

**JOINT ANNUAL REPORT**

**2005**

**on EU - cooperation with the**

**KINGDOM OF TONGA**

## **1. Executive Summary**

Article 5, Annex IV of the Cotonou Agreement requires that the National Authorising Officer and Head of Delegation shall annually undertake an operational review of the indicative programme to ensure that operations are kept in line with the objectives of the Agreement and to take account of any changes in the economic situation, priorities and objectives of the relevant country. This joint annual report for 2005 fulfils this reporting requirement and serves as a basis to carry out the end-of-term review (ETR) and start the programming exercise in 2006.

Under the 9<sup>th</sup> EDF, the indicative financial allocation for the Kingdom of Tonga is €3.7 million for the "A" Envelope and €2.0 million for the "B" envelope. The focal area of EC-Tonga co-operation is social sectors' development, through a social sector support programme in the island group of Vava'u, allocating 3.0 million of the A-envelope. Out of the B-envelope, €0.89 million have already been allocated for rehabilitation following cyclones Ami and Eseta in 2003. This project was completed during the first half of 2005 and will be audited in early 2006.

All programmes financed under Lomé IV were completed end of 2004/early 2005. The Vava'u Development Programme III and the Microproject Programme III are being audited.

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

### **2.1. Update of the political situation**

Tonga is a constitutional monarchy and has had its Constitution since 1875. It differs from other Pacific countries in that, as a protectorate, it was never really colonised. Tonga is fully independent since 6 June 1970 and a member of the United Nations as well as of the Commonwealth of Nations. The judiciary is independent. Traditional values and indigenous culture are widely maintained in the society.

The legislative assembly consist of the King's cabinet ministers, nine nobles who are elected by the 33 hereditary nobles of Tonga and nine commoners elected by the people. A Pro-Democracy movement was formed in November 1992. In the March 2002 elections, the Pro-Democracy Candidates from the Tongan Human Rights and Democracy Movement (THRDM) gained 7 of the 9 seats available. In November 2004, the cabinet expanded to include for the first time two elected peoples representatives and two elected nobles representatives. An election then took place in March 2005 which resulted in the THRDM retaining their 7 seats.

Starting on 22 July 2005, a strike of civil servants lasting some 6 weeks threatened to paralyze the civil service. Dissatisfied public servants refused the proposed new government salary structure and claimed for large pay increases of 60, 70 to 80% depending on current service pay level. Reportedly the 80% increase was designed to bring the lowest pay level up to \$T5,000 p.a., an amount regarded as the minimum necessary to keep employees above the poverty level.

Increasingly, the strike also took on political overtones. It became linked with groups pressing for a greater movement towards representative democracy and groups concerned to express dissatisfaction with certain financial transactions of the Government and members of the Royal family.

On the 3<sup>rd</sup> September 2005, the Princess Regent Pilolevu Tuita and a Ministerial Committee agreed on a Memorandum of Understanding with the representatives of the strikers and the strikers resumed their duties on Monday 5 September 2005. The MOU also stipulated terms including the salary increases of 60 to 80 per cent for civil servants, backdated to 1 July 2005 and settled over a period of two years.

Also in the Memorandum, the government undertook to set up, by the end of the year, a Royal Commission in charge of examining the possibility of reviewing the Constitution.

With technical assistance from ADB, the Government of Tonga has developed its Strategic Development Plan No. Eight, 2006/07 – 2008/09 with the vision to create a society in which all Tongans enjoy higher living standards and a better quality of life through good governance, equitable and environmentally sustainable private sector-led economic growth, improved education and health standards, and cultural development.

Tonga has neither signed nor ratified three of the core UN human rights conventions, the International Covenant on Civil and Political Rights, the international Covenant on economic and Social Rights and the Convention against Torture.

## **2.2. Update of the economic situation**

The country's economy is based on agriculture (23.7% of GDP), remittances and tourism. The larger islands are very fertile and support crops for local consumption and export. However, Tonga's small, open economy is vulnerable to fluctuations in world commodity prices and susceptible to natural disasters such as cyclones. Due to its smallness in size and sometimes poor access to fertile land, economic activities and human settlement are concentrated in areas with proper roads links. Consequently domestic production and exports highly concentrate on a few primary commodities, with limited possibility for alternatives, and domestic consumption depends heavily on imports.

