

**COOK ISLANDS**  
**EUROPEAN COMMISSION**  
**JOINT ANNUAL REPORT**  
**2007**

## **1. Executive Summary**

The Cook Islands comprises 15 small islands scattered over some 1.8 million square kilometres of the South Pacific Ocean. The country has some of the best MDG indicators in the region and is well on its way to achieving the MDG's by 2015. The Cook Islands economy is based on tourism, offshore financial services, pearl farming, fishing, and agriculture.

The Cook Islands became signatory to the Cotonou Agreement on 23 June 2000. The 9<sup>th</sup> EDF had Outer Island Development as the single focal sector. Under the 9<sup>th</sup> EDF, €2 million were allocated under the A-envelope and €0.6 million under the B-envelope. Non State Actors (NSA), benefitted from 15% of the A envelope.

The Outer Islands Development Programme (OIDP) objective was to raise the standard of social services delivery in the outer islands by providing improved infrastructure, equipment and supplies. The programme ran according to schedule and all activities were completed by August 2007.

As a result of the mid-term review (2004) of the CSP/NIP, an additional amount of €500,000 became available in support of the development of the outer islands. As a result of the End of Term Review of the 9<sup>th</sup> EDF, a further €400,000 has been made available to the Cook Islands that will be used together with the €600,000 of the B-envelop to build a cyclone shelter in Pukapuka.

The 10<sup>th</sup> EDF Country Strategy Paper and National Indicative Programme envisages an initial allocation of 3.0 million under the A-envelope and 0.3 million for the B-envelope. It has been agreed to allocate 85 percent of the A-envelope or 2.55 million to the focal area of water and energy, in particular water and sanitation. The remaining 15 percent or 0.45 million will be used to establish a Technical Cooperation Facility (TCF).

## **2. Update on the political, economic, environmental and social situation**

### **2.1 Update on the political situation**

Since the September 2006 election the Democratic Party led by Jim Marurai, as Prime Minister, governs the country with a 15-9 seat majority.

The political settings in the Cook Islands remain challenging and recent Standard and Poor's Report December 2007 identifies that the political structure tends to be fragmented and driven by populist sentiment. This tends to hamper development and reform efforts.

There appear to be no underlying tensions or issues likely to cause any political or social unrest.

## 2.2 Update on the economic situation

The economy centres primarily on the tourism industry, which generates receipts of about 40 percent of gross domestic product (GDP), or around \$120 million annually. Tourism contributes significantly to a number of other industries including retail trade, agricultural production for the domestic market and construction. The other major export industries are offshore financial services, the offshore tuna fisheries and the black pearl industry, with the latter two together generating about five percent of GDP annually.

The Half Yearly Economic Review, 31 December 2007 notes that Real Gross Domestic Product data in the Cook Islands is not as reliable as would be hoped due to data constraints, hindering calculations of real GDP and resident population numbers. As a result the two major indicators used to determine short-term economic performance, are Value Added Tax (VAT) receipts and visitor numbers.

VAT receipts for the calendar year to December 2007 are 4.8% higher than in the corresponding period in 2006 suggesting that spending remains strong and given that expenditure equals income it also indicates increasing output and the continued underlying strength of the economy.

The other key indicator, visitor arrivals, has also exhibited growth. In the Calendar Year to Date (CYTD) to November 2007, numbers were up 6.0% compared to the same period in 2005. These strong and consistent growth rates provide a stable platform for economic growth and are expected to continue in the medium term all things being equal.

Anecdotal evidence suggests that business confidence remains positive. This is supported by increased loans and in particular building consents, which in 2006 reached 157 an increase of 51.0% compared to 2005 with a value of \$21.5 million. However, the trend noted in previous economic updates remains, whereby the outlook tends to differ between businesses of different sizes. The larger and more experienced operators seem to be doing well, while some smaller and newer players struggle to compete, especially where there is an oversupply in the market.

Despite the low growth rates for real GDP in 2005 growth is projected to return to the long-term growth rate of 3.5% in 2008, reflecting solid growth in visitor arrivals and tax receipts<sup>1</sup>. Economic growth was 0.8% in 2005-06, before returning to 2.5% in 2006-07. The narrowly based economy and limited human resources compound vulnerability. Te Kaveinga Nui identified a number of challenges that affect the development of the economy. These challenges include a limited number of skilled workers in technical and specialised fields resulting in the need to import foreign workers, especially in the tourism sector.

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<sup>1</sup> Ref. *ibid.*

In 2006 the main drivers for growth were construction that grew 15.4% (0.5% points), financial and business services 6.8% (0.5% points), transport and communication 7.1% (1.0% points), restaurants and accommodation 4.7% (0.6% points) and ownership of dwellings 5.7% (0.3% points).

Off-setting these rises were falls in the output of agriculture and fishing of -4.5% (-0.6% points), mining and manufacturing -8.4% (-0.3% points), community and personal services -8.5% (-0.2% points) and a marginal decline in the retail sector of -1.6% which due to the size of the sector contributed -0.4% points to overall real GDP. Despite the moderate rate of growth in real GDP in 2006 it is projected that growth will return to the long-term growth rate of 3.5% in 2007, reflecting solid growth in visitor arrivals and tax receipts. Economic growth is estimated at around 2.5% in 2006-07, before returning to 3.5% in 2007-08 and the out years.

The Cook Islands continues to demonstrate a strong commitment to regional development. It has signed the Pacific Islands Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Cooperation between PICTA signatories and Australia and New Zealand. These have provided impetus for further tariff reform. The Cook Islands is part of the core group of Pacific ACP Trade Ministers who take the lead in the Economic Partnership Agreement (EPA) negotiations. Fishing, agriculture, tourism, investment, trade facilitation and promotion, as well as trade in goods and services are areas that have been identified by the Pacific as important to them in negotiations with the EU.

## **2.2. Update on the poverty and social situation**

The country is well on track to achieve the MDGs by 2015. In 2000, the under five mortality rate (per 1,000 live births) was 24. 100% of births were attended by skilled health personnel. Life expectancy at birth was 68 years for men and 71 years for women. The ratio of girls to boys in primary education was 0.89 and in secondary education 1.03 in year 2000. (Source: UNFPA: Cook Islands at a glance).

Although the UN is yet to conduct to assess the country's human development index (HDI), the Cook Islands' social development indicators are high relative to other Pacific Countries in terms of health and education standards<sup>2</sup>. However, despite the development success of the Cook Islands, it still faces challenges to sustain this position and to spread the benefits across the population. Continual migration of its people internally within the islands and externally to New Zealand and Australia has meant a population loss between 20% and 40% since 1996<sup>3</sup>. While the national birth rate is low in comparison with other Pacific nations, there are even fewer births in the outer islands because so many young people have migrated.<sup>4</sup>

The Cook Islands culture encourages individuals to provide for both their families and communities. Traditionally this, and systems of communal land tenure, have provided a safety net to ensure the basic needs of all members of society are met, including those who are underprivileged. This approach has provided a foundation for formal and

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<sup>2</sup> Draft Cook Islands and Economic Report: Equity in Development (PEIR) Manila, Philippines 2006)

<sup>3</sup> Cook Islands Census 1996, 2001, Quarterly Statistical Bulletins.

<sup>4</sup> ADB PEIR Report 2006 p 51

informal civil society organisations (CSO's) to flourish. However, there are limited sources of income for CSO's and funds are often inadequate to meet demand.

The government and civil society do not officially acknowledge poverty. Instead there are pockets of hardship that are identified by:

- Under developed private sectors in the outer islands.
- Limited access to basic public services including health, education, water, transport and communication
- Limited opportunities to engage in formal employment.

