promote social and economic advancement and good governance among Pacific communities.</p>	<p>Academic Teaching</p> <p>USP Centres Teaching</p> <p>Institutes Subvention</p> <p>Academic Support Services</p> <p>Distance Learning</p> <p>Dissemination of Knowledge by Teaching</p> <p>Community Services</p> <p>General Education Programme</p> <p>Research, USP Council, University Visitors</p> <p>Satellite Communications Network</p> <p>Information and Research</p> <p>International Centre for Excellence</p>

DELEGATION OF THE EUROPEAN COMMISSION FOR THE PACIFIC

**PROGRAMMING OF THE 10TH EUROPEAN DEVELOPMENT FUND
(EDF 10)**

ECONOMIC PARTNERSHIP AGREEMENTS (EPA)

EUROPEAN COMMISSION (EC) & NON STATE ACTORS (NSAs)

CONSULTATION FORUM

22 August 2006

SUVA, FIJI

REPORT

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Suva, Fiji

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I. INTRODUCTION

The European Commission (EC) and Non State Actors (NSAs) Consultation Forum was held at the Holiday Inn, Suva, Fiji, on 22 August, 2006. It focused on programming of the 10th European

Development Fund (EDF) in terms of the processes, actors and content and on the EU-ACP²⁶ Economic Partnership Agreements (EPAs).

SUMMARY OF DISCUSSIONS

AGENDA ITEM 1 — OPENING

1. **Mr Florimond van de Velde**, EC Delegation, welcomed participants to the consultation forum and introduced the EC Head of Delegation, **Dr Roberto Ridolfi**.
2. The two main topics under discussion for the first part of the Forum were the programming of the 10th European Development Fund (EDF) in terms of processes and actors and the likely content of Country Strategy Papers (CSPs) being formulated in the region.
3. Development-driven actions for NSAs are currently being undertaken at both national and regional levels and are funded both through the EDF and the budget of the European Commission.
4. Several Calls for Proposals for NGOs were mentioned in the area of environment, human rights, poverty alleviation and promoting the achievement of the Millennium Development Goals (MDGs).
5. It was noted that the EU is in constant dialogue and negotiation with governments in the Pacific region, e.g. in Fiji in terms of the reform of the sugar sector. This area contains substantial issues of good governance which need to be addressed before the EU can commit large amounts of financial assistance. This, it was stressed, is not just relevant to Fiji, but to many other Pacific countries as well.
6. The region experiences problems of access to resources, of transparency in terms of economic and financial transactions on land use and of accounting for stakeholders' views. In this context, and many others, NSAs and NGOs can play crucial roles. The role of NSAs under the Cotonou Agreement was highlighted and described as a necessary part of the democratic process of any country.
7. The focus of the 10th EDF vis-à-vis the environment and good governance were clarified. In this context, the Pacific Ocean should be considered a protected area and, without good governance, social inequalities would inevitably increase and aid would be ineffective.

AGENDA ITEM 2 — PROGRAMMING OF THE 10TH EDF

²⁶ ACP refers to African Caribbean Pacific states.

8. **Mr Michael Graf, EC Delegation**, introduced the presentation on programming of the 10th EDF. He discussed the European Consensus on Development Policy, the 10th EDF global allocation, the 10th EDF in the Pacific and programming procedures.
9. **Ms Raijeli Tuivaga, EC Delegation**, indicated the likely country-specific allocations under the 10th EDF. Countries covered were: Fiji, the Cook Islands, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Tonga and Tuvalu. The regional allocation and the role of NSAs in the 10th EDF were also discussed.
10. The total ACP allocation under the 10th EDF is €22 billion. Programming of the EDF in the Pacific focuses on the priorities of the *Pacific Plan*, the 'Green-Blue' Strategy. Furthermore, an incentive tranche was mentioned as well as the need for improved coherence between national and regional programmes.
11. Programming of the EDF in the Pacific has begun in March 2006 and the EC is undertaking regional and national consultations on programming of the funds.

