



# Evaluation of the European Union's cooperation with the Pacific Region 2006-2012 Final Report Volume 1 2014

*Evaluation carried out on behalf of  
the European Commission*



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***The opinions expressed in this document represent the authors' points of view  
which are not necessarily shared by the European Commission  
or by the authorities of the countries involved.***

*Cover pictures, clockwise from top left:*

*Timor Leste – 10<sup>th</sup> EDF 'Fourth Rural Development Programme'*  
*Fiji – 'Retrofitting - Habitat for Humanity'*  
*Timor Leste – 10<sup>th</sup> EDF 'Fourth Rural Development Programme'*  
*Timor Leste – 10<sup>th</sup> EDF 'Fourth Rural Development Programme'*  
*Timor Leste – 10<sup>th</sup> EDF 'Fourth Rural Development Programme'*  
*Fiji - Vocational training – 'Social mitigation Programme 2010 - Habitat for Humanity'*  
*Timor Leste – 10<sup>th</sup> EDF 'Support to Health Sector'*



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ACP	African, Caribbean and Pacific
ADB	Asian Development Bank
AFD	Agence Française de Développement
AGFOR	Agriculture and forestry (products)
AIDS	Auto Immuno Deficiency Syndrome
AMSP	Accompanying Measures for Sugar Protocol
AUSTRALIA	Australian Agency for International Development
CA	Contribution Agreement
CBT	Competency-Based Training
CC	Climate Change
CCI	Cross Cutting Issues
CCWG	Climate Change Working Group
CDE	Centre for Development of Enterprise
CEWG	Core Economic Working Group
COM	Communication of the European Commission
COMESA	Common Market for Eastern and Southern Africa
CONCORD	European NGO Confederation for Relief and Development
COOP	Functional Cooperation
CRIS	Common RELEX Information System
CROP	Council of Regional Organisations for the Pacific
CSO	Civil Society Organization
CSP	Country Strategy Paper
DAC	OECD Development Assistance Committee
DCI	European Commission Development Cooperation Instrument
DDR	Disarmament Demobilisation and Reintegration
DEVCO	European Commission Directorate General for Development Cooperation
DEVFISH	Development of sustainable tuna fisheries in Pacific ACP countries phase 2
DG	Directorate General
DP	Development Partner
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction in Eight Pacific ACP States
DSM	Deep Sea Minerals
DSMPIR	Deep Sea Minerals in the Pacific Islands Region: Legal Framework and Resource Management

EAMR	External Assistance Management Report
EC	European Commission
ECHO	European Commission Directorate General for Humanitarian Cooperation
EDF	European Development Fund
EDU	Education sector
EE	Energy Efficiency
EEAS	European External Action Service
EERE	Energy Efficiency and Renewable Energy
EEZ	Exclusive Economic Zone
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EMIS	Education Management Information System
ENRTP	European Union Thematic Programme: Environment and Natural Resources Programme
ENV	Environment
EPA	Economic Partnership Agreement
EQ	Evaluation Question
ETHRDP	Education, Training And Human Resources Development Programme
EU	European Union
EUD	European Union Delegation
EUMS	EU member states
EUR	Euro (€)
FA	Financial agreement
FACT	Facilitating Agricultural Commodity Trade
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FEMM	Forum Economic Ministers' Meeting
FESP	Fiji Education Sector Programme
FFA	Forum Fisheries Agency
FIC	Forum Islands Countries
FISH	Fisheries sector
FLEGT	Forest Law Enforcement, Governance and Trade
FLEX	Fluctuations of Export Earnings
FPA	Fisheries Partnership Agreement
FR	France
FRANZ	France, Australia and New Zealand
FSM	Federated States of Micronesia
GCCA	Global Climate Change Alliance



GDP	Gross Domestic Product
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit, Gmbh
GNI	Gross National Income
HIPC	Highly Indebted Poor Country
HIV	Human Immunodeficiency Virus
HQ	Head Quarter
HRD	Human Resource Development
HRDP	Human Resource Development Programme
HRDPI	Human Resource Development Programme Phase I
IACT	Increased Agricultural Commodity Trade (Component of the SPEITT programme)
IFS	Instrument for Stability
IL	Intervention Logic
IMF	International Monetary Fund
IO	International Organization
IPPS	Independent Power Producers
IR	Inception Report
IRENA	International Renewable Energy Association
IUU	Illegal, unreported and unregulated
JAP	Japan
JAR	Joint Annual Review
JC	Judgement Criteria
JEU	Joint Evaluation Unit
JOIN	Joint Communication of the European Council, Commission and Parliament
LA	Local Authorities
LDC	Least Developed Country
LRD	Land Resource Division (of SPC)
MARE	European Commission Directorate General for Maritime Affairs & Fisheries
MCS	Monitoring, Control and Surveillance (of fishing activities)
MDG	Millennium Development Goal
MN	Meeting Notes
MR	Monitoring report
MS	Member States
MSG	Melanesian Spearhead Group
MSGTA	Melanesian Spearhead Group Trade Agreement
MTR	Mid-Term Review

NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NRE	Natural Resources & Environment
NSA	Non-state actors
NZ	New Zealand
NZAID	New Zealand Agency for International Development
OCO	Oceania Customs Organisation
OCT	Overseas Country or Territory
OCTA	Office of the Chief Technical Advisor (for the Pacific Islands Forum countries)
ODA	Official Development Assistance
OECD	Organisations for Economic Cooperation and Development
OFP	Oceanic Fisheries Programme
PACER	Pacific Agreement on Closer Economic Relations
PACP	Pacific ACP
PACREIP	Pacific Regional Economic Integration Programme
PFM	Public Finance Management
PFTAC	Pacific Financial Technical Assistance Centre
PIANGO	Pacific Islands Association of NGOs
PIC	Pacific Island Countries
PICT	Pacific Island Country or Territory
PICTA	Pacific Island Countries Trade Agreement
PIF	Pacific Island Forum
PIFS	Pacific Island Forum Secretariat
PIGGAREP	Pacific Islands Greenhouse Gas Abatement Through Renewable Energy Project (UNDP/GEF/SPREP)
PIPSO	Pacific Islands Private Sector Organisation
PIRFO	Pacific Islands Regional Fisheries Observer Programme
PITAP	Pacific Regional Tourism Capacity Building (component of SPEITT)
PIU	Project Implementation Unit
PNA	Parties to Nauru Agreement
PNG	Papua New Guinea
POCT	Pacific Overseas Countries and Territories
POETCcom	Pacific Organic and Ethical Trade Community
PPA	Pacific Power Association
PRIF	Pacific Region Infrastructure Facility
PRIP	Pacific Islands Coastal Fisheries Project
PRTCBP	Pacific Regional Tourism Capacity Building Project (component of SPEITT)

PRTDP	Pacific Regional Tourism Development Program
PSD	Private Sector Development
PSGPSP	Primary Growth Support Programme
PSGSP	Primary Sector Growth Support Programme – Phase I Vanuatu
PV	Photovoltaic
QSG	European Commission Quality Support Groups
RAO	Regional Authorising Officer
RE	Renewable Energy
REI	Regional Economic Integration and Trade
RG	Reference Group
RIP	Regional Indicative Programme
RLE	Regional Level Evaluation
RMI	Republic of the Marshall Islands
ROM	Result Oriented Monitoring
RSE	Regional Strategy Evaluation
RSP	Regional Strategy Paper
SAFFP	SME Access to Finance Facility in the Pacific
SCICOFISH	Scientific Support for the Management of Coastal and Oceanic Fisheries in the Pacific Islands Region
SCIFISH	Scientific Support for Oceanic Fisheries Management in the Western & Central Pacific Ocean
SEOI	Solar Energy for Outer Islands
SFP	Strengthening Fishery Products health conditions (all ACP project)
SG	Secretary General
SHS	Solar Home System(s)
SIDS	Small Island Developing States
SIS	Capacity Support for Sustainable Management of Energy Resources in the Pacific Region
SLC	Pacific Islands Applied GeoScience Commission, Applied Geoscience and Technology Division of Secretariat of the Pacific Community
SME	Small and Medium-sized Enterprises
SOPAC	Pacific Islands Applied GeoScience Commission, Applied Geoscience and Technology Division of Secretariat of the Pacific Community
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPC	Secretariat for the Pacific Community
SPD	Single Programming Document
SPEITT	Strengthening Pacific Economic Integration Through Trade

SPREP	Secretariat of the Pacific Regional Environment Programme
SPS	Sanitary and Phyto-Sanitary
SPTO	South Pacific Tourism Organisation
STABEX	Stabilisation of Export Earnings
SWAP	Sector-wide approaches
TA	Technical Assistance
TBT	Technical Barriers to Trade
TCF	Technical Cooperation Facility
TEP	Tonnes équivalent Pétrole
TEP VERTES	Tonnes équivalent Pétrole - Valorisation des énergies renouvelables et transfer d'expérience et de savoir-faire
TFCC	Trade Facilitation in Customs Cooperation
TOR	Terms of Reference
TRA	Trade Related Assistance
TRAP	Trade Related Assistance to Papua New Guinea
TVET	Technical Vocational Education and Training
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
US	United States
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USP	University of the South Pacific
VIZ.	<i>Videre licet</i> , latin phrase meaning “namely”, “that is to say”, “as follows”, “as seen clearly in”
VTEG	Vanuatu Tourism and Education Growth
WB	World Bank
WBG	World Bank Group
WCPFC	Western and Central Pacific Fisheries Commission
WCPO	Western and Central Pacific Ocean
WFP	World Food Programme
WTO	World Trade Organization

# Executive Summary

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## Objectives and challenges

This evaluation aims to provide an overall independent assessment of the European Union's cooperation and partnership relations with the Pacific region over 2006-2012. On the basis of this assessment, it provides recommendations to improve the EU's current and future strategies, programmes and actions. The evaluation scope covers regional cooperation implemented in 15 Pacific island states<sup>1</sup> and four Overseas Countries and Territories of the EU Member States<sup>2</sup>. Country-level cooperation is also considered, but only insofar as it aids assessment of the coherence and complementarity of the regional cooperation. The key challenge faced by the evaluators was to provide an accurate assessment of EU regional cooperation across such a diverse and disparate range of partner countries and territories.

## Evaluation context

EU-Pacific cooperation has a long history, dating from the 1975 Lomé convention with African Caribbean and Pacific (ACP) states and continuing through the Cotonou Agreement (2000) to the present day. Over the period 2006-2012, the

evaluators identified €792 million committed by the European Commission to development cooperation in the Pacific. €149 million of this was committed at the regional level, with the remainder constituting country- or territory-specific commitments.<sup>3</sup> Published in 2014, the evaluation provides an assessment of this portfolio of regional commitments, whilst targeting recommendations towards the design and implementation of the forthcoming programming cycle for 2014-2020.

## Methodology

The evaluation was conducted in line with the methodological guidance of the DG DEVCO Evaluation Unit. The approach involved the collection and processing of both qualitative and quantitative data. In total, the evaluation analysed financial information for 214 interventions over the period. Documentary and field-based review covered all 25 regional interventions in addition to 3 country-level programmes in the education sector. The evaluators interviewed 172 stakeholders across 7 Pacific Island countries and territories and Brussels. Stakeholders were met from the European Commission, the European External

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<sup>1</sup> Namely the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu.

<sup>2</sup> Namely French Polynesia, New Caledonia, Pitcairn Islands and Wallis and Futuna.

<sup>3</sup> The €149 million figure covers all *regional* commitments to the Pacific Region and OCTs over the evaluation period. This includes commitments made under both the 9<sup>th</sup> and 10<sup>th</sup> EDF. It does not include country-level commitments.

Action Service, the European Union Delegations, Pacific Regional Organisations, national administrations and civil society groups.

## Overall assessment

The broad picture that emerges from this evaluation is that the overall performance of the Pacific regional programme was satisfactory. The EU supported the Pacific Plan<sup>4</sup> for regional cooperation and integration in the region. But the objectives of the Plan were too generic to provide an adequate basis for the EU's regional strategy. Nevertheless, the EU focused its regional support on two focal sectors of key importance to the region (natural resources and the environment, and trade & regional integration) which absorbed 77% of the commitments identified in the evaluation inventory. In addition, the EU supported organisational strengthening and functional cooperation initiatives that built capacity among regional organisations and non-state actors.

In the specific area of marine resource management, EU support has greatly improved regional stock assessment methods, but there remain serious concerns about long term sustainable management of the resource due to lack of transparency issues, overfishing, and remaining risks of Illegal, Unreported and Unregulated fishing.

The EU has promoted regional economic integration as an engine for trade and growth. The approach insufficiently

addressed key constraints to trade and growth in the Pacific region: the business environment and the trade facilitating infrastructure. The new Aid for Trade strategy, which was prepared with strong involvement of the Delegation, duly takes these aspects into consideration. An interim EPA was concluded with two countries but implemented only in PNG<sup>5</sup>. Its benefits for that country are real but, so far, not shared across the region.

The EU opted to support regional organisations in order to supplement the weak national administrations. This decision was appropriate given the absorption constraints at national level, but it nevertheless limited the results at the national level and weakened sustainability. There were two main challenges to national-level impact: (i) the evolving complexity of the regional context and (ii) the lack of conditionality clauses in the contribution agreements between the EU and the regional organisations.

The challenges for tightening relationships between ACP countries and Overseas Countries and Territories in the Pacific were underestimated, although the EU did promote some joint actions covering both ACP and OCT beneficiaries.

Finally, the relevance of the EU strategy was enhanced during formulation and implementation of regional programmes but complementarity proved easier to develop between regional and thematic programmes than between regional and country programmes.

<sup>4</sup> The Pacific Plan is the Pacific Leaders' master strategy for strengthening regional cooperation and integration in the Pacific.

<sup>5</sup> Papua New Guinea.

## Conclusions

The evaluation drew conclusions across 5 clusters, covering strategy; implementation approaches; trade and regional integration; natural resource management; and human capital and energy. The following text presents the key conclusions from the evaluation.

### Strategy:

The evaluation found that **EU support was relevant and well aligned but lacked strategic prioritisation.** The EU justifiably aligned its programme with the Pacific Plan, which remains the key expression of the Pacific Forum Leaders' vision of regional cooperation and integration in the Pacific. But the Pacific Plan itself is a broad political document, which does not constitute a programming tool in-and-of-itself. The EU conducted insufficient background analysis to establish the strategic priorities within the wider framework of the Pacific Plan. Nor did it provide detailed expected results with the performance indicators assigned to specific regional organisations. As a result the EU's regional programme in the Pacific was quite relevant but its effectiveness could have been improved. (C1)

However, the evaluation also concluded that the **location of the Regional Authorising Officer in the Pacific Islands Forum Secretariat is open to question.** The EU continued to work with the Pacific Islands Forum Secretariat (PIFS) as the Regional Authorising Officer (RAO) throughout the evaluation period. This conformed to the PIFS

mandate and to the request of the regional authorities. In practice, however, the complexity and ambiguity of its governance framework and the evolution of the regional context raise the question of its suitability to fulfil the role of Regional Authorising Officer for the region as a whole. (C2)<sup>6</sup>

### Implementation approaches:

The EU channelled its regional programme through the key regional organisations in the Pacific. This had the effect of **building regional capacity to supplement national administrations, which proved effective for implementation but limited country-level impact.** Faced with the low absorption capacity of many Pacific Islands, the EU focused on building regional capacity to supplement national resources. Overall, this approach was effective in enhancing natural resource management capacity. However, the benefits of the regional programme were questioned by the national stakeholders who did not perceive its spill-over into their countries. (C4)

Moreover, **limited project management capacity at national level presented a challenge for most of the EU's instruments and modalities.** Contribution agreements with regional organisations helped reduce the administrative load on EU Delegation staff. But the EU was confronted by capacity limitations at national level, on both government and non-state actors' sides alike, which hampered implementation of regional projects at national level. (C5)

<sup>6</sup> It should be noted that the regional context has already evolved since the end of the evaluation period (e.g. with the appointment of a new Secretary General of PIFS). This conclusion, and its associated

recommendation, must therefore be understood in the context of these evolutions.

Finally, **despite EU support for encouraging OCT integration with ACP countries, OCTs remained more aligned with other OCTs and regional powers.** The EU configured its support along two separate programming lines: one for ACP countries and one for OCTs. This removed the possibility of having a single common regional indicative programme for the entire region and furthermore failed to reflect the diversity that exists among OCTs. OCT engagement in regional integration remained primarily limited to sub-regional cooperation whilst free movement of goods and people remains problematic between Pacific OCTs and ACP states. Import duties for ACPs are still imposed in order to protect OCT domestic markets, and ACP passport holders require visas for travel to the Pacific OCTs. (C7)

#### **Trade and regional integration:**

**Despite considerable EU support for regional economic integration, expansion and diversification of trade has been limited.** Only limited progress has been recorded in terms of expansion and diversification of Pacific countries' trade and economic growth. The focus on strengthening the institutional capacity of the regional institutions permitted improvements in their functioning but insufficiently addressed the key factors constraining trade and growth. (C9)

#### **Natural resource management:**

EU support to regional fishery organisations has **greatly improved regional stock assessment methods**, but there remain **serious concerns about long term sustainable management of the resource** due to lack of transparency

issues, overfishing, and remaining risks of Illegal, Unreported and Unregulated fishing. The absence of transparency on resource management by sub-regional organisations raises concerns about conservation and overfishing. This creates an issue for the long-term sustainable management of fishery resources. (C11)

Regarding land-based natural resource management, **the EU built up regional capacity to manage natural resources and adapt to climate change, but concerns remain at national level.** Regional capacity for climate change negotiations and disaster risk reduction were improved. But mainstreaming of climate change in national development policy frameworks, for example, was more problematic. (C12)

### **Recommendations**

The following section presents a selection of the recommendations stemming from the above conclusions. The importance of each recommendation is marked below.

#### **Strategy:**

**The EU should define more specific intervention areas whilst emphasising links with the National Indicative Programmes (R1).** Conclusion 1 argued that the EU's focal areas were aligned to the Pacific Plan but could have been more tightly focused if supported by more in-depth needs analysis. In response, the EU should continue to draw on a combination of in-house analysis and work by other donors and Regional Organisations. But it should also consider helping the Regional Organisations to conduct periodic needs assessments at the regional level, building



on the work of the Secretariat of the South Pacific's joint-country strategies and the regional policy dialogue coordinated by the Pacific Islands Forum Secretariat. The focus of regional programmes should also take into account the EU's National Indicative Programmes and Single Programming Documents for Overseas Countries and Territories. *Importance: high*

**The EU should consider the option of appointing several Regional Authorising Officers (R2).** Conclusions 2 argued that the suitability of the Pacific Islands Forum Secretariat to fulfil the role of Regional Authorising Officer is open to question. The EU should therefore consider introducing a degree of differentiation of the Regional Authorising Officer function, as already established in some other ACP regions. In addition, the EU should support the elaboration of a regional development strategy encompassing all Pacific ACP countries and territories. To that end, it should widen the consultative framework on the EU Regional Strategy Paper to include sub-regional groupings where appropriate. *Importance: medium*

### Implementation approaches:

**Improve the subsidiarity between regional and national programmes (R3).** Conclusion 4 points to the challenge of ensuring that regional capacity development was utilised at the national level. The evaluation therefore recommends that the regional programme is restricted to (i) activities in which one can demonstrate that they will allow clearly identified economies of scale and (ii) cross-border activities. Moreover, the evaluation recommends that regional projects identify a share of resources to be earmarked for individual countries to implement national sub-projects

themselves, whilst benefitting from the guidance and critical mass of expertise of the regional organisations in charge. Good practice could also include using the regional programme to promote pilot activities by national actors, with support for scaling-up of successful initiatives.

*Importance: high*

**The EU should encourage performance-based approaches with regional organisations and demand-driven technical assistance (R5).** Conclusions 4 and 5 point to the difficulty of ensuring that the effects of regional programmes reach national stakeholders. The evaluation therefore suggests that the EU's contracting mechanisms are used to incentivise regional organisations to maximise the national benefits of their interventions. Suggested actions could include: using alternative delivery mechanisms such as basket-funds for demand-driven projects designed by both regional organisations and national administrations; or using performance-based contracts with regional organisations based on the number of country-level interventions and results achieved (tranche indicators).

*Importance: high*

**The EU should increase the flexibility of its approach towards the OCT/ACP divide, in order to foster joint programming on a demand-driven, sub-regional basis (R8).** The evaluation recommends that the EU works to encourage cooperation between ACPs and OCTs while taking better account of their diversity. One option would be to design a joint regional programme covering both OCTs and ACPs within existing EU regulations, for example through a trust fund managed by a single regional organisation. The EU could also consider demand-driven twinning projects between

ACP countries and Pacific OCTs. Finally the evaluation recommends that the EU seeks to encourage Pacific OCTs to take the lead in strengthening ties with ACP countries, e.g. by allocating specific resource to regional integration under the OCT Programming Documents.

*Importance: medium*

### **Trade and regional integration:**

**Reallocate resources from support for negotiations in favour of true trade facilitation activities (R10).** The evaluation concluded (Conclusion 9) that the support to regional economic integration has included abundant resources to support trade negotiation capacity in regional organisations. Although this work is important, the results were disappointing largely because insufficient resources were directed towards key constraints faced by economic operators, such as trade facilitation, development of the private sector export capacity, etc. The evaluation therefore recommends that the EU should adhere to the two priorities of the new Aid for Trade strategy: private sector support and trade infrastructure. In the above two areas, the EU should focus on the effective benefits for the operators. Within countries, the EU should organise more private sector and trade support activities that contribute to implementation of the Aid for Trade strategy. *Importance: high*

### **Natural resource management:**

**The EU should build upon its past efforts by working closely with its partners in the regional fisheries**

**organisations in order to ensure long term sustainable management of the fisheries resources (R15).** Conclusion 11 highlights the success of the EU programmes in improving the scientific knowledge and monitoring of marine resources in the Pacific. However, concerns remain about the long term sustainability of the stocks due to data transparency issues, overfishing, and risks of illegal, unreported and unregulated (IUU) fishing. The evaluation recommends that EU support for scientific and managerial improvement of fisheries resources should be continued in future regional programmes, but that it should be complemented by a concerted effort to engage with regional partners in their management of the fisheries resource. More specifically, the EU should undertake additional efforts to promote the transparent use of the improved scientific data as a basis of policy decision-making. *Importance: medium*

**The EU should work more closely with national administrations to ensure that policy frameworks include climate change and disaster risk reduction and management (R16).** Conclusion 12 highlighted the relevance of the EU's activities in the areas of natural resource management, climate change and disaster risk reduction and management. But it also noted the limited follow-through at national level. The EU should therefore continue to support this area whilst providing additional resource to ensure that national policy frameworks embed climate change and disaster risk reduction and management. *Importance: high*

# 1. Introduction

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## 1.1 The Final Report

The present Final Report is the final deliverable of the Evaluation of the European Union's co-operation with the Pacific region, commissioned by the Evaluation Unit of the European Commission's DG DEVCO ("the Evaluation Unit", hereafter).

The evaluation has been closely followed by a Reference Group (RG) consisting of representatives of DG DEVCO, DG TRADE, DG MARE, the European External Action Service and the European Union Delegations in the Pacific region. The RG was chaired by the Evaluation Unit.

This report is **structured** as follows:

- Section 2 - Context of the evaluation and methodology
- Section 3 - Findings per evaluation question
- Section 4 - Conclusions
- Section 5 - Recommendations

## 1.2 Evaluation purpose & scope

The purpose of the evaluation is twofold:

- to provide the relevant external co-operation services of the European Union and the wider public with an **overall independent assessment** of the European Union's past and current cooperation and partnership relations with the **Pacific Region**; *and*
- to identify key lessons and to make recommendations to improve the EU's current and future strategies, programmes and actions.<sup>7</sup>

**The evaluation scope covers the EU's regional cooperation in the Pacific over the period 2006-2012.** This covers cooperation with 14 Pacific ACP countries<sup>8</sup>, Timor Leste, and four Overseas Countries and Territories<sup>9</sup>. Country-level cooperation is also considered only insofar as it aides assessment of the coherence and complementarity of the regional cooperation.

The evaluation assessed the implementation of the EU's cooperation, focusing on the **results and impact** of European Union (EU) cooperation in the context of its evolving cooperation policy with an increasing emphasis on **result-oriented approaches**, in line with the spirit of the Agenda for Change.<sup>10</sup>

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<sup>7</sup> As defined in the evaluation Terms of Reference (see Annex 1 of this report).

<sup>8</sup> Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

<sup>9</sup> French Polynesia, New Caledonia, Pitcairn Islands and Wallis and Futuna.

<sup>10</sup> COM (2011) 637 final "Increasing the impact of EU Development Policy: an Agenda for Change"



## 2. Evaluation context and methodology

This section presents the evaluation context and the main features of the methodological approach used for the evaluation. It provides a quick overview of the Intervention Logic (IL) of EU cooperation in the region (as reconstructed by the evaluation team) the Evaluation Questions (EQs) that guided the evaluation data collection and analysis, and the methodological approach taken in the desk phase.<sup>11</sup>

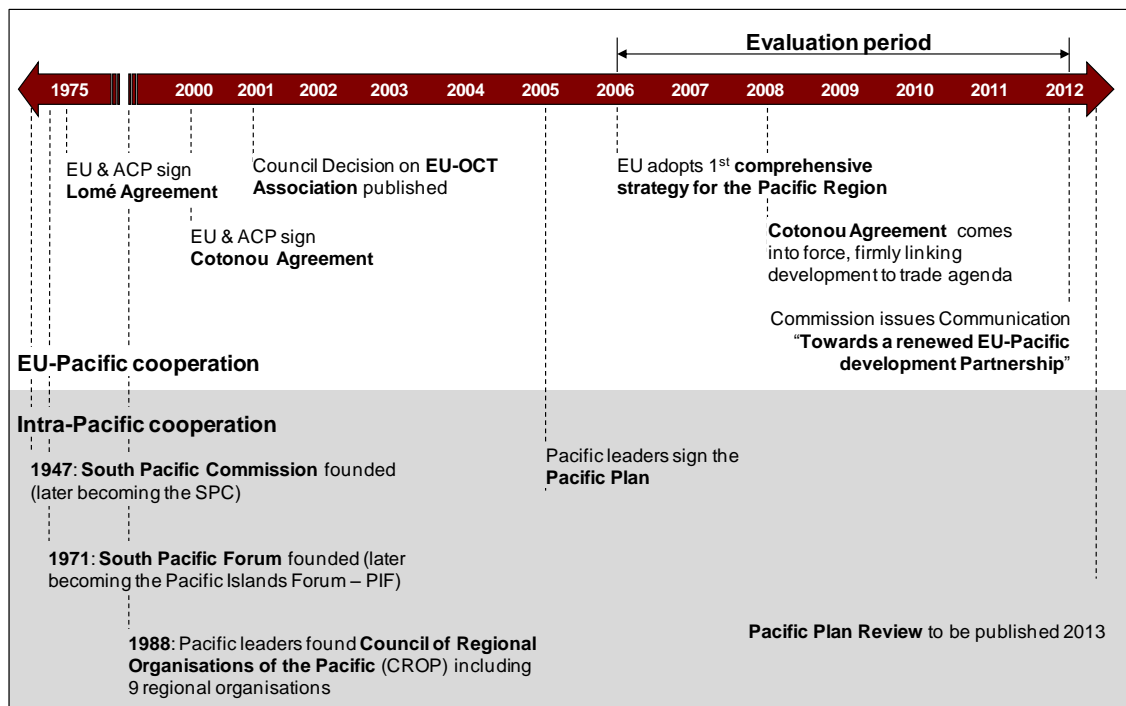
The section has the following structure:

- Context of EU-Pacific cooperation;
- The intervention logic;
- The evaluation questions;
- Methodological design and data collection work done.

### 2.1 Context of EU-Pacific cooperation

EU-Pacific cooperation has a long history, starting with the signature of the Lomé convention between EU and African Caribbean and Pacific (ACP) countries in 1975. The following Figure outlines the key agreements from Lomé to the present day, as well as the institutional developments guiding intra-Pacific regional cooperation over the same period.

**Figure 2.1 – Chronology of EU-Pacific cooperation**



<sup>11</sup> Volume II of this report supplements these elements with a full analysis of the evaluation context (Annex 2), rationale for the intervention logic (Annex 3), and the analytical breakdown of the EU's activities in the Pacific over the evaluation period (Annexes 4, 5 and 6).

**The legal bases for EU-ACP and EU-OCT cooperation have both been developed since the first signature of the Cotonou Agreement in 2000.** EU-ACP cooperation was based originally on the Lomé agreement of 1975. In 2000, the signature of the Cotonou Agreement aimed to integrate development within the trade agenda and established the platform from which to work towards a Economic Partnership Agreement (EPA) for the Pacific. Interim EPAs were agreed with the two largest trading nations, Fiji and Papua New Guinea, in 2007 (although the former is not yet under implementation). The framework for OCT cooperation also developed after the Cotonou Agreement, Article 28 of which established the legal framework for ACP-OCT regional cooperation, whilst the 2001 Council Decision on EU-OCT Association (the “Overseas Association Decision”) included provisions for regional cooperation under Article 16. More recently, the basis for OCT cooperation has been revised by the new Overseas Association Decision (2013/755/EU) published in 2013.

**Intra-Pacific cooperation has preceded and informed EU-Pacific cooperation.** Beginning with the founding of the South Pacific Commission (now the SPC) in 1947 and later the South Pacific Forum (now the Pacific Islands Forum, or PIF) in 1971, intra-Pacific cooperation has been fostered by an array of regional organisations (listed in Figure 2.5 below) covering various technical fields including fisheries, tourism, energy and the environment. These organisations were brought together under the Council of Regional Organisations for the Pacific (CROP) in 1988. In 2005 the leaders of the Pacific Islands countries agreed the Pacific Plan, to guide intra-regional cooperation and development. The EU responded to the Pacific Plan in the following year, adopting its first comprehensive strategy for Pacific cooperation, “*A strategy for a strengthened Partnership in response to the Pacific Plan and the deepening of regional cooperation and integration within the Forum and within the EU*”<sup>12</sup>, with the aims of enhancing political dialogue, increasing the emphasis of EU-Pacific development policy on regional cooperation, and improving aid effectiveness. This was followed in 2012 with a new European Commission Communication aiming, *inter alia*, to build a more efficient development partnership, ensure funding is delivered in a way that is suitable for small island states, and draw attention to the impact of climate change.

## **2.2 EU-Pacific regional cooperation over the evaluation period**

### **2.2.1 Overall cooperation**

**The EU committed a total of €794 million to projects and programmes in the Pacific region over the evaluation period 2006-2012**, from resources relating to DG RELEX, DG DEV and EuropeAid (hereafter referred to as EU support). Interventions funded by the European Investment Bank (EIB) and the European Commission Directorate General for Humanitarian Aid (DG ECHO) are outside the scope of this evaluation and are therefore not included in the evaluation inventory.<sup>13</sup>

<sup>12</sup> EC, *A strategy for a strengthened Partnership in response to the Pacific Plan and the deepening of regional cooperation and integration within the Forum and within the EU*, 2006.

<sup>13</sup> The analysis presented in this section are available in stand-alone format in Annex 4 of this report, whilst the full evaluation inventory from which it is taken is presented in Annex 5.