The government acknowledges that the social costs involved in sustaining outer islands sustainability is often at the expense of unrealistic cost recovery mechanisms. The economic cost of not sustaining outer islands (each of which is culturally distinct from the others) has not yet been calculated. Increasing property and economic development on Rarotonga has the potential to increase Rarotonga's dependence on the outer islands for agricultural and horticultural produce (the 'gardens of the Cook Islands'). The sustainability between Rarotonga and the outer islands is an interdependent relationship.

## **Education**

Education in the Cook Islands is free in primary and secondary schools and follows the New Zealand system. Tertiary education requires travel to other Pacific countries and to New Zealand.

The Cook Islands has a total of 32 schools (primary and secondary). Since 1996 there has been a 51(10%) decrease in early childhood enrolments, a 925(31%) decrease in primary rolls and a 123(6%) decrease in secondary rolls. The overall decrease since 1996 is 1099(20%). There appears to be an increase in secondary school rolls since 2002. This may be an indication of National Certificate of Educational Achievement increasing retention.

In 2007 there were 4,461 enrolments at schools in the Cook Islands. 2,913 were on Rarotonga and 1548 on the Outer Islands.

The NSDP recognised that quality education is achievable with a strengthened education system throughout the Cook Islands. The government aims to produce not only equal educational opportunities for all Cook Islanders but also a well educated people.

Enhancing education in the Cook Islands goes beyond those of school age or formal education. The Cook Islands Human Resource Development Strategy aims to increase the basic trade and foundational skills of all people in the Cook Islands. This is achievable by improving the quality and accreditation of non-formal education services targeting the vocational and technical training needs of the country.

Government is committed to the delivery of quality health and education services for our people through the implementation of the Cook Islands Health Strategy and the recently completed National Education Master Plan. We will continue to bring to fruition the recommendations of the Health Management Review by strengthening the institutional

framework of the Ministry of Health to ensure effective and efficient delivery of health services.

## **Health**

A strong health sector is central to the development of the country's human resources and the Government allocated 12.9% of total expenditure to this sector for 2007/08. The NSDP recognised the Cook Islands health system requires strengthening and service delivery improving so that all Cook Islanders receive quality health services.

Key health indicators show high rates of immunisation coverage, increasing life expectancy, declining infant mortality and improving maternal health. Health care services, particularly in the outer islands, remain poor. Specialised health services tend to require treatment overseas but donor support for Medical Specialist Visits provides an opportunity to provide necessary expertise.

There are government strategies in place to address the challenges of environmental health, communicable diseases and the "lifestyle" diseases that result from tobacco and drugs. Increasingly, Cook Islanders are also facing problems of escalating obesity rates and the prevalence of non-communicable diseases such as diabetes, heart disease, respiratory disease, cancer and oral health.

Also playing a pivotal role in addressing the health concerns of the nation are the non-government organisations (NGOs) dedicated to improving the well-being of all our people including the vulnerable in society. Achievement of strategic targets in health is designed around cooperation between the Ministry of Health and related Government agencies; and health-related NGOs.

The government's aims in the NSDP are to strengthen health preventative programmes, develop human resources and medical personnel, improve health facilities and equipment, and strengthen the Ministry of Health. The NSDP objectives are to:

- Strengthen the health services on all islands and increase accountability and effective utilisation of local and development partner resources.
- Improve and protect the health of all Cook Islanders.
- Encourage healthier lifestyles and safer environments.
- Maintain adequate levels of specialist health advice to all Cook Islands people.
- Support community health development.
- Strengthen health infrastructure and systems.

### **2.4. Update on the environmental situation**

The environment is one of the Cook Islands' major assets. The climate, topography, vegetation, reefs and lagoons make the country a popular tourist destination and provide the base for a pleasant lifestyle for most Cook Islanders. The soils of the volcanic islands are productive, while the reefs, lagoons and coastal waters are well endowed with fish and other marine life that have the capacity to meet most of the population's animal protein needs.

The Cook Islands' environment is relatively fragile and is being severely tested by coastal erosion, the impact of development growth, and susceptibility to climate change. In urban areas, waste management and water supply are inadequate, mainly due to the lack of appropriate cost recovery mechanisms. This presents a serious threat to the health of the urban population as well as to the future of the tourism industry. The Environment Service and the Ministry of Health are working together to strengthen the legislative framework for environmental management throughout the Cook Islands.

Since the population and economic activities are concentrated in the coastal zones, the Cook Islands is one of the most vulnerable countries in the world to the effects of climate change and sea-level rise. Development and social changes have placed pressure on sensitive environmental systems and sectors of the Cook Islands. The adverse impacts of anticipated changes in climate and sea level rise will further exacerbate the stress on these systems.

The costs and potential environmental damage associated with pollution and poor waste disposal practices are a major concern throughout the Cook Islands. The changing lifestyle of Cook Islanders and ballooning tourism numbers are the major reasons for the increase in pollution and solid waste.

The marine ecosystem in lagoons in the east and south of Rarotonga is under extreme stress as a result of pollution from land-based sources. This is especially so in the Muri and Titikaveka lagoon area in the Takitumu Vaka, where the density of tourist accommodation and commercial piggeries is particularly high. Recent outbreaks of illness relating to pollution in Titikaveka have highlighted this problem and the need for urgent action. The relatively high population density of 182 people per square km exacerbates these factors.

To a certain extent, their environment is the only resource the Cook Islands can rely on in the long term, and this only if it remains in its present fairly clean state. Environmental degradation will not only kill tourism, but also vital marine resources, and people's day to day livelihoods. Sufficient capacity in the water, sanitation and energy systems are key to supporting a sustainable tourism industry and community development.

### **3. Overview of past and on-going cooperation**

#### **3.1 Focal sectors ODP**

##### **a) Results**

The Cook Islands joined the ACP group of countries only under the 9<sup>th</sup> EDF. The CSP envisaged an allocation of €2 million under the A-envelope and €0.6 million under the B-envelope. The NIP identified Outer Islands Development as the single focal sector, absorbing 100% of the A-envelope. This included the Non State Actors (NSA), which benefited from 15% of the NIP.

The Outer Islands Social Development Programme (OISDP) objective was to raise the standard of social services delivery in the outer islands by providing improved infrastructure, equipment and supplies and by ensuring that the life of these investments

is maximized by adequate maintenance. The programme also assisted in recruiting and retaining teachers and health workers by providing for adequate housing as an important incentive. Through the implementation of projects aimed at improving the delivery of social services on the outer islands, the Government seeks to address national disparities, increase the overall welfare of the outer island population and enhance economic growth and development.

As a result of the mid-term review (2004) of the CSP/NIP, it was decided that the Community increases the funds available under envelope A by €500,000. These changes were reflected in an Addendum to the CSP/NIP between the European Community and Cook Islands and a rider to the Financing Agreement. The Addendum further spells out that the totality of the additional funds should support the development of the outer islands.

Notwithstanding the significant outcomes of the OISDP for the development of the outer islands, a key lesson learned is that the impact and visibility of EC's support could be enhanced by stronger concentration and focus of the interventions.

The Programme Estimates focused on the health and education sectors and included upgrading the hospitals and medical centres on the outer islands, provision of equipment and resources to primary and secondary schools as well as the renovating and upgrading of, and establishment of the Trade Training Centre on Rarotonga for outer island students. Programme Management was funded within the overall Programme Estimate through the Ministry of Foreign Affairs and Immigration for effective management and implementation of the OISDP. Approximately 15 percent of the programme was allocated to projects identified by non state actor groups both in the outer islands and on Rarotonga.