DISCUSSION

During discussion the following questions were raised:

12. How can community groups access the 10th EDF funds.
13. Does EDF funding cover conflict prevention and how can regional NGOs access the funding.
14. Is privatisation of water a precondition of the EDF's allocation, and what is the Fiji NSA allocation.
15. Clarification was sought on the aspects of good governance being referred to by the EC.
16. As regards Tonga it was noted that presently government did not recognise NSA/NGO efforts and the question was raised whether the EU considered government and NGO representatives as joint partners. There is currently no specific allocation for NSAs under Tonga's EDF 10 allocation.
17. Does the EU lay down basic criteria that governments need to meet in terms of good governance and how does this affect disbursement of aid.
18. Concern was expressed at the lack of a clear access point for funding of NSAs with a regional focus.
19. The need was stressed to involve NGOs active at community level and it was agreed that a mechanism had to be created whereby regional NGOs could participate in regional programmes.
20. How can NSAs be a guaranteed part of the decision-making process for approval of EDF funding. Reference was made to the Fiji Forum of Non State Actors (FFONSA) as the vehicle for this. FFONSA may not necessarily carry out this role under the 10th EDF and the situation will have to be looked at in detail as the implementation of the 10th EDF takes shape.
21. Can unused funds from regional and national allocations be transferred to NSAs. Can monitoring reports of EU projects be made available to review the manner in which funds are used.

22. In response to the questions it was stated that, on the subject of privatisation of water, this is not a precondition of EU funding. As to governance, this is based on profiles with various criteria, applied to governments in the region. But NSAs were advised not to get fixated on the EDF governance allocation, since it would not always be likely that governments would commission NSAs to carry out activities in this area.
23. As to the link between good governance and the allocation of funds, it was pointed out that under the Cotonou Agreement there exists an article suspending aid when good governance and democracy are not practised. The example was given of the EU's freezing aid to Fiji for three years as a result of the May 2000 coup.
24. It was suggested that NSAs use national and regional bodies to streamline the information flow and to set up networks to facilitate information exchanges.
25. With regard to monitoring of EU projects, reference was made to FFONSA, which will evaluate the first F\$2 million spent on projects.
26. The EDF 10 allocation for Fiji was said being under discussion and all Country Strategy Papers (CSPs) were currently being developed. The EU would like to hear from NSAs as to where they were at in terms of their discussions with governments on this.
27. Clarification was sought on the role of the National Authorising Officer (NAO) and the Regional Authorising Officer (RAO). It was explained that the NAO is the government counterpart with whom the EU deals in terms of design and implementation of EU assistance. In Fiji, for example, this is the Ministry of Finance, which has a good overview of donor assistance in the country. The RAO is the Deputy Secretary-General of the Pacific Islands Forum Secretariat.
28. The issue of the lack of consultation between government and NGOs in Tonga got sympathy from discussants, who cited the example of Federated States of Micronesia (FSM) whereby NGOs and the government had formed a National Authorising Committee. Governments and NSAs were free to establish such committees which can add value to the domestic decision making process on EDF matters.
29. How can NSAs access funding under the 10th EDF for projects that are not specific to its water and environment criteria. It was pointed out that there existed also other allocations under budget lines, where NGOs could access funding for projects outside the water and environment criteria.
30. It was noted that no consultations had taken place between the Fiji government and NSAs over the issue of water. The Asian Development Bank (ADB) and World Bank were also concentrating on water and it was suggested the EU re-visit this theme.
31. Why are special schools not part of the funding for schools under EDF 9. A relevant organisation also missed out on EU funding disbursed via FFONSA and queried how they could access EU funding. Where do they fit in? It was suggested seeking other avenues to access EU funding for education, such as the EU PRIDE project implemented via the University of the South Pacific. Special and early childhood education were covered via PRIDE. FFONSA added that EU funding via them also covered special education.
32. ~~At the request~~ was made by NSAs as to whether the EU could assist NSAs improving their dialogue with governments. It was suggested that the consultation forum recommend the importance of NSA/government dialogue.
33. It was noted that governance could not be isolated from other focal areas. Funding was needed to ensure Pacific stability the current approach by Pacific governments was a 'top-down' and not a 'bottom-up' one, which meant communities missed out.
34. It was noted that the EU cannot instruct governments to allocate funding to certain areas within an agreed focal sector since this is the result of a process of negotiations. Budget line funding was seen as not always a feasible avenue, since budget line projects require

elaborate applications and the capacity to manage large amounts of money within a highly regulated framework of reporting and acquittal

35. Summary of the morning's proceedings:

- A general lack of consultation between governments and NSAs was noted, whereas consultation and dialogue was legally binding under the Cotonou Agreement.
- The need was expressed for a specific NSA allocation for Tonga at national level.
- Governments were invited to shift the current 'top-down' approach to an alternative, more effective approach to include communities.