Squash, the main export good since the late 1980s, accounts for about 40 – 50% of total merchandise exports. Together with vanilla, kava and marine products are the main export earners. Major fluctuations in the price of agricultural produce such as squash have affected Tongan farmers adversely. Vanilla prices have held up, but the fishing industry has also been in difficulty with lower catches and lower prices. Eco-tourism, centred on whale watching and diving in Vava'u, is growing and holds much promise. However, greater investment in tourism would depend upon a more responsive traditional land tenure system and more reliable air transport services.

While experiencing growth, the Tongan economy remains in a very fragile state. The recent public sector wage dispute and the measures conceded to settle it have the potential to lead to economic problems of some significance. GDP growth in Tonga in 2004 slowed to 1.6 % from 2.9% in 2003, after the 2.1 % growth achieved in 2002 (UN-ESCAP Survey 2005). However, the modest rates of growth have not adversely affected the average per capita income levels, due to high level of emigration, which keeps population growth well below 1% per year. But continued slow economic growth worsened the problem of inadequate employment opportunities, especially for young school leavers.

The public sector and remittances play a large role in the economy. Private remittances from the U.S., Australia and New Zealand, which accounted for 41.2 % of GDP in 2002, can be expected to continue in the region of T\$ 80-90 million annually (UN-ESCAP Survey 2005) given

sustained economic growth in Australia and New Zealand. Nearly 80,000 ethnic Tongans are estimated to be residing overseas, mainly coming from the highly educated segment of the population.

The widening trade deficit (the US dollar value of exports fell slightly, while imports increased by 22%), combined with increased deficits on the services and investment income accounts, more than offset 11% increase in the surplus on transfers account, creating a current account deficit of 1.4% of GDP.

Tonga's inflation rate fell to 8.1% in the twelve months to the end of June 2005 down from 10.1% in the twelve months ended June 2004.

Following the recent strike settlement, severe financial consequences have to be taken into account for the economic outlook as 60% of the pay increase is payable in 2005-6 with the full settlement being paid in 2006-7, together with the 40% of the increase carried over from 2005-6. Furthermore, the settlement includes an agreement that there will be no tax increases to pay for the salary increase, apart from already announced measures under the Revenue Reform Programme.

Due to a small population and weak private sector, the government's taxation base is small relative to the developmental needs of the country. Government has therefore relied on donor assistance to supplement its small government domestic revenue to finance needed development projects. While government continues to find the balance between the promotion of economic growth and socio-cultural and environmental considerations, it recognises the development of the private sector is a key factor to generating sustainable growth as well as reducing the high dependence on overseas development assistance. This was clearly presented at a donors meeting held at the end of 2005 whereby the Hon. Minister of Finance identified private sector lead growth as one of the economic goals of government especially in view of the fiscal problems as a result of the public service salary hikes.

Tonga's accession to WTO has been approved on 14 December 2005.

### **EPA negotiations**

All Pacific ACP states, including Tonga, continued their participation throughout 2005 in the EPA regional negotiation process through the established negotiating machinery. Progress in the Pacific negotiations was, however, slower than might have been hoped for, a reflection both of the very limited capacity of certain PACP states and of the varying levels of interest on the part of the states in an EPA (only a small number of smaller PACP perceive an interest in an agreement on goods). Discussions focussed on the architecture of the Agreement, as well as on investment promotion and protection and on certain sectors of importance to most PACP – including some of the smaller countries – such as fisheries, tourism and services in general. There was little in the way of discussions on goods in 2005. Such discussions have been back-loaded for fear of triggering free trade discussions with Australia and New Zealand under PACER. Support to EPA preparation efforts, including in-country stakeholder meetings and participation in EPA-related meetings at all levels, was provided for Tonga through PACREIP, the € 9.2m 9th EDF regional programme. As a result of the stakeholder meetings, it is suggested that Tonga might need a specialist consultancy along the lines of that provided by the EU to Vanuatu. Progress has been slow, and despite at least one Commission-organised workshop, suggesting fishing would be central, the message to the authorities has not been clearly

received. This apparent lack of enthusiasm may be more due to the weakness of the EU process rather than lack of appetite on the part of Tonga.