The following tables provide a breakdown of each PE:

#### PE1 Budget

No.	Sector	Ministry	PE1	% of Total
1	Health	Health	355,000	36%
2	Education	Education & Human Resource Development	455,000	46%
3	NSA	Finance and Economic Management	150,000	15%
4	Management	Foreign Affairs and Immigration	40,000	4%
Total			1,000,000	100%



### PE 2 Budget

No.	Sector	Ministry	From PE1	PE2	% of Total
1	Health	Health	93,500	689,200	42.85%
2	Education	Education		500,000	31.09%
3	HRD	Human Resource Development	18,781	200,000	12.44%
3	NSA	Finance and Economic Management	38,562	174,014	10.82%
4	Management	Foreign Affairs and Immigration	10,680	45,000	2.80%
Sub Totals			161,523	1,608,214	100%
<b>Total</b>				<b>1,769,737</b>	

In broad terms, PE1 and PE 2 were completed by end December 2005.

### PE 3 Budget

A rider to PE3, allocated a further NZD500,000 to PE3 and the revised totals are provided in the following table

No.	Sector	Ministry	PE3 rider	% of Total
1	Health	Health	850,000	41,6
2	Education	Education	487,000	23,8
3	HRD	Human Resource Development	225,000	11,0
3	NSA	Finance and Economic Management	395,000	19,4
4	Management	Foreign Affairs and Immigration	82,000	4,2
Sub Totals				
<b>Total</b>			<b>2,039,000</b>	<b>100%</b>

The additional funding (incremental to the PE3 as signed) was allocated as follows:

Health: Improvement to Doctors quarters and the purchase of a portable dental unit

Education: Supply of furniture, resources and renovation of classrooms

NHRD: Additional support for Outer islands Training courses

NSA: Additional support for strengthening the capacity of the national office (CIANGO) and other project proposals as submitted for approval to the NAO and HOD.

Programme Management: Fees for programme management, including assistance with preparation of the Country Strategy Paper.

The above represents an increase of NZD500,000 over and above the total for PE3 (\$1,539,022 as signed) and brings to a total funds committed under the A envelope of EDF 9 to NZD 4,647,200.

In view of the increased allocation to PE3, closure of PE3 was extended for six months until the 1st August 2007, to allow adequate time to ensure all funds are spent, committed and audited.

For indicators see Annex C.

### **3.2. Utilization of resources for NSAs**

The 15% allocation (€0.3 million) for NSA implemented activities has focused on education/training and health, for the benefit of outer island communities, and was complementary to the main Outer Island Development Programme.

### **3.3 Utilization of envelope B**

A financing proposal for the B-envelope (€0.6 million) together with €0.4 million increase in the A-envelope following the ETR had been prepared with the construction of a cyclone shelter on Pukapuka identified as being the focus. The Financing Agreement was signed on 18 October 2007 on the occasion of the signing ceremony of the 10<sup>th</sup> EDF Country Strategy Papers in Nuku'alofa, Tonga.

Implementation of the project 'Building resilience to natural disaster' will start in 2008 with the procurement of Technical Assistance to the NAO in order to prepare the tendering for design and supervision, as well as works and supplies contracts to construct the cyclone shelter on Pukapuka.

### **3.4. Other instruments/Regional Co-operation 9<sup>th</sup> EDF**

#### **Other instruments**

#### **ECHO**

In response to a series of cyclones that hit the Cook Islands in 2005, ECHO-funded a FAO project for cyclone rehabilitation in outer islands which encountered considerable delays. The project involved support for the re-establishment of agriculture programs through the provision of seeds, plants, fertiliser and other materials.

## **The European Investment Bank**

Emphasis has been laid by EIB upon making funds available as widely as possible in the Pacific region through lines of credit to local financial institutions.

In the Cook Islands the EIB considers to provide for a line of credit to the Bank of the Cook Islands under the second Pacific Islands Financing Facility (PIFF). A window for micro-finance will make a significant contribution by giving borrowers access to the small scale financing they need to start and maintain income generating businesses.

## **EC - Regional Cooperation**

The regional allocation under the 9<sup>th</sup> EDF amounts to € 39 million after three mid term reviews and includes three focal sectors "Economic Integration and Trade", "Human Resources Development", "Fisheries" and a non-focal sector for extension of the 8<sup>th</sup> EDF programmes to the 6 new ACP countries. The 9<sup>th</sup> EDF Pacific Regional Indicative Programme funded and extended a number of existing projects to the six new Pacific ACP countries, including Cook Islands. These consisted of:

- Pacific ACP Regional Economic Integration Programme (PACREIP)
- Development of Sustainable Agriculture in the Pacific (DSAP)
- Pacific Regional and OCT Fisheries Programme (PROCFISH)
- Plant Protection Programme (PPP)
- Pacific Regional Initiatives for the Development of (basic) Education (PRIDE)
- Reducing Vulnerability in PACP States – SOPAC
- Development of Fisheries in the Pacific (DEVFISH)
- Pacific Environmental Information Network (PEIN)

For more details, refer to Annexes with a retrospective character, financial situation for regional projects.

### **3.5 Assessment of performance indicators**

Please refer to Annex 2, giving precise data on indicators.

Indicators continued to be collected and refined during the programme implementation.

## **4. Policy Coherence for Development**

As the 9<sup>th</sup> EDF ODP focussed on living conditions in outer islands with the objective to raise standards in social service delivery, the programme touched upon the broader areas of employment and decent work. Migration to the main island and further to new Zealand and Australia puts a strain on scarce human resources, in particular in social service delivery. However, migration to European countries is not an issue for the Cook Islands.

Climate change is an important cross-cutting issue, in particular for the Pacific region and major regional initiatives are being considered in the context of the RIP. In the design of the cyclone shelter that will be constructed under the 9<sup>th</sup> EDF 'Building resilience to natural disaster' project, special attention will be paid to fittings standards to resist climate change related effects such as tidal waves and frequent cyclones. Equally, in the identification and design of interventions under the 10<sup>th</sup> EDF, some specific issues should be borne in mind with regard to reinforcing adaptation efforts when addressing water and sanitation,

for example the possible need for watershed management, and alternative production systems in agricultural activities (eg agro-forestry).

Prudent management of the Cook islands fishery is considered vital, with a strengthening programme of the Ministry of Marine resources funded by NZAID, as well as a number of programmes funded under the RIP.

#### **5. EU Strategy for the Pacific**

During the discussion in the programming process for the 10<sup>th</sup> EDF, key strategic directions contained in the EU Pacific Strategy have been taken into account while agreeing on the development response strategy for the European Community support. In this framework, the EU Strategy's focus on the sustainable management of natural resources in the Pacific provides a clear, result-oriented opportunity for the Cook Islands-EU development cooperation under the 10<sup>th</sup> EDF with the focal area of water and sanitation.

#### **6. Donor coordination and harmonisation**

Aid flows in recent years have averaged around NZ\$12 million, excluding aid from the People's Republic of China. On average, around two thirds of this aid comes from New Zealand and Australia. The New Zealand and Australian donor funds were harmonized with effect from 1 September 2004. This co-funded programme is managed by NZAID and was expected to provide aid of NZ\$12.4 million in 2005-06. In addition to the cyclone recovery fund, the main sectors to benefit are education (NZ\$2.9 million), outer islands development (NZ\$2.0 million) and human resource development (NZ\$1.9 million). Aid is generally received in the form of technical assistance, training, equipment and infrastructure.