AGENDA ITEM 3 — INTRODUCTION TO ECONOMIC PARTNERSHIP AGREEMENTS (EPAs)

36. EPAs were introduced as an instrument during negotiations for the *Cotonou Agreement*. The concern of ACP-EU negotiators at that time was the maintenance, in some form, of preferential treatment after the expiry of trade arrangements under the Lomé Conventions. The previous arrangements were not World Trade Organisation (WTO)-compatible and were destined to be replaced by regional agreements between the ACP regions and EU
37. EPAs are development-driven agreements, and a manifestation of the desire of the EU to continue some form of privileged arrangements for ACP partners, in a way acceptable to developed countries in the WTO. They are not, by any means, a commercial, aggressive tool of the EU as some would lead others to believe. No ACP country was forced to sign an EPA. It represented an opportunity for ACP countries.
38. The focus of Pacific countries on free movement of labour, an idea mooted by the EU during negotiations with ACP states at the start of the negotiations, was welcomed. Australia was increasing its own awareness of the importance of this in relation to economic growth and prosperity.

AGENDA ITEM 4 — UPDATE ON EPAs

39. **Mrs Myfanwy van de Velde** introduced the session. She discussed the EU's relations with ACP States since Lomé 1 (1975) in terms of non- reciprocal trade preferences whereby all industrial goods from ACP countries enter the EU duty-free; 80% of agricultural imports enter duty-free and the remaining 20% benefit from preferences..
40. At the end of the 1990s, both ACP and EU recognised that unilateral preferences were not enough as they did not automatically lead to improved trade performance or trade diversification; they could act as a perverse incentive against competitiveness (as was arguably the case of Fiji sugar).
41. EPAs were intended to be WTO-compatible trade agreements with a strong development dimension offering trade provisions to develop ACP economies (i.e. asymmetrical,

carefully managed liberalisation, safety nets). Such agreements could cover both goods and services.

42. EPAs would offer parallel aid in trade-related areas and would encourage the integration of trade into mainstream development co-operation. They were to be seen as both a process and an instrument for development (capacity building, developing trade policy). EPAs were also more about encouraging Pacific trade as such, rather than Pacific-EU trade per se.
43. Specific issues for the Pacific included :
 - The various interests of different Pacific sub-regions (Micronesia links to US/Melanesian interests).
 - The Pacific's geographic dispersion, size, vulnerability.
 - Fiji sugar (how best to approach in EPA context to preserve advantages).
 - The Pacific Agreement on Closer Economic Relations (PACER)
 - The fact that Australia and NZ were the major trade and development partners in region and that continuing dialogue with them was crucial in the EPA process
 - The fact that Pacific negotiations had been relatively slow and that further acceleration was needed if the prescribed timetable (end-2007) was to be met (resolution of differences, finalisation of texts, ratifications).
44. The focus of Pacific ACP - EPA negotiations so far had been on the the shape of a future Agreement, on investment, and on aspects of goods and services. Discussion on Rules of Origin was a difficult areas. All Pacific ACP states were interested in an Agreement on trade in services ; only some in an Agreement on trade in goods.
45. The importance of debate was stressed, not just with governments, but also with civil society. Some NGOs had taken an aggressive stand on EPAs in the past but had not come up with attractive alternatives. Calls to 'Stop EPA' have now been changed to 'Improve EPA'. EPAs were seen as an offer, not an imposition.
46. EU assistance to the region under the 9th EDF PACREIP programme (€2.2m or F\$19m) was highlighted. Under the 10th EDF (still under discussion) trade-related assistance would figure prominently.

DISCUSSION

During discussion the following emerged:

47. The issues at stake deserve more prominence e.g. via advertisements in newspapers. It was suggested that many NGOS as well as government and even trade officials were unaware of EPA and EU activities in this regard. One participant stated that he had walked out of a civil society meeting in Nadi in June 2006 as he did not agree with what was being said about the EU.
48. In reference to the civil society meeting in Nadi it was noted that the attitudes of NGOs such as Oxfam to EPA had softened in recent months. The EU had always seen the EPAs as an opportunity, and not an obligation for Pacific ACP states.
49. The question was raised whether the EU has minimal requirements as to which service sectors should be opened up under any Agreement. What alternatives could the EU

suggest regarding the Rules of Origin ? It was clarified that the EU has no minimum requirements that ACP countries have to fulfill, however, an EPA could not be empty and should contain as much as was sensible for the country. Regarding questions on sugar, it was indicated that the prices paid for Fiji's sugar exports to the EU would diminish by 5% as of 2006/2007 and by 36% by 2009/10. However, Fiji sugar would still be bought by the EU at a price which was around double the world market price. Fiji had to lock its sugar exports into a Pacific-EU EPA.