**Just under one fifth of this total (€149.4 million) was committed through regional cooperation** with the Pacific Region or OCTs, whilst the majority (€552.7 million) was committed through country-level cooperation with Pacific ACP countries.<sup>14</sup>

Of the total €794 million committed across Pacific country, territory and regional projects, 65% was contracted during the evaluation period, coming from a variety of EU financing instruments, including:

- Geographic instruments : The European Development Funds (EDF)
- Thematic instruments :
  - The European Instrument for Democracy and Human Rights (EIDHR)
  - The Instrument for Stability (IfS)
- Thematic programmes :
  - The Restructuring of sugar production programme (DCI-SUCRE)
  - The Environment and sustainable management of natural resources including energy programme (DCI-ENV)
  - Investing in People programme (DCI-Investing in People)

But 90% of the commitments came from the EDF, as shown in Annex 4, Figure 2.

## 2.2.2 Regional cooperation

**The commitments to the Pacific Region form the focus of this evaluation. Overall, 77% (€115 million) of the regional commitments were contracted over the evaluation period.** Moreover, excluding the commitments made in the year prior to the inventory extraction (i.e. those made in 2012), 92% of the committed amount has been contracted. This is higher than the EU's average contracting ratio in the region when country and territory level commitments are included (65%, as shown in Figure 2.2. above). When 2012 commitments are included, this amount is lower, at 77%, but it should be borne in mind that commitments made during 2012 may not yet have begun implementation prior to the evaluation's database extraction.

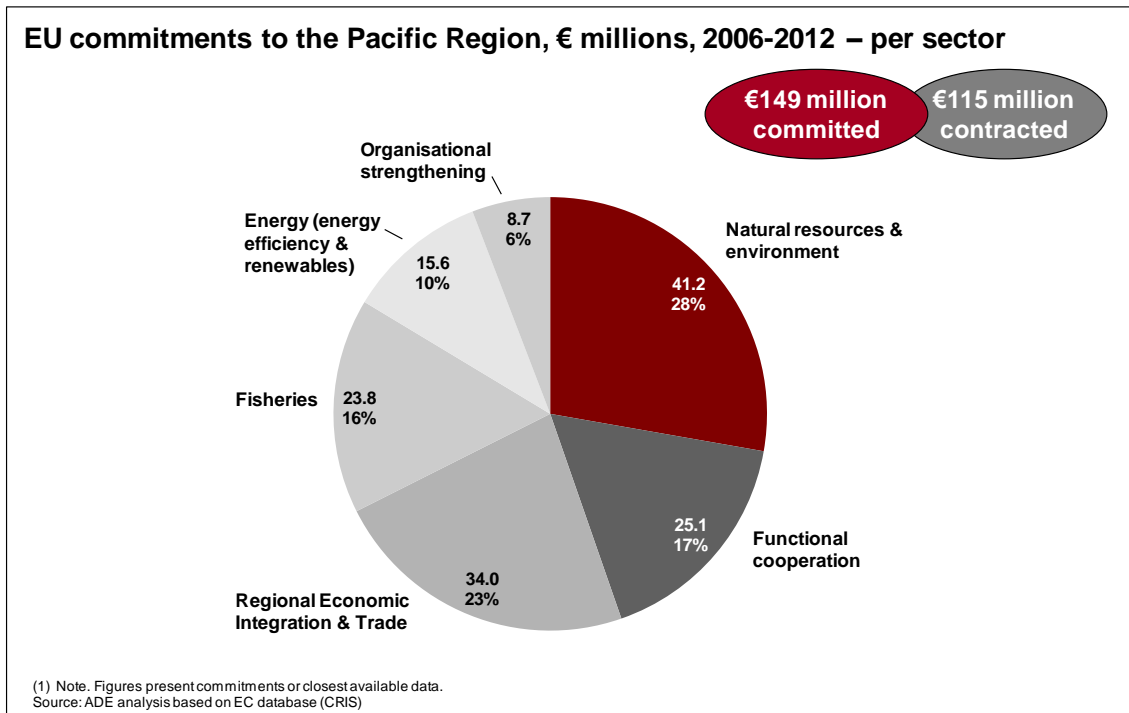
## 2.2.3 Thematic coverage

**EU-Pacific regional cooperation covered a wide range of thematic areas** (see Figure below). These include most of the focal sectors of the regional indicative programmes for EDF9 and 10, i.e., trade and regional economic integration, fisheries and sustainable management of natural resources and the environment, and also additional areas outside the focal sectors (most of which are covered by the 10<sup>th</sup> EDF non-focal sector), e.g., organisational strengthening and capacity development, functional cooperation<sup>15</sup>, rural development and private sector development.

<sup>14</sup> See Annex 4, Figure 1 for further information on the distribution by country and territory.

<sup>15</sup> Functional cooperation is here meant to include all and only activities intended to increase regional cooperation in the Pacific in specific technical areas, excluding trade. The majority of the interventions falling within this category are Technical Cooperation Facility projects. For full details of which interventions have been classified as functional cooperation and which have not, see Annex 5.

**Figure 2.2 – Commitments to the Pacific Region per sector**



Nevertheless, a small number of intervention areas dominated the commitments made under regional cooperation. Over three-quarters of the regional cooperation went to four sectors: natural resources & environment, functional cooperation, regional economic integration and fisheries.

### 2.2.4 Implementing partners

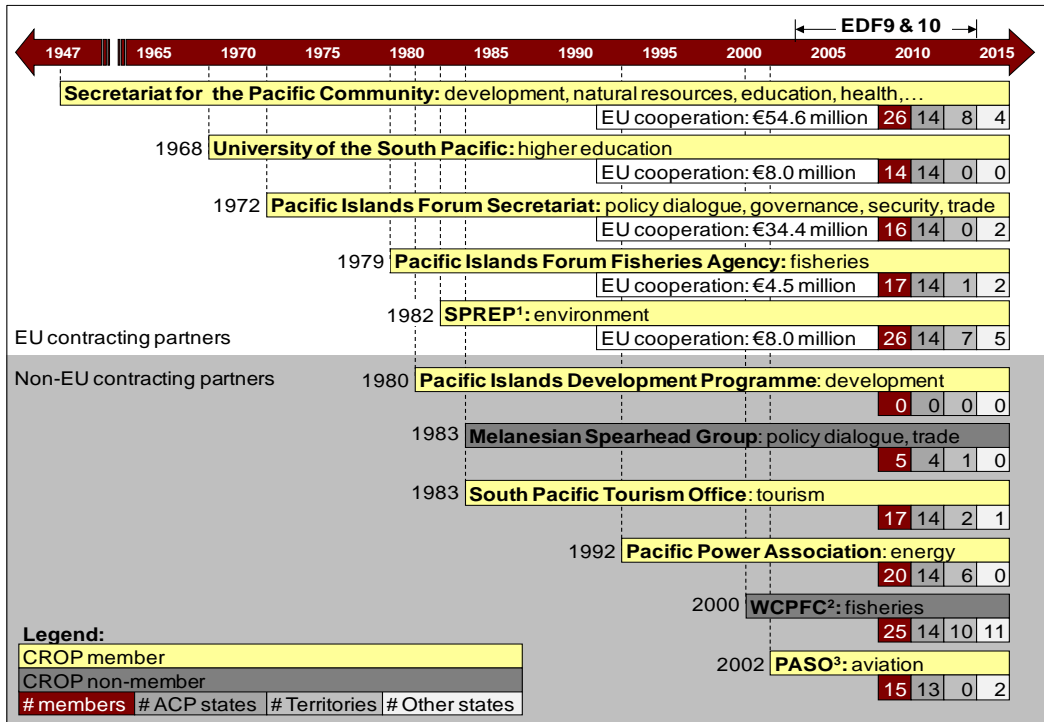
Regarding implementing partners, the EU channelled its regional cooperation through the regional organisations forming the Council of Regional Organisations in the Pacific (CROPs). The EU's regional authorising officer was housed in the same organisations (the Pacific Islands Forum Secretariat) that acts as coordinator of the CROPs.

The EU channelled 73% (€109.5 million) of its regional programming over the evaluation period through five CROP organisations: Secretariat for the Pacific Community (SPC), University of the South Pacific (USP), Pacific Islands Forum Secretariat (PIFS), Pacific Islands Forum Fisheries Agency (FFA) and SPREP. Further details of these organisations, including their financial data, membership details, EU cooperation and thematic coverage, are presented in Annex 9.

The following diagram presents each of the CROP organisations, plus two regional organisations not affiliated with the CROP grouping. For each organisation, the diagram presents their thematic coverage, total EU cooperation managed during the evaluation period, as well as their membership breakdown and date of establishment:

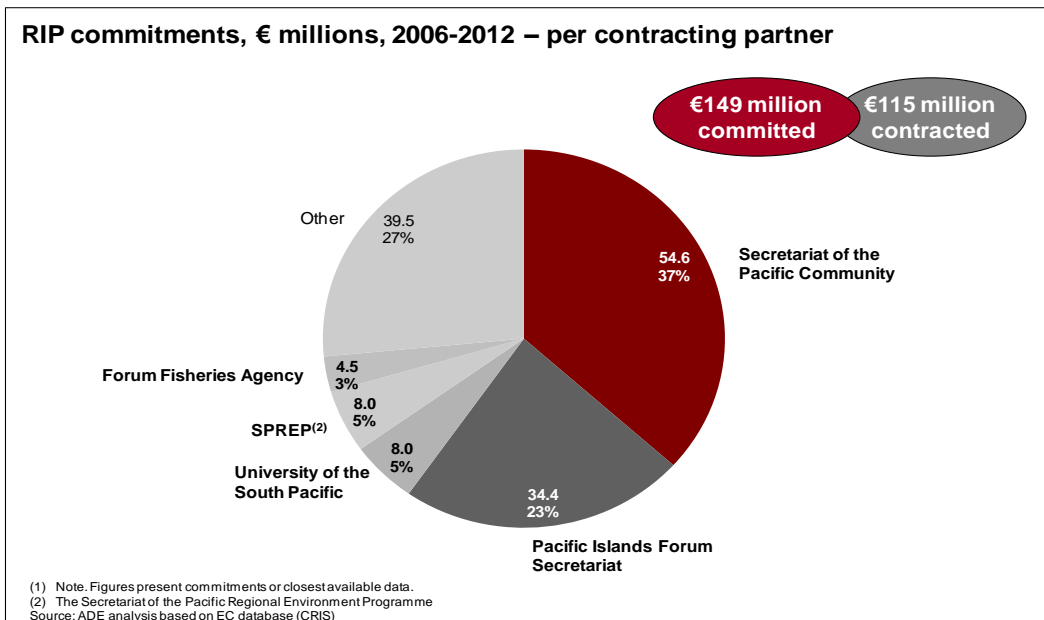


**Figure 2.3 – History and thematic coverage of the regional organisations<sup>16</sup>**



The Figure below outlines each regional organisation’s share of EU commitments made under the Regional Indicative Programmes between 2006 and 2012:

**Figure 2.4 – RIP commitments by regional organisation**



<sup>16</sup> SPREP is The Secretariat of the Pacific Regional Environment Programme. WCPFC is the Western Central Pacific Fisheries Commission. PASO is the Pacific Aviation Safety Organisation. Territories here include both Overseas Countries and Territories of the EU Member States, and territories of non-EU Member States, such as American Samoa, Guam, Tokelau and the Northern Mariana Islands. Source: ADE analysis from CROP organisations’ official websites

### **2.3 The intervention logic of EU-Pacific cooperation**

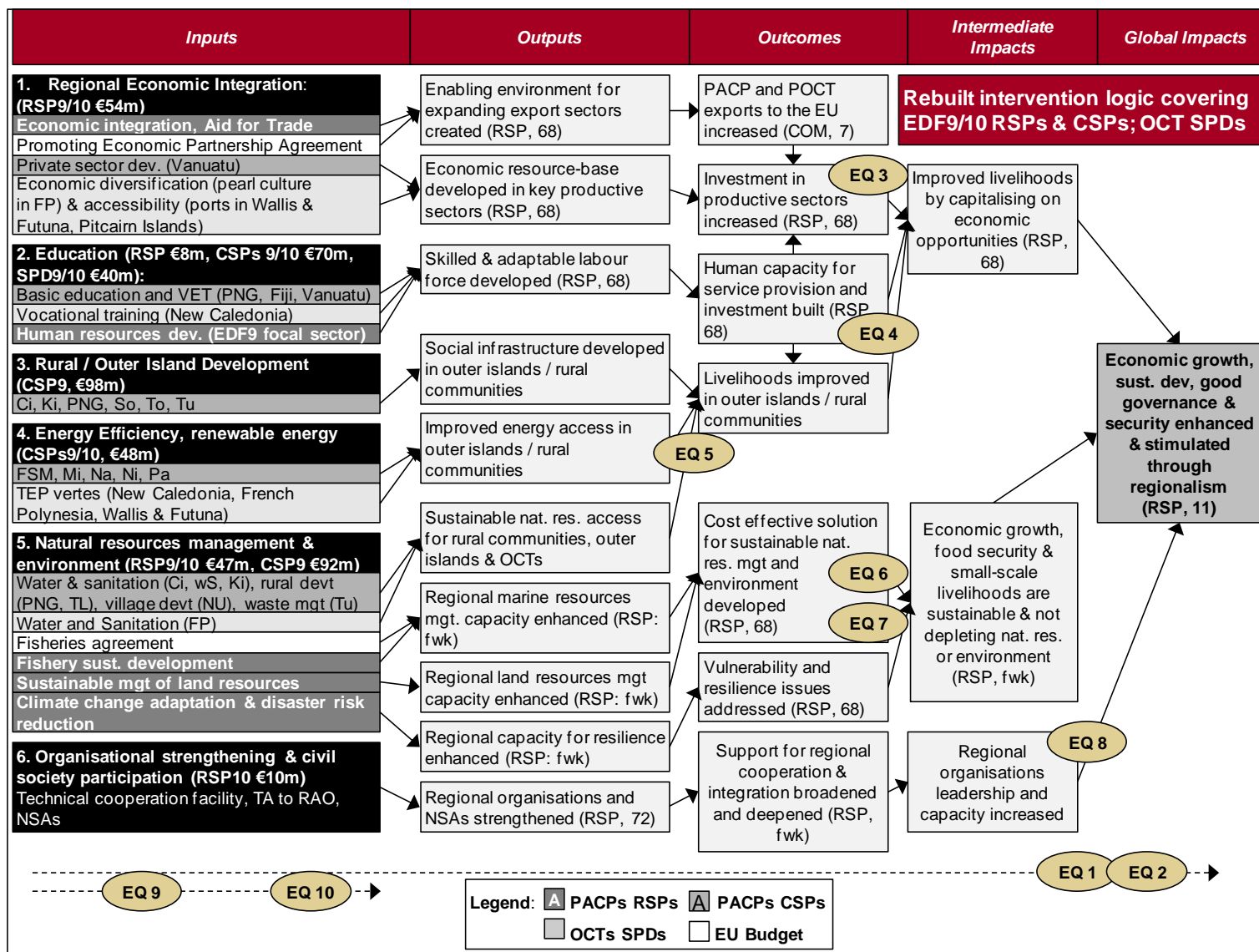
The reconstructed intervention logic (IL) represents the hierarchy of strategic objectives and hence expected effects pursued by the EU in the Pacific Region during the evaluation period 2006-2012. It constitutes the backbone of the evaluation, delineating the set of objectives against which EU cooperation is assessed and providing the basis for the evaluation questions (presented in the following section).

In accordance with the Evaluation Unit methodology, the IL was reconstructed by the evaluation team on the basis of the core EU strategy documents, preliminary interviews with EU geographical desk officers and first analysis of the inventory. The key documents used to develop the IL included:

- the Regional Strategy Paper for the Pacific Region for the 9<sup>th</sup> and 10<sup>th</sup> EDFs ;
- the Country Strategy Papers for the Pacific ACP countries for the 9<sup>th</sup> and 10<sup>th</sup> EDFs ;  
*and*
- the Single Programming Documents (SPDs) for the Pacific Overseas Countries and Territories for the 9<sup>th</sup> and 10<sup>th</sup> EDFs, including the regional programme for Pacific OCTs.

The figure below presents the reconstructed IL used during the evaluation. The figure also locates the evaluation questions (EQs 1-10) on the IL in order to graphically present the evaluation's primary areas of investigation:

Figure 2.5 – Reconstructed intervention logic



## 2.4 The evaluation questions

The Evaluation Questions (EQs) were identified on the basis of the reconstructed intervention logic and the criteria endorsed by the OECD-DAC and the EU (see below). The final set of structured EQs was validated by the reference group during the evaluation inception phase. The full list of EQs is in the following table:

**Table 2.1 – Summary of the Evaluation Questions**

<b>EQ1</b>	Alignment & evolving needs	To what extent has the EU cooperation with the PACPs been consistent with the Pacific Plan and EU cooperation policy framework?
<b>EQ2</b>	Delivery mechanisms	To what extent do the strategic options of the 9th and 10th EDF maximise the EU contribution's achievement of its cooperation's objectives?
<b>EQ3</b>	Regional integration & trade	To what extent has the EU support to regional economic integration contributed to improve the competitiveness of PACP economies and their profitable insertion in the world economy?
<b>EQ4</b>	Education and vocational training	To what extent has the EU support to education and vocational training contributed to the development of employable skills of various sections of the Pacific population?
<b>EQ5</b>	Sustainable energy access	To what extent has the EU support contributed to sustainably improve and increase the access to affordable and renewable sources of energy in outer islands and for rural communities?
<b>EQ6</b>	Land resource management & climate change	To what extent has the EU support contributed to increase the Pacific region's capacity to sustainably manage terrestrial natural resources and ecosystems as well as natural risks and disasters, including adaptation to and mitigation of Climate Change?
<b>EQ7</b>	Fishery & marine resource management	To what extent EU support contributed to develop sustainable marine natural resources management?
<b>EQ8</b>	Regional institutional capacity building	To what extent has EU support contributed to build sustainable regional institutional capacity and commitment to implement the Pacific Plan for EU focal sectors?
<b>EQ9</b>	Delivery mechanisms	To what extent have the selected delivery mechanisms of EU support and their management been conducive to the objectives of the cooperation?
<b>EQ10</b>	Donors' coordination & complementarity	To what extent has the EU cooperation with the Pacific been coordinated and complementary with Member States and key donors?

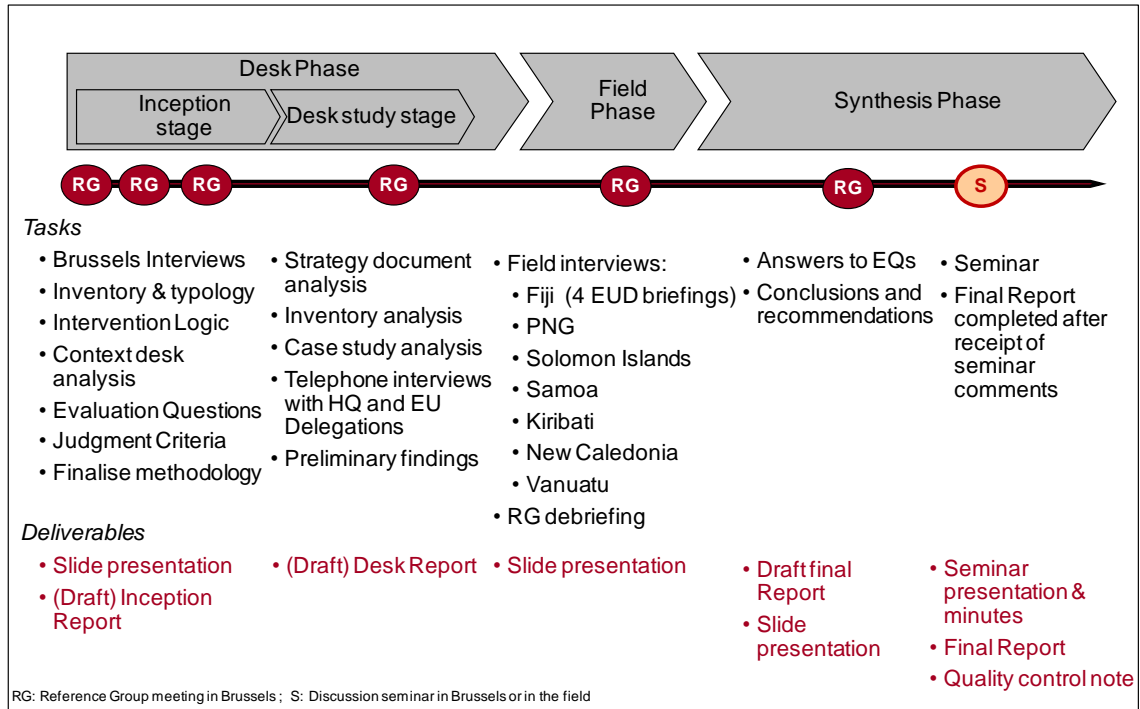
The evaluation team identified judgement criteria and indicators with which to assess each of the evaluation questions. The full set of questions, judgement criteria and indicators are presented in Annex 8, alongside the data collected by the evaluation team to assess each question.

The EQs are linked to the evaluation criteria as defined by the OECD-DAC (relevance, efficiency, effectiveness, impact and sustainability) as well as the criteria of coherence with its 3 aspects: (1) coherence within the development policy of the EU, (2) coherence with the policies of the partner countries' policies, *and* (3) coherence with other EU policies and interventions outside the scope of development cooperation.

## 2.5 Methodological design and data collection

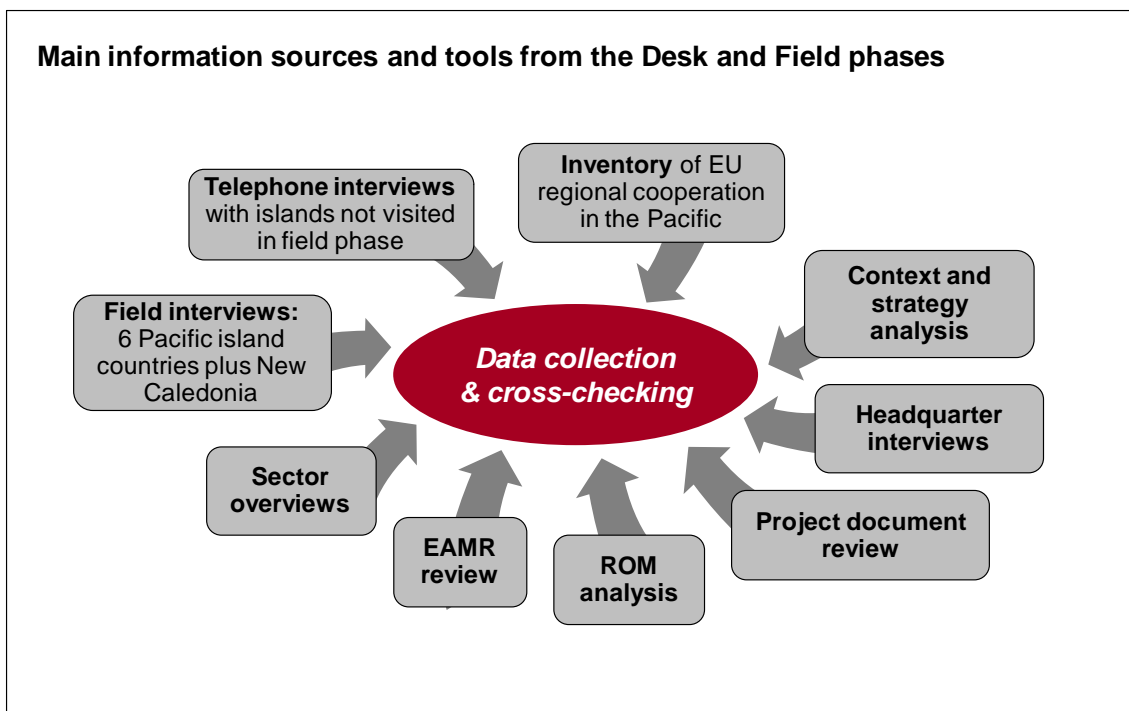
The evaluation process is structured in three distinct and successive phases. The figure below provides an overview of these phases, specifying for each the activities carried out and the deliverables produced.

**Figure 2.6 – Evaluation process**



The evaluation tools were determined by the team’s understanding of the evaluation objectives and scope. The full set of tools is described schematically in the figure below:

**Figure 2.7 – Evaluation Tools**





## 3. Findings per evaluation question

This section presents the answers to the evaluation questions. A **summary box** for each EQ provides a self-standing view of the findings.

**Information** is presented by Evaluation Question (EQ), **at the level of each Judgment Criterion** (JC). The evidential basis for these findings is presented in (i) the Data Collection Grids (*Annex 8*) which provide details at the level of the respective **Indicators**; and (ii) further annexes referenced in the answers to EQs.

### 3.1 EQ 1 on Alignment and evolving needs

*EQ1: To what extent has EU cooperation with the PACPs been consistent with the Pacific Plan and the EU cooperation policy framework?*

#### EQ 1 on Alignment and evolving needs

EU regional support was well aligned with the pillars of the Pacific Plan, but lacked sufficient analytical work to identify operational priorities within that framework. The Pacific Plan articulates the political consensus of the regional leaders on the goals of regionalism in the Pacific, but it is a political document rather than a programmatic instrument. Further work was therefore required to identify the strategic priorities best suited to EU regional support. But a number of contextual factors limited the scope for deeper analysis during the design of the regional programmes.

The EU regional programmes were designed so as to favour coherence with its policy framework. Moreover a good division of inputs between the Regional Indicative Programmes (RIPs) and National Indicative Programmes (NIPs) was secured. But the trickle-down from regional programming to national level has so far been limited and the fact that the design of the NIPs preceded the elaboration of the RIPs limited the potential for developing synergies.

The EU identified broad opportunities for regional cooperation, largely on the basis of political commitments made in regional fora and during ministerial meetings, as well as through discussions with networks of interlocutors within the regional organisations. But the EU did not conduct its own regional needs analyses, scoping studies, gap assessments or sector diagnoses during the design of its regional programming. While other development partners conducted country-level needs analyses, no comprehensive regional-level syntheses were available for the EU to use in place of in-house analyses.

### 3.1.1 Alignment of EU regional programmable and non-programmable interventions with the Pacific Plan (JC 1.1)

**The Pacific Plan expresses a political consensus of regional leaders on the objectives and goal of regionalism in the Pacific.** The EU has duly sought to provide its regional support within this framework during the design of the 10<sup>th</sup> EDF. Indeed, at the time of the programming process the Pacific Plan was intended to “*ultimately form the regional partnership framework for development partners as well as the Pacific countries*”<sup>17</sup>. The support was consistent with the four pillars of the Pacific Plan but focused on the first two (economic growth and sustainable development).

**But the Pacific Plan is a political document rather than a programmatic instrument.**

The Plan does not provide details of expected results, key performance indicators, or an implementation timeframe as such.<sup>18</sup> Moreover, as highlighted in the Pacific Plan review<sup>19</sup> and as corroborated through field interviews, the Plan’s breadth and comprehensive scope made it difficult to use as an operational strategy for development partners.

**Given the nature of the Pacific Plan, it would have required further analytical work to identify strategic priorities best suited to EU regional support.** Although the Commission selected three focal sectors under EDF9 and narrowed them down to two under EDF10, insufficient analytical work was conducted to identify specific sub-themes.

**There were indeed a number of contextual factors limiting the scope for deeper analytical work during the design of the regional programming phases, viz.:**

- EDF9 programming was prepared in close collaboration with the Pacific Island Forum Secretariat (PIFS), acting in its role as the Regional Authorising Officer (RAO). Although limited resources were allocated to the programme, it covered a wide range of sectors (regional economic integration, natural resources, human resource development) with insufficiently focused objectives.
- For EDF10, the preparation process faced resource constraints given the situation created by the Fijian coup (reducing the resources available to the EU Delegation and the PIFS), while at the same time increasing the resources available for the region. Moreover, the timing of the EDF9 evaluation did not allow advantage to be taken of its findings during preparation of EDF10.

**Regarding EU non-programmable cooperation, alignment with the regional plan was neither intended nor required.** Moreover most of those EU instruments are applied at country level only. Only the Disaster Risk Reduction (DRR) project funded on C-envelop of POCTs EDF9 targeted the regional level, and was aligned with both the Regional Strategy Paper (RSP) and the Pacific Plan.

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<sup>17</sup> C.f. Joint Concept Note PIFS/EC December 2006.

<sup>18</sup> Notwithstanding the annual progress reports published by the Pacific Plan office. The reports capture the work of regional agencies and member countries (often supported by development partners) in line with the current priorities, creating rich portrait of cross sector progress across the Pacific.

<sup>19</sup> PIFS (2013). *Pacific Plan Review: Report to Pacific Leaders*. Pacific Islands Forum Secretariat.



### 3.1.2 Complementarities and coherence between EU RIP, NIP and non-programmable interventions (JC 1.2)

The regional, country and thematic programmes did not contradict one another, notwithstanding the multiplicity of EU instruments deployed. The decentralised management by the EU Delegations and systematic inter-Service consultation with line DGs were managed so as to foster a framework broadly consistent with the EU's guiding cooperation principles.<sup>20</sup>

**The EU managed a sound division of activities between RIP/NIP and thematic programmes, viz.:**

- Regional programmes enhanced regional organisations' capacity to coordinate the development of policy frameworks and support national administrations.
- National programmes strengthened national administrations, with regional cooperation in the background, with the aim of delivering concrete results to the populations.
- Thematic programmes addressed transverse issues complementing the work conducted through regional and national programming. In particular, programmes such as the Water Facility and the support to the Global Climate Change Alliance (GCCA) proved well suited to the Pacific context, owing to the overwhelmingly regional nature of these issues in the Pacific. Moreover, EU funding via V-FLEX and the EIDHR allowed the EU to target issues (for instance, PFM and democratic governance) not directly covered by programmable aid.

**Trickle-down from regional programming to national level has been limited**, as confirmed under several thematic EQs in this report. This can be partly explained by the weak articulation at implementation level between the national and regional programmes. The NAOs have weak institutional capacity and insufficient information on the activities of the regional programmes to be able to take advantage of them.

**The Country Strategy Papers were not designed to complement and implement priorities identified in the regional programme.** In line with EU practice worldwide, the Country Strategy Papers and National Indicative Programmes were designed prior to elaboration of the Regional Indicative Programmes. This fact, plus the evident interest of the countries and the large differential between the level of resources available to the country envelopes (€553 million) *vis-à-vis* the regional envelope (€149 million)<sup>21</sup>, hampered the factoring in of complementarity with regional level programmes while designing the national indicative programmes.

In many regions a consequence of this gap in programming agendas is that regional programmes are used as a way of funding activities that could not be included in the national programmes. To avoid this situation in the Pacific, the EU concentrated its regional programmes on sectors mainly supported at this level. This applied to fisheries and, to a large extent, regional economic integration. It was also in line with the request of the PIFS (the

<sup>20</sup> Notably, the principles expressed in EU (2005) *EU Consensus on Development* (section 4 Common Principles) and EU (2011) *Increasing the impact of EU Development Policy: an Agenda for Change, COM(2011) 637*.

<sup>21</sup> See Figure 2.2 above for further detail.

RAO) to align the EU RSP with the work programmes of the regional organisations. As a result a good division of inputs was secured between the RIPs and NIPs, but without ensuring mutual reinforcement or synergies. And in particular it did not favour structural or sector reforms that might have been inspired by the policy frameworks to which EU regional programmes contributed.