The EC Delegation in Suva is in regular dialogue with the Government of the Cook Islands through visits by EC officials and meetings with leaders at international fora. In coordination with other donors the EU has been raising governance issues, in particular regarding the Cook Islands commitments to implement the standards of transparency and effective exchange of information for tax matters developed in the framework of the OECD Global Forum on Taxation. At the Melbourne meeting of the OECD Global Forum in 2005, the Cook Islands again indicated its commitment to implementing the OECD tax standards (in view of the need to establish a 'level playing field' with minimum standards) and also asked for Commission support or technical assistance in that regard.

#### **7. Dialogue in country with the NAO and NSAs, local authorities and the Parliament**

Dialogue with the NAO and other national authorities and through the programme managers, proceeds constructively, focusing both on political and sectoral issues (education, health, fisheries) and development cooperation matters.

Under the 9<sup>th</sup> EDF funded OIDP, the 15% allocation (€ 0.3 million) for NSA implemented activities concerned education/training and health, for the benefit of outer island communities, and was complementary to the main Outer Island Development Programme. NSA activities were managed by the Cook Islands Association of Non-Governmental Organisations (CIANGO) with financial reporting co-ordinated through the Aid Management Division of the Ministry of Finance and Economic Management (MFEM). Whilst the JAR was not discussed formally with CIANGO, they are well aware of the Commission programme, since their activities form an integral part of it, and the

programme managers in the Ministries maintain close contact with CIANGO to ensure that they are able to achieve their outcomes and reporting requirements. Project proposals were approved by the programme manager before being referred to the HOD for final approval.

During the initial identification mission for projects and programmes under the 10<sup>th</sup> EDF, consultations were conducted with a broad range of stakeholders in the water and sanitation sector, including NSAs and local authorities.

## 8. Conclusions

Since the last elections in September 2006, the Cook Islands have enjoyed a period of political stability and modest economic growth, based mainly on tourism.

The country has some of the best MDG indicators in the region and is well on track to achieving the MDG's by 2015.

Throughout the reporting period, in coordination with other donors, political dialogue as well as policy dialogue in the area of water and sanitation have improved with the aim of identifying the most suitable intervention areas for the 10<sup>th</sup> EDF, while taking into consideration issues related to the key strategic directions contained in the EU Pacific Strategy, the Pacific Plan as well as the National Sustainable Development Plan (NSDP). Climate change adaptation efforts will also need to be taken into account in the design of future interventions in the area of water and sanitation under the 10<sup>th</sup> EDF.


Signatures:

The National Authorizing Officer



Hon. Wilkie Rasmussen  
Minister for Foreign Affairs and Immigration  
And National Authorizing Officer  
Government of the Cook Islands

The Head of Delegation



Wiepke Van Der Goot  
Head of Delegation  
EC Delegation for the Pacific 28 JUL 2006

**Cook Islands**  
**National Authorising Office**  
**European Development Fund**

## ANNEXES

## Annex A : Country at a glance : Cook Islands

<i>Table : Economic Indicators</i>						
	2004-05 <i>Actual</i>	2005-06 <i>Actual</i>	2006-07 <i>Actual/Estimates</i>	2007-08 <i>Projections</i>	2008-09 <i>Projections</i>	2009-10 <i>Projections</i>
<b>Economic Activity</b>						
Nominal GDP (\$'000)	259,300	270,200	284,600	300,600	317,500	335,300
% Change	2.8%	4.2%	5.3%	5.6%	5.6%	5.6%
Real GDP (at Constant 2000 Prices, \$'000)	216,200	217,900	223,300	231,200	239,300	247,700
% Change	2.3%	0.8%	2.5%	3.5%	3.5%	3.5%
<b>Inflation</b>						
Consumer Price Index (base Dec. 2000 = 100)	121.9	125.9	129.4	132.0	134.7	137.4
% Change	1.7%	3.3%	2.8%	2.0%	2.0%	2.0%
<b>Construction/Capital Investment</b>						
Commercial Building Approvals (\$'000)	5,952	8,320	9,184	9,699	10,244	10,818
Residential Building Approvals (\$'000)	6,269	11,425	14,822	15,654	16,532	17,460
<b>Productive Sector Indicators</b>						
Visitor Arrivals	84,900	89,800	96,400	99,300	103,200	107,200
% Change	8.8%	5.8%	7.3%	3.0%	3.9%	3.9%
Estimated Visitor Expenditures (\$'000)	108,500	143,400	158,300	166,400	176,300	186,900
Pearl Exports (\$'000)	2,900	2,300	2,200	2,400	2,600	2,900
Fish Exports (\$'000)	4,300	2,000	1,400	1,400	1,400	1,400
<b>External Sector</b>						
Merchandise Trade Balance (\$'000)	(98,600)	(161,900)	(209,300)	(221,000)	(233,400)	(233,100)
Services Trade Balance (\$'000)	138,500	174,600	191,200	201,100	213,000	223,600
Exchange Rate (US\$ per NZ\$, June)	0.696	0.619	0.677	0.677	0.677	0.677
<b>Financial Sector (at FY year-end)</b>						
Private and Public Enterprise Deposits (\$'000)	114,000	139,500	146,900	155,200	163,900	173,100

## Annex B

Type	Indicator	2000	2001	2003	2004	2005	2006	2007
Impact	1. Proportion of population below \$1 per day <sup>5</sup>							
	2. Prevalence of underweight children (under-five years of age)	0						
	3. Under-five mortality rate	21		24				
Outcome	4. Net enrolment ratio in primary education	98%	99%					
	5. Primary Completion Rate							
	6. Ratio of girls to boys in:							
	- primary education	0.89						
	- secondary education	1.03						
	- tertiary education							
	7. Proportion of births attended by skilled health personnel			100				
	8. Proportion of 1 year old children immunised against measles	84	83	95*				
	9. HIV prevalence among 15-24 year old pregnant women							
	10. Proportion of population with sustainable access to an improved water source			100				

\* in 2002

Sources: UNFPA: Cook Islands at a glance; Ministry of Education; Cook Islands – A situation analysis of children, Youth & Women, CI Government with assistance from UNICEF 2004

<sup>5</sup> An equivalent indicator based on national poverty lines can replace indicator 1, as appropriate.

## Annex C - Intervention framework - Indicator data and targets (9<sup>th</sup> EDF)

The Outer Islands Development programme has two types of indicators:

- **impact indicators** (long-term) based on the objectives of the Cook Islands sector strategies for education and health. They shall be measured at the end of the programme as part of the final evaluation.

For **Education**, 3 impact indicators have been identified. For all, the source of verification will be MoE statistics (collected annually):

1. Improve student retention rate (less drop-outs) in outer islands:

The Ministry holds no record of either the author of this indicator or how it has been calculated and is therefore unable to provide an update of this statistic.

2. Less positions unfilled by qualified teachers in outer islands:

Base line data (2001):	10 unfilled outer island positions out of 130
Target by 2007	5 unfilled positions
Feb 2006	1 unfilled position
EU target has been exceeded	

3. Improved achievement rates at the end of primary school in outer islands

The Ministry of Education Director of Audit and Quality Assurance reports that the Grade 4 and Grade 6 national diagnostic tests as reported in 2006 JAR were discontinued at the end of 2006.

The MOE is now in the process of developing and installing into schools a much more comprehensive and useful student assessment tool - which will cover all curriculum areas and all students from Grade 1 to Year 10. Bi-annual reports from schools will enable MOE to build a picture of student achievement across all educational learning areas and for each region and nationally. The next step is to link this tool to a student data base. The MOE has established a "trial" base line for literacy and numeracy at the end of last year for Grade 4 and 3 levels respectively but till we gather data in December this year we cannot make any comparisons.