50. As far as questions regarding native land are concerned, it was stated that the issue is settled by clear laws in Fiji and native land could not be taken away nor its ownership challenged in court by European investors in the context of an EPA. The EU is currently in dialogue with the Fiji government on the land issues. These matters needed to be resolved to ensure landowners and tenants were treated fairly. There was a need to address productivity issues as investors were reluctant to invest under the current land climate.
51. Summary of the afternoon session:
 - There is a strong need for more public information on EPAs, including by governments;
 - A lack of consultation between governments and NSAs was apparent;
 - The concept of governance and the EDF focal sectors need a better definition.

AGENDA ITEM 5 — CLOSING

52. Dr Ridolfi thanked participants saying the EU-NSA consultation was not an isolated event. The EC Delegation would keep the channel of communication alive via email discussions and these would not end with the formulation of Country Strategy Papers (CSPs) for the 10th EDF in September 2006.
53. The EU would write to NAOs noting the meeting's call to intensify and improve dialogue between governments and NSAs. NSAs were invited to become more assertive with governments in this regard. Governments had to adopt a 'bottom-up' approach in dealing with communities.
54. The EU would look at improving the NSA allocation under its regional programme to facilitate information exchange on the *Pacific Plan*, environment and governance issues.
55. In conclusion NSAs were invited to propose co-financing proposals with European counterparts to better access EU funding.

PACIFIC PRINCIPLES ON AID EFFECTIVENESS

Workshop Record

A Pacific Regional Workshop on Aid Effectiveness co-facilitated by UNDP, ADB and the Pacific Islands Forum Secretariat was held on 4-7 April 2008 in Nadi, Fiji.

A primary objective was to consider progress in implementation of the Pacific Principles on Aid Effectiveness, and preparations for the Third High Level Forum on Aid Effectiveness (HLF-3) held in Accra, Ghana, in September 2008.

Participating countries included Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, Papua New Guinea, and the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Other participants included representatives of Pacific regional organizations and donors present in the Region.

Participants discussed the incorporation of the principles into policies and practices at a country level and constraints, good practice and lessons learnt.

The key issues discussed on the above principles are as follows:

Ownership, Alignment and Harmonisation

- Political stability is essential to ensure sustained partner governments' commitment, leadership and ownership.
- Aid management units need to be strengthened and well resourced to ensure coordination within the Government and with its relations with the donors.
- Recommended partner government establishment of multi-year planning and budget frameworks for effective aid information systems, and of capacity development mechanisms to ensure effective leadership of the aid management process and ownership.

- Harmonisation of TA missions, reporting and work ideally involving partner countries
- Recognise the changes necessary in the partner government institutional arrangements for planning and budgets; hence a Pacific roadmap can lead sequential change and improvement.
- Regional and international donors still use a fragmented system of reporting, often duplicating work, placing a burden on the limited human resources.

Managing for Development Results (MfDR) and Mutual Accountability

- This has not been discussed widely so far in the Pacific region. Nevertheless there have been a few recent good practices.
- The country development plans, long term expenditure frameworks and budget frameworks should incorporate the MfDR principle as this is not just restricted to aid.
- Pacific countries require more investment in capacity building for MfDR both upfront and during implementation
- Assessments of capacity should use one agreed framework between the donors and the receptive country should be used, thus ensuring division of labour and no duplication of work.
- The public has a role in achieving expected results in development assistance as they could prove an effective lobby group
- Demand side for MfDR should include Parliamentary and political processes to develop a performance and results culture
- Civil society has a role in the process and partner countries seem to prefer to develop this by building on customary leadership values and accountabilities
- In order to take ownerships of the monitoring of results, countries need to develop their own monitoring, evaluation and statistical capability.
- Country, regional and donor Results Monitoring Frameworks should be rationalised into one, used as the basis for monitoring development results.
- Cabinet, parliaments, the public and private sector and CSO's have to establish shared understanding and coordination for MfDR (around expectations, processes, and agreed development results framework)
- Creating a performance and results culture that encourages MfDR is essential, and it takes time and persistence to demonstrate its usefulness
- For donors, desire for information on performance stimulates MfDR approaches and there is a need for external scrutiny to drive this as MfDR is closely linked to mutual accountability

Mutual Accountability

- This should be based on a shared vision and goals and relationships of trust as mutual accountability depends on the quality of the relationships between donors and recipient countries. Power differences between donors and recipient countries need to be understood and managed.
- Accountability of governments to their citizens require effective and transparent communication to community and grass-roots levels, and capable civil society which has a role in creating demand for public information and participation in governance

- Locally designed mutual accountability agreements can provide clarity of expectations and obligations for all parties involved, and need to clearly address how the agreement will be monitored
- Flexibility in responding to changing circumstances in environment and context is desirable
- Further discussions are necessary with regards to circumstances when agreements are not honoured.