### **2.3. Update of the social situation**

Tonga's population of 104,000 (UN 2004 estimate) is spread across 45 of its 172 islands, but most people (66%) live on the main island, Tongatapu. The same percentage of the population are rural dwellers, however, there is a very strong rural-urban drift. In some areas of Tongatapu, basic social services such as sanitation and drainage infrastructure need urgent attention. Health concerns are largely because the urban drift in recent years has forced people from outer islands to settle in areas unsuitable for housing. The population remains youthful with 36% under the age of 15. Limited employment opportunities, especially for young school leavers, rising petty crime, substance abuse, and increasing incidence of teenage pregnancies are of growing concern for the government.

According to official statistics, absolute poverty does not exist in Tonga. Traditional community-oriented lifestyles and strong extended family ties provide safety nets for most community and family members.

Gross National Income per capita in current US\$ amounted to 1,730 in 1999, 1,400 in 2002 and 1,490 in 2003 (World Bank Indicators database, August 2004). Of the Pacific countries, however, Tonga has some of the best MDG indicators and is well on its way to achieving the MDG's by 2015. With regards to the Human Development Index, UNDP's 2005 Human Development Report ranks Tonga on No. 54, ahead of Samoa (74) and Fiji (92).

Health indicators have improved steadily over the past years, although lifestyle diseases have increased rapidly. Life expectancy at birth is 70 years for men and 72 years for women (2002). The Government provides free health services through 4 hospitals, various health centres and maternal health clinics, which are spread throughout the country. Tonga allocates 5.1% of its GDP to healthcare. For the majority of the population, access to health services, improved drinking water and adequate sanitation is good. Vaccination rates for various childhood illnesses are between 90 and 100%. Tonga leads the live births per thousand list with a mortality rate of 15 and has one of the lowest child mortality rates in the Pacific.

Tonga values education very highly and consequently has well developed education services and a high literacy rate. It allocates 4.9 % of its GDP to education. Primary school enrolment in Tonga is almost 100%. Secondary enrolments have fallen to 72 % from 76% a few years ago. There are tertiary educational institutions in Nuku'alofa, in addition to the University of the South Pacific in Suva (Fiji).

A table with key social development indicators can be found in Annex 1.

Although only one of the seats in parliament is held by a woman, they have traditionally had a social status generally superior to that of men, but this status has gradually been declining as a result of demographic and social changes. However, many women hold senior positions of leadership within the Government's public and diplomatic service (most notable here is that all of the Tongan missions abroad are headed by women). Rapid urbanisation has also seen a decline in traditional values, and one consequence of large-scale international migration is that women are often left behind to manage as single parents.

## **2.4 Environmental situation**

Tonga's limited land resources in conjunction with high population growth rates in urban centres have put considerable pressure on the country's natural resources and worsened its environmental problems. Due to limited land resources, mangrove forests have been cleared and filled to make home sites. Conversion of forest land for agricultural purposes in the past has virtually destroyed Tonga's entire indigenous forestry resources with the remaining area of natural hardwood forest being estimated at about 4,000 hectares, most of which is located on steep and inaccessible areas of 'Eua Island.

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

In the light of the assessment in the framework of the Mid-Term Review of the 9<sup>th</sup> EDF carried out in 2004, it was decided to maintain the country strategy for Tonga, as contained in the CSP and NIP. It was further decided to maintain the funds available under envelope A (€3.7 million) as well as envelope B. The Vava'u Social Sector Programme absorbs € 3 million out of the A-envelope.

### **3.1. Focal sector: Vava'u Social Sector Support Programme (VSSSP)**

The financing proposal was approved by the EDF Committee in September 2003, and a financing decision was subsequently taken by the Commission in November.