**Coherence of EU policies is an issue of particular importance in the Pacific**, owing to the fact that a number of challenges faced by the region – and benefitting from EU assistance – concern a range of different EU policies: development, trade, fisheries, climate change, energy, agriculture, and sanitary and consumer protection issues.

**There has been a re-affirmed willingness of the EU to improve the coherence of its policies for developing countries**, as testified by a number of official documents, for example the Communication from the Commission on the external dimension of the Fisheries Partnership Agreements and fisheries policies such as (COM(2011)424). Moreover, the Economic Partnership Agreements (EPAs) were precisely designed to foster convergence between trade and development objectives.

**The EU regional programmes have been designed so as to favour coherence with its policy framework.** For instance, in the fisheries sector the programme is grounded in the objectives of improving scientific management of fish stocks, expanding trade and economic activities linked to the sector, and ensuring nutritional safety of fisheries products. In the trade sector support has been provided for strengthening the negotiation capacity of the Pacific Islands. Abundant support has been provided to ensure conformity with international regulations supported by the EU regarding climate change and other transverse issues. In general this coherence is acknowledged, with the major exception of the fisheries sector, in which DGs MARE and DEVCO have been perceived as pursuing sometimes divergent objectives (as discussed in section 3.7 of this report).

### **3.1.3 EU interventions are based on proper needs analyses and respond to the prioritised needs of the partners (JC 1.3)**

**The EU identified broad opportunities for regional cooperation, largely on the basis of political commitments made in regional fora and during ministerial meetings, as well as through discussions with networks of interlocutors within the regional organisations.** Its programmes were jointly defined with the regional organisations specialised in the relevant themes or cooperation sectors.

**The EU did not conduct its own regional needs analyses, scoping studies, gap assessments or sector diagnoses**, which would normally be required to ensure proper targeting of support. However, the preparation of the EDF9 RSP benefited from background papers from the regional organisations. EDF10 did not benefit from similar analytical work owing to a lack of resources available to the regional organisations, linked to the political situation in Fiji at the time (see section 3.1.1 above). Because of this lack of resources in the EU Delegation, a first draft of the RSP was elaborated by DG DEVCO. This draft was refused by PIFS, who requested alignment with the work programmes of the

regional organisations instead. The resulting RIP followed this logic but did not include a thorough analysis of how the EU regional programme could best support the efforts of regional organisations.

**Country-level needs analyses have been conducted by other development partners (e.g. the ADB country reports), but regional level sector analyses were lacking.** Capacity-building support to help the RAO conduct such analyses was considered under the Technical Cooperation Facility, but was not provided. In lieu of such studies, the EU Delegation has made use of mid-term reviews of ongoing projects (notably, of SPEITT) to feed into the analytical process for the design of EDF11.

**Stakeholders' consultations at regional level were shown to be of limited help to the EU in integrating the populations' needs into its strategic response.** Stakeholder consultations have contributed to the relevance of the EU strategic response by ensuring that it addressed the needs expressed by representatives of NSAs. They also contributed to promotion of democratic governance. The EU faced considerable constraints in organising such consultations on its regional strategy in the Pacific. Very evident logistical and cost constraints in securing wide attendance from the 15 countries and 4 territories, along with the weaknesses of many NAO offices in the region, made it important to seize opportunities for organising EU meetings offered by other regional events. The consultation therefore focused very much on the same people and organisations already involved in managing regional affairs, rather than on Civil Society Organisations, individual countries, sub-regional groupings, or entrepreneurs. Discussions in those *ad hoc* arenas proved deceptive for the EU, leading to a lack of understanding of EU regional strategy, lack of a regional perspective, and a tendency to focus on each representative's vested interests.

### **3.1.4 EU response strategies adjusted to successive EU cooperation policy frameworks, including sector communications (JC 1.4)**

**The EU regional strategy in the Pacific was strongly linked to the ongoing negotiation of critical bilateral agreements, seeking alignment with line DGs' (Trade, Mare) priorities.** The EU response strategy is indeed consistent with the broad framework of treaties and communications framing the development cooperation of the EU. It is also fully consistent with the two Commission communications (2006, 2012) specifically addressing the regional cooperation with the Pacific region.

Consistency is managed through inter-Service consultation and coordination procedures, line DGs being involved during programming (QSGs) and implementation (MTR, ETRs) of the regional strategy.

As already highlighted under section 3.1.2, a number of issues in the Pacific relate to matters within the competence of several DGs. In areas of overlapping interest (e.g. fisheries and trade) the DGs responsible for the conduct of policies normally take the lead in relations with the partners. Conversely, in the field of environment – which benefitted from a large share of the EU's regional programme – DG ENV was less involved in EDF10 implementation.

There has been a real effort by the Commission to strengthen the coherence of its policies. Increasingly the Commission is including the developmental dimension in the design and implementation of its policies. For example the EPAs, FPAs and agreements on sanitary and phyto-sanitary regulations all include developmental provisions. In some cases ongoing negotiations and their impact on the implementation of the regional programmes have been resented by some stakeholders, negatively affecting the image of EU development cooperation. This problem of perception – which is essentially present in the fisheries sector – will be further analysed below under EQ7.

### 3.2 EQ 2 on strategic options

*EQ2: To what extent did the strategic choices made in the 9th & 10th EDFs facilitate the achievement of the EU's cooperation objectives?*

#### EQ 2 on Strategic options

The Regional and National Indicative Programmes of the 9<sup>th</sup> and 10<sup>th</sup> EDFs had different but complementary strategic foci. This complementarity was not born of any systematic use of the subsidiarity principle when determining which activities were best conducted at regional, as opposed to country/territory, level. But nevertheless the result permitted a reasonable distribution of labour between the two programming levels.

The shift from 9<sup>th</sup> to 10<sup>th</sup> EDF was characterized by a threefold increase in resources, a deepening of efforts in the sustainable natural resources management and regional economic integration sectors, and termination of regional support to human resource development. The justification for the changes or absence of changes has not been made on the basis of a thorough assessment of needs.

The recommendations of the 2007 regional level evaluation were generally accepted by the Commission Services and efforts to implement them were made under the 10<sup>th</sup> EDF programming. Nevertheless, many recommendations still remain valid today.

Regarding the tightening of the relationship between PACPs and EU POCTs, synergies were targeted at strategic level but implementation faced numerous obstacles (differences in regulation, different development levels within and between PACPs/EU POCTs, and obstacles to free movement of people, goods and services).

Regarding the visibility of the EU's activities in the Pacific, it remains the case that beneficiaries, national administrations and NGOs are generally much less aware of the EU's presence in the region than they are of that of the major regional powers. While regional organisations and direct project beneficiaries were on the whole very aware of the EU's cooperation, National Authorising Officers were often unaware of the regional activities and line ministries sometimes were only partially aware of them. Awareness of activities conducted under the all-ACP projects or by other EU institutions such as the European Investment Bank was very limited when it existed. The EU did not have an overall communications strategy for regional cooperation in the Pacific, but has recently published a feasibility study on the launch of such a strategy.

### **3.2.1 The difference in focus of the RIP and NIP was driven by complementary strategic choices (JC 2.1)**

**The Regional and National Indicative Programmes had different but complementary strategic foci:**

- The Regional Indicative Programmes (RIPs) for the 9<sup>th</sup> and 10<sup>th</sup> EDFs aimed to build regional capacity in order to supplement the limited resources available within national administrations. The National Indicative Programmes (NIPs) focused instead on provision of capacity-building services to national administrations and on sectors identified as addressing key national needs.
- Strengthening regional organisations through the RIPs whilst supporting NAO capacity through the NIPs was complementary and provided a strategic bridge between regional, multi-country and country programmes.

**This complementarity was not born of any systematic use of the subsidiarity principle in the design of the programmes:**

- The preparation of the NIPs and the RIPs was not synchronised so as to maximise the potential for enhancing synergies between the two levels.
- Moreover no sector-wide background studies were conducted to feed into a strategic decision-making process on the basis of a subsidiarity principle.

**But nevertheless the result permitted a reasonable distribution of labour between the two programming levels:**

- The RIPs focused on several cross-border sectors that could not be addressed at national level, namely, trade and regional economic integration, sustainable management of fish stocks in the region and climate change adaptation.  
In addition, the focus on regional capacity-building allowed the RIP to complement activities undertaken at national level. The inclusion of education in the 9<sup>th</sup> EDF RIP, for example, allowed the EU to build up a regional capacity to assist national administrations in the preparation and implementation of educational strategies.

### **3.2.2 EU cooperation tightened the relationships between Pacific ACP states and Pacific OCTs (JC2.2)**

**There is a range of inherent limitations and challenges to the tightening of relations between Pacific ACP States and OCTs, viz.:**

- Significant differences in the levels of development and income between some of the European OCTs, such as New Caledonia, and the ACP states with Least Developed Country status, such as Solomon Islands or Kiribati.
- The significance of EU Member State transfers in the budgets of European OCTs in the region (e.g. New Caledonia received €1.5 billion from Member States in 2013, or 15% of the territory's GDP).
- Linguistic barriers between the French-speaking territories and the English-speaking ACP States, and differences in technical standards and regulatory frameworks.
- Barriers to the free movement of people, goods and services between European OCTs and ACP States, including visa requirements, immigration controls and trade barriers.

**Nevertheless, at the strategic level EU cooperation with the Pacific region has sought to build synergies between programming in ACP States and OCTs:**

- The EU's Regional Strategy Paper for the Pacific under the 10<sup>th</sup> EDF, and the Overseas Association Decision of the EU-OCT partnership, both highlight the goal of tightening relationships between Pacific ACPs and European OCTs in the region.<sup>22</sup>
- The EU has channelled 60% of its regional programming in the Pacific through the PIFS and SPC. By continuing its longstanding relationship with both these organisations, the EU has demonstrated its strategic commitment to serving the populations of both the ACP States and the OCTs.

**But at project level complementarities between ACP and OCT programming have been limited by programming constraints:**

- Some complementarities have succeeded in building synergies between ACP and OCT programming. Exchanges of best practices and demand-driven twinning projects have taken place in some fields, such as INTEGRÉ (integrated coastal management), TEP VERTES (renewable energy) and the SOPAC Disaster Reduction Programme.
- However the separation of EU funding instruments between ACP states and OCTs has held back the ability of the EU to further pursue joint projects and communicate a joint strategic vision.
- Moreover, some field interviewees highlighted the difficulty for the EU in pursuing a regional integration agenda whilst maintaining separate strategy development processes for the ACP States (covered by NIPs) and OCTs (covered by single programming documents).

### **3.2.3 The shift in focal sectors from the 9th to the 10th regional programmes contributed to enhance EU contributions to the sustainable and equitable development of the Pacific region (JC2.3)**

**The political context during the preparation of the 10<sup>th</sup> EDF was significantly different from that for the 9<sup>th</sup>, with the result that little analytical work was carried out in the preparation of the 10<sup>th</sup> EDF Regional Indicative Programme:**

- The ramifications of the 2006 military coup in Fiji absorbed significant resources within both the EU Delegation in Fiji and the EU's Regional Authorising Office, the PIFS, at the time of the design and preparation of the 10<sup>th</sup> EDF. As a result, only a limited amount of analytical work was conducted prior to the design of the 10<sup>th</sup> EDF.
- Consequently, the RIP for the Pacific under the 10<sup>th</sup> EDF was constructed largely with a view to continuing the 9<sup>th</sup> EDF as far as possible, while consulting with the PIFS and aligning with the work programmes of the regional organisations.

**Despite the absence of resources for needs analyses during the handover from one programming cycle to the next, some significant changes took place which enhanced the EU's contributions to sustainable development of the region in some areas, although not in others:**

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<sup>22</sup> Council Decision 2013/755/EU25/11/2013.

- The shift from the 9<sup>th</sup> to the 10<sup>th</sup> EDF enhanced EU contributions to the **sustainable management of natural resources** and to **regional economic integration**. The total amount provided for the 10<sup>th</sup> EDF was three times greater than for the 9<sup>th</sup>. This included a significant up-scaling of the support for sustainable management of natural resources and for regional economic integration.
- The 10<sup>th</sup> EDF discontinued the EU's support for **human resource development** at regional level in the Pacific. This was in line with the reduction of focal sectors to two, in line with the EU global strategy for the 10<sup>th</sup> EDF. But it was contrary to the recommendation of the regional level evaluation to continue with the regional focus on this sector with a specific focus on TVET,<sup>23</sup> and only limited justification for the change was provided in the 10<sup>th</sup> EDF Regional Strategy Paper.

#### **3.2.4. The observations and recommendations of the previous EU regional level evaluation were taken into account in designing 10th EDF regional strategy (JC2.4)**

The European Commission's response sheet demonstrates broad acceptance of each the main recommendations by the Commission Services.<sup>24</sup> **The 10<sup>th</sup> EDF programming demonstrates that efforts to implement the recommendations have been made, even if many still remain valid today:**

- The activities to strengthen policy dialogue were maintained throughout the evaluation period and increased financial resources for sustainable management of natural resources were disbursed within the 10<sup>th</sup> RIP with significant results.
- The 10<sup>th</sup> EDF RIP continued to suffer from a lack of synergies between the regional and national levels, desynchronisation between NIPs and RIPs continues, and it remains unclear how the subsidiarity principle has been applied.
- Involvement of national administrations in regional programmes has remained problematic and the Commission's contribution agreements with regional organisations have not adapted to enhance national ownership. Options such as using payment-by-results or tranche payments tied have not been used.

#### **3.2.5. The EU cooperation as a whole is perceived and valued beyond project stakeholders (JC2.5)**

- **Contrary to the situation in several other parts of the world, the EU is not the major player in the Pacific region and is therefore not perceived as such.** As noted in Annex 4 (Figure 7), whilst the EU – including Member State contributions – is the second largest donor in the region, it nevertheless contributes only 17% of the total overseas development aid, compared with 54% from Australia.

<sup>23</sup> It should be noted, however, that the regional evaluation was published in 2007, after the 10<sup>th</sup> EDF had been finalised.

<sup>24</sup> See Annex 8 for the set of six strategic recommendations made by the previous regional evaluation in 2007, and the Commission's response to them. The evaluation also made several specific recommendations. But this review focuses on the main strategic recommendations of particular relevance here.

- **Field interviews confirmed that beneficiaries, national administrations and NGOs are generally much less aware of the EU's presence in the region** than they are of the presence of the major regional powers, i.e. Australia and New Zealand.
- **However, there remained some degree of variation in awareness of the magnitude and content of EU cooperation activities as between different types of stakeholder:** Regional organisations and direct project beneficiaries were on the whole well aware of the EU's cooperation but National Authorising Officers and line ministries were often unaware of the EU's regional activities in their country.<sup>25</sup>
- **The EU did not have an overall communication strategy for regional cooperation in the Pacific.** However it recently (2013) published a study assessing "options to establish a thriving and effective communication and visibility strategy" in the Pacific region.

### 3.3 EQ3 on Regional Integration and Trade

*EQ3: To what extent has the EU support to regional economic integration contributed to improve the competitiveness of PACP economies and their profitable insertion in the world economy?*

#### EQ 3 on Regional Integration and Trade

The EU supported the regional and national institutions with a view to strengthening their capacity to help the region and individual countries define their trade policy framework, prepare trade arrangements, and implement the policies needed to comply with their implications.

The two regional economic integration organisations, the PIFS and the SPC, as well as several sector regional organisations, were able to build up a critical mass of expertise not available in many SIDS and thereby help individual countries realise economies of scale. EU support has contributed to effective improvement of the means, the professional skills and the management capacities of the beneficiary institutions. It has favoured coordination of the policy dialogue around the new Aid for Trade strategy, supported the negotiators of the EPA, permitted delivery of substantial training and professional assistance to national organisations, and facilitated implementation of pilot activities in support of the private sector in a number of countries. However the conclusion of regional trade arrangements has not progressed, while only an interim EPA has been concluded with PNG and Fiji and moreover is being implemented only by the former. Improvements in the regulatory framework facilitating trade and private sector development have so far been very limited.

Whereas the institutional capacity of the regional organisations has been improved there has been little effect on the productive capacity and performance of the private sector. Public services in the areas of Technical Barriers to Trade (TBT) and Sanitary/Phyto-Sanitary

<sup>25</sup> Moreover, awareness of activities conducted under the all-ACP projects or by other EU institutions such as the European Investment Bank was very limited, As noted in, EC (2010), *Mid-term evaluation of the Investment Facility and EIB own resources operations in ACP countries and the OCTs*. See Annex 8, section JC 3.6.3, for further details in this regard.



measures (SPS) have improved but the effect on the competitiveness of the economies remains limited. Activities targeted on selected enterprises have been successful and have contributed to improving their production and trade capacities. However, this remains at the level of pilot operations with no replication outside the sample of selected firms. The new draft AfT strategy 2013-2017 that benefitted from the active support and participation of the EU, and the preparation of which was coordinated by the PIFS, sets the priorities for objectives that are regarded as major constraints by the operators: the trade infrastructure and productive capacity.

Available statistical indicators do not reveal any significant expansion of regional trade and production, nor that it has been beneficial to the populations. Pilot projects targeted on selected enterprises have achieved results in terms of improved quality and diversity of their production and exports, and this has generated additional income and employment for their suppliers. These results remain marginal as long as the pilot projects are not transformed into sustainable private sector support policies.

There is coherence between RIP and NIPs since the support for regional integration is conducted entirely through the RIP. Trade-related national projects fit into the general scheme. The linkages between regional programmes and all-ACP or thematic programmes is weak. Similarly the EIB interventions, albeit relevant and appreciated, lack visibility and are not coordinated with other EU interventions. There is effective and regular exchange of information between donors facilitated by the functioning of the PIFS and the fact that Aid for Trade is increasingly used as an umbrella for TRA.

### 3.3.1 Strengthening regional and national trade related institutional capacity (JC 3.1)

This JC verifies whether the EU strengthened regional and national institutional and regulatory frameworks so as to improve the capacity of public institutions to facilitate and promote trade.

The EU support for regional economic integration has been conducted through the regional programme and it was the main focal sector in both RIPs covering this evaluation period. **The focus was the institutional strengthening of regional and national institutions** in order to help them prepare and negotiate regional trade arrangements and build up their capacity to implement and monitor the reforms needed to comply with these arrangements with a view to maximising their benefits.

Three groups of organisations have been targeted:

1° The two regional institutions with central responsibilities for fostering the regional economic integration; the **Pacific Islands Forum Secretariat** (PIFS) was the main channel for coordinating and organising the policy dialogue and trade negotiations, whereas the **Secretariat of the Pacific Community** (SPC) was instrumental in implementing regional projects with in-country activities in support of private sector development and trade facilitation. Both institutions benefitted from contribution agreements.

2°) Regional organisations addressing sector issues such as fisheries (addressed under EQ7), tourism or customs. These organisations benefitted from project grants designed to strengthen their own capacity to identify key policy issues in their respective sectors and help their national member organisations address them.

3°) Finally, national organisations and trade-related administrations were supported either indirectly *via* the activities provided by the regional organisations mentioned in the first two groups or directly *via* projects conducted through the NIPs.

**The focus on regional institutional building was justified by and made allowance for economies of scale in a region where many small islands would not have the financial and human resources needed for designing and implementing trade-related policies and activities.** Among the tangible results of this approach one can single out the proactive role of the PIFS in organising and coordinating the policy dialogue on trade issues and in the preparation of the 2013-17 draft Aid for Trade strategy. Assistance provided by the PIFS to member countries has contributed to elaboration by several PACPs of their trade policy frameworks. The SPC has demonstrated a capacity to manage complex programmes involving implementation of pilot trade-related assistance projects in a significant number of Pacific countries. This is demonstrated by the success of the FACT and IACT projects.

**The organisations that were funded through contribution agreements benefitted from the flexibility of this modality and could, beyond the implementation of EU programmes, increase the financial and human resources required by their core activities.** The financial statements for these organisations show that the relative importance of the EU's support compared to their members' contributions (in the form of membership fees and donor funding) was such that it created substantial additional resources but not to the extent of creating a dependency situation.

The regional organisations that benefitted from grant contracts were able to **increase their professional skills in their respective fields and also strengthen their managerial capacities.** They could provide valuable training and capacity-building assistance to national member associations, examples being the SPTO and OCO. The sustainability of the progress achieved by these organisations following completion of the EU programmes remains fragile and will largely depend on adequate funding by their members or their capacity to develop private-public partnerships.

The support for national institutions has been also conducted through the NIPs *via* projects aimed at strengthening national capacities in specific areas. The few examples analysed by this regional evaluation (the PSGSP in Vanuatu and the TRA in PNG) indicate that the approach encountered considerable difficulties linked to internal coordination problems in the countries, and moreover may be more difficult to implement in SIDS. When such projects were well designed and implemented by national institutions endowed with **sufficient capacity and political support they achieved results directly beneficial to the trade operators and gained more visibility.** An example is the upgrading of the quarantine services in PNG under the TRA programme implemented by the Trade Division of the Department of Trade and Foreign Affairs in PNG.

**The regional and national projects have provided training and technical assistance, permitted dissemination of templates on how to create the regulatory framework or adapt it to specific sectors or areas, and led to transfers of skills to national level.** However so far their visibility among the national economic operators and Civil Societies in the individual countries has been extremely limited. More important, **their results in terms of effective improvement of the regulatory framework, trade facilitation, removal of technical barriers to trade have been extremely limited as the improved institution-building has not yet been translated into implementation by national institutions of activities directly targeted on these goals.** A view expressed by several stakeholders is that too much emphasis has been placed on strengthening official institutions whereas more concrete support for the operators and for mitigation of key regulatory bottlenecks would have been more effective in stimulating trade.

In terms of enforcement of bilateral and regional trade agreements signed with EU support, only the iEPA was concluded with PNG and Fiji (but was not implemented by the latter). Available studies highlight its potential in terms of trade and on-shore investment in the fisheries sector in PNG. Progress has been recorded in implementation of the provisions of the iEPA (notably adaptation of the PNG labour legislation to core International Labour Conventions) and new investments in canneries are taking place.

### **3.3.2 Increased private sector productive capacity and trade facilitation (JC3.2)**

This JC verifies whether the EU interventions increased the productive capacity of the private sector, including public services in the areas of trade facilitation, TBT, SPS, competition policies, labour, and so forth.<sup>26</sup> Overall the international indicators indicate that the business environment has not improved and **effective implementation of the reforms is either lagging or remains limited by inadequate skills in the local administrations, lack of human resources or corruption problems.** However several projects directed to the improvement of regulations, processes and trade infrastructure (e.g. the regional TFCC or national TRA project in PNG) have delivered their programmed outputs and contributed to observable results.

The new **draft Aid for Trade Strategy 2013-2017**, which benefitted from higher involvement of the stakeholders than the previous strategy, **is shifting the focus from support to institution-building to two priorities: trade infrastructure and productive trade capacity**, thus responding better to the needs and concerns expressed by trade and private sector operators.

**An objective of the institutional strengthening favoured by the EU was to build on the regional institutions to strengthen national institutions and conduct pilot projects at country level.** Two kinds of activities have been undertaken:

- i. Provision of TA, training, workshops, guidelines and templates for developing policy frameworks (for example the PRTCB and FTCC component of the SPEITT

<sup>26</sup> The reader should also refer to EQ7 and in particular EQ72 and EQ73 which address specifically similar issues for the fisheries sector.

programme), improving the business environment and facilitating trade. This approach has led to positive results in terms of institutional strengthening but **has not yet delivered visible results in terms of improved trade facilitation or an easier business environment since so far too few activities have been directly targeted on these objectives.**

- ii. Pilot projects implemented in selected national enterprises by a regional pool of experts. This approach has been **very successful for the selected enterprises: they were able to improve their production processes, gain certification, and increase or diversify their exports.** The number of enterprises selected for these projects is very limited. Whereas at individual level the benefits acquired are sustainable, **generalisation and transfer to national level of part or all the business support services currently operated under the IACT project by the SPC has not been organised.**

The EU **has not addressed the manufacturing sector**, although it is significant in some countries. The need to focus scarce resources on limited objectives is an explanation, but **insufficient dialogue with private sector organisations at the identification stage of projects has also been a factor.**

### 3.3.3 Market access improvement (JC 3.3)

This JC assesses whether the previous and current trade regimes of the Pacific ACPs, including the EPA Agreement, improved formal and effective market access for PACP.

Available international indicators of market access for Pacific products (all products and agriculture) show a move towards free access for PACP exports in developed countries including the EU, but this cannot be linked to EU regional cooperation.

The objective of the EU under the 9<sup>th</sup> and 10<sup>th</sup> EDFs was to conclude a regional EPA with PACP countries but only an interim EPA with PNG and Fiji (enforced only in PNG) could be agreed. Other PACP countries did not join the EPA. The main reasons are the fact that many already benefit from free access to the EU under the Everything But Arms (EBA) initiative or have only insignificant and erratic trade with the EU.

The benefits of the iEPA are important for PNG, the largest PACP trade partner of the EU. Commodities exported by PNG (palm oil, copper, sugar, copra and fish) can enter the EU free of duty and quotas. In addition the global sourcing derogation to the rules of origin has created a major incentive for the development of on-shore canneries.

### 3.3.4 Evolution of investment flows and economic diversification (JC3.4)

This JC verifies whether there is (statistical) evidence of a favourable trend in enhanced investment flows to, and a resultant diversification of, PACP economies

Statistical data on FDI show that on average Pacific countries have benefitted from a higher FDI/GDP ratio (4.8% for the period 2000-2009) than developing countries (2.9% for the same period) but international indicators show no increase during the period of this

evaluation compared to previous years. Analysis for individual countries reveals, not surprisingly given the very small size of the economies, very diverse patterns. There are no elements that allow linkages of these data to EU support.

PNG has directly benefitted from FDI in fish processing plants as a result of the global sourcing provision of the iEPA.

Available statistical data show no evidence of economic diversification but pilot projects funded by the EU (FACT and IACT) have led to an increase and diversification in production and exports by the enterprises supported, with positive effects on employment among their suppliers. This amounts to only marginal progress, however.

### 3.3.5 Benefits for the countries and their populations (JC 3.5)

This JC verifies if the expansion of trade and production and benefits for the countries and the populations.

The macroeconomic indicators do not show a significant expansion of trade and production.

An examination of the direction of PACP countries' trade over the period 2006-2012<sup>27</sup> delivers the following information:

- Intra-regional trade is particularly low, probably the lowest of any region in the world, and is declining or stagnant. From 2006 to 2012 the intra-regional trade of the selected PACP countries<sup>28</sup> declined from 3.5% to 2.3%; for the MSG the figures are respectively 1.3% and 1%.
- Trade with the EU is characterised by an increase of EU imports by the PACP (from 3% to 5.3% of their total exports) and a slight decline in the share of their exports destined for the EU (from 15.2% to 13.5%).
- Examination of the rates of growth over the period shows that although the PACPs' trade is very small in relation to world trade, it is growing very fast. Whereas world trade has grown by 10.2% a year in value over the period, total imports into the PACPs have grown by 17.6% and total exports by 12.6%; the figures for the MSG are 18.5% and 12.9% respectively. Intra-regional trade is also growing faster than world trade (12.1% for PACP, 14.6% for MSG).

This may seem to contradict the fact that the share of Pacific intraregional trade is diminishing or stagnant but it simply **reflects the fact that Pacific countries have experienced an opening-up of their economies which was more directed to the rest of the world than to the regional market.** This extra-regional opening is characterised by

<sup>27</sup> See Annex 12 on Pacific countries directions of trade.

<sup>28</sup> i.e. those which are covered by the IMF directions of trade data: the MSG countries plus Tonga and the Solomon Islands.

a substantial increase in imports from the EU whereas the expansion of exports is directed more to Australia and New Zealand. The fastest-growing exporter is the Solomon Islands<sup>29</sup>.

These data concern total trade whereas EU interventions have mostly targeted processed fish (negotiation of interim EPA with PNG) or local production for the regional markets (projects such as FACT, PSGSP, IACT). Evaluations of the FACT and IACT projects show that they have improved the production capacity and economic performance of the enterprises selected to benefit from their support. And in turn these enterprises have generated income and employment for their suppliers. However this remains on a very small scale, limited to pilot projects.

As regards processed fish, the two studies recently conducted by the European Commission and the European Parliament provide data on exports of processed fish from PNG to the EU. There is no indication of a growing trend so far but both studies conclude that the interim EPA - although its effects are as yet negligible in terms of income and employment - offer significant opportunities in the future as they will make PNG an attractive place for inshore investments in canneries.

Notwithstanding the benefits of the iEPA for PNG there is a strong local perception that the EU and the regional institutions have a “small islands bias” which tends take insufficiently into account the weight and importance of PNG in the region; this has resulted in a disaffection in that country for the EU regional programme.

### **3.3.6 Complementarity among EU trade support cooperation instruments (JC 3.6)**

This JC assesses the extent to which the EU developed complementarities and synergies between EU key cooperation instruments and programmes supporting trade (JC 3.6)

Insufficient coherence between RIP and NIP was identified as a severe weakness in the 2007 evaluation of the EU cooperation with the Pacific countries. Projects and programmes analysed in this evaluation have taken note of that message and taken steps to avoid that weakness. Coherence is explicitly sought in the design of all programmes or projects examined. The SPEITT in particular is designed to provide coherent articulation between national and regional activities. The current implementation of its various components is positive in this regard.

Large programmes designed to provide a response to external shocks or economic crises proved difficult to integrate within the existing assistance framework. A typical example is the Accompanying Measures for Sugar Protocol countries programme (AMSP), the

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<sup>29</sup> Over the period 2003-2012 the fastest growing Solomon's export markets have been Australia, the EU and, in recent years, China. Solomon exports are commodity based and have been driven by log and mineral exports. However, the high performance of Solomon exports might not be sustainable due to a risk of overlogging. Sources: IMF. Country Report n°12/156, July 2012. See also European Commission, DG Trade, Trade statistics.

evaluation of which highlighted the lack of credibility of the adaptation strategy in Fiji and several other weaknesses<sup>30</sup>. The V-Flex facility might face similar difficulties.

Articulation between regional programmes and all-ACP or thematic programmes is weak. These projects are essentially demand-led facilities and the regional organisations implementing the RIP programmes have achieved little visibility of their use in the region. EIB operations in the Pacific were funded by the Cotonou IF and their objectives were aligned with those of the overall objectives of the EU's assistance to the region. However, the EIB approach is "deal-oriented" to the most promising initiatives and not based on a policy dialogue. Its support suffers from an absence of visibility although it is highly appreciated by the direct beneficiaries. An attempt to increase the synergies of the EIB support to the private sector with other support of the EU, in the form of a SME Access to Finance Facility for the Pacific (SAFFP), has not been concretised. (I631)

### **3.3.7 Coordination and complementarity (JC 3.7)**

This JC verifies that the EU coordinated and developed complementarity with Member States and key regional donors.

Most available project documents (at design, monitoring and evaluation stages) indicate effective and regular exchanges of information between donors. This is made easier by the functioning of the PIFS. The Aid for Trade Initiative is increasingly the framework through which support to trade and regional integration is provided, thereby ensuring coordination and exchange of information between the various development partners.

The important contribution of the EU to the key regional institutions, PIFS and SPC, as well as the weight of its regional support to the trade and fisheries sectors, has been accompanied by regular exchanges of information with partners and other donors in these areas.