The role of Civil Society in advancing aid effectiveness

- Donors at times undermine government capacity in leading consultative process with civil society; more dialogue is needed to address this
- CSOs need to be more coordinated in order to assist the harmonisation of aid. Capacity development is needed to achieve this, and UNDP has developed a CSO capacity building programme that will commence in 2008 to strengthen CSO capacity with a focus on MDG achievement and greater demand for good governance.
- Civil society has contributed to bringing the development aspect back into the aid debate
- The fabric of Pacific civil society is largely indigenous, with PRNGOs as an umbrella mechanism. CSOs should be broken down into those who are service providers and those focusing on advocacy
- Some countries are trying to find mechanisms to involve CSOs. Where the economy is public sector driven, CSOs play an important role.
- Pacific CSOs perform key delivery functions and are key recipients of aid. Some instances show that governments of some countries are not aware of the flow of aid going towards the local civil society. Donors at times fund non-priority CSO activities and this issue needs to be addressed. It is recognised however that direct NGO-NGO funding is outside government purview.
- There is currently little feedback from civil society regarding sector policy reform and insufficient follow-up on holding government accountable on effective implementation of NDSs. CSOs need to strategise to use aid made available to them.
- There are unique aspects of Pacific fragility (climate change, environmental vulnerability, population decline, fragmentation and distance issues) which drive up costs making activities harder to sustain. Fragility is linked to the issue of limited capacity and while government capacity is an issue there are opportunities for CSO and private sector participation.
- More donor/partner engagement on key cross-cutting issues (gender, human rights) is needed and CSOs fear being left by increased donor government support.

The Accra Agenda for Action

A Third High Level Forum will take place in Accra on 2–4 September 2008 to review the implementation of the Paris Declaration. It will be structured in three complementing segments:

1. Marketplace of ideas, providing room for sharing knowledge and presenting innovative ideas.

2. Ministerial component to address key policy level concerns and endorse the Accra Agenda for Action.
3. Nine Roundtable discussions, to provide space for in-depth dialogue on selected topics.

During the Pacific Workshop discussions the following issues on the AAA were highlighted:

- The AAA needs to be more binding, focused and action orientated in order to be more appealing to governments. Benefits for countries participating in and endorsing the AAA process need to be addressed.
- Further national consultations are needed and might be useful in terms of providing further information, identifying the benefits of endorsement, assisting country preparations, and involving a higher level of policy makers. Donors have an important role to play as a means of disseminating information to encourage participation of the recipient countries in Aid Effectiveness discussions.
- Further internal consultations are needed on objectives and implications of the AAA proposed International Code of Conduct for transparently implementing conditionality.
- The AAA needs also to be more specific to the region and localised in terms of actions both at regional and local levels.
- The AAA should more forcefully reflect capacity constraints. Issues and needs of marginalised groups (e.g. gender) need to be further addressed.
- The AAA needs to be strengthened, deepening discussion on issues such as ownership, conditionality and strategies such as utilising national systems to increase country ownership, including use of budget support.
- The AAA has not address sufficiently issues of regional-level support and related regional aid effectiveness which is very relevant to the Pacific.
- The AAA process needs to address issues such as strategies for measuring effectiveness of regional organisations on delivery of national priorities.
- A number of initiatives proposed by Pacific Island States that could complement existing expenditure and financial assessments, more attention to monitoring of technical assistance, preferably by the national aid coordination mechanism rather than by TA.

Aid Information Systems

- The Workshop highlighted various mechanisms for information such as web based data management which can prove a useful tool to strengthen government partnerships in managing government aid allocation, improve predictability and monitor progress on the Paris Declaration indicators.
- So far PNG and Samoa are the two countries who initialled a process in this respect. PNG shared its experience in the setting up an aid information management system to foster greater accountability and transparency in reporting. Samoa in turn, has nationally developed and evolved an aid management system based on their needs and responding directly to the expected development results.

- Donor partners need to support governments in adopting aid information systems and make available mechanisms and tool kits for information sharing.

Conclusion

The Pacific should in the near future aim to implement the Pacific principles, identify further individual country level needs and interests and map existing lessons learnt and development resources to strengthen country level preparations for the Third High Level Forum on Aid Effectiveness (HLF-3).

Outcomes of HLF-3 discussions and AAA endorsement should have considerable impact on donor-recipient relations in terms of addressing aid effectiveness.

ANNEX 12 - Map of the Pacific region