The following tables are Grade 4 and Grade 6 tests for 2006 tests which shows improvements in subject areas of Maori, English and Mathematics.



Achievements in Maori			
	Rarotonga	S. Group	N. Group
2001	42.20	46.29	53.00
2002	48.26	48.69	41.38
2003	41.55	43.87	35.75
2004	43.11	63.30	45.42
2005	39.09	54.82	37.84
2006	42.70	44.43	44.76

Achievements in English			
	Rarotonga	S. Group	N. Group
2001	63.23	40.76	44.90
2002	68.88	46.28	36.93
2003	66.61	43.63	35.46
2004	69.08	56.00	53.14
2005	69.17	55.61	39.76
2006	74.54	48.61	50.61

Achievements in Mathematics			
	Rarotonga	S. Group	N. Group
2001	53.90	34.00	41.40
2002	56.45	37.60	31.33
2003	52.16	36.21	25.71
2004	53.16	48.60	33.25
2005	50.99	47.00	37.84
2006	55.27	32.61	39.30

For **Health**, also 3 impact indicators have been identified. For all, the source of verification will be MoH statistics (collected on a regular basis and compiled annually):

1. Greater accessibility to quality health service in the outer islands, including dental and public health – the present coverage is 80% and MoH's aim is to attain 90% by end 2007.

General health care coverage in 2004 is considered to be 100%

**Immunization coverage:**

The Public Health is now covering children age 12 months and above, whereas in past it used to be children 5 years and above. The national immunization coverage is 95%.

**Dental Care:** According to the information provided by the Director of Dental Services, treatment of school children as well as adult population has improved significant since the installation of new dental chairs on the island of Aitutaki and Mangaia. The portable dental equipments have been a great help to the two flying dentist.

2. Less cases needing a referral to Rarotonga – the present average is 110 cases yearly and the aim is to bring this down to 80 cases yearly by end 2007.

There now appears to be some discrepancy in the original base-line data:

Patient Referrals from O/Islands to Rarotonga:	2003 = 172
	2004 = 176
	2005 = 170

The figures for year 2004 have increased as a result of out-reach activities in the outer islands by visiting specialists. A lot more patients have been identified for further management and treatment of various disorders by specialist team that visited outer islands, patients were referred to Rarotonga for specialized treatment not available on island.

4. Lower crude death rate due to lifestyle diseases - the present average is 5 to 6 cases per 1000 yearly and the aim is to bring this down to 3 to 4 cases per 1000 end 2007.

Crude death rate	2003 = 6.3
	2004 = 7.9
	2005 not available as yet

- ***short-term indicators*** are identified annually as part of the PE's and will stem directly from the activities identified (e.g. so many schools refurbished, so many houses for education/health staff built, etc.)

**B) Annexes with a retrospective character:  
Financial situation for:**

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9<sup>th</sup> EDF as per closure of the financial year 2007

<b>Outer Islands Development Program € 2.5 mill.</b>	<b>100% committed</b>
Disbursements (€ mill.)	2.465
<b>Building resilience to natural disasters 1 mill.</b>	
Commitments (€ mill.)	1.0 million
Disbursements (€ mill.)	

Financial situation for :  
9<sup>th</sup> EDF Regional projects/EIB projects

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**Cooperation under the Regional Indicative Programme**

**1. "Reducing Vulnerability in the Pacific – 8.ACP.RPA.03**

Implementing Agency: SOPAC  
Budget: € 7 million  
Financing Agreement Signed: March 2002  
Duration: 4.5 years  
Project Closure: December 31<sup>st</sup> 2007. Request to extend till December 31<sup>st</sup> 2008

The Project addresses vulnerability reduction in the Pacific ACP States through the development of an integrated planning and management system in the sectors impacting on hazards, aggregates and water and sanitation. The Project addresses problems such as: unavailability of accurate, sound, and timely data; weak human resource base; limited resources (money and infrastructure); and lack of appropriate management plans, policies and regulatory frameworks to deal with these three focal areas.

Total audited amount spent so far is €2,761,167. A Mid-Term review of the project was carried out by MWH Europe in November 2005 and their recommendations are as follows:

- That this EDF8 Project be granted a time extension in to 31st December 2007 to coincide with the contract completion date of the EDF 9 Project.
- That progress on both the EDF 8 and EDF 9 Projects be reviewed together early in 2007 to ensure outputs in accordance with the Logframe can be achieved.
- That the Work Plan be urgently revised with a budgeted and programmed activity plan to be developed in association with stakeholders for the balance of the Project

- That the SOPAC Directorate, together with the Member Country Representatives, provide the necessary leadership in the promotion of the original Project purpose, by ensuring better coherence of the Project outputs and associated integration of the Project into respective Government plans
- That consideration be given to the definition and introduction of 3 roles into the project, namely a Peer Reviewer, Technical Editor, and Map Server Product Developer to process the backlog of Project reports and format outputs to be posted with the respective Country Data Resource Centres
- That the multi-Stakeholder Steering Committees be urgently convened to review progress to date against the Logframe and participate in the preparation of the revised Work Plan
- That SOPAC develop a transparent policy on selection criteria for Project fellowships
- That Data Resource Centres be redesigned to ensure SOPAC strengthen the Capacity Building programme with a focus on sustainability of the Project
- That SOPAC Directorate strengthen their capacity to self monitor against EU/FORSEC performance measures
- That the SWATH mapping programme be revised and the budget be reallocated to consolidate outputs from activities to date
- That project communication between SOPAC and the Stakeholders be improved in line with verifiable indicators in the Project Logframe as follows:
  - Five information brochures published per year
  - Regular (monthly/bi-monthly) press releases written
  - Email news released fortnightly
  - National workshops/training convened with at least 20 participants per country per year
  - Two National stakeholder meetings convened per year
- Mechanisms need to be urgently put in place by the SOPAC Directorate to ensure project communications between SOPAC and the Stakeholders are improved in line with the verifiable indicators in the Project Logframe.

## **2. Plant Protection in the Pacific (PPP) – 8.ACP.RPA.08 + 8PTF REG 3**

Implementing Agency:	SPC
Budget:	€ 4,300,000
Financing Agreement Signed:	December 2001
Duration:	5.5 years
Project Closure:	30 September 2007

The total budget is € 5.181million of which € 4.3 million is sourced from the EDF. Given the importance of agriculture for Pacific Island countries, the threat to agriculture posed by plant pests, which reduces yields and quality of agricultural commodities, likewise poses a substantial threat to regional economies. The project is designed as the second phase of the Pacific Plant Protection Services project, aimed at facilitating sustainable production and trade of agricultural produce, by minimizing pests in the new age of free trade, global quarantine standards and increased economic integration.

Since the commencement of the project training has been undertaken in participating countries on risks associated with imports, quarantine border operations and trade facilitation workshops have been undertaken. Several pest surveys have also been carried out. Emergency Response Plans were also drafted together with harmonised model quarantine laws. Publications have been produced and awareness campaigns have been carried out.