The programme focuses on education, health and sanitation on the Vava'u group of islands, in the north of Tonga. The implementation of VSSSP is in line with the National Plan and the outcomes of the Education and Health Sector Reforms Programme that are being elaborated by the Government of Tonga with support from several donors (NZAid, ADB, World Bank, EU).

The implementation of the VSSSP is under the direct supervision of the NAO and the Delegation. The PMU coordinates the implementation of the VSSSP in compliance with the EDF Rules and any success of PE1 and moving forward with PE2 is attributable to the active participation of the NAO, Vava'u Development Committee, Vava'u Steering Committee, in close cooperation with the Delegation.

The VSSSP programme is implemented through programme-estimates, supporting the Government of Tonga's initiatives in improving the delivery of services in the above areas, including structural improvements, provision of essential medical and educational equipment and supplies, sanitation operations and related public awareness campaigns.

VSSSP allocates €1,252,500 for the Education Sector, the same amount goes to the Health Sector, €300,000 are foreseen for Non State Actors and € 120,000 for programme management, €50,000 for audit and €25,000 Euro are reserved for programme evaluation.

#### **a) Results**

The Financing Agreement was signed in April 2004 and subsequently implementation started with the first Programme Estimate (for an amount of TOP\$999,889). Due to a series of delays, it was later decided to extend the first PE until end of June 2005 and to re-programme some activities. Overall, the implementation of VSSSP is progressing

satisfactorily; however, more progress has been made in the health component than in the education component, which comes on stream now with the progressing implementation of PE2 running from 29 July 2005 till 30 June 2006 for an amount of almost 2 million Euro. However, due to the necessity of verifying the balances in the VSSSP bank account, the first tranche of PE2 was transferred only in September 2005, which has caused some delays in implementation of PE2, warranting a possible extension of PE2.

The Vava'u Social Sector Support Programme has two types of indicators:

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

For **education** two impact indicators have been identified. The source of verification for both will be MoE statistics (collected annually):

1. Reduce the rate of repeaters for class 6

In 2000 this was 1,024 (182 in Vava'u) out of a total 15,337 students (rate: 6.677%) and in 2001 it was 1,016 (no data available for Vava'u) out of 15,467 (rate: 6.567%). MoE aims to reduce the rate of class 6 repeaters by 10% up to the end of this programme, bringing it close to 6%.

2. Increased achievement rate at the end of secondary school

In 2001 the national average for the "Pacific Senior Secondary Certificate Examination" was 60%. MoE aims to improve this by nearly 10% and bring the national average close to 65% by the end of the programme.

For **health** also two impact indicators have been identified and the source of verification for both will be MoH statistics (collected on a regular basis and compiled annually):

1. Greater accessibility of primary health service, bringing health care closer to the people

By the end of the programme all the four health outposts in Vava'u (two in the main island – Ta'anea and Tefisi - and two in small islands – Falevai and Hunga) will be renewed, equipped and staffed by at least one nurse.

2. Decrease by 5% in the number of non-communicable diseases in the Vava'u health district, through improved health services, and public awareness campaigns.

- Short-term indicators will be identified annually as part of the programme-estimates and will stem directly from the activities identified (e.g. so many schools/clinics refurbished and equipped, so many houses for education/health staff built, etc).

**b) Activities**

PE1 and subsequently PE2 foresee under the Health Component the renovations of staff quarters as well as the fencing of the hospital compound, supply of medical and dental equipment and the renovation of the Prince Ngu hospital in Vava'u. The Education Component foresees the renovation and upgrading of school facilities and staff quarters as its main activity.

With regards to the Non State Actors component, the Civil Society Forum of Tonga coordinates as key implementing agency the various activities at different schools, ranging from supplies of cooking utensils, to purchase of books as well as renovation of school buildings, etc.