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<sup>30</sup> ADE, *Study of the European Commission's co-operation with Sugar Protocol countries: Assessment of the Accompanying Measures for Sugar Protocol Countries (AMSP)*, Final Report, 2009. The conclusions for Fiji, highlight that the 2006 Annual Action Programme (AAP), the only one that was implemented in Fiji, delivered significant results. But the National Adaptation Strategy lacked realism, suffered from an excessively wide scope, and being implemented only through one AAP and via a PMU its sustainability was risk.

### 3.4 EQ 4 on Education and TVET

*EQ4: To what extent has the EU support to education and vocational training contributed to the development of employable skills of various sections of the Pacific population?*

#### EQ 4 on Education and TVET

At the regional level, the EU has built capacity in the education sector, but the national level follow-up has had mixed results. Regional level support has contributed to the development of regional capacity and resources in the education sector which have since been well integrated into the University of the South Pacific's architecture. Indeed, the PRIDE project, co-financed by the EU and New Zealand, was the major vehicle for implementing the Forum Basic Education Action Plan and remains a major landmark in the Pacific region regarding the adoption of strategic planning in education. At national level, EU projects achieved more limited improvements to educational access and graduation rates in basic and rural education. On the other hand, EU support in enhancing TVET opportunities for the acquisition of life skills has had overall positive results in New Caledonia and more mixed results in Solomon Islands. The absence of tracer studies limits the ability of the EU to monitor the impact of its projects on employability objectives as well as to design TVET programmes that fit the requirements of the labour market.

The reduction in the brain drain effect has been neither a clearly-agreed objective in the Pacific nor a focus of EU support. Indeed, studies and stakeholders met suggest that many in the region see labour migration and remittance income as a positive goal. Finally, gender considerations have often been included in the design of EU interventions, but there is little evidence in the project documentation of their effects in terms of equitable gender access to education institutions.

**EU support to education in the Pacific has predominately been made through country and territorial projects rather than at the regional level.** Over the course of the evaluation period, a total of €8 million was committed to education projects at the regional level; compared to €104 million under country and territory projects (see Annex 6 for the sector overview in this regard). The majority of country/territory projects were conducted through traditional project approaches, but the example of the Sector Budget Support in New Caledonia showed that positive results can be achieved in those countries/territories where the national administration has greater capacity to monitor education indicators.

**Moreover, the EU withdrew regional support to education in the Pacific in the transition from the 9<sup>th</sup> to the 10<sup>th</sup> EDF,** as discussed in section 3.2 of this report. Whilst the rationale for this shift was not made on the basis of specific needs analyses, it did allow the EU to focus its regional programme on two focal areas that have inherently cross-border features (namely, regional economic integration and natural resources). Moreover, the findings of this evaluation, outlined below, demonstrate that the EU's regional support has been largely successful and that the key challenge for the future lies in supporting capacity at national level as per Conclusion 12 and Recommendation 16 of this report.



### **3.4.1 The EU interventions reinforced key regional institutions to support basic education and vocational work-related training (JC 4.1)**

**EU support focused on the reinforcement of regional institutions through the PRIDE project, with overall positive effects. However progress in the harmonisation of policies and standards for education has so far remained limited:**

- The reinforcement of regional institutions which support basic education and vocational work-related training, including promotion of distance education through new technologies, was part of the measures envisaged under the EDF 9 RSP. It has not, however, been the focus of support under the EDF10 RSP.
- In May 2001 Education Ministers formulated an action plan to address basic education needs in the Pacific, the Forum Basic Education Action Plan (FBEAP). They endorsed a consolidated version in 2009, the Pacific Education Development Framework (PEDF), covering the period 2009-2015.
- The main vehicle for implementing the FBEAP was the PRIDE project, implemented by the University of the South Pacific (USP). PRIDE ran from 2003 to 2011 and was funded under EDF9 (€8 million, representing 28% of the EDF9 RIP) and through the New Zealand Agency for International Development funds (NZD5 million). It was a major landmark in the Pacific region for the adoption of strategic planning in education and TVET. The project contributed by providing the background methodological tools and analyses. It accompanied also the elaboration of national and regional strategic planning. In PNG and SI, the strategic vision was even detailed in 30 sub-national such plans.

**PRIDE established an online regional education resource centre to encourage best practice, knowledge and dissemination, as a means of strengthening regional educational capacity in Pacific ACP countries:**

- The resource centre, established as planned, provided access to a unique collection of education policy, planning and development material from and relevant to the 15 Pacific countries of the project. In addition the centre provided traditional library reference and research services and technical assistance to participating countries.
- In 2010 the centre was integrated into USP activities at the time when PRIDE was closing, thereby enhancing sustainability of the results. The two unique databases created by PRIDE, PADDLE and Directions, have stayed online, care of the USP library. PADDLE has provided stakeholders with access to previously unavailable educational policy and planning material from the Pacific countries and territories. Material includes strategic plans, education legislation, curriculum frameworks and school policies from Ministries of Education, as well as additional resources from donors and regional organisations in the Pacific. USP continues to provide an advisory service in addition to a variety of programmes (in education and TVET). The advice is provided online to the education institutes in the South Pacific. Field interviews confirm that the resource centre was considered a success by the USP. It remains active and integrated into the USP architecture.
- Field interviews held at the USP support the view that PRIDE successfully built up capacity at the key regional institution in this area, but also that country-level ownership

was rather more limited. This limitation meant that rolling out some of the PRIDE sub-projects proved difficult, with limited results in some cases (e.g. in Fiji).

- The final evaluation<sup>31</sup> notes that PRIDE raised the level of strategic planning in the region. It provided the background methodological tools and analyses for the adoption of strategic planning in education and TVET. It also supported the elaboration and implementation of national and regional strategic plans.
- In PNG and Solomon Islands the strategic vision has been articulated in 30 sub-national plans. 54% of PRIDE's total project funds were expended on 137 sub-projects which focused on the following areas: curriculum, policy, resources, TVET, teacher education, and capacity-building training for a wide range of educational professionals including teachers, principals and administrators. The sub-projects provided experience of reviewing the strategic master plan, prioritizing action and planning budgeting, implementation and monitoring.
- Finally, the final evaluation notes that while participation and community support were strongly stressed throughout the PRIDE project, there was less evidence of attempts to build capacity among Non-State Actors.

**EU interventions also targeted capacity-strengthening at national level. Evidence of their effects is rather thin:**

- HRDP I was a sector policy support programme (SPSP) aimed at strengthening pedagogical and management capacity within Papua New Guinea's educational system. The immediate results on the target population would therefore not be expected to be significant until the revised government sector policies have had time to bed-in. Indeed, at the time of the evaluation, results and outputs concerning the upgrading of teaching skills remained limited. Nevertheless, activities conducted included for instance development of strategies and capacity-strengthening so as to involve all levels of education in Papua New Guinea in the sector-wide approach.
- The TVET project in Solomon Islands initially aimed at strengthening the planning and monitoring capacity of the Ministry of Education and Human Resources Development (MEHRD), particularly for the TVET Division. These activities were unsuccessful due to the resignation of the technical assistance expert during implementation.
- In light of these difficulties, the project was reoriented in 2012. The revised project approach placed greater emphasis on demand-driven activities through the 32 Rural Training Centres (see Box 3.1 for further details).

**The EU supported the development of monitoring and evaluation systems within its education programming in the Pacific, but some problems remain regarding the quality of the strategy-level monitoring systems installed, viz.:**

- The HRDP I programme implemented in PNG, which aimed at reinforcing the management capacity of PNG's education systems, included as a sub-component the

<sup>31</sup> Source: CfBT Education Trust Consortium for the European Commission, "Final evaluation of the PRIDE programme for the Pacific region", Final report, 2011

performance strengthening of monitoring and evaluation systems at all levels (training for M&E responsibilities at sub-national levels and undertaking of annual reviews).

- PRIDE aimed at setting up monitoring and evaluation systems at national and regional levels (under key result area 3) with the intention of developing and refining country-level policies. Several initiatives for encouraging the 15 countries engaged in the project to set up M&E systems have indeed been supported. The two major initiatives in this respect were a handbook on M&E and a high-level benchmarking on education.
- However the final evaluation notes that the overall monitoring of the PRIDE programme has been weak, for example late and incomplete reporting of sub-projects, and insufficient attention by PRIDE management to monitoring the development and evaluation of the quality of strategic plans.
- Key driving factors for the failure to monitor results projects and sub-projects were (i) absence of sufficiently developed **education management information systems (EMIS)** in the Pacific countries and (ii) **limited human resources available within national ministries of education**. Whilst all ministries of education (MoEs) collect data on the educational system such as enrolments and staffing, there often remained insufficient staffing to monitor specific project results or to analyse data collated. This, combined with the insufficiency of the available EMIS combined the significantly reduce the availability of good data on educational achievements at country level.

### **3.4.2 The EU support to basic and rural education programmes improved sustainably and the ability of students (males and females) to reach and graduate from secondary and tertiary institutions (JC 4.2)**

**There has been some progress in progression from basic to higher education and improvements in gender balance, but country-level data on dropout rates has not been consistently collected each island and territory.**

- FEMIS data (2008-2012) indicate that improvements were seen in progress from lower levels of education, increased net enrolment rates in secondary and higher secondary (forms 3-6) schools.
- But the EU's own regional strategy paper for the 10<sup>th</sup> EDF highlight significant divergences between progression to final grades across different PICTs (e.g. 96% in Fiji as opposed to 47% in Timor Leste).
- Moreover, the quality of data on graduation from primary education by gender remains patchy at country level. Whilst all MoEs collect data for enrolments, the monitoring of dropout rates by gender is often missing. More sophisticated EMIS systems would allow the collation of comparable data across the region on dropout and graduation rates by gender.

**On the other hand EU-supported education projects in the region faced significant challenges during implementation, limiting the results achieved.** The EU supported several country-level projects that aimed to improve access and graduation rates, including projects in rural areas.<sup>32</sup> While several were implemented, many faced difficulties during

<sup>32</sup> Including ETHRDP, HRDP I projects in Papua New Guinea, the FESP project in Fiji and the TVET project in the Solomon Islands. See Annex 7 for further project details.

implementation. The main limitations were again the weak local administrative capacity for implementing projects or sustaining their results, sometimes aggravated by weak technical assistance.

### **3.4.3 The EU support to Technical and vocational training has led to the employment of students (JC 4.3)**

All countries have reasonably up-to-date education strategic plans or policy frameworks, closely linked to their Strategic Development Strategy or Plan. Most have a section focused on formal TVET provision. Those countries that have developed a specific TVET policy or strategic plan include Papua New Guinea, RMI, Samoa, Solomon Islands, Timor-Leste and Vanuatu. However few of the targeted objectives and activities have been implemented, while in many countries they are focused on the tourism and hospitality sector. Some countries have had human resource development strategic plans, but most are now out-of-date and need reviewing.

In addition, the Solomon Islands TVET project in particular demonstrated the difficulty of achieving targeted employability in the absence of data on skill needs and graduate tracer studies. In this case skills training could not be adequately targeted on labour market needs and the training institutions could not be assessed for the relevance of their activities.<sup>33</sup>

#### **EU support focused on the enhancement of TVET opportunities for the acquisition of life skills, with positive overall results in New Caledonia and more mixed results in Solomon Islands.**

As mentioned above the EU adopted a two-pronged approach in the Pacific region, supporting both basic education and regional formal or non-formal TVET providers. It was envisaged that TVET initiatives would run alongside improvements to basic education and pick up where the latter left off. The EU strategy aimed at providing enhanced TVET opportunities for the acquisition of life skills (measures envisaged included for instance development of formal and non-formal TVET training and work-based programmes). Vocational training has also been chosen as the sole focal area under EDFs 9-10 Single Programming Documents for New Caledonia. Major EU programmes implemented in support of TVET have included the TVET programme in Solomon Islands (2007) and the two successive Sector Budget Support programmes (under EDFs 9-10) supporting the vocational training sector policy of New Caledonia (PAPS). The focus and achievements of these projects have been as follows:

- The two PAPS (€30.2 million and €19.8 million) have aimed at supporting the reform process in New Caledonia in the area of vocational training.
  - The final evaluation of the continuous vocational training sector in New Caledonia<sup>34</sup> notes that the EDF 9 programme contributed heavily to initiating a major reform of the sector, but has not yet substantially modified the traditional approach to

<sup>33</sup> This point was supported by field interviews conducted in the Solomon Islands with stakeholders from the EU Delegation and the Ministry of Education.

<sup>34</sup> Source : IBF pour la Commission européenne, « Evaluation du secteur de la formation professionnelle continue en Nouvelle Calédonie », 2011

vocational training which has remained oriented to the supply of training events rather than a pro-active approach based on the demands of the labour market. The evaluation further states that the funds have had a leverage effect and have contributed to reorganizing the sector, strengthening the capacities of the actors, creating new intervention methods and improving orientation and professional insertion tools. Beneficiaries have been trained and have benefited from good quality follow-up: between 2004-2008 127 training events benefiting 841 trainees took place in the maritime occupations sector, and a further 76, benefiting 640 trainees, took place in the tourism sector. These two sectors accounted for almost half of the training courses delivered. In addition 513 people from the agriculture sector have been trained, along with 819 from the mining and metallurgy sector.

- Under EDF 10 the programme has more specifically aimed at facilitating access to vocational training, supplying the labour market with appropriate human resources and developing vocational training. The two specific conditions laid down for the disbursement of the variable tranche have been met<sup>35</sup> as follows: (i) increase in the financial share (from 16.9 % in 2009 to 23.3% in 2010) devoted to cyclical sector support, corresponding to implementation of operations meeting the needs of the skilled workforce as expressed by New-Caledonian enterprises confronted with hiring difficulties; and (ii) a completion rate of 76.4% in 2010 against 64.3% in 2009, exceeding the 70% target.
- For the Solomon Islands TVET project the initial largely blanket approach - providing support for all RTCs – has had limited impact so far. There has been no significant change in the type of training offered, in the quality of training, or in maximization of the resources (facilities and staff) available at the RTCs for the benefit of the communities they serve. Field interviews suggest that the change introduced in favour of a demand-driven approach, through calls for proposals, did not improve results owing to the selection of proposals that did not correspond with market demand (i.e. to opportunities in the labour market).

#### **3.4.4 The EU interventions mainstreamed the reduction of brain drain and enhanced gender issues in its educational programmes implementation (JC 4.4)**

**Reducing the brain drain has not been a clearly-agreed objective in the Pacific and has not been a focus of EU support.**

- The biggest part of the brain drain has been within the area (e.g. migration from Wallis & Futuna to New Caledonia). For POCTs access to EU MS, particularly France, has automatically been granted by the EU passport. Outside the area the three most important destinations for PACP migrants have been Australia, New Zealand and the USA. In these countries demand has been high across the whole range of skills. Brain drain in the Pacific has not been limited to the most educated groups; it was relatively recently extended to unskilled labour by Australia, albeit on a limited scale.

<sup>35</sup> Source : Nouvelle Calédonie-UE-France, « Rapport annuel d'exécution du Document unique de programmation de la Nouvelle-Calédonie, Première année de réalisation du programme 10ème FED, 1er Janvier 2010 au 31 Décembre 2010 », pas de date

- Limiting the brain drain does not clearly appear to be an agreed national or regional objective in the Pacific. Remittances are increasingly used as a major driver to enable islanders to maintain their high standards of living against the background of shrinking labour markets and limited export market opportunities.
- Indeed, field interviews suggest that many students and several PICT governments see labour migration as a positive feature. This view was confirmed by the Australian Pacific Technical College (APTC) survey in 2012, which concluded that many students prefer vocational or technical qualifications precisely because they allow them to migrate to other South Pacific countries. Stakeholders at the University of the South Pacific also noted that increasing labour mobility is a common feature for many of the smaller islands, where remoteness and limited productive opportunities encourage heavy dependence on tourism and trade in natural resources, such as fishing. In these economies labour migration and remittance flows are a major income source, leading several PICTs to push for increased labour migration rather than fighting to reduce it.
- Brain drain has not been the focus of the EU's response strategy under either EDF. Similarly, in none of the EU interventions in the Pacific region was the brain drain explicitly mainstreamed, either for mitigating the drain or for adjusting skills to the international labour market.
- In this context some stakeholders argued that a study on migration should be undertaken so as to allow the EU to design any future programming in this area in line with the needs and priorities of PICT government and students.

**Regarding gender balance in education, the EU refers to the need for mainstreaming of gender issues across all areas of cooperation in its response strategy under regional strategy papers for both EDFs 9 and 10.** Reference is made in the EDF 10 RSP to provision of gender-disaggregated data at the levels of indicators, wherever possible and relevant.

**Gender considerations have often been included in the design of EU interventions. There is little evidence in the project documentation on the effects of equitable gender access to education institutions.**

- The design of PRIDE took gender considerations into account (one of the overall objectives is that of improving the gender balance of students in secondary and post-secondary education). However ROM and evaluation reports reveal that the gender issue remained absent from project concerns. The final evaluation notes: "the lack of attention to gender in the indicators lowered the level of evaluation of gender issues in the region."
- The design of ETHRDP took gender issues into account. The project sought to ensure that women accounted for at least 50% of beneficiaries in terms of primary school teachers trained and returning to remote schools to teach following graduation. The 2012 monitoring report indicates that this resulted in an increase in the proportion of women teaching in primary schools.
- Gender has been integrated in the design of the TVET Solomon Islands project. The FA indicates that "gender and equity of access will be safeguarded, and current socio-cultural prejudices against women and girls in some areas will be counteracted by awareness programmes and role modelling wherever possible". Monitoring reports do not include information on gender.

- The design of HRDP I took gender into account (one OVI targets gender) whilst the design of the two PAPS in New Caledonia followed a gender-differentiated approach, proposing inclusion of gender-sensitive indicators whenever possible and relevant. The project documentation does not provide evidence on the results in terms of improved gender balance.

### 3.5 EQ 5 on Sustainable Energy Access

**EQ5:** To what extent has the EU support contributed to sustainably improving and increasing access to affordable and renewable sources of energy in outer islands and for rural communities?

#### EQ 5 on Sustainable Energy Access

The EU has contributed to sustainable energy access in the region. Pacific ACP governments have devoted significant efforts over the past decade to developing and improving national and regional energy policies, as well as implementation plans, but the latter have lagged behind. The EU contributed, through specific programmes, to these developments. Together with other donors the EU has also supported participation by the private sector in the energy sector. However a lack of practical regulatory frameworks and mechanisms facilitating private sector involvement have in general persisted in the region, and there has been no perceptible increase in private sector involvement in energy production or distribution. In addition the EU devoted significant resources under EDFs 9 and 10 to increasing access to renewable energy in rural areas and outer islands. Programmes have mostly concentrated on delivery of renewable energy or, to a lesser extent, energy efficiency equipment, and on training and awareness campaigns. Monitoring and evaluation reports have noted that outputs and results have been mixed. Finally, while local ownership of EU programmes has generally been strong, there have been concerns about the sustainability of outer island solar energy provision, with user fees generally too low for effective maintenance and insufficient attention given to effective cost-recovery mechanisms.

#### 3.5.1 The EU interventions have helped to accelerate regional and individual countries sustainable energy policy and implementation plan development, and improved the energy sector regulations and governance, including removal of barriers for private sector involvement in the energy sector (JC 5.1)

**Pacific ACP governments devoted significant efforts to developing and improving national and regional energy policies:**

- A first regional policy, the Pacific Islands Energy Policy and Plan (PIEPP), was endorsed in 2002 to serve as a guideline for national energy policy development and initiatives.
- In December 2004 the PIEPP became two separate documents: the Pacific Islands Energy Policy (PIEP), setting the policy framework for the next decade, and the Pacific Islands Energy Strategic Action Plan (PIESAP), which was reviewed at regular intervals.

- As a replacement for the PIEP the Pacific Energy Ministers endorsed in August 2010 the Framework for Action on Energy Security in the Pacific (FAESP) and its associated implementation plan. The FAESP has been designed to provide guidance to CROP agencies, in line with the principles of the Pacific Plan, to clarify how regional services could provide coordinated assistance to countries and territories in developing and implementing their national plans and also to the PICTs in enhancing their national efforts to achieve energy security.

**The EU has contributed to improving Pacific national and regional energy policies with a strong focus on sustainable energy. The development of practical implementation and action plans has however lagged behind.**

- The EU financed national sector policies and implementation plans, supported external reviews of energy policies, and was involved in significant consultations, *viz.*:
  - It financed highly participatory national energy sector policies and implementation plans in 2009 with a strong emphasis on sustainable, affordable energy, in particular through renewable energy in five Pacific ACPs (project: REP5), namely i) Palau and the Marshall Islands, with subsequent Cabinet-level endorsement; ii) a draft national energy policy for the Federated States of Micronesia (FSM) with four draft State Action Plans; and iii) an Energy Efficiency Action Plan for Nauru.
  - It supported external reviews of the Palau and Marshall Islands' energy policies and plans prepared in 2009 under EDF9 as well as the 'Tonga Energy Roadmap (TERM).
  - It was actively involved in the consultations during the preparation of the 'Framework for Action on Energy Security in the Pacific' (FAESP).
- However only 2 of 11 PICTs have practical implementation plans in place with reasonably clear priorities, targets, timeframes, and some identified funding. The primary driving factor identified for this slow uptake was limited capacity at national level.

**The EU and other donors have supported the participation of the private sector in the energy sector. A lack of practical regulatory frameworks and mechanisms facilitating private sector involvement has generally persisted in the region:**

- The EU, through its BizClim initiative, supported three Pacific studies in 2012 on "Facilitating Private Sector Participation in the Promotion of Energy Security in Papua New Guinea, Solomon Islands and Vanuatu." The private sector has also been involved in formulation of national policies supported by the EU. But there was limited consultation with the private sector in the development of the regional energy policy framework (FAESP).
- Despite growing interest among power utilities and Pacific governments in increasing private sector power generation, as evidenced by the Strategic Plan of the Pacific Power Association (PPA), there has been little if any increase in private utilities' share of electricity production (or distribution through grids) during the past decade. Very few PACP countries have a clear legal framework for Independent Power Producers (IPPs) or standard Power Purchase Agreements (PPAs) which are necessary for increasing private inputs to the grids. New regulations which could improve opportunities for private sector energy inputs to the grid have recently been developed in four PICs and are being considered in others. Only a few of the nearly 30 power utilities in the Pacific



have clear rules for Independent Power Production or standard Power Purchase Agreements.

### **3.5.2 The EU programmes helped to increase access to clean and renewable energy in rural communities and outer islands (JC 5.2)**

**The EU financed several regional programmes under EDFs 9 and 10 to facilitate increased access to renewable energy in rural areas and outer islands, with mixed outputs and results overall<sup>36</sup>:**

- The TEP VERTES project implemented in New Caledonia, French Polynesia, Wallis & Futuna aimed at improving access to basic electricity services by isolated and rural communities including schools, medical dispensaries, and artisanal and commercial enterprises. The latest ROM report (2013) indicates mixed outputs and results. While physical installations such as photovoltaic power plants and wind installations have been effectively delivered, not all products have been delivered to Wallis & Futuna, owing to material defects. In addition, the soft component of the project addressing knowledge transfer has been very limited: no real exchange of experience took place beyond organization of a seminar that in the event did not focus on the TEP VERTES experience.
- The Capacity Support for Sustainable Management of Energy Resources in the Pacific Region (SMER) project aimed at improving energy services in the Pacific with a focus on energy efficiency, development of renewable and sustainable sources, and reduction of fossil fuel usage. SMER conducted high quality training and studies which have been used by development agencies to improve knowledge of grid stability with various levels of renewable energy input, ultimately allowing high penetration of renewable energy into the grids.<sup>37</sup>
- The North-REP project, implemented in the Federated States of Micronesia, Palau and the Marshall Islands, aimed at improving the overall efficiency of the energy sector both through efficient grid-connected renewable energy (RMI, FSM, Palau) and through increasing remote populations' access to reliable renewable electricity services (RMI, FSM). The 2012 Mid-Term Review indicates mixed outputs and results, notably stressing that while over three-quarters of project funding was for installation of renewable energy equipment and related activities, no equipment had been delivered two full years after the contribution agreement had been signed. The MTR stresses little progress in establishing permanent in-country training to improve local capacity; an absence of delivery of renewable energy or energy efficiency equipment; and an absence of agreement on user-pay cost-recovery mechanisms for renewable energy, which undermines long-term sustainability. The MTR noted that it is likely that the equipment would be installed during 2012-2013 and installations were indeed well under way by late 2013. Several initiatives were underway to improve energy efficiency including an MoU for EE loans with the Palau and an energy auditing programme. The 2011 ROM report

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<sup>36</sup> See also sector overviews in Annex 6.

<sup>37</sup> Discussions with the Asian Development Bank, Australia and New Zealand Aid confirm this.

notes a lack of an effective data collection and monitoring system: most governments lack capacity to record data effectively.

- The Solar Energy for Outer Islands project being implemented in Kiribati focused on improving living conditions in outer islands through provision of electric lighting and small electrical appliances, and by electrifying public facilities. The 2012 ROM report notes, 2½ years after implementation, poor effectiveness due to a delay of 18 months in almost all activities. By late 2013 equipment had been delivered to the main island, and a training programme for installations by local technicians had begun, but no equipment had yet been shipped to the outer islands. Effective mechanisms for operations and maintenance (O&M) and sustainability had yet to be developed.
- REP 5: Support to the Energy Sector in five Pacific Island States” (Palau, Marshall Islands, FSM, Nauru and Niue) succeeded in improving access to electrification to about 40,000 people, additionally providing access to energy for 6,500 households and 20 schools through home-based solar systems, micro-grid and power generation systems, solar lanterns, street lighting, and solar water heating systems, as well as improving energy efficiency *via* efficient cooking stoves and public awareness.
- In Timor Leste, an Energy Facility project started in mid-2011 has connected around 5,500 people (of 22,500 expected by mid-2014) to alternative sources of energy developing market-driven, apparently sustainable energy solutions and effective business models.

### **3.5.3 The EU interventions increased in a sustainable manner availability of affordable and environmentally sound energy in outer islands (JC 5.3)**

**There have been concerns regarding the sustainability of outer island solar energy provided through EU interventions, with fees – which were decided in agreement between the EU and Pacific Island governments – generally too low for effective maintenance and with insufficient attention to cost-recovery mechanisms. Local ownership of EU programmes at community and government levels has generally been strong:**

- It appears that renewable energy technologies supported by the EU in PIC outer islands provide more affordable (and in principle more sustainable) energy for a comparable basic level of service than conventional diesel systems, but there is no reliable recent documentation to substantiate this conclusion.
- Fees (user charges plus in some cases government subsidies) for solar home systems (SHS) agreed between the EU, utilities and governments, typically about US\$15/household/month, have generally not been met. Whilst the approach of agreeing fees with national stakeholders was good, the resulting fee levels proved too low: a cost level compatible with long term sustainability of SHS, including adequate O&M and replacement of batteries and other components, is likely to be in the range of US\$25/household/month. For school-based systems providing a higher level of service, costs are far higher and charges also appear to be inadequate. It may be worth supporting studies to document the actual costs of solar photovoltaic *versus* conventional generating sets for Pacific outer island communities. In some projects there has been inadequate attention to the environmental aspects of the EU’s Pacific outer island renewable energy

initiatives, such as safe disposal of old batteries (e.g. Kiribati) and lights that contain mercury. This also appears to be the case for other projects but insufficient documentation has been found to verify that this is the case.

- The findings of the detailed review of the projects under consideration are as follows:
  - The 2012 Mid-Term Review of the North-REP project notes that after twenty months of project implementation, workable cost recovery mechanisms for renewable energy systems have yet to be finalised and no energy efficiency mechanisms have been considered for maintaining the initial level of savings.
  - For the Solar Energy for Outer Islands project, the 2012 ROM report notes that no formal financial commitment from the institutions has been reported, while maintenance and replacement funds will be required. However it also stresses that local ownership has been ensured.
  - For the SMER project, the 2011 ROM report underlines that capacity-building, energy efficiency and renewable energy have been built into some utility structures, but that sustainability will only be guaranteed if there is effective collaboration and focused direction by the main stakeholders. Field interviews, however, revealed that demand-side energy efficiency improvements have not been built into any of the Pacific ACP utilities.
  - For the TEP VERTES project, the 2013 ROM report stresses that all individual projects have fitted well into the local structures, which in general have had efficient management and maintenance structures. Whilst photovoltaic systems in general do not require as much maintenance as diesel generator systems, the absence of operational and maintenance problems in the TEP VERTES case contrasts markedly with EU-supported photovoltaic systems in ACP countries. This may be an indicator of the difference in technical capacity levels between New Caledonia and French Polynesia and ACP States in which EU-supported systems have been installed. Field interviews conducted in New Caledonia corroborated this analysis.

### **3.5.4 The EU developed complementarities and synergies among its key cooperation instruments and programmes supporting energy efficiency and renewable energy (JC5.4)**

**Pacific Island countries and territories face a unique and challenging situation in respect of energy for sustainable development, viz.:**

- poor access to electricity, 70% of the population having no access;<sup>38</sup>
- extreme dependency on imported petroleum products, with volatility in petroleum prices resulting in serious implications for national economies;
- environmental damage resulting from development and use of conventional energy sources.

<sup>38</sup> However this is highly skewed by low electrification rates in Papua New Guinea, the Solomon Islands and Vanuatu, which account for nearly 80% of the PIC population. Electrification is well above 50% in most Pacific ACP island countries and territories. Source: ESCAP, *Pacific Perspectives on the Challenges to Energy Security and the Sustainable Use of Energy*, October 2012.

**At policy level attention has been largely focused on promoting renewable energy while the supply-side efficiency and productivity of power utilities have been less addressed<sup>39</sup>.**

**The shift from the 9<sup>th</sup> to the 10<sup>th</sup> EDF allowed the EU to increase support for renewable energy.** The EU regional strategy under the 9<sup>th</sup> EDF did not explicitly tackle energy issues. Under the 10<sup>th</sup> EDF renewable energy has been included as one of the areas of intervention of the “climate change” sub-component of the second focal area “Sustainable management of natural resources and the environment”. The support envisaged aimed to “strengthen regional capacity to support national goals in renewable energy and energy efficiency technologies”<sup>40</sup>.

Major EU regional programmes financed under the EDF focused on the development of energy policies and strategies; the setting-up of small-scale off-grid generation and distribution systems using solar energy (and to a lesser extent wind energy, biomass and hydro); capacity-building; promotion of public awareness;<sup>41</sup> and provision of support through the ACP-EU Energy Facility.