Total audited amount used so far is €2,872,891. A Mid-Term review of the project was carried out in May 2005 by Eco-Consultants, where they recommended the following:

1. Quarantine development should be continued and planned in such a way that countries will become as self-sufficient as possible, with due consideration to cost-recovery and 'user-pays' systems. Countries should be encouraged to use fees charged for quarantine and quality inspection services for maintenance of the services and not disappear in consolidated funding, without further reference to a quarantine budget.
2. On-going IPM activities should concentrate on initiating and introducing participatory methods and making extension staff ready to promote and foster farmers' empowerment. Topics on hand should be prioritised and work on problems that cannot be solved within the last project year should be reduced or stopped. Similarly, work on rhinoceros beetle control should cease for reasons explained earlier.
3. Weed and pest surveys and control activities should be continued until all participating PICTs have been covered and data included in the PLD. However, the building of national capacity to continue such surveillance in the future should be given very high priority.
4. Promotion of reduction in pesticide use, production of labels in local languages and improved pesticide legislation should be accelerated.
5. Continue work on provision of information (including national training) and completion of the PLD to PICTs, as well as stimulate more use of other plant protection databases, expert systems and assistance to NGOs.

6. Promotion of the IPM school/college curriculum in more PICTs could have a long-term impact on attitudes of farmers and the general public, and should intensify during this last phase.
7. SPC should continue to facilitate the delivery of training in basic pest diagnostics to NPPSs. Whilst SPC appears to strictly adhere to international pest identification procedures, new technologies become available or are updated continuously and should therefore be taken into account when developing and providing training on pest diagnostics and identification. Examples of expert systems that could be considered in this are those operated by CABI, EcoPort and PestNet.
8. Countries that currently lack a strong NPPS should be encouraged to set up a small unit for plant protection activities including IPM development attached to the quarantine service (as done in Vanuatu). If research capacity is present in the country, good linking structures need to be developed between these units to maximise benefits from cooperation, rather than the two competing with each other. SPC-PPP should take on a facilitating role in this process.

**3. Development of Sustainable Agriculture in the Pacific – 8.ACP.RPA.10 +8RPA 10 +PTF REG 4 +7RPR 782**

Implementing Agency:	SPC
Budget:	€ 6226,000 m4
Financing Agreement Signed:	November 2002
Duration:	4 years
Project Closure:	December 31 <sup>st</sup> 2007. Request for extension till 31.12.2008

The purpose of the project is to increase sustainable agricultural production of targeted farm families in participating countries. This is to be accomplished through the participatory approach with farmers and rural communities in the identification and adoption of technologies.

The project builds on the foundation of PRAP 1 and PRAP 6 and attempts to address problems faced during implementation of these projects. In the atolls, the approach will be problem identification and testing of technologies with farmers, to improve the traditional tree crop-based multi-storey agricultural systems, including better integration of livestock into this system. In the low lands, the emphasis will move from research, to identification and promotion of potential technologies: improved crop varieties, pest and disease management, land conservation and agro-forestry technologies.

Total audited amount used so far is €1,309,728. A Mid-Term review of the project has been carried out by Eco-Consultants and the 2nd draft report received in January is still being reviewed. Some of the recommendations within this draft report are stated below:

- The project should promote simple, eco-friendly technologies, using local, inexpensive or freely available materials whenever possible.

- Comprehensive trials need to be carried out to develop sustainable farming systems for steep land, where this can improve the livelihood of existing impoverished communities, through the incorporation of permanent crops to avoid frequent tillage is strongly advised.
- Consideration should be given to establishing regular schedules for voice communication by satellite between the participating countries, for technical advice, information and informal discussions.
- The project should give closer technical support in nursery techniques, management, plant quality and sales of produce for all DSAP sponsored nurseries.

#### **4. USP Human Resource Development Project – 8.ACP.RPA.09**

Implementing Agency:	USP
Budget:	€ 5 million
Financing Agreement Signed:	March 2002
Duration:	5 years
Project Closure:	31 <sup>st</sup> May 2007. Closed

The main goal of this project is to increase human capital through skills enhancement in the three key areas of tourism, public sector management and labour & employment studies.

**Tourism sector.** An important constraint on tourism development relates to the lack of an adequately educated workforce in the public and private sectors, especially at middle and upper management levels. In particular, there is an acute shortage of professional tourism planners in the region. This component of the project will deliver hospitality and tourism management at the degree and postgraduate level including the establishment of a tourism center of excellence.

**Management and Development.** Training will focus on the broad themes of good governance and corporate governance. This component will focus on topics ranging from public sector reform, private sector development, accountability and transparency. The target group will be ministers, politicians and senior civil servants.

**Labour Studies.** Policymakers recognise the importance of the private and informal sector in employment absorption and economic growth, but the linkages of the state to private and informal sectors is poorly understood. Consequently, labour market policies and interventions have focused excessively on a narrow base of public sector wage/salaried employment. This component will develop and participate in a 5-year research programme looking at information on labour market processes and institutions in the Pacific-ACP states.

Total audited amount used so far is €1,757,997. A Mid-Term review of the project was carried out by Proman Consultants in October 2004. The recommendations that emerged are stated below:

- USP's contribution to project costs is itemized by component as part of the annual budget and that expenditure against budget is monitored.
- The functioning and membership of the PSC be reviewed.
- The University continues to build the managerial capacity to strengthen and support the efficient and effective implementation of projects and academic activities generally.

#### **5. Fiji School of Medicine Project – 8.ACP.RPA.06**

Implementing Agency: NAO, Government of Fiji  
 Budget: € 7.5 million  
 Financing Agreement Signed: March 2002  
 Duration: 3 years. Closed 16/01/2007

The total project budget is € 10.25 million, with € 7.5 million from the EDF. The origins of the Fiji School of Medicine date from the early colonial period. The Fiji School of Medicine has for many years served the training needs of health professionals throughout the Pacific ACP region. Small island states in particular are dependent upon the school for training. Regional countries have shortages of medical personnel and need to train more local health staff. The present facilities used by the school date from 1970s and are considered to be inadequate for current and future demand.

The objective of this project is to develop human resources and capacity in the health sector in order to provide the skills needed for long-term development of the PACP countries. This is an infrastructure project that will expand the physical capacity, teaching facilities and student accommodation at the Fiji School of Medicine.

The Fiji School of Medicine building has been completed and will be opened by the end of March 2006. Total amount spent as of January 2006: € 7,376,000.

#### **6. Pacific Regional Oceanic and Coastal Fisheries Programme – 8.ACP.RPA.04 + 8PTF REG2**

Implementing Agency: SPC, Noumea  
 Budget: € 8.1 million ( RPA.04) 2.4 m ( 8PTF REG 2.  
 Total 10.5 m  
 Financing Agreement Signed: December 2001  
 Commencement: March 2002  
 Duration: 5 years  
 Project Closure: 1 March 2009

Tuna stocks are the most important renewable natural resource for Pacific Island countries (PICs) with annual catches estimated at around 1.4 million tonnes, with a landed value of around € 1.5 billion. The long-term sustainable management of the region's key renewable natural resource is thus of vital importance. Of equal



importance are domestic reef resources, which underpin current livelihoods and continued food security for the vast majority of Pacific Islanders. This programme aims to address the information gaps in both areas and, in so doing, will specifically strengthen the long-term sustainable management of the fisheries resources of the Western and Central Pacific Ocean (WCPO).

The oceanic component, will build upon the work undertaken in the main tuna species of the 7th EDF assisted South Pacific Regional Tuna Research and Monitoring Programme (SPR TRAMP) programme, extending this to include the need for detailed analysis and monitoring of "big-eye" tuna and by-catch species. This programme will run for three years at which time it is planned to continue as a core activity under the regional organisation that emerges from the Multilateral High-level Consultations (MHLC).

The coastal component of the programme will run for five years and will involve a comprehensive comparative assessment of reef fisheries in the Pacific Islands region. This will be groundbreaking research as no comparable activity of this kind has ever been undertaken in the Pacific Islands region. The results of both components will provide invaluable scientific advice to the governments and agencies responsible for the sustainable management of the region's fisheries resources.