The key figures for the project are as follows (31/12/2005) in €:

Primary Commitment:	3,000,000.00
Secondary Commitment:	2,776,836.28
Disbursed:	2,776,836.28

## 2. Projects and programmes outside focal sectors/ from previous EDFs

Since Lomé III, the EU programme has focussed as core donor on the development of the Vava'u Group of Islands. This approach of integrated regional development and the concentration of core donors in each of the regional groupings have ensured that there are funds available for concerted development efforts. The Vava'u Region has benefited from a total of €15.8 million EU funds to its development over the last fifteen years (EDF 6, 7 and 8). Under a three-phase programme funds were spent especially for infrastructure, energy and agricultural projects, but no activities in the social sectors of the Group. After the first phase of the Vava'u Development Programme (VDP) implemented in 1997/98, a second phase (VDP II) confirmed the benefits of this approach for both, the target groups and the donor organisation. The Programme (VDP III) was continued under the 8<sup>th</sup> EDF and its implementation was completed at the end of 2004 with the exception of audit and evaluation, which were carried out in 2005.

The following are the main results of the VDP III:

- The construction of a new wharf for fishing boats as well as the new building for the fish market. Both were officially opened by Her Royal Highness Princess Salote Pilolevu Tuita in 2004, and are in full use.
- The construction of a new tourism wharf.
- On the upgrading of the island's road network.
- The construction of training centres.
- The rehabilitation of the rubbish dump

The Microprojects Programme III, the implementation of which was completed in February 2003, is still awaiting closure following an international audit which, despite efforts, could not be completed by the end of 2005. The NAO has, however, promised that he would see to it to have a final report available in early 2006.

### 3.3. Utilisation of resources for NSAs

As concerns the 9<sup>th</sup> EDF and the involvement of the NSA, the system has been working satisfactorily. A Civil Society Forum of Tonga was constituted to bring the NSA into the Cotonou process and the Friendly Islands Teachers' Association provides its secretariat. The NSA have been invited to participate in all relevant discussions and decision points and on the occasion of missions.

The Vava'u Social Sector Support Programme includes an allocation for the NSA equal to 10% of the programme total. Despite the fast rate of implementing NSA component, the Civil Society Forum of Tonga will be requested to submit a monthly report on the progress of implementing NSA projects.

### **3.4. Utilisation of Envelope B**

A financing agreement for € 0.89 million was signed in October 2003 following cyclones Ami and Eseta, which both struck Tonga in 2003. The funds, from the 9<sup>th</sup> EDF B envelope, have been used to reimburse the repairs of the Ferry MV 'Olovaha, which ensures transport between Tongatapu and Vava'u. In addition, in 2004 the rehabilitation of the wharf in Eua started, which was badly damaged after cyclone Eseta. The financing agreement for these rehabilitation measures expired on 30 April 2005; a final audit will be carried out in early 2006.

### **3.5. Other Instruments**

#### ***3.5.1. Regional Cooperation 9<sup>th</sup> EDF***

The regional allocation amounts to €29m and includes three focal sectors "Economic Integration and Trade" (€9m), "Human Resources Development" (€8m) and "Fisheries" (€5m) and a non-focal sector, for extension of the 8<sup>th</sup> EDF programmes to the 6 new ACP countries (€7m). The RSP was signed in 2002 by Commissioner Nielson, during his first visit to the Pacific.

For a complete overview regarding the cooperation under the regional indicative programme please refer to Annex No. 2.

#### ***3.5.2 EIB***

In 2005, EIB approved a global loan of up to € 6m to the Tonga Development Bank under the Pacific Islands Finance Facility. This is the sixth operation of EIB with this development bank. In the same way as with previous operations, the funds will be on-lend by the development bank to final beneficiaries in the private sector.

#### ***3.5.3 STABEX***

No STABEX funds have been disbursed in 2005. Currently the Government of Tonga is in the process of drawing up a new Framework of Mutual Obligations for the use of €2.5 million STABEX funds.

## **4. Programming perspectives for the following years**

### **4.1. Pipeline and absorption capacity**

In 2005, individual commitments and payments performed 2.5 times better than forecast. At the end of 2005, €4.37 million were left in the A envelope. This includes the initial allocation of €3.7 million, plus reliquats from closures and balances. Of that amount, €3 million are already committed for the focal sector. (enhancement of social services in Vava'u, including participation of the NSA).