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<sup>39</sup> Source : PIFS, Forum Economic Ministers Meeting and Forum Economic Officials Meeting, « Ministerial retreat session, Promoting sustainable energy », 2013

<sup>40</sup> Source : EC-PIFS, « Pacific Region-European Community, RSP and RIP 2008-2013 », 2008

<sup>41</sup> These included TEP VERTES in New Caledonia, French Polynesia and Wallis & Futuna; SMER in the Pacific region; North-REP in FSM, Palau and the Marshall Islands; and SEOI in Kiribati. EU programmes in support of energy have also been financed through geographical instruments at country level, intra-ACP programmes (e.g. Investment Facility) and the Energy Facility

### 3.6 EQ 6 on Land Resource Management and Climate Change

*EQ6: To what extent has the EU support contributed to increasing the Pacific region capacity to sustainably manage terrestrial natural resources and ecosystems as well as natural risks and disasters, including adaptation to and mitigation of Climate Change?*

#### EQ 6 on Land Resource Management and Climate Change

EU support has contributed to the region's capacity to sustainably manage natural resources and manage disaster risks. The EU has reinforced regional and national capacities to plan and implement policy frameworks conducive to sustainable land resource management. But sustainability of the results achieved remains dependent on limited human resource capacity at national level. The EU combined a range of different instruments<sup>42</sup> to achieve results in disaster risk reduction and disaster risk management, climate change adaptation, and conservation of natural resources and ecosystems. The results achieved in disaster risk reduction and management have enhanced the region's adaptation capacity, although challenges remain in implementation of national disaster risk management action plans. The activities of the Global Climate Change Alliance have enhanced the capacity of the Pacific's climate change negotiators and helped mobilise communities in conducting vulnerability assessments, as well as making some improvements to the mainstreaming of climate change in national policies. EU interventions have also made a positive contribution to the strengthening of natural resource conservation and helped maintain the provision of essential ecosystems, even if this objective was often an indirect rather than primary target. There was a reasonable division of activities between the various instruments used, with "traditional" EDF projects targeting disaster risk reduction and management, whilst the thematic instruments and facilities (the GCCA and the EU-ACP Water Facility) focused on the related but distinct areas of climate change adaptation, and water and sanitation.

#### 3.6.1 The EU interventions strengthened the capacity of Pacific countries and territories to design and implement policy frameworks conducive to sustainable land natural resources development. (JC6.1)

The EU has reinforced regional and national capacities to plan and implement policy frameworks conducive to sustainable land resource management. But sustainability of the results achieved remains dependent on limited human resource capacity at national level, *viz.*:

<sup>42</sup> EU contributions to natural resource management came from "traditional" EDF projects under the Regional Indicative Programme and contributions to the EU-ACP Water Facility. In addition, the EU contributed to the Global Climate Change Alliance from both the DCI Environment and Natural Resources thematic programme and the intra-ACP envelope of the EDF).

- The EU has focused its support on development and implementation of national policies and actions plans in the climate change and land-based resources areas. It has supported land resources as well as the environment since the 1st Lomé Convention, but sustainable management of natural resources and the environment only became a focal area in the EDF 10 RSP. Under this focal area the EU has aimed at *“enhancing the regional capacity to manage and preserve land resources, including ecosystems, to address vulnerabilities and to prepare for climate change”*<sup>43</sup>?
- EU programmes have produced effective results such as the development of national policies and strategies (e.g. drafting by PACP of their National Action Plan for Disaster Risk Management - Cook Islands, Samoa, Solomon Islands, Marshall Islands) and of their National Climate Change Policy (Palau Isl on-going), or of Joint National Action Plan for Climate Change Adaptation and Disaster Risk Management (Kiribati Isl, Nauru Isl ongoing)).
- In addition, while national and regional capacities to plan and implement policy frameworks supporting sustainable land-based natural resources have been reinforced, the full potential benefits of those efforts remain dependent on the limited human resources inherent in the PACPs. Uncertain institutional and technical sustainability remains a concern in most PACP States. Phase-out strategy has not been included in every project. The understanding that the maintenance of benefits is crucial to the lives and livelihoods of beneficiary country populations is high on national and regional agendas, but the means have to follow but are not clearly evident in national budgets.

### **3.6.2 The EU interventions enhanced regional institutions and Pacific countries and territories preparedness for mainstreaming imperatives of disaster risk reduction practices and policies (JC6.2)**

**The EU has achieved results in disaster risk reduction and disaster risk management through a range of different initiatives. Notable achievements were evident in ensuring access to drinking water in ACP States. But challenges remain for implementation of national disaster risk management action plans, viz.:**

- The EU Regional Indicative Programmes have supported initiatives addressing disaster risk reduction and disaster management to reduce the overall vulnerability of the Pacific to natural and other hazards. The specific objectives of EU programmes were aimed at strengthening government capacity for policy enhancement, roadmaps, coordination and implementation of their national climate change strategy and natural resources management. Numerous national and regional workshops have been held to develop appropriate guidelines, suitable policies and provision of relevant information to key stakeholders. A Joint Meeting for Disaster Risk Management (DRM) and Pacific Climate was organized in July 2013 by the SPC, UN Office for Disaster Risk Reduction (UNISDR) and SPREP to facilitate sharing of experience and lessons learned on DRM and climate change between all stakeholders in the region.
- The Disaster Risk Reduction (DRR) programme (FED/2007/019181) focused on reducing the vulnerability of Pacific Island communities to disasters through safe access to drinking water, establishment of effective early-warning systems, and the set-up of

<sup>43</sup> EC 2008-2013 Regional Strategy Paper

- emergency communications and emergency operations centres. Progress and monitoring reports highlight the construction or renovation of national emergency operation centres, supply of early warning communication equipment, and the organisation of training in disaster management operations in the Federal States of Micronesia and Palau.
- DRR projects in the OCTs have also had some successes, including the INTEGRE project (integrated coastal management) and the Disaster Reduction Programme implemented by SOPAC, which included a small regional component for demand-driven twinning projects between OCTs and ACP States.
  - A large number of interventions have been implemented in the region on disaster risk management and on water and sanitation: their design has entailed the cooperation of regional and national institutions. The EU supported the strengthening of the communities in accessing safe drinking water and in mitigating water insecurity through several channels: the DRR8 PACP programme, regional and targeted national technical assistance (SOPAC), and contributions to the Water Facility (UNICEF contribution agreement).
  - At country level, while governments have expressed commitment to addressing DRR, no specific information on adjustment and enforcement of the adopted regulatory framework for DRM was available. The review of some of the National and Regional Action Plans for DRM shows that they are consistent in establishing coordinated and effective disaster risk reduction and disaster management systems in the planning, policy, institutional, operational and awareness areas, but implementation is still lagging.

### **3.6.3 The EU interventions strengthened the capacity of Pacific countries and territories to adapt and mitigate the effects of climate variability (flood and drought forecasting, management and prevention) (JC6.3)**

The EU's strategies and programming have emphasised the need to focus on adaptation to climate change in the region. Results achieved in disaster risk reduction and management have enhanced the region's adaptation capacity, while the activities of the Global Climate Change Alliance in the Pacific since 2011 have enhanced the capacity of the Pacific's climate change negotiators, *viz.*:

- The 2012 Commission Communication on a strengthened EU-Pacific development partnership places emphasis on climate change (disaster risk reduction being an integral part of climate change adaptation strategies) as well as on the need to provide funding in such a way that it can be accessible to, and better absorbed by, small island countries.
- The EDF 9 RSP recognizes the urgent need to “develop appropriate, affordable, and cost-effective adaptation and response measures to climate change”. As noted above, the support provided under the second focal sector of the 10<sup>th</sup> Regional Indicative Programme achieved results in terms of Disaster Risk Reduction and Management, which is an integral part of climate change adaptation.
- On top of the regular 2008-2013 EDF allocations, the Global Climate Change Alliance (GCCA) actions provided a platform for political dialogue between the EU, LDCs and SIDS at global, regional and national levels, such as the 2011 Pacific Regional Conference held in Vanuatu. Training of future climate change negotiators in the region through the intra-ACP project has resulted in the training of several COP participants, the chair of the G77 and the lead negotiator on climate change for the Alliance of Small Island States.

Coherence between regional and national priorities has led to effective planning and policy formulation and a trend towards improved capacity for adapting and coordinating efforts to mitigate the effects of flood and droughts.

- However, some concerns were raised by interviewees regarding the depth of the consultation process during the design phase of some of the GCCA projects implemented in the Pacific during the evaluation period. Some EU stakeholders in the region argued that the GCCA projects implemented in the Pacific could have benefitted from a clearer planning period to allow greater regional consultation in the design phase.

#### **3.6.4. The EU interventions strengthened the conservation of key terrestrial natural resources contributing to maintain the provision of essential ecosystem services and resilience to climate change impacts (JC6.4)**

**EU interventions made a positive contribution to the strengthening of natural resource conservation and helped maintain provision of essential ecosystems, although this objective was often an indirect rather than primary target:**

- Soils and land resources are limited in their capacity and ability to accommodate development pressures: land degradation has emerged as a serious problem in many Pacific countries. Forest degradation accelerated rapidly in most islands and the Pacific is now facing a rate of deforestation and forest degradation far exceeding the rate of reforestation. Climate change is the single greatest threat to Pacific Islands and considerable finance is needed in the region to promote green growth. The costs of providing infrastructure services are high in the Pacific. Small-scale, dispersed populations, remoteness and Pacific countries' susceptibility to natural disasters mean that Pacific infrastructure projects rarely benefit from the economies of scale that similar projects in other regions normally offer. Moreover, production and maintenance costs are high, and it is expensive to increase access to basic infrastructure such as water and sanitation.
- The EU interventions aimed at strengthening the conservation of natural resources and maintaining the provision of essential ecosystems, although this objective was often an indirect rather than primary target. While it is not possible to establish a firm causal link between the interventions and improvements in conservation of natural resources and sustainable natural resources management, field interviews and programme monitoring reports indicate a positive contribution from the Commission's efforts.
- Conservation of resources and resilience to climate change impacts have benefited from Commission support at regional and national levels. This support has always included some strategic and policy dimension, mostly in the form of helping regional and national authorities engage in coordination mechanisms relating to conservation of ecosystems. The establishment of terrestrial and marine protected areas is receiving increasing attention and a trend to community-based and decentralised management practices has been promoted. Awareness of the issue within Pacific countries (authorities and populations as a whole) appears to have been stimulated, at least in some areas, by the Commission's interventions. This is verified by the fact that the regional arrangements make use of the mechanisms developed or supported by the Commission's programmes.



### **3.6.5 The EU developed complementarities and synergies among key cooperation instruments and programmes supporting land natural resources and ecosystems conservation. (JC6.5)**

The EU contributed to natural resource management through a combination of resources from the EDF (including contributions to the Water Facility) and thematic programmes (notably the GCCA). There was a reasonable of division of activities between these resources, notwithstanding the overlapping nature of disaster risk reduction and climate change:

- Between 2006 and 2012 the vast majority of interventions in the sector were funded by the EDF. The GCCA contributions amounted to €30.4 million for thematic programmes, covering one regional intervention (€11.4 million) and six PACP interventions (€29 million). A substantial amount of EU climate change funding, managed by the Commission through the Global Climate Change Alliance, has been allocated to the Pacific on top of the regular 2008-2013 EDF allocations addressing regional challenges, in particular climate change, environmental threats to ecosystems, and promotion of green growth.
- There was a reasonable division of activities between the EDF and GCCA-supported projects; notably as follows:
  - The GCCA projects focused on areas well suited to a “flagship” global climate change facility, namely supporting training for regional climate change negotiators and mainstreaming of climate change in national development plans.
  - In tandem, the EDF projects covered areas more closely linked to natural resource management (in line with the 2<sup>nd</sup> focal sector of the 10<sup>th</sup> EDF), namely disaster risk reduction and management, water and sanitation (through the EU-ACP Water Facility), and management of hazardous waste.

### 3.7 EQ 7 on Fisheries & Marine resources management

*EQ7: To what extent has EU support contributed to developing sustainable marine natural resources management?*

#### EQ 7 on Fisheries & Marine resources management

The EU's development cooperation in the fisheries sector has contributed to sustainable marine resource management. Along with other donors, the 30 years of EU effort through different projects has contributed to enhancement of regional organisations' capacity in fisheries science-based management and enforcement, and of the sector's economic returns. This effort was focused first at regional level and then complemented at national level. EU support helped to identify areas in need of capacity strengthening such as the effects of climate change, underreported fishing, control of Monitoring Control and Surveillance compliance and so forth. This aimed at improving the methodology of the data collection process and building the capacity of regional and national institutions. Positive collaboration between donors, leading to important donor networks supporting scientific knowledge, was needed because SPC, for example, lacked the finance and human resources to handle alone the scientific follow-up of the tuna fisheries. The contribution of the EU regional programmes to these achievements has been considerable.

The EU interventions contributed to demonstrable governance improvements in the fisheries and to better knowledge of the tuna resources. Methodologies and scientific work on pelagic fish stock assessments are excellent and have set high standards for other regions of the world. However, concerns remain on the long term sustainability of fisheries resources in the region and the risk of inadequate conservation and overfishing. In particular, the adoption by the Parties to the Nauru Agreement (PNA) of the Vessels Days Scheme (VDS) as a fishing effort management tool has led the EU to express concerns regarding the transparent use of fish stock assessments for sustainable fish stock management. Illegal, Unreported and Unregulated fishing (IUU), despite a slow decline, remains a major threat to sustainability. The growth of the fishing capacity in the region is a concern.

Quantitative data show an increase in post-harvest activity and in exports of processed tuna products and also in tuna-related employment in the PACPs. These two objectives had been supported with substantial EU funding and EU programmes therefore contributed to the positive outcomes in these areas. The EU also supported a regional Monitoring, Control and Surveillance (MCS) strategy that was implemented and produced significant changes. The capacity of the national and regional MCS processes (training, national observer programme, skills development) improved, which resulted in more effective MCS. The way in which the process was implemented contributed to a gradual change in mentality.

Past EU funding of gender issues has raised awareness but not led to visible follow-up. In the fisheries sector canneries jobs offer the greatest opportunities for women and EU projects were successful in expanding post-harvest activity.

The Deep Sea Mineral project is the only EU intervention in this nascent problem area. The indicators show that this project is highly relevant and has increased the capacity of regional organizations to provide advice to the countries on this subject. The project contributed to awareness of the environment-mining trade-offs and to raising the low capacity of most Pacific countries to address them.

The EU approach to supporting the fisheries sector *via* regional programmes ensures consistency and coherence when addressing such important issues as data collection for research and resource management, policy and legal framework, licensing, MCS, training workshops, and working groups. Similarly bridges have been built between programmable and non-programmable projects but coordination between the two is limited.

Interviews conducted during this evaluation pointed to a real problem regarding the perception by regional and national stakeholders of a contradiction between the objectives of DG DEVCO and DG MARE in the Pacific. Almost everybody interviewed on this subject was appreciative of DG DEVCO's fisheries-related efforts in the region but at the same time highly critical of DG MARE. This view clearly contrasts with the EU official prescriptive documents and policy coordination aimed at building convergence between objectives of the various DGs involved in Pacific fisheries.

### **3.7.1 The EU interventions strengthened key ad hoc regional institutions and networks active in regional fisheries sustainable development (JC 7.1)**

This JC verifies whether the EU intervention strengthened key *ad hoc* regional institutions<sup>44</sup> and networks<sup>45</sup> active in sustainable regional fisheries development.

**The long-term EU effort over more than 30 years, along with other donors, has been conducted through different projects, enhancing both regional organisations' capacities in fisheries management and economic returns.** Support for the sector has been conducted through the regional programme. Activities that addressed individual PACP countries and OCTs were implemented under the umbrella and within the scope of the regional programme but were either offered in response to specific country requests or identified by the departments of the regional organisations in charge of the projects or by the technical experts.

The EU support for institution-building addressed two pillars i) science-based management, and ii) development and enforcement. The two main implementing organizations were the Secretariat of the Pacific Community (SPC) for scientific matters and development, and the Forum Fisheries Agency (FFA) for operations, development and management. EU support (through SciFish, ScicoFish, DevFish 1 and 2) helped to identify areas in need of capacity strengthening such as the effects of climate change, underreported fishing, control of

<sup>44</sup> Pacific Islands Forum Fisheries Agency, the Parties to the Nauru Agreement and the Western and Central Pacific Fisheries Commission (WPCFC), including its Scientific Committee.

<sup>45</sup> Fisheries resource legislators, managers, food safety inspectors, fishermen's organizations, researchers and members of national fisheries administrations

Monitoring Control and Surveillance compliance and so forth. This aimed at improving the methodology of the data collection process and building the capacity of regional and national institutions, and also of the private sector.

Examples of such strengthening include:

- Greater ability to acquire tuna data, increase observer coverage, establish observer standards, reduce uncertainty in resource assessments, undertake tuna tagging and basic biological assessments of tuna, and improve packaging [at SPC].
- Improved ability to assist the private sector, more efficient organizational structure for the Development Division, and enhanced capabilities in investment and export facilitation [at FFA].

**Some concerns were raised to the effect that the enhanced capacity of the regional organisations has been dissipated owing to the short project cycles and associated difficulties in maintaining continuity of staff.**

Whereas the most substantial share of the EU assistance concerned oceanic fisheries, the management and governance of coastal fisheries was also addressed, notably via the SCICOFISH project. Fisheries management plans were promoted in several countries. The establishment of good governance practices in the Marshall Islands Bêche de Mer fishery is an example of the positive results of the EU programmes in this area.

**There has been positive collaboration between donors, leading to important donor networks supporting scientific knowledge.** The different “administrative and scientific” networks are reinforced by regular meetings and interacting working groups, very often supported by EU projects and other donors. Through donors there is an ongoing build-up of the capacity of a private-sector-oriented network responsible for regional economic integration, improved conditions for trade (e.g. sanitary issues and access to markets) and private sector development.

### **3.7.2 The EU interventions promoted good fishery governance, improved the fishery resources sustainable management policy frameworks (regional/national) and their implementation, including accurate scientific data on coastal and oceanic marine resources. (JC7.2)**

This JC verifies whether the EU interventions promoted good fishery governance<sup>46</sup>, improved the fishery resource sustainable management policy frameworks (regional/national) and their implementation, including accurate scientific data on coastal and oceanic marine resources.

Demonstrable governance progress in the fisheries sector concerns better knowledge of tuna resources and scientific management advice, as well as an improved MCS system in the region in terms of reporting requirements, inspections, observer coverage and the use of vessel

<sup>46</sup> “Governance refers to the rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context.” COM(2006) 421 Governance in the European Consensus on Development

monitoring systems. These improvements are due to: (i) the long-term support of EU projects that addressed the scientific assessments of the resource and governance and transparency in fisheries management, (ii) the support of other donor agencies, (iii) the support of some distant fishing nations (Japan, US) that seek to avoid an over-fished situation and maintain their access to the resources, and finally (iv) the increasing mobilization of PACP countries through their regional bodies motivated by the long-term revenues created by the tuna fisheries. EU initiatives promoted regional fisheries organisations (as a bulwark against bad governance), fisheries management plans, good stock assessments, and the Marine Stewardship Council certification (requiring transparent processes), all initiatives that improved governance in fisheries management.

The regional organisations and their national counterparts have elaborated management plans and legislative frameworks and are capable of adapting them, thanks to the efforts of the EU-funded fisheries projects and their strengthening of the SPC's capability to provide valuable information on stock assessments. Management policies in several countries of the region have been improved by EU-funded projects. Legislative frameworks in a few countries of the region have been improved indirectly. IUU is a major threat to sustainability, although studies show a slight decline. However, major difficulties persist owing to the growth of fishing capacity in the region and subsequent impacts on fishery resources.

The methodology and the scientific work underlying the pelagic fish stock assessments and other aspects of tuna science supported by the EU are excellent and have set high standards for other regions of the world. However, the use of the assessments and the lack of transparency, linked to the adoption by the Parties to the Nauru Agreement (PNA) of the Vessels Days Scheme, is questioned by the EU and regarded as likely to lead to insufficient conservation and overfishing. The fact that the diverse membership of WCPFC has been slow to act on the assessment recommendations reflects the differing management objectives of the membership, rather than any deficiencies in the EU-supported projects (see section 3.7.6. for further discussion of this issue).

### **3.7.3 The EU cooperation enhanced the share of PACP's in the fisheries value chain without harming the marine environment or presenting challenges for the sustainability of the fishery resources. (JC 7.3)**

This JC verifies whether the EU cooperation enhanced the share of PACPs in the fishery value chain without harming the marine environment or presenting challenges for the sustainability of the fishery resources.

Quantitative data show, during the period under review, an increase in post-harvest activity (including canning/loining) in the region and in exports of processed tuna products. They also show an increase of 33% in tuna-related employment between 2008 and 2013. EU-funded regional projects promoted domestic processing in several countries by supporting national tuna industry bodies, running training programmes, improving sanitary standards, and providing assistance for the establishment of processing plants. It is logical to assume that those EU projects were partially responsible for the increase in post-harvest activities, but it is not possible to determine the extent. Moreover, beyond the enhancement of the

value chain for pelagic fisheries, EU interventions in coastal fisheries allowed progress with regard to monitoring and sustainable management of sea cucumbers.

The **main EU-funded activities** related to effective fisheries enforcement were:

- i) production of the regional MCS strategy and associated national interventions (by FFA); this has to some degree set the agenda for regional work and formulated processes that could be used by member countries; it has enabled countries to assess their own systems and better organize improvement efforts;
- ii) the fishery observer work (largely by SPC) which has been world-class, catered for the 100% observer requirement on purse seiners,<sup>47</sup> and tremendously enhanced the safeguards on tuna resources in the region;
- iii) various smaller activities (by DevFish2 at FFA).

It remains the case that EU-funded MCS efforts at FFA have suffered (in the past and currently) from high staff turnover and unfilled senior positions relating to MCS.

#### **3.7.4 The EU interventions in the fishery development changed the gender bias of the activity (JC 7.4)**

This JC the extent to which the EU interventions in fishery development changed the gender bias of the activity.

The EU conducted studies on gender issues in 2008 and 2011. In general there has been no visible follow-up of these studies, although it is admitted that they allowed greater awareness of gender issues. The situation in the sector is that there is gender imbalance in certain activities, reflected in the fact that 90% of cannery jobs in the region are held by women, whereas sea-fishing activities are mainly performed by men. Therefore there is no “gender balance policy” in the sector in the sense that fisheries should have some degree of equality between men and women, but efforts have been made, in part with EU funding, to widen access to both men and women; this is the case, for example, with the FFA training for observers. A gender policy should address two issues: (i) improving the professional status and working conditions of women, and (ii) increase the job opportunities for women in the sector. There is no indication of particular policies being developed for the first objective; although EU studies had been conducted there is no indication of any follow-up. As regards the second objective, for the foreseeable future the greatest opportunity to promote female employment lies in the post-harvest sub-sector and primarily in tuna canneries. Quantitative data show an increase in post-harvest activity and this was supported by successful EU projects.

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<sup>47</sup> The Pacific fishing fleets include a substantial number of purse seiner vessels, which are used to catch aggregating species near the surface. The vessel surrounds the shoal with a deep curtain of netting and then the bottom of the net is pursed (closed) underneath the shoal by hauling a wire which runs from the vessel through rings on the bottom of the net and back to the vessel. <http://www.fao.org/fishery/vesseltype/140/en>

### **3.7.5 The EU interventions strengthened key regional institutions active in the conservation and sustainable exploitation of key marine ecosystems, notably in relation with marine mining (JC 7.5)**

This JC verifies whether the EU interventions strengthened the key regional institutions active in the conservation and sustainable exploitation of key marine ecosystems, notably in relation to marine mining.

With regard to the “Enhancement of the capacity of key regional institutions to provide advice on the responsible development of deep sea minerals”, SPC/SOPAC (where the EU Deep Sea Minerals Project - the only EU intervention in this nascent problem area - is housed) has certainly increased its capacity to provide advice to countries through the project – it had almost zero capacity prior to the project. **The subject of marine mining is now well-integrated into the regional framework (Pacific Plan, Marine Sector Working Group) – and this would not have occurred without EU support.** The DSM project is timely and relevant, with a significant component on environmental concerns relating to exploitation of deep sea minerals. The capacity to evaluate environment-mining trade-offs has been enhanced, albeit from a low level, in most countries in the region.

### **3.7.6 The EU institutions developed increasingly complementarity, coherence and joint leverages in promoting international cooperation for sustainable management of highly migratory resources in the Pacific, especially in the frame of the Western and Central Pacific Fisheries Commission (JC7.6)**

This JC assesses the extent to which EC interventions developed complementarity, coherence and joint leverage in promoting international cooperation for sustainable management of highly migratory resources in the Pacific, especially in the framework of the Western and Central Pacific Fisheries Commission.

Support for the fisheries sector has been consistently provided through successive regional programmes<sup>48</sup> aimed at strengthening **the regional institutions’ capacity to support the national fisheries**. As explained in Annex 3, which spells out the logic of the EU’s regional intervention in the Pacific, and in Annex 6 (section 6.5), which describes the approach of the EU in the fisheries sector, the EU has targeted the strengthening of the existing regional institutions including in their capacity to support and coordinate the national fisheries. This approach ensured a high degree of consistency between national and regional objectives and was indeed appropriate given the migratory nature of fishery resources.

Coherence of RIP with non-programmable projects and Fisheries Partnership Agreements (FPA) is of limited relevance in the region given the limited number of activities under the STABEX and the all-ACP and thematic projects, as well as the fact that out of three FPAs only one (with Kiribati) has a Fishery Protocol.

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<sup>48</sup> With a few minor exceptions, no PACP has fisheries as a focal sector.

However the interviews conducted during this evaluation revealed a problem in respect of a perception by regional and national stakeholders of a contradiction between the objectives of DG DEVCO and DG MARE in the Pacific. Almost everybody interviewed on this subject was appreciative of DG DEVCO's fisheries-related efforts in the region but at the same time highly critical of DG MARE. This view clearly contrasts with the EU official prescriptive documents and policy coordination aimed at building convergence between objectives of the various DGs involved in Pacific fisheries.<sup>49</sup> The perception of DG MARE's objectives in the region has been impacted by a disagreement among partners about the best way to ensure sustainable management of fisheries. A particular example in this regard is the use of the **Vessels Day Scheme (VDS) by the PNA countries, which is criticized by the EU for its opacity** and the risk that without reform and improved transparency it leads to overfishing and inadequate conservation of stocks.

Finally, the number of bridges between EU RIP and non-programmable (all ACP) projects has increased during the last five years as the result of complementary actions to promote regional cooperation and the needs for good governance of tuna resources under stress. The ACP Fish 2 project established a Regional Coordination Unit within FFA, but, while Fish 2 activities have complemented the regional programme, there is some indication that liaison even with FFA was difficult for a number of reasons, including the geographical spread of the stakeholders and the competition between regional organisations.

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<sup>49</sup> See, for example: European Commission (2011) "Communication on the External Dimension of the Common Fisheries Policy" COM(2011) 424; or European Parliament (2013) "For a comprehensive EU fishery strategy in the Pacific Region" (2012/2235(INI)).



### 3.8 EQ 8 on Regional institutional capacity building

*EQ8: To what extent has EU support contributed to building sustainable regional institutional capacity and commitment to implement the Pacific Plan for EU focal sectors?*

#### EQ 8 on Regional institutional capacity building

The Pacific region is served by a range of regional organisations (Council of Regional Organisations of the Pacific, or CROP), with diverse regional and thematic foci. The EU channelled 72% (€100.7 million) of its regional programming over the evaluation period through five CROP organisations. Several EU projects conducted over the evaluation period successfully increased the capacity of regional organisations to provide public goods to Pacific Island Countries and Territories, with notable results in fisheries environment and education. But evaluation findings suggest that trickle-down from regional capacity to country level was often lacking. The financial sustainability of the key regional organisations was maintained over the evaluation period, and the EU, among other donors, contributed to this.

As regards Non-State Actors (NSAs), the EU adopted an inclusive approach in dialogue concerning its own strategy in the region. NSAs were included at various levels, from policy dialogue through to programming design and consultation and project implementation. Nevertheless, NSA involvement was to some extent hampered by NSA capacity constraints. The EU also encouraged integration of cross-cutting issues in its regional strategy and programming, although integration of cross-cutting issues at project level remained limited, particular concerns being raised regarding gender equality. The EU also supported, through dialogue with the Pacific Islands Forum Secretariat, integration of cross-cutting issues in the Pacific Plan. The original Pacific Plan (2005) already included initiatives targeting all four cross-cutting issues outlined by the European Consensus on Development (2005). This was maintained by the Pacific Plan review (2013) and the updating process that took place following the Forum Communiqué in 2009.

#### 3.8.1 The EU interventions strengthened sustainably (for financial and human resources) key regional institutions and NSAs active in implementing components of the Pacific Plan corresponding to EU focal sectors (JC 8.1)<sup>50</sup>

The Pacific region is served by a range of regional organisations, some grouped together under the Council of Regional Organisations of the Pacific (CROP), the chair of which is located in the Pacific Islands Forum.

As described in Section 2 of this report, the CROP organisations have evolved over a significant period of time, with different but sometimes overlapping areas of activity and regional focus. A key variable among the CROP organisations is the question of membership. Each CROP organisation serves a different membership, variously including Pacific ACP countries, overseas territories and international donors.

<sup>50</sup> Indicator I-8.1.3 on Non-State Actors has been dealt with under JC8.3 in order to facilitate reading by grouping all findings on Non-State Actors under one judgement criterion.

**The EU channelled 72% (€100.7 million) of its regional programming over the evaluation period through five CROP organisations:** Secretariat for the Pacific Community (SPC), University of the South Pacific (USP), Pacific Islands Forum Secretariat (PIFS), Pacific Islands Forum Fisheries Agency (FFA) and SPREP. Further details of these organisations, including their financial data, membership details, EU cooperation and thematic coverage, are presented in Annex 9.

**Several EU projects conducted over the evaluation period successfully increased the capacity of regional organisations to provide public goods to Pacific Island Countries and Territories:**

- The clearest examples of success were in the fisheries sector, where the EU supported projects that enhanced the capacity of the Forum Fisheries Agency (FFA) and the Secretariat of the Pacific Community (SPC) to monitor and manage fish stocks in the region (see Section 3.7 of this report for further details).
- But other sectors also saw similar capacity improvements, including education (through the PRIDE project at the University of the South Pacific) and environment (where the EU projects helped to support SPC capacity to manage environmental resources sustainably).

**Regarding financial sustainability, the key regional organisations have maintained a sustainable financial position over the evaluation period, with significant support from the EU as well as others** (see Annexes 9 and 10 for detailed figures):

- The contributions of the Member States to the PIFS General Fund are greater than the management costs of the Secretariat. This implies that donor funding of the Trust Fund (which includes provision for administrative costs relating to donor-supported programmes) can be entirely project-directed without being drawn upon to contribute to the sustainability of the general PIFS costs.
- Likewise, for SPC Member State contributions greatly exceed the administration costs, both in the core budget and in the activities funded out of extra-budgetary funds (no consolidated accounts are available for the SPC).
- PIFS, FFA and SPREP all maintained balanced or surplus annual accounts over the evaluation period, without reducing overall expenditure and despite an overall drop in member contributions as a share of income.
- The support of the EU for these organisations is significant. For PIFS and SPC it represents respectively 11%<sup>51</sup> and 12% of consolidated revenue over the evaluation period.

While the absolute value of ACP member contributions has grown over the period, the prospects for steady growth in member contributions as a share of the income of these organisations is somewhat limited by the national resources available to the members, most notably the SIDS. Indeed, CROP staff and stakeholders in the national administrations of Pacific SIDS countries interviewed during the field phase suggested that the financial

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<sup>51</sup> Including 27% of the Trust Fund income.

sustainability of the CROP organisations will remain dependent on the larger and more developed member countries as well as on donor contributions, in at least the medium term.