Total audited amount used so far is € 4,938,190. A Mid-Term review of the project was carried out by Marine Resources Assessment Group LTD in March 2005. Some of their recommendations from the review carried out are stated below:

- The steering committee should develop an up-to-date logical framework to reflect more accurately what the project is doing while ensuring the project activities and results remain within those laid out in the financing agreement.
- The Oceanic Fisheries Programme (OFP) scientists should consider reporting the state of the fishery in terms of changes of variables such as catch rates, which give greater relevance to the fishing industry.
- The Scientific Committee (under the new Commission) should be encouraged to develop and review future projects in more detail rather than simply developing wish lists.
- Port sampling training should continue as it is currently conducted, developing along the same lines as planned for the observer training, with greater emphasis on developing competency in key skills.
- The project should continue its focus on key ACP coastal states, to consolidate data collection systems and continue to increase localization of data management skills.

## **7. Technical Assistance Support to the RAO – 7.RPR.648**

Implementing Agency:	Pacific Islands Forum Secretariat (PIFS)
Budget:	€1,320,000
Financing Agreement Signed:	March 2003
Duration:	4.5 years
Project Closure:	31 December 2007

The project is located at the PIFS under the Development and Economic Policy Division. The objective of the project is to provide technical assistance to the Regional Authorising Officer (Secretary General, PIFS) to ensure the efficient coordination and implementation of the regional indicative programme in accordance with the Lomé and Cotonou Agreements. The project funds the position of two professional staff and two divisional assistants.

Since its inception in 1997 the project has been involved in supporting the RAO in the programming and design of projects under the 8th EDF regional programme, implementation and closure of projects under the 6th and 7th EDF and programming for the 9th EDF. A major achievement of the 8th EDF regional programme is that all projects, with the exception of those approved under a DAG, are now implemented through Grant Agreements with the CROP implementing agencies.

Support was also given to the six new Pacific ACP countries (Cook Islands, Federated States of Micronesia, Marshall Islands, Nauru, Niue and Palau) accede to the Cotonou Agreement. An important milestone was the adoption of the Regional Strategy Paper signed in October 2002.

The audited amount that has been used by the project so far is € 206,564.

## **8. Regional Economic Integration Project (PACREIP) – 9.ACP.RPA.06**

Implementing Agency:	Pacific Islands Forum Secretariat, SPTO, SPC
Budget:	€11.2million
Financing Agreement Signed:	February 2004
Duration:	5 years
Project Closure:	June 2009

Confronted with the phenomenon of globalisation, the Pacific ACP countries have accepted that integration into the world economy is a vital element in the strategy to achieve sustainable economic growth. They have further accepted that an integrated regional approach is the most effective strategy. Regional economic integration thus becomes an important objective of the region, reflected in its adoption as a focal area in the 9th EDF Pacific Regional Indicative Programme. Integration of the region's trade is in turn an essential element of regional economic integration.

This programme will support regional economic integration of the Pacific ACP countries in two important ways. First, consolidation of the Pacific ACP countries as an integrated regional unit through the support to the establishment of a free trade area covering the Pacific ACP countries. And second, the assistance in the engagement of the Pacific

ACP countries as a regional unit in the wider regional and global processes, including the negotiation and subsequent operation of trade with developed country partners such as the European Union, and also in multilateral negotiations at the WTO.

The programme is estimated to cost € 14,270,000 of which € 9,200,000 if funded by the EDF. The audited amount used by the project so far is € 213,277. A Mid-Term review of this project should take place at the end of 2006.

## **9. Extension of the Plant Protection in the Pacific to 6 New Countries ADDPIC(PPP) – 9.ACP.RPA.03**

Implementing Agency:	SPC
Budget:	€ 1,512,000
Financing Agreement Signed:	February 2004
Duration:	3 years
Project Closure:	December 2007

The agriculture sector in Pacific ACP countries is largely subsistence in nature and employs approximately 40 to 80% of the labour force and contributes 20 to 30 per cent of GDP. Plant Protection is central to addressing Food security concerns, supply and quality of agricultural exports for existing and emerging markets. A geographical extension of the PPP project will contribute to the development of sustainable agriculture and the environment in the six new ACP member countries, which is consistent with the 9th EDF Pacific Regional Indicative Programme.

The total amount used by this project so far is €71,738. Recommendations made by the visiting monitoring team from the EU are stated below:

- EC Services, RAO: Consider the possibility of longer term programme financing to support SPC and the countries.
- SPC, RAO, EC Del.: Significantly intensify efforts to increase the level of achievement as well as the visibility of the project purpose. Introduce the issue of wider impact into the project management and stakeholders thinking.
- RAO, SPC: Adjust the project design as necessary and feasible and put it in harmony with the Strategic Plan of the LRD.
- SPC: Keep sustainability aspects continuously on the management's agenda, and investigate them at every action and report of the project.
- EC Del., RAO: Consider modifying requirements regarding work planning and reporting to enable comparison with both the plans and the project performance in the previous periods.

**10. Development of Sustainable Agriculture in the Pacific (DSAP II) –  
9.ACP.RPA.02**

Implementing Agency: SPC  
Budget: € 1,981000  
Financing Agreement Signed: February 2004  
Duration: 4 years  
Project Closure: December 2008

This project complements the work commenced under the 7 and 8th EDF supported "Development of Sustainable Agriculture in the Pacific" to the six new Pacific ACP States of Cook Islands, Federated States of Micronesia, Marshall Islands, Nauru, Niue and Palau.

The purpose of this project is to increase the farming households' production and productivity by:

1. Identifying farmers' specific production problems and solutions.
2. Identifying appropriate technologies and verify them through on farm demonstrations.
3. Upgrade farmer participatory extension methods and technical skills for farmers, NARES and NGOs staff.
4. Promote appropriate technologies and enhance capability in extension communications.
5. Ensure an appropriate and monitoring of DSAP project at national and regional levels.

The audited amount that the project has used so far is €35,826. Recommendations made by the visiting monitoring team from the EU are stated below:

- EC Del., RAO, SPC: Specify the project purpose and overall objective and their indicators for both regional and national levels and introduce and utilize these categories in both project management and thinking of the leading stakeholders.
- SPC: Analyze the overall standing level of the project and take corrective measures. Speed up the project implementation and the delivery of results.
- RAO, SPC: The logical framework should be updated as regards realistic formulation of the overall objectives and the project purpose.

**11. Pacific Regional Coastal Fisheries Development Programme (COFISH) – 9.ACP.RPA.04**

Implementing Agency: SPC  
Budget: €1997476m  
Financing Agreement Signed: February 2004  
Duration: 4 years  
Project Closure: 31<sup>st</sup> December 2007

Pacific ACP countries have a combined Exclusive Economic Zone (EEZ) of some 20 million km<sup>2</sup>, a total land area just over half a million km<sup>2</sup> and a total population of about 7 million. The Region attaches particular importance to the sustainable development of Fisheries as this sector is considered to have the most potential for revenue generation and sustainable economic growth. Whilst tuna fisheries underpin the region's main hope for future economic self-sufficiency, it is the coastal fisheries which underpin current livelihoods and continued food security.

Coastal fishery is the main source of cash and subsistence for many rural communities. Coral reef fisheries in particular are characterised both by their strong influence on the everyday lives of ordinary women and men, and by the lack of hard information necessary for governments and communities to make decisions about the management of reef fisheries. The Secretariat of the Pacific Community (SPC) has inter alia the region's mandate for fisheries research and stock monitoring, including both oceanic and coastal components. Findings are used to promote the economic and social development of the region.