In view of the good progress in implementing the programme (including the NSA element) it is proposed to increase the financial ceiling of the Financing Agreement for the focal sector by €0.5 million (bringing it up to €3.5 million) for very urgent projects in social sectors and for sustaining previous investments made in the region.

A significant clean-up of about €1 million of RAL is to take place in 2006. Thus by the end of 2006, around €2.5 million are expected to be available in the A envelope. It has been agreed with the NAO to use these funds to

- i) a Rider to raise the financial ceiling for the VSSP (€0.5 million);
- ii) extend the geographical coverage of the focal sector, in order to encompass not only the Vava'u outer islands development, but also other poor areas in Tonga, in order to mitigate the negative effects of budgetary restrictions;
- iii) possibly, a TCF to support studies and Technical Assistance.

All remaining funds in the A envelope should therefore be committed by the first semester of 2007.

As regards the B-envelope, with an initial allocation of €2 million, at end 2005 there remain €1.11 million available. There are two alternatives for the use of the available funds in 2006:

- 1) to participate in a regional Disaster Preparedness Initiative currently being prepared in close coordination with SOPAC. A Project Identification Fiche has been submitted to HQ in 2006, and once missing elements have been pulled together, DG DEV will launch the order of service.
- 2) to support a disaster rehabilitation project following the earthquake in Tonga in May 2006. These funds will be committed during 2006. Any funds uncommitted by end 2006 will be transferred to the general reserve.

STABEX funds of approximately € 2.5 million are available, and a new FMO on their use is under preparation, for a nation-wide programme for poverty alleviation.

The proposal for a new micro-project programme, as introduced in the Mid-Term Review, should now be withdrawn.

The future of our cooperation with the Kingdom of Tonga was the subject of a series of discussions with the NAO, intensified following the political unrest in July/August and the development partners meeting on 1 December 2005. The country is plunging into a deep economic crisis, drastically exacerbated by sharp increases in public servants' salaries, agreed in September 2005. The Minister of Finance is acutely aware of the crisis and its social consequences and briefed the donors on the situation and its future prospects, in December 2005. All donors have agreed in principle to support a programme of economic and political reform, if/when it is approved by the Government of Tonga and implemented.

The Delegation believes that, in this context, the most appropriate would be to keep the focus on the delivery of social services and align the future operation(s) to be financed from the remaining balances with the social services/poverty reduction elements of the future Government of Tonga economic and political reform programme.

Discussion with the NAO and the Government of Tonga will continue with the aim to agree on how best to support the country in the current financial crisis and the eminent reform process. The Delegation proposes to broaden the geographic scope of the Social Sector Support Programme, to cover the whole country, and to support government's pro-poor initiatives linked to public service deliveries. No, this cannot be done – we can however announce, as above, that we have already earmarked the remaining B envelope funds for urgent needs. In addition it should be considered to approve a Technical Cooperation Facility in the tune of €0.5 million for Tonga to support a referendum in 2007 and to finance some studies.

#### **4.2. Proposal for revision of strategy**

There are no proposals for a revision of strategy during the ETR.

#### **4.3. Preparation for the next programming exercise 2008-2013**

Preparations have started notably in the context of the on-going discussions with the NAO and the Ministry of Finance on the support strategy for the reform process. In an effort to boost donor harmonization and co-ordination, information are regularly exchanged with other donors, notably Australia (the lead donor for the Kingdom of Tonga) and New Zealand, as well as the ADB. The Delegation has also asked for support from Headquarters for an appraisal on the conditions in the country to support the social sectors within the context of a sector-wide approach, with the option to join the NZAid/World Bank SWAP to Tonga's education sector.

In October 2005 the European Commission represented by Mr A. Henriksson, Director DEV/C, proposed to the Pacific Forum Leaders to focus the EDF's future assistance in the Pacific on the sustainable management of natural resources, a sector of strategic importance to all PICs, where there is a general commonality of interests between the region and the European Union and where the EU has significant expertise. Sustainable development is also one of the four key pillars of the regional framework underpinning the Pacific Plan, which was approved by the Forum Leaders on the same occasion, in October 2005. Further details will be elaborated in 2006, once the 10<sup>th</sup> EDF programming exercise is launched and negotiations formally begin.