**Finally it should be noted that the evaluation period (2006-2012) was a period of shifting sands in respect of the regional organisations in the Pacific, which raised questions regarding the institutional sustainability of the support to regional organisations over that period. In particular:**<sup>52</sup>

- The period coincides with the aftermath of the 2006 Fijian coup, including suspension of Fiji's membership of the Pacific Islands Forum (2009); establishment of an alternative forum, the Pacific Islands Development Forum, with the support of Fiji (2012); and the lead-up to the Fijian elections in 2014. These events stalled the regional integration process and negatively affected the confidence of Pacific ACP states in the effectiveness of the Pacific Islands Forum Secretariat. These events called into question the political commitment of the PIFS of some ACP States, although the situation may indeed change again after the forthcoming elections in Fiji.
- This created a context of shifting sands for all donors, including the EU. Despite Fiji's suspension from the Forum, the Pacific Islands Forum Secretariat continues to serve as the coordinator of implementation of the Pacific Plan and of the CROP grouping, as well as acting as the EU's regional authorising officer (RAO). The EU's support to the CROP organisations over this period must therefore be understood in this context.

### **3.8.2 The EU helped develop coordination and complementarities between CROPs and regional and national partners, including NSAs, to implement regional programmes (JC 8.2)**<sup>53</sup>

The EU's Regional Authorising Officer for the Pacific is the PIFS, the same organisation that houses the chair of the CROP organisations. This set-up, chosen by the Pacific Leaders, should help complementarities and synergies develop between CROP members implementing EU regional projects wherever appropriate.

**Evidence indicates that complementarities have only rarely been actively promoted, viz.:**

- Interviews with CROP staff conducted in the field suggest that complementarities were found in implementation of the DevFish fisheries project, jointly implemented by SPC and FFA.<sup>54</sup> No other examples were found, however.
- In the area of environmental sustainability, field interviews suggest a degree of resource competition between the two CROPs covering this field – SPC and SPREP (see Section 3.6 of this report for further details).

<sup>52</sup> C.f. EQs 1 and 2 of this report for further elaboration of this point.

<sup>53</sup> Originally this judgement criterion included I-8.2.3 on the inclusiveness of the EU's regional programmes vis-à-vis non-state actors (NSAs). In order to facilitate easy-reading of the report, this indicator has been dealt with under JC8.3 below, thus grouping all findings on NSAs under one judgement criteria.

<sup>54</sup> See Section 3.7 of this report, and Annex 8 EQ7, for further details of this collaboration.

Moreover, there is evidence to suggest that coordination between regional CROP organisations and national stakeholders was problematic throughout the evaluation period, *viz.*

- The EUD in Suva noted at the end of the evaluation period that “there is a continuing need to ensure that CROPs consistently make contact with the relevant national stakeholders, including Aid Management structures and other sector coordination structures, during project implementation to ensure coordination is effective”.
- The lack of coordination between the regional and national bodies was also cited as an obstacle to developing synergies between EU projects at these levels.<sup>55</sup> This point was corroborated by field interviews (see Section 3.8.1 above).

### **3.8.3 The EU increased the dialogue at regional level with Non State Actors, notably on EU focal sectors and cross-cutting issues during regional programmes implementation (JC 8.3)<sup>56</sup>**

**The EU has taken an inclusive approach to Non-State Actors (NSAs) during the design and implementation of its regional programming:**

- The EU’s regional strategy under the 10<sup>th</sup> EDF highlights the importance of “strengthening the voice of the Civil Society in the development process and to encouraging the interaction between State and Non-State Actors.” (EC, 10<sup>th</sup> EDF RSP, p.60).
- Civil Society participation has been enhanced through the use of thematic programmes (notably the European Instrument for Democracy and Human Rights and the Instrument for Stability) and the Technical Cooperation Facility for OCTs (FED/2011/022488).

**A specific regional project targeting NSAs has been implemented, albeit delayed by external factors, *viz.*:**

- The EU committed €4 million of EDF10 resources to a regional programme specifically targeting the engagement of NSAs in policy development.<sup>57</sup>
- Field phase interviews with NSA stakeholders and EU staff suggested that the primary reason for the delay was a lack of attention to the project, arguably demonstrating limited prioritisation of NSAs within the office of the Regional Authorising Officer.<sup>58</sup>

**Further NSA engagement is hampered somewhat by the limited capacity of NSAs in the region to absorb large funds.** Many of the NSAs in the Pacific remain small organisations. Interviews conducted with NSAs in the region highlighted that the project

<sup>55</sup> (EC, EAMR, Fiji, January-June 2012, p.7)

<sup>56</sup> Indicator I-8.3.2, originally placed under JC8.3, has been moved to JC8.4 to facilitate easy reading of the report by grouping the cross-cutting issues findings under one JC.

<sup>57</sup> FED/2013/021-486 Strengthening Non State Actor Engagement in regional Policy Development.

<sup>58</sup> This point was made during several meetings with staff from different NGOs (MN610, MN625, MN629).

management and monitoring requirements of the EU require human resources which the majority of Pacific NSAs do not possess.

**Regarding the promotion of policy dialogue between regional organisations and NSAs, the EU had limited impact, viz.:**

- EU programming documentation records structured interactions between the EU and CROP agencies covering policy dialogue on EU focal sectors and cross-cutting issues, following the 2006 EU Strategy for the Pacific and the 2007 Nuku'alofa Declaration.
- But there is no evidence to suggest that this dialogue also fostered policy dialogue between regional organisations and NSAs working in the EU focal sectors. Indeed, NSA stakeholders interviewed during the field phase concurred that the space for NSA engagement with the evolution of the Pacific Plan has been minimal. The perception among NSAs was that this reflected a lack of commitment to the NSA community within the office of the Pacific Islands Forum Secretariat.

NSA involvement in policy dialogue with the EU itself was more visible, most notably in the consultation exercise for the purposes of 11<sup>th</sup> EDF programming. Indeed, in the recent CONCORD report on Civil Society engagement, the EU Delegation in Fiji was highlighted as a best practice example. The report praised the Delegation's use of focus group discussions.

**3.8.4 The EU support increased over time integration of cross-cutting issues in the Pacific plan (JC 8.4)**

**EU strategy documentation outlines the importance of integrating cross-cutting issues** (notably gender, environmental sustainability, democracy, good governance and HIV/AIDS) in implementing EU programmes in its focal sectors. In particular:

- The coverage of cross-cutting issues in the Pacific Plan broadly matches the areas proposed by the European Consensus on Development (2005). Moreover, the enhanced EU-PIF dialogue launched through the Nuku'alofa Declaration included environmental sustainability and gender equality in the dialogue agenda.
- Nevertheless concerns were raised by EU staff concerning the level of integration of cross-cutting issues in the regional envelope of the 10<sup>th</sup> EDF. This is supported by the findings of the Mid-Term Review of the 10<sup>th</sup> EDF, which claims that the gender mainstreaming approach, while applied across regional programming, was not yielding a sufficient focus on gender equality, particularly in thematic areas such as climate change.
- The lack of gender mainstreaming was confirmed by stakeholders met during the field phase. The primary cause cited was the limited amount of gender training provided for EU staff, both in the field and at HQ. It was argued that more training could help staff design appropriate gender indicators and integrate gender in project monitoring.<sup>59</sup>
- Finally, some stakeholders (including EU staff and NSA actors) noted that a focused gender initiative under the EIDHR facility could help build up gender capacity and

<sup>59</sup> This point was raised by EU staff interviewed both in the field and in HQ (MN601, MNMN602)

awareness. Stakeholders argued that the thematic focus for such a programme would need to be considered against the backdrop of other donor activity on gender and potentially linked to the EU's areas of strength in democracy and governance.<sup>60</sup>

**As regards programming realities, the integration of cross-cutting issues has been most visible in respect of environmental sustainability.** Indeed EU regional programming has increasingly focused on environmental sustainability and climate change since the 2010 Joint Initiative launched by Commissioner Piebalgs and the Secretary-General of the Pacific Islands Forum Secretariat. In addition to the allocations from the second focal area of the 10<sup>th</sup> EDF, the EU has committed €38.3 million from the EU's Global Climate Change Alliance and €20 million from the intra-ACP disaster facility for disaster preparedness and resilience.

Aside from the particular case of environmental sustainability in the second focal sector, there is evidence to suggest that integration of other cross-cutting issues across the regional projects was rather limited. The evaluation desk phase analysed 18 interventions out of the total of 22 regional projects in the evaluation inventory. Of those 18, eight projects include CCIs in the logframe. Of the eight, four include environmental sustainability in the objectives, but each of those fall within the 2<sup>nd</sup> focal area of the 10<sup>th</sup> EDF, namely sustainable management of natural resources (including fisheries).<sup>61</sup> The remaining four include environmental sustainability and gender equality in the indicators or activities.<sup>62</sup> It was noted by DG DEVCO staff that the mainstreaming of gender in regional programming faces obstacles in EU programming worldwide, beyond the specific characteristics of the Pacific region. Both the awareness of project officers and the capacity to integrate gender effectively at the project design phase were cited as challenges in this regard.<sup>63</sup>

**None of the regional projects reviewed integrated democracy and human rights or HIV/AIDS.** Nevertheless it should be remembered that the EU has targeted both of these cross-cutting issues separately through thematic instruments and contributions to global initiatives. On democracy and human rights the EU intervenes worldwide *via* a thematic instrument, namely the European Instrument for Democracy and Human Rights (EIDHR). The Delegation in Suva alone managed a total of €4 million in EIDHR grants over the period 2008-2012, including nine with a focus on democracy.<sup>64</sup> On HIV/AIDS the EU committed €694 million to the Global Fund To Fight AIDS, Tuberculosis and Malaria over the period

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<sup>60</sup> Both EU and NSA stakeholders argued for such a programme in order to build up the capacity and visibility of the EU in this area (MN602, MN605).

<sup>61</sup> The four projects in question are: Deep Sea Minerals in the Pacific Islands Region (FED/2009/021-368); Development of sustainable tuna fisheries in the Pacific ACP countries phase II (FED/2009/021-392); Scientific support for the Management of Coastal and Oceanic Fisheries in the Pacific Islands Region (FED/2009/021-370); Scientific Support for Oceanic Fisheries Management in the Western & Central Pacific Ocean (FED/2006/018-725).

<sup>62</sup> The four projects referred to here are: Education, Training and Human Resources Development Programme (FED/2006/017-946); Vanuatu Tourism and Education Growth (FED/2006/018-617); Primary Sector Growth Support Programme - Phase 1 Vanuatu (FED/2009/021-742); Technical Co-operation Facility (FED/2010/022-413).

<sup>63</sup> DEVO staff in Brussels and Fiji were interviewed regarding gender mainstreaming during the evaluation desk phase. The comments included here derive from interview MN601.

<sup>64</sup> EC, 2013, "IFS EIDHR IIP Grants table", EC.

2006-2012.<sup>65</sup> This was made mostly in the form of annual contributions to the Global Fund, with beneficiaries worldwide. In the Pacific region, over the same period, the Global Fund provided a total commitment of US\$57 million in seven grants tackling HIV/AIDS.

**Cross-cutting issues have also been covered broadly by the evolving Pacific Plan, viz.:**

- The original Pacific Plan signed in 2005 already included initiatives targeting each of the four cross-cutting issues outlined by the European Consensus on Development (2005). This focus was maintained by the Pacific Plan review and updating process that took place in 2009. The EU's Pacific dialogue over the evaluation period also made space for inclusion of CCIs in the dialogue process, but the EU regional programming itself struggled to integrate CCIs, concerns being raised most notably regarding gender equality (although it should be noted that the concerns about gender integration were considered in detail during the consultation procedure for the 11<sup>th</sup> EDF, with consequent commitments to supporting gender integration during the 2014-2020 period).
- Each of the four cross-cutting issues covered in the European Consensus on Development (democracy and human rights, environmental sustainability, gender equality and HIV/AIDS) were included in the initiatives planned for the first three years of the Pacific Plan (2006-2008). The original Pacific Plan (2005) included 49 initiatives in total, and 20 of them covered cross-cutting issues. Of the 20, ten sought to mainstream gender equality across the four pillars of activity in the Plan. Seven initiatives related to environmental sustainability, one of which sought to integrate it into national sustainable development plans in the region. The remaining three initiatives related to HIV, democracy and human rights respectively.
- In 2009 the Pacific Leaders reviewed and updated the Pacific Plan at the Fortieth Pacific Islands Forum in Cairns. The Cairns Communiqué (2009) includes 37 recommendations in total, grouped in five clusters, one of which (containing eight recommendations) covers climate change specifically. Two further recommendations cover gender equality, one in relation to sexual and gender-based violence and one relating to the role of women in national decision-making processes.
- Thus, whilst it cannot be said that cross-cutting issues constitute a primary focus of the Pacific Plan activities, they are all covered by the original Plan with gender and environmental sustainability featuring most prominently. The subsequent implementation and review process that took place throughout the evaluation period did cover cross-cutting issues, but no significant trend in terms of increasing attention to these areas can be observed beyond the baseline set by the original Plan in 2005.

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<sup>65</sup> ADE, 2013, "EU CRIS Extraction of contributions to the Global Fund", ADE.

### 3.9 EQ 9 on Delivery Mechanisms

*EQ9 To what extent have the selected delivery mechanisms of EU support and their management been conducive to the objectives of the cooperation?*

#### EQ 9 on Delivery Mechanisms

Channelling cooperation through the regional organisations proved a successful approach to delivery of regional programmes, particularly given the challenges posed by the capacity constraints at national level. The regional organisations successfully managed the EU programmes time- and cost-wise, leading to successful implementation in the 9<sup>th</sup> EDF and a subsequent top-up. The use of thematic instruments and programmes allowed the EU to reinforce activities conducted under the Regional Indicative Programme, whilst also adding supplementary activities in other sectors. Regional policy dialogue has been conducted almost exclusively with the regional organisations. This has contributed to a very limited perception of the EU's regional programmes by the national stakeholders. National policy dialogue has been limited by the weakness of the National Authorising Officers, although improvements occurred as a result of the introduction of the Budget Support modality. A clear absence of ownership or involvement of the regional programmes by the national administrations is still evident (with the exception of fisheries). There are several aspects to this issue, including a limited knowledge among national stakeholders of the share of regional resources allocated to individual countries, limited involvement of national stakeholders in regional programme design, and a suspicion among national stakeholders that regional organisations are serving their own interests rather than responding to country needs.

#### 3.9.1 Human, logistic, and financial resources available at regional and country levels or their combination allowed a timely implementation of EU programmes and projects (JC9.1)

**The limited capacity and human resources levels within country administrations posed a challenge to the timely implementation of projects and programmes at regional, multi-country and country levels:**

- Several trade-related projects suffered delays during implementation due to difficulties in recruiting quality technical assistance to aid national administrations.
- The roll-out of country-specific sub-projects within the PRIDE regional education project was hampered by limited implementation capacity in some of the smaller ACP States.
- The multi-country intra-ACP project under the GCCA had to reallocate funds originally planned for Kiribati owing to limited absorption capacity. Instead the money was allocated to Samoa which, owing to its water and sanitation sector budget support programme, was viewed as better able to implement the project.
- Seven out of twelve country-level projects in the Solomon Islands required contractual extensions in 2012 due to implementation delays.



**Several factors were identified as having a negative influence on the timely delivery of EU support:**

- The limited capacity of beneficiary administrations to handle EU procedures and funds. This was particular the case for the SIDS ACP States, as noted in EU Delegation External Assistance Management Reports over the period.
- The discrepancy between a threefold increase in the EU regional cooperation pipeline between the 9<sup>th</sup> and 10<sup>th</sup> EDFs and the stable levels of human resources in the EU Delegations over the same period.
- The placement of Pacific ACP cooperation within DG DEVCO Directorate H, which handles non-ACP countries under non-EDF procedures, making it difficult for EU Delegation staff to obtain clarifications from the Directorate on procedural questions relating to administration of the EDF funds.

**However, the Regional Organisations in the Pacific successfully managed the EU regional programmes both time- and cost-wise.** Broadly speaking the Pacific regional programmes were viewed as outperforming those of other regions and subsequently benefitted from top-ups during the evaluation period.

The main factors contributing to these positive developments were:

- The use of contribution agreements with some regional organisations, which allowed efficiency savings for the EU Delegations in some of the regional programmes.
- The involvement of the regional organisations in the early phase of RIP design notably the consultation of PIFS during the design of the 10<sup>th</sup> EDF and the subsequent broad alignment with the work programmes of the regional organisations.
- The use of multi-country programmes managed by regional organisations, which allowed the EU cooperation to bypass some of the inefficiencies of the national administrations, for example by using the Pacific Power Association for multi-country energy projects.

### 9.3.2 The EU interventions under RSP and thematic instruments are appropriately used to achieve expected outcomes (JC9.2)

As the following table demonstrates, the EU cooperation in the Pacific employed a mix of geographic instruments and thematic instruments and programmes:

**Table 3.1 – Total commitments by funding source 2006-2012<sup>66</sup>**

	Geographic instruments	Thematic instruments		Thematic programmes				Total funding
	EDF	EIDHR	IfS	DCI-ENV	Investing in People	DEV COM	DCI-SUCRE	
Regional €m	136.9	1.0	-	11.4	-	0.1	-	149.4
# Regional interventions	22	1	-	1	-	1	-	25
PACP €m	488.4	4.2	2.1	19.0	1.5	0.0	37.5	552.7
# PACP interventions	136	21	5	6	2	1	5	176
OCT €m	91.9	-	-	-	-	-	-	91.9
# OCT interventions	13	-	-	-	-	-	-	13
<b>Total €m</b>	<b>717.2</b>	<b>5.2</b>	<b>2.1</b>	<b>30.4</b>	<b>1.5</b>	<b>0.1</b>	<b>37.5</b>	<b>794</b>
<b>Total # interventions</b>	<b>171</b>	<b>22</b>	<b>5</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>214</b>

Nevertheless, over 90% (€136.9 million) of the regional expenditure came from the European Development Fund (EDF)

The largest use of thematic programmes and instruments was at country level for reinforcement and strengthening of the regional programming conducted by the EDF. For example:

- the DCI-SUCRE programme (€37.5 million) supported Pacific ACP States' sugar exporters, which complemented the work done under the 1<sup>st</sup> Focal Sector of the RIP (regional economic integration);
- the DCI-ENV programme (€30.4 million) supported both national and regional projects in the area of climate change adaptation, which complemented the work done on sustainable management of natural resources under the RIP (see EQ6 for further details).

Other thematic programmes and instruments were used for smaller-scale supplementary cooperation in areas not included in the EDF focal sectors, e.g. the EIDHR instrument (€5.2 million) which supported democracy and human rights programmes at national level throughout the region.

<sup>66</sup> Source: ADE analysis from the EU's CRIS database. See Annex 4 for further information and analysis on the funding instruments and programmes deployed.

**Bridges have been built and multiannual indicative programmes of the EU take into account the activities of thematic instruments and programmes** (e.g. the Multiannual Indicative Programme for Fiji proposed support for the three dimensions of the National Adaptation Strategy designed under the DCI-Sucre ASMP Programme).

Broadly speaking there was joint supervision of programmes, which are themselves increasingly conducted by the EU Delegations. This creates possibilities for establishing bridges, links and complementarities. The EU Delegation in Fiji, for example, participates as an active observer in the meetings of the National Adaptation Strategy Steering Committee and maintains relations at technical level with the key stakeholders in the sector.

### **9.3.3 The EU policy dialogue at regional and national level was consistent across EU aid modalities**

At regional level the EU engages in policy dialogue through meetings on either side of the annual **Pacific Islands Forum Leader's Retreat**, namely the PIC Partner meetings and the Post-Forum Dialogue (alongside other Post Forum Dialogue Partners such as USA, China and Japan). Nevertheless it does not share the same status in this forum as the members (such as Australia and New Zealand), associate members (New Caledonia and French Polynesia) or indeed observers (such as, for instance, the Asian Development Bank and the Commonwealth).

**But beyond this, regional policy dialogue has been conducted almost exclusively with the regional organisations.** This has contributed to a very limited perception of the EU's regional programmes by the national stakeholders. Moreover, the fact that the EU Delegation and the Pacific Islands Forum are based in Fiji has been a factor in the perception in Papua New Guinea that it was not sufficiently involved in the regional policy dialogue, which it viewed as being characterised by a small-island bias.

**National policy dialogue has been limited by the weakness of the NAOs, although improvements were registered in the sector reform agenda by developing links with line ministries.** The limited scope for policy dialogue at country level is a critical element hampering the development of ownership and thus sustainability of results. There has been encouraging recent experience of using budget support to improve policy dialogue – in some of those countries where it has been implemented (e.g. Tonga, Samoa, New Caledonia), notwithstanding the challenges faced.

### **3.9.4 EU regional programmes were supported and owned by governments and NSAs as complementing other EU interventions**

Field interviews pointed to a clear absence of ownership of, or involvement in, the regional programmes by the national administrations:

- This problem was evident in regional programmes such as PRIDE, the regional education project. The project itself was broadly successful and helped to build a regional resource centre that is now embedded within the structure of the University of the South Pacific in Fiji. However, roll-out of some of the country-level sub-projects was

problematic, and a lack of national level buy-in and capacity was cited as the primary causal factor in this regard.

- This reflected a pattern seen in other sectors, including natural resource management and regional economic integration, the capacity built up within regional organisations failing to trickle down to national level.
- However, it should be noted that this problem was not evident in the fisheries sector, where the EU's support to sustainable management of fish stocks was similarly directed towards regional organisations. The difference in this case was that the sector is an inherently cross-border issue, such that support to the capacity of regional organisations to monitor and manage fish stocks does not require significant further uptake at national level to succeed.

**The NAOs, national administrations and national NGOs had limited expectations concerning the benefits of regional programmes at national level.** There were several aspects to this:

- There was limited knowledge of the share of regional programmes resources allocated to their respective countries, and a desire to know more.
- There was limited involvement in the design of regional programmes (participation by national governments is normally *via* the regional organisations, and NGOs are usually only involved during implementation).
- There was a suspicion, expressed notably by representatives of national administrations interviewed during the field visits, that the regional organisations are serving their own interests rather than responding to needs at national level.

**A key driving factor behind much of these problems is the weak capacity at national level to take on and follow up regional programmes.** Weak national capacities also imply that regional support, which should transfer knowledge and complement local capacities, is often instead restricted purely to replacing local capacity gaps (e.g. the PFTAC financial management programme, which frequently faced this difficulty as regards provision of technical assistance for public financial management in the SIDS).

### **3.10 EQ 10 on Donors' coordination and complementarity**

*EQ10: To what extent has the EU cooperation with the Pacific been coordinated and complementary with Member States and key donors?*

#### **EQ 10 on Donors' coordination and complementarity**

Development partners grounded their action in the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact). Several donor coordination mechanisms (formal and informal exchanges of views and meetings, consultations on EC regional programming, sectoral working groups, specific financing schemes or modalities involving several donors, etc.) have been set up at both regional and country levels. But no organisation in the region has been tasked with providing a cross-sectoral donor coordination matrix at the regional level. The EU devoted efforts to coordinating its interventions, including those in regional focal sectors. Specific mechanisms have also been put in place for EU coordination and information exchange. In Vanuatu, bi-monthly

coordination meetings drawing together the Commission and France; in Timor Leste, monthly meetings between the Heads of Cooperation and frequent bilateral meetings on specific projects. But division of labour between partners in EU regional focal sectors has not progressed much. Governance and political stability, uneven across the region, impacted negatively on the ability of Governments to take the lead on donor coordination.

A range of approaches, arrangements and procedures exist for planning, funding, monitoring, evaluating and reporting enhanced coordination between development partners (e.g. existence of high-level coordination approaches and of country-driven or development-partner-driven coordination mechanisms). Others (costs of managing, financing and reporting on a large number of projects; fragmented reporting systems across donors) curbed harmonization. Little progress has been made on joint missions and joint analytical work (high number of missions, a few of them being joint; high overall mission burden). No evidence was found of the EU enhancing harmonisation among other donors in the region, with some citing the EU as one of the most challenging donors with which to partner on the basis of greater procedural requirements and limited freedom of movement for the EU Delegations.

### **3.10.1 EU interventions in regional focal sectors were coordinated with Member States and key regional donors (JC10.1)**

**The EU participated in the key donor coordination framework in the Pacific, alongside the other key donors.** The Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact) is the main initiative promoting aid effectiveness in the region within which development partners have grounded their action. Agreed by Pacific leaders at the 2009 Pacific Islands Forum, the Compact aims to promote more effective coordination of development resources from Forum Island countries and development partners, and to improve development outcomes in the Pacific and accelerate progress measured against the MDGs.

**In line with its mandate under the Forum Compact, the Pacific Island Forum Secretariat has worked with Forum member countries, development partners, regional organisations and a range of other stakeholders to advance this work. Key elements include:**

- Forum leaders review annual progress on the Forum Compact at the Pacific Islands Forum, and annual donor meetings held before and after the annual Leaders' Retreat cover development cooperation on projects and programmes at both country and regional level.
- Peer review mechanisms have been established, initially piloted with Kiribati and Nauru. The pilot results were demonstrated at the Fourth High Level on Aid Effectiveness in Busan (2011) and the Forum Leaders agreed to establish peer review coverage for all members by 2013.

**But no organisation provides a single, unified donor coordination matrix across all sectors.**<sup>67</sup> Prior to the Forum Compact, Pacific Island Countries and development partners adopted the Pacific Principles of Aid Effectiveness which draw heavily on the Paris Declaration and provide the Pacific Island States with monitoring indicators.

**In addition, at the country-level, the EU signed the New Deal for Engagement in Fragile States, which provides a common basis for donors and partners to monitor progress in peacebuilding and statebuilding in the most fragile Pacific Islands Countries.** The New Deal has been endorsed by the EU, the key Member State donors and the major non-EU development partners in the region (including Australia, New Zealand and Japan). By signing the New Deal, development partners and the g7+ group of countries (which includes three Pacific Islands: Papua New Guinea, Solomon Islands and Timor Leste) have committed to the use of common indicators to track peace building and state building progress, thereby providing a common set of tools for measuring progress in key areas for the transition out of fragility.

**The Commission committed itself in its strategy documents to enhancing coordination and cooperation with other donors.** In its EDF 9-10 regional strategy documents with the Pacific the Commission makes explicit reference to the need to coordinate at EU level and with other donors, in particular Australia and New Zealand, which have been major donors to the Pacific Islands, and to avoid overlap and enhance synergies. At EU level few EU Member States (EUMS) have been present in the Pacific, making the EDF the only significant funding source for delivering EU ODA to the region.

**Australia underlines the fact that regional aid programmes,** which represent more than 10% of all donor aid flows to the region, **have often contributed to aid fragmentation** and have not been well coordinated at country level<sup>68</sup>. This point was corroborated by other donors during the field phase.

**At programming level, donor coordination between partners took place both at regional and country levels through various mechanisms, both formal and informal.**

*At regional level*

▪ **Formal exchange of views and meetings:**

- The EU participates in donor coordination activities taking place around the Pacific Islands Forum leaders' meetings. The PIC Partners meetings are held annually, normally prior to the Leaders' Retreat. The Post-Forum Dialogue takes place immediately after the Retreat. Both fora have provided opportunities for participating development partners to address coordination issues at a regional level.
- Following the Forum Economic Ministers' Meeting (FEMM) - which has met once a year since 1997 - a formal exchange of views on country and regional programmes between donors, national and regional representatives has taken place. This has

<sup>67</sup> As noted during field interviews with EU staff and other donors in the region.

<sup>68</sup> Australia, *Regional aid program to the Pacific: 2011-2015*, 2010

usually been followed by a separate meeting of donors, including the United Kingdom, France and the Commission.

- Trilateral meetings on policy coordination in the Pacific between the European Commission, Australia and New Zealand constituted a forum for information exchange and better mutual understanding. Three have been conducted over the evaluation period, the last in 2012 being chaired by the Commission.
- **Consultations for EC regional programming:** the Pacific Islands Forum Secretariat and the EUD organized a participatory process for the EDF 11 regional programming: EU Member States (UK, France, Poland, and Belgium), other donors (Australia, NZ, GIZ, ADB, etc.) and the EIB attended as well as a dozen of implementing partners (Pacific CROPs, UN) and NSAs. During the meeting countries requested better coordination between donors on regional programmes and suggested that this should follow the Samoa model (mentioned as the example of aid effectiveness in the region).
- **Informal donor meetings** have taken place more frequently, on the basis of common interests in a particular sector, often following a mission or study.

#### *At country level*

- **Development partners' meetings at country level:** either formal (Fiji) or informal in the case of Timor Leste and mainly consisting of information sharing because of a lack of Government ownership and leadership.
- **Sectoral working groups, including in EU regional focal sectors:** in Vanuatu, development partner groups have developed around Education, Health, Gender, and Public Finance Management (to be reinstated in 2013); in Timor Leste sector working groups developed around rural development and food security, governance, gender, public finance management, health, infrastructure, and justice; in Solomon Islands, the Climate Change Working Group (CCWG) established by the Ministry of the Environment – where the EUD has the role of coordinating development partners - and the Core Economic Working Group (CEWG) process led by the Ministry of Finance.
- **Participation of several donors in specific financing schemes or modalities:** in Fiji, the Pacific Region Infrastructure Facility (PRIF), which has included the Asian Development Bank (ADB) and the World Bank Group (WBG), the establishment of the framework for Budget Support operations in partner countries (common reform matrices); in Vanuatu, well-organised coordination in the education sector where a SWAP has been going on for several years.
- The existence of **country-level aid effectiveness declarations** (e.g. in PNG, Tonga and Tuvalu) which emerged as mechanisms enhancing country leadership, donor coordination and alignment.
- **Exchange of information between donors:** e.g. in Fiji and in PNG
- **Specific mechanisms for EU coordination and information exchange:** in Vanuatu, bi-monthly coordination meetings drawing together the Commission and France (the latter being the only EU MS); in Timor Leste, monthly meetings between the Heads of Cooperation and frequent bilateral meetings on specific projects.

**Consistency of approaches towards policy dialogue between donors has taken place through a variety of modalities across regional and country levels:**

- At regional level, trilateral meetings on policy coordination in the Pacific between the European Commission, Australia and New Zealand constituted a forum for broad policy-oriented discussions (review of political developments within the region and of policy developments in the donors' agendas). Further, a Pacific Dialogue on Water and Climate was initiated which established a platform for policy-makers and water resource managers to access to scientific information<sup>69</sup>.
- At country level, policy level dialogue in Pacific fragile states was conducted through the EU's membership of the International Dialogue on Peacebuilding and Statebuilding Steering Group. In the case of Timor Leste, a dedicated Task Force was established to monitor progress in that country. The EU was not a member of the TaskForce as of the evaluation period closure, but has since expressed a commitment to become a partner for New Deal implementation in Timor Leste.<sup>70</sup>
- Beyond the specific case of the New Deal implementation, country level dialogue and consultation took place primarily at project level. At policy level, in Fiji dialogue has been maintained between the main development partners, EU Member States and to some degree the Government of Fiji. The focus of dialogue has been the national constitutional process and elections in 2014<sup>71</sup>. In PNG the Joint Government - Development Partners climate change forum provides a platform for discussion of climate-change-related issues. Most development partners involved in climate change measures (UK, AUS, JAP, NZ, FR, and EU) have attended the meetings of the Forum<sup>72</sup>.
- On democracy and human rights in particular, donor stakeholders met during the field missions noted that the EU generally coordinates quite well with other donors.