The audited amount used by this project so far is € 40,024. A mid-term review of this project is currently in progress.

**12. Reducing Vulnerability of Pacific ACP States through Island Systems Management – 9.ACP.RPA.05**

Implementing Agency: SOPAC  
Budget: €2.5m  
Financing Agreement Signed: December 2003  
Duration: 2 years  
Project Closure: 30 June 2007

This project will permit to cover the extension of the existing regional project (8 ACP RPA 007) to the 6 new ACP Pacific Islands countries. This project addresses vulnerability reduction in the 6 Pacific ACP States through the development of an integrated planning and management system (Island Systems Management) in the sectors impacting on hazards, aggregates and water and sanitation. The Project strengthens integrated development in Pacific ACP States by concentrating on three major and essential focal areas in the island system: hazard mitigation and risk assessment; aggregates for construction; and water resources supply and sanitation.

The Project will address problems such as: unavailability of accurate, sound, and timely data; weak human resource base; limited resources (money and infrastructure); and lack of appropriate management plans, policies and regulatory frameworks to deal with these three focal areas.

Spread through six Pacific ACP States, field surveys in selected onshore areas and coastal harbours, lagoons, bays and shallow waters will form the basis of the extension. User-friendly spatial databases will be developed from these surveys areas (together with up-to-date air photos and satellite images) through application of Geographic Positioning Systems (GPS), and Geographic Information Systems/Remote Sensing (GIS/RS) tools. Access for all stakeholders to these common spatial databases via effective communications networks will be established.

The audited amount used by this project so far is €133,636. An extension of the programme to December 2007 is under consideration.

### **13. Pacific Regional Initiatives for the Delivery of Basic Education – 9.ACP.RPA.01**

Implementing Agency:	University of the South Pacific
Budget:	€8 Million
Financing Agreement Signed:	November 2003
Duration:	5 years
Project Closure:	31 <sup>st</sup> December 2009

Pacific ACP countries (PACP's) place high priority on education, spending large proportion of budget and receiving significant donor assistance in order to meet growing demands. While some PACPs have almost achieved universal access to primary education, the larger Melanesian countries are a long way from attaining this goal.

Weakness in the planning process in both the formal and informal education sectors has been identified as a key constraint. This Project will improve the quality of basic education strengthening the education planning and implementation process in each PACP. In doing so it will enhance the capacity of Pacific education agencies to effectively plan and deliver quality basic education through formal or non-formal means, providing children and youth a foundation for further education, training, personal development and employment activities in the formal or in-formal sectors.

A fundamental principle of the project is flexibility, as countries will be able to determine their own needs within it. The development of an on-line resource centre will encourage sharing of best-practice and experience among PACPs and will provide back-up for other areas of the project.

The audited amount used by this project so far is €783,458. Recommendations made by the monitoring team from the EU to USP and the RAO are to:

- Ensure the integration of the PRIDE project within the Institute of Education.
- Invest in and provide project management support.

- Continue to support the National Project Coordinators and develop structural solutions to build capacity at the Ministries to implement the PRIDE tasks.
- Review the proposal procedure for in-country subprojects and find ways to make it easier for the National Project Coordinators to submit proposals.
- Set up a monitoring system that will indicate the efficiency, effectiveness and impact of the results achieved.

A mid-term review of PRIDE was conducted in August/September 2006.

#### **14. Development of Tuna Fisheries in the Pacific ACP Countries – 9.ACP.RPA.08**

Implementing Agency:	FFA & SPC
Budget:	3 Million Euro
Financing Agreement Signed:	December 2004
Duration:	4 years
Project Closure:	31 <sup>st</sup> December 2008

Overall objective of this project is to increase the contribution from the sustainable use of marine resources to the poverty alleviation in Pacific ACPs. The project will contribute to this objective through a focus on the sustainable development of highly migratory oceanic living resources, particularly tuna fisheries.

The purpose of the intervention is to contribute to the establishment of a concerted policy and economic environment conducive to the further development of Pacific ACPs owned fishing and processing operations and to an increased contribution of foreign fleets to the economic development of these countries.

The project is designed to support regional thinking and national action. At present the economic contribution of the fisheries sector is poorly measured; the only performance measures available are catches or values of catches and fish trade data from existing national and regional reporting systems. These indicators are inadequate to measure the benefits received by P-ACPs at the level of the project objective and purpose. The project will build on the existing data, improve them with new indicators and regional workshops will be held to strengthen the capacity of national statistical administrations to improve measurement of benefits from tuna fisheries.

The cost estimate for Work plan 2005 is € 613,000.

#### **15. Pacific Environmental Information Network (PEIN II) - 9.ACP.RPA.09**

Implementing Agency: South Pacific Regional Environment Programme  
Budget: €560,000  
Financing Agreement Signed: December 2004  
Duration: 3 years  
Project Closure: December 2007. Request for extension up until 31<sup>st</sup>.12.2009

This project builds on the achievements of the earlier project [8th EDF PEIN project], consolidates the environment libraries created in the original eight states and broadens and extends PEIN to the six new Pacific ACP countries (Cook Islands, Niue, Palau, Federated States of Micronesia, Republic of the Marshall Islands and Nauru).

In this way the PEIN II project will provide assistance to all 14 Pacific ACP countries and improve the national capacity for environmental management and sustainable development of the Pacific Island countries. The project will produce a significant 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. The PEIN II will service and link National Environment Libraries (NEL) who in turn will have established National Environmental Networks (NEN).

#### **16. Support to the Energy Sector in 5 ACP Pacific Islands - REG/7001/000**

Implementing Agency: IT Power  
Budget: € 1.8million  
Financing Agreement Signed: July 2005  
Duration: 4 years  
Project Closure: 31<sup>st</sup> December 2009

This initiative can actually be more accurately described as a sub-regional programme than a regional one. Consistent with the promotion of economic and social development, the Governments of the Federated States of Micronesia (FSM), Nauru, Niue, Palau and the Republic of the Marshall Islands (RMI), in consultation with civil society, have targeted the energy sector, especially the identification and use of new and renewable sources of energy, as the area of concentration for the 9th EDF funding. The focus on renewable energy is also in line with EIB's strategy to give support to renewable energy schemes in the Pacific region and might open a window for cooperation. The National Authorising Officers have therefore delegated their role for the implementation of this programme to the Regional Authorising Officer, the Secretary General of the Pacific Islands Forum Secretariat.

The five Pacific States targeted in this programme are all characterized as Small Island Developing States (SIDS). Their development challenges are particular, compared to other developing countries, given their very small population (from 1,200 in Niue to 116,000 in FSM), their isolation in the South Pacific Ocean, their relatively small GDP per capita (from €1,100 in RMI to €6,157 in Palau) and their fragile environment. While



FSM, RMI and Palau have numerous outer islands, Nauru and Niue are single-island states.

The tender for the PMU was launched in June 2005 and contract awarded to IT Power Ltd (UK). PMU offices are currently being established in Suva and FSM. The first Project Steering Committee meeting was held in Suva in March 2006.

**C) Annexes with a prospective character:  
Indicative timetable for commitments (up to end 2007) and disbursement (up to end 2008)**

	2007	2008
<b>Outer Islands Development Program €2.5 mill.</b>		
Individual commitments	2.46	0.03 (evaluation)
Disbursements (€ mill.)	2.46	0.02 (audit and evaluation)
<b>Building resilience to natural disasters € 1 mill.</b>		
Individual Commitments (€ mill.)		0.24
Disbursements (€ mill.)		0.1