The European Commission and the Tongan Government jointly recognize that there may be important environmental issues which may become an essential part of the development agenda of the country. Issues related to the reliable provision of water and sanitation, sustainable management of solid waste, costal protection, ecologically sustainable tourism, and renewable energy can certainly play a crucial role in the future partnership.

## 5. Conclusions

In the light of the above analysis and taking into account the special considerations, it is proposed to:

- Maintain the country strategy for Tonga, as contained in the CSP and NIP.
- Maintain the funds available under the envelope A for the focal sector.
- Maintain the funds available under the envelope B, which will be committed in 2006.

Any funds that have not passed the management procedures of the EDF Committee before 1 August 2007 shall be transferred to the general reserve.

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Signed by:



Hon. Sonatane T.T. Tupou  
Minister for Foreign Affairs and  
National Authorising Officer



Roberto Ridolfi  
Head of Delegation

Dated: 11 SEP 2007

Dated: 11 AUG 2007

**ANNEX 1 :**  
**MDG indicators selected by the EU**

Indicators	(%)	1990	1995	2001	2002
<b>Impact indicators</b>					
1. Proportion of population below \$1 per day		-	-	-	-
2. Prevalence of underweight children (under 5 years of age)		-	-	-	-
3. Under-five mortality rate (per 1,000)		27.0	24.0	21.0	20.0
<b>Outcome</b>					
4. Net enrolment ratio in primary education		-	76.14	77.09	76.92
5. Primary Completion Rate		-	-	-	-
6. Ratio of girls to boys in primary, secondary and tertiary education		-	88.03	89.49	90.41
i. Primary School		99.05	93.39	99.26	99.17
ii. Secondary School		-	-	69.15	69.12
iii. Tertiary		-	-	-	-
7. Proportion of births attended by skilled health personnel		92.0	95.0	92.1	95.6
8. Proportion of 1 year old children immunised against measles		91.0	90.0	92.9	90.0
9. HIV prevalence among 15-24 year old pregnant women		0	0	0	0
10. Proportion of population with sustainable access to an improved water source		92.0	95.0	98.0	98.0

Sources: - Worldbank: Tonga Country Profile, devdata.worldbank.org  
 - Ministry of Health  
 - Ministry of Education

## ANNEX 2:

### Overview of projects under the Regional cooperation

#### 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:	March 2006

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**

Implementing Agency: SPC  
Budget: € 4,300,000  
Financing Agreement Signed: December 2001  
Duration: 5.5 years  
Project Closure: November 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 - 8ACP.RPA.10**

Implementing Agency: SPC  
Budget: € 4,306,000  
Financing Agreement Signed: November 2002  
Duration: 4 years  
Project Closure: December 2007

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:	May 2007

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

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**

Implementing Agency:	SPC, Noumea
Budget:	€8 million
Financing Agreement Signed:	December 2001
Commencement:	March 2002
Duration:	5 years
Project Closure:	March 2007

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 "bigeye" 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: 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 it's 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.AC.P.RPA.06**

Implementing Agency: Pacific Islands Forum Secretariat, SPTO, SPC  
Budget: €9.2 million  
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: €1,999,800  
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: € 2,212,231  
Financing Agreement Signed: February 2004  
Duration: 4 years  
Project Closure: 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: €2,549,600  
Financing Agreement Signed: December 2003  
Duration: 2 years  
Project Closure: 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: 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 is scheduled in Q1 2006.

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

Implementing Agency: FFA & SPC

Budget: 3 Million Euro

Financing Agreement Signed: December 2004

Duration: 4 years

Project Closure: 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

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).

The cost estimate for Work plan 2005 was € 149,840.

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

Implementing Agency: IT Power  
Budget: €11.4 million  
Financing Agreement Signed: July 2005  
Duration: 4 years  
Project Closure: 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 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 will be held in Suva in March 2006.