**Regarding the division of labour between partners in EU regional focal sectors, the evaluation finds that progress has been limited.**

- The review of the donor matrices included in the EC RSP illustrates that a variety of donors active in the Pacific have been involved in EU regional focal sectors (Australia, NZ, ADB, UNDP, Japan, France, UK, etc.).
- The width of the scope covered by EU regional focal sectors (e.g. regional economic integration including economic integration and trade, support for the private sector, an enabling environment and human resources) partly explains this finding.
- Moreover the number of EU MS active in each Pacific country as well as the size of the bilateral cooperation budget impacted on the extent to which division of labour took place at EU level. For instance, in Fiji only France and the UK have been present, with a small amount of funding. For these reasons joint programming and division of labour have been considered as not viable.

<sup>69</sup> Source : EC, *EC EDF 10 RSP 2007-2013*, page 50

<sup>70</sup> EC, 2013, *Timor-Leste Study Case, New Deal Building Peaceful States*, Mihaela Haliciu, DG DEVCO C5.

<sup>71</sup> Source : EC, *EAMR, Fiji, January 2012 to December 2012*, 2013

<sup>72</sup> Source : EC, *EAMR, Papua New Guinea, 2011, 2012*



Regarding EU added-value, other donors and Pacific Island governments recognised that, in the key sectors of its regional programming, **the EU provided a critical mass of funding that individual EU MSs were not in a position to provide alone.**<sup>73</sup>

**On a sector-by-sector basis, the EU was seen to have influenced information exchange and increased donor coordination in those areas where its regional programming was most significant.** The following box outlines the added-value that the EU had on donor coordination in each thematic area covered by this evaluation:

**Box 3.1 – The EU's contribution to donor coordination in the key areas of its regional programming**

- In the **trade** area, field interviews and project documentation both reveal effective and regular exchange of information between donors in the trade and regional economic integration sector. This exchange has been facilitated by the functioning of the PIFS and the fact that Aid for Trade has increasingly been used as an umbrella for trade-related assistance.
- In the field of **education** and **TVET**, the EU's regional education project, PRIDE, was cofinanced with New Zealand. At country level, and specifically for Papua New Guinea, Solomon Islands and Fiji, EU financial contributions were more significant but evidence suggests that donor coordination was limited to ad hoc activities.
- In the **energy** area, the EU has been a key player in the Pacific and active in donor coordination. The EU has been an active participant in the Donors Energy Working Group for the Pacific and a core member of the Pacific Region Infrastructure Facility.
- In the **land resources management and climate change** area, donor coordination took place at formal and informal levels and views were generally exchanged between donors. In general the level of coordination with international organisations and other partners has been satisfactory, and frequent encounters with other stakeholders have helped advance the implementation of programmes and policies.
- In the **fisheries** sector, coordination with other donors and Pacific ACP states was supported by the EU's engagement with the regional fisheries organisations, notably WCPFC. Interviews conducted during this evaluation highlighted that tension occurred between EU representatives and other members during WCPFC meetings. Nevertheless, EU engagement in the WCPFC offers the possibility to promote international cooperation for sustainable management of migratory resources.

### 3.10.2 The EU developed harmonization with Member States and key regional donors (JC 10.2)

*The findings under this JC have been articulated around the definition of harmonisation from the "Paris declaration on aid effectiveness" which includes indicators to monitor progress with respect to harmonization that have been monitored in the Pacific by the Pacific Forum Secretariat.*

<sup>73</sup> During the evaluation field phase, the evaluation team interviewed several other donors (including Australia, New Zealand and Japan) and beneficiary governments (including Fiji, New Caledonia, Marshall Islands, Kiribati, Samoa, Papua New Guinea and the Solomon Islands).

The annual monitoring<sup>74</sup> of the Forum Compact conducted by the Pacific Islands Forum Secretariat **provides evidence on harmonization issues at three levels**: at a general level; through common arrangements and procedures for planning, funding, monitoring, evaluating and reporting; and through joint missions and joint analytical work.

**At a general level, donors implemented approaches that enhanced harmonization.**

The Secretariat recognizes that bilateral aid donors such as Australia have made positive contributions in terms of adopting partnership approaches and devolving decision-making to field offices in some countries. Several harmonization mechanisms have also been established between Australia and New Zealand at national level and also regionally, including other major DPs such as ADB, EU, UN agencies and the World Bank<sup>75</sup>. The information collected and analysed so far does not provide general evidence on the role of the EU in enhancing harmonization.

**But little progress has been made on joint missions and joint analytical work:**

- The cost of receiving missions led to a fragmentation of effort in FICs, and to keeping transaction costs high. The PIFS monitors data related to joint missions but data is not systematically covering all countries and all years and PIFS notes that the statistics provided need further validation. Available data indicates that mission numbers remained high throughout the evaluation period.<sup>76</sup>
- Follow up visits to previously peer-reviewed host countries, especially the Smaller Islands States, suggest that the overall mission burden remained high. Reporting from the larger countries, however, indicated that mission management was becoming more manageable in 2012, primarily through the seeking of forward mission schedules from development partners and the institution of mission-free periods. While donors have recognized the need to enhance joint missions, they have also been constrained in terms of resources. This has particularly been the case for the EU MS which have only limited presence and funding levels in the Pacific Islands.

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<sup>74</sup> Each year, the Forum Secretariat presents evidence of progress under the Forum Compact in a report. It draws on peer reviews hosted in the Forum Island Countries. By the end of 2013 the region should have achieved full peer review coverage of all FICs.

<sup>75</sup> Source : Pacific Islands Forum Secretariat, Synthesis of development partner reporting on aid effectiveness, 2011

<sup>76</sup> Source : Pacific Forum Secretariat, Report on Tracking the effectiveness of Development Efforts in the Pacific, 2011 and 2012

## 4. Conclusions

The conclusions and recommendations are grouped into five clusters:

- **Strategy:** Conclusions regarding the alignment of the EU regional cooperation with the Pacific Islands Countries and Territories regional policy framework, the depth of need assessments and scoping studies, the partnership at regional level and the concentration of EU regional cooperation;
- **Implementation modalities:** Conclusions regarding the implementation of EU regional strategic response and related programmes;
- **Trade and regional integration**
- **Natural resource management**
- **Human capital and energy**

The full set of Conclusions per cluster is presented in the following table:

**Table 4.1 – List of conclusions**

<b>A Strategy</b>	
<b>C1: Relevance of EU support</b>	EU regional support to the Pacific was relevant and well aligned but lacked strategic prioritisation.
<b>C2: Choice of RAO</b>	The suitability of the PIFS to act as the Regional Authorising Officer is open to question given the evolving regional context.
<b>C3: Regional organisations</b>	Implementation through regional organisations favoured alignment & effective implementation but hampered EU visibility in the region.
<b>B Implementation approaches</b>	
<b>C4: Regional capacity building</b>	Building regional capacity to supplement national resources proved effective for implementation but limited country-level impact.
<b>C5: Country constraints</b>	Limited project management capacity at national level presented a challenge for most of the EU's instruments and modalities.
<b>C6: Programmes &amp; instruments</b>	There has been a reasonable division of activities between the geographic and thematic programmes and instruments. But synergies could have been improved in some areas.
<b>C7: OCT integration</b>	Despite EU support for encouraging OCT integration with ACP countries, OCTs remained more aligned with other OCTs and regional powers.
<b>C8: Donor coordination</b>	Donor coordination mechanisms exist but remained sector-specific and were not mirrored by progress in harmonised reporting systems.
<b>C Trade and regional integration</b>	
<b>C9: Trade expansion</b>	Despite considerable EU support for regional economic integration, expansion and diversification of trade has been limited.
<b>C10: Barriers to the private sector</b>	EU support for regional economic integration insufficiently addressed key barriers to private sector growth in the region.

<b>D Natural resource management</b>	
<b>C11: Fisheries</b>	EU support to regional fishery organisations has achieved tangible results, but there remain serious concerns about long term sustainable management of the resource due to lack of transparency issues, overfishing, and remaining risks of Illegal, Unreported and Unregulated fishing.
<b>C12: Natural resources</b>	The EU built up regional capacity to manage natural resources and adapt to climate change, but concerns remain at national level.
<b>E Human capital and energy</b>	
<b>C13: Education</b>	EU support for education was successful in building regional capacity but had only partial success at country and territorial levels.
<b>C14: Energy</b>	EU energy programmes contributed to improved national and regional energy policies, but major weaknesses may jeopardise future sustainability.

For each conclusion we present a summary formulation followed by a more detailed explanation, as well as listing the Evaluation Questions on which it is based. A summary of the links between the Evaluation Questions and Conclusions is presented in the following table:

**Table 4.2 – Links from evaluation questions to conclusions**

	EQ1	EQ2	EQ3	EQ4	EQ5	EQ6	EQ7	EQ8	EQ9	EQ10
<b>A Strategy</b>										
<b>C1: Relevance of EU support</b>	X									
<b>C2: Choice of RAO</b>	X	X							X	
<b>C3: Regional organisations</b>			X	X	X	X	X	X		
<b>B Implementation approaches</b>										
<b>C4: Regional capacity building</b>			X	X	X	X	X	X		
<b>C5: Country constraints</b>		X						X	X	
<b>C6: Programmes &amp; instruments</b>	X		X						X	
<b>C7: OCT integration</b>	X	X	X						X	
<b>C8: Donor coordination</b>										X
<b>C Trade and regional integration</b>										
<b>C9: Trade expansion</b>			X							
<b>C10: Barriers to the private sector</b>			X							

D Natural resource management										
<b>C11: Fisheries</b>							X			
<b>C12: Natural resources</b>						X				
E Human capital and energy										
<b>C13: Education</b>				X						
<b>C14: Energy</b>					X					

### A. Strategy

<b>C1: Relevance of EU support</b>	<b>EU regional support to the Pacific was relevant and well aligned but lacked strategic prioritisation.</b>
<b>Explanation:</b>	
<p>The EU justifiably aligned its programme with the Pacific Plan, which remains the key expression of the Forum Leaders' vision of regional cooperation and integration in the Pacific. But the Plan itself was more of a broad political document than a programming tool. The EU selected two focal sectors within the scope of the Pacific Plan pillars, and the Regional Authorising Officer requested that the EU aligned its interventions with the work programmes of the regional organisations. The EU conducted insufficient background analysis to establish the strategic priorities best suited to its support and it did not itemise detailed expected results with the performance indicators assigned to regional organisations. As a result the EU's regional programme in the Pacific was quite relevant but its effectiveness could have been improved.</p>	
<b>Supporting arguments:</b>	
<ul style="list-style-type: none"> <li>▪ The Pacific Plan presented a broad political vision for regionalism and set too generic objectives. It did not provide a regional development plan, particularly at sector level (apart from the shopping list of regional organisations' ongoing initiatives that required external funding). The recent Pacific Plan review confirmed the issue and linked it to PIF institutions.</li> <li>▪ The Pacific Plan was not an appropriate statement of regional strategy for the EU to align with beyond touching on each of its four objectives, namely economic growth, sustainable development, good governance, and security, thus defeating the principle of concentration of EU cooperation. In such a loose framework the EU defined two broad focal areas (regional integration and management of natural resources/fisheries) strongly driven by its ongoing negotiation of agreements on trade (EPA) and its concerns for global resource management. But beyond this, the EU did not conduct additional analytical work to identify the main priorities to be addressed in order to ensure the realisation of the strategic objectives across the sectors of intervention.</li> <li>▪ The Pacific Plan Review revealed that country ownership of the plan was limited; regional organisations are sole in charge of its implementation, not the PIF member countries. The Pacific Plan lacks dedicated resources, a timeframe and performance indicators. Pacific Plan annual reviews eventually absorbed any regional organisation initiatives. The EU 10<sup>th</sup> EDF RIP was a significant contribution to its operationalization and implementation.</li> </ul>	

- The PIF Secretariat chairs the regional organisations' coordination council (CROP) but regional organisations are in reality only accountable to their own members, independently of the Pacific Plan.
- The preparation of the 10<sup>th</sup> EDF RSP benefited from some limited support from regional organisations and minimal background papers, mainly lessons learned from project implementation. The results of the 2007 regional evaluation came too late. Beyond the broad focal areas, PIFS as RAO requested EU programmes to align with regional organisations' work programmes. The EU regional strategy formulation process thus could not adequately ensure the relevance of the selection of sectors and programmes to the regional priority needs.
- Consultations proved deceptive for regional programming. For logistical reasons EU meetings are organised as side-events to PIF meetings, limiting the scope of stakeholders to express themselves. The capacity shortcomings of NGOs and government staff and the limited regional policy framework at sector level made consultations redundant, with more technical relations with regional organisations.
- There is a risk that the revised Pacific Plan will not be finalized in 2014, and thus will not be adopted prior to finalizing the 11<sup>th</sup> EDF programming. This will be an impediment to the conduct by the EU of the required needs assessments, scoping studies and gap analyses at sector level.

*Based on EQ1*

<b>C2: Choice of RAO</b>	<b>The suitability of the PIFS to act as the Regional Authorising Officer is open to question given the evolving regional context.</b>
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**Explanation:**

The EU continued to work with the PIFS as the Regional Authorising Officer (RAO) throughout the evaluation period. This conformed with the PIFS mandate and with the request of the regional authorities. In practice, however, the complexity and ambiguity of its governance framework and the evolution of the regional context raise the question of the suitability of PIFS as the RAO.

**Supporting arguments:**

There are a number of reasons that justified the choice of PIFS as RAO:

- The choice of the RAO was driven by the input of the EU's development partners. The Pacific Leaders selected the PIFS as the RAO for 10th EDF and confirmed their choice several times.
- PIFS also has the mandate as CROP coordinator.
- The evaluation findings show that PIFS adequately coordinated the policy dialogue on trade and macroeconomic issues.

Nevertheless a number of other factors combined to raise the question of PIFS' continued suitability to act as the sole RAO in the region:

- Implementation of regional programmes is essentially done by SPC (share of RIP)
- PIFS membership restrictions:
  - The EU has separate programming streams in the region including both ACP states and European OCTs but the European OCTs have only limited status under PIF membership rules whilst conversely being full members of SPC.

- The complexity of the regional political landscape in turn contributes to the complexity and ambiguity of the PIF governance framework (as noted in the Pacific Plan Review 2013).
- The gradual emergence of sub-regional groupings such as the MSG Secretariat, combined with the ramifications of the Fijian coup in 2006, have raised some questions about the strength of the unipolar structure of regional organisations in the Pacific.
- The uncertain political landscape for the future, including the planned elections in Fiji in 2014, the planned referendum in New Caledonia between 2014-2018 and the election of a new PIFS Secretary General.

*Based on EQs: 1, 2, 9*

<b>C3: Regional organisations</b>	<b>Implementation through regional organisations favoured alignment and effective implementation but hampered EU visibility in the region.</b>
<b>Explanation:</b> Implementation of EU projects through the regional organisations and their respective work programmes has favoured alignment with the Pacific Plan and effective implementation but in several sectors (fisheries, education, trade) it has diluted the visibility of donor interventions and often beneficiaries have not been aware of the funding source.	
<b>Supporting arguments:</b> <ul style="list-style-type: none"> <li>▪ Alignment on the Pacific Plan was facilitated by the EU's designation of PIFS as the Regional Authorising Officer.</li> <li>▪ Implementation through regional organisations permitted overcoming of the constraint of limited national capacities in several sectors.</li> <li>▪ EU funded projects generally complied with the EU visibility requirements but the reality of regional organisations implementation is that the visibility gets substantially diluted.</li> </ul>	

*Based on EQ3, EQ4, EQ5, EQ6, EQ7, EQ8*

## **B. Implementation approaches**

<b>C4: Regional capacity building</b>	<b>Building regional capacity to supplement national resources proved effective for implementation but limited country-level impact.</b>
<b>Explanation:</b> Faced with the low absorption capacity of many PICTs, the EU focused on building regional capacity to supplement national resources. Overall, this approach was effective, and implementation of the regional programme compares favourably with that in other cooperation regions. However, the benefits of the regional programme were questioned by the national stakeholders who did not perceive its spill-over into their countries. The disaffection for the regional programme went as far as a suggestion by several stakeholders, private operators and members of national governmental institutions, that it be suppressed and its resources reallocated to individual countries.	
<b>Supporting arguments:</b> <ul style="list-style-type: none"> <li>▪ The approach of the EU in the region was to build up, in the regional organisations, a capacity unavailable at country level – particularly in the small islands.</li> </ul>	

- Whereas such a situation is suitable for very small countries where national capacity should be strengthened in key areas and should rely on regional support in others; it remains the case that capacity substitution occurred more frequently than lasting capacity building due to major weaknesses in most countries.
- Regional organisations supported by the EU showed limited interest in engaging NAOs in the design and implementation of regional programmes. The EU cooperation with regional organisations did not incentivise those organisations to maximise the national benefits of their interventions. Neither contribution nor grant agreements provided for measuring performance of interventions in terms of results at national level.
- Complementarities between regional and national programmes were limited by the fact that national programmes were not designed to take advantage of the activities and results of the regional programme. This is because the country strategies were prepared prior to the regional strategy.
- The institutions implementing the national programmes had insufficient visibility of the regional activities to be conducted on their territory under the regional programme. This leads NAOs simply to ignore the regional programmes.
- The feeling in PNG, the largest country of the region, that the regional programme is biased in favour of the small islands contributed to a disaffection for the regional programme in that country.

Overall, this is a question of subsidiarity and the evaluation shows that the regional programme in the Pacific region had added value in two circumstances:

- i. When it generated economies of scale; this was clearly the case when it permitted regrouping of a critical mass of technical expertise in regional institutions that would not have been available in most individual countries, and moreover when that critical mass was used to provide the individual countries with guidelines, templates, technical support, or to conduct pilot activities to help them design and implement their own policies and strengthen their own institutions, while not interfering with their independence and sovereignty. The issue then was one of ensuring national ownership of the results so that they could be taken over, maintained and expanded at national level.
- ii. When it addressed cross-border issues that no national policy or intervention could tackle adequately: this was obviously the case with natural (including marine) resources, the environment, and climate change.

It was essentially the components of the regional programme linked to the first point that were questioned and that suffered from a lack of national appropriation.

*Based on EQ3, EQ4, EQ5, EQ6, EQ7, EQ8*

<b>C5: Country constraints</b>	<b>Limited project management capacity at national level presented a challenge for most of the EU's instruments and modalities.</b>
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**Explanation:**

Contribution agreements with regional organisations helped reduce that part of EUD staff's administrative load associated with regional programmes. However, in most of its financial instruments and implementation modalities the EU was confronted by its own weak management capacity for handling issues arising from PACP capacity and governance shortcomings – on both government and NSA sides alike.



**Supporting arguments:**

- Limited project management capacity is inherent to many of the Pacific ACP SIDS, aggravated for some by governance and PFM issues; lack of harmonisation between Development Partners renders EU projects' administrative workload disproportionate for most of them.
- Multi-country programmes demonstrated on average better economies-of-scale outcomes in respect of provision of expensive expertise than did country projects, as the capacity developed with regional organisations was utilized for improving implementation; country buy-in for structural reforms (energy) has been uneven.
- The EU has provided resources at regional level (through the PFTAC) to improve public finance management and governance at national level.

*Based on EQ2, EQ8, EQ9*

**C6: Programmes & instruments** **There has been a reasonable division of activities between the geographic and thematic programmes and instruments. But synergies could have been improved in some areas.**

**Explanation:**

The largest use of thematic programmes and instruments was at country level for reinforcement and strengthening of the regional programming conducted by the EDF. Other thematic programmes and instruments were used for smaller-scale supplementary cooperation in areas not included in the EDF focal sectors. However, in the area of trade the articulation between regional and all-ACP thematic instruments was weak because the regional organisations implementing the Regional Indicative Programme had little awareness of the thematic programmes and instruments.

**Supporting arguments:**

- Thematic programmes and instruments were used primarily at country level, where they tended to reinforce and strengthen regional programming. For example, DCI-SUCRE and DCI-ENV complemented, respectively, work done under the first and second focal sectors of the RIPs.
- Other thematic programmes and instruments were used for smaller-scale supplementary cooperation in areas not included in the EDF focal sectors, e.g. the EIDHR instrument (€5.2 million) which supported democracy and human rights programmes at national level throughout the region.
- However, in the area of trade the articulation between regional and all-ACP thematic instruments could have been improved: the all-ACP projects were essentially demand-led facilities, and the regional organisations implementing the RIPs had little awareness of their use in the region.

*Based on EQ1, EQ3, EQ9*

**C7: OCT integration** **Despite EU support for encouraging OCT integration with ACP countries, OCTs remained more aligned with other OCTs and regional powers.**

**Explanation:**

Notwithstanding EU support for the regional integration of Pacific OCTs (POCTs), their move towards regional integration is focused on cooperation among themselves and with regional powers rather than with neighbouring ACP countries (PACPs). PACPs were

viewed as beneficiaries of POCTs bilateral development cooperation rather than partners in regional integration, a key example being New Caledonia.

**Supporting arguments:**

- The EU configured its support to regional integration along two lines, namely the PACP and the POCTs, which raised two problems: 1) there is no common RIP encompassing both PACPs and POCTs; and 2) the PICTs are more diverse than this distinction suggests and include sub-groups with varied specific interests, objectives and partnerships.
- POCTs are members of several regional agencies. New Caledonia and French Polynesia only recently acquired associate membership status with PIF; they participate in deliberations but do not cast a vote.
- Among POCTs only New Caledonia and French Polynesia are engaging in regional integration, limited to their specific sub-regional groupings: that is with Hawaii, Cook Islands and Pitcairn for French Polynesia; and with Australia, New Zealand and Vanuatu for New Caledonia.
- For POCTs, building relationships with neighbouring ACP countries has little to do with regional integration as such, even more so with the Pacific region as a whole. Free movement of goods and people is not even considered a long-term perspective. Import duties for ACPs are still imposed for protecting OCTs' domestic markets, and many PACP passport holders are still required to obtain a visa from the nearest French Embassy (not reciprocated).
- OCTs' regional integration is supported by the EU as well as France, which created a dedicated financial instrument ("Fonds Pacifique"). POCTs are however more attracted by developing cooperation with Australia, NZ or the USA (Hawaii). The appetite for linking with PACPs is whetted only by EU joint action and programming.
- In recent years New Caledonia engaged in development cooperation with neighbouring PACPs (with priority for Vanuatu) with an annual budget of €2 million.
- Beyond the OCT experts working in regional organisations (mainly SPC), there is no demand from PACP for POCT technical expertise. This is explained by differences in norms, administrative culture, language, regulatory framework and finally the resources available to cope with the heavy demands from solving similar challenges (waste disposal, water treatment...). PACPs' expertise is conversely not attracted by POCTs. Further, the brain drain is not directed towards OCTs but rather towards Australia, NZ and the USA.

*Based on EQ1, EQ2, EQ3, EQ9*

**C8: Donor coordination** Donor coordination mechanisms exist but remained sector-specific and were not mirrored by progress in harmonised reporting systems.

**Explanation:**

Several sector-specific coordination mechanisms exist at both country and regional levels, including project-level steering groups and sector working groups. But no single organisation provides a cross-sector donor coordination matrix at regional level, giving rise to potential missed opportunities for building synergies between donor projects in different areas. Moreover, little progress has been made on fostering harmonised reporting systems, joint donor missions, or analytical work on identification of needs. This situation has increased the burden on national administrations, particularly in the small islands.

**Supporting arguments:**

- Several donor coordination mechanisms have been established at regional and country levels, including formal and informal meetings and exchanges of views, consultations on regional programming, sector working groups, specific financing schemes, modalities involving several donors, etc.
- But no organisation in the region has been tasked with providing a cross-sectoral donor coordination matrix at regional level. While much of the EU's regional programming is conducted at a sector-specific level, the absence of a single cross-sectoral analysis requires donor coordination to be conducted on a case-by-case basis, adding to the potential for duplication and missed opportunities for building bridges between projects falling in different areas (e.g. gender and private sector development).
- Little progress has been made on conducting joint donor missions, analytical work or reporting systems. As a result, beneficiary countries have received a high number of donor missions over the evaluation period and have worked under multiple reporting systems. Combined with the low capacity of national administrations – particularly in the smaller and poorest islands – this has increased the overall administrative burden on national beneficiaries.

*Based on EQ 10*

**C. Trade and regional integration:**

<b>C9: Trade expansion</b>	<b>Despite considerable EU support for regional economic integration, expansion and diversification of trade has been limited.</b>
<b>Explanation:</b>	
Notwithstanding considerable EU support for regional economic integration under the 9th and 10th EDFs, only limited progress has been recorded in terms of expansion and diversification of Pacific countries' trade and economic growth. The focus on strengthening the institutional capacity of the regional institutions permitted improvements in their functioning but insufficiently addressed the key factors constraining trade and growth.	
<b>Supporting arguments:</b>	
EU strategy under the 9th and 10th EDFs was to support regional economic integration in order to create a more vibrant regional market, stimulate trade and consequently increase growth.	
The strategy has been articulated around two major components:	
<ul style="list-style-type: none"> <li>▪ Negotiation of the Economic Partnership Agreement with the Pacific countries</li> <li>▪ The offer of regional programmes to strengthen regional organisations (including Pacific Islands Forum, the Secretariat of the Pacific Community and the trade-related regional institutions Oceania Customs Organisation, South Pacific Tourism Organisation, etc.) with a view to increasing their capacities to :             <ul style="list-style-type: none"> <li>- assist the Pacific governments in the preparation of and participation in trade negotiations (primarily Economic Partnership Agreements, but also Pacific Island Countries Trade Agreement, PACER+ (Pacific Agreement on Closer Economic Relations), World Trade Organisation Accession)</li> </ul> </li> </ul>	

- help governments streamline trade in their development policy and cope with the implications of regional arrangements
- implement trade-related technical assistance projects/programmes involving activities at regional and national levels.

The regional economic integration → trade creation → growth linkage, which proved effective in other EU regional interventions (COMESA, Caribbean, West Africa), might not be as well suited to the Pacific, for the following reasons:

- Although regional economic integration is high on the regional agenda, notably in the Pacific Plan, progress remains negligible, *viz.*:
  - the situation of Fiji whose membership from the Pacific Islands Forum is suspended added to the difficulties;
  - Pacific Island Countries Trade Agreement is not really implemented;
  - PACER+ progresses slowly and handicapped by the absence of Fiji (which promoted the Melanesian Spearhead Group which made more progress);
  - Economic Partnership Agreements are stranded with an interim agreement negotiated with Fiji and Papua New Guinea but very little scope (in fact no scope at all) for an overall agreement.
- The potential for intra-regional trade in goods is extremely limited (geography, size of markets).
- For the countries with a critical mass and a real potential for significant merchandise trade (particularly Papua New Guinea and to a lesser extent Fiji), any trade expansion will be in the North (Indonesia and South East Asia) rather than in the Pacific.

Pacific countries are therefore reluctant to concede the loss of sovereignty implied by regional economic integration, since the gains are likely to be negligible. In particular the move from interim to full Economic Partnership Agreement is very unlikely to take place. The existing interim agreement meets the needs of Papua New Guinea and Fiji (if the interim agreement was enforced for the latter country) in guaranteeing EU market access for their main products (respectively fish and sugar). Any move towards a full agreement might put at risk the benefits acquired by Papua New Guinea and Fiji and will not bring important gains to other countries.

*Based on EQ3*

**C10: Barriers to the private sector** | **EU support for regional economic integration insufficiently addressed key barriers to private sector growth in the region.**

**Explanation:**

EU programmes promoting regional economic integration insufficiently addressed the inadequate business environment and access to finance, as well as the shortcomings of the regulatory framework, which are major impediment to the expansion of the private sector in the Pacific region.

**Supporting arguments:**

- An inadequate business environment and poor regulatory framework proved to be major impediments to the expansion of the private sector in the Pacific region. These were not chiefly addressed by EU programmes.

- Access to finance is a key constraint to Pacific countries as elsewhere. Additional difficulties are the small size and the remoteness of many enterprises and thus the reluctance of the financial intermediaries to provide them with credit in view of the cost of assessing and managing the risks. Moreover, in many countries property remains collective at community level which creates a difficulty when enterprises are asked to provide collaterals to obtain a credit. Current EU support to enterprises does not sufficiently address these issues. The financial crisis of 2008 has further reduced the capacity and the willingness of the banking sector to extend credit to enterprises, particularly to SMEs. However, there are signs of improvements over the last years as indicated in the latest Doing Business Report of the World Bank for 2014: Palau, Solomon Islands, Marshall Islands and PNG are among the economies advancing the most towards the frontier in getting credit over the past 5 years; Palau, Tonga and Fiji recorded sensible improvements gaining respectively 99, 27 and 16 positions in the ranking for this indicator. It remains that improving access to finance, in particular the legal and regulatory constraints, was not sufficiently addressed by the EU projects, in part due to insufficient consultation of private sector operators and assessment of their needs. Whereas the institutions and the experts which implement the private sector development programmes have generally a fair perception of these constraints from their contacts with the economic operators, they are primarily occupied with the implementation of their projects and do not have sufficient leverage to promote an enabling financial environment. Regional institutions, e.g. the Chambers of commerce, lobbying for the interest of the private sector are insufficiently recognised and consulted and/or have insufficient means.
- Whereas regional economic integration, economic growth, development and diversification of trade, are paramount objectives of EU regional economic integration programmes and the PICs themselves, the information to monitor progress in these areas was insufficient.

*Based on EQ3*

#### **D. Natural resources management:**

<b>C11: Fisheries</b>	<b>EU support to regional fishery organisations has achieved tangible results, but there remain serious concerns about long term sustainable management of the resource due to lack of transparency issues, overfishing, and remaining risks of Illegal, Unreported and Unregulated fishing.</b>
<b>Explanation:</b> EU support to regional fishery organisations has achieved tangible results but the absence of transparency on the resource management by sub-regional organisations raises concerns that decisions made are not sufficient to ensure conservation and eliminate overfishing. This creates an issue for the long term sustainable management of fisheries resources.	
<b>Supporting arguments:</b>	
<ul style="list-style-type: none"> <li>▪ The EU supported the Forum Fisheries Agency in developing and successfully implementing a regional Monitoring Control and Surveillance strategy.</li> <li>▪ Methodologies for the stock assessments and other aspects of tuna science funded by the EU have set high standards for other regions in the world.</li> </ul>	

- The stocks assessments are accepted as accurate by the competent fisheries management institution in the region (WCPFC), but there is an issue of transparency linked to the adoption of the Vessels Days Scheme by the PNA to regulate the tuna stocks and the lack of transparency about the data reported by the national fisheries under that scheme. For this reason the EU, considers that its weaknesses might fail to ensure adequate conservation of the resource and elimination of overfishing. This position, possibly combined with communication problems, led to the perception by regional and national stakeholders that there is a divergence between the objectives of DG DEVCO (viewed as developmental) and those of DG Mare (viewed as essentially commercial). This perception has taken hold in the region despite the emphasis on policy coherence between developmental and fisheries objectives as stated in the EU's official policy documents.
- Although studies show that Illegal, Unreported and Unregulated (IUU) fishing has slightly declined in recent years, it remains an issue. Together with the growth of fishing capacities in the region, this creates a potential risk of overfishing.
- EU funded projects promoted domestic fish processing and employment in several countries and contributed to the expansion of on-shore canning, an activity offering potential for female employment.
- Short project cycles and low staff continuity hampered the sustainability of the results achieved. A major feature of EU fisheries assistance to the region is that FFA/SPC were very much strengthened by the main EU-funded fisheries projects – and there are many examples to demonstrate this. At least some enhanced capacity of the regional organisations is dissipated due to short project cycles and the associated difficulties in maintaining continuity in staff.

*Based on EQ7*

<b>C12: Natural resources</b>	<b>The EU built up regional capacity to manage natural resources and adapt to climate change, but concerns remain at national level.</b>
<b>Explanation:</b> EU regional programmes successfully built up regional capacity for management of natural resources and climate change adaptation. Results were achieved in training of climate negotiators and building up regional Disaster Risk Reduction capacity. But the sustainability of results at national level, notably as regards mainstreaming of climate change in national development policy frameworks, remains dependent on limited national resources.	
<b>Supporting arguments:</b>	
<ul style="list-style-type: none"> <li>▪ The EU regional programmes supporting regional organisations contributed to enhancement of their role as regional references. Specialized regional organisations are recognized as policy advisors to governments on natural resources management, climate change, and disaster risk management (DRM).</li> <li>▪ Although commitments have been systematically and repeatedly articulated - by the Pacific Islands Forum and national governments alike - to place environment high in their respective agendas, regulatory frameworks at national level were not revised accordingly, nor were proportionate resources from national budgets actually allocated.</li> </ul>	

- Awareness of climate change and DRM issues in Pacific countries (including both authorities and the population as a whole) has been stimulated by EU interventions. Awareness-raising and sensitization of stakeholders to the importance of sustainable resource management has been effective as a result of the involvement of regional organisations, national administrations, and Civil Society.
- Sustainability of the services, infrastructure and equipment delivered by EU projects and programme is less clear. Social services such as water supply still record high loss rates and require governments to subsidise their operational expenses; further investments are needed if the full potential benefits of the projects are to be realised and maintained. Most activities continue to depend on donors, with no national financing ensured for the operational and maintenance costs of equipment and services.
- However the full potential benefits of the effects of EU programmes remained constrained by the limited human resources available in PACPs. Most EU programmes included capacity-building for recipients and beneficiary institutions, training, and enhancement of human resources in the public and private sectors; but for several countries the institutional arrangements remain shaky.

*Based on EQ6*

### **E. Human capital and energy:**

<b>C13: Education</b>	<b>EU support for education was successful in building regional capacity but had only partial success at country and territorial levels.</b>
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#### **Explanation:**

The EU's regional support for the education sector built up regional capacity for assisting countries in the design and monitoring of educational policies and frameworks. The resulting resource centre has been integrated within the University of the South Pacific and will remain available following project completion. However country-level capacity constraints limited progress in harmonising policies and standards for education across the region. Country and territorial support for education has had mixed results, determined largely by capacity levels in the national/territorial institutions in question and by the ability of the EU to attract quality technical assistance during implementation.

#### **Supporting arguments:**

- The PRIDE regional project (9<sup>th</sup> EDF) was a landmark in raising the level of strategic planning in the region and in building sustainable capacity and resources at the University of the South Pacific. But limited country-level capacity presented a challenge to the roll-out of national-level sub-projects, as well as limiting progress in the harmonisation of policies and standards for education.
- Country-level support (as proposed under the 10<sup>th</sup> EDF) for improving access to education and training has so far had mixed results, depending on the country or territory of implementation. While the human resource development programme in New Caledonia has achieved good results, those implemented in the Solomon Islands and Papua New Guinea faced greater implementation challenges due to the constraints within national administrations and the difficulties of attracting technical assistance.

*Based on EQ4*

<b>C14: Energy</b>	<b>EU energy programmes contributed to improved national and regional energy policies, but major weaknesses may jeopardise future sustainability.</b>
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**Explanation:**

EU energy programmes contributed to improve national and regional energy policies. At implementation level, two major weaknesses appeared: the absence of appropriate private sector regulatory frameworks and a bias towards renewable energy supply as opposed to energy efficiency improvements.

**Supporting arguments:**

- Pacific ACP governments devoted significant efforts to developing national and regional energy policies and the EU programmes have contributed to the resulting policy improvements.
- The participation of the private sector, essential for future sustainability, has been hampered by the lack of clear legal and regulatory frameworks and mechanisms facilitating its involvement. In this regard, there have been concerns about the sustainability of outer island solar energy provision, with user fees generally too low for effective maintenance and insufficient attention given to cost-recovery mechanisms.
- There was a strong bias within EU project design in favour of investment in renewable energy supply as opposed energy efficiency. This was in line with the strong demand of the Pacific governments, but not supported by cost-benefit analysis.

*Based on EQ5*



## 5. Recommendations

The Recommendations are based on the conclusions and aim to provide suggestions in the context of the preparation of the 11<sup>th</sup> EDF, the deficiencies observed can be remedied or good practices strengthened. For each recommendation we present the degree of priority and the target, namely the institution that should be the first concerned by implementation of the recommendation; and we indicate the Conclusions from which it is derived.

**Table 5.1 – List of recommendations**

<b>A Strategy</b>	
R1: Focal sector definition	The regional programme should define more specific areas of intervention whilst emphasising linkages with the National Indicative Programmes and trickle-down to national communities and policy frameworks.
R2: RAO selection	The EU should consider the options of appointing several RAOs to implement the full extent of its regional programme in the Pacific and facilitate implementation with sub-regional groupings where appropriate.
<b>B Implementation approaches</b>	
R3: Subsidiarity	Improve the subsidiarity between regional and national programmes.
R4: Improving synergies	Improve synergies between the various instruments and modalities, notably by increasing awareness of the thematic instruments and programmes among the regional organisations implementing the RIP.
R5: Performance-based approaches	The EU should systematically encourage performance-based approaches with regional organisations and demand-driven technical assistance delivered by a team of regionally-based skilled experts.
R6: Regional visibility	Capitalise on the strength of the EU support for the regional organisations when promoting the EU's visibility in the region.
R7: PNG engagement	The EU should make every effort to be more visible in PNG and to encourage regional organisations to be more proactive in that country.
R8: OCT-ACP programming	The EU should increase the flexibility of its approach towards the POCT-PACP, in order to foster joint programming on a demand-driven, sub-regional basis.
R9: Donor coordination	The EU should build on existing donor coordination activities and consider options for further developing joint analytical work and cross-sector information-sharing practices.
<b>C Trade and regional integration</b>	
R10: Trade facilitation	Reallocate resources from support for negotiations in favour of true trade facilitation activities.
R11: Professional organisations	EU should support and build up the lobbying capacity of professional organisations.
R12: Access to finance	Pursue efforts to identify mechanisms to help enterprises, particularly SMEs, to access finance.

R13: Blending	Study carefully the conditions under which blending should be used in the small Pacific islands.
R14: Trade statistics	Review with SPC and national institutions the reasons why economic statistics in general, and trade statistics in particular, are so deficient. Initiate specific activities to remedy the situation.
<b>D Natural resource management</b>	
R15: Fisheries	The EU should build upon its past efforts and technical achievements by working closely with its partners in the regional fisheries organisations in order to ensure long term sustainable management of the fisheries resources.
R16: Natural resources	The 11th EDF programme should continue the effort undertaken in the 10th EDF on natural resource management, climate change, disaster risk reduction and management, while working more closely with national administrations to ensure that policy frameworks include both climate change and disaster risk reduction and management.
<b>E Human capital and energy</b>	
R17: Education & TVET	The EU should not include education or 'TVET' as a focal sector in 11th EDF regional programme, but should rather promote the development of good quality EMIS, tracer studies and institutional capacity at national level through its national indicative programmes.
R18: Energy	Interventions in the energy sector should be based on more rigorous cost-benefit analysis and pay more attention to the improvement of the regulatory framework allowing private sector participation.

Table 5.2 – Links from conclusions to recommendations

	C1: Relevance of EU support	C2: Choice of RAO	C3: Regional organisations	C4: Regional capacity building	C5: Country constraints	C6: Programmes & instruments	C7: OCT integration	C8: Donor coordination	C9: Trade expansion	C10: Barriers to the private sector	C11: Fisheries	C12: Natural resources	C13: Education	C14: Energy
<b>A Strategy</b>														
R1: Focal sector definition	X													
R2: RAO selection		X					X							
<b>B Implementation approaches</b>														
R3: Subsidiarity	X			X										
R4: Improving synergies						X								
R5: Performance-based approaches				X	X									
R6: Regional visibility			X											
R7: PNG engagement				X										
R8: OCT-ACP programming							X							
R9: Donor coordination								X						
<b>C Trade and regional integration</b>														
R10: Trade facilitation									X	X				
R11: Professional organisations									X	X				
R12: Access to finance										X				
R13: Blending										X				
R14: Trade statistics										X				
<b>D Natural resource management</b>														
R15: Fisheries											X			
R16: Natural resources												X		
<b>E Human capital and energy</b>														
R17: Education & TVET													X	
R18: Energy										X				X

## 5.1 Overall strategy

**R1:** The regional programme should define more specific areas of intervention whilst emphasising linkages with the National Indicative Programmes and trickle-down to national communities and policy frameworks.

**Basis for the recommendation:**

The focus on two regional sectors was relevant but insufficiently strategic to maximise the effectiveness of the regional programme or its trickle-down to national level. In view of the fact that the Pacific Plan was too broad and insufficiently precise to serve as a programming document, the EU focused on two priority sectors aligned to the objectives of the Plan. However, the focal areas selected under the 9th and 10th EDF constituted vast thematic areas, supported by insufficient analytical work to identify the main priorities to be addressed in order to ensure the strategic objectives across the sectors of intervention. This did not permit the regional programme to produce its full potential benefits for the countries and communities. As a result the country ownership was very limited. As a result the EU's regional programme in the Pacific was quite relevant but its effectiveness could have been improved.

**Suggested actions:**

- Tighten the focus of the focal sectors regional programme, on the basis of further analytical work, to better identify the needs and constraints of the beneficiary countries. For example, within regional economic integration, a strategic choice should be made between such areas as trade facilitation or improving the business environment or the trade infrastructure, etc. The limitation of the resources does not allow the EU to address all of these issues and therefore a strategic selection should be made at programming stage.
- For the selection of focal sectors, the EU should draw on a combination of internal, development partner and regional organisations' background work (in particular the ADB country needs analyses, other sector diagnoses, EU achievements, gap analyses, needs assessments, and scoping studies).
- The strategic selection of regional sector programmes should take into account the focal sectors of the CSPs and Programming Documents in order to maximise the regional response to country/territory level needs.
- Support efforts by regional organisations to conduct periodic regional needs assessments, building on the work of the SPC joint-country strategies and the regional policy dialogue coordinated by the PIFS. These efforts should aim to contribute to a comprehensive regional development plan and regional sector policy frameworks.

**Recommendation directed towards:** DG DEVCO; EEAS; Regional and National Authorising Officers

*Based on Conclusion 1*

**R2:** The EU should consider the options of appointing several RAOs to implement the full extent of its regional programme in the Pacific and facilitate implementation with sub-regional groupings where appropriate.

**Basis for the recommendation:**

Whereas PIFS, in view of the political mandate of PIF, has a comparative advantage in conducting policy dialogue, it is not the best institution to implement and manage programmes. Its membership does not include the European OCTs. SPC, on the other hand, has a comparative advantage in implementing and managing sector programmes and includes all European OCTs as members. It has no specific capacity to conduct policy dialogue on macroeconomic and trade issues. In addition, a number of sub-regional groupings, such as the MSG, are increasingly moving at a different pace – justifying interventions adapted to their specific geographic configurations.

**Suggested actions:**

- Consider introducing a degree of differentiation of the RAO function, as already established in some other ACP regions. Such a setup should enhance the legitimacy of the regional programme, provided that it is supported by the Pacific countries and territories, and is organised in a way that guarantees more effectiveness while maintaining full coordination and mutual information. Such an approach would also respond to the recommendation of the Pacific Plan Review 2013, namely that the PIFS should concentrate on its political functions and not on project management.<sup>77</sup>
- The EU should support the elaboration of a regional development strategy encompassing all Pacific ACP countries and territories. To that end, it should widen the consultative framework on the EU Regional Strategy Paper with regional organisations to include the three sub-regional groupings to promote a partnership based on more homogeneous clusters.

**Recommendation directed towards:** DG DEVCO; EEAS; Regional organisations representing the Pacific Island Countries and Territories

*Based on Conclusions 2 and 7*

## 5.2 Implementation approaches

**R3:** Improve the subsidiarity between regional and national programmes.

**Basis for the recommendation:**

As evidenced by conclusion 4, the regional programme demonstrated added-value in two cases: when it generated economies of scale (e.g. by grouping technical expertise at the regional level); or when it addressed cross-border issues that no national policy or intervention could adequately tackle (e.g. sustainable management of fisheries). The evaluation found that it was essentially the components of the regional programme that were linked to the first point that suffered from a lack of national buy-in.

**Suggested actions:**

- Restrict the regional programmes to activities in which one can demonstrate that they will allow clearly identified economies of scale, and to cross-border activities. Identification of the level of subsidiarity – all PACP or particular sub-groups (see also R2) – could vary according to the sector.

<sup>77</sup> C.f. Pacific Plan Review 2013, p.20.

- Good practice could include using the regional programme to promote implementation of pilot activities by the national actors and help them move from these pilot activities towards larger-scale sustainable activities.
- The regional projects should identify, in their formulation, the share of their resources to be allocated to the different countries. The regional projects could include within their resources a share to be distributed between countries to help them implement activities themselves while benefitting from the guidance and critical mass of expertise of the regional institution in charge. For example the successor to the IACT project could operate with national financial sub-envelopes to create an incentive for countries to develop extension and other types of business services on their own territory, using the experience gained through implementation of pilot cases with the regional institution. This could remedy a current problem, namely that excellent work has been realised in selected enterprises but its benefits remain limited to these enterprises and that there is no way that a regional institution can move from implementing a few dozen support projects for individual enterprises to providing support for the hundreds or thousands of enterprises in the countries.
- The functioning of the PRIDE programme is also an interesting example: it helps different countries by providing guidelines on how to formulate, budget and implement educational policies, and provides them with resources through funding subprograms, the relevance – and degree of compliance with the general guidelines – of which is verified by the USP, which can provide further assistance for improvements in design and implementation.
- An adequate share of the resources could be granted to PNG with a view to correcting the perception that the regional programme is “small-island biased”. The EU should make every effort to be more visible in PNG and to encourage regional organisations to be more proactive in this country.
- It must be noted that this Recommendation would be different if the programming order was adapted so as to define first the Regional Indicative Programme and only then the national activities that should be implemented in the different countries in order to support it. The resources of the regional programme could strictly cover the means necessary to operate the critical mass of regional expertise so as to provide guidance to the countries in formulating implementing national projects with resources from their NIP.

**Recommendation directed towards:** DG DEVCO; EEAS

*Based on Conclusions 1 and 4*

**R4: Improve synergies between the various instruments and modalities, notably by increasing awareness of the thematic instruments and programmes among the regional organisations implementing the RIP.**

**Basis for the recommendation:**

Whereas the evaluation has found a reasonable division of activities between the regional indicative programme and the thematic programmes and instruments, it also noted a weak articulation between the two, particularly in the trade sector. It identified the lack of awareness of the regional organisations as a limiting factor in this regard.

**Suggested actions:**

- Approach the regional organisations when implementing the thematic instruments and programmes in the region.

- Keep regional organisations systematically informed of the ongoing activities of the intra-ACP programmes, including during the design phase of activities under the regional indicative programmes.

**Recommendation directed towards:** DG DEVCO

*Based on Conclusion 6*

**R5: The EU should systematically encourage performance-based approaches with regional organisations and demand-driven technical assistance delivered by a team of regionally-based skilled experts.**

**Basis for the recommendation:**

Conclusions 4 and 5 point to the enormous capacity constraints at national level and thus to the need for a regional programme to strengthen institutional capacities in the Pacific. However, the evaluation also noted that the benefits of the regional programme were questioned because of its limited impact at national level. This led to a situation where the national stakeholders felt that the regional programme had no trickle-down effect, with some going so far as the suggestion by several stakeholders that the regional programme should be suppressed. Based on these conclusions, this recommendation suggests that the contracting mechanism with the regional organisations could be used to incentivise the regional organisations to maximise the national benefits of their interventions.

**Suggested actions:**

- The EU should consider altering its delivery mechanisms so as to increase country/territory-level impact and involvement in regional projects, e.g. the use of basket funds for demand-driven projects designed by a combination of regional organisations and national administrations, and of performance-based contracts with regional organisations based on the number of country-level interventions and results achieved (tranche indicators).
- Project design throughout the 11<sup>th</sup> EDF should be informed by a more structured process for monitoring absorption capacity constraints (and their amelioration) in each country and territory.
- The EU should encourage and facilitate deployment of resources within regional organisations for the design and implementation of NIPs.

**Recommendation directed towards:** DG DEVCO; EEAS; Regional organisations representing the Pacific Island Countries and Territories; Regional and National Authorising Officers.

*Based on Conclusions 4 and 5*

**R6: Capitalise on the strength of the EU support for the regional organisations when promoting the EU's visibility in the region.**

**Basis for the recommendation:**

The EU has achieved a number of valuable results with its regional projects. Efforts have been made by the regional organisations to publish papers and leaflets on these positive experiences. Nevertheless the visibility of the EU's contributions to projects channelled via regional organisations remains limited beyond immediate beneficiaries.

**Suggested actions:**

- Design a communications strategy better tailored to the challenges posed by this implementation modality.
- The communication strategy should be designed so as to increase the long-term effectiveness of EU support, particularly in the case of pilot projects that require

stakeholder buy-in and further investment in order to scale up and replicate successful initiatives.

**Recommendation directed towards:** EU Delegations

*Based on Conclusion 3*

**R7: The EU should make every effort to be more visible in PNG and to encourage regional organisations to be more proactive in that country.**

**Basis for the recommendation:**

The evaluation found evidence of a strong feeling in Papua New Guinea that, although this is the largest and economically most important country in the region, the EU's regional programmes were biased in favour of the small island developing states. This perception led to a lack of interest in Papua New Guinea for the regional programmes.

**Suggested actions:**

- Consider holding more regional seminars and meetings in Papua New Guinea
- Ensure that visits to the region by high-level EU personalities also include Papua New Guinea
- Encourage a greater EU presence in Papua New Guinea of European institutions such as the European Investment Bank (the location of which in Sydney is badly resented in PNG).

**Recommendation directed towards:** EEAS; European institutions and representatives

*Based on Conclusion 4*

**R8: The EU should increase the flexibility of its approach towards the POCT-PACP, in order to foster joint programming on a demand-driven, sub-regional basis.**

**Basis for the recommendation:**

The EU programming approach to regional integration in the Pacific has been conducted along two lines: the Pacific ACP countries and the Pacific Overseas Countries and Territories (OCTs). This implied different RIPs, different financial instruments and different approaches to regional integration between the two. But it also implied homogeneity of the approach towards countries within those groupings and an insufficient recognition of the diversity of OCTs. This recommendation aims at encouraging improved cooperation between ACPs and OCTs while taking better account of their diversity.

**Suggested actions:**

- Identify ways and means, within existing OCTs and ACP EU regulations, of designing a joint regional programme, for example a trust fund managed by one regional organisation.
- Consider demand-driven twinning projects between ACP countries and Pacific territories. The advantage of such an approach is to organise institutional technical cooperation that usually extends beyond the duration of the twinning contract and is potentially an excellent vehicle to transfer professional know-how that can be found only in public services.
- Pacific OCTs should be encouraged to take the lead in strengthening ties with Pacific ACP countries. This could be done by allocating specific resources for regional integration within the EU's OCT Programming Documents.

**Recommendation directed towards:** DG DEVCO; EEAS; OCT administrations

*Based on Conclusion 7*



**R9:** The EU should build on existing donor coordination activities and consider options for further developing joint analytical work and cross-sector information-sharing practices.

**Basis for the recommendation:**

As highlighted in Conclusion 8, several donor coordination mechanisms are in place in the region, but limited progress has been made on joint analytical work and country missions. This has increased the coordination burden on beneficiary countries, many of whom have limited administrative resources in the first place. Moreover, none of the regional organisations currently provide a cross-sector donor coordination matrix at regional level. This makes it harder to capitalise on potential synergies between an EU project in one sector and support from other donors in other sectors that has potential overlap.

**Suggested actions:**

The EU should consider options for improving donor coordination practices in line with the commitments of the Forum Compact by, for example:

- approaching interested donors to set common targets for the share of country missions and analytical work conducted collaboratively;
- providing support to the PIFS to maintain a donor matrix covering regional support across all sectors of intervention.

**Recommendation directed towards:** DG DEVCO; EEAS

*Based on Conclusion 8*

### 5.3 Trade and regional integration:

**R10:** Reallocate resources from support for negotiations in favour of true trade facilitation activities.

**Basis for the recommendation:**

The evaluation has found that the support to regional economic integration has devoted abundant resources to capacity strengthening of the regional integration organisations, with much emphasis on the ability to negotiate regional arrangements. Although trade negotiation capacity is important, the results of this support proved disappointing largely because it did not leave sufficient resources to adequately address priority constraints faced by the economic operators, such as trade facilitation, development of the private sector export capacity, etc.

**Suggested actions:**

- Adhere to the two priorities of the new Aid for Trade strategy: private sector support and trade infrastructure. In the above two areas, the EU should focus on the effective benefits for the operators.
- Within countries, organise more private sector and trade support activities that contribute to implementation of the Aid for Trade strategy.

**Recommendation directed towards:** DG DEVCO

*Based on Conclusions 9 and 10*

**R11:** EU should support and build up the lobbying capacity of professional organisations.

**Basis for the recommendation:**

Conclusions 9 and 10 have highlighted the weakness of the business environment in most Pacific countries and the absence of influence of the key professional organisations in shaping a better enabling environment.

**Suggested actions:**

- Conduct an analysis of the institutional situation of the professional organisations to identify their main constraints and weaknesses.
- Support should be provided for PIPSO and for national professional organisations to help them develop a lobbying capacity and create a better link between identification and remedy of deficiencies in the regulatory framework.
- This capacity should be first utilised for early-phase consultations of these organisations for the preparation of the EU private support development and trade-related assistance programmes.
- Feedback loops should be supported to encourage consultants and regional staff to report to professional organisations whenever they identify regulatory constraints faced by the beneficiaries with which they are working.

**Recommendation directed towards:** DG DEVCO; EU Delegations

*Based on Conclusions 9 and 10*

**R12: Pursue efforts to identify mechanisms to help enterprises, particularly SMEs, to access finance.**

**Basis for the recommendation:**

Access to finance is a major constraint to the private sector and the development of SMEs in the Pacific region. It is particularly binding in the Pacific because of the small size and remoteness of many enterprises. The consequently increased lending costs and risks create a disincentive among financial intermediaries to extend credit to SMEs. The EU's programmes in the evaluation period have insufficiently addressed that constraint. An interesting EIB project to provide an SME access to finance facility in the Pacific (SAFFP) did not materialise.

**Suggested actions:**

- Consider the possibility of offering projects combining support to the financial intermediaries and to their potential clients, along the lines of the SAFFP.
- The reasons for the non-finalisation of the previous EIB initiative should be analysed in view of identifying alternatives to achieve the same goals.

**Recommendation directed towards:** DG DEVCO; European Investment Bank

*Based on Conclusion 10*

**R13: Study carefully the conditions under which blending should be used in the small Pacific islands.**

**Basis for the recommendation:**

Interest in blending loans and grants has increased over recent years, in view of its manifold potential benefits for both donors and beneficiaries alike: among other things, it softens the cost of a loan; permits a harmonious combination of capital finance provision and technical assistance to maximise the benefits of its use; and offers interesting opportunities in terms of public-private partnerships. In the Pacific context in particular, blending could contribute to improve access to finance, in response to the needs identified in Conclusion 10. However, the specificities of the Pacific region, with its numerous small island developing states, may create situations in which blending would fail to generate sufficient economic returns on investment, and simply increase the debt burden.

**Suggested actions:**

- It is therefore recommended to study carefully the conditions under which blending should be used in the Pacific, particularly given the low growth projections of some of these islands.
- The study should attempt to identify which Pacific countries and sectors would be more likely to benefit from a blending mechanism.
- Due care should be taken to ensure that blending does not lead to excessively enthusiast borrowing for projects that, due to the small size of the economy would not produce sufficient economic return and might generate unsustainable indebtedness.

**Recommendation directed towards:** DG DEVCO

*Based on Conclusion 10*

**R14:** Review with SPC and national institutions the reasons why economic statistics in general, and trade statistics in particular, are so deficient. Initiate specific activities to remedy the situation.

**Basis for the recommendation:**

The evaluation has highlighted a general lack of reliable and up-to-date statistical economic and trade data. This is a major impediment to evidence-based policy design and implementation, especially in areas like trade and regional integration, which are focal sectors for the EU regional programmes.

**Suggested actions:**

- SPC, which is currently in charge of compiling trade statistics for the region, should highlight the main constraints and difficulties it faces in this work.
- A possible vector to improve trade statistics would be for the EU to provide the Pacific Financial Technical Assistance Centre (PFTAC) with additional funding to this end, provided there is an agreement with this institution. Currently PFTAC is focusing its technical assistance in the field of statistics on public finance, and benefits from EU support in this regard, because of the importance of sound public finance information to provide budget support.
- Availability of reliable statistical information would be equally important to assess results of the policies to promote regional integration and trade and to improve the design of these policies.

**Recommendation directed towards:** DG DEVCO; SPC

*Based on Conclusion 10*

## 5.4 Natural resource management

**R15:** The EU should build upon its past efforts and technical achievements by working closely with its partners in the regional fisheries organisations in order to ensure long term sustainable management of the fisheries resources.

**Basis for the recommendation:**

The evaluation highlighted the success of the EU programmes in improving the scientific knowledge and monitoring of marine resources in the Pacific. However, concerns remain about the long term sustainability of the stocks due data transparency issues, overfishing, and risks of illegal, unreported and unregulated (IUU) fishing.

**Suggested actions:**

- EU support for scientific and managerial improvement of fisheries resources should be continued in future regional programmes.

- Nevertheless, it should be complemented by a concerted effort to engage with regional partners in their management of the fisheries resource. More specifically, the EU should undertake additional efforts to promote the transparent use of the improved scientific data as a basis of policy decision-making.
- Such efforts should aim at communicating the message that the EU commercial interests in the region are not commensurate to its development objectives, and its concerns for global resource management. This would also mitigate the present misperception of EU action in this sector by some stakeholders.

**Recommendation directed towards:** EEAS; DG DEVCO; DG MARE

*Based on Conclusion 11*

**R16:** The 11<sup>th</sup> EDF programme should continue the effort undertaken in the 10<sup>th</sup> EDF on natural resource management, climate change, disaster risk reduction and management, while working more closely with national administrations to ensure that policy frameworks include both climate change and disaster risk reduction and management.

**Basis for the recommendation:**

The evaluation has highlighted the relevance of the regional programme's activities in natural resource management, climate change, disaster risk reduction and management and the EU's success in enhancing the role of the regional organisations as regional references in these areas. However, the sustainability of results at national level remain fragile and dependent on limited national resources.

**Suggested actions:**

- Maintain this thematic area as a focal sector in the 11<sup>th</sup> EDF RIP. It is justified by the relevance of the projects, as highlighted in monitoring reports, the strong ownership of the stakeholders, and the eminently transversal character of the thematic issue.
- Provide additional resources dedicated to ensuring that policy frameworks are embedded at national level. Reaching communities is essential for the policy framework and for regional organisations advocating regional cooperation in order to gain credibility with governments.
- In addition to continuing supporting sustainable management of infrastructure and equipment with grants (or with blending if the analyses suggested in Recommendation 12 are supportive) through the Pacific Regional Infrastructure Facility, draw attention to the importance of allocating adequate resources for the maintenance and follow-up of these investments.

**Recommendation directed towards:** DG DEVCO; Regional and National Authorising Officers

*Based on Conclusion 12*

## 5.5 Human capital and energy

**R17:** The EU should not include education or TVET as a focal sector in 11<sup>th</sup> EDF regional programme, but should rather promote the development of good quality EMIS, tracer studies and institutional capacity at national level through its national indicative programmes.

**Basis for the recommendation:**

Regional support to the education sector has been provided under the 9<sup>th</sup> EDF and stopped under the 10<sup>th</sup>. The findings of this evaluation suggest that the thrust of the support to that sector should indeed take place at national, rather than at regional, level.

**Suggested actions:**

- Set the priority on the development of good quality EMIS, because in the absence of such instruments it is not possible to properly monitor the results in terms of graduation rates disaggregated by gender, rural and urban populations and other essential indicators.
- Similarly, the EU should supporting tracer studies because their absence limits the ability to monitor employability objectives as well as to design TVET programmes that fit the demand of the labour market.

**Recommendation directed towards:** DG DEVCO; National Authorising Officers

*Based on Conclusion 13*

**R18:** Interventions in the energy sector should be based on more rigorous cost-benefit analysis and pay more attention to the improvement of the regulatory framework allowing private sector participation.

**Basis for the recommendation:**

The evaluation found that valuable contributions were made to improve access to sustainable energy in the Pacific. However, major weaknesses were identified that jeopardise the long-term sustainability of these contributions. The first concerned a bias towards renewable energy supply rather than energy efficiency resulting from insufficient consideration of the factors influencing the long-term returns on energy investment including recovery-cost, maintenance, waste disposal costs and payback period calculations. The second was the absence of adequate and clear legal and regulatory frameworks allowing private sector participation in the energy sector.

**Suggested actions:**

- Conduct careful cost-benefit analysis before engaging into new energy projects. Analyses should compare the full range of investment possibilities and in particular new renewable energy installations versus projects increasing efficiency of existing utilities.
- Make the existence of an adequate legal and regulatory framework for private sector participation a key objective of national and regional energy policy plans.

**Recommendation directed towards:** DG DEVCO; National and Regional Authorising Officers

*Based on Conclusions 10 & 14*

## 5.4 Prioritisation of the recommendations

The figure below presents the priority of each recommendation in terms of importance and urgency.

The urgency of each recommendation has been estimated on the basis of the need for follow-up before or after the next regional strategy is agreed. Thus, the recommendations concerning the strategic design of the 11<sup>th</sup> EDF programme (such as R1 on the definition of focal sectors and R2 on the choice of the regional authorising officer) have been categorised as high urgency in view of the need to follow up on these recommendations before finalising the 11<sup>th</sup> EDF strategy. Likewise, recommendations concerning the conduct of studies and reviews designed to inform future programming (e.g. R13 and R14) have been categorised as high urgency in order to ensure that they can be completed in time to provide useful input to forthcoming funding decisions. Conversely, recommendations regarding the use of funding modalities in future funding decisions (such as R4 and R5), or those concerning ways to follow-up on EU projects with further improvements (e.g. R15 and R16) have been categorised as medium urgency. Finally, R6, R7 and R9 have been grouped as lower urgency due to the long-term, ongoing nature of these recommendations.

The importance of each recommendation has been estimated on the basis of the severity of the problems that it addresses. Thus, R1 on definition of specific areas of intervention and trickle-down from regional programmes to the national level, has been categorised as high importance, given the degree to which this problem has impacted on the beneficiaries of EU support. Other recommendations, such as R6 on EU visibility have been defined as medium importance to reflect the view of the evaluators that this has less potential impact on final beneficiaries.

**Figure 5.1 - Prioritisation of the recommendations**

